2015 ANNUAL FINANCIAL REPORT

THE UNIVERSITY OF UTAH

A Component Unit of the State of Utah

THE UNIVERSITY OF UTAH®


THE UNIVERSITY OF UTAH
RICE-ECCLES STADIUM

TABLE OF CONTENTS

Message from the President

David W. Pershing

The University of Utah was created in 1850 with the vision that it would serve the people of Utah through the dissemination of knowledge. It is now recognized as a preeminent research and teaching university with a reputation for innovation, collaboration, technology transfer, and community engagement. This strong legacy was built upon fiscal responsibility and philanthropy. It is the result of countless individuals who generously support its vision today.

Within these pages, you will find evidence of the University of Utah's financial capability of building upon its proud heritage and fulfilling its mission. We acknowledge the critical contributions made by residents of the state of Utah and their elected leaders, as well as the Utah State Board of Regents, and our Board of Trustees for their continued support and service.

The last fiscal year brought a multitude of exciting achievements and developments at the university. To highlight just a few:

- The U celebrated a record number of graduates in May: 8,363 students, from 24 Utah counties, 50 U.S. states, and 77 countries received diplomas.
- Numerous colleges and programs ascended in the national rankings. The U's Entertainment Arts and Engineering moved into the No. 1 spot. The University of Utah Chamber Choir bested choral groups from around the world to win the European Choral Grand Prix. The School of Medicine moved up in the rankings to top 50 positions in both research and family medicine. Nursing rose to No. 26 and the College of Pharmacy tied for 10th place. The SJ Quinney College of Law also received a top 50 ranking, and ranked seventh in the nation for environmental law programs. The U had top 50 finishes in chemistry, clinical psychology, and Earth and computer sciences. The David Eccles School of Business was ranked as a top 25 school for entrepreneurship for the fourth straight year.
- University of Utah Health Care is again among the nation's top academic medical centers, having won the University Health System Consortiums Quality Leadership Award for five years running. Huntsman Cancer Institute also garnered national recognition with its designation as a Comprehensive Cancer Center by the National Cancer Institute. Construction continues on the Primary Children's and Families' Cancer Research Center, which will double the research space at Huntsman Cancer Institute.
- The University of Utah is the leading research institution in the state, receiving $417 million in research awards in FY 2015.

- Other facilities constructed and renovated, in the last fiscal year, enhance teaching and learning opportunities, engage students, provide scientists with tools necessary to continue their cutting-edge research, strengthen the community, and lead to athletic success.
    - The U broke ground on the Lassonde Studios, a living learning center where student entrepreneurs and innovators can live and explore their ideas collaboratively.
    - The new George S. Eccles Student Life Center opened its doors. Thousands of students use its pools, climbing walls, weight rooms, and gyms daily.
    - Renovation of the historic Wall Mansion is underway. It will serve as a University of Utah embassy, a public gathering place, and will house the U's Kem C. Gardner Policy Institute.
    - Construction on the new home for the S.J. Quinney College of Law was completed, providing law students with new opportunities for engaged learning and public outreach. This LEED Platinum building is designed as a sustainable space that also provides greater ADA accessibility to our campus.
    - We broke ground on the Jon M. and Karen Huntsman Basketball Training Center. It will provide necessary tools to maintain the wellness, academic, and athletic success of our student athletes.
    - The U community witnessed the transformation of the Rio Tinto Kennecott Mechanical Engineering Building. This renovation and expansion will begin to fill the need of the College Engineering for growing academic and research programs.
    - Expansion of the George S. Eccles Tennis Center was also completed. It provides six additional tennis courts and greater availability to U students and the community.

It is through literally thousands of individual acts of kindness that the University of Utah continues on its current trajectory. Treasured friends and donors allow this institution to reach new heights in the expansion and creation of knowledge, and provide life-expanding learning opportunities to our students. Our partners in education allow the U to expand its reach by providing excellence in education, health care, and elevating lives through research, access to the arts, museums, and through community outreach. We are proud of what was achieved in the last fiscal year and look forward to the future.

Office of the
Utah State Auditor

Independent State Auditor's Report

To the Board of Trustees, Audit Committee
and
David W. Pershing, President
University of Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Utah (University), a component unit of the State of Utah, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the University of Utah Hospitals and Clinics (UUHC), ARUP Laboratories Inc. (ARUP), or the University of Utah Research Foundation (UURF), which represent approximately 29 percent, 23 percent, and 50 percent, respectively, of the assets, net position, and revenues of the University. 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, and UURF, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of ARUP were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Utah State Capitol Complex, East Office Building, Suite E310 • Salt Lake City, Utah 84114-2310 • Tel: (801) 538-1025 • auditor.utah.gov

Opinion

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 financial position of the University as of June 30, 2015, and the changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The University implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, in fiscal year 2015. As a result of these required changes in accounting principle, the University recorded a $133.3 million reduction in beginning net position. The University's ending net position also reflects the newly required net pension liability related to its participation in defined benefit retirement systems. See Notes 1 and 8 for further information. Our opinion for the University is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6–14 and the University's Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on pages 44–45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The Message from the President and the listing of the governing boards and officers are presented for purposes of additional information and are not a required part of the basic financial statements. This message and the listing have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2015 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, grant agreements, and other matters. The purpose of that report is 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 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 Utah State Auditor

Office of the Utah State Auditor
November 4, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS

INTRODUCTION

The following discussion and analysis provides an overview of the financial position and activities of the University of Utah (University) and its component units for the year ended June 30, 2015, with selected comparative information for prior fiscal years. This discussion has been prepared by management and should be read in conjunction with the Financial Statements and the Notes to the Financial Statements, which follow this discussion and analysis.

The University of Utah's Financial Statements include revenues, expenses, assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position for the entire University entity, including the University of Utah Hospitals and Clinics (UUHC), which is part of University of Utah Health Care, as well as the balances and activities of two component units: the University of Utah Research Foundation (UURF) and ARUP Laboratories, Inc. (ARUP). UURF specializes in the transfer of patented technology to business entities as well as the leasing and administration of Research Park (a research park located on land owned by the University). ARUP is a national clinical and esoteric reference laboratory. 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*.

ABOUT THE UNIVERSITY OF UTAH

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 state system of higher education. The University offers over 100 major subjects at the undergraduate and graduate level, including law and medicine, to over 32,000 students from across the United States and world, preparing students to live and compete in the global workplace. With more than 30,000 employees, it is one of the state's largest employers.

University of Utah Health Care is the only academic medical center in the state of Utah. It is also one of only three facilities in the state of Utah that the American College of Surgeons has recognized as a Level 1 trauma center and it has also received the National Cancer Institute Cancer Center designation. UUHC is the area's only hospital to offer burn trauma and high risk obstetric air transport.

The financial statements that follow provide additional information on the resources available to the University to accomplish its multi-dimensional mission, and to achieve its goals and objectives, including the many exciting things described above. For more information about the University and its programs and initiatives, please visit www.utah.edu.

OVERVIEW AND ANALYSIS OF THE FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) principles. Three financial statements are presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The Notes to the Financial Statements are an integral part of the statements and provide additional details and information important to an understanding of the University's financial position and results of operations.

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the University. Net position is one indicator of the current financial condition of the University. Assets, deferred outflows of resources, liabilities, and deferred inflows of resources are generally 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 fiscal year. The net difference between revenues and expenses, and other changes, is the increase (or decrease) in net position for the year. The change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

The Statement of Cash Flows provides additional information about the University's financial results by reporting the major sources and uses of cash by type of activity—as well as providing a reconciliation to the net operating loss.

The results of operations reflect the University's focus on maintaining its national standards academically, in research, and in health care in a competitive environment. At the same time, the University is addressing constrained base state appropriations and rising health care, regulatory and facility costs with productivity gains to help preserve access to affordable higher education and health care services.

STATEMENT OF NET POSITION

A condensed statement of net position for the past five fiscal years is shown in *Figure 1* on page 9.

Total net position increased 2.9% from the prior year and 24.4% over the periods shown—due to steady growth in all of the operating revenue categories, along with respectable showings in recent years for investment income. These increases indicate steady improvement in financial condition, reflecting the University's prudent management of its resources—despite funding challenges. This surplus has been reinvested within the University to add to the margin of educational excellence, upgrade the University's facilities, and provide a prudent reserve for contingencies. Liabilities increased 24.3% from the prior year primarily as the result of the implementation of GASB statement 68, *Accounting and Financial Reporting for Pensions*. The new guidance requires employers providing defined benefit pensions through pension plans administered as trusts to recognize their long-term obligation for those benefits as a liability. The University provides a defined pension plan to certain employees through the Utah Retirement System and therefore met the implementation criteria. As a result, the University has recorded a long-term liability related to pensions of approximately $132.6 million as well as increases in both Deferred Outflows and Inflows of Resources. Consistent with the statement requirement, the beginning balance of net pension liability has been recorded as a component of Net Position, as there is inadequate information to restate the prior year. Liabilities also increased due to additional bonds issued for new construction projects.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The results of the University's operations for the fiscal year are shown in the Statement of Revenues, Expenses, and Changes in Net Position. A condensed statement of revenues, expenses, and changes in net position for the past five fiscal years is shown in *Figure 2* on page 10.

Revenues from tuition and fees increased 4.4% from the prior year—and 28.9% over the periods shown. This consistently upward trend is reflective of the increases in enrollment and the students' increased contribution toward the University's budget.

Figure 1

Condensed Statement of Net Position - as of June 30 (in thousands)[1]	**2015**	**2014**	**2013**	**2012**	**2011**
Current assets	$1,672,391	$1,554,857	$1,611,001	$1,439,485	$1,216,912
Noncurrent assets					
Capital assets, net	2,504,854	2,412,729	2,345,007	2,288,364	1,867,630
Other noncurrent assets	1,726,576	1,500,050	1,158,414	1,192,431	1,321,213
Total Assets	5,903,821	5,467,636	5,114,422	4,920,280	4,405,755
Deferred Outflow of Resources	29,249	3,310			
Current liabilities	643,914	582,192	451,560	369,109	388,042
Noncurrent liabilities	1,042,931	774,439	763,138	765,192	615,813
Total Liabilities	1,686,845	1,356,631	1,214,698	1,134,301	1,003,855
Deferred Inflow of Resources	12,810				
Net investment in capital assets	1,641,064	1,633,385	1,614,132	1,569,553	1,352,284
Restricted, nonexpendable	518,706	501,907	448,353	411,666	405,093
Restricted, expendable	449,189	522,044	507,337	586,683	547,255
Unrestricted	1,624,456	1,456,979	1,329,902	1,218,077	1,097,268
Total Net Position	$4,233,415	$4,114,315	$3,899,724	$3,785,979	$3,401,900

[1] As reported in each year's published audited financial statements. The 2014 amounts presented here do not include the prior period adjustment discussed in Note 1.

