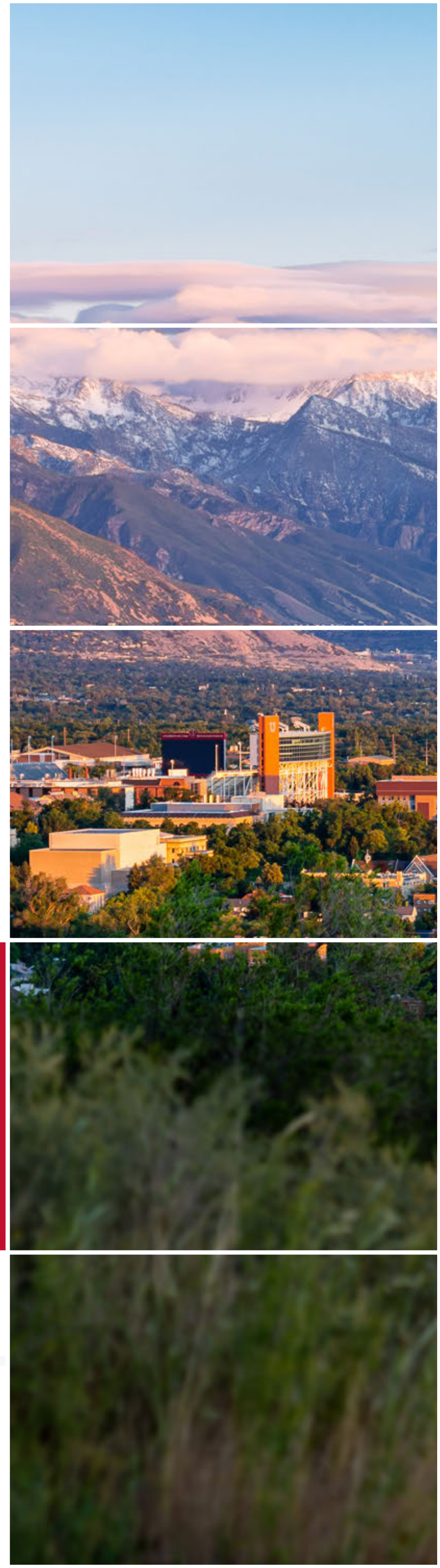
2024

ANNUAL FINANCIAL REPORT

THE UNIVERSITY OF UTAH

THE UNIVERSITY OF UTAH | A COMPONENT UNIT OF THE STATE OF UTAH



THE UNIVERSITY OF UTAH

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MESSAGE FROM THE PRESIDENT

Taylor R. Randall

DEAR COLLEAGUES,

I believe in the power of higher education to change society for the better—and I'm passionate about sharing this message broadly. Earlier this year, I joined some of my counterparts in Utah's higher education system at a Kem C. Gardner Policy Institute panel discussion to talk about the wide-ranging impact of Utah's public colleges and universities. As leaders of these institutions, we see firsthand how higher education improves prosperity and well-being—not just for the individual students we serve each day, but also for all 3.5 million Utahns.

It's not just our opinion—the data back it up. As I shared with state lawmakers during this year's legislative session, University of Utah graduates boast higher lifetime earnings, better economic mobility, and happier, healthier, more fulfilling lives. As the state's flagship university, we're also tackling Utah's most pressing issues through research that benefits Utahns statewide. Our research funding reached $691 million in fiscal year 2024, marking the fifth consecutive year we've secured funding levels exceeding $600 million.

That's just one example of the economic data you'll find in this 2024 Annual Financial Report. The numbers are impressive on their own, but together they tell a broader story about the reach and impact of this remarkable institution. In addition to attesting to our wise and careful stewardship of public funds, the data in the following pages describe a university actively pursuing higher education's promise to lift people up and shape a better world.

As always, thank you for everything you do to support the University of Utah.

Sincerely,

Taylor R. Randall
President

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees, Audit Committee
and
Dr. Taylor R. Randall, President
University of Utah

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University's business-type activities and the University's fiduciary activities as of June 30, 2024, and the respective changes in its 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 Utah Health (Hospitals and Clinics) (UUHC), a department of the University, and the University's blended component units ARUP Laboratories, Inc. (ARUP), University of Utah Research Foundation (UURF), University of Utah Health Insurance Plans (UUHIP), Community Nursing Service (CNS), and George S. and Dolores Doré Eccles Endowment for Medical School Excellence (EMSE), as of June 30, 2024. 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 UUHC, ARUP, UURF, UUHIP, CNS, and EMSE, is based solely on the report of the other auditors. These reports represent 39 percent, 41 percent, and 60 percent, respectively, of the total assets, net position, and total revenues of the University's business-type activities.

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. 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 ARUP and EMSE were not audited in accordance with *Government Auditing Standards.*

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 twelve 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 generally accepted auditing standards 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 University's Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Defined Pension Contributions, included in the Required Supplementary Information listed in the table of contents, 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Message from the President and the listing of Governing Boards and Officers 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 November 19, 2024 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.

Office of the State Auditor

Office of the State Auditor
Salt Lake City, Utah
November 19, 2024

MANAGEMENT'S DISCUSSION & ANALYSIS

The following discussion and analysis have been prepared by management and provides an overview of the financial position and activities of the University of Utah and its component units as of and for the year ended June 30, 2024, with comparative information from the prior fiscal year. This discussion and analysis are intended to be read alongside the *Financial Statements* and *Notes to the Financial Statements* which follow this section.

ABOUT THE UNIVERSITY

Founded in 1850, the University of Utah is the state's oldest and most comprehensive institution of higher education and is the flagship institution of the Utah System of Higher Education. The university offers over 100 major subjects at both the undergraduate and graduate levels, including law and medicine, to 36,900 students from across the United States and around the world, preparing students to live and compete in the global workplace. The university is a member of the prestigious grouping of research-intensive universities known as the American Association of Universities (AAU).

The university is home to the only academic medical center in the state, providing patient care for residents of Utah and the surrounding Intermountain West, and was ranked in the top five teaching hospitals in the country by Fortune Magazine/PINC AI. University of Utah Health has been nationally ranked in the top 10 for quality for 14 years in a row by Vizient, and as the No. 1 hospital in the state for the past 11 years by U.S. News & World Report.

The three strategic goals of the university are key to understanding the financials of the university, and vice versa. Each initiative will be discussed separately in this section of the financial report including highlights from the year; financial results pertaining to the initiative; capital projects and debt, if applicable; and an outlook for the future. Where appropriate, graphs and charts will convey information that highlights progress toward the goal. Additional metrics and dashboards relevant to the U are available here. The goals, and their corresponding initiatives, are:

GOAL	INITIATIVE	MAJOR TARGET
Promote Student Success to Transform Lives	Inspire Student Success	Grow student body to 40,000
Develop and Transfer New Knowledge	Innovate and Generate Discoveries	Grow sponsored research spend to $1 billion annually
Engage Communities to Improve Health and Quality of Life	Serve Our State	Have an impact on the lives of all 3.5 million Utahns across all 29 counties in Utah

INSPIRE STUDENT SUCCESS

The U believes that we must re-imagine how we inspire students at the U by revolutionizing the student experience. We're creating a campus community that integrates living, learning, and belonging, and will put students right at the forefront of knowledge creation from day one with unparalleled first-year experiences. We're aligning our resources to strategically bolster graduation rates and gathering data to address challenges in the learning experience. We're also updating and streamlining our admissions processes and increasing our students' earning potential.

COMMENTARY AND DISCUSSION OF FINANCIALS

Tuition and fee revenue is reported net of institutional aid in the university's financial statements. For the fiscal year ended June 30, 2024 (FY24), tuition and fees, net, was $471.1 million. This represents an increase of 3.6% over FY23's revenues of $454.6 million. Tuition and fee rates for FY24 were not increased from FY23; thus, the increase in tuition and fees, net, was primarily attributable to increases in enrollment.

Institutional aid for tuition and fees went from $116.0 million in FY23 to $120.1 million in FY24, a 3.5% increase. Institutional aid helped offset tuition and fees for roughly 16,700, or 45.3%, of the students at the university.

Auxiliary operations included self-sustaining operations that support visitors, students, parents, faculty, and staff. Auxiliary revenues include revenues from parking services, housing and residential education, food services, athletics revenues, stadium and arena revenues, and the campus store. These amounts are shown net of allowances of $3.0 million. For FY24, auxiliary revenues, net, were $221.5 million as compared to FY23's $205.4 million; an increase of 7.8%. This consists of a $11.7 million increase in housing and residential education due to rent and dining services, $4.7 million increase in commuter services due to parking permit increases, and $6.7 million in athletics revenues from media rights income.

Scholarships and fellowships expenses were $60.8 million in FY24, a slight increase from the $57.8 million in FY23 due to additional institutional aid.

As discussed in Note 17 of the *Notes to the Financial Statements,* functional classification of expenses directly applicable to students include: instruction ($609.9 million), academic support ($259.5 million), student services ($101.3 million), and scholarships ($53.8 million). These expenses combined are approximately $1.0 billion in FY24, a decrease of 2.9% over FY23.

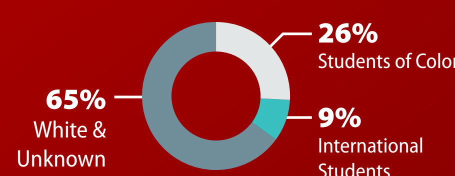
INSPIRE
STUDENT SUCCESS

GOAL

Grow student body to 40K within 10 years

68%	**41%**
Of students are Utah residents	Increase in freshman enrollment from 2019

Student Demographics



Source: University Analytics & Institutional Reporting

INITIATIVE HIGHLIGHTS FOR THE YEAR

Progress made toward the Inspire Student Success initiative includes:

- **Five years of enrollment growth:** Enrollment at the U has continued to defy national trends by increasing for five years in a row. In fall 2024, a record 36,900 students attended the university. Since fall 2020, undergraduate student enrollment has increased 11.6%. The growth is expected to continue with an increased emphasis on building graduate student enrollment.

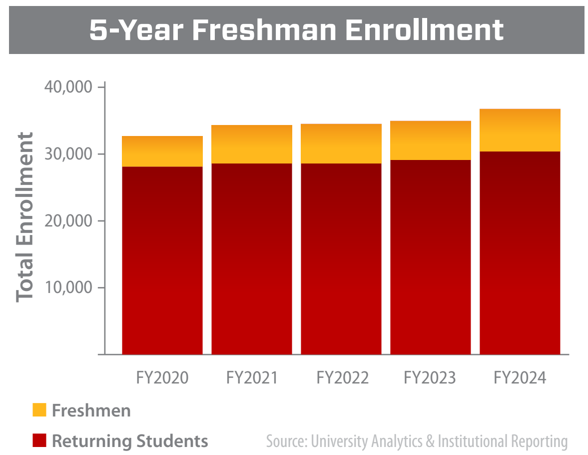
- **John and Maria Price Computing and Engineering Building:** In May 2024 the university broke ground on a new building that will house the Kahlert School of Computing as well as other engineering programs including artificial intelligence, FinTech, cybersecurity, and emerging areas. This building will provide high-tech labs, classrooms, and office space which will allow the university to increase the number of students graduating from various programs by 500 or more per year. This new facility was financed in part by proceeds from the General Revenue Bond (GRB) Series 2024A-1 totaling $76.5 million.

- **Increased student housing:** With the announcement in October 2023 that there will be guaranteed housing for first-year students admitted in fall 2024 the U must continue to increase student housing. With the completion of the Impact Prosperity Epicenter, a record 5,555 students now live on campus, a 12.3% increase from 2023.

  In addition, the university has started work on the following student housing projects:

  - Phase two of the West Village, which will add an additional 450 beds and is expected to open during the second half of 2025. Phase two includes $163.8 million in debt financing from GRB Series 2023B issued during FY24.

  - A total of $20.8 million, $15.0 million from GRB Series 2024A-1 and $5.8 million from GRB Series 2024B will be used as part of a project to add more than 1,400 beds to campus.



OUTLOOK

Continued growth in enrollment and an increase in tuition and fees revenue is expected as the university's national and international profiles continue to rise.

INNOVATE AND GENERATE DISCOVERIES

Innovation through research and discoveries has long been a part of the U. Whether from the first research location in 1894 for physical and chemical research, or the first patent for a folding cot in 1921 the university has continually looked for ways to improve lives and change the world. In order to continue this longstanding tradition, the U must adapt and accelerate innovations and discoveries. We're creating innovation hubs where our students can work side-by-side with industry professionals while also refreshing our research and commercialization leadership strategy.

INNOVATE

& GENERATE DISCOVERIES

GOAL

$1 Billion in expenditures

Currently at $702.7M

24%

Increase in expenditures in 2024

Source: Vice President of Research

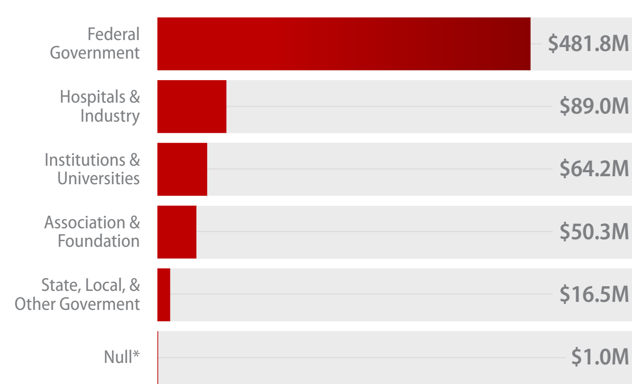
In prior years the university's goal has focused on research funding awarded. Although the university's goal of $1.0 billion related to research continues, the focus has shifted from dollars awarded to expended. There are several reasons for this change. First, as the federal government persists in operating under continuing resolution instead of an approved budget, it causes delays in Notices of Award (NOA) from federal agencies and can cause dramatic swings in the timing of funds awarded within a specific fiscal year. Second, research related expenditures are a more accurate indicator of the work taking place at the university and our contributions to the local and national communities and economies. These expenditures are also the metric used to evaluate and rate the university compared to other R1 institutions.

