THE UNIVERSITY OF UTAH®

2023 ANNUAL FINANCIAL REPORT

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

THE UNIVERSITY OF UTAH

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MESSAGE FROM THE PRESIDENT

Taylor R. Randall

DEAR COLLEAGUES,

Each day, I have the opportunity to interact with stakeholders from across the University of Utah—faculty and staff, students and their parents, alumni and donors, community members, elected officials, and more. Through these interactions I frequently see examples of how the U is expanding its influence and touching more lives as we work to fulfill our mission as Utah's flagship institution of higher education. We're pleased to share with you a snapshot of that work through this 2023 Annual Financial Report.

As a former accounting professor, I appreciate the ability that numbers have to tell a story about the health and stability of an organization. Once again, the numbers show that the U is an organization on the rise. For example, our FY 2023 research awards hit another record high for the tenth straight year, reaching $768 million. That surpasses previous milestones of $600 million in funding in 2020 and $500 million in 2018. This fall, we welcomed an incoming class of more than 5,500 first-year students, our largest class to date. This year's growth follows increases in 2022, 2021, and 2020.

We also continue to draw attention nationally. The Wall Street Journal recently released rankings of U.S. universities, using a student success focused methodology, that places the U at number 8 among public schools. And for the 14th consecutive year, University of Utah Health ranks among the nation's top 10 academic medical centers in the rigorous Vizient Quality and Accountability Study.

These are just a few examples. In the following pages, you'll find detailed information that describes how the U's financial performance is helping us reach our three institutional initiatives: Inspire Student Success, Innovate and Generate Discoveries, and Serve Our State. I invite you to explore this report and learn more about the U's critical role in creating a bright future for Utah.

As always, thank you for your support of the University of Utah.

Sincerely,

Taylor R. Randall
President

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the University of Utah (the University), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University's business-type activities and the University's fiduciary activities as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the University of Utah Health (Hospitals and Clinics) (UUHC), a department of the University, and the University's blended component units ARUP Laboratories, Inc. (ARUP), University of Utah Research Foundation (UURF), University of Utah Health Insurance Plans (UUHIP), Community Nursing Service (CNS), and George S. and Dolores Doré Eccles Endowment for Medical School Excellence (EMSE), as of June 30, 2023. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for UUHC, ARUP, UURF, UUHIP, CNS, and EMSE, is based solely on the report of the other auditors. These reports represent 38 percent, 37 percent, and 60 percent, respectively, of the total assets, net position, and total revenues of the University's business-type activities.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of ARUP and EMSE were not audited in accordance with *Government Auditing Standards*.

Key Audit Matters

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

Emphasis of Matter

As described in Note 1, the University implemented Governmental Accounting Standards Board (GASB) Statement 96 *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the University's Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Defined Pension Contributions, included in the Required Supplementary Information listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Message from the President and the listing of Governing Boards and Officers but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2023 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Office of the State Auditor

Office of the State Auditor
Salt Lake City, Utah
November 7, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

The following discussion and analysis have been prepared by management and provides an overview of the financial position and activities of the University of Utah and its component units for the year ended June 30, 2023, with comparative information from the prior fiscal year. This discussion and analysis are intended to be read alongside the *Financial Statements* and *Notes to Financial Statements* which follow this section.

ABOUT THE UNIVERSITY

Founded in 1850, the University of Utah is the state's oldest and most comprehensive institution of higher education and is the flagship institution of the Utah System of Higher Education. The university offers over 100 major subjects at the undergraduate and graduate levels, including law and medicine, to more than 35,000 students from across the United States and around the world, preparing students to live and compete in the global workplace. The university is a member of the prestigious grouping of research-intensive universities known as the American Association of Universities (AAU).

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

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

GOAL	INITIATIVE	MAJOR TARGET
Promote Student Success to Transform Lives	Inspire Student Success	Grow student body to 40,000
Develop and Transfer New Knowledge	Innovate and Generate Discoveries	Grow sponsored research awards to $1 billion annually
Engage Communities to Improve Health and Quality of Life	Serve Our State	Have an impact on the lives of all 3.4 million Utahns across all 29 counties in Utah

INSPIRE STUDENT SUCCESS

The U believes that inspiring student success means providing access and opportunities to support students in their learning process before they arrive, while they're here, and long after they leave. To that end, we're creating a campus community that integrates living, learning, and belonging. We're aligning our resources to strategically bolster graduation rates and gathering data to address challenges in the learning experience. We're also updating and streamlining our admissions processes, increasing our students' earning potential, and recruiting more diverse and first-generation students from throughout Utah.

COMMENTARY AND DISCUSSION OF FINANCIALS

Revenue from tuition and fees, net, represents tuition assessed to students as well as mandatory fees required of all students. Tuition is based on rates outlined in the university's tuition schedules, undergraduate vs. graduate status, in-state vs. out-of-state residency, number of credit hours taken, and differential tuition for certain degree programs. This revenue is reported net of student financial aid in the university's financial statements. Also relevant is the functional classification of expenses (see Note 19 in *Notes to Financial Statements*).

For the fiscal year ended June 30, 2023 (FY23), tuition and fees, net, was $454.6 million. This represents an increase of 12.0% over FY22's revenues of $405.7 million. Tuition and fee rates for FY23 were not increased from FY22; thus, the increase in tuition and fees, net, was primarily attributable to increases in enrollment.

Auxiliary operations included self-sustaining operations that support visitors, students, parents, faculty, and staff. Auxiliary revenues include revenues from parking services, housing and residential education, food services, athletics revenues, stadium and arena revenues, and the campus bookstore. These amounts are shown net of allowances of $2.5 million. For FY23, auxiliary revenues, net, were $205.4 million as compared to FY22's $196.4 million; an increase of 4.6%. This consists of a $6.9 million increase in housing and residential education and $3.7 million increase in commuter services due to rent, dining services, and parking permit rate increases.

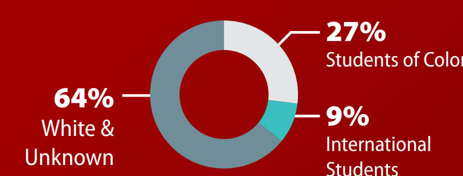
INSPIRE
STUDENT SUCCESS

GOAL

Grow student body to 40K within 10 years

69%	**31%**
Of students are Utah residents	Increase in freshman enrollment from 2019

Student Demographics



Source: University Analytics & Institutional Reporting

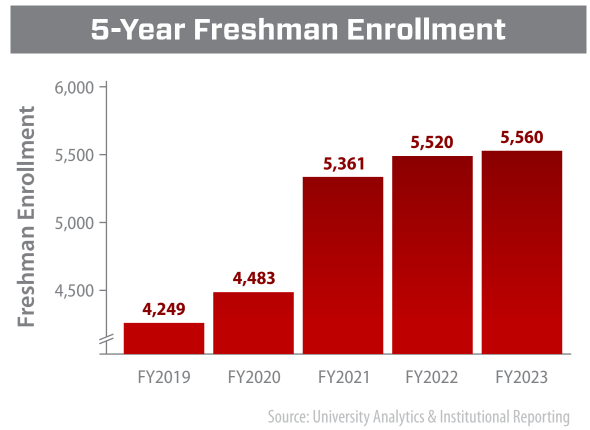
Scholarships and fellowships expenses were $38.7 million in FY23 and $57.2 million in FY22; a decrease of 32.4%. This line item on the financial statements is in addition to the $116.0 million applied directly against student tuition and which appears netted against tuition revenue discussed above. For comparison, the revenue allowance against tuition and fees for FY22 was $121.7 million. Both decreases are due to the end of CARES Act funding provided to students during the COVID-19 pandemic.

As discussed in Note 19 of *Notes to Financial Statements*, functional classification of expenses directly applicable to students include: instruction ($584.3 million), academic support ($252.8 million), student services ($99.2 million), and scholarships ($118.5 million). These expenses combined are $1.1 billion in FY23, an increase of 19.1% over last year's $885.3 million in expenses. This was caused primarily by an increase in compensation and benefits across all of these functional categories, along with an increase in the scholarship expenses.

INITIATIVE HIGHLIGHTS FOR THE YEAR

Progress made toward our Inspire Student Success initiative includes:

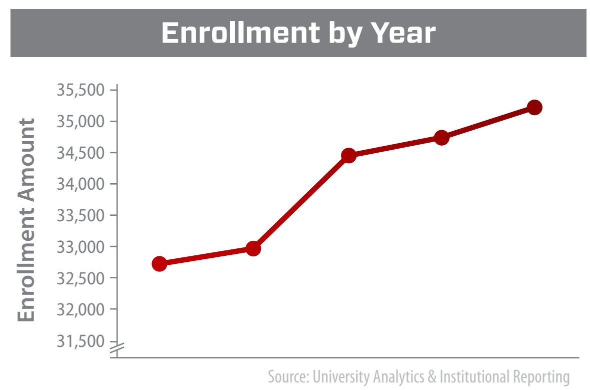
- **Navigate U initiative:** The U launched an initiative in the spring of 2023 that aims to provide individualized support to students that targets their specific learning needs. Data gathered from students, counselors, faculty, and staff in the EAB Navigate platform helps identify areas that contribute to delays in graduation or diminished experience. The onboarding process to train student success coaches, counselors, U Life Mentors, academic advising centers, and several colleges began in fall 2023 and is expected to be completed by spring 2024.



- **Four years of enrollment growth:** Enrollment at the U has continued to defy national trends by increasing for four years in a row. In fall 2023, a record 35,200 students attended the U. Since fall 2020, undergraduate student enrollment has increased 7%. The growth is expected to continue with an increased emphasis on building graduate student enrollment.

- **Increased student housing:** With the completion of additional housing, a record 4,945 students now live on campus, a 9% increase from 2022.

  The university is in the process of completing approximately 2,150 units of student housing and a housing partnership, including:



  - 430 rooms in the fourth wing of Kahlert Village, opened fall 2023. This project includes $43.8 million in debt financing from General Revenue Bonds (GRB) Series 2022B.

  - 775 beds in the Impact & Prosperity Epicenter, opening August 2024. As part of the David Eccles School of Business, this project will be a multidisciplinary hub for innovation, impact, and prosperity. It will provide student housing as well as office space for the Center for Business, Health, and Prosperity and the Sorenson Impact Center. This project includes $30.4 million in debt financing from GRB Series 2022B. An additional $76 million in debt financing was provided by GRB Series 2022A that were issued in FY22.

  - 504 units in the University West Village, opened fall 2023. This project includes $110.3 million in debt financing from GRB Series 2022A, issued in FY22. An additional 450 units will be added in phase two of this project, which is expected to open during the second half of 2025. Phase two includes $163.8 million in debt financing from GRB Series 2023B (see subsequent events in Note 22).

  - A partnership between the U and the Clark and Christine Ivory Trust represents an innovative step to expand available student housing as well as to increase funds available for scholarships, housing stipends, and internships. The Ivory House Development capital project includes a four-building, 552-unit apartment community, with the first building completed in the summer of 2023.

OUTLOOK

Continued growth in enrollment and an increase in tuition and fees revenue is expected as the university's national and international profile continues to rise. One recent example is the Wall Street Journal's ranking of the U as one of the top 10 public universities in the U.S. In addition, with the growth in our student body, the university is carefully developing plans to accommodate additional students, including more on-campus housing, added campus parking, and increased numbers of teaching faculty. Moreover, the university has several initiatives coming in FY24 that bode well for the future achievement of President Randall's goal of reaching the 40,000-student enrollment mark. These include:

- **SLCC Herriman campus initiative:** Beginning with the fall 2023 semester, the university's partnership with Salt Lake Community College will welcome students to the new joint campus in Herriman. Students in selected programs can now complete an associate degree from SLCC and continue on to earn a bachelor's degree from the U all under one roof at the Herriman campus.

- **Academic enterprise planning:** In the fall of 2023 university has planned extensive investment in academic enterprise planning which will elevate the quality of the student experience by aligning resources to provide comprehensive academic support.

- **On-campus housing:** President Randall announced guaranteed on-campus housing for first-year students starting in fall 2024, for those who apply for housing by May 3.