Figure 2					
Condensed Statement of Revenues, Expenses, and Changes in Net Position – for the years ended June 30 (in thousands)[2]	**2015**	**2014**	**2013**	**2012**	**2011**
Operating revenues					
Tuition and fees, net	$ 304,008	$ 291,184	$ 281,981	$ 263,631	$ 235,925
Patient services, net	1,816,284	1,579,004	1,422,544	1,267,171	1,178,146
Grants and contracts	362,634	364,975	365,555	401,921	383,801
Sales and services	740,220	671,311	631,772	605,365	584,999
Auxiliary and other	237,262	217,177	205,792	161,858	150,769
Total operating revenues	3,460,408	3,123,651	2,907,644	2,699,946	2,533,640
Operating expenses	3,703,864	3,386,191	3,201,911	2,959,630	2,746,927
Operating loss	(243,456)	(262,540)	(294,267)	(259,684)	(213,287)
Nonoperating revenues					
State appropriations	287,929	273,839	257,456	253,909	250,536
Gifts	101,312	77,056	74,918	61,138	56,229
Investment income	41,557	94,839	46,628	19,877	95,824
Other net nonoperating revenue (expense)	11,141	(18,795)	22,475	17,312	22,477
Total nonoperating revenues	441,939	426,939	401,477	352,236	425,066
Income before capital and permanent endowment additions	198,483	164,399	107,210	92,552	211,779
Capital and permanent endowment additions	53,970	50,192	79,529	291,527	58,649
Increase in net position	252,453	214,591	186,739	384,079	270,428
Net Position - beginning of year (as adjusted)	3,980,962	3,899,724	3,712,985	3,401,900	3,131,472
Net Position - end of year	$ 4,233,415	$4,114,315	$3,899,724	$3,785,979	$3,401,900

[2] As reported in each year's published audited financial statements. The 2014 amounts presented here do not include the prior period adjustment discussed in Note 1.

Patient services revenues increased 15% from the prior year; and have increased 54.2% over the periods shown. This consistent growth reflects the UUHC's commitment to grow in capacity and quality in servicing the health care needs of the intermountain region.

Grant and Contract revenues are flat from the prior year and have decreased 5.5% over the periods shown primarily due to decreases in sponsored project funding at the federal, state and local levels and from nongovernmental entities. The continuing effects of federal sponsors' budget limitations impacts domestic spending, including money granted by federal agencies.

Sales and services revenue increased 10.3% from the prior year, and also maintained a consistent upward trend for the periods shown—increasing 26.5%. The largest contributor to the increase is growth in ARUP's revenues over the period.

Auxiliary and other income increased 9.2% from the prior year and 57.4% over the periods shown primarily due to steady increases in auxiliaries' income.

With contributions from these significant sources, total operating revenues have increased 10.8% and 36.6%, from the prior year and for the periods shown, respectively.

Operating expenses, have increased as well; 9.4% over the prior year and 34.8% for the periods shown. With compensation and benefits representing 52% of total operating expenses for the current fiscal year, any change in that expense category, even if modest, can have significant impacts on total operating expenses. While salaries have generally been held in check for the past three years due to funding constraints, recruitment and retention of the University's excellent professors, researchers, and physicians requires the payment of competitive salaries. More detail on operating expenses appears below in *Figure 3*:

As a public university, the University of Utah receives funds from a variety of sources in support of its operations. While the Statement of Revenues, Expenses, and Changes in Net Position classifies certain funds as "nonoperating" for the purposes of financial reporting, such funds do, in fact, support the University's operations by covering costs such as salaries and benefits, travel, research expenses, and student aid.

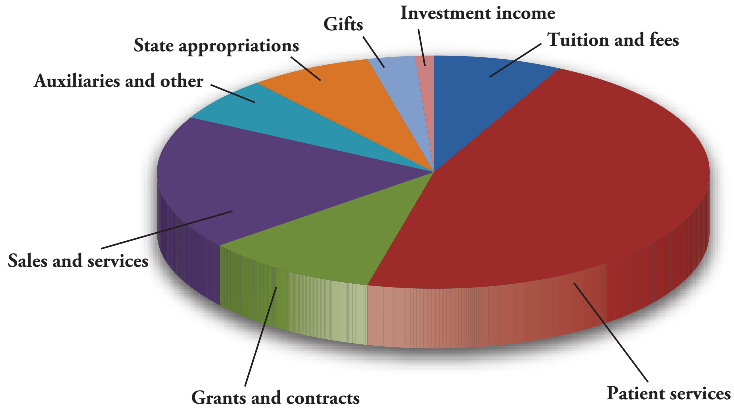
State appropriations increased 5.1% from the prior year funding modest compensation increases and other mission based initiatives. Gifts increased 31.5% from the prior year due to the generosity of donors and supporters. Investment income fluctuates from year to year, and reflects the impact of market performance. Fiscal year 2015 investment income decreased significantly from the prior year due to the down market in equity investments.

Interest and other expenses decreased from the prior year primarily due to strategic bond refundings.

Figure 3

Total expenses	**2015**	**2014**	**2013**	**2012**	**2011**
Operating expenses					
Compensation and benefits	$1,931,353	$1,789,054	$1,695,719	$1,581,667	$1,480,663
Component units	395,966	381,829	365,502	356,355	356,599
Supplies	432,171	374,681	339,244	328,922	306,491
Depreciation and amortization	189,481	198,696	186,679	171,867	139,935
Other	754,893	641,931	614,767	520,819	463,239
Total operating expenses	3,703,864	3,386,191	3,201,911	2,959,630	2,746,927
Nonoperating expenses					
Interest and other	34,805	65,070	33,210	36,180	35,364
Total expenses	$3,738,669	$3,451,261	$3,235,121	$2,995,810	$2,782,291

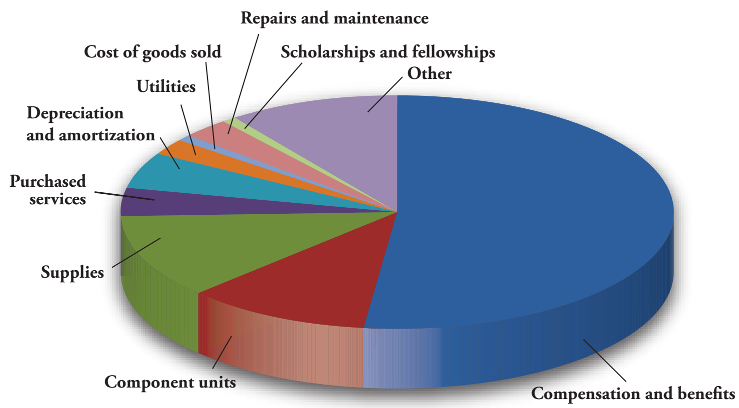
The graph below shows the various types of funding available to support the operations of the University:



Sources of Revenue in Support of Operations
For the Year Ended June 30, 2015 (in thousands)

Tuition and fees	$304,008
Patient services	1,816,284
Grants and contracts	405,811
Sales and services	740,220
Auxiliaries and other	237,262
State appropriations	287,929
Gifts	101,312
Investment income	41,557

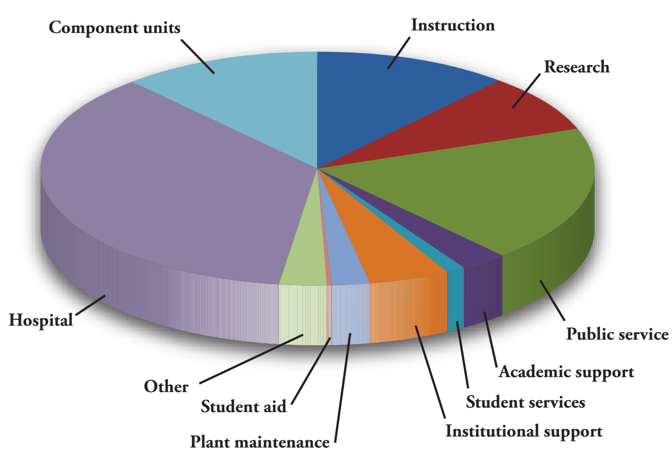
A graphical presentation of the University's operating expenses appears below:



Operating Expenses
For the Year Ended June 30, 2015 (in thousands)

Compensation and benefits	$1,931,353
Component units	395,966
Supplies	432,171
Purchased services	142,619
Depreciation and amortization	189,481
Utilities	79,099
Cost of goods sold	37,054
Repairs and maintenance	98,677
Scholarships and fellowships	30,088
Other	367,356

Note 17 provides more information regarding the classification of operating expenses by "function" (or purpose) as an alternative view to that which is presented on the face of the financial statements. A graphical presentation of the breakdown of operating expenses by functional classification follows:



Functional Classification of Operating Expenses
For the Year Ended June 30, 2015 (in thousands)

Instruction	$426,379
Research	302,820
Public service	696,174
Academic support	107,459
Student services	31,459
Institutional support	182,696
Plant maintenance	76,050
Student aid	8,911
Other	111,911
Hospital	1,336,624
Component units	423,381

Figure 4. Statement of Cash Flows					
Condensed Statement of Cash Flows – for the years ended June 30 (in thousands)	**2015**	**2014**	**2013**	**2012**	**2011**
Cash flows from (to):					
Operating activities	$20,282	($39,872)	($51,985)	($97,275)	($69,708)
Noncapital financing activities	450,662	386,924	387,525	373,559	370,417
Capital and related financing activities	(197,718)	(137,461)	(232,193)	(217,177)	(159,856)
Investing activities	(404,932)	(75,814)	11,109	(198,791)	(46,417)
Net increase (decrease) in cash	(131,706)	133,777	114,456	(139,684)	94,436
Cash - beginning of year	671,048	537,271	422,815	562,499	468,063
Cash - end of year	$539,342	$671,048	$537,271	$422,815	$562,499

STATEMENT OF CASH FLOWS

A condensed version of the Statement of Cash Flows is shown above in *Figure 4*.

Cash flows from operations primarily consist of tuition and fees, patient services, grants and contracts, and auxiliaries. Significant sources of cash provided by noncapital financing activities, as defined by GASB, include state appropriations, federal Pell grants and private gifts funds.

Cash decreased 19.6% from the prior year. The University actively manages its investment portfolio by balancing returns and liquidity, which may cause changes in cash balances. Cash and cash equivalents are held to the minimum needed to support operations, with any excess invested with varying maturity dates. The majority of this year's decrease is due to a change in cash management strategy, moving more funds to short term investments.

CAPITAL AND DEBT ACTIVITIES

- Some key construction projects were completed including the George S. Eccles Student Life Center, the Ray & Tye Noorda Oral Health Sciences Building, the UU Mid-Valley Health Center, and the Ambulatory Parking Structure. Ongoing projects include several parking structures, Lassonde Studios, Primary Children's and Families' Cancer Research Center, S.J. Quinney College of Law, Rio Tinto Kennecott Mechanical Engineering Building, and the Farmington Health Care Center. All of the current projects will be completed over the next few years.
- General Revenue Bonds Series 2014B in the amount of $76,200,000 were issued on July 15, 2014. Proceeds from these bonds were used to refund certain Hospital bonds and to help fund construction projects including the Lassonde Studios and utility infrastructure.
- General Revenue Bonds Series 2015A in the amount of $45,330,000 were issued on January 7, 2015. Proceeds from these bonds were used to refund certain Research Facility bonds and Commercial Paper notes and to help fund the UU Mid-Valley Health Center.
- General Revenue Bonds Series 2015B in the amount of $91,570,000 were issued on May 13, 2015. Proceeds from these bonds were used to refund certain Auxiliary and Campus Facilities bonds, Hospital bonds and Commercial Paper notes, and to help fund construction projects including the Health Sciences parking structure and replacement of utility distribution infrastructure and related improvements.
- Refunding Certificates of Participation Series 2015 in the amount of $10,050,000 were issued on June 10, 2015. Proceeds from these certificates were used to refund certain prior certificates from 2007.