COMMENTARY AND DISCUSSION OF FINANCIALS

The university receives grants and contracts from a variety of federal and state entities, as well as private foundations. This funding is used to continue our work as a top-tier research institution dedicated to innovation and discovery. Research related expenditures increased $26.1 million, or 3.9%, to $702.7 million in FY24 while overall grants and contracts revenue increased 7.0% from $694.6 million in FY23 to $743.5 million. These changes to the expenses and revenues are driven by thousands of research grants encompassing everything from aerospace to medical advancement. For more information on just a few of things being worked on here at the university please see the *Initiative Highlights* section below.

As discussed in Note 17 of the *Notes to the Financial Statements,* functional classification of expenses related to research increased 6.1%, or $33.0 million, to $575.6 million in FY24.

FY 2024 Expenditures by Sponsor Type



*Null occurs when the DSS# does not have an associated sponsor type

INITIATIVE HIGHLIGHTS FOR THE YEAR

As mentioned above innovation hubs are one of the ways the university is working to rapidly respond to research needs that cut across disciplinary boundaries and will affect the lives of all Utahns. The One Utah Data Science hub has awarded seven seed grants for projects such as diet planning that will help provide strict dietary plans for cancer patients to allow their food to interact in the most beneficial way with their cancer treatment to increase the efficacy and outcome of said treatment. The Energy Futures hub is working on projects related to mobility electrification and environmental sustainability to name just two of the five priorities. The mobility electrification projects are looking for the best ways to provide a more advanced electric vehicle infrastructure, grid integration, and mobility storage. The environmental sustainability projects can have a huge impact on all of our lives as they look to solve the problems we experience here in our state with regards to air quality, wildfire mitigation, and water conservation.

OUTLOOK

The outlook for the university's research remains strong. The university is working on collaborations with private industry as well as on-campus interdisciplinary research teams. These collaborations seek and solicit alternative funding sources to help shape and drive innovation in areas such as aerospace, global social and environmental challenges, mental health, and food security. With a focus on these and other key issues affecting the state, the university has positioned itself as a critical partner in solving the most pressing problems of today and tomorrow. Our growth in research expenditures and technology commercialization represents a tangible validation of that approach.

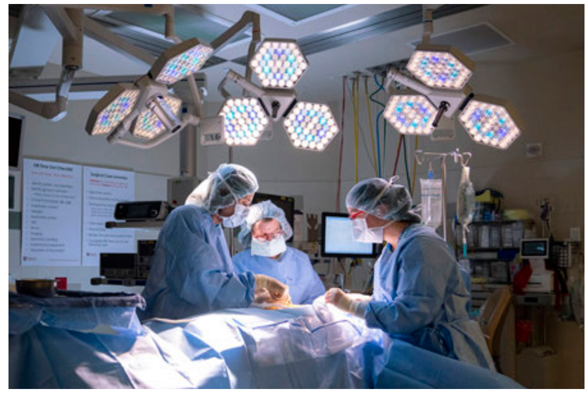
SERVE OUR STATE

As Utah's flagship university, the U has a significant responsibility to the people of Utah. President Randall's goal for the university is to positively impact all 3.5 million Utahns across all 29 counties. This means the U is re-envisioning how it can deliver on higher education differently to have a greater impact on the communities we serve. We're growing our reach beyond Salt Lake's east bench with expanded health care in West Valley City and a proposed medical campus in St. George in partnership with Intermountain Health. We're increasing mental health services through partnerships across the state. We're also working with industry partners and our sister institutions in the Utah System of Higher Education to tackle some of our state's most pressing social issues.

COMMENTARY AND DISCUSSION OF FINANCIALS

The university records patient services revenue for the hospitals and clinics, and Spencer Fox Eccles School of Medicine services net of third-party adjustments. These adjustments come from negotiated reimbursement rates based on either the cost of providing services, a predetermined rate per diagnosis, fixed per diem rates, or as a percentage discount from gross charges. In FY24, net patient services revenue totaled $3.8 billion, an increase of $370.2 million, or 10.9%, from the $3.4 billion in FY23, due to increased retail pharmacy revenue ($83.7 million), increased volumes, and improved third-party payor rates. Medical claim expenses paid by University of Utah Health Plans for enrolled members decreased by 5.5%, or $16.1 million, from $295.1 million in FY23 to $279.0 million in FY24 as a result of a decline in enrolled members.

As discussed in Note 17 of the *Notes to the Financial Statements,* functional classification of expenses related to the patient care ($3.1 billion) and health plans ($277.3 million) totaled $3.3 billion in FY24. This was a 11.6%, or $345.5 million, increase from the $3.0 billion expended in FY23. This increase was due primarily to an increase in compensation and benefits at U of U Health, as well as increased medical supply costs caused by increased volumes.



HEALTH
UNIVERSITY OF UTAH

SERVE
OUR STATE

#1
Hospital in Utah 2023–2024
U.S. News & World Report (2015–2024)

22
Regional Partners

2M
Patient visits during the fiscal year

$109.4M
In Uncompensated Care

Serving patients from **10%** of the continental US land area

INITIATIVE HIGHLIGHTS FOR THE YEAR

Just a few of the initiatives worked on during the fiscal year include:

- **Love Your Mind campaign:** This campaign was funded in large part by the Huntsman Mental Health Institute and was put together in conjunction with the national Ad Council to offer inspiration and community and educational resources to encourage people across the U.S. to be more open and proactive when it comes to their mental health. This is accomplished through public service announcements, virtual and in-person events, and free digital resources that help individuals learn how to deal with a variety of emotions, difficult situations, or life challenges like chronic health issues, family conflict, substance abuse, or workplace issues or unemployment.

- **Targeted community programming through the College of Health**: This targeted programming includes a variety of approaches to help better the health of Utah citizens by:
  - Preparing future health professionals to improve nutrition outcomes in underserved communities through our Culinary Medicine program.
  - Collaborate with state and local agencies to advocate for changes in food access and nutrition policies.
  - Work with education partners to expand experiential nutrition and movement education, crush diabetes, and celebrate food cultures around the world.
- **Develop iFarm hub:** This hub will be an adaptable and scalable farm-based resource hub to increase access to healthy foods, basic technology, transportation, social services and other resources for people experiencing homelessness.

OUTLOOK

University of Utah Health saw improved operating performance in FY24 and projects continued growth in volumes and revenue due to higher negotiated contracted third-party payer rates in FY25. U of U Health has also identified key opportunities to reduce costs while protecting core missions, retaining and protecting existing teams, and enhancing a fiscally responsible culture.

While potential approval by CMS of Medicaid plan amendment language would allow for increased revenue from Graduate Medical Education to fund trainee programs and U of U Health infrastructure, reduction in Medicaid membership related to the declared end of the COVID-19 Public Health Emergency period presents fiscal challenges. U of U Health is actively pursuing ways to reduce overall administrative expenses, manage its population to limit exposure to rising medical trends, and pursuing further increases to the Medicaid premium rates.

Phase one construction of the West Valley medical complex will begin in spring of 2025, with the center becoming operational by mid-2028.

ENDOWMENTS AND INVESTMENTS

The endowment is invested to provide long-term growth to preserve intergenerational equity. This means support for current purposes is balanced with the need to provide inflation-adjusted value into the future. The investment strategy is structured to provide cash for current distribution as well as long term growth. The spending policy attempts to strike this balance of supporting current needs, consistent with donor directives, and supporting growth for future needs.

At June 30, 2024, the Endowment Pool had $1.6 billion in assets. This is an increase over the prior fiscal year of $186.3 million. The investment performance for the endowment showed a total return for the fiscal year of 10.3%, versus its target benchmark return of 9.1%. The portfolio's asset class returns were as follows: 18.4% in global equity, 7.7% in private equity, 3.9% in venture capital, 6.3% in fixed income, 5.8% in private real assets, 10.5% in diversifying strategies.

The Cash Management Pool increased $443.4 million from $2.6 billion at June 30, 2023 to $3.1 billion at June 30, 2024. Investments within the Cash Management Pool are subject to the Money Management Act of the State of Utah.

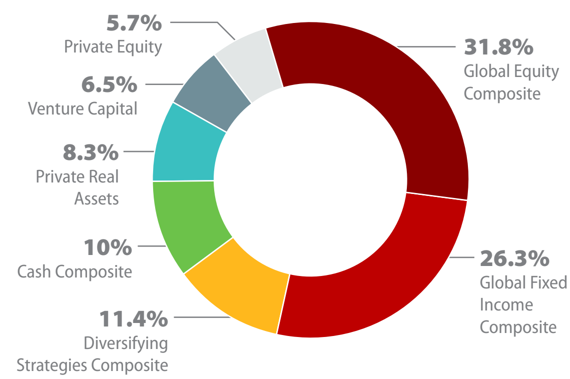
ENDOWMENT GROWTH

$1.46B Beginning Balance

$1.6B Ending Balance

8.8% Increase

Allocation of Current Assets



ADDITIONAL INFORMATION

FINANCIAL STATEMENTS

The university's statements include five financial statements, all of which are prepared in accordance with Governmental Accounting Standards Board (GASB) principles. These statements should be reviewed in conjunction with the *Notes to the Financial Statements* which provide additional information.

The Statement of Net Position shows an entity's assets, liabilities, deferred inflows and outflows, and net position as of a specific date. These elements represent the resources the university has to accomplish its mission and goals, the claims on those resources, and the net of those two (net position). Most elements in this statement are measured using current values except for capital assets, which are stated at historical cost less accumulated depreciation.

The Statement of Revenues, Expenses, and Changes in Net Position presents the university's results of operations for the entire fiscal year. These results are a combination of the revenues and expenses, which when netted, provide the increase or decrease in net position for the year. This change in net position is one indicator of whether the overall financial condition of the university has improved or weakened during the year.

The Statement of Cash Flows provides a look at the major sources and uses of cash by activity for the university during the fiscal year.

Due to fiduciary relationships with other entities, the university also produces a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These statements show the balances of assets and liabilities as well as the change in net position during the fiscal year. Below are condensed versions of the university's Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position comparing the current and prior fiscal years.

Condensed Statement of Net Position—as of June 30 (in thousands)	2024	2023 as adjusted*	% Change
Current assets	$2,352,931	$2,736,920	-14.0%
Noncurrent assets			
Capital assets, net	4,827,252	4,614,427	4.6%
Other noncurrent assets	5,581,524	4,290,512	30.1%
Total Assets	12,761,707	11,641,859	9.6%
Deferred outflows of resources	70,227	71,215	-1.4%
Current liabilities	1,498,874	1,306,826	14.7%
Noncurrent liabilities	2,466,258	2,285,689	7.9%
Total Liabilities	3,965,132	3,592,515	10.4%
Deferred inflows of resources	130,199	118,635	9.7%
Net investment in capital assets	3,287,709	3,162,435	4.0%
Restricted, nonexpendable	922,951	862,239	7.0%
Restricted, expendable	962,649	852,764	12.9%
Unrestricted	3,563,294	3,124,486	14.0%
Total Net Position	$8,736,603	$8,001,924	9.2%

*(See Note 1 for more details)

Condensed Statement of Revenues, Expenses, and Changes in Net Position - for the years ended June 30 (in thousands)	2024	2023 as adjusted*	% Change
Operating revenues			
Tuition and fees, net	$ 471,068	$ 454,642	3.6%
Patient services, net	3,754,961	3,384,723	10.9%
Grants and contracts	743,476	694,565	7.0%
Sales and services	1,786,737	1,711,618	4.4%
Auxiliary and other	505,971	505,842	0.0%
Total operating revenues	7,262,213	6,751,390	7.6%
Operating expenses	7,757,294	7,232,567	7.3%
Operating gain/(loss)	(495,081)	(481,177)	2.9%
Nonoperating revenues			
State appropriations	499,623	434,189	15.1%
Gifts	184,097	200,943	-8.4%
Investment income (loss)	369,910	173,870	112.8%
Other net nonoperating revenue (expense)	(50,952)	(9,985)	410.3%
Total nonoperating revenues	1,002,678	799,017	25.5%
Income before capital and permanent endowment additions	507,597	317,840	59.7%
Capital contributions, permanent endowment additions and special and extraordinary items	227,082	148,227	53.2%
Increase in net position	734,679	466,067	57.6%
Net Position - beginning of year (as adjusted)	8,001,924	7,535,857	6.2%
Net Position - end of year	$ 8,736,603	$ 8,001,924	9.2%

*(See Note 1 for more details)

COMMENTARY AND DISCUSSION OF FINANCIALS

Overall net position for the university increased by $734.7 million or 9.2% in FY24. This was due in large part to the $507.6 million in revenue before capital contributions and permanent endowment additions. Capital contributions and additions to permanent endowment added an additional $227.1 million.

The Current Assets decreased 14.0% to $2.4 billion in FY24. The primary reason for the decrease was due to a continued move from cash equivalent and short-term investments to long term investments as the university looks to take advantage of interest rate increases. In addition, there was amortization of prepaid expenses, and a reduction of assets at the component units.

Capital assets increased from $4.6 billion in FY23 to $4.8 billion in FY24. This 4.6% increase is attributable to completed or partially completed buildings as discussed in the *Inspire Student Success, Innovate and Generate Discoveries,* and *Serve Our State* sections above.

Other noncurrent assets increased from $4.3 billion in FY23 to $5.6 billion in FY24. This $1.3 billion increase was mainly due to a $1.1 billion increase in long term investments, $125.9 million increase in restricted cash and cash equivalents, and a $43.4 million increase in the net pension asset. The increase in restricted cash and cash equivalents is a result of the proceeds from the GRB Series 2023B and 2024A & B bonds. Long-term investments increased as the university focused on investing more of its resources in instruments with a longer duration to take advantage of higher interest rates for a longer period of time. For more information on the endowment and investments, see the *Endowment and Investments* section above.