INNOVATE AND GENERATE DISCOVERIES

As higher education ushers in a new era of scientific and technological advancements, the U must take its learning and knowledge enterprise beyond campus to improve lives and change the world. Accordingly, we're accelerating how we innovate by boosting research efforts and speeding up the transfer of technology to the marketplace. We're committed to creating innovation districts and labs throughout the state where our students can work side-by-side with industry professionals. We're also refreshing our research and commercialization leadership strategy and adding incentives for more cross-disciplinary research and innovation. The university has set a goal of reaching $1 billion in annual research awards. This year, our sponsored research awards totaled $768 million, a 12.0% increase from the last fiscal year.

COMMENTARY AND DISCUSSION OF FINANCIALS

The university receives grants and contracts from a variety of federal and state entities, as well as private foundations. This funding is used to continue our work as a top-tier research institution dedicated to innovation and discovery. Overall grants and contracts revenue increased 10.4% from $629.4 million in FY22 to $694.6 million in FY23. This was driven by a $43.8 million and a $28.3 million increase in federal grants and nongovernmental grants revenue, due to additional federal and nongovernmental grants, respectively. These increases were

INNOVATE
& GENERATE DISCOVERIES

GOAL
$1 Billion in research funding

Currently at $768M

12%
Increase in research funding in 2023

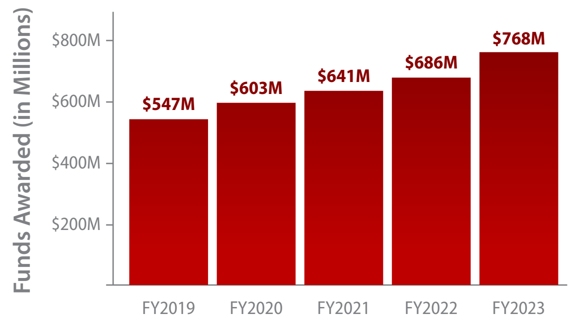
Source: Partners for Innovation, Ventures, Outreach & Technology offset by decrease of $7 million, or 11.3%, in state and local grants from the State of Utah Departments of Health and Human Services and Economic and Community Development.

As discussed in Note 19 of *Notes to Financial Statements*, functional classification of expenses related to research increased 15.0%, or $70.6 million, to $542.6 million in FY23. This was due to increased expenditures in existing awards as well as expenditures on new federal and nongovernmental awards.

INITIATIVE HIGHLIGHTS FOR THE YEAR

The Applied Sciences Complex, a $93.5 million endeavor, includes renovation of the historic William Stewart Building and a new 100,000-sq.- ft. building with modern teaching labs and state-of-the-art research facilities. The completed space will house world-class scientists addressing the country's most urgent issues, including energy, air quality, climate change, and water management. The building will also house the Wilkes Center for Climate Science and Policy, the Department of Physics and Astronomy, and the Department of Atmospheric Sciences. This capital project includes $23.8 million in debt financing from GRB Series 2023A and is expected to be completed in 2024.

5-Year Research Funds Awarded

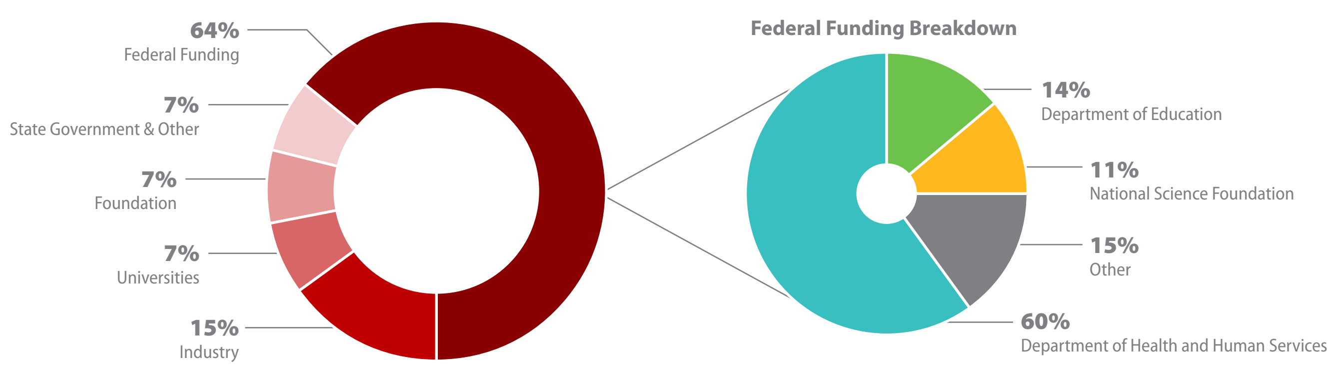


Source: University of Utah, Office of Sponsored Projects

OUTLOOK

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

Sources of Research Funding



Source: Vice President for Research Facts and Figures

SERVE OUR STATE

As Utah's flagship university, the U has a significant responsibility to the people of Utah. President Randall's goal for the university is to positively impact all 3.4 million Utahns across all 29 counties. This means the U is re-envisioning how it can deliver on higher education differently to have a greater impact on the communities we serve. We're growing our reach beyond east Salt Lake with expanded health care in West Valley City and an academic campus in Herriman. We're increasing mental health services through partnerships across the state. We're also working with industry partners and our sister institutions in the Utah System of Higher Education to tackle some of our state's most pressing social issues.

HEALTH
UNIVERSITY OF UTAH

SERVE OUR STATE

5 Hospitals

12 Community Health Centers

2.3M Patient visits during the fiscal year

25k Staff

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

COMMENTARY AND DISCUSSION OF FINANCIALS

The university records patient services revenue for the hospitals and clinics, and School of Medicine services net of third-party adjustments. These adjustments come from negotiated reimbursement rates based on either the cost of providing services, a predetermined rate per diagnosis, fixed per diem rates, or as a percentage discount from gross charges. In FY23, net patient services revenue totaled $3.4 billion, an increase of $200.5 million, or 6.3%, from the $3.2 billion in FY22, primarily due to higher patient volumes. Medical claim expenses paid by University of Utah Health Plans for enrolled members decreased by 5.2%, or $16.3 million, from $311.4 million in FY22 to $295.1 million in FY23.

As discussed in Note 19 of *Notes to Financial Statements*, functional classification of expenses related to the patient care ($2.7 billion) and health plans ($298.4 million) totaled $3.0 billion in FY23. This was a 4.5%, or $128.3 million, increase from the $2.9 billion expended in FY22. This increase was due primarily to an increase in compensation and benefits at U of U Health.

INITIATIVE HIGHLIGHTS FOR THE YEAR

Progress made toward the Serving Our State initiative, both health-care related and non-healthcare related, includes:

- **Wilkes Center for Climate Science and Policy:** The university launched the Wilkes Center for Climate Science and policy with a generous $20 million donation from the Red Crow Foundation, the philanthropy of Marie and Clay Wilkes. With its focus on climate solutions, climate impacts, and climate forecasting, the Wilkes Center held its inaugural Climate Summit in May 2023. This event brought together policymakers, nationally recognized scientists, foundations, and innovators to discuss the most promising and cutting-edge solutions for climate change. The Wilkes Center also participated on the Great Salt Lake Strike Team with researchers from Utah State University, the Utah Department of Natural Resources, and the Utah Department of Agriculture and Food to provide data to decision-makers regarding the Great Salt Lake.
- **Integrating Mental Health:** Amid the pressures of parenthood, many Utah mothers struggle with postpartum mental health. In a state that places so much importance on families, it's critical that we ask "are we caring for the caregivers?" The data tell us why: in 2015-2016, for example, three fourths of all pregnancy-

related deaths in Utah were associated with a mental health condition. Additionally, suicide and overdose are among the most common reasons pregnant people in Utah die in the first year postpartum. Utah also currently ranks 48th in the country for providing sufficient access to mental health care. The university is planning expansion of the Huntsman Mental Health Institute facilities, funded in part with debt financing of $63.5 million from GRB Series 2022B bonds.

- **U West Valley:** In collaboration with West Valley City, U of U Health is working closely with community partners, residents and others to envision a facility that will provide access to health care for an area of Salt Lake Valley that is currently medically underserved. This project includes $340.8 million in debt financing from the GRB Series 2022B bonds.

You can find more detailed information on these priorities in the U of U Health Report to Our Community.

OUTLOOK

After historic financial success in FY22, U of U Health's operating performance declined in FY23 as a result of macroeconomic factors, including intense wage inflation and increased cost of medications and medical supplies, as well as lagging third party payer rate increases. However, U of U Health's current position and trajectory is better than that of its peers in the industry, as these factors are affecting all health care providers. U of U Health is making strategic decisions focused on these guiding principles: protect core missions, retain and protect existing teams, enhance fiscal responsibility culture, and maintain a margin that allows for future growth. The financial action plan focusing on these guiding principles is targeting approximately $100 million in savings over the next 18-24 months.

The FY2024 U of U Health budget reflects more moderate growth in volumes and increased revenue due to higher negotiated contracted third-party payer rates. Also, during its 2023 General Session, the Utah State Legislature passed Senate Bill 126 which will improve Medicaid reimbursement rates and make them more comparable to the average commercial rate. U of U Health is also actively identifying opportunities to reduce costs in key areas of expense and has built identified reductions into the 2024 budget. U of U Health anticipates these planned rate increases and expense reduction measures will improve its financial performance in 2024 over 2023. In addition to these immediate improvements, U of U Health is also managing long-term strategic decisions in order to monitor its liquidity and debt capacity.

ENDOWMENTS AND INVESTMENTS

The university's endowment is ranked 104th out of 678 in the most recent NACUBO Endowment Study. The endowment is invested to provide long-term growth to preserve intergenerational equity. This means support for current purposes is balanced with the need to provide inflation-adjusted value into the future. The investment strategy is structured to provide cash for current distribution as well as long term growth. The spending policy attempts to strike this balance of supporting current needs, consistent with donor directives, and supporting growth for future needs.

At FY23, the Endowment Pool had approximately $1.5 billion in assets. This is an increase over the prior fiscal year of $145.6 million, comprised of $73.8 million from net transfers in and investment gains of $72.0 million. The investment performance for the endowment showed a total return for the fiscal year of 6.1%, versus its Target Benchmark return of 5.5%. The portfolio's asset class returns were as follows: 12.0% in global equity, 3.9% in private equity, -7.1% in venture capital, 1.7% in fixed income, 5.7% in private real assets, 9.0% in diversifying strategies.

The Cash Management Pool increased $118.2 million from $2.5 billion at FY22 to $2.6 billion at FY23. Cash earnings from the Cash Management Pool increased from $18.0 million in FY22 to $65.0 million in FY23. Investments within the Cash Management Pool are subject to the Money Management Act of the State of Utah.