Strong debt ratings carry substantial advantages for the University, such as continued and wider access to capital markets when the University issues debt, lower interest rates on bonds and the ability to negotiate favorable bond terms.

The University's Administration takes its role of financial stewardship seriously and works hard to manage its financial resources effectively. Continued high debt ratings, currently Aa1 according to Moody's and AA according to S&P, for our General Revenue Bond System are important indicators of the University's success in this area.

OUTLOOK FOR THE COMING FISCAL YEAR

The University's enrollment for Fall 2015 is up slightly from Fall 2014 (.01%) but first-time freshmen and new transfers are up 7% and 3% respectively. Part of this increase in freshmen is due to returning missionaries from the Church of Jesus Christ of Latter-day Saints, that lowered the minimum age for missionaries in fiscal year 2013 from 19 to 18 for men, allowing them to go after high school graduation. We are also seeing the success of a change in recruiting efforts across the state. Enrollment at the undergraduate level is dependent on two factors, pool and participation, that are both heavily influenced by factors within the State. The available pool of potential students, age 18 through 29, is projected to climb steadily through 2020. Enrollment increases should stabilize and steadily increase based on the pool of potential Utah public school students.

During the 2015 legislative session, the University's recurring budget for 2015-2016 was increased by 4.1% compared to 2014-2015 which included funding to increase salaries, performance-based funding, and ongoing funds for research and graduate student support. The economic growth in Utah is expected to continue during 2015 with job growth forecast to increase at 4.0% for the year. Unemployment in Utah was 3.7% at the end of August 2015 as compared to 5.1% nationally. We are optimistic that the 2016 legislative session will provide additional increases in funding.

During fiscal year 2015, the University raised $209 million with $78 million in support of research, $24 million in support of facilities, and $39 million in support of public programs. The University continues to benefit from the generosity of its donors and supporters. UUHC and ARUP continue to be recognized as leaders in their respective fields. The financial position for each is very strong and is expected to remain so. The University also remains very competitive in attracting research dollars and continues to see increases in the number of sponsored project awards.

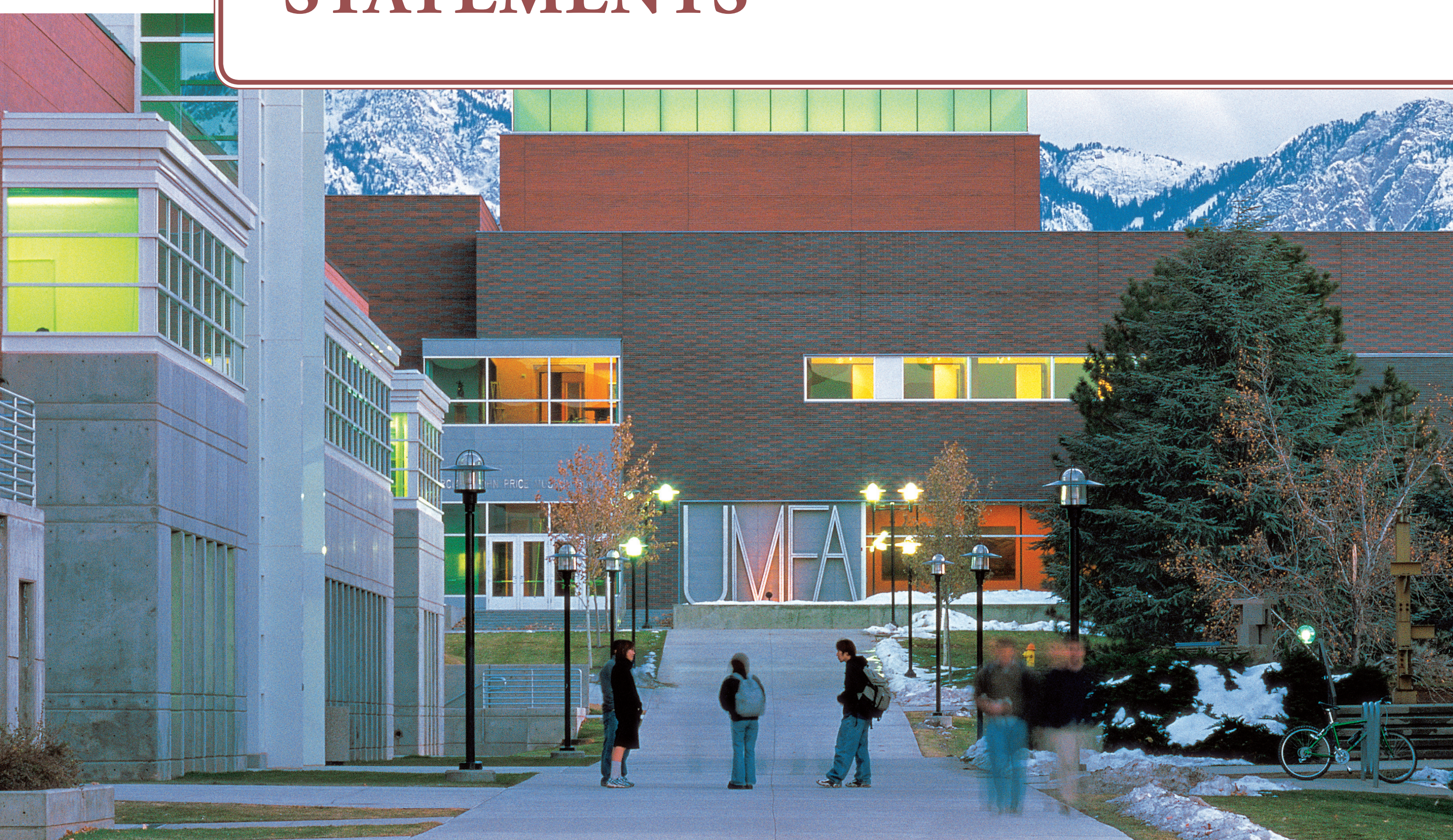
The University exercises a prudent approach to the issuance of debt. With the need for expanded research, patient care, and student housing, comes the need to issue debt to support construction. Within the short-term, the University intends to undertake various construction projects, in most cases partially gift-funded, to support these critical areas. In addition, the University evaluates existing debt versus current interest rates to identify opportunities to refinance at better rates.

The University's endowment funds are managed so they are available for mission-critical programs and initiatives—now and into the future. The University has invested in a portfolio of equity, fixed income and alternative assets whose valuations are impacted by market conditions, sometimes negatively in the short term. However, we believe our portfolio will provide solid financial footing for the University's endowments over the long term.

Overall, the University is in a sound financial position. The institution has strong strategic leadership and prudent financial management that work together to ensure its mission will be met in the future.

John E. Nixon, CPA
Chief Financial Officer

FINANCIAL STATEMENTS



THE UNIVERSITY OF UTAH | Statement of Net Position

(in thousands of dollars)

As of June 30, 2015

ASSETS	
Current Assets	
Cash and cash equivalents (Notes 2 & 4)	$ 402,878
Short-term investments (Notes 2 & 4)	798,349
Receivables, net (Note 5)	367,938
Inventory (Note 1)	59,204
Other assets (Note 6)	44,022
Total current assets	1,672,391
Noncurrent Assets	
Restricted cash and cash equivalents (Notes 2 & 4)	136,464
Restricted short-term investments (Notes 2 & 4)	661
Investments (Notes 3 & 4)	1,006,340
Restricted investments (Notes 3 & 4)	514,767
Restricted receivables, net (Note 5)	56,679
Donated property held for sale	2,869
Net pension asset	211
Other assets (Note 6)	8,585
Capital assets, net (Note 7)	2,504,854
Total noncurrent assets	4,231,430
Total assets	5,903,821
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond refunding (Note 1)	7,994
Deferred outflows related to pensions (Note 8)	21,255
Total deferred outflows of resources	29,249
LIABILITIES	
Current Liabilities	
Accounts payable (Note 5)	
to the State of Utah	43,435
to Others	117,993
Accrued payroll	116,592
Compensated absences and early retirement benefits (Notes 1 & 15)	52,825
Unearned revenue (Note 9)	78,500
Deposits and other liabilities (Notes 11 & 15)	121,135
Bonds, notes and contracts payable (Notes 14, 15, & 16)	
to the State of Utah (HCH Phase II Lease)	3,605
to Others	109,829
Total current liabilities	643,914
Noncurrent Liabilities	
Compensated absences and early retirement benefits (Notes 1 & 15)	20,975
Deposits and other liabilities (Notes 11 & 15)	17,000
Bonds, notes and contracts payable (Notes 14, 15, & 16)	
to the State of Utah (HCH Phase II Lease)	93,265
to Others	779,130
Net pension liability (Note 8)	132,561
Total noncurrent liabilities	1,042,931
Total liabilities	$ 1,686,845

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The accompanying notes are an integral part of these financial statements

(in thousands of dollars)

As of June 30, 2015

DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to bonds	$ 264
Deferred inflows related to pensions (Note 8)	12,546
Total deferred inflows of resources	12,810
NET POSITION	
Net investment in capital assets	1,641,064
Restricted for	
Nonexpendable	
Instruction	173,931
Research	47,258
Public service	79,380
Academic support	48,337
Scholarships	161,969
Other	7,831
Expendable	
Research	72,094
Public service	135,357
Academic support	37,676
Institutional support	19,870
Scholarships	66,035
Loans	34,377
Other	83,780
Unrestricted	1,624,456
Total net position	$ 4,233,415

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)

For the Year Ended June 30, 2015

OPERATING REVENUES AND EXPENSES	
Revenues	
Tuition and fees, net (Note 1)	$ 304,008
Patient services, net (Notes 1 & 13)	1,816,284
Federal grants and contracts	247,102
State and local grants and contracts	16,451
Nongovernmental grants and contracts	99,081
Sales and services, net (Note 1)	740,220
Auxiliary enterprises, net (Note 1)	133,057
Other operating revenues	104,205
Total operating revenues	3,460,408
Expenses	
Compensation and benefits	1,931,353
Component units	395,966
Supplies	432,171
Purchased services	142,619
Depreciation and amortization	189,481
Utilities	79,099
Cost of goods sold	37,054
Repairs and maintenance	98,677
Scholarships and fellowships	30,088
Other operating expenses	367,356
Total operating expenses	3,703,864
Operating loss	(243,456)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	287,929
Government grants	43,177
Gifts	101,312
Investment income	41,557
Interest	(34,805)
Other nonoperating revenues	2,769
Total nonoperating revenues	441,939
Income before capital and permanent endowment additions	198,483
CAPITAL AND PERMANENT ENDOWMENT ADDITIONS	
Capital appropriations	8,055
Capital grants and gifts	23,674
Additions to permanent endowments	22,241
Total capital and permanent endowment additions	53,970
Increase in net position	252,453
NET POSITION	
Net position - beginning of year, as adjusted (Note 1)	3,980,962
Net position - end of year	$ 4,233,415

