A COMPONENT UNIT OF THE STATE OF UTAH

2023 ANNUAL FINANCIAL REPORT

UtahStateUniversity

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LETTER FROM THE PRESIDENT

Utah State University is the land grant institution for Utah, which means we have a particular obligation to serve the State and its citizens. We are incredibly fortunate to have dedicated faculty who champion the land grant pillars of exceptional education, research and discovery, and community contribution. Specific to our education mission, our faculty provide excellence in teaching on all of our campuses and educational sites across Utah, as well as through our many online degree offerings. Our commitment to education and learning continues to yield accolades and advancements. As a national leader in research and graduate-level education, USU is one of just 146 institutions in the U.S. to attain the Carnegie R1 Classification for "very high research activity.". Contributing to this research activity is a record-breaking 10-year contract for up to $1 billion awarded by the U.S. Air Force Research Laboratory to the USU Space Dynamics Lab. USU's new Janet Quinney Lawson Institute for Land, Water, and Air now connects the institution's research programs with state, county, and municipal decision-makers to provide evidence-based data on trending topics. In March 2022, the Utah Legislature approved and funded a new College of Veterinary Medicine at USU, a four-year Ph.D. program that will be the first in the state.

We have worked hard to ensure we deliver excellence in educational and learning opportunities to students at an affordable price. Students taking anywhere from 12 to 18 credits only pay tuition and fees for 12 credits, essentially receiving up to six credits for free. USU also assists Pell Grant recipients with the Utah State Promise scholarship, which pays any remaining tuition and student body fee costs not covered by Pell Grants and other scholarships or awards. USU's success in advancing social mobility for students has played a significant role in being named the No. 8 public university and No. 22 among all institutions in the Washington Monthly 2022 National University Rankings.

The financial statements that follow are prepared according to generally accepted accounting principles established by the Governmental Accounting Standards Board. These principles are recommended by the American Institute of Certified Public Accountants and the National Association of College and University Business Officers.

The Office of the State Auditor has audited the financial statements for the year ending June 30, 2023. Their definitive opinion is included with this report. The annual financial report is intended to establish the University's financial position as of the end of June. It is also intended to reflect the flow of financial resources to the University during the fiscal year 2022-23, while disclosing how these resources are applied in accomplishing our mission. We are pleased to share this report with you.

Eliz R Cantwell

Elizabeth R. Cantwell
President
Utah State University

OFFICE OF THE
STATE AUDITOR

Independent Auditor's Report

To the Board of Trustees, Audit Committee
and
Elizabeth R. Cantwell, President
Utah State University

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Utah State University (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 report of other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of June 30, 2023, and the changes in its financial position and, where applicable, its cash flows 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 Utah State University Space Dynamics Laboratory (SDL), a blended component unit, which represent 11 percent, 5 percent, and 24 percent, respectively, of the total assets, net position, and revenues of the University as of June 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the SDL, is based solely on the report of the other auditors.

Basis for Opinion

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 opinion.

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Pension Contributions 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 Letter from the President and the listing of Executive Officers and Board of Trustees but does not include the basic financial statements and our auditor's report thereon. Our opinion 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 October 30, 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
October 30, 2023

MANAGEMENT'S DISCUSSION & ANALYSIS

THIS SECTION PROVIDES AN OVERVIEW OF THE UNIVERSITY'S FINANCIAL ACTIVITIES IN THE CURRENT YEAR COMPARED TO THE PRIOR YEAR. TOTAL ASSETS AND LIABILITIES ARE PRESENTED AS WELL AS THE CHANGE IN NET POSITION FROM THE PRIOR YEAR. REVENUES, EXPENSES, APPROPRIATIONS FROM THE STATE, CONTRIBUTIONS, ETC., ARE ANALYZED AND DISCUSSED. THE CASH ACTIVITY IS ALSO SUMMARIZED TO SHOW THE CHANGE IN CASH FROM THE PRIOR YEAR TO THE CURRENT YEAR.

The following unaudited Management's Discussion and Analysis (MD&A) includes an analysis of the financial condition and results of activities of Utah State University (University) for the fiscal year (FY) ended June 30, 2023. The analysis includes the University's condensed and comparative Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows along with related graphs and comparative data. Also included is management's perspective of the University's economic outlook.

Utah State University is a component unit of the State of Utah. The financial statements include the accounts of Utah State University Agricultural Experiment Station, Utah State University Cooperative Extension Service, Utah State University Water Research Laboratory, Utah State University Brigham City Campus, Utah State University Tooele Campus, Utah State University Uintah Basin Campus, Utah State University Eastern (USU Eastern), and Utah State University Blanding, which are entities separately funded by state appropriations.

The Utah State University Space Dynamics Laboratory (SDL), the Utah State University Foundation (Foundation) and the Hansen Scholars Support Foundation (HSSF) are blended component units of the University and have been consolidated in these financial statements. SDL is governed by a Board of Directors appointed by the president of Utah State University, under the direction of the University's Board of Trustees. SDL is a dependent foundation of Utah State University and is reported as a part of the University because its primary purpose is to support the mission of Utah State University in regards to research. The Utah State University Foundation is also governed by a Board of Trustees appointed by the president of the University. The Utah State University Foundation is a dependent foundation of Utah State University and serves as a fund-raising arm of the University. The Hansen Scholars Support Foundation is a dependent foundation and is governed by a Board of Trustees, with the majority being selected by the University. The purpose of this foundation is to manage, invest, and distribute foundation assets to the University to be used for scholarships.

The Utah State University Space Dynamics Laboratory annually publishes audited financial statements. A copy of the audited financial statements can be obtained from Utah State University Space Dynamics Laboratory, 416 E. Innovation Avenue, North Logan, Utah 84341.

OVERVIEW OF FINANCIAL STATEMENTS & FINANCIAL ANALYSIS

The Management's Discussion and Analysis is designed to provide an easily readable analysis of the University's financial activities based on facts, decisions, and conditions known at the date of the auditor's report. The University's financial statements for fiscal year 2023 are presented beginning on page 23. The financial statements, note disclosures, and this discussion are the responsibility of management. This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis – for Public Colleges and Universities*. These financial statements focus on the operations, cash flows, and the main condition of the University as a whole. There are three financial statements presented: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows.

STATEMENT OF NET POSITION

The Statement of Net Position outlines the University's financial condition at fiscal year end. This statement reflects the various assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the fiscal year ended June 30, 2023.

From the data presented, readers of the Statement of Net Position have the information to determine the assets available to continue the operations of the University.

CONDENSED STATEMENT OF NET POSITION

As of June 30

	2023	AS ADJUSTED 2022	CHANGE	% CHANGE
ASSETS				
Current assets	$397,554,046	$334,890,631	$62,663,415	18.71%
Noncurrent assets				
Net capital assets	1,137,676,321	1,114,703,210	22,973,111	2.06%
Other noncurrent assets	926,660,365	860,782,440	65,877,925	7.65%
Total assets	2,461,890,732	2,310,376,281	151,514,451	6.56%
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized losses on bonds	6,546,238	6,973,109	(426,871)	(6.12%)
Resources related to pensions	14,313,180	7,438,614	6,874,566	92.42%
Total deferred outflows of resources	20,859,418	14,411,723	6,447,695	44.74%
LIABILITIES				
Current liabilities	177,500,278	169,998,252	7,502,026	4.41%
Noncurrent liabilities	455,610,114	382,756,174	72,853,940	19.03%
Total liabilities	633,110,392	552,754,426	80,355,966	14.54%
DEFERRED INFLOWS OF RESOURCES				
Gift revenue	—	246,850	(246,850)	(100.00%)
Leases	15,446,928	15,167,910	279,018	1.84%
Resources related to pensions	471,144	58,656,028	(58,184,884)	(99.20%)
Split-interest agreements	4,370,358	5,361,001	(990,643)	(18.48%)
Total deferred inflows of resources	20,288,430	79,431,789	(59,143,359)	(74.46%)
NET POSITION				
Net investment in capital assets	794,140,336	787,582,178	6,558,158	0.83%
Restricted – nonexpendable	203,484,736	177,493,362	25,991,374	14.64%
Restricted – expendable	401,773,201	354,905,095	46,868,106	13.21%
Unrestricted	429,953,055	372,621,154	57,331,901	15.39%
Total net position	$1,829,351,328	$1,692,601,789	$136,749,539	8.08%

They can also determine how much the University owes vendors, investors, and lending institutions. Finally, the Statement of Net Position outlines the net position (assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources) available to the University and defines that availability.