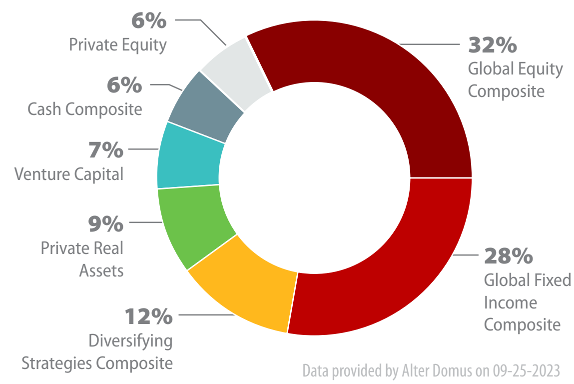
ENDOWMENT GROWTH

1.31B Beginning Balance

1.46B Ending Balance

11% Increase

Allocation of Current Assets



Data provided by Alter Domus on 09-25-2023

ADDITIONAL INFORMATION

FINANCIAL STATEMENTS

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

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

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

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

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

TABLE 1

Condensed Statement of Net Position—as of June 30 (in thousands)	2023	2022	% Change
Current assets	$ 2,736,291	$2,830,671	-3.3%
Noncurrent assets			
Capital assets, net	4,617,576	4,315,081	7.0%
Other noncurrent assets	4,311,833	3,398,467	26.9%
Total Assets	11,665,700	10,544,219	10.6%
Deferred outflows of resources	71,215	54,874	29.8%
Current liabilities	1,306,844	1,061,761	23.1%
Noncurrent liabilities	2,285,235	1,693,772	34.9%
Total Liabilities	3,592,079	2,755,533	30.4%
Deferred inflows of resources	138,427	330,924	-58.2%
Net investment in capital assets	3,166,018	2,945,760	7.5%
Restricted, nonexpendable	862,239	794,882	8.5%
Restricted, expendable	852,764	835,610	2.1%
Unrestricted	3,125,387	2,936,383	6.4%
Total Net Position	$8,006,408	$7,512,635	6.6%

TABLE 2

Condensed Statement of Revenues, Expenses, and Changes in Net Position—for the years ended June 30 (in thousands)	2023	2022	% Change
Operating revenues			
Tuition and fees, net	$ 454,642	$ 405,767	12.0%
Patient services, net	3,384,723	3,184,221	6.3%
Grants and contracts	694,565	629,418	10.4%
Sales and services	1,711,618	1,552,658	10.2%
Auxiliary and other	506,742	499,998	1.3%
Total operating revenues	6,752,290	6,272,062	7.7%
Operating expenses	7,228,983	6,591,993	9.7%
Operating gain/(loss)	(476,693)	(319,931)	49.0%
Nonoperating revenues			
State appropriations	434,189	390,118	11.3%
Gifts	200,943	176,426	13.9%
Investment income (loss)	173,870	(127,858)	236.0%
Other net nonoperating revenue (expense)	(9,985)	36,564	-127.3%
Total nonoperating revenues	799,017	475,250	68.1%
Income before capital and permanent endowment additions	322,324	155,319	107.5%
Capital contributions, permanent endowment additions and special and extraordinary items	148,227	167,858	-11.7%
Increase in net position	470,551	323,177	45.6%
Net Position - beginning of year (as adjusted)	7,535,857	7,189,458	4.8%
Net Position - end of year	$ 8,006,408	$ 7,512,635	6.6%

COMMENTARY AND DISCUSSION OF FINANCIALS

Current Assets decreased to $2.7 billion in FY23 compared to $2.8 billion in FY22. This decrease was primarily due to a $398.0 million decrease in short-term investments, offset by a $235.5 million increase in cash and cash equivalents. Overall in the past year the university has transitioned from short-term to long-term investments to take advantage of the interest rate increases.

Capital assets increased from $4.3 billion in FY22 to $4.6 billion in FY23. This 7.0% increase is attributable to the implementation of GASB statement 96 for software-based IT right to use assets (see Note 1 for more information), continued growth in lease right to use assets, and completed or partially completed buildings as discussed in the Inspire Student Success, Innovate and Generate Discoveries, and Serve Our State sections above.

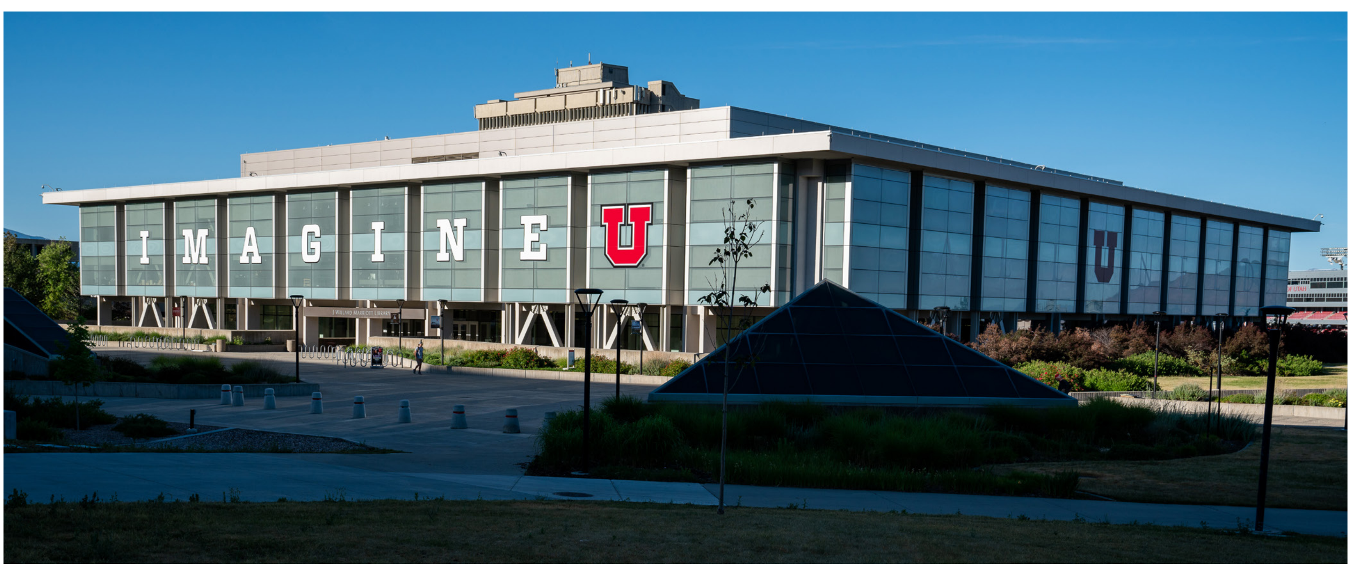
Other noncurrent assets increased from $3.4 billion in FY22 to $4.3 billion in FY23. This $913.4 million increase was mainly due to a $626.3 million increase in restricted cash and cash equivalents, along with a $401.3 million increase in investments. The increase in restricted cash and cash equivalents is a result of the proceeds from the GRB Series 2022B and 2023A bonds. Long-term investments increased as the university focused on investing more of its Cash Management Pool in instruments with a longer duration to take advantage of higher interest rates for a longer period of time. For more information on the endowment and investments, see the Endowment and Investments section above.

Deferred outflows of resources increased $16.3 million to $71.2 million in FY23 in large part due to a 95.5%, or $20.8 million, increase in deferred pension outflows offset by minor changes in deferred loss on bonds and outflows related to excess consideration.

Both current ($1.3 billion) and noncurrent liabilities ($2.3 billion) increased in FY23. This was primarily due to an increase of $632.9 million in bonded debt, adoption of GASB statement 96 for software-based IT assets (see Note 1 & 15 for more information), and continued growth in lease right to use assets and liabilities (see Note 14). A combined $52.1 million increase in accrued payroll and compensated absences, and a $52.0 million increase in unearned revenue (see Note 9 for more information), account for the additional changes in current liabilities.

Deferred inflows of resources decreased by $192.5 million to $138.4 million in FY23. This decrease is predominantly caused by a 99.1%, or $176.4 million, decrease in inflows related to pensions.

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



Sales and service revenues increased $159.0 million, or 10.2%, to $1.7 billion in FY23. This change was driven mainly by $45.6 million in increased sales from component units, $42.3 million in increased sales and services from hospital and clinics, and a $18.3 million increase in sales and services in certain university departments such as Kingsbury Hall, Pioneer Theatre, Utah Presents, Surplus, and Campus Recreation. Sales in university departments include revenue for services or goods provided as part of a department's mission of instruction, research, public service or support of such functions.

Nonoperating revenue increased from $475.3 million in FY22 to $799.0 million in FY23. This was a 68.1% increase. This is predominately due to the increase in investment income for the year, with smaller increases in state appropriations and gifts. Details on changes in investment income can be seen in Note 4 as well as the Endowment and Investments section above.

Capital contributions increased by $57.5 million, with $19.0 million coming from appropriations and $38.5 million in capital gifts. In FY22, a one-time gain on disposal of government operations of $79.8 million was realized.

Operating expenses by functional category have been discussed throughout the Management's Discussion and Analysis. Please see Note 19 in *Notes to Financial Statements* for a complete list of operating expenses by natural and functional categories.

GRB Series 2022B bonds, totaling $478.4 million, were issued in July 2022. See details throughout the Management's Discussion and Analysis.

GRB Series 2023A bonds, totaling $154.5 million, were issued in February 2023. Proceeds from these bonds will be used to fund the following:

- $23.8 million for the Applied Sciences Project (see details in the Initiatives section on page 11).
- $59.4 million towards the Sorenson Center for Discovery and Innovation at the David Eccles School of Business.
- $71.3 million towards the new Spencer Fox Eccles School of Medicine building which will provide a new home for learning and driving innovation in the MD programs at the university.

In May 2023, Moody's Investor Services (Moody's) and S&P Global Ratings (S&P) reaffirmed their bond ratings on the university's GRB as Aa1 with a stable outlook and AA+ with a stable outlook, respectively.

COMPONENT UNITS

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

OUTLOOK

The overall outlook for the university is robust as it continues to progress through the targeted initiatives. The university has seen significant growth in enrollment and associated tuition and fees, mounting research funding, and participation in an essential role as a partner in the State of Utah to help solve the most pressing problems of today and beyond. More information can be found in the Outlook portion of the Inspire Student Success, Innovate and Generate Discoveries, and Serve our State sections above.

FINANCIAL STATEMENTS

THE UNIVERSITY OF UTAH

Statement of Net Position

(in thousands of dollars) As of June 30, 2023

ASSETS

Current Assets	
Cash and cash equivalents (Notes 2 & 4)	$ 672,808
Short-term investments (Notes 2 & 4)	1,023,992
Receivables, net (Note 5)	732,553
Inventory (Note 1)	143,570
Other assets (Note 6)	163,368
Total current assets	2,736,291
Noncurrent Assets	
Restricted cash and cash equivalents (Notes 2 & 4)	1,004,272
Restricted short-term investments (Notes 2 & 4)	66,878
Investments (Notes 3 & 4)	2,270,458
Restricted investments (Notes 3 & 4)	749,014
Receivables (Note 5)	142,021
Restricted receivables, net (Note 5)	70,894
Donated property	2,067
Net pension asset (Note 8)	1,582
Right-of-use lease asset, net (Note 7)	92,649
Right-of-use SBITA asset, net (Note 7)	44,422
Other assets (Note 6)	4,647
Capital assets, net (Note 7)	4,480,505
Total noncurrent assets	8,929,409
Total assets	11,665,700

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on bond refunding (Note 1)	4,924
Deferred outflows related to pensions (Note 8)	42,494
Deferred outflows related to excess consideration (Note 1)	23,797
Total deferred outflows of resources	71,215

LIABILITIES

Current Liabilities	
Accounts payable (Note 5)	
to the State of Utah	61,451
to others	185,089
Accrued payroll	252,055
Compensated absences and early retirement benefits (Notes 1 & 16)	109,309
Unearned revenue (Note 9)	155,826
Lease liability - current (Note 14)	18,179
SBITA liability - current (Note 15)	14,307
Deposits and other liabilities (Notes 11 & 16)	385,729
Bonds, notes and contracts payable (Notes 16, & 17)	
to the State of Utah	5,440
to others	119,459
Total current liabilities	1,306,844
Noncurrent Liabilities	
Compensated absences and early retirement benefits (Notes 1 & 16)	48,892
Deposits and other liabilities (Notes 11 & 16)	32,998
Bonds, notes and contracts payable (Notes 16, & 17)	
to the State of Utah	57,690
to others	2,047,444
Net pension liability (Note 8)	3,213
Lease liability (Note 14)	78,815
SBITA liability (Note 15)	16,183
Total noncurrent liabilities	2,285,235
Total liabilities	3,592,079

Continued on next page...