Deferred outflows of resources stayed largely the same with an increase in outflows related to pensions offset by decreases in loss on bond refunding and outflows related to excess consideration.

Both current and noncurrent liabilities increased in FY24. The $192.0 million increase in current liabilities was primarily due to anticipated repayment of Medicaid premium overpayments from the state's Department of Health and Human Services to the University of Utah Health Plans. Noncurrent liability increases of $180.6 million was due to bonded debt.

Deferred inflows of resources increased by $11.6 million to $130.2 million in FY24. This increase is predominantly caused by an increase in deferred inflows related to leases (see Notes 1, 5 and 12 for more information).

Revenues related to tuition and fees, net, patient services, net, grants and contracts and auxiliary are discussed above throughout the Management's Discussion and Analysis.

Sales and service revenues increased $75.1 million, or 4.4%, to $1.8 billion in FY24. This change was driven mainly by $54.3 million in increased sales from component units, $6.7 million in increased media rights income from athletics, $4.7 million in parking passes and citations, and a $7.6 million increase in sales in various university departments such as Kingsbury Hall, Pioneer Theatre, Utah Presents, Surplus, Campus Recreation, etc. Sales in university departments include revenue for services or goods provided as part of a department's mission of instruction, research, public service, or support of such functions.

Nonoperating revenue increased from $799.0 million in FY23 to $1.0 billion in FY24. This was a 25.5% increase. This is due to the increase in investment income and state appropriations. Details on changes in investment income can be seen in Note 2 as well as the *Endowment and Investments* section above. The 15.1%, or $65.4 million, increase in state appropriations was predominately for increased compensation and benefits for university staff and faculty.

Total capital and permanent endowment additions increased by $78.9M or 53.2% in FY24. This consisted of a $100.0 million increase in capital appropriations, to be used to purchase Fort Douglas from the federal government, offset by a $6.5 million decrease and $10.1 million decrease in additions to permanent endowments and capital grants and gifts respectively.

Operating expenses by functional category have been discussed throughout the Management's Discussion and Analysis. Please see Note 17 in *Notes to the Financial Statements* for a complete list of operating expenses by natural and functional categories.

The university issued four new GRB bond series during FY24:

- GRB Series 2023B totaling $163.8 million were issued in July 2023. See the *Inspire Student Success* section for more details.
- GRB Series 2024A-1&2 totaling $105.3 million were issued in May 2024.
    - $76.5 million for the Price project, see the *Inspire Student Success* section for more details.
    - $15.0 million for new student housing, see the *Inspire Student Success* section for more details.
    - $3.8 million for refunding GRB Series 2014A-1.
    - $10.0 million for various research projects.
- GRB Series 2024B totaling $5.8 million were issued in May 2024 for new student housing, see the *Inspire Student Success* section for more details.

In May 2024, Moody's Investor Services (Moody's) and S&P Global Ratings (S&P) reaffirmed their bond ratings on the university's GRB as Aa1 with a stable outlook and AA+ with a stable outlook, respectively.

COMPONENT UNITS

The University of Utah's financial statements include University of Utah Health, as well as the balances and activities of five component units: the University of Utah Research Foundation (UURF), ARUP Laboratories, Inc., University of Utah Health Insurance Plans (UUHIP), George S. and Dolores Doré Eccles Endowment for Medical School Excellence (EMSE), and Community Nursing Services (CNS). More information about these entities and their inclusion in the financial statements may be found in Note 1 – *Summary of Significant Accounting Policies – Reporting Entity.*

OUTLOOK

The overall outlook for the university is robust as it continues to grow enrollment, spark innovation through research that both provides new and better ways to help individuals and the community, and generates revenue to allow for continued exploration and advancement. This robust growth will be helped by the new physical development master plan, the process for which started in October of 2023 and will run through December of 2024. It will guide how the physical campus – buildings, infrastructure and outdoor spaces – will support and sustain our vision to inspire, innovate and serve the residents of Utah. The plan will address the next 10 years of development, preservation, innovation, and sustainability for the university. This will include strategies on how the university will: accommodate and plan for 40,000 students by 2030; provide a vibrant campus life that includes living, learning and belonging; ensure quality outdoor and open spaces for recreation and learning; ensure a sustainable campus; and reduce reliance on single occupancy vehicles. More information on the plan can be found here.

FINANCIAL STATEMENTS

THE UNIVERSITY OF UTAH

Statement of Net Position

(in thousands of dollars) As of June 30, 2024

ASSETS

Current Assets	
Cash and cash equivalents (Note 2)	$ 499,136
Short-term investments (Note 2)	879,186
Receivables, net (Note 3)	750,645
Inventory (Note 1)	165,556
Other assets (Note 4)	58,408
Total current assets	2,352,931
Noncurrent Assets	
Restricted cash and cash equivalents (Note 2)	1,130,123
Restricted short-term investments (Note 2)	69,986
Investments (Note 2)	3,355,907
Restricted investments (Note 2)	766,544
Receivables (Note 3)	131,760
Restricted receivables, net (Note 3)	76,423
Donated property	1,138
Net pension asset (Note 6)	44,969
Right-of-use lease asset, net (Note 5)	83,028
Right-of-use SBITA asset, net (Note 5)	39,326
Other assets (Note 4)	4,674
Capital assets, net (Note 5)	4,704,898
Total noncurrent assets	10,408,776
Total assets	12,761,707

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on bond refunding (Note 1)	3,741
Deferred outflows related to pensions (Note 6)	45,663
Deferred outflows related to excess consideration (Note 1)	20,823
Total deferred outflows of resources	70,227

LIABILITIES

Current Liabilities	
Accounts payable (Note 3)	
to the State of Utah	63,593
to Others	346,981
Accrued payroll	231,770
Compensated absences and early retirement benefits (Notes 1 & 14)	117,592
Unearned revenue (Note7)	111,565
Lease liability - Current (Notes 12 & 14)	15,146
SBITA liability - Current (Notes 13 & 14)	11,544
Deposits and other liabilities (Notes 9 & 14)	471,889
Bonds, notes and contracts payable (Notes 14 & 15)	
to the State of Utah	6,015
to Others	122,779
Total current liabilities	1,498,874
Noncurrent Liabilities	
Compensated absences and early retirement benefits (Notes 1 & 14)	57,020
Deposits and other liabilities (Notes 9 & 14)	35,215
Bonds, notes and contracts payable (Notes 14 & 15)	
to the State of Utah	51,675
to Others	2,230,387
Net pension liability (Note 6)	5,187
Lease liability (Note 12)	73,059
SBITA liability (Note 13)	13,715
Total noncurrent liabilities	2,466,258
Total liabilities	3,965,132

Continued on next page...

The accompanying notes are an integral part of these financial statements

THE UNIVERSITY OF UTAH

Statement of Net Position

(in thousands of dollars) As of June 30, 2024

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to bonds (Note 1)	4,399
Deferred inflows related to pensions (Note 6)	411
Deferred inflows related to leases (Note 12)	125,389
Total deferred inflows of resources	130,199

NET POSITION

Net investment in capital assets	3,287,709
Restricted for	
Nonexpendable	
Instruction	232,205
Research	130,530
Public service	43,878
Academic support	102,860
Scholarships	390,622
Other	22,856
Expendable	
Research	209,745
Public service	176,025
Academic support	100,554
Institutional support	108,807
Scholarships	134,371
Insurance enterprises	8,647
Other	224,500
Unrestricted	3,563,294
Total net position	$ 8,736,603

The accompanying notes are an integral part of these financial statements

THE UNIVERSITY OF UTAH

Statement of Revenues, Expenses, and Changes in Net Position

(in thousands of dollars) As of June 30, 2024

OPERATING REVENUES AND EXPENSES

Revenues	
Tuition and fees, net (Note 1)	$ 471,068
Patient services, net (Notes 1 & 11)	3,754,961
Federal grants and contracts	483,585
State and local grants and contracts	58,737
Nongovernmental grants and contracts	201,154
Sales and services, net (Note 1)	1,786,737
Auxiliary enterprises, net (Note 1)	221,476
Other operating revenues	284,495
Total operating revenues	7,262,213
Expenses	
Compensation and benefits	3,988,295
Component units	1,011,727
Supplies	1,172,015
Purchased services	293,957
Medical claims	279,005
Depreciation and amortization	351,136
Utilities	101,793
Cost of goods sold	44,895
Repairs and maintenance	91,885
Scholarships and fellowships	60,826
Other operating expenses	361,760
Total operating expenses	7,757,294
Operating loss	(495,081)

NONOPERATING REVENUES (EXPENSES)

State appropriations	499,623
Government grants	35,115
Gifts	184,097
Investment income	369,910
Interest	(75,777)
Other	(10,290)
Total nonoperating revenues	1,002,678
Income before capital and permanent endowment additions	507,597

CAPITAL AND PERMANENT ENDOWMENT ADDITIONS

Capital appropriations	140,876
Capital grants and gift	47,665
Additions to permanent endowments	38,541
Total capital and permanent endowment additions	227,082
Increase in net position	734,679

NET POSITION

Net position - beginning of year, as adjusted (Note 1)	8,001,924
Net position - end of year	$ 8,736,603

The accompanying notes are an integral part of these financial statements

THE UNIVERSITY OF UTAH

Statement of Cash Flows

(in thousands of dollars) As of June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tuition and fees	$ 456,408
Receipts from patient services	3,615,025
Receipts from contracts and grants	751,914
Receipts from auxiliary and educational services	1,989,704
Collection of loans to students	2,214
Payments to suppliers	(3,049,694)
Payments for personal services	(4,039,436)
Payments for scholarships/fellowships	(60,826)
Loans issued to students	(3,495)
Other	441,124
Net cash provided by operating activities	102,938

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	499,623
Government grants	35,115
Federal direct loan receipts	144,049
Federal direct loan payments	(144,049)
Gifts	
Endowment	59,973
Nonendowment	186,774
Other	17,001
Net cash provided by noncapital financing activities	798,486

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital debt	338,935
Capital appropriations	140,876
Gifts	51,767
Proceeds from leases	10,685
Purchase of capital assets	(567,168)
Principal paid of capital debt	(224,820)
Interest paid on capital debt	(101,002)
Net cash used by capital and related financing activities	(350,727)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	4,236,331
Receipt of interest on investments	199,924
Purchase of investments	(5,034,774)
Net cash used by investing activities	(598,519)
Net decrease in cash	(47,822)
Cash - beginning of year	1,677,081
Cash - ending of year	$ 1,629,259

Continued on next page...

The accompanying notes are an integral part of these financial statements

THE UNIVERSITY OF UTAH

Statement of Cash Flows

(in thousands of dollars) As of June 30, 2024

RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO CASH PROVIDED BY OPERATING ACTIVITIES

Operating loss	$ (495,082)
Adjustments	
Depreciation and amortization expense	351,136
Lease revenue	(13,162)
Lease expense	26,260
SBITA expense	27,745
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Receivables, net	(40,273)
Inventory	(21,986)
Donated property held for sale	-
Net pension asset	(43,387)
Other assets	111,289
Deferred outflows related to pensions	(3,168)
Accounts payable	164,035
Accrued payroll	(20,285)
Compensated absences & early retirement benefits	16,412
Unearned revenue	(44,261)
Deposits & other liabilities	88,377
Net pension liability	(1,974)
Deferred inflows related to pensions	1,262
Net cash provided by operating activities	$102,938

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Financed obligations	$16,432
Leases	(1,646)
SBITAs	(6,491)
Donated property and equipment	23,103
Completed construction projects transferred from State of Utah (DFCM)	-
Annuity and life income	(136)
Increase in fair value of investments	169,986
Total noncash investing, capital, and financing activities	$ 201,248

The accompanying notes are an integral part of these financial statements

THE UNIVERSITY OF UTAH

Statement of Fiduciary Net Position

(in thousands of dollars) As of June 30, 2024

		Custodial Funds
ASSETS		
Current Assets		
Cash and cash equivalents	$	1,463
Short-term investments		630
Other assets		-
Total current assets		2,093
Noncurrent Assets		
Investments		4,856
Total noncurrent assets		4,856
Total assets		6,949
LIABILITIES		
Current Liabilities		
Accounts payable		1,422
Accrued payroll		21
Deposits and other liabilities		-
Total current liabilities		1,443
Noncurrent Liabilities		
Deposits & other liabilities		17
Total noncurrent liabilities		17
Total liabilities		1,460
NET POSITION		
Restricted for:		
Individuals, organizations and other governments		5,490
Total net position	$	5,490

THE UNIVERSITY OF UTAH

Statement of Changes in Fiduciary Net Position

(in thousands of dollars) As of June 30, 2024

	Custodial Funds
CONTRIBUTIONS	
Other governments	$ 84,882
Other entities	32,719
Total contributions	117,601
INVESTMENT EARNINGS	
Net increase (decrease) in fair value of investments	39
Interest, dividends and other investment income	148
Income from investment activity	187
DEDUCTIONS	
Payments to other governments, entities or individuals	117,329
Total deductions	117,329
Net increase (decrease) in fiduciary net position	459
Net position - beginning of year	5,031
Net position - end of year	$ 5,490

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The financial statements report the financial activity of the University of Utah (university), including the University of Utah Health (U of U Health). The university is a component unit of the State of Utah (State).

Component units are entities that are legally separate from the university but are financially accountable to the university, or whose relationships with the university are such that exclusion would cause the university's financial statements to be misleading or incomplete. University administrators hold a majority of seats on the boards of trustees of five other related entities representing component units of the university. Because the university appoints the majority of the five boards, is able to impose its will on these organizations, and the organizations almost exclusively benefit the university, the financial accountability criteria as defined by Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34,* have been met, and the five organizations are included as blended component units of the university. The component units of the university are ARUP Laboratories, Inc. (ARUP), Community Nursing Services (CNS), University of Utah Health Insurance Plans (UUHIP), George S. and Dolores Dore Eccles Endowment for Medical School Excellence (EMSE), and the University of Utah Research Foundation (UURF).