Net position is divided into three major categories. The first category, Net Investment in Capital Assets, reflects the University's equity in property, plant, and equipment owned by the University. The second category, Restricted, is further divided into two subcategories: Nonexpendable and Expendable. The corpus of restricted nonexpendable resources as it pertains to endowments is only available for investment purposes. Donors have primarily restricted income derived from these investments to fund scholarships and fellowships. The corpus of restricted nonexpendable resources as it pertains to loan funds is only available for the purpose of issuing loans to students under the terms of the various donor and federal government agreements. Restricted expendable resources are available for expenditure by the University but must be expended for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The last category, Unrestricted, discloses the resources available to the University to be used for any lawful purpose of the University.

In fiscal year 2023, the University's total net position increased $136.7 million (8.1%) to $1.83 billion. The increase reflects those revenues that were received during 2023 that were not used for operations or payment of interest on capital asset related debt.

Total assets increased $151.5 million (6.6%) while total liabilities increased $80.4 million (14.5%). Current assets increased by $62.7 million (18.7%). Cash and cash equivalents decreased $7.7 million largely due to the purchase of investments. Short-term investments increased $51.3 million largely due to an increase in total commercial paper and notes. Accounts receivable increased $14.2 million largely due to an increase in contracts and grants receivable of $14.5 million, a decrease in other receivables of $0.2 million, and a decrease of pledges receivable of $0.1 million. Notes receivable decreased $0.2 million.

Noncurrent assets increased $88.8 million due to a net increase of $23 million in capital assets, a $57.4 million increase in restricted cash and cash equivalents, an increase of $58.5 million in investments, a $0.9 million decrease of restricted short-term investments, a $3.7 million decrease in pledges receivable, a decrease of $0.3 million in accounts and notes receivable, a $45 million decrease in the net pension asset, and a $0.2 million decrease in split-interest agreements.

The $23 million net increase in capital assets is comprised of construction projects completed or in progress, purchases of equipment, and offset by depreciation and amortization expense of all depreciable capital and leased assets.

Large construction projects completed or in progress included the Canyon Crest Suites Residence Hall, the Electric Vehicle and Roadway building addition, the SDL building 1480, and the Maverik Stadium improvements.

The University capitalized $2.6 million, $1.2 million, $4.1 million, and $4.5 million, respectively, for these projects during fiscal year 2023. Prior year bond construction proceeds were spent throughout the year for the first three projects. The increase in restricted cash and cash equivalents is mainly due to the increase of bond construction proceeds from the issuance of the Student Building Fee Revenue Bonds, Series 2022, and the Auxiliary System Revenue Bonds, Series 2023.

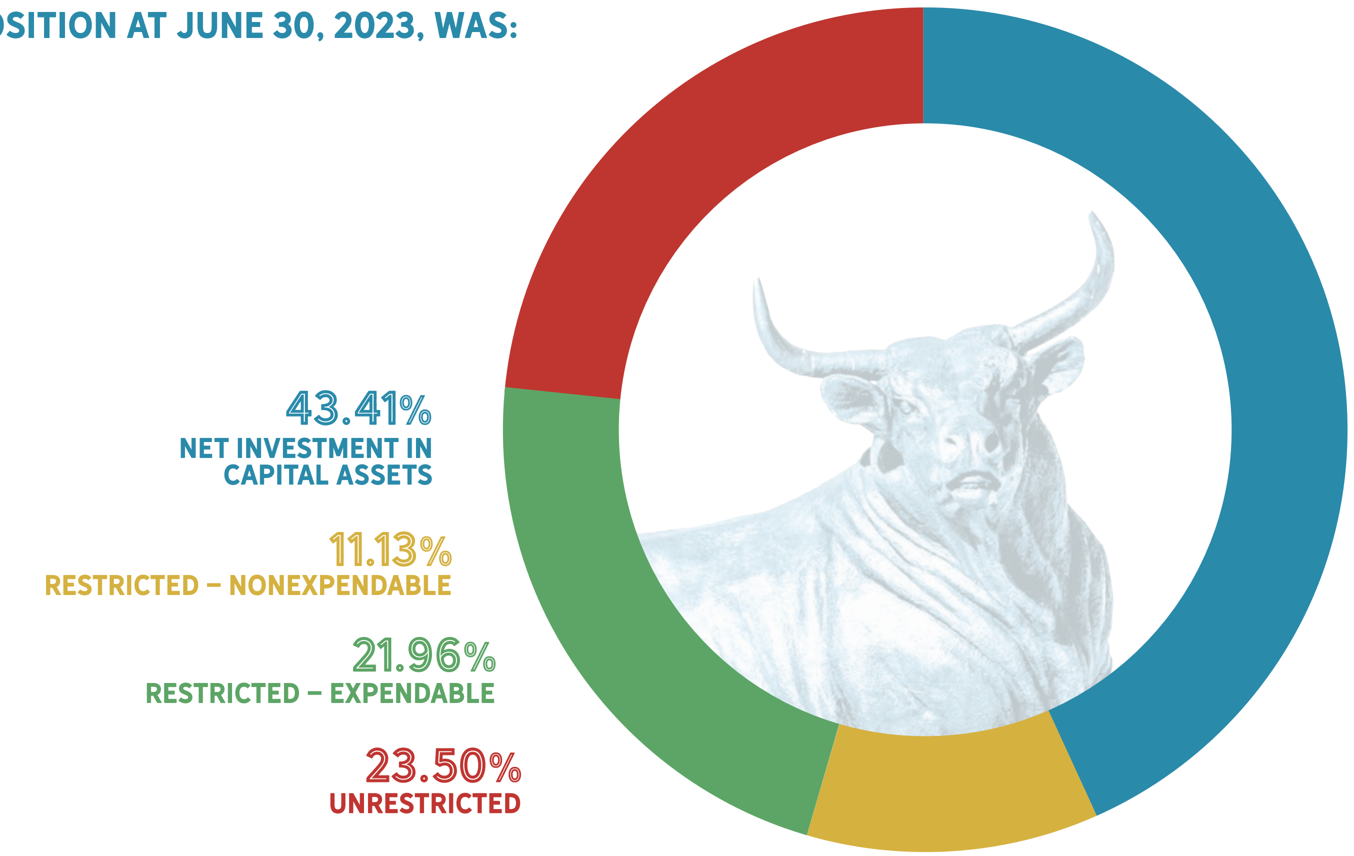
The increase in investments was due to an increase of $11.3 million in alternatives, a $5 million decrease in U.S. Government agency obligations, a $29.9 million increase in commercial paper and stock, a $25.1 million increase in mutual funds, and a $2.8 million decrease in municipal bonds. The decrease in pledges receivable is primarily due to decreased pledges. The decrease in accounts and notes receivable is largely due to a decrease in the Federal Perkins Loan Program. The increase in the net pension asset was determined by actuarial procedures as reported by the Utah Retirement Systems.

Total liabilities increased $80.4 million as current liabilities increased $7.5 million (4.4%), while noncurrent liabilities increased $72.9 million (19%). The majority of the increase in current liabilities is due to a decrease of $2.4 million payable to the State of Utah for construction projects, an increase of $2.7 million of salaries, wages, and benefits payable, an increase of $2.5 million payable to suppliers, an increase of $1.1 million of bonds and notes payable, and an increase of $2.1 million of unearned revenue and deposits. The $2.1 million increase was mainly due to increased advanced billings and deposits of contracts and grants.

The majority of the increase in the noncurrent liabilities is due to a decrease of $3.7 million for compensated absences and early retirement payable, an increase of $63 million in bonds and notes payable with the issuance of the Series 2023 and Series 2024 bonds, and an increase of $13.2 million of other liabilities. The majority of the $13.2 million is due to $10.4 million of lease liabilities, and $2.5 million of subscription liabilities.

UTAH STATE UNIVERSITY

THE COMPOSITION OF THE UNIVERSITY'S NET POSITION AT JUNE 30, 2023, WAS:



STATEMENT OF REVENUES, EXPENSES, & CHANGES IN NET POSITION

Changes in total net position as presented in the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the revenues received by the University, both operating and nonoperating, and the expenses of the University, operating and nonoperating, and any other revenues, expenses, gains, and losses received or expended by the University.

Operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University.

Nonoperating revenues are revenues received for which goods and services are not provided; for example, state appropriations are nonoperating revenues because they are provided by the Legislature to the University without the Legislature directly receiving commensurate goods and services in return for those revenues. Without the nonoperating revenues, in particular the state appropriations, private gifts, and financial aid grants, the University would not be able to cover its costs of operations. These sources are critical to the University's financial stability and directly impact the quality of its programs. In fiscal year 2023 funding from these sources was adequate to cover all of the University's costs of operations.

CONDENSED STATEMENT OF REVENUES, EXPENSES, & CHANGES IN NET POSITION

For the Years Ended June 30

	2023	AS ADJUSTED 2022	CHANGE	% CHANGE
OPERATING REVENUES				
Tuition and fees – net	$168,405,719	$155,069,600	$13,336,119	8.60%
Contracts, grants, and federal appropriations	407,974,556	352,320,377	55,654,179	15.80%
Auxiliary enterprises – net	59,781,090	53,535,861	6,245,229	11.67%
Other operating revenues	63,112,483	49,378,702	13,733,781	27.81%
Total operating revenues	699,273,848	610,304,540	88,969,308	14.58%
OPERATING EXPENSES				
Salaries and wages	456,725,425	416,133,168	40,592,257	9.75%
Employee benefits	167,054,266	187,376,599	(20,322,333)	(10.85%)
Other operating expenses	279,810,168	225,482,720	54,327,448	24.09%
Scholarships and fellowships	35,240,582	55,214,286	(19,973,704)	(36.17%)
Depreciation and amortization	67,329,563	64,248,291	3,081,272	4.80%
Total operating expenses	1,006,160,004	948,455,064	57,704,940	6.08%
Operating loss	(306,886,156)	(338,150,524)	31,264,368	9.25%
NONOPERATING REVENUES				
State appropriations	315,682,436	264,721,181	50,961,255	19.25%
Financial aid grants	35,162,266	33,567,648	1,594,618	4.75%
Private gifts	31,111,922	42,842,791	(11,730,869)	(27.38%)
Other nonoperating revenues	27,873,427	(5,988,357)	33,861,784	565.46%
Net nonoperating revenues	409,830,051	335,143,263	74,686,788	22.29%
Income before other revenues	102,943,895	(3,007,261)	105,951,156	3,523.18%
OTHER REVENUES				
Capital appropriations	14,406,771	14,694,513	(287,742)	(1.96%)
Capital grants and gifts	8,994,600	34,393,958	(25,399,358)	(73.85%)
Additions to permanent endowments	10,404,274	10,783,575	(379,301)	(3.52%)
Total other revenues	33,805,645	59,872,046	(26,066,401)	(43.54%)
Increase in net position	136,749,540	56,864,785	79,884,755	140.48%
Net position – beginning of year	1,689,084,000	1,636,252,562	52,831,438	3.23%
Adjustment to beginning net position (Note O)	3,517,788	(515,558)	4,033,346	782.33%
Net position – beginning of year as adjusted	1,692,601,788	1,635,737,004	56,864,784	3.48%
Net position – end of year	$1,829,351,328	$1,692,601,789	$136,749,539	8.08%

The Statement of Revenues, Expenses, and Changes in Net Position shows the activity that resulted in a $136.7 million increase in net position for the fiscal year ended June 30, 2023.

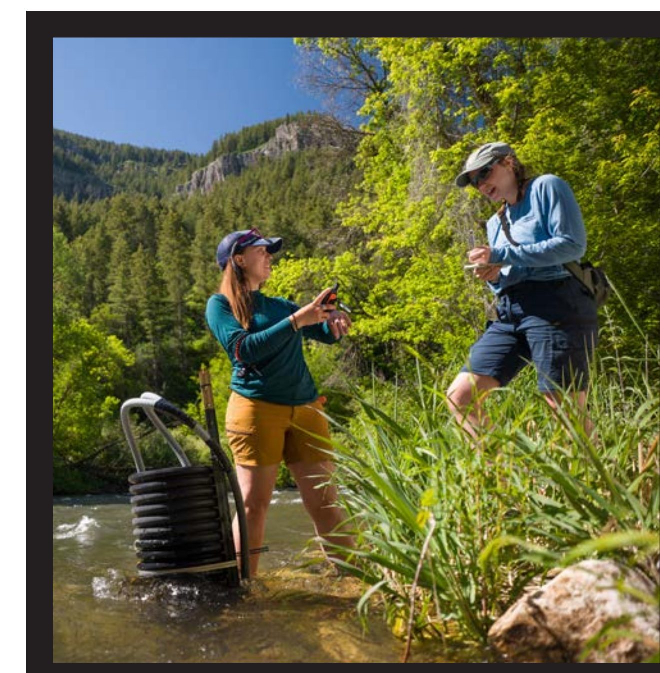
The University experienced a net operating loss in fiscal year 2023 of $306.9 million. This operating loss highlights the University's dependency on nonoperating revenues such as state appropriations and private gifts to meet its costs of operations.

Total fiscal year 2023 operating revenues increased by $89 million (14.6%) from 2022. The net tuition and fee revenues increased $13.4 million (8.6%) largely due to increased tuition and fee rates. Contracts, grants, and federal appropriations increased 15.8 percent, providing $55.7 million of an increase in operating revenues, reflecting the University's expanding research efforts, particularly at the Utah State University Space Dynamics Laboratory. Other operating revenues, comprising sales and services of educational departments, service and auxiliary enterprises, and others, increased $20 million mainly due to the increased on-campus student and staff population and increased on-campus activities.

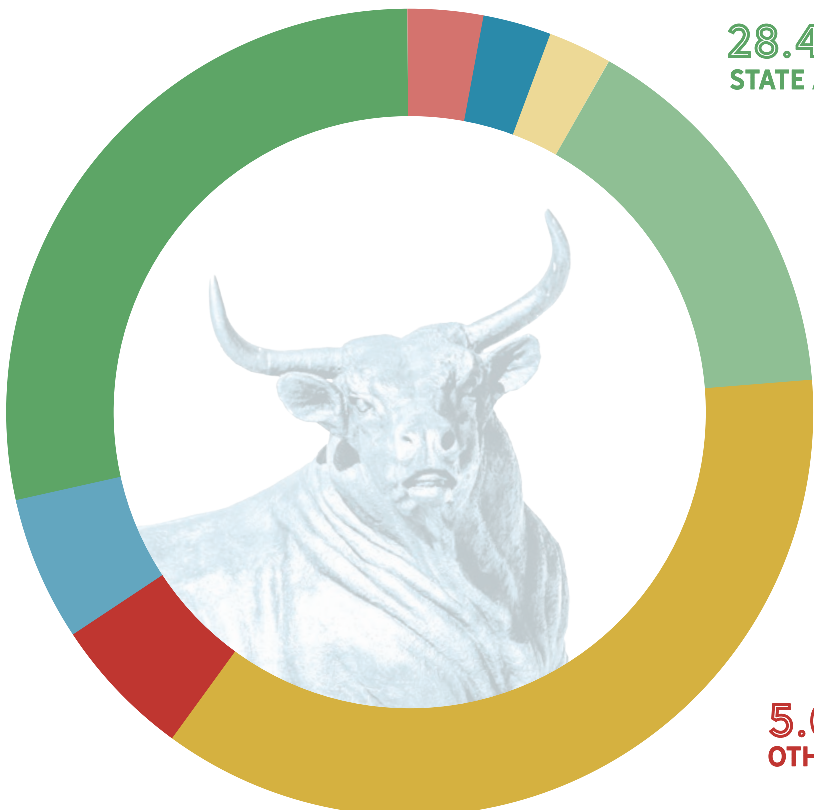
Net nonoperating revenues increased $74.7 million (22.3%). State appropriations increased $51 million due to increases in the State of Utah budget, largely due to an $18.1 million increased appropriation to the College of Veterinary Medicine, a $19 million increase for salaries, wages, benefits, and performance funding, and a $6.2 million increase for supplemental mid-year funding. Financial aid grants increased $1.6 million. Private gifts totaled $31.1 million, a $11.7 million decrease. Investment income increased $75 million due to significant increases in investments and higher interest rates. Interest on capital asset related debt slightly decreased $0.3 million. Other nonoperating revenue decreased $4.4 million mainly due to uncollectible gift expenses. The University received $4.4 million of Federal CARES Act funds, a decrease of $39.1 million.