The accompanying notes are an integral part of these financial statements

Statement of Net Position

(in thousands of dollars) As of June 30, 2023

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to bonds (Note 1)	5,171
Deferred inflows related to pensions (Note 8)	1,673
Deferred inflows related to leases (Note 14)	131,583
Total deferred inflows of resources	138,427

NET POSITION

Net investment in capital assets	3,166,018
Restricted for	
Nonexpendable	
Instruction	224,920
Research	121,656
Public service	41,043
Academic support	94,772
Scholarships	358,014
Other	21,834
Expendable	
Research	203,233
Public service	147,641
Academic support	90,134
Institutional support	65,780
Scholarships	117,796
Loans	3,163
Debt service	0
Capital additions	0
Insurance enterprises	8,647
Other	216,370
Unrestricted	3,125,387
Total net position	$ 8,006,408

The accompanying notes are an integral part of these financial statements

THE UNIVERSITY OF UTAH

Statement of Revenues, Expenses, and Changes in Net Position

(in thousands of dollars) As of June 30, 2023

OPERATING REVENUES AND EXPENSES

Revenues	
Tuition and fees, net (Note 1)	$ 454,642
Patient services, net (Notes 1 & 13)	3,384,723
Federal grants and contracts	441,682
State and local grants and contracts	55,068
Nongovernmental grants and contracts	197,815
Sales and services, net (Note 1)	1,711,618
Auxiliary enterprises, net (Note 1)	205,410
Other operating revenues	301,332
Total operating revenues	6,752,290
Expenses	
Compensation and benefits	3,650,516
Component units	1,044,639
Supplies	1,023,966
Purchased services	277,104
Medical claims	295,142
Depreciation and amortization	325,797
Utilities	118,217
Cost of goods sold	43,089
Repairs and maintenance	79,804
Scholarships and fellowships	38,696
Other operating expenses	332,013
Total operating expenses	7,228,983
Operating loss	(476,693)

NONOPERATING REVENUES (EXPENSES)

State appropriations	434,189
Government grants	60,023
Gifts	200,943
Investment income	173,870
Interest	(61,978)
Other	(8,030)
Total nonoperating revenues	799,017
Income before capital and permanent endowment additions	322,324

CAPITAL AND PERMANENT ENDOWMENT ADDITIONS

Capital appropriations	45,363
Capital grants and gifts	57,800
Additions to permanent endowments	45,064
Gain on disposal of government operations	0
Total capital and permanent endowment additions	148,227
Increase in net position	470,551

NET POSITION

Net position - beginning of year, as adjusted (Note 1)	7,535,857
Net position - end of year	$ 8,006,408

The accompanying notes are an integral part of these financial statements

THE UNIVERSITY OF UTAH

Statement of Cash Flows

(in thousands of dollars) As of June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from tuition and fees	$ 473,361
Receipts from patient services	3,368,535
Receipts from grants and contracts	688,173
Receipts from auxiliary and educational services	1,927,702
Collection of loans to students	2,868
Payments to suppliers	(3,257,408)
Payments for compensation and benefits	(3,649,211)
Payments for scholarships and fellowships	(38,696)
Loans issued to students	(1,886)
Other	444,883
Net cash used by operating activities	(41,679)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	434,189
Government grants	60,023
Federal direct loan receipts	136,964
Federal direct loan payments	(136,964)
Gifts	
Endowment	23,632
Nonendowment	206,502
Other	12,615
Net cash provided by noncapital financing activities	736,961

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from capital debt	770,636
Capital appropriations	45,363
Gifts	58,154
Proceeds from leases	14,643
Purchase of capital assets	(558,521)
Principal paid on capital debt	(191,637)
Interest paid on capital debt	(80,615)
Net cash provided by capital and related financing activities	58,023

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	4,179,016
Receipt of interest and dividends on investments	133,928
Purchase of investments	(4,204,427)
Net cash provided by investing activities	108,517
Net increase in cash	861,822
Cash - beginning of year	815,258
Cash - ending of year	$ 1,677,080

Continued on next page...

The accompanying notes are an integral part of these financial statements

THE UNIVERSITY OF UTAH

Statement of Cash Flows

(in thousands of dollars) As of June 30, 2023

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating loss	$ (476,693)
Adjustments	
Depreciation and amortization expense	325,797
Lease revenue	(10,142)
Lease expense	14,372
SBITA expense	6,860
Change in assets, deferred outflows of resources, liabilities and deferred inflows of resources	
Receivables, net	15,870
Inventory	(11,625)
Net pension asset	145,857
Other assets	(36,157)
Deferred outflows related to pensions	(20,760)
Accounts payable	(16,884)
Accrued payroll	28,933
Compensated absences and early retirement benefits	20,426
Unearned revenue	52,021
Deposits and other liabilities	93,596
Net pension liability	3,214
Deferred inflows related to pensions	(176,364)
Net cash used by operating activities	$ (41,679)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

Financed obligations	$ 16,320
Leases	53,383
SBITAs	(20,129)
Donated property and equipment	8,106
Completed construction projects transferred from State of Utah (Note 1)	0
Annuity and life income	(195)
Increase in fair value of investments	(39,942)
Total noncash investing, capital, and financing activities	$ 17,543

The accompanying notes are an integral part of these financial statements

THE UNIVERSITY OF UTAH

Statement of Fiduciary Net Position

(in thousands of dollars) As of June 30, 2023

		Custodial Funds
ASSETS		
Current Assets		
Cash and cash equivalents	$	429
Short-term investments		629
Other assets		-
Total current assets		1,058
Noncurrent Assets		
Investments		6,039
Total noncurrent assets		6,039
Total assets		7,097
LIABILITIES		
Current Liabilities		
Accounts payable		1,789
Accrued payroll		261
Deposits and other liabilities		-
Total current liabilities		2,050
Noncurrent Liabilities		
Deposits & other liabilities		16
Total noncurrent liabilities		16
Total liabilities		2,066
NET POSITION		
Restricted for:		
Individuals, organizations and other governments		5,031
Total net position	$	5,031

THE UNIVERSITY OF UTAH

Statement of Changes in Fiduciary Net Position

(in thousands of dollars) As of June 30, 2023

	Custodial Funds
Contributions:	
Other governments	$ 67,794
Other entities	38,936
Total contributions	106,730
Investment Earnings	
Net increase (decrease) in fair value of investments	386
Interest, dividends and other investment income	193
Income from investment activity	579
Deductions:	
Payments to other governments, entities or individuals	117,074
Total deductions	117,074
Net increase (decrease) in fiduciary net position	(9,765)
Net position - beginning of year	14,796
Net position - end of year	$ 5,031

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

- ARUP is a not-for-profit corporation that provides clinical and anatomic pathology reference laboratory services to medical centers, hospitals, clinics and other clinical laboratories throughout the United States, including U of U Health. ARUP contracts with the University of Utah School of Medicine 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 31, 2023, was issued under separate cover.

- CNS is a not-for-profit corporation that assists clients to attain health care goals, while maintaining their independence and dignity, through home health and hospice care. The fiscal year end for CNS is December 31. Other independent auditors audited CNS and their report, dated May 3, 2023, was issued under separate cover.

- UUHIP is a health insurance company operating as a licensed non-profit health service insurance corporation as provided in Chapter 7 of Title 31A of the Utah Insurance Code. UUHIP writes individual and group health insurance products. The fiscal year end for UUHIP is December 31. Other independent auditors audited UUHIP and their report, dated August 31, 2023, was issued under separate cover.

  Health insurance companies are subject to certain minimum surplus requirements as specified by the National Association of Insurance Commissioners (NAIC) and the Utah Insurance Department. Under those requirements, the amount of capital and surplus maintained by a health service insurance corporation is to be the greater of minimum Risk-Based Capital (RBC) or $400,000. RBC is determined based on the various risk factors related to UUHIP's operations. Regulatory compliance is determined by a ratio of UUHIP's total adjusted capital, calculated in the manner prescribed by NAIC to its authorized control level RBC. If UUHIP drops below specific trigger levels, a specified corrective action is required. The minimum level of total adjusted capital before corrective action commences is twice the authorized control level RBC. UUHIP met both minimum surplus requirements with RBC exceeding the authorized control level and surplus exceeding $400,000 at December 31, 2022.

- EMSE is a 501(c)(3) public charity and support organization solely for the benefit of the University of Utah, performing the limited function of managing endowment funds donated to the entity on behalf of the university, the proceeds of which endowment will be used solely for the University of Utah School of Medicine's benefit. The Entity has a fiscal year end of June 30, and the report from its independent auditors dated October 16, 2023, was issued under separate cover.

- UURF is a not-for-profit corporation governed by a board of directors who, with the exception of three directors, are affiliated with the university. The operations of UURF include the leasing and administration of Research Park (a research park located on land owned by the university), the leasing of certain buildings, and the commercial development of patents and products developed by university personnel. As part of its mission to advance technology commercialization, UURF creates new corporate entities to facilitate the startup process. In general, these entities do not have assets. Expenses related to the companies are expensed as incurred. The fiscal year end for UURF is June 30. UURF is audited by other independent auditors and their report, dated October 13, 2023, was issued under separate cover.

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

B. Basis of Accounting

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

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

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

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

For the year ended June 30, 2023, the university adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. GASB 96 improves financial reporting by defining SBITAs and providing uniform guidance for their accounting and reporting. A SBITA includes an exchange or exchange-like transaction for the control of another party's IT software, with or without tangible capital assets. The statement requires recognizing a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The subscription liability is initially measured at the present value of the payments expected to be made during the subscription term. The right-to-use asset is initially measured as the sum of the initial measurement of the subscription liability, pre-commencement payments to the SBITA vendor, and capitalizable implementation costs. This calculation is adjusted for any vendor incentives received before the start of the subscription term. The subscription asset is then amortized on a straight-line basis over the subscription term.

C. Investments

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The university distributes earnings from pooled investments based on the average daily investment of each participating account; or for endowments, distributes according to the university's spending policy. A portion of the university's endowment portfolio is invested in "alternative investments". These investments, unlike more traditional investments, generally do not have readily obtainable market values and typically take the form of limited partnerships. See Note 4 for more information regarding these investments and the university's outstanding commitments under the terms of the partnership agreements. The university values these investments based on the partnerships' audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation considering subsequent calls and distributions.

D. Allowances

In accordance with GASB Statement No. 34, certain expenses are netted against revenues as allowances. The following schedule presents revenue allowances for the year ended June 30, 2023:

Revenue Allowances	
Tuition and fees	$115,953,008
Patient services	140,494,934
Sales and services	909,933
Auxiliary enterprises	2,852,122

E. Inventories

The University Campus Store's inventories are valued using the retail inventory method. All other inventories are stated at the lower of cost or market using the first-in, first-out method or, on a basis that approximates cost determined on the first-in, first-out method. ARUP inventories consist primarily of laboratory testing supplies and are stated at the lower of cost (using the first-in, first-out method) or net realizable value. ARUP inventory includes a reserve of $3.2 million related to COVID-19 testing supplies that may not be consumed in future testing. The excess of COVID-19 supplies was due to the uncertain nature of the COVID-19 testing volume demand.

F. Research and Development Costs

Research and development costs of ARUP are expensed as incurred. These costs for the year ended June 30, 2023 were approximately $16.6 million.

G. Compensated Absences and Early Retirement Benefits

Employees' vacation leave, excluding U of U Health, accrues at a rate of eight hours per month for hourly staff during the first five years and increases to a rate of 13.33 hours per month after fifteen years of service. For salaried staff, vacation leave accrues at a rate of ten hours per month and increases to a rate of 14.67 hours after fifteen years of service. There is no requirement to use vacation leave, but a maximum of thirty days, plus one-year accrual, may be carried forward at the beginning of each calendar year. Eligible employees are reimbursed for unused vacation leave upon termination and vacation leave is expended when used or reimbursed. The liability for vacation leave as of June 30, 2023 was approximately $68.3 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, 172 employees participate in the early retirement program. The university pays each early retiree an annual amount equal to the lessor of 20% of the retiree's final salary or their estimated social security benefit, as well as health care premiums, which is approximately 50% of their early retirement salary, until the employee reaches full social security retirement age. In accordance with GASB Statement No. 47, *Accounting for Termination Benefits*, the amount recognized on the financial statements was calculated at the discounted present value of the projected future costs. For the year ended June 30, 2023, these expenditures were approximately $4.7 million.

Employees of U of U Health receive a combined accrual for paid time off in lieu of the separate vacation and sick accruals received by university employees. For staff, the accrual rate for paid time off starts at 13.33 hours per month and increases every five years until reaching the maximum accrual of 20 hours per month after ten years of service. For managers and directors, the accrual rate begins at 16.67 hours per month and increases every five years until reaching the maximum accrual of 23.33 hours per month after ten years of service. The maximum number of hours which can be carried forward at the beginning of a calendar year is 520 hours for staff and 600 hours for managers and directors. Eligible Employees are given an option once in the spring and once in the fall to elect to receive payment for a cash out of PTO from 20 to 100 hours. Employees are paid for all unused paid time off hours upon termination. The cost of paid time off is accrued each month by the Hospital. The liability for paid time off at June 30, 2023 was approximately $77.8 million.