The accompanying notes are an integral part of these financial statements

THE UNIVERSITY OF UTAH | Statement of Cash Flows

(in thousands of dollars)

For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from tuition and fees	$ 306,007
Receipts from patient services	1,802,123
Receipts from grants and contracts	374,954
Receipts from auxiliary and educational services	875,129
Collection of loans to students	7,637
Payments to suppliers	(1,526,611)
Payments for compensation and benefits	(1,921,131)
Payments for scholarships and fellowships	(30,088)
Loans issued to students	(6,651)
Other	138,913
Net cash provided by operating activities	20,282
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	287,929
Government grants	43,177
Federal direct loan receipts	134,175
Federal direct loan payments	(134,175)
Gifts	
Endowment	22,667
Nonendowment	94,409
Other	2,480
Net cash provided by noncapital financing activities	450,662
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt	267,570
Capital appropriations	12,720
Gifts	16,855
Purchase of capital assets	(272,590)
Principal paid on capital debt	(187,793)
Interest paid on capital debt	(34,480)
Net cash used by capital and related financing activities	(197,718)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	1,730,046
Receipt of interest and dividends on investments	26,039
Purchase of investments	(2,161,017)
Net cash used by investing activities	(404,932)
Net increase in cash	(131,706)
Cash - beginning of year	671,048
Cash - ending of year	$ 539,342

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The accompanying notes are an integral part of these financial statements

(in thousands of dollars)

For the Year Ended June 30, 2015

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating loss	$ (243,456)
Adjustments	
Depreciation and amortization expense	189,481
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources	
Receivables, net	(17,697)
Inventory	(5,409)
Net pension asset	(138)
Other assets	4,004
Deferred outflows related to pensions	(4,500)
Accounts payable	27,733
Accrued payroll	14,516
Compensated absences and early retirement benefits	5,418
Unearned revenue	24,190
Deposits and other liabilities	31,214
Net pension liability	(17,620)
Deferred inflows related to pensions	12,546
Net cash provided by operating activities	$ 20,282

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Capital leases	$ 10,350
Donated property and equipment	3,330
Completed construction projects transferred from State of Utah (Note 1)	(4,665)
Annuity and life income	(177)
Increase in fair value of investments	18,163
Total noncash investing, capital, and financing activities	$ 27,001

The accompanying notes are an integral part of these financial statements

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 Hospitals and Clinics (UUHC). 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 two other related entities representing component units of the University. Because the University appoints the majority of the two 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, have been met and the two organizations are included as blended component units of the University. The component units of the University are the University of Utah Research Foundation (UURF) and ARUP Laboratories, Inc. (ARUP). Copies of the financial report of each component unit can be obtained from the respective entity.

- UURF is a not-for-profit corporation governed by a board of directors who, with the exception of one director, 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 October 7, 2015, has been issued under separate cover.
- ARUP is a not-for-profit corporation that provides clinical and anatomic pathology reference laboratory services to medical centers, hospitals, clinics and other clinical laboratories throughout the United States, including UUHC. ARUP contracts with the University of Utah School of Medicine Department of Pathology to provide pathology consulting services. The fiscal year end for ARUP is June 30. Other independent auditors audited ARUP and their report, dated August 28, 2015, has been issued under separate cover.

All GASB pronouncements are applied by the University, UURF, and ARUP in the accounting and reporting of their operations.

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 UUHC 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. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* 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 20 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 taking into account 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, 2015:

Revenue Allowance	2015
Tuition and fees	$59,360,863
Patient services	78,882,524
Sales and services	868
Auxiliary enterprises	1,755,078

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 which approximates cost determined on the first-in, first-out method.

F. Research and Development Costs

Research and development costs of ARUP are expensed as incurred. These costs for the year ended June 30, 2015, were approximately $10.1 million.

G. Compensated Absences & Early Retirement Benefits

Employees' vacation leave, excluding UUHC, is accrued at a rate of eight hours each month for the first five years and increases to a rate of 16.67 hours each month 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 at June 30, 2015, was approximately $36.0 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, 61 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 and life insurance 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 which includes an estimated annual increase of 2%. A discount rate of 0.460% was used and is based on the average rate earned by the University on cash management investments for the fiscal year. The funding for these early retirement benefits is provided on a pay-as-you-go basis. For the year ended June 30, 2015, these expenditures were approximately $2.8 million.

Employees of UUHC receive a combined accrual for paid time off in lieu of the separate vacation and sick accruals received by University employees. Accrual rates for paid time off begin at 13.33 hours per month and increase each five years until the maximum accrual of 20.00 hours per month is reached 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. Employees who meet specified accrual balances have the option to receive an annual payout of up to 80 hours in May or November. 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, 2015, was approximately $35 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. Interest expense incurred for construction of capital facilities is considered immaterial and is not capitalized. Construction projects administered by DFCM are not recorded on the books of the University until the facility is available for occupancy.

I. Deferred Outflows and Inflows

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 bond liabilities. 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 8.

J. Adjustment to Beginning Net Position

Effective July 1, 2014, the University implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* This implementation caused a $133.3 million reduction to be made to the beginning net position of the University of $4.114 billion reported last year. The reduction represents the University's $150.1 million share of the beginning net pension liability and the University's $16.8 million share of contributions made between January 1 and June 30, 2014 for its current and former employees through its pension provider, the Utah Retirement Systems (URS). Further information regarding pension reporting is found in Note 8.

2. CASH, CASH EQUIVALENTS, AND SHORT-TERM INVESTMENTS

Cash and cash equivalents consists of cash and short-term investments with an original maturity of three months or less. Cash, depending on source of receipts, is pooled, except for cash and cash equivalents held by ARUP and when legal requirements dictate the use of separate accounts. The cash balances are invested principally in short-term investments that conform to the provisions of the *Utah Code.* It is the practice of the University that the investments ordinarily be held to maturity at which time the par value of the investments will be realized.

The Utah State Treasurer's Office operates the Utah Public Treasurers' Investment Fund (PTIF) which is managed in accordance with the State Money Management Act (Act) and is available for investment of funds administered by any Utah public treasurer.

Short-term investments have original maturities longer than three months and remaining maturities of one year or less.

At June 30, 2015, cash and cash equivalents and short-term investments consisted of:

Cash and Cash Equivalents	
Cash	$ (13,016,250)
Money market funds	166,932,547
Time certificates of deposit	13,930,452
Repurchase agreements	62,900,000
Utah Public Treasurers' Investment Fund	308,595,629
Total (fair value)	$ 539,342,378

Short-term Investments	
Time certificates of deposit	$ 249,979
U.S. Treasuries	159,979,280
U.S. Agencies	604,353,847
Corporate notes	34,426,864
Total (fair value)	$ 799,009,970

3. INVESTMENTS

Funds available for investment are pooled to maximize return and minimize administrative cost, except for funds that are authorized by the University administration to be separately invested or which are separately invested to meet legal or donor requirements. Investments received as gifts are recorded at fair value on the date of receipt. If fair value is not available, investments received as gifts are recorded at a nominal value. Other investments are also recorded at fair value.

UURF receives, in exchange for patent rights, equity ownership in newly organized companies acquiring these patents along with the right to receive future royalties based on product sales. Minority interests in privately held companies are generally recorded by UURF at a nominal value. Companies for which UURF's ownership exceeds a certain percentage or over which UURF exercises some measure of control are evaluated further and may be recorded using either the cost method, the equity method, or consolidation depending on the investment's materiality to the financial statements. Equity ownership in publicly traded companies is measured at fair value as of June 30, 2015.

University personnel manage certain portfolios, while other portfolios are managed by banks, investment advisors or through trust agreements.

According to the Uniform Prudent Management of Institutional Funds Act (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, 2015, is 4% of the twelve quarter moving average of the market value of the endowment pool. The spending practice is 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, 2015, was approximately $137,982,000. The net appreciation is a component of restricted expendable net position.

At June 30, 2015, the investment portfolio composition was as follows:

Investments	
Time certificates of deposits	$ 4,446,211
U.S. Treasuries	50,229,680
U.S. Agencies	534,500,918
Municipal bonds	4,201,953
Corporate notes	21,456,177
Mutual funds	884,513,274
Common and preferred stocks	21,758,876
Total (fair value)	$1,521,107,089

4. DEPOSITS AND INVESTMENTS

The Council has the responsibility to advise the 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 Council.

For endowment funds, the University follows the requirements of the UPMIFA, State Board of Regents' Rule 541, *Management and Reporting of Institutional Investments* (Rule 541), and the University's investment policy and endowment guidelines.

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, 2015, the carrying amounts of the University's deposits and bank balances were $46,584,780 and $71,051,612, respectively. The Federal Deposit Insurance Corporation (FDIC) provides deposit insurance coverage up to $250,000 for demand deposits and $250,000 for time and savings deposits at each banking institution. As a result, the bank balances of the University were insured for $1,252,667, by the FDIC. The bank balances in excess of $1,252,667 were uninsured and uncollateralized, leaving $69,798,945 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 depositories and permitted negotiable agreements; 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), 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; and the Utah State Public Treasurers' Investment Fund (PTIF).

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: professionally managed pooled or commingled investment funds registered with the Securities and Exchange Commission (SEC) or the Comptroller of the Currency (e.g., mutual funds); professionally managed pooled or commingled investment funds created under 501(f) of the Internal Revenue Code which satisfy the conditions for exemption from registration under Section 3(c) of the Investment Company Act of 1940; 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, private equity, both domestic and international), natural resources, private real estate, and hedge funds, such as long/short equities.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Act, Section 51-7, *Utah Code Annotated*, 1953, as amended. The Act established the Council which oversees the activities of the 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, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, including gains and losses, net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

The University's participation in mutual funds may indirectly expose it to risks associated with using or holding derivatives. However, specific information about any such transactions is not available to the University.

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 -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 10 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 that 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.