- ARUP is a not-for-profit corporation that provides clinical pathology reference laboratory services to medical centers, hospitals, clinics and other clinical laboratories throughout the United States, including U of U Health. ARUP contracts with the University of Utah School of Medicine to provide pathology consulting services. The fiscal year end for ARUP is June 30. Other independent auditors audited ARUP and their report, dated August 29, 2024, was issued under separate cover.

- CNS is a not-for-profit corporation that assists clients to attain health care goals, while maintaining their independence and dignity, through home health and hospice care. The fiscal year end for CNS is December 31. Other independent auditors audited CNS and their report, dated May 30, 2024, was issued under separate cover.

- UUHIP is a health insurance company operating as a licensed non-profit health service insurance corporation as provided in Chapter 7 of Title 31A of the Utah Insurance Code. UUHIP writes individual and group health insurance products. The fiscal year end for UUHIP is December 31. Other independent auditors audited UUHIP and their report, dated August 30, 2024, was issued under separate cover.

  Health insurance companies are subject to certain minimum surplus requirements as specified by the National Association of Insurance Commissioners (NAIC) and the Utah Insurance Department. Under those requirements, the amount of capital and surplus maintained by a health service insurance corporation is to be the greater of minimum Risk-Based Capital (RBC) or $400,000. RBC is determined based on the various risk factors related to UUHIP's operations. Regulatory compliance is determined by a ratio of UUHIP's total adjusted capital, calculated in the manner prescribed by NAIC to its authorized control level RBC. If UUHIP drops below specific trigger levels, a specified corrective action is required. The minimum level of total adjusted capital before corrective action commences is twice the authorized control level RBC. UUHIP met both minimum statutory surplus requirements with RBC exceeding the authorized control level and statutory surplus exceeding $400,000 at December 31, 2023.

- The EMSE is a 501(c)(3) public charity and support organization solely for the benefit of the University of Utah, performing the limited function of managing endowment funds donated to the entity on behalf of the university, the proceeds of which endowment will be used solely for the University of Utah School of Medicine's benefit. The EMSE has a fiscal year end of June 30, and the report from its independent auditors dated September 30, 2024, was issued under separate cover.

- UURF is a not-for-profit corporation governed by a board of directors who, with the exception of three directors, are affiliated with the university. The operations of UURF include the leasing and administration of Research Park (a research park located on land owned by the university), the leasing of certain buildings, and the commercial development of patents and products developed by university personnel. As part of its mission to advance technology commercialization, UURF creates new corporate entities to facilitate the startup process. In general, these entities do not have assets. Expenses related to the companies are expensed as incurred. The fiscal year end for UURF is June 30. UURF is audited by other independent auditors and their report, dated September 25, 2024, was issued under separate cover.

The university, ARUP, CNS, UUHIP, and UURF apply all GASB pronouncements in the accounting and reporting of their operations. EMSE applies FASB pronouncements in the accounting and reporting of their operations, which are then converted to GASB for consolidation into the university's statements.

B. Basis of Accounting

All statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Operating activities include all revenues and expenses, derived on an exchange basis, used to support the instructional, research and public service efforts, and other university priorities. Significant recurring sources of the university's revenues are considered nonoperating as defined by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* and required by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities.* Operating revenues include tuition and fees, grants and contracts, patient services, and revenue from various auxiliary and public service functions. Nonoperating revenues include state appropriations, Pell grants and certain government grants, gifts, and investment income. Operating expenses include compensation and benefits, student aid, supplies, repairs and maintenance, utilities, etc. Nonoperating expenses primarily include interest on debt obligations.

When both restricted and unrestricted resources are available, such resources are tracked and spent at the discretion of the department subject to donor restrictions, where applicable.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions,* the university recognizes gifts, grants, appropriations, and the estimated net realizable value of pledges as revenue as soon as all eligibility requirements imposed by the provider have been met.

Patient revenue of U of U Health and the School of Medicine medical practice plan is reported net of third-party adjustments.

C. Investments

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The university distributes earnings from pooled investments based on the average daily investment of each participating account; or for endowments, distributes according to the university's spending policy. A portion of the university's endowment portfolio is invested in "alternative investments". These investments, unlike more traditional investments, generally do not have readily obtainable market values and typically take the form of limited partnerships. See Note 2 for more information regarding these investments and the university's outstanding commitments under the terms of the partnership agreements. The university values these investments based on the partnerships' audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation considering subsequent calls and distributions.

D. Allowances

In accordance with GASB Statement No. 34, certain expenses are netted against revenues as allowances. The following schedule presents revenue allowances for the year ended June 30, 2024:

Revenue Allowances (in thousands)	
Tuition and fees	$120,121
Patient services	76,735
Sales and services	1
Auxiliary enterprises	3,299

E. Inventories

The university Campus Store's inventories are valued using the retail inventory method. All other inventories are stated at the lower of cost or market using the first-in, first-out method or, on a basis that approximates cost determined on the first-in, first-out method. ARUP inventories consist primarily of laboratory testing supplies and are stated at the lower of cost (using the first-in, first-out method) or net realizable value. ARUP inventory includes a reserve of $1.1 million related to COVID-19 and flu testing supplies that may not be consumed in future testing. The excess of COVID-19 supplies was due to the uncertain nature of the COVID-19 testing volume demand.

F. Research and Development Costs

Innovation costs of ARUP are expensed as incurred. These costs for the year ended June 30, 2024 were approximately $31.0 million.

G. Compensated Absences & Early Retirement Benefits

Employees' vacation leave, excluding U of U Health, accrues at a rate of eight hours per month for hourly staff during the first five years and increases to a rate of 13.33 hours per month after fifteen years of service. For salaried staff, vacation leave accrues at a rate of ten hours per month and increases to a rate of 14.67 hours after fifteen years of service. There is no requirement to use vacation leave, but a maximum of thirty days, plus one-year accrual, may be carried forward at the beginning of each calendar year. Eligible employees are reimbursed for unused vacation leave upon termination and vacation leave is expended when used or reimbursed. The liability for vacation leave as of June 30, 2024 was approximately $73.0 million.

Employees earn sick leave at a rate of eight hours each month, with an accumulation limit of 1,040 hours. The university does not reimburse employees for unused sick leave. Each year, eligible employees may convert up to four days of unused sick leave to vacation leave based on their use of sick leave during the year. Sick leave is expended when used.

In addition, the university may provide early retirement benefits, if approved by the Administration and by the Board of Trustees; for certain employees who have attained the age of 60 with at least fifteen years of service and who have been approved for the university's early retirement program. Currently, 177 employees participate in the early retirement program. The university pays each early retiree an annual amount equal to the lessor of 20% of the retiree's final salary or their estimated social security benefit, as well as health care premiums, which is approximately 50% of their early retirement salary, until the employee reaches full social security retirement age. In accordance with GASB Statement No. 47, *Accounting for Termination Benefits,* the amount recognized on the financial statements was calculated at the discounted present value of the projected future costs. For the year ended June 30, 2024, these expenditures were approximately $5.1 million.

Employees of U of U Health receive a combined accrual for paid time off in lieu of the separate vacation and sick accruals received by university employees. For staff, the accrual rate for paid time off starts at 13.33 hours per month and increases every five years until reaching the maximum accrual of 20 hours per month after ten years of service. For managers and directors, the accrual rate begins at 16.67 hours per month and increases every five years until reaching the maximum accrual of 23.33 hours per month after ten years of service. The maximum number of hours which can be carried forward at the beginning of a calendar year is 520 hours for staff and 600 hours for managers and directors. Eligible employees are given an option once in the spring and once in the fall to elect to receive payment for a cash out of PTO from 20 to 100 hours. Employees are paid for all unused paid time off hours upon termination. The cost of paid time off is accrued each month by the Hospital. The liability for paid time off at June 30, 2024 was approximately $89.5 million.

H. Construction

The Utah State Division of Facilities Construction and Management (DFCM) administers most of the construction of facilities for state institutions, maintains records, and furnishes cost information for recording plant assets on the books of the university. Construction projects administered by DFCM are not recorded on the books of the university until the facility has been completed and transferred to the university.

I. Deferred Outflows and Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* losses incurred due to refunding of bond debt are reported as deferred outflows rather than as reductions to bond liabilities, gains resulting from bond refinancing transactions are reported as deferred inflows. In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* deferred outflows and deferred inflows of resources related to pensions have been recorded. Further information regarding pension reporting is found in Note 6. In accordance with GASB Statement No. 87, *Leases,* deferred outflows and deferred inflows of resources related to leases have been recorded. Further information regarding lease reporting is found in Note 12.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. 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.

K. Adjustments to Beginning Net Position

For the year ended June 30, 2024, the university recognized modifications to leases according to GASB Statement No. 87, Leases, resulting in an increase to beginning net position of $0.2 million. This error correction impacted other operating expense, interest expense, depreciation and amortization expense, and lease liability (current and non-current). Additionally, the university recognized depreciation related to certain capital assets put into use during the previous fiscal year. The error correction decreased beginning net position by $3.8 million and impacted depreciation expense and accumulated depreciation. The university also corrected where certain scholarship expenses were being reported for the year ending June 30, 2024 to include misclassified scholarship expense with other scholarship expenses. This correction impacts scholarships and fellowships and other operating expense, but did not impact beginning net position.

Additionally, UURF reevaluated lease renewals related to GASB Statement No. 87, Leases, decreasing beginning net position by $0.9 million. This error correction is due to the inclusion of renewal options in the prior period, when it is uncertain the lessee will take the lease option. The error resulted in an adjustment to beginning net position for fiscal year ending June 30,2024 and impacts lease revenue, gains (losses) on lease termination, long-term lease receivable, and deferred inflows related to leases.

(in thousands)	**2024**
Net position, beginning, as previously reported	$8,006,409
Adjustment for FY2023 Depreciation Expense	(3,762)
Adjustment for lease reevaluation	177
UURF adjustment for lease reevaluation	(900)
Net position, beginning, as restated	$8,001,924

2. DEPOSITS AND INVESTMENTS

The State of Utah Money Management Council has the responsibility to advise the Utah State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the State, and review the rules adopted under the authority of the Act that relate to the deposit and investment of public funds.

Except for endowment funds, the university follows the requirements of the Act (*Utah Code,* Section 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of university funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

For endowment funds, the university follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Utah Board of Higher Education Rule 541, *Management and Reporting of Institutional Investments* (Rule 541), and the university's investment policy and endowment guidelines.

According to the UPMIFA, Section 51-8 of the *Utah Code,* the institution may appropriate for expenditure or accumulate so much of an endowment fund as the university determines to be prudent for uses, benefits, purposes, and duration for which the endowment was established. The endowment income spending practice at June 30, 2024 was 4% of the twelve-quarter moving average of the market value of the endowment pool. The spending practices are reviewed periodically and any necessary changes are made. In general, nearly all of the university's endowment is subject to spending restrictions imposed by donors.

The amount of net appreciation on investments of donor-restricted endowments available for authorization for expenditure at June 30, 2024 was approximately $202.0 million. The net appreciation is a component of restricted expendable net position.

ARUP and UUHIP follow their own investment policies and manage their credit risk by requiring that 70% of their investment portfolio must be compliant with the Act. EMSE and CNS follow their own investment policies in order to manage their credit risk. UURF participates in the university's endowment pool.

Deposits

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the university's deposits may not be returned.

At June 30, 2024, the carrying amounts of the university's deposits and bank balances were $16.4 million and $72.0 million, respectively. The Federal Deposit Insurance Corporation (FDIC) provides separate coverage for deposits held in different account ownership categories. The standard insurance amount is $250,000 per depositor, per insured bank, for each account ownership category. As a result, the bank balances of the university were insured for $2.8 million, by the FDIC. The bank balances in excess of that amount were uninsured and uncollateralized, leaving

$69.2 million exposed to custodial credit risk. The university's policy for reducing this risk of loss is to deposit all such balances in qualified depositories, as defined and required by the Act.

Investments

The Act defines the types of securities authorized as appropriate investments for the university's non-endowment funds and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

These statutes authorize the university to invest in negotiable or nonnegotiable deposits of qualified or permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), or Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; reciprocal deposits and negotiable brokered certificates of deposit in accordance with the Act; and the Utah Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the Securities and Exchange Commission (SEC) as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Council which oversees the activities of the Utah State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in realized gains or losses on investments.

The UPMIFA, Rule 541, and the university's endowment guidelines allow the university to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any of the above investments or any of the following subject to satisfying certain criteria: mutual funds registered with the SEC, investments sponsored by the Common Fund; any investment made in accordance with the donor's directions in a written instrument; investments in corporate stock listed on a major exchange (direct ownership); and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital and private equity), natural resources, and private real estate assets or absolute return and long/short hedge funds.

Fair Value of Investments

The university measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

At June 30, 2024, the university had the following recurring fair value measurements:

(in thousands)		Fair Value Measurements Using		
Investments by fair value level	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Debt securities				
Money market mutual funds	$ 543,961		$ 543,961	
Utah Public Treasurers' Investment Fund	379,214		379,214	
Time certificates of deposit	37,415		37,415	
U.S. Treasuries	1,772,081		1,772,081	
U.S. Agencies	2,269,300		2,269,300	
Corporate notes	27,953		27,953	
Exchange traded derivatives	5,626		5,626	
Mutual bond funds	189,647	$ 95	189,552	
Total debt securities	5,225,197	95	5,225,102	
Equity securities				
Common and preferred stocks	39,076	34,256	4,819	
Mutual equity funds	721,580	16,018	705,562	
Total equity securities	760,656	50,274	710,381	
Total investments by fair value level	5,985,853	50,369	5,935,483	
Investments measured at net asset value (NAV)				
Hedged equity	40,481			
Private equity	98,751			
Venture capital	106,955			
Credit sensitive fixed income	122,458			
Private real estate	9,044			
Private natural resources	1,679			
Other real assets	127,391			
Diversifying strategies	190,308			
Total investments measured at the NAV	697,067			
Total investments measured at fair value	$ 6,682,920	$ 50,369	$ 5,935,483	

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries and U.S. Agencies: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds and Exchange Traded Derivatives and Negotiable Certificates of Deposit: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund; and
- Utah Public Treasurers' Investment Fund: application of the June 30, 2024 fair value factor, as calculated by the Utah State Treasurer, to the university's ending balance in the Fund.