H. Construction

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

I. Deferred Outflows and Inflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. In accordance with GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, losses incurred due to refunding of bond debt are reported as deferred outflows rather than as reductions to bond liabilities, gains resulting from bond refinancing transactions are reported as deferred inflows. In accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, deferred outflows and deferred inflows of resources related to pensions have been recorded. Further information regarding pension reporting is found in Note 8. In accordance with GASB Statement No. 87, *Leases*, deferred outflows and deferred inflows of resources related to leases have been recorded. Further information regarding lease reporting is found in Note 14.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Adjustments to Beginning Net Position

For the year ended June 30, 2023, the university recognized modifications to leases according to GASB Statement No. 87, Leases, resulting in a decrease to beginning net position of $0.2 million. Additionally, certain previously expensed contracts totaling $27.1 million were determined to be prepayments, increasing assets and beginning net position.

UURF paid department distributions related to fiscal year 2022 during fiscal year 2023 totaling a $3.4 million decrease to beginning net position. Additionally, UURF reevaluated lease renewals related to GASB Statement No. 87, *Leases*, decreasing beginning net position by$0.1 million.

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

Cash and cash equivalents consist 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, CNS, EMSE and UUHIP 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 of Utah 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, 2023, cash and cash equivalents and short-term investments consisted of:

Cash and Cash Equivalents	
Cash	$ 105,007,351
Money market funds	463,587,966
Utah Public Treasurers' Investment Fund	766,429,821
U.S. Treasuries	36,018,634
U.S Agencies	306,037,042
Total (fair value)	$ 1,677,080,814

Short-term Investments	
Time certificates of deposit	$ 3,980,763
U.S. Treasuries	581,935,317
U.S. Agencies	475,794,287
Corporate notes	29,159,214
Total (fair value)	$ 1,090,869,581

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. Other investments also are recorded at fair value.

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, 2023 was 4% of the twelve-quarter moving average of the market value of the endowment pool. The spending practices are reviewed periodically and any necessary changes are made. In general, nearly all of the university's endowment is subject to spending restrictions imposed by donors.

The amount of net appreciation on investments of donor-restricted endowments available for authorization for expenditure at June 30, 2023 was approximately $162,784,359. The net appreciation is a component of restricted expendable net position.

At June 30, 2023, the investment portfolio composition was as follows:

Investments	
Time certificates of deposits	$ 17,388,699
U.S. Treasuries	240,773,939
U.S. Agencies	1,210,471,393
Corporate notes	32,728,701
Exchange traded derivatives	6,747,736
Mutual funds	1,469,620,517
Common and preferred stocks	41,740,534
Total (fair value)	$ 3,019,471,519

4. DEPOSITS AND INVESTMENTS

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

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

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

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

Deposits

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

At June 30, 2023, the carrying amounts of the university's deposits and bank balances were $99,398,903 and $94,570,815, respectively. The Federal Deposit Insurance Corporation (FDIC) provides separate coverage for deposits held in different account ownership categories. The standard insurance amount is $250,000 per depositor, per insured bank, for each account ownership category. As a result, the bank balances of the university were insured for $2,751,283, by the FDIC. The bank balances in excess of that amount were uninsured and uncollateralized, leaving $91,819,532 exposed to custodial credit risk. The university's policy for reducing this risk of loss is to deposit all such balances in qualified depositories, as defined and required by the Act.

Investments

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

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

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

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

Fair Value of Investments

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

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

At June 30, 2023, the university had the following recurring fair value measurements:

		Fair Value Measurements Using		
Investments by fair value level	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Debt securities				
Money market mutual funds	$ 463,587,966		$ 463,587,966	
Utah Public Treasurers' Investment Fund	766,429,821		766,429,821	
Time certificates of deposit	21,369,462		21,369,462	
U.S. Treasuries	858,727,890		858,727,890	
U.S. Agencies	1,992,302,722		1,992,302,722	
Corporate notes	61,887,916		61,887,916	
Exchange traded derivatives	6,747,736		6,747,736	
Mutual bond funds	184,360,872	$ 108,588	184,252,284	
Total debt securities	4,355,414,385	108,588	4,355,305,797	
Equity securities				
Common and preferred stocks	41,740,534	28,159,561	5,061,143	$ 8,519,830
Mutual equity funds	628,863,751	11,456,936	617,406,815	
Total equity securities	670,604,285	39,616,497	622,467,958	8,519,830
Total investments by fair value level	5,026,018,670	39,725,085	4,977,773,755	8,519,830
Investments measured at net asset value (NAV)				
Hedged equity	50,301,174			
Private equity	85,564,546			
Venture capital	106,908,771			
Credit sensitive fixed income	108,273,075			
Private real estate	5,999,840			
Private natural resources	2,061,761			
Other real assets	126,511,005			
Diversifying strategies	170,775,721			
Total investments measured at the NAV	656,395,893			
Total investments measured at fair value	$ 5,682,414,564	$ 39,725,085	$ 4,977,773,755	$ 8,519,830

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

- U.S. Treasuries and U.S. Agencies: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds and Exchange Traded Derivatives and Negotiable Certificates of Deposit: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund; and
- Utah Public Treasurers' Investment Fund: application of the June 30, 2023 fair value factor, as calculated by the Utah State Treasurer, to the university's ending balance in the Fund.

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

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

Investments Measured at Net Asset Value (NAV)				
Investments	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency**	**Redemption Notice Period**
Hedged equity	$ 50,301,174		Monthly, quarterly	30-75 days
Private equity	85,564,546	$ 16,311,259	N/A	N/A
Venture capital	106,908,771	43,421,100	N/A	N/A
Credit sensitive fixed income	108,273,075	17,411,953	Quarterly	90 days
Private real estate	5,999,840	3,776,605	N/A	N/A
Private natural resources	2,061,761	684,643	N/A	N/A
Other real assets	126,511,005	26,373,836	N/A	N/A
Diversifying strategies	170,775,721	2,414,322	Daily, quarterly, annually	0-90 days
Total alternative investments	$656,395,893			
Total unfunded commitments		$110,393,718		

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The university's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act or the UPMIFA and Rule 541, as applicable. For non-endowment funds, Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits and fixed rate corporate obligations to 270 days to 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to ten years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years. For endowment funds, Rule 541 is more general, requiring only 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, 2023, the university had debt investments with maturities as shown below:

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less than 1**	**1–5**	**6–10**	**More than 10**
Money market mutual funds	$ 463,587,966	$ 463,587,966			
Utah Public Treasurers Investment Fund	766,429,821	766,429,821			
Time certificates of deposit	21,369,462	3,980,763	$ 17,388,699		
U. S. Treasuries	858,727,890	617,954,022	154,136,967	$ 86,636,901	
U. S. Agencies	1,992,302,722	781,832,158	598,450,226	601,461,284	$ 10,559,055
Corporate notes	61,887,916	29,170,494	31,812,285	905,136	
Exchange traded derivatives	6,747,736		1,035,357		5,712,379
Mutual bond funds	184,360,872		83,838,131	100,522,741	
Totals	$ 4,355,414,385	$ 2,662,955,224	$ 886,661,665	$ 789,526,062	$ 16,271,434

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

At June 30, 2023, the university had debt investments with quality ratings as shown below:

		Quality Rating						
Investment Type	**Fair Value**	**AAA/A-1***	**AA**	**A**	**BBB**	**CCC**	**Unrated**	**No Risk**
Money market mutual funds	$463,587,966	$463,353,204					$ 234,762	
Utah Public Treasurers Investment Fund	766,429,821						766,429,821	
Time certificates of deposit	21,369,462		$1,592,624	$ 5,220,042	$ 2,934,584		11,622,212	
U. S. Treasuries	858,727,890	1,705,511	18,204,666				3,170,418	$835,647,294
U. S. Agencies	1,992,302,722	78,784,323	11,455,063				1,902,063,337	
Corporate notes	61,887,916		1,503,075	55,173,133	4,877,446		334,262	
Exchange traded derivatives	6,747,736				5,510,084	$192,450	1,045,202	
Mutual bond funds	184,360,872						184,360,872	
Totals	$4,355,414,385	$543,843,038	$32,755,428	$60,393,175	$13,322,114	$192,450	$2,869,260,886	$835,647,294

*A-1 is Commercial paper, Certificates of deposit and Agency Note rating

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, 2023, the university's custodial bank was both the custodian and the investment counterparty for $2,851,030,612 of U.S. Treasury and Agency securities purchased by the university.

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

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

Asset category	Target	Range
Global equity	**42%**	**30-50%**
Public equities	29%	15-50%
Hedged equity		0-10%
Private equity	13%	0-15%
Global fixed income/credit	**19%**	**10-40%**
Interest rate sensitive	12%	5-40%
Credit sensitive	7%	0-20%
Real assets	**9%**	**10-30%**
Real estate	9%	0-15%
Diversifying strategies	**30%**	**0-30%**

The university diversifies assets among several investment managers of varying investment strategies. Diversification is an effective means of maximizing return while mitigating risk. At June 30, 2023, the university held more than 5% of its total investments in the Federal Home Loan Bank, Federal Farm Credit Bank, and the Federal Agricultural Mortgage Corporation. These investments represent 13.9%, 11.8% and 5.7%, respectively, of the university's total investments.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The university does not have a formal policy to limit foreign currency risk. At June 30, 2023, the university's exposure to foreign currency risk is $1,556,004 in Private Real Estate investments being held in Euro currency denomination.

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, 2023, including approximately $6.2 million and $64.7 million of noncurrent loans, and pledges receivable, respectively:

Accounts	$1,296,558,792
Grants and contracts	90,443,938
Loans	11,834,192
Leases	133,222,773
Pledges	72,625,869
Interest	21,879,586
Total receivables	1,626,565,150
Less allowances for doubtful accounts	(681,096,921)
Receivables, net	$ 945,468,229

The following schedule presents the major components of accounts payable at June 30, 2023:

Vendors	$ 76,310,722
Interest	39,938,695
Payable to State	61,451,419
Other	68,838,943
Total accounts payable	$246,539,779

6. OTHER ASSETS

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

Utah Education and Telehealth Network has prepaid expenditures totaling roughly $18.9 million for software licensing and networking for higher education, K-12, and the library systems throughout Utah.

U of U Health has prepaid claims expenditures of roughly $48.9 million.

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 historical cost or at acquisition value at the date of donation. Buildings, infrastructure and improvements, and additions to existing assets are capitalized when acquisition cost equals or exceeds $250,000 for the university or $50,000 for U of U Health. Equipment is capitalized when acquisition costs exceed $5,000 for the university. For U of U Health equipment is capitalized when acquisition costs exceed $3,000 and has a useful life of 3 years or more. All costs incurred in the acquisition of library materials are capitalized. Purchased software is capitalized when acquisition costs are $100,000 or greater for the university, or exceed $3,000 and have a useful life of 3 years or more for U of U Health. Internally developed software is capitalized when development costs are $1,000,000 or greater for both the university and U of U Health. All campus land acquired through grants from the U.S. Government has been valued at $3,000 per acre. Other land acquisitions have been valued at original cost or fair market value at the date of donation in the case of gifts. Buildings, improvements, land, and equipment of component units have been valued at historical cost.

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

At June 30, 2023, the university had outstanding commitments for the construction and remodeling of university buildings of approximately $259.4 million. Capital assets at June 30, 2023, were as follows:

(in thousands of dollars)	Beginning Balance	Additions	Retirements	Ending Balance
Art and special collections	$ 107,978	$ 8,793	$ (245)	$ 116,526
Buildings	4,685,746	407,396	(11,911)	5,081,231
Construction in progress	530,777	404,778	(429,612)	505,943
Equipment	1,437,083	149,698	(48,159)	1,538,622
Infrastructure and improvements	555,420	23,638		579,058
Land	109,444	11,712	(9,439)	111,717
Library materials	133,819	361	(1,406)	132,774
Right-to-use leases				
ROU-Buildings	121,741	31,659	(33,394)	120,006
ROU-Land	135	14	(71)	78
ROU-Equipment	15,252	2,309	(2,951)	14,610
ROU-SBITA		65,320		65,320
Total cost	7,697,395	1,105,678	(537,188)	8,265,885
Less accumulated depreciation & amortization				
Buildings	1,834,206	136,097	(87)	1,970,216
Infrastructure and improvements	324,363	28,299		352,662
Equipment	1,075,524	115,013	(47,188)	1,143,349
Library materials	120,164	1,732	(1,406)	120,490
Right-to-use leases				
ROU-Buildings	23,872	18,423	(6,600)	35,695
ROU-Land	67	42		109
ROU-Equipment	4,116	3,235	(1,112)	6,239
ROU-SBITA		19,548		19,548
Total accumulated depreciation &amortization	3,382,312	322,389	(56,393)	3,648,308
Capital assets, net	$4,315,083	$783,289	$(480,795)	$4,617,577

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 (TIAA), the U of U Health 401(a) Plan, the U of U Health Hospital Plan Plus (HPP) Benefit Program, or Fidelity Investments (Fidelity). Eligible employees of ARUP are covered by a separate defined contribution pension and profit-sharing plan. Eligible employees of CNS are covered by a separate 403(b) tax-sheltered annuity contribution plan.