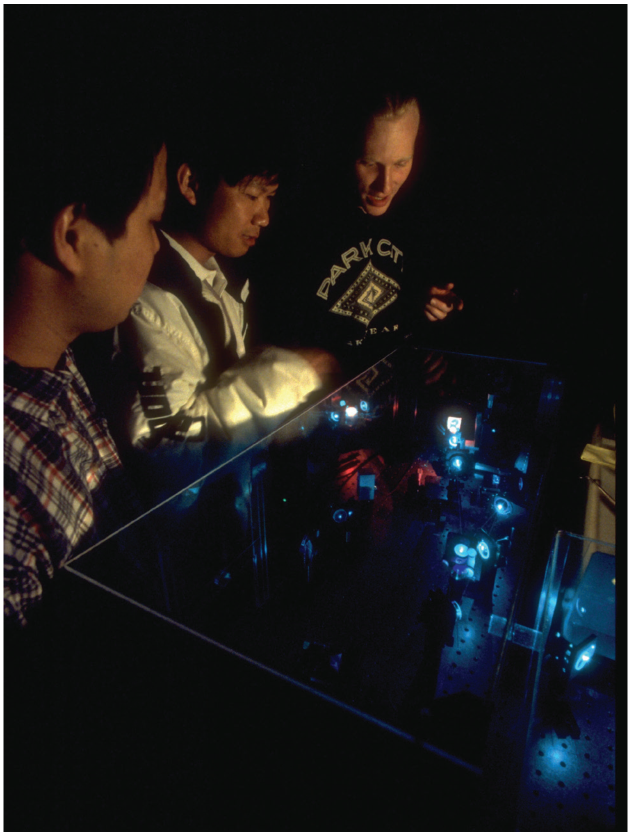
As of June 30, 2015, the University had debt investments with maturities as shown in *Figure 1.*

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.

At June 30, 2015, the University had debt investments with quality ratings as shown in *Figure 2.*

Figure 1.		**Investment Maturities (in years)**			
Investment Type	**Fair Value**	**Less than 1**	**1 - 5**	**6 - 10**	**More than 10**
Money market mutual funds	$ 166,545,112	$ 166,545,112			
Repurchase agreements	62,900,000	62,900,000			
Utah Public Treasurers' Investment Fund	308,595,629	308,595,629			
Time certificates of deposit	4,696,190	249,979	$ 4,446,211		
U.S. Treasuries	210,208,960	159,979,280	50,229,680		
U.S. Agencies	1,138,854,765	604,353,847	487,019,259	$ 47,481,659	
Corporate notes	55,883,041	34,426,864	21,456,177		
Municipal bonds	4,201,953		980,714		$ 3,221,239
Mutual bond funds	272,224,115		33,415,630	238,808,485	
Totals	$ 2,224,109,765	$ 1,337,050,711	$ 597,547,671	$ 286,290,144	$ 3,221,239

Figure 2.			**Quality Rating**			
Investment Type	**Fair Value**	**AAA/A-1**	**AA**	**A**	**Unrated**	**No Risk**
Money market mutual funds	$ 166,545,112	$ 56,350,579			$ 110,194,533	
Repurchase agreements – underlying:						
U.S. Agencies	62,900,000		$ 62,900,000			
Utah Public Treasurers' Investment Fund	308,595,629				308,595,629	
Time certificates of deposit	4,696,190			$ 988,551	3,707,639	
U.S. Treasuries	210,208,960					$ 210,208,960
U.S. Agencies	1,138,854,765	584,370,027	521,488,319		32,996,419	
Corporate notes	55,883,041		2,908,642	52,772,525	201,874	
Municipal bonds	4,201,953	3,221,239	980,714			
Mutual bond funds	272,224,115		81,875,843		190,348,272	
Totals	$ 2,224,109,765	$ 643,941,845	$ 670,153,518	$ 53,761,076	$ 646,044,366	$ 210,208,960



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, 2015, the University's custodial bank was both the custodian and the investment counterparty for $1,344,103,396 of U.S. Treasury and Agency securities purchased by the University; and $4,960,329 of U.S. Treasury and Agency securities were held by the custodial bank's trust department but not in the University's name.

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 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.

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 Class	Target Allocation	Allocation Range
Global Marketable Equities	45%	20% - 60%
Global Marketable Fixed Income	30%	25% - 50%
Alternatives	25%	5% - 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, 2015, the University held more than 5% of its total investments in the Federal Home Loan Bank, the Federal Farm Credit Bank, and the Federal Home Loan Mortgage Corporation. These investments represent 24.5%, 5.5%, and 7.9%, respectively, of the University's total investments.

5. 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, 2015, including approximately $21.9 million and $38.2 million of noncurrent loans, and pledges receivable, respectively:

Accounts	$ 598,576,727
Grants and contracts	24,602,266
Loans	30,669,547
Pledges	43,354,088
Notes	198,308
Interest	3,044,968
	700,445,904
Less allowances for doubtful accounts	(275,828,937)
Receivables, net	$ 424,616,967

The following schedule presents the major components of accounts payable at June 30, 2015:

Vendors	$ 75,393,537
Interest	13,673,744
Payable to State	43,435,445
Other	28,924,835
Total accounts payable	$ 161,427,561

6. OTHER ASSETS

Goodwill associated with the purchase of certain health clinics and prepaid rent to the State of Utah, for the Huntsman Cancer Hospital, is amortized using the straight-line method. The June 30, 2015 balance of prepaid rent to the State was $32,769,483.

7. 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 cost at the date of acquisition or, at fair market value at the date of donation in the case of gifts. Buildings, infrastructure and improvements, and additions to existing assets are capitalized when acquisition cost equals or exceeds $250,000 for the University or $5,000 for UUHC. Equipment is capitalized when acquisition costs exceed $5,000 for the University or $2,500 for UUHC. All costs incurred in the acquisition of library materials are capitalized. Purchased software is capitalized when acquisition costs are $100,000 or greater and developed software is capitalized when development costs are $1,000,000 or greater for the University or $2,500 for both purchased and developed software for UUHC. 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 cost at the date of acquisition.

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 extends to forty years on buildings, fifteen 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.

At June 30, 2015, the University had outstanding commitments for the construction and remodeling of University buildings of approximately $34,831,000.

Capital assets at June 30, 2015, are shown on the next page in *Figure 3.*

8. 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—College Retirement Equities Fund (TIAA-CREF), the UUHC 401(a) Plan, the UUHC Hospital Plan Plus (HPP) Benefit Program, or Fidelity Investments (Fidelity). Eligible employees of ARUP are covered by a separate defined contribution pension plan and a profit sharing plan.

Defined Benefit Plans

Eligible plan participants are provided with pensions through the following Systems:

- Public Employees Noncontributory Retirement System (Noncontributory System) and the Public Employees Contributory Retirement System (Contributory System) which are cost-sharing, multiple employer public employee retirement systems.
- The Public Safety Retirement System (Public Safety System) which is cost-sharing, multiple employer 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 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 Chapter 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 provides for the administration of the Utah Retirement Systems and Plans 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 and are a component unit of the State of Utah. Chapter 49 of the Utah Code grants the authority to establish and amend the benefit terms. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. A copy of the report may 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.

Plan members in the State and School Contributory Retirement System are required to contribute 6.00% of their annual covered salaries, all of which is paid by the University, and the University is required to contribute 17.70% of their annual salaries. In the State and School Noncontributory Retirement System and the Public Safety Noncontributory Retirement System, the University is required to contribute 22.19% (with an additional 1.50% to a 401(k) salary deferral program) and 41.35%, respectively, of plan members' annual salaries. The contribution requirements of the Systems are authorized by statute and specified by the Board and the contribution rates are actuarially determined.

Figure 3.	Beginning Balance	Additions	Retirements	Ending Balance
Buildings	$2,682,071,814	$ 149,192,213	$ 0	$2,831,264,027
Infrastructure and improvements	310,223,118	21,654,489	(3,151,099)	328,726,508
Land	37,732,856	2,064,183	0	39,797,039
Equipment (including intangibles)	941,601,822	96,155,003	(52,463,217)	985,293,608
Library materials	143,812,975	1,758,814	(1,655,746)	143,916,043
Art and special collections	64,325,399	2,215,918	(842,650)	65,698,667
Construction in progress	187,732,929	141,319,755	(137,452,439)	191,600,245
Total cost	4,367,500,913	414,360,375	(195,565,151)	4,586,296,137
Less accumulated depreciation				
Buildings	1,007,967,169	84,944,277	(10,987,024)	1,081,924,422
Infrastructure and improvements	167,660,324	16,942,013	(3,089,742)	181,512,595
Equipment	655,416,099	86,980,233	(47,980,148)	694,416,184
Library materials	123,728,174	(138,747)	0	123,589,427
Total accumulated depreciation	1,954,771,766	188,727,776	(62,056,914)	2,081,442,628
Capital assets, net	$2,412,729,147	$ 225,632,599	($133,508,237)	$2,504,853,509

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 all years	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.

Contributions: 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 URS 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 are as follows:

	Employee Paid	**Paid by Employer for Employee**	**Employer Contribution Rates**
Noncontributory System			
16 – State and School Division Tier 1	N/A	N/A	22.19%
Contributory System			
12 – State and School Division Tier 1	N/A	6.00%	17.70%
112 – State and School Division Tier 2	N/A	N/A	18.27%
Public Safety Retirement System			
42 – Other Division A Noncontributory Tier 1	N/A	N/A	41.35%
122 – Other Division A Contributory Tier 2	N/A	N/A	29.26%

At December 31, 2014, the University's net pension asset and liability were as follows:

	Proportionate Share	**Net Pension Asset**	**Net Pension Liability**
Noncontributory System	5.1093261%	$ 0	$ 128,373,283
Contributory System	18.7523977%	0	2,056,171
Public Safety System	1.1469098%	0	2,131,232
Tier 2 Public Employees System	6.7870288%	205,677	0
Tier 2 Public Safety and Firefighter System	0.3600206%	5,326	0
Total Net Pension Asset / Liability		$ 211,003	$ 132,560,686

The net pension asset and liability were measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014. For the year ended December 31, 2014 pension expense of $27,556,375 was recorded. At December 31, 2014, the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 174	$ 8,045,668
Changes in assumptions	0	4,500,769
Net difference between projected and actual earnings on pension plan investments	2,740,314	0
Changes in proportion and differences between contributions and proportionate share of contributions	0	0
Contributions subsequent to the measurement date	18,514,433	0
Total	$ 21,254,921	$ 12,546,437

Contributions made between January 1, 2015 and June 30, 2015 of $18,514,433 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:

Year Ended December 31	Deferred Inflows of Resources
2015	$ 2,522,228
2016	$ 2,522,228
2017	$ 2,522,228
2018	$ 2,014,202
2019	$ 35,993
Thereafter	$ 189,069

Actuarial assumptions: The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.50 – 10.75 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Active mortality rates are a function of the participant's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

Class of Participant	Retired Participant Mortality
Educators	Men EDUM (90%) Women EDUF (100%)
Public Safety and Firefighters	Men RP 2000mWC (100%) Women EDUF (120%)
Local Government, Public Employees	Men RP 2000mWC (100%) Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by a given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by a given percentage

RP 2000 mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by a given percentage

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the five year period January 1, 2008 to December 31, 2013.