Capital appropriations, and capital grants and gifts are helping to fund various capital projects that are discussed in the Capital Asset and Debt Administration section on page 19. Capital appropriations, managed through the Division of Facilities Construction and Management, were $14.4 million for various buildings and infrastructure upgrades and improvements. Capital grants and gifts totaled $9 million. Additions to permanent endowments totaled $10.4 million.

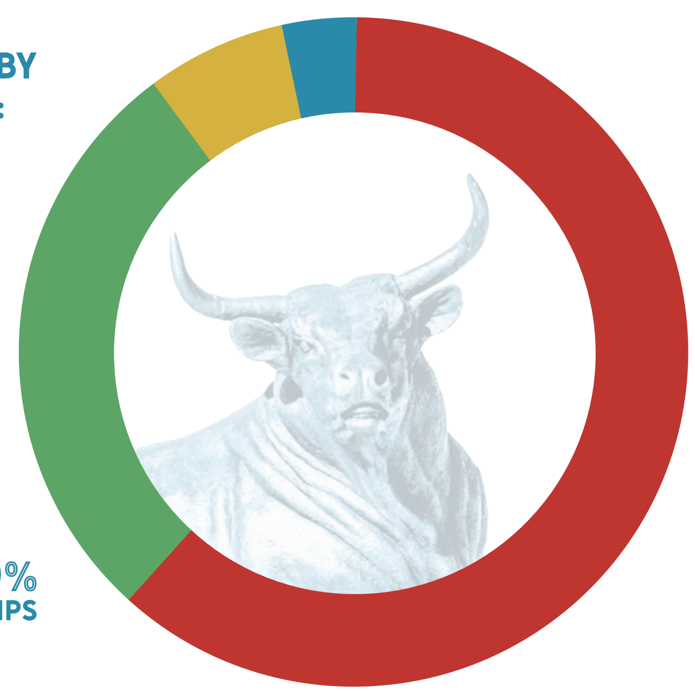
Total operating expenses increased $57.7 million (6.1%) in fiscal year 2023. Salaries, wages, and benefits increased $20.3 million (3.4%). The increase of 241 benefited employees (to a total of 5,047 benefited employees), salary increases, and an increase in the cost of medical insurance totaled $49.1 million, and the actuarial calculated pension expense decreased $28.8 million. Other operating expenses increased $54.3 million (24.1%) mostly due to the increased usage of facilities and an increased number of activities and events. Scholarships and fellowships decreased $20 million. Depreciation and amortization expense increased $3.1 million.



THE UNIVERSITY'S SOURCES OF REVENUE AVAILABLE TO MEET CURRENT OPERATING COSTS AT JUNE 30, 2023, WERE:



THE UNIVERSITY'S OPERATING EXPENSES BY CLASSIFICATION AT JUNE 30, 2023, WERE:



STATEMENT OF CASH FLOWS

The final statement presented by Utah State University is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the University during the fiscal year. The statement is divided into five sections. The first section deals with operating cash flows and shows the net cash used by operating activities. The second section includes cash flows from noncapital financing activities. This section includes the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section includes cash flows from capital and related financing activities. This section includes the cash used for the acquisition and construction of capital and related items. The fourth section includes the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. A condensed version of these first four sections is provided on the following page. The fifth section of the Statement of Cash Flows is not included in the Condensed Statement of Cash Flows, which reconciles the net cash used for operations to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position. This reconciliation is available for review in the Statement of Cash Flows on page 29.

CONDENSED STATEMENT OF CASH FLOWS

For the Years Ended June 30

	2023	2022	CHANGE	% CHANGE
CASH PROVIDED (USED) BY:				
(1) Operating activities	($280,292,669)	($267,352,547)	($12,940,122)	(4.84%)
(2) Noncapital financing activities	406,236,993	410,336,396	(4,099,403)	(1.00%)
(3) Capital and related financing activities	1,896,144	(74,972,736)	76,868,880	102.53%
(4) Investing activities	(78,177,576)	(96,358,491)	18,180,915	18.87%
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	49,662,892	(28,347,378)	78,010,270	275.19%
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	180,096,293	208,443,671	(28,347,378)	(13.60%)
CASH AND CASH EQUIVALENTS – END OF YEAR	$229,759,185	$180,096,293	$49,662,892	27.58%

The University's cash and cash equivalents had a net increase of $49,662,892 to a total of $229,759,185. Current cash and cash equivalents decreased by $7.7 million due to the purchase of investments, and noncurrent cash and cash equivalents increased by $57.4 million largely due to the net increase of the balances of bond construction proceeds. Overall, cash increased $22.4 million, money market investments decreased $28.2 million, and Utah Public Treasurers' Investment Fund investments increased $55.5 million.

CAPITAL ASSET & DEBT ADMINISTRATION

Construction of the Canyon Crest Suites Residence Hall was completed in August of 2022. It is a six-story student housing building containing four and six bed suites, that provide up to 402 beds. The $42.4 million project was funded with a portion of the proceeds of the University's $54,995,000 Student Fee and Housing System Revenue Bonds, Series 2019, that were issued in August of 2019.

Construction of the $2.7 million Robert A. Adams Equine-Human Science Arena was completed in March of 2023. It was built primarily with donations, and gifts from individuals and several local companies that provided many of the building materials at cost. The arena provides the College of Agriculture and Applied Sciences' growing equine science and management and equine-human science programs a new home at the USU Animal Science Farm. The arena provides much needed space to give students hands-on experiences that prepare them to become equine-assisted therapy specialists.

The Space Dynamics Laboratory continues to receive significant contract funding which is driving the need for additional space. The construction of the Space Dynamics Laboratory building 1480, located at the Innovation Campus was completed in November of 2022. The building expands capabilities for assembly, integration, and testing of instruments and satellites. The $33.5 million project was funded with a portion of the proceeds of the University's $61,865,000 Research Revenue and Refunding Bonds, Series 2019B, that were issued in December of 2019.

Construction of the Mehdi Heravi Global Teaching and Learning Center has begun. The two-story, 40,646 square foot, $23.8 million building will house the College of Humanities and Social Sciences (CHaSS) programs in the Department of World Languages and Cultures, including the Intensive English Language Institute (IELI) and the Master of Second Language Teaching program (MSLT). It is anticipated to be completed in 2024.

Construction of a $14 million, 29,947 square foot, one/two story, building addition to the Electric Vehicle and Roadway building on the University's Innovation Campus continues. The Electric Vehicle and Roadway Research Facility and Test Track (EVR) is a state-of-the-art facility at the forefront of wirelessly charged electric vehicle and roadway technologies. The project is funded in part with the proceeds of the University's $8,605,000 Research Revenue Bonds, Series 2021, that were issued in November of 2021.

Construction of improvements at the southeast corner of Maverik Stadium were completed in August of 2023. The project was funded with the proceeds of the University's $7,233,000 Student Building Fee Revenue Bonds, Series 2022, that were issued in July of 2022.

Construction of the Kem and Carolyn Gardner Learning and Leadership building will begin soon. The construction site is currently being cleared and prepared. The 41,728 square foot, $29 million building, funded largely through private philanthropic support, will be located adjacent to the George S. Eccles Business Building. It will house much of the expanding experiential learning programs of the Jon M. Huntsman School of Business, and will create room for new hands-on learning initiatives.

A groundbreaking ceremony for the Wanlass Center for Art Education and Research was held in June of 2023. The 9,900 square foot, $7 million building will be located adjacent to the Nora Eccles Harrison Museum of Art. It will include a multi-purpose studio classroom for art-making for K-12, USU courses and community classes; display niches where art from the collection can be displayed for inspiration and discussion; a study center with an open classroom; a research library; and visible collection storage that allows the museum to easily pull and display a wide range of artworks for classes or groups to access, interact with, discuss, and research. Visitors will experience visible compaction art storage to gain a sense of what museums do behind the scenes.