Defined Benefit Plans

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

- Public Employees Noncontributory Retirement System (Noncontributory System) and the Public Employees Contributory Retirement System (Contributory System) both of which are cost-sharing, multiple-employer public employee retirement systems.

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

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

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

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

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

Summary of Benefits by System

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

* With actuarial reductions

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

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2023 are as follows:

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

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

For the year ended June 30, 2023, the university and employee contributions to the plans were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	$ 22,655,898	
Contributory System	427,447	$ 144,897
Public Safety System	1,378,370	
Tier 2 Public Employees System	4,811,410	
Tier 2 Public Safety and Firefighter System	353,033	28,099
Total Contributions	$ 29,626,158	$ 172,996

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

At June 30, 2023, the university's net pension asset and liability were as follows:

	Proportionate Share December 31, 2022	Proportionate Share December 31, 2021	Change Increase/ (Decrease)	Net Pension Asset	Net Pension Liability
Noncontributory System	50.0261072%	50.2718785%	(0.2457713%)	$ 875,735	
Contributory System	76.4430538%	75.8194098%	0.6236440%	706,325	
Public Safety System	2.5992446%	2.1753500%	0.4238946%		$ 2,050,514
Tier 2 Public Employees System	1.0458328%	1.2118460%	(0.1660132%)		1,138,801
Tier 2 Public Safety and Firefighter System	0.2906442%	0.2350836%	0.0555606%		24,247
Total Net Pension Asset / Liability				$ 1,582,060	$ 3,213,562

The net pension asset and liability were measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2023, the university recognized pension expense of ($17,757,269) for the defined benefit pension plans.

At June 30, 2023, the university 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	$ 6,604,942	$ 1,016,509
Changes in assumptions	618,540	5,326
Net difference between projected and actual earnings on pension plan investments	19,446,944	
Changes in proportion and differences between contributions and proportionate share of contributions	680,416	651,246
Contributions subsequent to measurement date	15,143,396	
Total	$ 42,494,238	$ 1,673,081

Contributions made between January 1, 2023 and June 30, 2023 of $15,143,396 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,	Net Deferred Outflows/ (Inflows) of Resources
2023	$ (12,427,372)
2024	(3,755,857)
2025	8,794,989
2026	32,721,833
2027	71,564
Thereafter	272,603

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 – 9.25 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actual experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

There were no changes made in actuarial assumptions from the prior year's valuation.

The actuarial assumptions used in the January 1, 2022 valuation were based on an experience study of the demographic assumptions as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

	Expected Return Arithmetic Basis		
Asset Class	**Target Asset Allocation**	**Real Return Arithmetic Basis**	**Long-Term expected portfolio real rate of return**
Equity securities	35%	6.58%	2.30%
Debt securities	20%	1.08%	0.22%
Real assets	18%	5.72%	1.03%
Private equity	12%	9.80%	1.18%
Absolute return	15%	2.91%	0.44%
Cash and cash equivalents	0%	(0.11)%	0.00%
Totals	100%		5.17%
Inflation			2.50%
Expected arithmetic nominal return			7.67%

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

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

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

	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Proportionate Share of Net Pension Liability (Asset)			
Noncontributory System	$ 133,282,045	$ (875,735)	$(113,272,093)
Contributory System	9,851,237	(706,325)	(9,797,666)
Public Safety	7,709,204	2,050,514	(2,601,987)
Tier 2 Public Employees System	4,975,935	1,138,801	(1,817,225)
Tier 2 Public Safety and Firefighter System	194,089	24,247	(110,737)
Totals	$ 156,012,510	$ 1,631,502	$(127,599,708)

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

Defined Contribution Plans

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

Firefighter defined contribution plan, the university is required to contribute 10.02% and 18.54%, respectively, of the employee's salary, of which 10% and 14%, respectively, is paid into the 401(k) plan while the remainder is contributed to the Tier 1 Contributory Public Employee System, as required by law. During the year ended June 30, 2023, the university's contribution totaled $2,201,783, which was included in the pension expense, and the participating employees' voluntary contributions totaled $302,561. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

TIAA and Fidelity provide individual retirement fund contracts with each participating employee. Employees may allocate contributions by the university to any or all of the providers and the contributions to the employee's contract(s) become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. Benefits provided to retired employees are based on the value of the individual contracts and the estimated life expectancy of the employee at retirement. For the year ended June 30, 2023, the university's contribution to these defined contribution pension plans was 14.2% of the employees' annual salaries. Additional contributions are made by the university based on employee contracts. The university has no further liability once contributions are made.

U of U Health employees hired prior to January 1, 2001, who were not enrolled in the URS program, are enrolled in a 401(a) defined contribution plan that is administered by the U of U Health Chief Human Resources Officer. The administrator has the authority to amend, modify, or terminate the plan. U of U Health is required to contribute 14.2% of covered payroll to the plan for the employees covered under this plan. Hospital employees hired subsequent to December 31, 2000 are enrolled in a separate 401(a) plan, the Hospital Plan Plus (HPP) Benefit Program. U of U Health contributes 6% for employees covered under this plan. In addition, these employees are eligible for a match on employee contributions to a 403(b) Match Plan up to 4% of salary and fully vest in the U of U Health's contributions to both plans after five years of service. Plan member contributions were approximately $59,165,000 for the year ended June 30, 2023.

In addition, employees of the university may also contribute to 403(b), 457(b) traditional, Roth IRA, or a 401(k) plan. The total fiscal year 2023 employee contributions to these plans were $157,039,812.

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

Contributions to the profit-sharing plan are at the discretion of ARUP and are made subject to certain tenure-based and hours-worked thresholds. Employees are fully vested in the profit-sharing plan after five years of service. Voluntary contributions to the profit-sharing plan by employee participants totaled $39,011,663 for the year ended June 30, 2023.

For the year ended June 30, 2023, the university's contributions to the defined contribution plans were equal to the required amounts, as shown below:

	2023
TIAA	$ 101,115,090
Fidelity	93,248,972
401(a), Hospital Plan Plus, & 403(b)	85,704,891
Employer 401(k) contributions	2,201,783
ARUP defined contribution plan	23,974,215
ARUP profit sharing plan	10,899,073
CNS 403(b)	337,127
Total employer contributions	$ 317,481,151

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 for the sole benefit of the university are neither in the possession of nor under the management of the university. These funds, which are not recorded on the university's financial records and which arose from contributions, are held and administered by external fiscal agents, selected by the donors, who distribute net income earned by such funds to the university, where it is recorded when received. The fair value of funds held in trust at June 30, 2023 was $179.4 million.

In addition, certain funds held in trust by others are comprised of stock, reported at a value of $16,287,653 as of June 30, 2023, based on a predetermined formula. The fair value of this stock as of June 30, 2023 cannot be determined because the stock is not actively traded.

11. RISK MANAGEMENT AND INSURANCE

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

In addition, the university maintains self-insurance funds for health care, dental, and auto/physical damage, as well as hospital and physician's malpractice liability self-insurance funds. The malpractice liability self-insurance funds are held in trust with an independent financial institution in compliance with Medicare reimbursement regulations. Based on an analysis prepared by an independent actuary, the administration believes that the balance in the trust funds as of June 30, 2023, is adequate to cover any claims incurred through that date. The university and U of U Health have a "claims made" umbrella medical professional liability insurance policy in the amount of $20,000,000 for catastrophic malpractice liabilities in excess of the trusts' fund balances, the coverage provides for $5,000,000 per occurrence and $26,000,000 in aggregate.

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

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

	2023	2022
Estimated claims liability - beginning of year	$ 92,866,759	$84,243,634
Current year claims and changes in estimates	296,501,082	284,724,035
Claim payments, including related legal and administrative expenses	(278,505,183)	(276,100,910)
Estimated claims liability - end of year	$110,862,658	$92,866,759

The university has recorded the investments of the malpractice liability trust funds at June 30, 2023, and the estimated liability for self-insurance claims at that date in the Statement of Net Position. The income on fund investments, the expenses related to the administration of the self-insurance and malpractice liability trust funds, and the estimated provision for the claims liability for the year then ended are recorded in the Statement of Revenues, Expenses, and Changes in Net Position.

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

UUHIP has a reinsurance arrangement whereby premiums and benefits are ceded to another insurance company. The agreement is for certain coverage that provides reinsurance protection for 90% of qualified health claims in excess of $600,000 per occurrence. In addition, Health Care Utah (HCU), a component unit of UUHIP, separately maintained medical claims reinsurance with a deductible of $250,000 during 2022. The reinsurance pays 90% of losses in excess of the deductible, with annual limits of $2 million per member per year. Premiums to reinsurers for reinsurance ceded reduced premium revenue by approximately $3,636,000 during 2022. Excluding amounts recoverable under the ACA transitional reinsurance program, UUHIP had approximately $3,280,000 in reinsurance recoveries that reduced health benefits during 2022. UUHIP also had approximately $1,335,000 in reinsurance amounts recoverable included in other current assets at December 31, 2022. During the year ended December 31, 2022, UUHIP did not commute any ceded reinsurance nor did it enter into or engage in any loss portfolio transfer for any lines of business. Changes in UUHIP's estimated claims liability for the years ended December 31 is shown below:

	2022	2021
Estimated claims liability - beginning of year	$45,207,318	$40,541,399
Current year claims and changes in estimates	268,846,049	286,547,897
Claim payments, including related legal and administrative expenses	(278,694,832)	(281,881,978)
Estimated claims liability - end of year	$35,358,535	$45,207,318

Due to uncertainties inherent in the reserving process, there is at least a reasonable possibility that actual claims paid could differ materially from amounts accrued at December 31, 2022.

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

13. HOSPITAL REVENUE

A. Net Patient Service Revenue

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

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

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

B. Charity Care

U of U Health maintains records to identify and monitor the level of charity care it provides. Based on established rates, the charges foregone resulting from charity care during the year ended June 30, 2023, were approximately $83.8 million. CNS estimated approximately $0.7 million in estimated cost or foregone revenue of charity care for the year ended December 31, 2022.

C. Other Uncompensated Care

CNS provides services for which payments for such services are accepted under contracts with third-party payors such as Medicare, Medicaid, and other payor sources, whereby such accepted payments are less than the full amounts billable under CNS's rate schedule. Total contractual adjustments for the year ended December 31, 2022 were $24,271,323.

U of U Health maintains records to identify uncompensated care, mostly from bad debt, totaling $78.6 million for the year ended June 30, 2023.

14. LEASES

A. Revenue

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

Veteran's Administration Hospital located in Salt Lake City. The total amount of inflows of resources, including lease revenue and interest revenue, recognized during the fiscal year was approximately $9.4 million.

B. Commitments

The university, U of U Health, ARUP, and CNS have entered into lease agreements involving certain buildings, land and equipment. The total right of use asset is recorded at a cost of $134.7 million and accumulated amortization of $42 million.

Future minimum lease payments under lease agreements as of June 30, 2023 are as follows:

(in thousands)			
Fiscal Year	**Principal**	**Interest**	**Total**
2024	$ 18,179	$ 1,158	$ 19,337
2025	12,985	996	13,981
2026	11,210	886	12,096
2027	9,183	785	9,968
2028	6,878	701	7,579
2029-2033	19,390	2,687	22,077
2034-2038	11,051	1,589	12,640
2039-2044	4,784	631	5,415
2045-2049	3,079	174	3,253
2050-2054	256	2	258
Total	$ 96,995	$ 9,609	$106,604

15. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The university, U of U Health, and ARUP have individually entered into subscription-based information technology arrangements (SBITAs) with third-party vendors to address their respective operational needs. As of June 30, 2023, the combined net right-to-use assets amount to approximately $45.8 million, with a corresponding total subscription liability of $30.5 million.