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. 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	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and equivalents	0%	0.00%	0.00%
Totals	100%		5.23%
Inflation			2.75%
Expected arithmetic nominal return			7.98%

The 7.5% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.5%. 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. 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. Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as, what the proportionate share would be if calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.5%)	**Discount Rate (7.5%)**	**1% Increase (8.5%)**
Proportionate Share of Net Pension Liability (Asset)			
Noncontributory System	$255,762,592	$128,373,283	$21,684,520
Contributory System	$17,250,758	$2,056,171	($10,795,940)
Public Safety	$3,944,326	$2,131,232	$637,361
Tier 2 Public Employees System	$1,512,607	($205,677)	($1,501,326)
Tier 2 Public Safety and Firefighter System	$2,277	($5,326)	($11,142)

Defined Contribution Plans

TIAA-CREF 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, 2015, the University's contribution to these defined contribution pension plans was 14.20% 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.

UUHC 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 UUHC Chief Human Resources Officer. The administrator has the authority to amend, modify, or terminate the plan. UUHC 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. UUHC 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 3% of Salary and fully vest in the UUHC's contributions to both plans after six years of service. Contributions for both 401(a) plans and the 403(b) plan are shown in *Figure 4* below. Plan member contributions were approximately $16,457,000 for the year ended June 30, 2015.

The ARUP defined contribution pension and profit sharing plans provide 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 5.00% of their compensation and ARUP continues to make matching social security tax contributions. For those who discontinue paying social security taxes, ARUP makes contributions each pay period amounting to 8.10% of their compensation and do not have any social security tax contributions made by ARUP on their behalf. There are no minimum service and vesting requirements relating to pension contributions.

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.

In addition, employees of the University may also contribute to 403(b), 457(b) traditional, Roth IRA, or a 401(k) plan. For employees participating in defined benefit plans, the University is also required to contribute 1.5% - 1.78% of the employee's salary in a 401(k) plan.

For the years ended June 30, 2015, 2014, and 2013, the University's contributions to the defined contribution plans were equal to the required amounts, as shown in *Figure 4*.

9. 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.

10. FUNDS HELD IN TRUST BY OTHERS

Funds held in trust by others 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, 2015, was $123,826,585.

In addition, certain funds held in trust by others are comprised of stock, which is reported at a value of $13,367,108 as of June 30, 2015, based on a predetermined formula. The fair value of this stock as of June 30, 2015 cannot be determined because the stock is not actively traded.

Figure 4.	**2015**	**2014**	**2013**
TIAA-CREF	$ 82,366,550	$ 74,524,653	$ 68,212,455
Fidelity	45,685,971	43,161,360	35,048,897
401(a), Hospital Plan Plus, & 403(b)	31,087,000	28,034,000	26,842,000
Employee 401(a), 401(k), 403(b), 457(b) Contributions	19,082,343	15,689,074	14,620,389
Pension plan	11,207,796	10,732,980	10,375,206
Profit sharing plan	11,585,591	8,735,146	9,524,520
Total contributions	$201,015,251	$180,877,213	$164,623,467

11. RISK MANAGEMENT

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 physicians 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, 2015, is adequate to cover any claims incurred through that date. The University and UUHC have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by its respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances.

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 are shown in *Figure 5.*

The University has recorded the investments of the malpractice liability trust funds at June 30, 2015, 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.

12. 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 Internal Revenue Code.

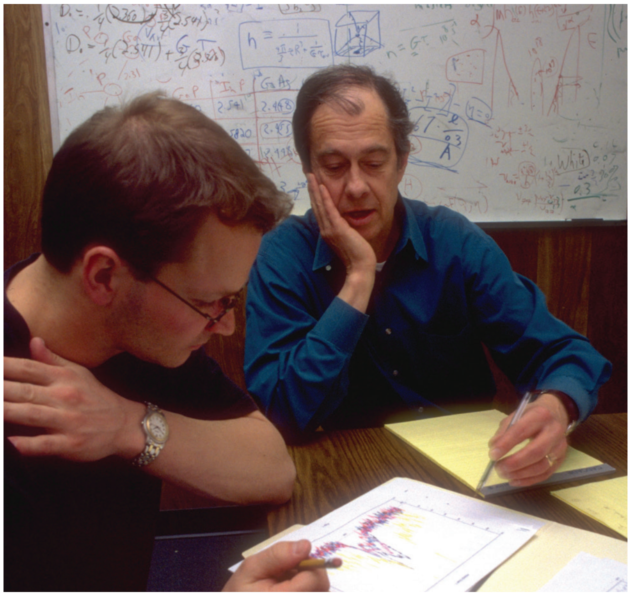
ARUP is also not subject to income taxes based on a private letter ruling from the Internal Revenue Service stating that certain income providing an essential governmental function is exempt from federal income taxes under Internal Revenue Code Section 115.

13. HOSPITAL REVENUE

A. Net Patient Service Revenue

UUHC 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

Figure 5.	**2015**	**2014**
Estimated claims liability - beginning of year	$ 50,549,017	$ 53,834,331
Current year claims and changes in estimates	206,315,934	153,451,077
Claim payments, including related legal and administrative expenses	(189,682,218)	(156,736,391)
Estimated claims liability - end of year	$ 67,182,733	$ 50,549,017



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.

UUHC has third-party payor agreements with Medicare and Medicaid that provide for payments to UUHC at amounts different from established rates. Inpatient acute care services rendered to Medicare and Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services rendered to Medicaid program beneficiaries and certain outpatient services and defined capital costs related to Medicare beneficiaries are paid on a cost reimbursement basis. Medicare reimbursements are based on a tentative rate with final settlement determined after submission of annual cost reports by UUHC and audits thereof by the Medicare fiscal intermediary.

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

B. Charity Care

UUHC maintains records to identify and monitor the level of charity care it provides. Based on established rates, the charges foregone as a result of charity care during the year ended June 30, 2015, were approximately $45.5 million.

14. LEASES

A. Revenue

UURF receives lease revenues from noncancellable sublease agreements with tenants of the Research Park and from tenants occupying eight buildings owned by UURF. The lease revenue to be received from these noncancellable leases for each of the subsequent five years is $7.6 million. Most lease revenue is subject to escalation based on changes in the Consumer Price Index (CPI). Since such escalations are dependent upon future changes in the CPI, these escalations, if any, are not reflected in the minimum noncancellable lease revenues listed above.

At June 30, 2015, the historical cost of land and buildings held for lease and the related accumulated depreciation was $83.1million and $22.5 million, respectively.

B. Commitments

The University leases buildings and office and computer equipment. Capital leases are valued at the present value of future minimum lease payments. Assets associated with the capital leases are recorded as buildings and equipment together with the related long-term obligations. Assets currently financed as capital leases amount to $89.3 million and $63.2 million for buildings and equipment, respectively. Accumulated depreciation for these buildings and equipment was $10.1 million and $15.7 million, respectively. Operating leases and related assets are not recorded in the Statement of Net Position. Payments are recorded as expenses when incurred and amount to $20.7 million for the University and $5.9 million for component units for the year ended June 30, 2015. Total operating lease commitments for the University include approximately $64 million of commitments to component units.

Included in the above component unit lease expenses are leases by ARUP for its principal laboratory and office buildings, under long-term agreements, from a publicly traded real estate investment trust. The agreements have initial terms of fifteen years with renewal options ranging from ten to twenty years and include rent increases of two to three percent annually in the sixth and eleventh years from the commencement of the lease. Total lease payments related to these buildings for the year ended June 30, 2015 were $5.96 million.

Future minimum lease commitments for operating and capital leases as of June 30, 2015 are shown in *Figure 6.*

Figure 6.

Fiscal Year	Operating	Capital
2016	$ 25,173,611	$ 14,907,090
2017	19,230,250	14,404,772
2018	15,755,370	13,571,887
2019	22,022,319	8,636,687
2020	18,920,639	13,931,551
2021 – 2025	83,358,443	56,205,681
2026 – 2030	12,247,523	57,815,627
2031 – 2035	2,264,236	
2036 – 2040	1,187,840	
2041 – 2045	1,175,000	
2046 – 2050	920,417	
Total future minimum lease payments	$202,255,648	179,473,295
Amount representing interest		(39,204,606)
Present value of future minimum lease payments		$140,268,689

15. BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES

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

The State Board of Regents 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 UUHC, 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.

In 1985, the State Board of Regents authorized the University to issue Variable Rate Demand Industrial Development Bonds (University Inn Project – 1985 Series) for the Salt Lake City Marriott – University Park Hotel, separate from the University. The bonds are payable from the revenues of the hotel and the University has no responsibility or commitment for repayment of the bonds. The outstanding balance of the bonds at June 30, 2015, is $965,000.

During fiscal year 2014, the University issued Taxable Commercial Paper General Revenue Refunding Notes Series 2013B in the amount of $100,000,000. Principal on the notes is due no later than 270 days from the date of issuance and is expected to be paid with the proceeds of additional Series 2013B notes until permanent financing is obtained through issuance of long-term bonds. The balance due at June 30, 2015 is $60,000,000 and is all due within the next fiscal year.

During fiscal year 2015, the University issued three bond issues and also issued new Certificates of Participation. In July, the University issued $76,200,000 of General Revenue and Refunding Bonds Series 2014B. Proceeds from these bonds are to be used to construct the Lassonde Studios, partially replace utility distribution infrastructure and to refund a portion of the Hospital Revenue and Refunding Bonds Series 2006A. In January, the University issued General Revenue and Refunding Bonds Series 2015A in the amount of $45,330,000. Proceeds from these bonds are to be used towards the construction of the UU Midvalley Health Center and to retire a portion of the Taxable Commercial Paper General Revenue Refunding Notes Series 2013B, as well as, a portion of the 2005B Research Facilities bonds. In May, the University issued $91,570,000 General Revenue and Refunding Bonds Series 2015B. Proceeds from the issue are to be used towards the construction of utility infrastructure and the Health Sciences Parking Garage, and to refund portions of the Taxable Commercial Paper General Revenue Refunding Notes Series 2013B, of the Auxiliary and Campus Facilities System Series 2010A bonds and, of the Hospital Revenue and Refunding Bonds Series 2010 and 2011B bonds.

Additionally, in June the University issued Refunding Certificates of Participation Series 2015 in the amount of $10,050,000, proceeds of which are to be used towards refunding a portion of the 2007 Certificates of Participation.