In June of 2023 the University's $67,820,000 Auxiliary System Revenue Bonds, Series 2023, were issued for the purpose of financing the construction of a South Campus Student Residence Hall, and a South Campus Parking Terrace. The University also deposited an additional $5 million of cash reserves into each of the two construction funds. The two facilities will be located adjacent to the new Kem and Carolyn Gardner Learning and Leadership Building. The construction sites are currently being cleared and prepared.

Plans for the South Campus Student Residence Hall include a six story, approximately 112,000 square foot building, with 306 beds in modern apartment style units to meet current housing demands. Construction is schedule to begin in fall of 2023, with completion scheduled for August of 2025. The total construction cost is projected to not exceed $49.3 million.

Plans for the South Campus Parking Terrace include a 114,010 square foot facility with four parking levels above ground and one parking level below ground with 343 vehicle spaces. Construction is scheduled to begin in April of 2024, with completion scheduled for August of 2025. The total construction cost is projected to not exceed $22.9 million.

The new School of Veterinary Medicine building is in the planning stages. Construction of the 108,845 square foot, $75.5 million building is scheduled to begin in spring of 2024.

The Monument Valley Academic building in Blanding, Utah is in the planning stages. Construction of the 12,671 square foot, $14 million building is scheduled to begin in spring of 2024.

ECONOMIC OUTLOOK

Utah emerged from the coronavirus pandemic better than most states. A Wall Street Journal article from 2022, titled "States of COVID Performance", ranked Utah first for its economic, education, and mortality ranking and touted its resilience. The state's business-friendly responses allowed Utah to push beyond the emergency response phase of the pandemic and focus on strengthening and supporting the diversification of core businesses and industries in the state.

Utah entered 2023 facing significant economic uncertainty as decision-makers continue to grapple with ever-changing pockets of economic strength and weakness. The post-pandemic economy altered many traditional economic relationships. Although these economic transformations make it unclear if or when old patterns will return, or if new arrangements will chart a different economic course, low unemployment coupled with improving supply chains and strong overall household, and state and local government financial reserves combined to provide a hedge against economic challenges. A strong Utah economy is important to Utah State University as it generally translates into continued and additional support for the institution.

When it comes to youth engagement in education, training, or the workforce, Utah performs among the top 10 states nationally and has experienced positive trends over time. USU enjoys stable enrollments with a Fall 2023 headcount of just over 28,000 students across multiple locations within the university's statewide system of campuses and education centers. A strong and growing number of sponsored research contracts and grants allows USU to further its critically important mission as one of the two research institutions in the state and retain its esteemed designation as a R1 research institution.

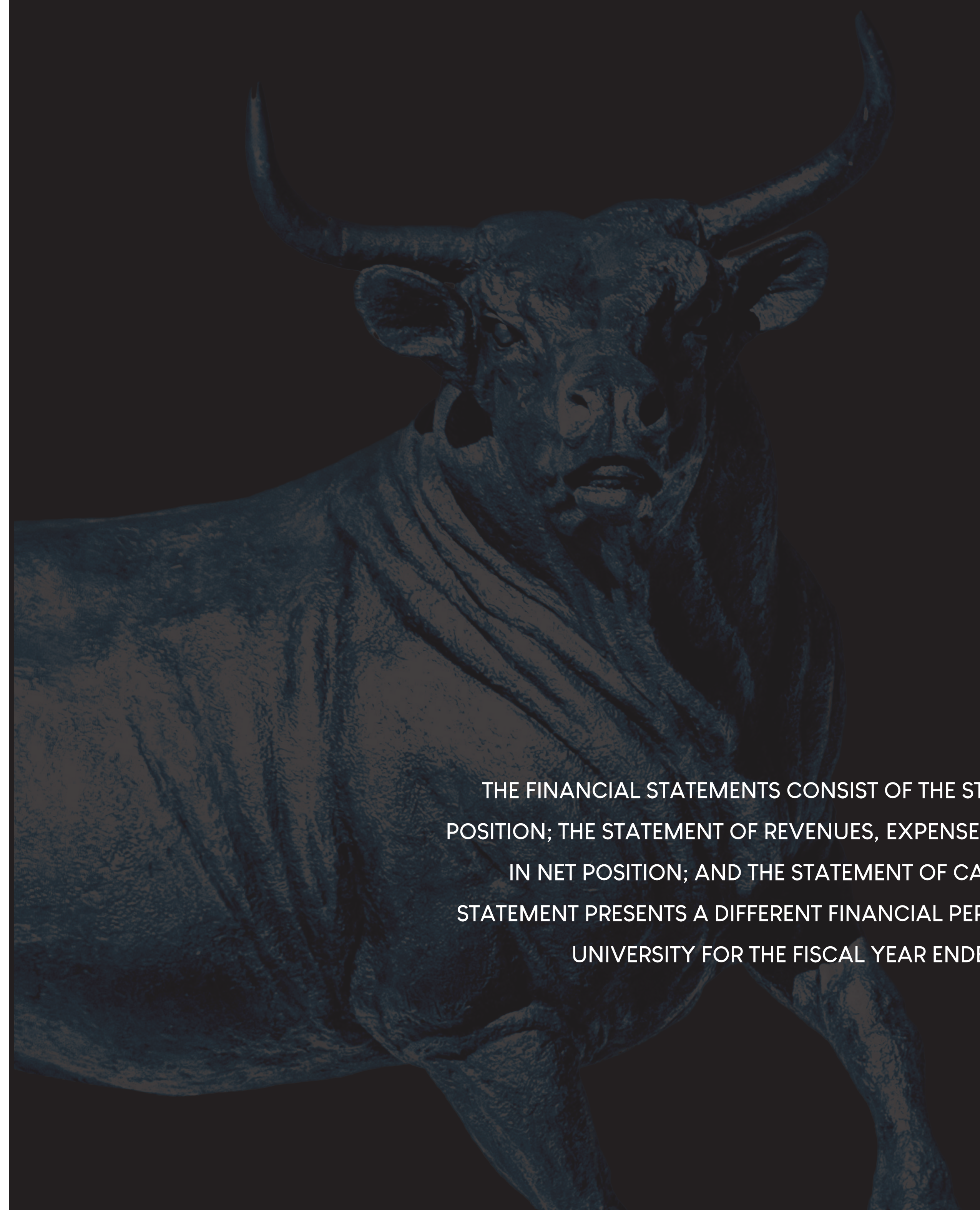
The University will continue to focus on increasing student participation, supporting students to graduate in a timely manner, producing graduates in high-wage, high-demand fields, and providing quality experiences in academic, research, and public service that benefit the individual, the economic development of the state, and the quality of life for the citizens of the state and the nation.

USU has a diverse source of revenues, including those from the state of Utah, student tuition and fees, sponsored research programs, private support, and self-supporting enterprises. This diversity of revenues continues to provide financial stability and significant protection against potentially difficult future economic times.

Management believes that USU's financial position will continue to enable the University to move forward and accomplish its mission of being one of the nation's premier land-grant and space-grant institutions committed to excellence, access, and inclusion.

UTAH STATE UNIVERSITY

FINANCIAL STATEMENTS



THE FINANCIAL STATEMENTS CONSIST OF THE STATEMENT OF NET POSITION; THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION; AND THE STATEMENT OF CASH FLOWS. EACH STATEMENT PRESENTS A DIFFERENT FINANCIAL PERSPECTIVE OF THE UNIVERSITY FOR THE FISCAL YEAR ENDED JUNE 30, 2023

STATEMENT OF NET POSITION

June 30, 2023

ASSETS	
Current assets	
Cash and cash equivalents (Notes A, B, and D)	$135,159,377
Short-term investments (Notes B and D)	137,563,960
Accounts receivable from primary government (Note E)	6,423,614
Accounts receivable from others – net (Note E)	103,044,204
Credits receivable (Note E)	150,247
Notes receivable – net (Note E)	1,225,810
Inventories (Note A)	7,624,676
Prepaid expenses	6,362,158
Total current assets	397,554,046
NONCURRENT ASSETS	
Restricted	
Cash and cash equivalents (Notes A, B, and D)	94,599,808
Short-term investments (Notes B and D)	369,136
Investments (Notes C and D)	311,293,178
Accounts receivable – net (Note E)	5,323,386
Real estate held for resale	388,722
Split-interest agreements	678,082
Accounts receivable – net (Note E)	39,349,664
Notes receivable – net (Note E)	12,888,207
Investments (Notes C and D)	461,431,993
Net pension assets (Note J)	338,189
Capital assets – net (Note F)	1,137,676,321
Total noncurrent assets	2,064,336,686
Total assets	2,461,890,732
DEFERRED OUTFLOWS OF RESOURCES	
Unamortized refunding losses on bonds	6,546,238
Resources related to pensions (Note J)	14,313,180
Total deferred outflows of resources	20,859,418