Equity securities, namely common and preferred stocks, classified as Level 3 are valued manually using various sources such as issuer, investment manager or default price if a price is not provided.

Investments valued using the net asset value (NAV) per share (or its equivalent) are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable market values and take the form of limited partnerships. The university values these investments based on the partnerships' audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation considering subsequent calls and distributions. The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the university's alternative investments measured at NAV:

(in thousands)				
Investments Measured at Net Asset Value (NAV)	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Hedged equity	$ 40,481		Monthly, quarterly	30-75 days
Private equity	98,751	$ 30,761	N/A	N/A
Venture capital	106,955	38,662	N/A	N/A
Credit sensitive fixed income	122,458	11,225	Quarterly	90 days
Private real estate	9,044	3,077	N/A	N/A
Private natural resources	1,679	685	N/A	N/A
Other real assets	127,391	16,497	N/A	N/A
Diversifying strategies	190,308	1,524	Daily, quarterly, annually	0-90 days
Total alternative investments	$ 697,067			
Total unfunded commitments		$ 102,431		

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The university's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act or the UPMIFA and Rule 541, as applicable. For non-endowment funds, Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits and fixed rate corporate obligations to 270 days to 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to ten years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years. For endowment funds, Rule 541 is more general, requiring only those investments be made as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the endowments and by exercising reasonable care, skill, and caution.

As of June 30, 2024, the university had debt investments with maturities as shown below:

(in thousands)		**Investment Maturities (in years)**			
Investment Type	**Fair Value**	**Less than 1**	**1–5**	**6–10**	**More than 10**
Money Market Funds	$ 543,961	$ 543,961			
Utah Public Treasurers Investment Fund	379,214	379,214			
Time Certificates of Deposit	37,415	9,269	$ 28,146		
U. S. Treasuries	1,772,081	831,182	193,145	$ 86,595	$ 661,159
U. S. Agencies	2,269,300	758,855	810,502	690,922	9,021
Corporate Notes	27,953	13,437	14,425	91	
Exchange Traded Derivatives	5,626		818		4,808
Mutual Bond Funds	189,647		87,800	101,847	
Totals	$ 5,225,197	$ 2,535,918	$ 1,134,836	$ 879,455	$ 674,988

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The university's policy for reducing its exposure to credit risk is to comply with the Act, the UPMIFA, and Rule 541, as previously discussed. ARUP and UUHIP manage their credit risk by requiring that 70% of their investment portfolio must be compliant with the Act. CNS and EMSE manage their credit risk based on their investment policies.

At June 30, 2024, the university had debt investments with quality ratings as shown below:

(in thousands)		Quality Rating						
Investment Type	**Fair Value**	**AAA/A-1***	**AA**	**A**	**BBB**	**CCC**	**Unrated**	**No Risk**
Money Market Funds	$ 543,961	$543,740					$ 221	
Utah Public Treasurers Investment Fund	379,214						379,214	
Time Certificates of Deposit	37,415	754	$ 2,248	$ 6,808	$ 3,015		24,590	
U. S. Treasuries	1,772,081	154,909	9,728					$1,607,444
U. S. Agencies	2,269,300	114,783	17,466				2,137,051	
Corporate Notes	27,953		1,013	22,139	4,710		91	
Exchange Traded Derivatives	5,626				4,436		1,190	
Mutual Bond Funds	189,647						189,647	
Totals	$5,225,197	$814,186	$30,455	$28,947	$12,161		$2,732,004	$1,607,444

Custodial Credit Risk: Custodial credit risk for investments is the risk that, in the event of a 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. The university's policy for reducing its exposure to custodial credit risk is to comply with applicable provisions of the Act. As required by the Act, all applicable securities purchased were delivered versus payment and held in safekeeping by a bank. Also, as required, the ownership of book-entry-only securities, such as U.S. Treasury or Agency securities, by the university's custodial bank was reflected in the book-entry records of the issuer and the university's ownership was represented by a receipt, confirmation, or statement issued by the custodial bank.

At June 30, 2024, the university's custodial bank was both the custodian and the investment counterparty for $4.0 billion of U.S. Treasury and Agency securities purchased by the university.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The university's policy for reducing this risk of loss is to comply with the Rules of the Utah Money Management Council or the UPMIFA and Rule 541, as applicable. Rule 17 of the Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio at the time of purchase.

For endowments, the university, under Rule 541, is permitted to establish its own investment policy, which adheres to the guidelines established by UPMIFA. Accordingly, the university's Pool Asset Allocation Guidelines allocates endowment funds in the following asset classes:

Asset category	Target	Range
Global equity	**41%**	**30-50%**
Public equities	30%	15-50%
Hedged equity		0-10%
Private equity	12%	0-40%
Global fixed income/credit	**27%**	**5-40%**
Interest rate sensitive	11%	5-40%
Credit sensitive	7%	0-15%
Short Term Treasury	8%	
Real assets	**8%**	**5-20%**
Real estate	9%	0-15%
Diversifying strategies	**14%**	**0-30%**

The university diversifies assets among several investment managers of varying investment strategies. Diversification is an effective means of maximizing return while mitigating risk. At June 30, 2024, the university held more than 5% of its total investments in the Federal Home Loan Bank, Federal Farm Credit Bank, and the Federal Agricultural Mortgage Corporation. These investments represent 14.1%, 10.9% and 6.2%, respectively, of the university's total investments.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The university does not have a formal policy to limit foreign currency risk. At June 30, 2024, the university's exposure to foreign currency risk is $5.9 million in Private Real Estate investments being held in Euro currency denomination.

3. RECEIVABLES AND ACCOUNTS PAYABLE

Accounts, pledges, and interest receivable include hospital patient accounts, medical services plan accounts, trade accounts, pledges, interest income on investments, and other receivables. Loans receivable predominantly consist of student loans.

Allowances for doubtful accounts are established by charges to operations to cover anticipated losses from accounts receivable generated by sales and services and student loans. Such accounts are charged to the allowance when collection appears doubtful. Any subsequent recoveries are credited to the allowance accounts. Allowances are not established for pledges or in those instances where receivables consist of amounts due from governmental units or where receivables are not material in amount.

The following schedule presents receivables at June 30, 2024, including approximately $7.0 million and $62.4 million of noncurrent loans, and noncurrent pledges receivable, respectively:

(in thousands)	
Accounts	$ 1,392,794
Grants and contracts	81,891
Loans	13,076
Leases	129,635
Pledges	70,363
Interest	31,940
Total receivables	1,719,699
Less allowances for doubtful accounts	(760,871)
Receivables, net	$ 958,828

The following schedule presents the major components of accounts payable at June 30, 2024:

(in thousands)	
Vendors	$ 155,087
Interest	41,624
Payable to State	63,593
Other	150,270
Total accounts payable	$ 410,574

4. OTHER ASSETS

In the course of licensing intellectual property to business partners, the UURF may be granted an equity position in the entity the business partner has organized to commercialize university technology. The primary purpose of licensing university technology to the commercial entity, as well as, providing funding to the commercial entity, is to encourage research and positively impact the state, nation and world. The equity holdings the UURF is granted are a consequence of licensing university technology and do not meet the definition of investments for purposes of GASB 72 and thus, are classified as other assets in the Statement Net Position.

Utah Education and Telehealth Network has prepaid expenditures totaling roughly $12.7 million for software licensing and networking for higher education, K-12, and the library systems throughout Utah.

U of U Health had approximately $19.8 million in prepaid expenses and an additional $3.8 million in accrued interest receivable as of June 30, 2024.

Due to UUHIP's reinsurance arrangement, a portion of other assets is related to $2.5 in reinsurance amounts recoverable.

5. CAPITAL ASSETS

Buildings; infrastructure and improvements, which include roads, curb and gutter, streets and sidewalks, and lighting systems; land; equipment; library materials; and intangible assets (primarily software) are valued at historical cost or at acquisition value at the date of donation. Buildings, infrastructure and improvements, and additions to existing assets are capitalized when acquisition cost equals or exceeds $250,000 for the university or $50,000 for U of U Health. Equipment is capitalized when acquisition costs exceed $5,000 for the university. For U of U Health equipment is capitalized when acquisition costs exceed $3,000 and has a useful life of 3 years or more. All costs incurred in the acquisition of library materials are capitalized. Purchased software is capitalized when acquisition costs are $100,000 or greater for the university, or exceed $3,000 and have a useful life of 3 years or more for U of

U Health. Internally developed software is capitalized when development costs are $1,000,000 or greater for both the university and U of U Health. All campus land acquired through grants from the U.S. Government has been valued at $3,000 per acre. Other land acquisitions have been valued at original cost or fair market value at the date of donation in the case of gifts. Buildings, improvements, land, and equipment of component units have been valued at historical cost.

Capital assets of the university and its component units are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives of university assets extend to forty years on buildings, from five to eighty years on infrastructure and improvements, twenty years on library books, from five to twenty years on equipment and from five to ten years on software. The estimated useful lives of component unit assets extend to fifty years on buildings and improvements and from three to eight years on equipment. Land, art and special collections, and construction in progress are not depreciated.

Capital assets at June 30, 2024, are shown below.

(in thousands)	Beginning Balance	Additions	Retirements	Ending Balance
Art and special collections	$ 116,526	$ 24,255	$ (10)	$ 140,771
Buildings	5,081,231	289,327	(45,919)	5,324,639
Construction in progress	505,943	409,857	(361,244)	554,556
Equipment	1,538,622	138,891	(70,335)	1,607,178
Infrastructure and improvements	579,058	25,573	(23,047)	581,584
Land	111,717	10,823		122,540
Library materials	132,774	321	(44)	133,051
Right-to-use leases				
ROU-Buildings	120,005	9,421	(6,189)	123,237
ROU-Land	77		(14)	63
ROU-Equipment	14,610	2,207	(1,954)	14,863
ROU-SBITA	65,320	18,381	(5,318)	78,383
Total cost	8,265,883	929,056	(514,074)	8,680,865
Less accumulated depreciation & amortization*				
Buildings	1,973,861	145,458	(42,267)	2,077,052
Infrastructure and improvements	352,768	31,662	(22,907)	361,523
Equipment	1,143,349	121,174	(65,889)	1,198,634
Library materials	120,499	1,747	(34)	122,212
Right-to-use leases				
ROU-Buildings	35,695	17,583	(5,165)	48,113
ROU-Land	109	199	(207)	101
ROU-Equipment	6,239	2,586	(1,904)	6,921
ROU-SBITA	19,548	23,918	(4,409)	39,057
Total accumulated depreciation &amortization	3,652,068	344,327	(142,782)	3,853,613
Capital assets, net	$4,613,815	$584,729	$(371,292)	$4,827,252

**Adjusted for prior period adjustment*

6. PENSION PLANS AND RETIREMENT BENEFITS

As required by state law, eligible nonexempt employees (as defined by the U.S. Fair Labor Standards Act) of the university are covered by defined benefit plans sponsored by the Utah Retirement Systems (Systems) and eligible exempt employees (as defined by the U.S. Fair Labor Standards Act) are covered by defined contribution plans, such as the Teachers Insurance and Annuity Association (TIAA), the U of U Health 401(a) Plan, the U of U Health Hospital Plan Plus (HPP) Benefit Program, or Fidelity Investments (Fidelity). Eligible employees of ARUP are covered by a separate defined contribution pension and profit-sharing plan. Eligible employees of CNS are covered by a separate 403(b) tax-sheltered annuity contribution plan.

Defined Benefit Plans

Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

- Public Employees Noncontributory Retirement System (Noncontributory System) and the Public Employees Contributory Retirement System (Contributory System) both of which are cost-sharing, multiple-employer public employee retirement systems.
- The Public Safety Retirement System (Public Safety System) which is a cost-sharing, multiple-employer public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System), and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighter System) which are multiple-employer, cost sharing, public employee retirement systems.

The Tier 2 Public Employee System and the Tier 2 Public Safety and Firefighter System were created July 1, 2011. All eligible employees who have no previous service credit with any of the Utah Retirement Systems prior to that date, are members of the Tier 2 Retirement Systems.

The Systems are established and governed by the respective sections of Title 49 of the *Utah Code Annotated, 1953,* as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board), whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing to the Utah Retirement Systems at 560 East 200 South, Salt Lake City, UT 84102 or visiting the website www.urs.org/general/publications.

The Systems provide retirement, disability, and death benefits. Retirement benefits are as follows:

Summary of Benefits by System

System	Final Average Salary	Years of Service required and/ or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2% per year over 20 years	Up to 2.5% to 4% depending on the employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year to June 30, 2020; 2.0% per year July 1, 2020 to present	Up to 2.5%

* With actuarial reductions

** All post-retirement cost of living adjustments are non-compounding and are based on the original benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2024 are as follows:

	Paid by Employer for Employee	Employer Contribution Rates
Noncontributory System		
State and School Division Tier 1	N/A	22.19%
Contributory System		
Higher Education Division Tier 1	6%	17.70%
Higher Education Division Tier 2*	N/A	19.84%
Public Safety System		
Public Safety Tier 2*	2.59%	32.54%

* Tier 2 rates include a statutory required contribution to finance the unfunded actuarial liability of the Tier 1 plans.