Future minimum subscription payments under SBITAs as of June 30, 2023 are as follows:

(in thousands)			
Fiscal Year	**Principal**	**Interest**	**Total**
2024	$ 14,307	$ 566	$ 14,873
2025	9,666	315	9,981
2026	4,379	109	4,488
2027	2,138	43	2,181
2028			
2029-2033			
2034-2038			
2039-2044			
2045-2049			
2050-2054			
Total	$ 30,490	$ 1,033	$ 31,523

16. BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES

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

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

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

During fiscal year 2023 the university issued $562,839,565 General Revenue Bonds Series 2022B. Proceeds from the 2022B bond were used to finance construction of four projects, the second phase of the Impact Health and Prosperity Epicenter building project, the Kahlert Village 4th Wing project, the Huntsman Mental Health Institute project, and the West Valley Hospital Complex project. In addition, during fiscal year 2023 the university issued $178,708,580 General Revenue Bond Series 2023A. Proceeds from the 2023A bond were used to finance construction of three projects, the Medical Education Building project, the Sorensen Innovation and Discovery Project, and the Applied Sciences project, as well as to pay costs of issuance.

The following schedule lists the outstanding bonds payable and certificates of participation of the university at June 30, 2023:

Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Current Liability	Balance 06/30/23 (a)
Auxiliary and Campus Facilities						
Series 1998A - Revenue Refunding	07/01/98	2029	4.100% - 5.250%	120,240,000	$ (63,154)	$ 30,679,446
Series 2010C - Taxable Revenue	12/28/10	2036	1.750% - 5.890%	42,525,000	(1,755,000)	29,135,000
Hospital Facilities						
Series 2009B - Taxable Revenue	12/17/09	2031	4.697% - 5.247%	41,785,000	(2,875,000)	26,550,000
Series 2016A - Revenue	03/08/16	2036	3.000% - 5.000%	8,395,000	(75,102)	1,045,178
Research Facilities						
Series 2009B - Taxable Revenue	08/26/09	2029	5.670% - 6.279%	27,730,000		15,170,000
General Revenue						
Series 2013A - Revenue	07/30/13	2043	5.000%	127,925,000	(6,409,703)	6,409,703
Series 2014A - Revenue Refunding	04/01/14	2027	4.000% - 5.000%	32,785,000	(7,001,330)	16,768,254
Series 2014B - Revenue Refunding	07/15/14	2038	2.000% - 5.000%	76,200,000	(3,494,525)	3,494,525
Series 2015A - Revenue Refunding	01/07/15	2034	1.500% - 5.000%	45,330,000	(1,092,860)	2,112,651
Series 2015B - Revenue Refunding	05/13/15	2035	3.000% - 5.000%	91,570,000	(14,438,472)	48,787,772
Series 2016A - Revenue Refunding	03/08/16	2036	3.000% - 5.000%	68,210,000	(9,048,213)	55,349,279
Series 2016B - Revenue Refunding	11/29/16	2036	2.000% - 5.000%	131,720,000	(16,300,304)	129,764,099
Series 2017A - Revenue Refunding	09/13/17	2039	4.000% - 5.000%	155,930,000	(11,029,350)	152,793,741
Series 2017B - Revenue Refunding	12/21/17	2038	3.000% - 5.000%	96,550,000	(6,205,504)	98,435,404
Series 2018A - Revenue	07/17/18	2044	4.000% - 5.000%	80,040,000	(2,670,057)	85,336,777
Series 2019A - Revenue	12/03/19	2039	4.000% - 5.000%	74,050,000	(5,784,349)	83,540,095
Series 2019B - Revenue	12/03/19	2039	3.073% - 3.351%	30,165,000		30,165,000
Series 2020A - Revenue	06/24/20	2041	4.000% - 5.000%	84,635,000	(1,874,661)	108,582,059
Series 2020B - Revenue	06/24/20	2032	0.577% - 1.866%	20,115,000	(1,780,000)	16,595,000
Series 2021A - Revenue	02/02/21	2041	4.000% - 5.000%	94,620,000	(2,222,220)	120,582,460
Series 2021B - Revenue Refunding	02/02/21	2039	0.177% - 2.256%	76,870,000	(540,000)	75,790,000
Series 2022A - Revenue	01/11/22	2051	4.000% - 5.000%	186,285,000	(1,824,628)	226,723,235
Series 2022B - Revenue	07/06/22	2051	0.05	478,430,000	(5,489,575)	558,526,630
Series 2023A - Revenue	02/02/23	2043	0.05	154,380,000	(1,674,616)	178,708,580
Certificates of Participation						
Series 2015	06/10/15	2026	1.800%	10,050,000		
Total					$(103,648,622)	$2,101,044,887

(a) Includes unamortized premiums on refunding.

UURF has purchased two buildings and entered into two loan agreements with the university, as well as one mortgage guaranteed by the university. The remaining loan amounts are, $3,523,745 with an interest rate of 2.5% and $7,688,372 with an interest rate of 3.5% based on 5-year and 10-year repayment plans respectively, with call for annual payments. The remaining amount of the mortgage is $14,640,098 at 5.53% interest. It is anticipated the mortgage will be paid off on September 30, 2028.

The following schedule summarizes the changes in long-term liabilities for the year ended June 30, 2023.

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds payable	$1,420,552,598	$ 752,377,791	$ (71,885,504)	$2,101,044,886	$103,648,622
Certificates of participation	1,700,000		(1,700,000)		
Leases payable	113,011,670	32,952,152	(48,969,371)	96,994,451	18,178,909
Financed purchase obligations	137,635,139	16,320,225	(45,471,091)	108,484,273	16,322,648
SBITA (GASB 96)		30,490,203		30,490,203	14,307,304
Notes and contracts payable	23,466,187	305,197	(3,267,411)	20,503,974	4,928,044
Total long-term debt	1,696,365,595	832,445,568	(171,293,376)	2,357,517,787	157,385,527
Compensated absences	137,774,486	138,834,501	(118,408,524)	158,200,462	109,308,826
Net pension liability		3,213,562		3,213,562	
Deposits and other liabilities	325,130,918	384,587,773	(290,992,096)	418,726,595	385,729,021
Total long-term liabilities	$2,159,270,998	$1,359,081,404	$(580,693,996)	$2,937,658,406	$652,423,373

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

	Payments	
Fiscal Year	Principal	Interest
2024	$ 157,385,527	$ 89,220,448
2025	150,800,747	84,731,065
2026	135,880,455	80,529,303
2027	152,881,105	76,084,224
2028	150,898,097	70,567,525
2029 – 2033	581,372,677	274,496,775
2034 – 2038	530,995,555	168,556,141
2039 – 2043	371,992,653	64,547,668
2044 – 2048	87,393,719	18,938,610
2049 – 2053	37,909,221	2,273,200
2054 – 2058	8,031	
	$2,357,517,787	$929,944,959

Interest related to bond systems with pledged revenues amounts to $902,482,157 and is included in the interest amounts in the above schedule.

17. RETIREMENT OF DEBT

In prior years, the university defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the university's financial statements. The total principal amount of defeased bonds held in irrevocable trusts at June 30, 2023 is $171,705,000.

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.

The schedule below presents the net revenue pledged and the principal and interest paid for the year ended June 30, 2023.

Revenue	
Operating revenue	$4,513,978,217
Nonoperating revenue	172,943,948
Total revenue	4,686,922,165
Expenses	
Operating expenses	4,405,253,846
Nonoperating expenses	
Total expenses	4,405,253,846
Net pledged revenue	281,668,319
Principal and interest paid	$ 105,033,927

19. FUNCTIONAL CLASSIFICATION OF EXPENSES

The following schedule presents, in thousands of dollars, operating expenses by functional classification for the year ended June 30, 2023:

Function	Compensation and Benefits	Supplies and Services	Utilities	Scholarships & Fellowships	Depreciation	Medical Claims	Component Units	Total
Instruction	$ 496,274	$ 65,183	$ 2,955	$19,865				$ 584,277
Research	361,338	177,833	1,597	1,806				542,574
Public Service	739,669	85,758	19,540	894				845,861
Academic Support	193,570	55,419	3,390	406				252,785
Student Services	54,173	40,187	4,624	189				99,173
Institutional Support	209,193	41,922	6,670	922	$ 22,790			281,497
O & M Plant	47,788	50,126	42,798	1				140,713
Scholarships	10,669	94,786	80	12,971				118,506
Hospital	1,393,807	1,133,955	26,281		110,155	$ 25,506		2,689,704
Component Units	10,539				44,808		$1,044,639	1,099,986
Health Plans	19,662	6,744	1,122		1,230	269,636		298,394
Other	113,834	4,063	9,160	1,642	146,814			275,513
Total	$3,650,516	$1,755,976	$118,217	$38,696	$325,797	$295,142	$1,044,639	$7,228,983

20. BLENDED COMPONENT UNITS

The following schedules present, exclusive of eliminations, condensed statements of net position, changes in net position, and cash flows for UURF, ARUP, UUHIP, CNS, and EMSE. Amounts for UURF, ARUP, and EMSE are for the year ended June 30, 2023. Amounts for UUHIP and CNS are for the year ended December 31, 2022.

Condensed Statement of Net Position							
	UURF	ARUP	UUHIP	CNS	EMSE	Eliminations increase/ (decrease)	Total
Assets							
Current assets	$46,232,456	$310,289,126	$182,797,307	$ 19,845,330	$ 3,445,801	$ 36,475,232	$ 599,085,252
Capital assets, net	88,424,353	424,240,799		6,727,205		(59,857,215)	459,535,142
Other noncurrent assets	205,602,308	8,630,510		598,373	35,890,324	(173,343,277)	77,378,238
Total assets	340,259,117	743,160,435	182,797,307	27,170,908	39,336,125		1,135,998,632
Deferred Outflows of Resources							
Deferred outflows related to consideration in excess of net position acquired			23,797,168				23,797,168
Total deferred outflows of resources			23,797,168				23,797,168
Liabilities							
Current liabilities	15,914,071	83,913,577	142,975,131	7,406,395		(265,565,333)	(15,356,159)
Noncurrent liabilities	21,771,125	34,959,409	54,972,706	844,311		(155,860,612)	(43,313,061)
Total liabilities	37,685,196	118,872,986	197,947,837	8,250,706			(58,669,220)
Deferred Inflows of Resources							
Deferred inflows related to leases	193,950,550					(168,992,698)	24,957,852
Total deferred inflow of resources	193,950,550						24,957,852
Net Position							
Net investment in capital assets	62,572,137	386,040,275					448,612,412
Restricted expendable				401,301	39,359,360		39,760,661
Unrestricted	46,051,234	238,247,174	8,646,638	18,518,901	(23,235)	393,693,383	705,134,095
Total net position	$108,623,371	$624,287,449	$ 8,646,638	$18,920,202	$39,336,125		$1,193,507,168