Table continued on next page

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2023

LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities to primary government (Note G)	4,855,271
Accounts payable and accrued liabilities to others (Note G)	85,949,637
Liability for compensated absences (Note H)	18,161,154
Liability for early retirement (Note H)	8,010,746
Unearned revenue and deposits	40,501,801
Other current liabilities (Note H)	6,835,121
Funds held for others	71,973
Notes payable to primary government (Note H)	102,533
Bonds and notes payable (Notes H and I)	13,012,042
Total current liabilities	177,500,278
Noncurrent liabilities	
Liability for compensated absences (Note H)	11,194,030
Liability for early retirement (Note H)	13,004,910
Unearned revenue and deposits	1,249,810
Notes payable to primary government (Note H)	367,140
Other noncurrent liabilities (Note H)	38,710,630
Net pension liability (Note J)	714,699
Bonds and notes payable (Notes H and I)	390,368,895
Total noncurrent liabilities	455,610,114
Total liabilities	633,110,392
DEFERRED INFLOWS OF RESOURCES	
Leases	15,446,928
Resources related to pensions (Note J)	471,144
Split-interest agreements	4,370,358
Total deferred inflows of resources	20,288,430
NET POSITION	
Net investment in capital assets	794,140,336
Restricted	
Nonexpendable	
Scholarships and fellowships	124,907,861
Instruction	56,587,533
Loans	789,941
Other	21,199,401
Expendable	
Research, instruction, and public service	334,562,524
Capital projects	67,210,677
Unrestricted	429,953,055
Total net position	$1,829,351,328

The Notes to the Financial Statements are an integral part of this statement

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For The Year Ended June 30, 2023

OPERATING REVENUES	
Tuition and fees - net (Note A)	$168,405,719
Federal appropriations	5,216,716
Federal contracts and grants	362,435,971
State contracts and grants	18,160,074
Local contracts and grants	2,138,130
Private contracts and grants	20,023,665
Sales and services	31,796,602
Service departments	3,805,442
Auxiliary enterprises - net (Note A)	59,781,090
Other operating revenues	27,510,439
Total operating revenues	699,273,848
OPERATING EXPENSES	
Salaries and wages	456,725,425
Employee benefits	175,913,789
Actuarial calculated pension expense (Note J)	(8,859,523)
Other operating expenses	279,810,168
Scholarships and fellowships	35,240,582
Depreciation and amortization	67,329,563
Total operating expenses	1,006,160,004
Operating loss	(306,886,156)
NONOPERATING REVENUES (EXPENSES)	
State appropriations	315,682,436
State grants	10,417,132
State land grant revenues	359,916
Financial aid grants	35,162,266
Pandemic Relief Funds	4,410,978
Private gifts	31,111,922
Investment income	28,802,800
Interest income on capital assets	515,988
Interest expense on capital assets	(13,209,655)
Other nonoperating revenues (expenses)	(3,423,732)
Total nonoperating revenues (expenses)	409,830,051
Income before other revenues	102,943,895

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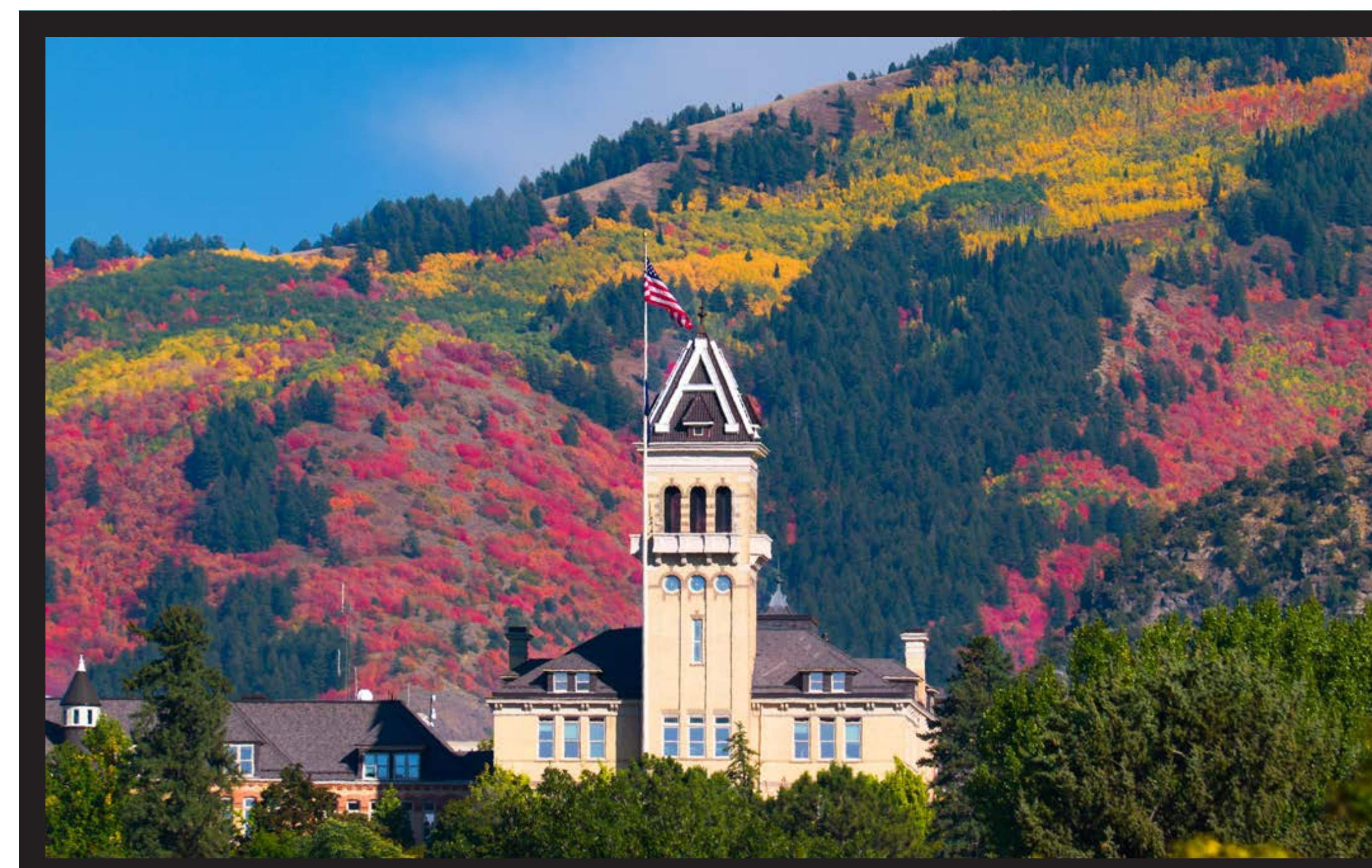
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (CONTINUED)

For The Year Ended June 30, 2023

OTHER REVENUES	
Capital appropriations	14,406,771
Capital grants and gifts	8,994,600
Additions to permanent endowments	10,404,274
Total other revenues	33,805,645
Increase in net position	136,749,540
Net position - beginning of year	1,689,084,000
Adjustment to beginning net position (Note O)	3,517,788
Net position - beginning of year as adjusted	1,692,601,788
Net position - end of year	$1,829,351,328