For the year ended June 30, 2024, the university and employee contributions to the plans were as follows:

(in thousands)		
System	**Employer Contributions**	**Employee Contributions**
Noncontributory System	$23,707	
Contributory System	377	$128
Public Safety System	1,600	
Tier 2 Public Employees System	5,214	
Tier 2 Public Safety and Firefighter System	515	41
Total Contributions	$31,413	$169

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

At June 30, 2024, the university's net pension asset and liability were as follows:

(in thousands)					
	Proportionate Share December 31, 2023	**Proportionate Share December 31, 2022**	**Change Increase/ (Decrease)**	**Net Pension Asset**	**Net Pension Liability**
Noncontributory System	50.0127158%	50.0261072%	(0.0133914%)	$39,584	
Contributory System	78.4517718%	76.4430538%	2.0087180%	5,385	
Public Safety System	2.7927186%	2.5992446%	0.1934740%		$3,139
Tier 2 Public Employees System	0.9818509%	1.0458328%	(0.0639819%)		1,911
Tier 2 Public Safety and Firefighter System	0.3638703%	0.2906442%	0.0732261%		137
Total Net Pension Asset / Liability				$44,969	$5,187

The net pension asset and liability were measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2024, the university recognized pension expense of ($14.0 million) for the defined benefit pension plans.

At June 30, 2024, the university reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(in thousands)		
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 9,930	$ 41
Changes in assumptions	5,727	4
Net difference between projected and actual earnings on pension plan investments	13,692	
Changes in proportion and differences between contributions and proportionate share of contributions	372	366
Contributions subsequent to measurement date	15,941	
Total	$45,662	$411

Contributions made between January 1, 2024 and June 30, 2024 of $15.9 million are reported as deferred outflows of resources related to pensions. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

(in thousands)	
Year ended December 31,	**Net Deferred Outflows/ (Inflows) of Resources**
2024	$4,093
2025	2,954
2026	26,992
2027	(5,799)
2028	171
Thereafter	$ 898

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.5 – 9.5 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actual experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

Changes in assumptions include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

The long-term expected rate of return on 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 and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Expected Return Arithmetic Basis		
Asset Class	**Target Asset Allocation**	**Real Return Arithmetic Basis**	**Long-Term expected portfolio real rate of return**
Equity securities	35%	6.87%	2.40%
Debt securities	20%	1.54%	0.31%
Real assets	18%	5.43%	0.98%
Private equity	12%	9.80%	1.18%
Absolute return	15%	3.86%	0.58%
Cash and cash equivalents	0%	0.24%	0.00%
Totals	100%		5.45%
Inflation			2.50%
Expected arithmetic nominal return			7.95%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return of 4.35% that is net of investment expense.

The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 6.85%, as well as what the proportionate share of the net pension liability (asset) would be if calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

(in thousands)	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Proportionate Share of Net Pension Liability (Asset)			
Noncontributory System	$100,366	$ (39,584)	$(157,075)
Contributory System	5,222	(5,385)	(14,547)
Public Safety	9,755	3,139	(2,305)
Tier 2 Public Employees System	6,566	1,911	(1,699)
Tier 2 Public Safety and Firefighter System	442	137	(107)
Totals	$122,351	$(39,782)	$(175,733)

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Plans

The university offers employees the choice between URS, TIAA, and Fidelity for individual retirement funds. Employees who participate in the State and School Noncontributory and Tier 2 pension plans also participate in qualified contributory 401(k) savings plans administered by the Utah Retirement Systems (Systems). For employees participating in the Noncontributory, Contributory and Public Safety systems, the university contributes 1.5%, 0.18%, and 0%, respectively of participating employees' annual salaries to a 401(k)-plan administered by the Systems. For employees participating in the Tier 2 Public Employee defined contribution plan and Tier 2 Public Safety and

Firefighter defined contribution plan, the university is required to contribute 10.02% and 18.54%, respectively, of the employee's salary, of which 10% and 14%, respectively, is paid into the 401(k) plan while the remainder is contributed to the Tier 1 Contributory Public Employee System, as required by law. During the year ended June 30, 2024, the university's contribution totaled $2.3 million, which was included in the pension expense, and the participating employees' voluntary contributions totaled $0.3 million. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

TIAA and Fidelity provide individual retirement fund contracts with each participating employee. Employees may allocate contributions by the university to any or all of the providers and the contributions to the employee's contract(s) become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. Benefits provided to retired employees are based on the value of the individual contracts and the estimated life expectancy of the employee at retirement. For the year ended June 30, 2024, the university's contribution to these defined contribution pension plans was 14.2% of the employees' annual salaries. Additional contributions are made by the university based on employee contracts. The university has no further liability once contributions are made.

U of U Health employees hired prior to January 1, 2001, who were not enrolled in the URS program, are enrolled in a 401(a) defined contribution plan that is administered by the U of U Health Chief Human Resources Officer. The administrator has the authority to amend, modify, or terminate the plan. U of U Health is required to contribute 14.2% of covered payroll to the plan for the employees covered under this plan. Hospital employees hired subsequent to December 31, 2000 are enrolled in a separate 401(a) plan, the Hospital Plan Plus (HPP) Benefit Program. U of U Health contributes 6% for employees covered under this plan. In addition, these employees are eligible for a match on employee contributions to a 403(b) Match Plan up to 4% of salary and fully vest in the U of U Health's contributions to both plans after five years of service. Plan member contributions were approximately $62.9 million for the year ended June 30, 2024.

In addition, employees of the university may also contribute to 403(b), 457(b) traditional, Roth IRA, or a 401(k) plan. The total fiscal year 2024 employee contributions to these plans were $166.6 million.

The ARUP defined contribution pension and profit-sharing plan provides retirement benefits for all employees. Employees may choose to pay into the federal Social Security tax system or to participate in an enhanced ARUP retirement program. For those who choose to continue to pay Social Security taxes, ARUP makes contributions each pay period amounting to 5% of their compensation. For those who discontinue paying Social Security taxes, ARUP makes contributions each pay period amounting to 8.1% of their compensation and does not contribute any social security tax on their behalf. All pension contributions are immediately and fully vested.

Contributions to the profit-sharing plan are at the discretion of ARUP and are made subject to certain tenure-based and hours-worked thresholds. Employees are fully vested in the profit-sharing plan after five years of service. Voluntary contributions to the profit-sharing plan by employee participants totaled $36.3 million for the year ended June 30, 2024.

The CNS tax-sheltered annuity contribution plan provides a matching contribution of up to 3% of qualified employee contributions.

For the year ended June 30, 2024, the university's contributions to the defined contribution plans were equal to the required amounts, as shown below.

(in thousands)	**2024**
TIAA	$114,822
Fidelity	102,306
401(a), Hospital Plan Plus, & 403(b)	90,099
Employer 401(k) contributions	2,300
ARUP defined contribution plan	24,176
ARUP profit sharing plan	12,939
CNS 403(b)	332
Total employer contributions	$346,974

7. UNEARNED REVENUE

Unearned revenue consists of summer session tuition and fees, advance payments on grants and contracts, advance ticket sales for various athletic and cultural events, and results of normal operations of auxiliary enterprises and service units.

8. FUNDS HELD IN TRUST BY OTHERS

Funds held in trust by others for the sole benefit of the university are neither in the possession of nor under the management of the university. These funds, which are not recorded on the university's financial records and which arose from contributions, are held and administered by external fiscal agents, selected by the donors, who distribute net income earned by such funds to the university, where it is recorded when received. The fair value of funds held in trust at June 30, 2024 was $197.2 million.

In addition, certain funds held in trust by others are comprised of stock, reported at a value of $17.0 million as of June 30, 2024, based on a predetermined formula. The fair value of this stock as of June 30, 2024 cannot be determined because the stock is not actively traded.

9. RISK MANAGEMENT AND INSURANCE

The university maintains insurance coverage for commercial general liability, automobile, errors and omissions, and property (building and equipment) through policies administered by the Utah State Division of Risk Management. Employees of the university and authorized volunteers are covered by workers' compensation and employees' liability through the Workers' Compensation Fund.

In addition, the university maintains self-insurance funds for health care, dental, and auto/physical damage, as well as hospital and physician's malpractice liability self-insurance funds. The malpractice liability self-insurance funds are held in trust with an independent financial institution in compliance with Medicare reimbursement regulations. Based on an analysis prepared by an independent actuary, the administration believes that the balance in the trust funds as of June 30, 2024, is adequate to cover any claims incurred through that date. The university and U of U Health have a "claims made" umbrella medical professional liability insurance policy in the amount of $20,000,000 for catastrophic malpractice liabilities in excess of the trusts' fund balances, the coverage provides for $5,000,000 per occurrence and $26,000,000 in aggregate.

The estimated self-insurance claims liability is based on the requirements of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* as amended by GASB Statement No. 30, Risk Financing Omnibus, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the university's estimated self-insurance claims liability for the years ended June 30 is shown below.

(in thousands)	2024	2023
Estimated claims liability - beginning of year	$110,863	$ 92,867
Current year claims and changes in estimates	330,927	296,501
Claim payments, including related legal and administrative expenses	(315,174)	(278,505)
Estimated claims liability - end of year	$126,616	$110,863

The university has recorded the investments of the malpractice liability trust funds at June 30, 2024, and the estimated liability for self-insurance claims at that date in the Statement of Net Position. The income on fund investments, the expenses related to the administration of the self-insurance and malpractice liability trust funds, and the estimated provision for the claims liability for the year then ended are recorded in the Statement of Revenues, Expenses, and Changes in Net Position.

In 2016, UUHIP launched into the commercial health insurance market in Utah, specifically in the individual and large group market. To stabilize financial results, the federal government established a permanent risk adjustment sharing program with insurers of ACA-compliant plans that redistributes insurer premiums based on qualitative market data.

UUHIP has a reinsurance arrangement whereby premiums and benefits are ceded to another insurance company. The agreement is for certain coverage that provides reinsurance protection for 90% of qualified health claims in excess of $600,000 per occurrence. In addition, Health Care Utah (HCU), a component unit of UUHIP, separately maintained medical claims reinsurance with a deductible of $345,000 during 2023. The reinsurance pays 90% of losses in excess of the deductible, with annual limits of $2.0 million per member per year. Premiums to reinsurers for reinsurance ceded reduced premium revenue by approximately $3.4 million during 2023. UUHIP had approximately $4.5 million in reinsurance recoveries that reduced health benefits during 2023. UUHIP also had approximately $2.5 million in reinsurance amounts recoverable included in other current assets at December 31, 2023. During the year ended December 31, 2023, UUHIP did not commute any ceded reinsurance nor did it enter into or engage in any loss portfolio transfer for any lines of business. Changes in UUHIP's estimated claims liability for the years ended December 31 is shown below.

(in thousands)	2023	2022
Estimated claims liability - beginning of year	$35,358	$45,207
Current year claims and changes in estimates	287,517	268,846
Claim payments, including related legal and administrative expenses	(289,200)	(278,695)
Estimated claims liability - end of year	$33,675	$35,358

Due to uncertainties inherent in the reserving process, there is at least a reasonable possibility that actual claims paid could differ materially from amounts accrued at December 31, 2023.

10. INCOME TAXES

The university, as a political subdivision of the State, has a dual status for federal income tax purposes. The university is both an Internal Revenue Code (IRC) Section 115 organization and an IRC Section 501(c) (3) charitable organization. This status exempts the university from paying federal income tax on revenue generated by activities which are directly related to the university's mission. This exemption does not apply to unrelated business activities. On these activities, the university is required to report and pay federal and state income tax.

UURF is not subject to income taxes under Section 501(c) (3) of the IRC. ARUP is also not subject to income taxes based on a private letter ruling from the Internal Revenue Service stating that certain income providing an essential governmental function is exempt from federal income taxes under IRC Section 115. UUHIP has requested a ruling from the IRS that UUHIP's gross income be excluded from income under IRC Section 115. However, the outcome of that ruling request is uncertain. CNS is not subject to income taxes under Section 501(c) (3) of the IRC. EMSE is not subject to income taxes under Section 501(c) (3) of the IRC.

11. HOSPITAL REVENUE

A. Net Patient Service Revenue

U of U Health reports net patient service revenue at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Charity care is excluded from net patient service revenue.

U of U Health has third-party payor agreements with Medicare, Medicaid, and commercial insurance program that provide for payments to U of U Health at amounts different from established rates. Inpatient acute care services rendered to Medicare, Medicaid, and commercial program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical diagnosis and other factors. Most outpatient services related to Medicare beneficiaries are reimbursed prospectively under the ambulatory payment classifications methodology. U of U Health is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after audits of U of U Health's annual cost reports by the Medicare fiscal intermediary and Medicaid.

The estimated final settlements for open years are based on preliminary cost findings after considering interim payments that have been received on behalf of patients covered under these programs.

B. Charity Care

U of U Health maintains records to identify and monitor the level of charity care it provides. Based on established rates, the charges foregone resulting from charity care during the year ended June 30, 2024, were approximately $107.4 million. CNS estimated approximately $0.6 million in estimated cost or foregone revenue of charity care for the year ended December 31, 2023.

C. Other Uncompensated Care

CNS provides services for which payments for such services are accepted under contracts with third-party payors such as Medicare, Medicaid, and other payor sources, whereby such accepted payments are less than the full amounts billable under CNS's rate schedule. Total contractual adjustments for the year ended December 31, 2023 were $24.1 million.

U of U Health maintains records to identify uncompensated care, mostly from bad debt, totaling $60.9 million for the year ended June 30, 2024.

12. LEASES

A. Revenue

UURF receives land lease revenues from non-cancelable lease agreements with tenants of the Research Park and from tenants occupying ten buildings owned by UURF. The university receives lease revenue from nine buildings and five dark fiber networks. The U of U Health receives land lease revenue from a lease agreement with the

Veteran's Administration Hospital located in Salt Lake City. The total amount of inflows of resources, including lease revenue and interest revenue, recognized during the fiscal year was approximately $22.7 million.

B. Commitments

The university, U of U Health, ARUP, and CNS have entered into lease agreements involving certain buildings, land and equipment. The total right of use asset is recorded at a cost of $138.2 million and accumulated amortization of $55.1 million.