The following schedule lists the outstanding bonds payable and certificates of participation of the University at June 30, 2015:

Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Current Liability	Balance 6/30/2015(a)
Auxiliary and Campus Facilities						
Series 1998A - Revenue Refunding	7/1/98	2029	4.100% - 5.250%	$120,240,000	$ 32,849	$ 31,008,851
Series 2010A - Revenue Refunding	5/11/10	2020	2.000% - 5.000%	23,515,000	149,901	832,785
Series 2010C - Revenue	12/28/10	2036	1.750% - 5.890%	42,525,000	1,385,000	41,335,000
Series 2012A - Revenue	7/10/12	2030	2.000% - 5.000%	46,235,000	1,962,720	39,434,286
Hospital Facilities						
Series 2006A - Revenue Refunding	10/26/06	2022	4.000% - 5.250%	77,145,000	1,090,150	13,451,896
Series 2009A - Revenue	12/17/09	2017	4.000% - 5.000%	9,135,000	2,191,750	4,435,509
Series 2009B - Taxable Revenue	12/17/09	2031	4.697% - 5.247%	41,785,000	-	41,785,000
Series 2010 - Revenue	8/2/10	2021	3.000% - 5.000%	36,120,000	1,752,783	13,812,893
Series 2011A - Revenue Refunding	5/24/11	2027	3.600%	20,145,000	1,110,000	16,480,000
Series 2011B – Revenue Refunding	7/28/11	2021	3.350% - 5.000%	66,480,000	2,802,613	18,836,726
Research Facilities						
Series 2008A - Revenue Refunding	10/7/08	2022	3.250% - 5.000%	9,360,000	665,013	5,435,225
Series 2009A - Revenue	8/26/09	2019	4.000% - 5.000%	19,080,000	2,113,066	9,021,648
Series 2009B - Taxable Revenue	8/26/09	2029	5.670% - 6.279%	27,730,000	-	27,730,000
General Revenue						
Series 2013A - Revenue	7/30/13	2043	5.000%	127,925,000	197,745	137,980,810
Series 2014A - Revenue Refunding	4/1/14	2027	4.000% - 5.000%	32,785,000	1,445,525	38,383,681
Series 2014B - Revenue Refunding	7/15/14	2038	2.000% - 5.000%	76,200,000	1,485,816	87,873,198
Series 2015A - Revenue Refunding	1/7/15	2034	1.500% - 5.000%	45,330,000	6,200,309	50,504,944
Series 2015B - Revenue Refunding	5/13/15	2035	3.000% - 5.000%	91,570,000	644,265	107,577,837
Certificates of Participation						
Series 2007	4/3/07	2018	4.000% - 5.500%	42,450,000	1,990,765	6,310,249
Series 2015	6/10/15	2026	1.800%	10,050,000	265,000	10,050,000
Total					$27,485,270	$702,280,538

(a) Includes unamortized premiums on refunding.

UURF has purchased four buildings with three mortgages that are guaranteed by the University and two Notes Payable to the University. The remaining amounts of the mortgages are $3,084,897 at 8.87% interest, $1,664,214 at 7.15% interest and $30,218,488 at 5.53% interest. The mortgages will be paid off on April 1, 2020, September 1, 2021 and September 30, 2028, respectively. The Notes Payable call for annual payments at 4% and 2% interest until June and October 2024.

The following schedule summarizes the changes in long-term liabilities for the year ended June 30, 2015.

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	$ 546,933,481	$ 246,077,728	$ 107,090,920	$ 685,920,289	$ 25,229,505
Certificates of participation	33,385,124	10,050,000	27,074,875	16,360,249	2,255,765
Capital leases payable	139,022,768	10,350,000	9,104,079	140,268,689	10,404,804
Notes and contracts payable	171,904,781	28,033,013	56,657,451	143,280,343	75,544,073
Total long-term debt	891,246,154	294,510,741	199,927,325	985,829,570	113,434,147
Compensated absences	68,383,084	63,046,613	57,629,094	73,800,603	52,825,133
Net pension liability	150,181,089	0	17,620,403	132,560,686	0
Deposits & other liabilities	105,628,001	123,394,740	90,887,799	138,134,942	121,134,973
Total long-term liabilities	$1,215,438,328	$ 480,952,094	$ 366,064,621	$1,330,325,801	$ 287,394,253

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

	Payments	
Fiscal Year	Principal	Interest
2016	$113,434,147	$ 37,383,915
2017	56,694,360	36,786,931
2018	57,816,650	34,950,468
2019	46,668,494	33,034,243
2020	58,229,727	30,970,239
2021 – 2025	266,038,893	120,285,125
2026 – 2030	208,815,628	66,622,712
2031 – 2035	49,840,406	36,260,312
2036 – 2040	38,496,446	27,749,387
2041 – 2045	89,794,819	9,549,500
Total	$985,829,570	$433,592,832

Interest related to bond systems with pledged revenues amounts to $376,984,620 and is included in the interest amounts in the above schedule.

16. RETIREMENT OF DEBT

In the current and 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, 2015, is $222,695,000.

The University issued General Revenue Refunding Bonds Series 2014B, 2015A, 2015B and Certificates of Participation Series 2015 during the fiscal year to either fully or partially refund $110.5 million of various bond issues as described in Note 15. The refunding activity had limited impact on the retirement period but did result in an increase of aggregate debt service payments of $6.1 million and a present value economic loss of approximately $7.3 million.

17. FUNCTIONAL CLASSIFICATION OF EXPENSES

The following schedule presents, in thousands of dollars, operating expenses by functional classification for the year ended June 30, 2015:

Function	Compensation and Benefits	Supplies and Services	Utilities	Scholarships & Fellowships	Depreciation & Amortization	Component Units	Total
Instruction	$ 332,629	$ 42,694	$ 2,035	$ 49,021			$ 426,379
Research	200,415	97,166	2,099	3,140			302,820
Public service	579,654	84,249	28,379	3,139	$ 753		696,174
Academic support	75,530	30,937	727	265			107,459
Student services	21,473	8,775	534	677			31,459
Institutional support	69,787	105,971	5,476	1,462			182,696
Plant maintenance	29,395	28,865	17,789	1			76,050
Student aid	3,968	35,936	20	(31,013)			8,911
Other	47,225	(50,290)	7,950	3,396	103,630		111,911
Hospital	566,550	693,574	14,090		62,410		1,336,624
Component Units	4,727				22,688	$ 395,966	423,381
Total	$1,931,353	$1,077,877	$ 79,099	$ 30,088	$ 189,481	$ 395,966	$3,703,864

18. 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.

Figure 7 presents the net revenue pledged and the principal paid and interest expense for the year ended June 30, 2015.

Figure 7.

Revenue	
Operating revenue	$2,371,742,135
Nonoperating revenue	38,381,174
Total revenue	2,410,123,309
Expenses	
Operating expenses	2,135,534,834
Total expenses	2,135,534,834
Net pledged revenue	$ 274,588,475
Principal paid and interest expense	$ 40,710,632

19. JOINT VENTURES

The Utah Education Network (UEN) is a publicly funded consortium administered by the University supporting educational technology needs for Utah's public and higher education institutions, public libraries, and state agencies. UEN provides internet access for all Utah public middle schools, high schools, and higher education institutions. UEN also operates a fully interactive distance learning network interconnecting public schools and higher education institutions statewide. State appropriation support of UEN amounted to $22.5 million for the year ended June 30, 2015. UEN is not separately audited but is included in the audited financial statements of KUEN, a public broadcasting television station operated by the University. Copies of those statements can be obtained from KUEN's administrative offices.

20. COMMITMENTS AND CONTINGENCIES

Under the terms of various limited partnership agreements approved by the Board of Trustees or by University officers, the University is obligated to make periodic payments for advance commitments to venture capital and private equity investments. As of June 30, 2015, the University had committed, but not paid, a total of $49.7 million in funding for these alternative investments.

21. BLENDED COMPONENT UNITS

The following schedules present, exclusive of eliminations, condensed statements of net position, changes in net position, and cash flows for UURF and ARUP for the year ended June 30, 2015:

Condensed Statement of Net Position			
	UURF	**ARUP**	**Total**
ASSETS			
Current Assets			
Receivable from University		$ 4,367,410	$ 4,367,410
Other	$ 14,539,809	325,298,012	339,837,821
Capital assets, net	61,152,722	116,565,089	177,717,811
Other noncurrent assets	5,161,512	457,207	5,618,719
Total assets	80,854,043	446,687,718	527,541,761
LIABILITIES			
Current liabilities			
Payable to University		7,145,586	7,145,586
Other	7,088,964	51,146,421	58,235,385
Noncurrent liabilities	40,467,512	4,551,192	45,018,704
Total liabilities	47,556,476	62,843,199	110,399,675
NET POSITION			
Net investment in capital assets	17,789,083	116,565,089	134,354,172
Unrestricted	15,508,484	267,279,430	282,787,914
Total net position	$ 33,297,567	$ 383,844,519	$ 417,142,086

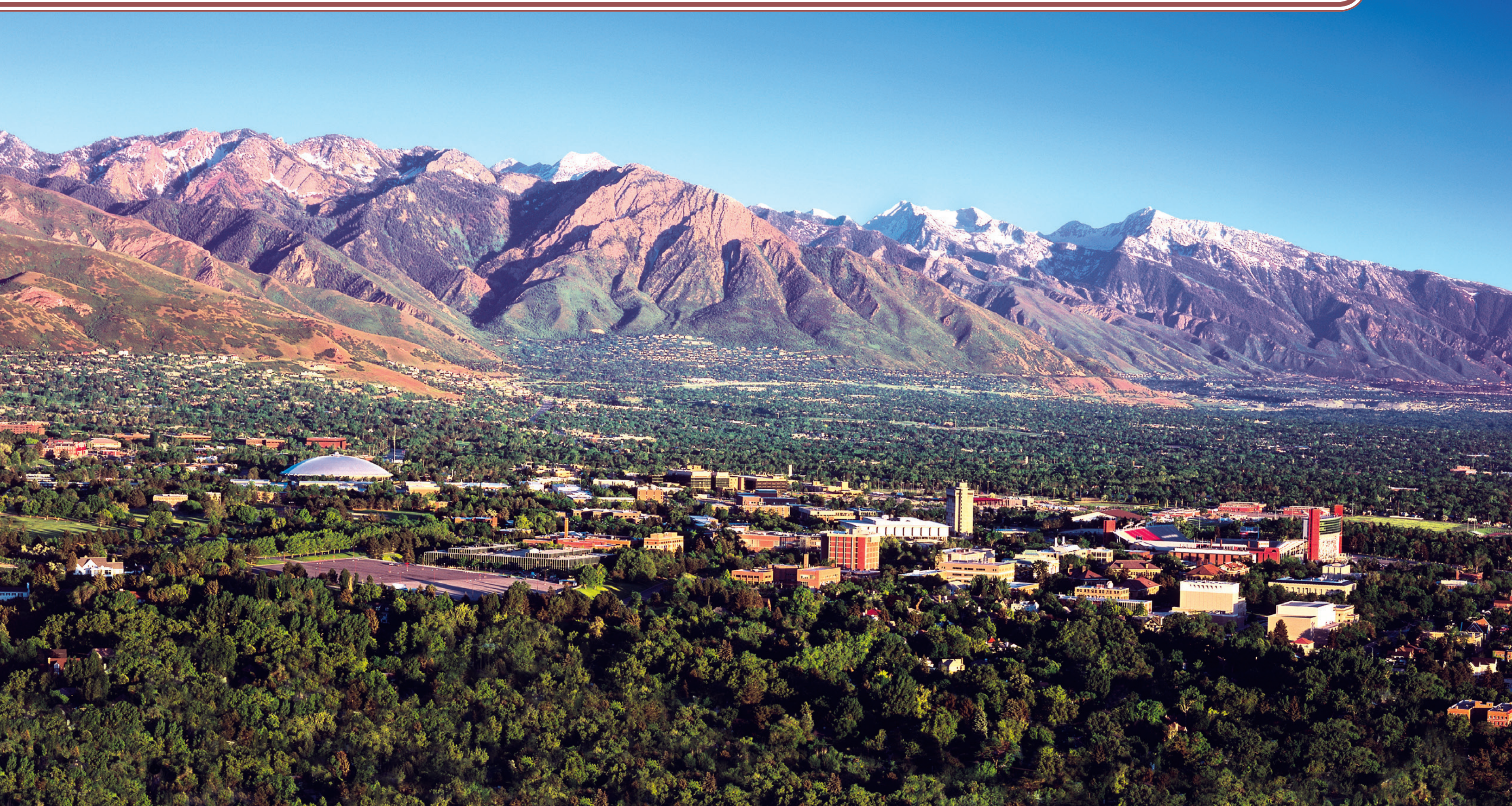
Condensed Statement of Revenues, Expenses, and Changes in Net Position