The Notes to the Financial Statements are an integral part of this statement



STATEMENT OF CASH FLOWS

For The Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees receipts	$166,871,561
Federal appropriations receipts	4,147,224
Contracts and grants receipts	385,946,901
Sales and services receipts	30,509,130
Service departments receipts	3,725,308
Auxiliary enterprises receipts	59,408,087
Other operating receipts	28,718,530
Payments to employees for salaries and benefits	(643,592,674)
Payments to suppliers	(281,416,657)
Payments for scholarships and fellowships	(35,240,582)
Loans issued to students	(1,200)
Loan payments received from students	631,703
Net cash used by operating activities	(280,292,669)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	314,387,275
State grants	10,417,132
State land grant revenues	324,640
Financial aid grants	35,189,428
Federal CARES Act funds	10,492,890
Private gifts	37,599,747
Split-interest agreements	(500,850)
Federal direct loans issued to students	(48,881,357)
Federal direct loan payments received from federal government	49,000,137
Other deductions	(1,792,049)
Net cash provided by noncapital financing activities	406,236,993
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	15,525,014
Capital grants and gifts	3,424,693
Proceeds from capital debt and leases	77,760,569
Other additions	3,873,272
Cash paid for capital assets	(66,974,008)
Payment of capital debt and leases	(18,232,504)
Interest paid on capital asset related debt	(13,480,892)
Net cash provided by capital and related financing activities	1,896,144

Table continued on next page

UTAH STATE UNIVERSITY

STATEMENT OF CASH FLOWS (CONTINUED)

For The Year Ended June 30, 2023

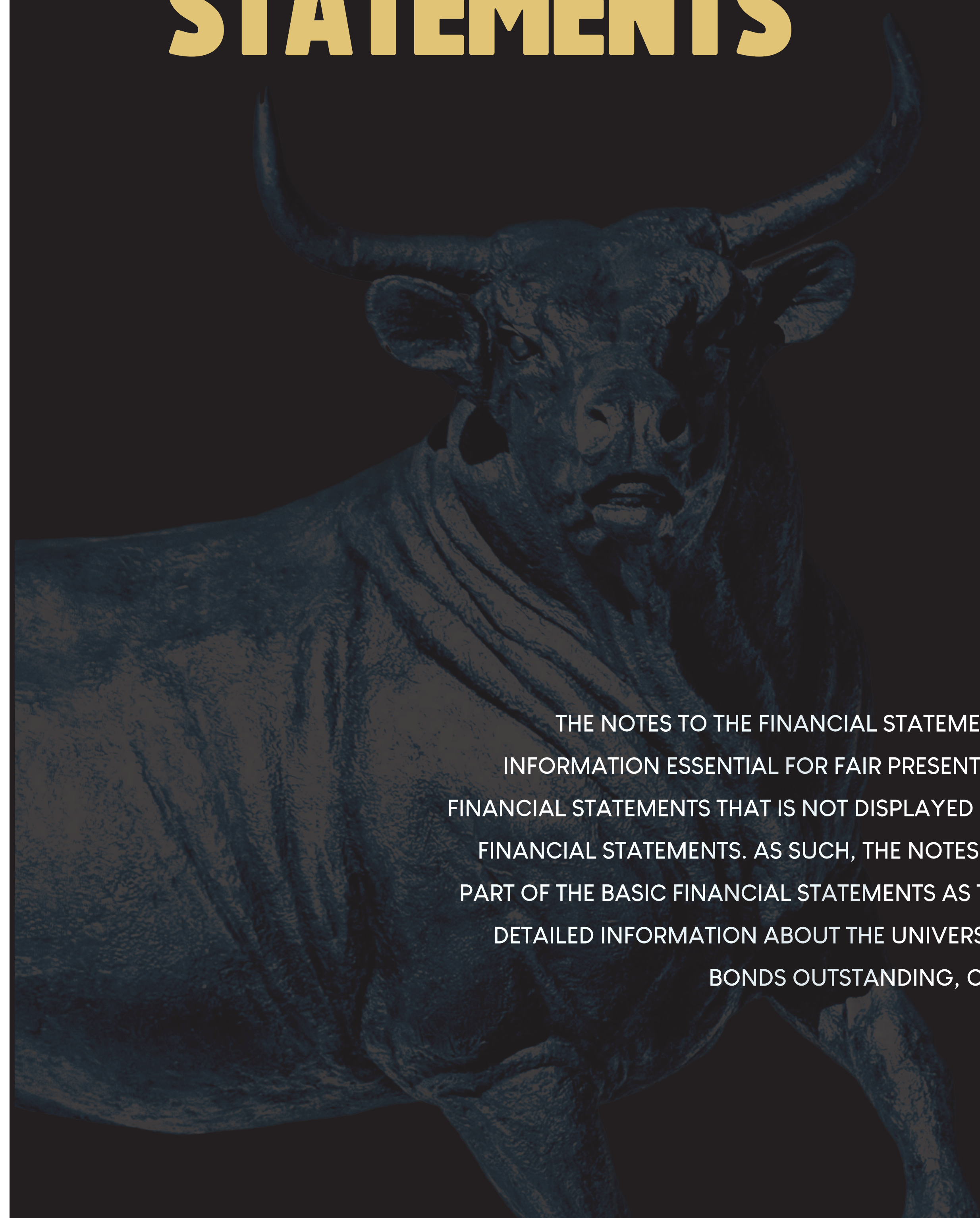
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(290,915,035)
Proceeds from sale of investments	185,276,702
Interest and dividends received from investments	27,460,757
Net cash used by investing activities	(78,177,576)
Net increase in cash and cash equivalents	49,662,892
Cash and cash equivalents – beginning of year	180,096,293
Cash and cash equivalents – end of year	$229,759,185

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	($306,886,156)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation expense	67,329,563
Gifts-in-kind and transfers reducing payments to suppliers	591,592
Changes in assets, liabilities, and deferred inflows	
Accounts receivable	(21,412,199)
Inventories	(2,357,714)
Prepaid expenses	32,611
Accounts payable and accrued expenses	2,973,486
Unearned revenues and deposits	2,229,118
Compensated absences and early retirement	(3,355,429)
Net pension liability	(19,304,018)
Net student loan activity	1,153,949
Deferred inflows leases	(1,287,472)
Net cash used by operating activities	($280,292,669)

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Additions to pledges receivable for capital and related financing activities	$2,439,197
Additions to pledges receivable for noncapital financing activities	2,728,455
Amortization of premiums, discounts, and net loss on bonds	(376,709)
Change in fair value of investments recognized as a component of investment income	(4,486,528)
Disposal of capital assets due to write off	(2,619,942)
Gifts of capital assets	3,751,927
Total noncash investing, capital, and financing activities	$1,436,400

The Notes to the Financial Statements are an integral part of this statement

NOTES TO FINANCIAL STATEMENTS



THE NOTES TO THE FINANCIAL STATEMENTS COMMUNICATE INFORMATION ESSENTIAL FOR FAIR PRESENTATION OF THE BASIC FINANCIAL STATEMENTS THAT IS NOT DISPLAYED ON THE FACE OF THE FINANCIAL STATEMENTS. AS SUCH, THE NOTES FORM AN INTEGRAL PART OF THE BASIC FINANCIAL STATEMENTS AS THEY PRESENT MORE DETAILED INFORMATION ABOUT THE UNIVERSITY'S INVESTMENTS, BONDS OUTSTANDING, CAPITAL ASSETS, ETC.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by Utah State University are described below.

BASIS OF PRESENTATION

Utah State University is a component unit of the State of Utah. The financial statements include the accounts of Utah State University Agricultural Experiment Station, Utah State University Cooperative Extension Service, Utah State University Water Research Laboratory, Utah State University Brigham City Campus, Utah State University Tooele Campus, Utah State University Uintah Basin Campus, Utah State University Eastern (USU Eastern), and Utah State University Blanding, which are entities separately funded by state appropriations.

The Utah State University Space Dynamics Laboratory (SDL), the Utah State University Foundation (Foundation) and the Hansen Scholars Support Foundation (HSSF) are blended component units of the University and have been consolidated in these financial statements. SDL is governed by a Board of Directors appointed by the president of Utah State University, under the direction of the University's Board of Trustees. SDL is a dependent foundation of Utah State University and is reported as a part of the University because its primary purpose is to support the mission of Utah State University in regards to research. The Utah State University Foundation is also governed by a Board of Trustees appointed by the president of the University. The Utah State University Foundation is a dependent foundation of Utah State University and serves as a fund-raising arm of the University. The Hansen Scholars Support Foundation is a dependent foundation and is governed by a Board of Trustees, with the majority being selected by the University. The purpose of this foundation is to manage, invest, and distribute foundation assets to the University to be used for scholarships.