Future minimum lease payments under lease agreements as of June 30, 2024 are shown below:

(in thousands)			
Fiscal Year	**Principal**	**Interest**	**Total**
2025	$15,146	$ 1,351	$16,497
2026	12,746	1,138	13,884
2027	10,968	967	11,935
2028	8,107	819	8,926
2029	5,168	698	5,866
2030-2034	18,495	2,464	20,959
2035-2039	10,493	1,075	11,568
2040-2044	4,285	318	4,603
2045-2049	2,392	29	2,421
2050-2054	405	24	429
Total	$88,205	$8,883	$97,088

13. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The university, U of U Health, and ARUP have individually entered into subscription-based information technology arrangements (SBITAs) with third-party vendors to address their respective operational needs. As of June 30, 2024, the combined net right-to-use assets amount was approximately $39.3 million, with a corresponding total subscription liability of $25.3 million.

Future minimum subscription payments under SBITAs as of June 30, 2024 are shown below:

(in thousands)			
Fiscal Year	**Principal**	**Interest**	**Total**
2025	$11,544	$ 681	$12,225
2026	8,404	387	8,791
2027	3,331	177	3,508
2028	1,620	90	1,710
2029	305	17	322
2030-2034	55	3	58
2035-2039			
Total	$25,259	$1,355	$26,614

14. BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES

The long-term debt of the university consists of bonds payable, lease obligations, compensated absences, net pension liability, and other obligations.

The Utah Board of Higher Education issues revenue bonds to provide funds for the construction and renovation of major capital facilities and the acquisition of capital equipment for the university. In addition, revenue bonds have been issued to refund other revenue bonds and capitalized leases.

The revenue bonds are special limited obligations of the university. The obligation for repayment is solely that of the university and payable from the net revenues of auxiliary enterprises and U of U Health, student building fees, land grant income, and recovered indirect costs. Neither the full faith and credit nor the taxing power of the State or any other political subdivision of the State is pledged to the payment of the bonds, the distributions or other costs associated with the bonds.

During fiscal year 2024 the university issued four new General Revenue Bond Series. The first series was General Revenue Bond Series 2023B for $163.8 million. Proceeds from this bond were used to finance phase two of the West Village housing project. The second series was General Revenue Bond Series 2024A-1 for $95.3 million to be used on the undergraduate housing project, the Price Computing and Engineering project, and to refund Series 2014A-1. The third series was General Revenue Bond Series 2024A-2 for $10.0 million for a research project. Finally, the fourth series was General Revenue Bond Series 2024B for $5.8 million to be used on a student housing project.

The following schedule lists the outstanding bonds payable and certificates of participation of the university at June 30, 2024:

Issue *(in thousands)*	Date Issued	Maturity Date	Interest Rate	Original Issue	Current Liability	Balance 06/30/24 (a)
Auxiliary and Campus Facilities						
Series 1998A - Revenue Refunding	07/01/98	2029	4.100% - 5.250%	$ 120,240	$ (67)	$ 30,616
Series 2010C - Taxable Revenue	12/28/10	2036	1.750% - 5.890%	42,525	(1,820)	27,380
Hospital Facilities						
Series 2009B - Taxable Revenue	12/17/09	2031	4.697% - 5.247%	41,785	(2,990)	23,675
Research Facilities						
Series 2009B - Taxable Revenue	08/26/09	2029	5.670% - 6.279%	27,730	(2,795)	15,170
General Revenue						
Series 2014A - Revenue Refunding	04/01/14	2027	4.000% - 5.000%	32,785	(5,747)	5,747
Series 2015A - Revenue Refunding	01/07/15	2034	1.500% - 5.000%	45,330	(1,020)	1,020
Series 2015B - Revenue Refunding	05/13/15	2035	3.000% - 5.000%	91,570	(10,002)	34,349
Series 2016A - Revenue Refunding	03/08/16	2036	3.000% - 5.000%	68,210	(8,936)	46,301
Series 2016B - Revenue Refunding	11/29/16	2036	2.000% - 5.000%	131,720	(16,431)	113,464
Series 2017A - Revenue Refunding	09/13/17	2039	4.000% - 5.000%	155,930	(11,189)	141,764
Series 2017B - Revenue Refunding	12/21/17	2038	3.000% - 5.000%	96,550	(8,023)	92,230
Series 2018A - Revenue	07/17/18	2044	4.000% - 5.000%	80,040	(2,760)	82,667
Series 2019A - Revenue	12/03/19	2039	4.000% - 5.000%	74,050	(5,880)	77,756
Series 2019B - Revenue	12/03/19	2039	3.073% - 3.351%	30,165		30,165
Series 2020A - Revenue	06/24/20	2041	4.000% - 5.000%	84,635	(1,912)	106,708
Series 2020B - Revenue	06/24/20	2032	0.577% - 1.866%	20,115	(1,795)	14,815
Series 2021A - Revenue	02/02/21	2041	4.000% - 5.000%	94,620	(5,554)	118,360
Series 2021B - Revenue Refunding	02/02/21	2039	0.177% - 2.256%	76,870	(7,255)	75,250
Series 2022A - Revenue	01/11/22	2051	4.000% - 5.000%	186,285	(3,807)	224,899
Series 2022B - Revenue	07/06/22	2051	5.000%	478,430	(8,857)	553,037
Series 2023A - Revenue	02/02/23	2043	5.000%	154,380	(1,754)	177,034
Series 2023B - Revenue	07/11/23	2053	5.000% - 5.250%	163,790	(736)	184,286
Series 2024A-1 - Revenue Refunding	06/18/24	2044	5.000%	95,270	(18)	109,209
Series 2024A-2 - Revenue	06/18/24	2034	5.000%	10,000		11,165
Series 2024B - Revenue	06/18/24	2029	5.000%	5,795		5,795
Total					$(109,348)	$2,302,862

(a) Includes unamortized premiums on refunding.

UURF has purchased two buildings and entered into two loan agreements with the university, as well as one mortgage guaranteed by the university. The remaining loan amounts are, $2.4 million with an interest rate of 2.5% and $6.9 million with an interest rate of 3.5% based on 5-year and 10-year repayment plans respectively, with call for annual payments. The remaining amount of the mortgage is $12.2 million at 5.53% interest. It is anticipated the mortgage will be paid off on September 30, 2028.

The following schedule summarizes the changes in long-term liabilities for the year ended June 30, 2024.

(in thousands)	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	$2,101,045	$321,320	$119,503	$2,302,862	$109,348
Certificates of participation					
Leases payable	96,995	14,624	23,414	88,205	15,146
Financed purchase obligations	108,484		16,323	92,161	16,432
SBITA (GASB 96)	30,490	6,712	11,943	25,259	11,544
Notes and contracts payable	20,504	120	4,791	15,833	3,014
Total long-term debt	2,357,518	342,776	175,974	2,524,320	155,484
Compensated absences and early retirement benefits	158,200	143,944	127,532	174,612	117,592
Net pension liability	3,213	1,974		5,187	
Deposits and other liabilities	418,727	479,691	391,314	507,104	471,889
Total long-term liabilities	$2,937,658	$968,385	$694,820	$3,211,223	$744,965

Maturities of principal and interest requirements for long-term debt payable are as follows:

(in thousands)	Payments	
Fiscal Year	Principal	Interest
2025	$ 155,482	$ 97,040
2026	146,732	94,879
2027	160,110	89,644
2028	160,871	83,680
2029	150,565	77,607
2030-2034	601,315	309,377
2035-2039	573,468	192,528
2040-2044	369,648	82,046
2045-2049	117,875	35,727
2050-2054	88,250	5,352
2055-2059	4	
Total	$2,524,320	$1,067,880

Interest related to bond systems with pledged revenues amounts to $1.0 billion and is included in the interest amounts in the above scheule.

15. RETIREMENT OF DEBT

In prior years, the university defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in irrevocable trusts 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 university's financial statements. The total principal amount of defeased bonds held in irrevocable trusts at June 30, 2024 is $16.5 million.

16. PLEDGED BOND REVENUE

The university issues revenue bonds to provide funds for the construction and renovation of major capital facilities and the acquisition of capital equipment for the university. Investors in these bonds rely solely on the net revenue pledged by the general revenue of the university for the retirement of outstanding bonds payable.

The following presents the net revenue pledged and the principal and interest paid for the year ended June 30, 2024:

(in thousands)	
Revenue	
Operating revenue	$4,898,598
Nonoperating revenue	344,057
Total revenue	5,242,655
Expenses	
Operating expenses	4,793,313
Nonoperating expenses	
Total expenses	4,793,313
Net pledged revenue	449,342
Principal and interest paid	$ 164,814

17. FUNCTIONAL CLASSIFICATION OF EXPENSES

The following schedule presents, in thousands of dollars, operating expenses by functional classification for the year ended June 30, 2024:

Function	Compensation and Benefits	Supplies and Services	Utilities	Scholarships & Fellowships	Depreciation	Medical Claims	Component Units	Repairs & Maintenance	Other Operating	Total
Instruction	$ 541,641	$ 14,722	$ 3,023	$26,473				$ 1,713	$ 22,374	$ 609,946
Research	405,724	131,420	1,783	3,079				4,750	28,804	575,560
Public Service	705,873	25,149	20,471	741				4,748	54,372	811,354
Academic Support	208,351	16,584	3,575	568				4,860	25,513	259,451
Student Services	60,544	18,055	4,439	389				2,946	14,967	101,340
Institutional Support	238,565	15,047	6,486	2,476	$ 23,576			9,945	15,805	311,900
O & M Plant	53,380	36,360	27,519					14,598	2,272	134,129
Scholarships	10,998	1,733	13	22,595				7	18,434	53,780
Hospital	1,605,887	1,200,078	26,338		121,634	$ 30,280		27,954	44,191	3,056,362
Component Units	11,532				46,573		$1,011,727			1,069,832
Health Plans	19,765	5,736	1,077		1,963	248,725		6		277,272
Other	126,035	45,983	7,069	4,505	157,390			20,358	135,028	496,368
Total	$3,988,295	$1,510,867	$101,793	$60,826	$351,136	$279,005	$1,011,727	$91,885	$361,760	$7,757,294

18. BLENDED COMPONENT UNITS

The following schedules present, exclusive of eliminations, condensed statements of net position, changes in net position, and cash flows for UURF, ARUP, UUHIP, CNS, and EMSE. Amounts for UURF, ARUP, and EMSE are for the year ended June 30, 2024. Amounts for UUHIP and CNS are for the year ended December 31, 2023.

Condensed Statement of Net Position *(in thousands)*

	UURF	ARUP	UUHIP	CNS	EMSE	Eliminations increase/ (decrease)	Total
Assets							
Current assets	$ 54,765	$340,169	$410,579	$15,612	$ 1,702	$123,206	$ 946,033
Capital assets, net	88,125	416,933		6,018		(87,476)	423,600
Other noncurrent assets	169,967	8,856		2,493	40,773	(221,936)	153
Total assets	312,857	765,958	410,579	24,123	42,475		1,369,786
Deferred Outflows of Resources							
Deferred outflows related to consideration in excess of net position acquired			20,823				20,823
Total deferred outflows of resources			20,823				20,823
Liabilities							
Current liabilities	20,928	75,494	355,283	4,869		(491,638)	(35,064)
Noncurrent liabilities	17,328	32,924	56,053	728		(242,042)	(135,009)
Total liabilities	38,256	108,418	411,336	5,597			(170,073)
Deferred Inflows of Resources							
Deferred inflows related to leases	160,635					(219,020)	(58,385)
Total deferred inflow of resources	160,635						(58,385)
Net Position							
Net investment in capital assets	66,611	381,798					448,409
Restricted expendable				874	42,499		43,373
Unrestricted	47,355	275,742	20,065	17,651	(23)	766,495	1,127,285
Total net position	$113,966	$657,540	$ 20,065	$18,525	$42,476		$1,619,067

Condensed Statement of Revenues, Expenses, and Changes in Net Position *(in thousands)*	UURF	ARUP	UUHIP	CNS	EMSE	Eliminations increase/ (decrease)	Total
Operating Revenues							
Leases	$ 22,699					$ (10,052)	$ 12,647
Royalties	24,510						24,510
Sales and services		$914,194	$324,846	$58,360		(127,772)	1,169,628
Net increase (decrease) in fair value of investments	548						548
Total operating revenues	47,757	914,194	324,846	58,360			1,207,333
Operating Expenses							
Operating expenses	33,476	785,173	317,400	58,635	$ 858	(442,816)	752,726
Depreciation	3,695	42,078		799			46,572
Total operating expenses	37,171	827,251	317,400	59,434	858		799,298
Operating income (loss)	10,586	86,943	7,446	(1,074)	(858)		408,035
Nonoperating Revenues (Expenses)							
Investment income	145	8,502	13,287				21,934
Interest expense	(1,091)		(3,280)				(4,371)
Federal income tax expense			(3,060)				(3,060)
Sale of equity investments	2,933						2,933
Contributions from (distributions to) the University	(6,330)	(62,192)				67,809	(713)
Other non-operating income / (expenses)			(2,975)	679	3,998		1,702
Total nonoperating revenues / (expenses)	(4,343)	(53,690)	3,972	679	3,998		18,425
Net increase (decrease) in net position	6,243	33,253	11,418	(395)	3,140		426,460
Net Position							
Net position - beginning of year	108,623	624,287	8,647	18,920	39,336	393,693	1,193,506
Adjustments to beginning net position	(900)						(900)
Net position - beginning of year, as adjusted	107,724	624,287	8,647	18,920	39,336	393,693	1,192,607
Net position - end of year	$113,967	$657,540	$ 20,065	$18,525	$42,476		$1,619,067

Condensed Statement of Cash Flows *(in thousands)*	UURF	ARUP	UUHIP	CNS	EMSE	Eliminations increase/ (decrease)	Total
Net cash provided (used) by operating activities	$15,833	$110,285	$206,142	$(1,162)	$ (858)	$54,056	$384,296
Net cash provided (used) by noncapital financing activities	(6,330)	(61,478)			1,509	55,354	(10,945)
Net cash used by capital and related financing activities	(8,825)	(39,540)		(2,063)			(50,428)
Net cash provided (used) by investing activities	7,424	(5,722)	(141,366)	(3,587)	(2,394)	(3,144)	(148,789)
Net increase (decrease) in cash	8,102	3,545	64,776	(6,812)	(1,743)		174,134
Cash - beginning of year	38,154	19,508	55,655	11,678	1	4,709	129,705
Adjustments to beginning cash					3,445		3,445
Adj Cash - beginning of year	38,154	19,508	55,655	11,678	3,446		133,150
Cash - end of year	$46,256	$ 23,053	$120,431	$ 4,866	$1,703		$307,284

19. LINE OF CREDIT

ARUP has an uncollateralized line of credit with a bank that provides for borrowings up to $10.0 million and is established as a contingency reserve to provide liquidity in the event disbursements presented to the bank exceed available cash balances. The line of credit bears interest at the lender's Bloomberg Short Term Bank Yield Index (BSBY) rate (5.42% at June 30, 2024) plus 2.0%, but not to exceed the maximum rate allowed by applicable law. The agreement requires renewal every second year in November. The current agreement expires on November 30, 2024. ARUP pays no fees for the unused portion of this line of credit, and there are no compensating balance requirements imposed. There were no borrowings on this line of credit during the year ended June 30, 2024.