	UURF	ARUP	Total
OPERATING REVENUES			
Leases	$ 14,639,424		$ 14,639,424
Royalties	9,058,459		9,058,459
Sales and services		$ 502,578,386	502,578,386
Net increase in fair value of investments	(488,486)		(488,486)
Total operating revenues	23,209,397	502,578,386	525,787,783
OPERATING EXPENSES			
Operating expenses	13,426,269	402,525,947	415,952,216
Depreciation	1,966,526	20,721,347	22,687,873
Total operating expenses	15,392,795	423,247,294	438,640,089
Operating income	7,816,602	79,331,092	87,147,694
NONOPERATING REVENUES (EXPENSES)			
Investment income	4,963	5,326,538	5,331,501
Interest expense	(2,301,167)		(2,301,167)
Sale of equity investments	533,407		533,407
Distributions to the University	(2,101,801)	(57,520,955)	(59,622,756)
Total nonoperating expenses	(3,864,598)	(52,194,417)	(56,059,015)
Net increase in net position	3,952,004	27,136,675	31,088,679
NET POSITION			
Net position – beginning of year	29,345,563	356,707,844	386,053,407
Net position – end of year	$ 33,297,567	$ 383,844,519	$ 417,142,086

Condensed Statement of Cash Flows

	UURF	ARUP	Total
Net cash provided by operating activities	$ 10,402,512	$105,532,824	$115,935,336
Net cash provided/(used) by noncapital financing activities	(7,509,742)	(56,769,515)	(64,279,257)
Net cash used by capital and related financing activities	(3,519,214)	(17,159,494)	(20,678,708)
Net cash used by investing activities	(27,980)	(23,830,295)	(23,858,275)
Net increase (decrease) in cash	(654,424)	7,773,520	7,119,096
Cash – beginning of year	15,099,650	8,359,160	23,458,810
Cash – end of year	$ 14,445,226	$ 16,132,680	$ 30,577,906

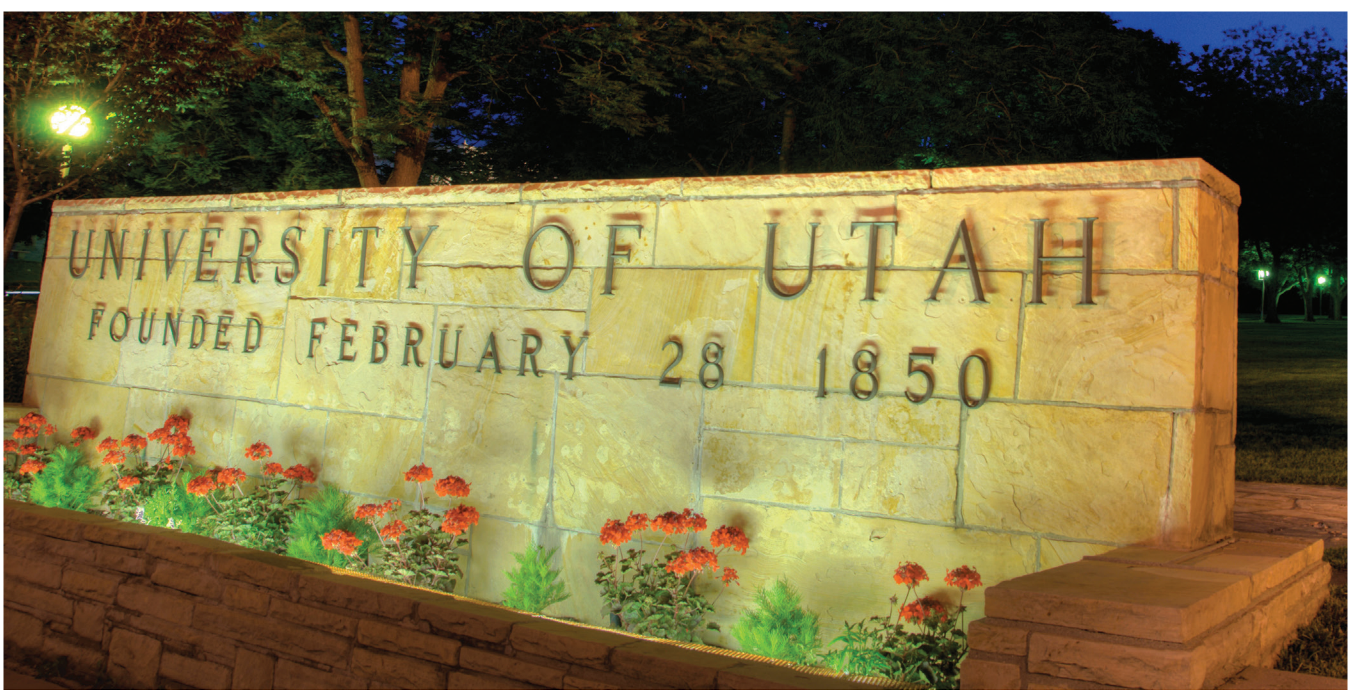
REQUIRED SUPPLEMENTARY INFORMATION



University of Utah Proportionate Share of the Net Pension Liability Noncontributory, Contributory, & Tier 2 Public Employee Systems of the Utah Retirement Systems

	2015				
	Noncontributory System	Contributory System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of net pension liability (asset)	5.1093261%	18.75239770%	1.1469098%	6.7870288%	0.3600206%
Proportionate share of net pension liability (asset)	$ 128,373,118	$ 2,056,560	$ 2,131,232	($ 205,677)	($ 5,326)
Covered employee payroll	$ 129,614,271	$ 6,757,960	$ 1,637,085	$ 33,308,008	$ 148,982
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	99.0%	30.4%	130.2%	-0.6%	-3.6%
Plan fiduciary net position as a percentage of total pension liability	87.2%	98.7%	84.3%	103.5%	120.5%

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



University of Utah — Schedule of Contributions

Noncontributory System	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	$ 40,683,577	$ 37,041,967	$ 35,151,747	$ 26,111,760	$ 25,170,054	$ 22,945,702	$ 23,467,419	$ 22,751,689	$ 21,910,610	$ 20,000,078
Contribution in Relation to the Contractually Required Contribution	(40,683,577)	(37,041,967)	(35,151,747)	(26,111,760)	(25,170,054)	(22,945,702)	(23,467,419)	(22,751,689)	(21,910,610)	(20,000,078)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$127,004,281	$127,105,308	$150,750,438	$155,167,201	$154,233,966	$161,351,781	$165,031,055	$159,996,874	$154,081,280	$149,443,434
Contributions as a Percentage of Covered Employee Payroll	32.0%	29.1%	23.3%	16.8%	16.3%	14.2%	14.2%	14.2%	14.2%	13.4%

Contributory System	2015	2014[1]	2013[1]	2012[1]	2011[1]	2010[1]	2009[1]	2008[1]	2007[1]	2006[1]
Contractually Required Contribution	$ 957,394	$ 797,741	$ 687,650	$ 403,590	$ 270,496	$ 1,397,844	$ 1,527,460	$ 1,555,310	$ 1,581,565	$ 1,489,378
Contribution in Relation to the Contractually Required Contribution	(957,394)	(797,741)	(687,650)	(403,590)	(270,496)	(1,397,844)	(1,527,460)	(1,555,310)	(1,581,565)	(1,489,378)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	$ 9,033,724	$ 6,885,146	$ 5,696,793	$ 3,173,040	$ 1,517,153	$ 8,886,486	$ 9,710,488	$ 9,887,540	$ 10,054,453	$ 9,995,025
Contributions as a Percentage of Covered Employee Payroll	10.6%	11.6%	12.1%	12.7%	17.8%	15.7%	15.7%	15.7%	15.7%	14.9%

Public Safety System	2015	2014[1]	2013[1]	2012[1]	2011[1]	2010[2]	2009[2]	2008[2]	2007[2]	2006[2]
Contractually Required Contribution	$ 582,172	$ 484,024	$ 468,024	$ 427,891	$ 407,628	N/A	N/A	N/A	N/A	N/A
Contribution in Relation to the Contractually Required Contribution	(582,172)	(484,024)	(468,024)	(427,891)	(407,628)					
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -					
Covered Employee Payroll	$ 1,706,092	$ 1,571,934	$ 1,611,246	$ 1,635,298	$ 1,244,666					
Contributions as a Percentage of Covered Employee Payroll	34.1%	30.8	29.0%	32.7%						

Tier 2 Public Employees System	2015	2014[1]	2013[1]	2012[1]	2011[1]	2010[3]	2009[3]	2008[3]	2007[3]	2006[3]
Contractually Required Contribution	$ 4,100,702	$ 3,416,881	$ 2,945,339	$ 1,728,653	$ 1,158,587	N/A	N/A	N/A	N/A	N/A
Contribution in Relation to the Contractually Required Contribution	(4,100,702)	(3,416,881)	(2,945,339)	(1,728,653)	(1,158,587)					
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -					
Covered Employee Payroll	$ 38,693,185	$ 29,490,408	$ 24,400,464	$ 13,590,742	$ 6,498,259					
Contributions as a Percentage of Covered Employee Payroll	10.6%	11.6%	12.1%	12.7%	17.8%					

Tier 2 Public Safety and Firefighter System	2015	2014[1]	2013[1]	2012[1]	2011[4]	2010[4]	2009[4]	2008[4]	2007[4]	2006[4]
Contractually Required Contribution	$ 18,836	$ 12,613	$ 8,581	$ 3,929	N/A	N/A	N/A	N/A	N/A	N/A
Contribution in Relation to the Contractually Required Contribution	(18,836)	(12,613)	(8,581)	(3,929)						
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -						
Covered Employee Payroll	$ 174,405	$ 114,455	$ 77,303	$ 37,598						
Contributions as a Percentage of Covered Employee Payroll	10.8%	11.0%	11.1%	10.5%						

[1] Contractually Required Contributions, Contributions, and Covered Payroll include information for Tier 2 Employees. Prior to 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 18.27% and 29.26% respectively of the employee's salaries to the Systems. The University makes the required contributions by paying approximately 10% into the Tier 2 Systems while the remainder is contributed to the Tier 1 Contributory System and Public Safety System as required by law. The amounts reported here reflect the contributions to the Tier 2 systems rather than the total required.

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THE UNIVERSITY OF UTAH

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