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

	UURF	ARUP	UUHIP	CNS	EMSE	Eliminations increase/ (decrease)	Total
Operating Revenues							
Leases	$ 22,175,209					$ (15,797,649)	$ 6,377,560
Royalties	22,861,515						22,861,515
Sales and services		$863,479,418	$313,461,879	$58,361,279		(121,985,912)	1,113,316,664
Net increase (decrease) in fair value of investments	(1,257,231)						(1,257,231)
Total operating revenues	43,779,493	863,479,418	313,461,879	58,361,279			1,141,298,508
Operating Expenses							
Operating expenses	26,657,459	745,579,836	317,985,380	56,327,164	$ 405,476	(189,662,305)	957,293,010
Depreciation	3,442,814	40,535,655		829,933			44,808,402
Total operating expenses	30,100,273	786,115,491	317,985,380	57,157,097	405,476		1,002,101,412
Operating income (loss)	13,679,220	77,363,927	(4,523,501)	1,204,182	(405,476)		139,197,096
Nonoperating Revenues (Expenses)							
Investment income		2,983,275	(6,716,167)				(3,732,892)
Interest expense	(1,136,996)		(2,200,261)				(3,337,257)
Federal income tax expense			(6,221,674)				(6,221,674)
Sale of equity investments	194,817						194,817
Contributions from (distributions to) the University	(1,340,810)	(59,019,071)				59,677,503	(682,378)
Other non-operating income / (expenses)			(2,974,646)	1,464	2,529,992		(443,190)
Total nonoperating revenues / (expenses)	(2,282,989)	(56,035,796)	(18,112,748)	1,464	2,529,992		(14,222,574)
Net increase (decrease) in net position	11,396,231	21,328,131	(22,636,249)	1,205,646	2,124,516		124,974,522
Net Position							
Net position - beginning of year	100,768,928	602,959,318	31,282,887	17,714,556	37,211,609	$282,137,136	1,072,074,434
Adjustments to beginning net position	(3,541,788)						(3,541,788)
Net position - beginning of year, as adjusted	97,227,140	602,959,318	31,282,887	17,714,556	37,211,609	282,137,136	1,068,532,646
Net position - end of year	$108,623,371	$624,287,449	$ 8,646,638	$18,920,202	$39,336,125		$ 1,193,507,168

Condensed Statement of Cash Flows

	UURF	ARUP	UUHIP	CNS	EMSE	Eliminations increase/ (decrease)	Total
Net cash provided (used) by operating activities	$18,259,374	$109,300,274	$13,431,086	$ 1,866,236	$(428,711)	$(24,839,548)	$117,588,711
Net cash provided (used) by noncapital financing activities	(4,785,836)	(58,336,693)	25,000,000		5,000,000	47,935,987	14,813,458
Net cash used by capital and related financing activities	(16,826,250)	(46,345,084)		(425,460)			(63,596,794)
Net cash provided (used) by investing activities	2,014	3,627,404	(27,077,256)	(379,249)	(4,570,006)	(2,959,041)	(31,356,134)
Net increase (decrease) in cash	(3,350,698)	8,245,901	11,353,830	1,061,527	1,283		37,449,240
Cash - beginning of year	41,505,204	11,262,226	44,301,429	10,616,350		96,012,535	92,256,482
Cash - end of year	$38,154,506	$19,508,127	$55,655,259	$11,677,877	$ 1,283		$129,705,722

21. LINE OF CREDIT

ARUP has an uncollateralized line of credit with a bank that provides for borrowings up to $10 million and is established as a contingency reserve to provide liquidity in the event disbursements presented to the bank exceed available cash balances. The line of credit bears interest at the lender's Bloomberg Short Term Bank Yield Index (BSBY) rate (5.46% at June 30, 2023) plus 2.0%, but not to exceed the maximum rate allowed by applicable law. The agreement requires renewal every second year in November. The current agreement expires on November 30, 2024. ARUP pays no fees for the unused portion of this line of credit, and there are no compensating balance requirements imposed. There were no borrowings on this line of credit during the year ended June 30, 2023.

Community Nursing Services has a revolving line of credit with a commercial bank in the amount of $2,500,000. The line of credit matured in September 2022 and was not renewed. Borrowing limitations are based on 80% of eligible accounts receivable. As of both December 31, 2022 and 2021, the outstanding balance on the line of credit was $0. The line of credit bears interest at an annual rate equal to the 90-day LIBOR rate plus 2.75%, (5.52% as of December 31, 2022). The line of credit is secured by substantially all of the CNS's accounts receivable.

22. SUBSEQUENT EVENTS

In July 2023, the university issued $163.8 million of General Revenue Bonds, Series 2023B. Principal on the bonds is due annually commencing August 1, 2025 through August 2053. Proceeds from this bond are to be used to finance construction of West Village Family and Graduate Housing Phase Two project.

REQUIRED SUPPLEMENTARY INFORMATION

University of Utah Proportionate Share of the Net Pension Liability
Noncontributory, Contributory, & Tier 2 Public Employees Systems of the Utah Retirement Systems for the years ended December 31

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

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

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

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

Noncontributory System	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	$ 22,655,898	$ 22,085,732	$ 21,977,437	$ 23,604,692	$ 24,357,470	$ 25,003,713	$ 25,936,009	$ 27,133,967	$ 28,061,542	$ 27,124,989
Contributions in Relation to the Contractually Required Contribution	(22,655,898)	(22,085,732)	(21,977,437)	(23,604,692)	(24,357,470)	(25,003,713)	(25,936,009)	(27,133,967)	(28,061,542)	(27,124,989)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$104,568,586	$101,532,595	$100,912,947	$107,759,826	$111,057,075	$113,936,327	$118,147,239	$123,098,874	$126,960,128	$132,937,438
Contributions as a Percentage of Covered Payroll	21.7%	21.8%	21.8%	21.9%	21.9%	21.9%	22.0%	22.0%	22.1%	20.4%
Contributory System		**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014[1]**
Contractually Required Contribution	$ 427,447	$ 450,177	$ 524,078	$ 651,513	$ 703,592	$ 754,331	$ 894,123	$ 1,058,540	$ 1,164,742	$ 1,096,361
Contributions in Relation to the Contractually Required Contribution	(427,447)	(450,177)	(524,078)	(651,513)	(703,592)	(754,331)	(894,123)	(1,058,540)	(1,164,742)	(1,096,361)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 2,414,955	$ 2,543,370	$ 2,960,894	$ 3,680,861	$ 3,975,096	$ 4,261,758	$ 5,051,541	$ 5,985,358	$ 6,580,469	$ 6,865,132
Contributions as a Percentage of Covered Payroll	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	17.7%	16.0%
Public Safety System		**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014[1]**
Contractually Required Contribution	$ 1,378,370	$ 1,102,890	$ 942,974	$ 1,061,838	$ 766,954	$ 789,054	$ 739,683	$ 682,809	$ 550,177	$ 486,603
Contributions in Relation to the Contractually Required Contribution	(1,378,370)	(1,102,890)	(942,974)	(1,061,838)	(766,954)	(789,054)	(739,683)	(682,809)	(550,177)	(486,603)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 3,850,976	$ 3,101,983	$ 2,671,582	$ 2,916,589	$ 2,107,865	$ 2,200,291	$ 2,212,011	$ 2,117,893	$ 1,707,174	$ 1,642,290
Contributions as a Percentage of Covered Payroll	35.8%	35.6%	35.3%	36.4%	36.4%	35.9%	33.4%	32.2%	32.2%	29.6%
Tier 2 Public Employees System		**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014[1]**
Contractually Required Contribution	$ 4,811,410	$ 4,348,662	$ 4,328,092	$ 4,645,446	$ 4,993,396	$ 5,444,034	$ 6,127,098	$ 7,878,405	$ 6,995,912	$ 4,707,627
Contributions in Relation to the Contractually Required Contribution	(4,811,410)	(4,348,662)	(4,328,092)	(4,645,446)	(4,993,396)	(5,444,034)	(6,127,098)	(7,878,405)	(6,995,912)	(4,707,627)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 24,253,610	$ 22,435,326	$ 22,659,755	$ 24,526,165	$ 26,511,616	$ 29,551,457	$ 33,628,505	$ 43,203,966	$ 38,336,356	$ 28,113,543
Contributions as a Percentage of Covered Payroll[5]	19.8%	19.4%	19.1%	18.9%	18.8%	18.4%	18.2%	18.2%	18.2%	16.7%
Tier 2 Public Safety and Firefighter System		**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014[1]**
Contractually Required Contribution	$ 353,033	$ 258,694	$ 190,940	$ 240,863	$ 215,306	$ 102,648	$ 98,360	$ 103,266	$ 50,424	$ 32,261
Contributions in Relation to the Contractually Required Contribution	(353,033)	(258,694)	(190,940)	(240,863)	(215,306)	(102,648)	(98,360)	(103,266)	(50,424)	(32,261)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,084,921	$ 796,391	$ 586,786	$ 807,261	$ 722,503	$ 350,573	$ 336,733	$ 353,411	$ 172,330	$ 117,742
Contributions as a Percentage of Covered Payroll[5]	32.5%	32.5%	32.5%	29.8%	29.8%	29.3%	29.2%	29.2%	29.3%	27.4%

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

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

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

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

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

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

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

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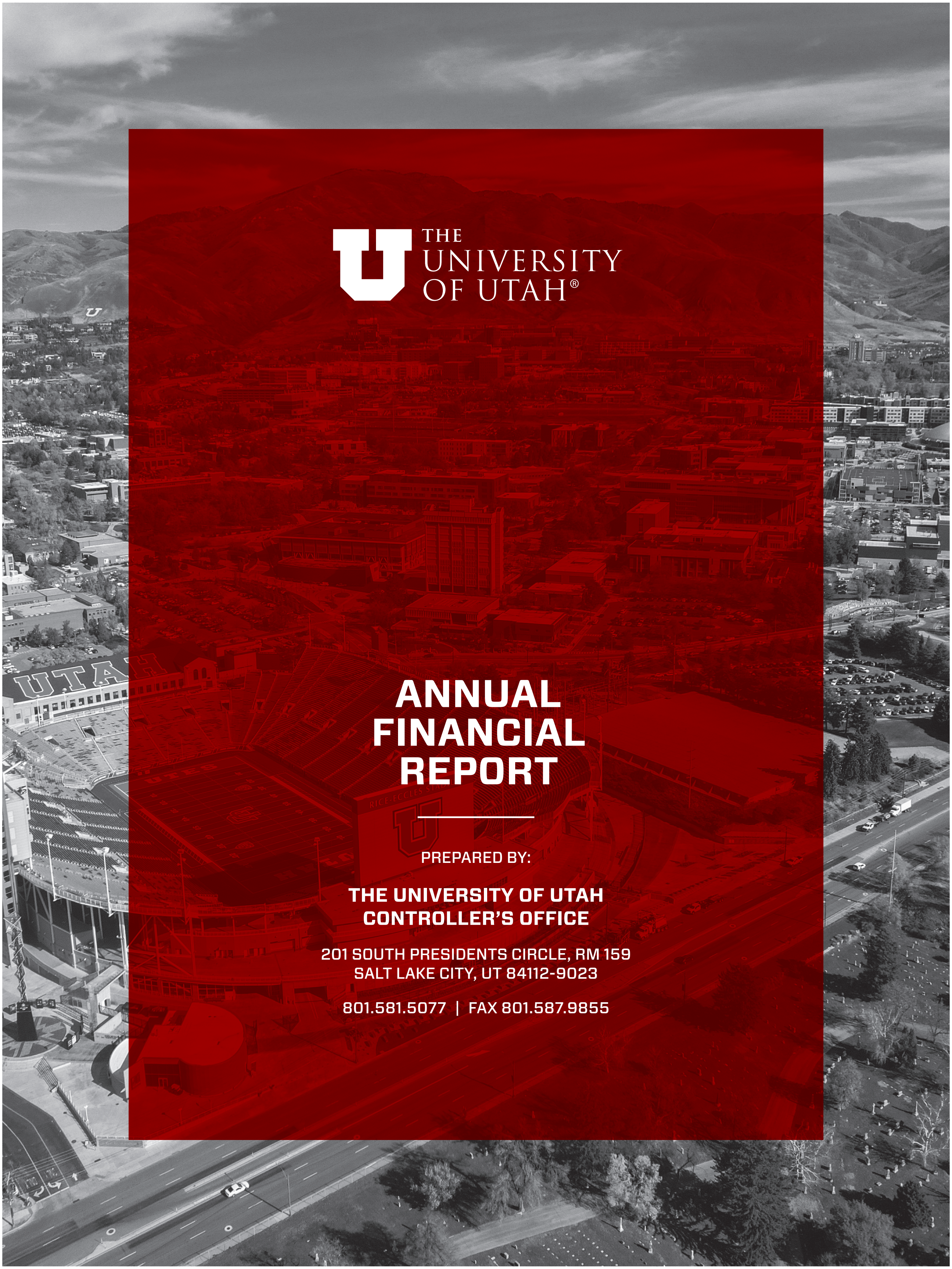

THE UNIVERSITY OF UTAH®

ANNUAL FINANCIAL REPORT

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