20.SUBSEQUENT EVENTS

On August 7, 2024 the university purchased the City Centre building in downtown Salt Lake City for $38.0 million using university funds, no new debt was issued related to this purchase. Additionally, the university entered into an agreement with a designated service organization, the University of Utah Growth Capital Fund Partners, which will be a discretely reported component unit starting with the fiscal year ending June 30, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

University of Utah Proportionate Share of the Net Pension Liability Noncontributory, Contributory, & Tier 2 Public Employees Systems of the Utah Retirement Systems for the years ended December 31										
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Noncontributory System										
Proportion of Net Pension Liability (Asset)	50.01271580%	50.02610720%	50.27187850%	50.27187850%	52.37038760%	4.15081110%	4.43149890%	4.72255030%	5.06361980%	5.10932610%
Proportionate Share of Net Pension Liability (Asset)	$(39,583,831)	$ (875,735)	$(123,563,291)	$(49,582,473)	$ 61,432,040	$154,431,638	$108,366,198	$153,053,931	$159,062,799	$128,373,118
Covered Payroll	$105,508,959	$101,918,583	$101,348,754	$102,966,409	$109,270,123	$112,399,637	$115,352,151	$120,168,221	$124,949,531	$129,614,271
"Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll"	-37.52%	-0.86%	-121.92%	-48.15%	56.22%	137.40%	93.94%	127.37%	127.30%	99.00%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	103.46%	100.10%	111.80%	104.70%	94.20%	84.10%	89.20%	84.90%	84.50%	87.20%
Contributory System										
Proportion of Net Pension Liability (Asset)	78.45177180%	76.44305380%	75.81940980%	74.23384560%	74.00662920%	21.34150340%	20.18198590%	20.57222910%	19.93038900%	18.75239770%
Proportionate Share of Net Pension Liability (Asset)	$ (5,385,428)	$ (706,325)	$(21,357,105)	$(15,769,443)	$ (4,172,732)	$15,152,551	$ 1,328,057	$ 11,272,710	$12,489,421	$ 2,056,560
Covered Payroll	$ 2,295,281	$ 2,458,759	$ $2,748,094	$3,300,668	$ 3,845,834	$4,141,829	$ 4,591,975	$ 5,514,741	$6,313,501	$ 6,757,960
"Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll"	-234.63%	-28.73%	-777.16%	-477.77%	-108.50%	365.84%	28.92%	204.41%	197.82%	30.40%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.40%	100.60%	117.60%	113.10%	103.60%	91.40%	99.20%	93.40%	92.40%	98.70%
Public Safety System										
Proportion of Net Pension Liability (Asset)	2.79271860%	2.59924460%	2.17535000%	2.33910930%	2.09771600%	1.74088880%	1.71193320%	1.48473260%	1.41567170%	1.14690980%
Proportionate Share of Net Pension Liability (Asset)	$ 3,138,959	$ 2,050,514	$ (1,994,102)	$1,515,009	$ 3,097,753	$4,167,255	$ 2,976,823	$ 3,174,487	$3,047,750	$ 2,131,232
Covered Payroll	$ 4,158,106	$ 3,579,344	$ 2,807,688	$2,897,764	$ 2,569,955	$2,168,129	$ 2,272,929	$ 2,087,879	$1,951,440	$ 1,637,085
"Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll"	75.49%	57.29%	-71.02%	52.28%	120.54%	192.21%	130.97%	152.04%	156.18%	130.20%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.80%	95.20%	105.70%	95.80%	90.00%	83.20%	87.40%	83.50%	82.30%	84.30%
Tier 2 Public Employees System										
Proportion of Net Pension Liability (Asset)	0.98185090%	1.04583280%	1.21184600%	1.46360910%	1.82099120%	2.39212600%	3.19193590%	4.60362900%	6.64369130%	6.78702880%
Proportionate Share of Net Pension Liability (Asset)	$ 1,911,056	$ 1,138,801	$ (512,898)	$210,508	$ 408,219	$1,024,497	$ 281,424	$ 513,532	$(14,503)	$ (205,677)
Covered Payroll	$ 25,384,236	$ 22,814,878	$ 22,506,319	$23,408,053	$ -	$27,978,179	$ 31,272,494	$ 37,753,425	$42,922,742	$ 33,308,008
"Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll"	7.53%	4.99%	-2.28%	0.90%	0.00%	3.66%	0.90%	1.36%	-0.03%	-0.60%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.58%	92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	95.10%	100.20%	103.50%
Tier 2 Public Safety and Firefighter System										
Proportion of Net Pension Liability (Asset)	0.36387030%	0.29064420%	0.23508360%	0.33193530%	0.40217270%	0.35977680%	0.30450360%	0.43726900%	0.39878160%	0.36002060%
Proportionate Share of Net Pension Liability (Asset)	$ 137,067	$ 24,247	$ (11,882)	$29,773	$ 37,830	$9,014	$ (3,523)	$ (3,796)	$(5,826)	$ (5,326)
Covered Payroll	$ 1,378,721	$ 894,289	$ 562,175	$678,646	$ 662,970	$478,852	$ 321,462	$ 361,284	$237,408	$ 148,982
"Proportionate Share of Net Pension Liability (Asset) as a Percentage of Covered Payroll"	9.94%	2.71%	-2.11%	4.39%	5.71%	1.88%	-1.10%	-1.05%	-2.45%	-3.60%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.10%	96.40%	102.80%	93.10%	89.60%	95.60%	103.00%	103.60%	110.70%	120.50%

* Note: The university implemented GASB Statement No. 68 in fiscal year 2015. Information on the university's portion of the plans' net pension liabilities (assets) is not available for periods prior to fiscal year 2015.

In 2019, URS created a separate division for Higher Education which significantly changed the university's reported proportionate share of Net Pension Liability (Asset).

University of Utah — Schedule of Contributions for the years ended June 30

Noncontributory System	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 23,707,240	$ 22,655,898	$ 22,085,732	$ 21,977,437	$ 23,604,692	$ 24,357,470	$ 25,003,713	$ 25,936,009	$ 27,133,967	$ 28,061,542
Contributions in Relation to the Contractually Required Contribution	(23,707,240)	(22,655,898)	(22,085,732)	(21,977,437)	(23,604,692)	(24,357,470)	(25,003,713)	(25,936,009)	(27,133,967)	(28,061,542)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$108,731,615	$104,568,586	$101,532,595	$100,912,947	$107,759,826	$111,057,075	$113,936,327	$118,147,239	$123,098,874	$126,960,128
Contributions as a Percentage of Covered Payroll	21.8%	21.7%	21.8%	21.8%	21.9%	21.9%	21.9%	22.0%	22.0%	22.1%
Contributory System	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 377,362	$ 427,447	$ 450,177	$ 524,078	$ 651,513	$ 703,592	$ 754,331	$ 894,123	$ 1,058,540	$ 1,164,742
Contributions in Relation to the Contractually Required Contribution	(377,362)	(427,447)	(450,177)	(524,078)	(651,513)	(703,592)	(754,331)	(894,123)	(1,058,540)	(1,164,742)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 2,131,989	$ 2,414,955	$ 2,543,370	$ 2,960,894	$ 3,680,861	$ 3,975,096	$ 4,261,758	$ 5,051,541	$ 5,985,358	$ 6,580,469
Contributions as a Percentage of Covered Payroll	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%
Public Safety System	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 1,599,767	$ 1,378,370	$ 1,102,890	$ 942,974	$ 1,061,838	$ 766,954	$ 789,054	$ 739,683	$ 682,809	$ 550,177
Contributions in Relation to the Contractually Required Contribution	(1,599,767)	(1,378,370)	(1,102,890)	(942,974)	(1,061,838)	(766,954)	(789,054)	(739,683)	(682,809)	(550,177)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 4,662,407	$ 3,850,976	$ 3,101,983	$ 2,671,582	$ 2,916,589	$ 2,107,865	$ 2,200,291	$ 2,212,011	$ 2,117,893	$ 1,707,174
Contributions as a Percentage of Covered Payroll	34.3%	35.8%	35.6%	35.3%	36.4%	36.4%	35.9%	33.4%	32.2%	32.2%
Tier 2 Public Employees System	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 5,214,491	$ 4,811,410	$ 4,348,662	$ 4,328,092	$ 4,645,446	$ 4,993,396	$ 5,444,034	$ 6,127,098	$ 7,878,405	$ 6,995,912
Contributions in Relation to the Contractually Required Contribution	(5,214,491)	(4,811,410)	(4,348,662)	(4,328,092)	(4,645,446)	(4,993,396)	(5,444,034)	(6,127,098)	(7,878,405)	(6,995,912)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 26,296,942	$ 24,253,610	$ 22,435,326	$ 22,659,755	$ 24,526,165	$ 26,511,616	$ 29,551,457	$ 33,628,505	$ 43,203,966	$ 38,336,356
Contributions as a Percentage of Covered Payroll[5]	19.8%	19.8%	19.4%	19.1%	18.9%	18.8%	18.4%	18.2%	18.2%	18.2%
Tier 2 Public Safety and Firefighter System	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
Contractually Required Contribution	$ 514,575	$ 353,033	$ 258,694	$ 190,940	$ 240,863	$ 215,306	$ 102,648	$ 98,360	$ 103,266	$ 50,424
Contributions in Relation to the Contractually Required Contribution	(514,575)	(353,033)	(258,694)	(190,940)	(240,863)	(215,306)	(102,648)	(98,360)	(103,266)	(50,424)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,581,362	$ 1,084,921	$ 796,391	$ 586,786	$ 807,261	$ 722,503	$ 350,573	$ 336,733	$ 353,411	$ 172,330
Contributions as a Percentage of Covered Payroll[5]	32.5%	32.5%	32.5%	32.5%	29.8%	29.8%	29.3%	29.2%	29.2%	29.3%

1 Contractually Required Contributions, Contributions, and Covered Payroll include information for Tier 2 Employees. Prior to the implementation of GASB Statement No. 68, Tier 2 information was not separately available.

2 The University of Utah began participating in Public Safety Systems in 2011.

3 The Tier 2 Public Employees System was created in 2011.

4 The university began contributing to the Tier 2 Public Safety and Firefighter System in 2012.

5 For employees participating in the Public Employees and Public Safety Firefighters Tier 2 Systems, the university is required to contribute a percentage of the employees' salaries to the Systems.

The university makes the required contributions by paying approximately 10% in to the Tier 2 Systems while the remainder is contributed to the Tier 1 Systems, as required by law.

The amounts reported here reflect the net contributions to the Tier 2 systems rather than the total required.

THE UNIVERSITY OF UTAH

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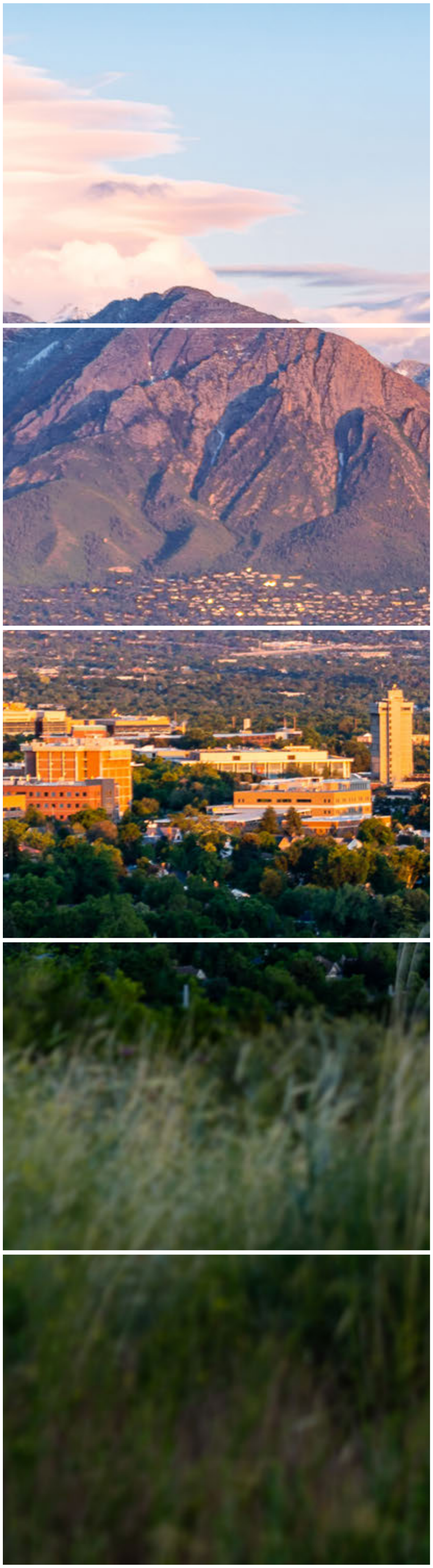

THE UNIVERSITY OF UTAH®

ANNUAL FINANCIAL REPORT

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