The Utah State University Space Dynamics Laboratory annually publishes audited financial statements. A copy of the audited financial statements can be obtained from Utah State University Space Dynamics Laboratory, 416 E. Innovation Avenue, North Logan, Utah 84341.

BASIS OF ACCOUNTING

For financial reporting purposes, the University is considered a special purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated. When both restricted and unrestricted resources are available, such resources are spent and tracked at the discretion of the department within the guidelines of donor restrictions.

The accounting policies of the University conform in all material respects with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

CASH & CASH EQUIVALENTS

Cash and cash equivalents consist of cash and investments with an original maturity of three months or less.

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 accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

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. The University values these investments based on the values provided by the partnerships as well as their audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent capital calls and distributions.

INVENTORIES

The value of the University Campus Store inventory is recorded at average cost, determined using the retail inventory method, while all other inventory values are essentially lower of cost (first-in, first-out) or market, including the cost of project houses waiting to be sold or under construction. Obsolete or unusable items are reduced to net realizable values.

LEASE RELATED ASSETS, LIABILITIES, & DEFERRED INFLOWS

As the lessee, the University has recognized a lease liability and an intangible right-to-use lease asset. The lease liability was measured at the present value of payments expected to be made during the lease term, less any lease incentives. The lease asset was measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

As the lessor, the University has recognized a lease receivable and a deferred inflow of resources. The lease receivable was measured at the present value of lease payments expected to be received during the lease term. The deferred inflow was measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that related to future periods.

SUBSCRIPTION RELATED ASSETS & LIABILITIES

The University has recognized a subscription liability and an intangible right-to-use subscription asset. The subscription liability was measured at the present value of payments expected to be made during the subscription term, less any vendor incentives. The subscription asset was measured at the amount of the initial measurement of the subscription liability, plus any payments made to the vendor at the commencement of the subscription term and capitalizable initial implementation costs.

NONCURRENT ASSETS

Assets that are externally restricted for capital purposes, to make debt service payments, maintain sinking or reserve funds, or that represent assets of the University's endowments (including real estate held for resale and split-interest agreements) are classified as noncurrent restricted assets.

The remaining noncurrent assets include those receivables that will not be realized within the next year, investments, the cost of land purchased for future project houses, and the University's capital assets net of depreciation.

CAPITAL ASSETS

All buildings are carried on an estimated historical cost basis or at acquisition value at date of donation in the case of gifts. All other physical plant and equipment are stated at cost when purchased or constructed or acquisition value at date of donation in the case of gifts.

The University capitalizes all equipment with a unit cost of $5,000 or more and an estimated useful life greater than one year. Purchased software is capitalized when acquisition costs are $100,000 or more. Buildings costing $250,000 or more are capitalized, as are improvements to buildings costing $250,000 or more that extend the useful life of the building. Improvements other than buildings costing $250,000 or more are also capitalized. All library physical collections inventoried in the University's recognized libraries are capitalized regardless of cost. Art and special collections held by the University are capitalized but not depreciated. The University computes depreciation using the straight-line composite method over the estimated useful life of the assets. The estimated useful lives are: (*Figure A.1*)

The University provides repair and replacement reserves for certain properties as required by the related bond indentures. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

FIGURE A.1

Buildings	10-40 years
Improvements other than buildings	5-20 years
Equipment	3-15 years
Purchased software	5-10 years
Library physical collections	20 years

PENSION RELATED ASSETS, LIABILITIES, DEFERRED OUTFLOWS, & DEFERRED INFLOWS

The University records its share of any unfunded liability associated with participation in the defined benefit plans of the Utah Retirement Systems (Systems). For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems' Pension Plan and additions to or deductions from the Systems' fiduciary net position are determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. The Systems' Pension Plan investments are reported at fair value.

UNEARNED REVENUES

Unearned revenues consist primarily of amounts received during the fiscal year that have not yet been earned and are related to the subsequent accounting period. These sources consist of contract and grant sponsors, amounts received for tuition and fees, and certain auxiliary activities.

COMPENSATED ABSENCES

Sick leave is not accrued but is reported in the period of actual expenditure. Sick leave does not vest to the employee but is allowed on an earned time basis. At the end of each calendar year, employees who have earned 48 days of sick leave may convert up to four days of sick leave to annual leave, subject to other restrictions of the University.

Annual leave, including converted sick leave, is accrued and reported as earned. Employees are allowed to carry a maximum of 34 days of annual leave. The 34 days is variable depending on the number of sick leave days the employee is allowed to convert at calendar year end.

GIFTS

The University received $591,592 of gifts-in-kind that were recorded as revenue and expense during the fiscal year ended June 30, 2023.

NONCURRENT LIABILITIES

Noncurrent liabilities include principal amounts of revenue bonds payable and notes payable that are due beyond the next fiscal year. The remaining noncurrent liabilities include estimated amounts for accrued compensated absences, early retirement, net pension, leased assets, subscription-based information technology arrangements, and the repayment of the federal share for the Perkins Loan program.

DEFERRED INFLOWS

In accordance with GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, as of June 30, 2023, the University has recognized certain donated assets as investments along with a deferred inflow of resources for certain irrevocable split-interest agreements. The University has a beneficial interest or right to a portion of the benefits donated, pursuant to an irrevocable split-interest agreement, in which the donor enters into a trust and transfers resources to an intermediary.

Asset recognition criteria include: (1) the government is specified by name as beneficiary in the legal document underlying the donation; (2) the donation agreement is irrevocable; (3) the donor has not granted variance power to the intermediary with respect to the donated resources; (4) the donor does not control the intermediary, such that the actions of the intermediary are not influenced by the donor beyond the specified stipulations of the agreement; and (5) the irrevocable split-interest agreement established a legally enforceable right for the government's benefit (an unconditional beneficial interest).

NET POSITION

The University's net position is classified as follows:

NET INVESTMENT IN CAPITAL ASSETS: Net investment in capital assets represents the University's total investment in capital assets net of obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

RESTRICTED—NONEXPENDABLE: Restricted - nonexpendable net position consists of endowment and similar-type funds which, as a condition of the gift instruments, the donors or other outside sources have stipulated that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income. The income may either be expended or added to principal. Also included in this category are funds received from donors for the purpose of providing short and long-term loans to students.

RESTRICTED–EXPENDABLE: Restricted – expendable net position includes resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

UNRESTRICTED: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of university departments. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services primarily for students.

CLASSIFICATION OF REVENUES & EXPENSES

OPERATING REVENUES: Operating revenues include activities that have the characteristics of exchange transactions such as: (1) student tuition and fees, net of scholarship allowances; (2) sales and services of auxiliary enterprises and other departments; (3) most federal, state, and local contracts and grants and federal appropriations; and (4) interest on institutional student loans.

NONOPERATING REVENUES: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts, contributions, and other revenue sources that are defined as nonoperating revenues based on GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting* and GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Examples of nonoperating revenues would include state appropriations and investment income.

OPERATING/NONOPERATING EXPENSES: All expenses are classified as operating expenses except interest expense, losses on the disposal of capital assets, uncollectible gifts, and the expense recognized in relation to the liability of the Federal Perkins Loan Program. All expenses are classified as operating expenses except interest expense, losses on the disposal of capital assets, uncollectible gifts, and the expense recognized in relation to the liability of the Federal Perkins Loan Program.

SCHOLARSHIP ALLOWANCES

Student tuition and fee revenues are reported net of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the students' behalf. To the extent that revenues from other sources are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship allowance to eliminate overstating total revenues to the University and properly record the revenues at the original source.

The scholarship allowances for the year ended June 30, 2023, were: *(Figure A.2)*

FIGURE A.2

SCHOLARSHIP ALLOWANCES	
Tuition and fees	$86,222,684
Auxiliary enterprises	1,468,946
Total scholarship allowances	$87,691,630

SEGMENT REPORTING

The University, through the Utah Board of Higher Education, issues revenue bonds to finance certain activities. The University has deemed it not necessary to report segments on these bond issues, based upon the criteria provided in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures.*

B. CASH & CASH EQUIVALENTS & SHORT-TERM INVESTMENTS

Cash and cash equivalents consist of cash and investments with an original maturity of three months or less. Short-term investments consist of investments with an original maturity greater than three months that will mature within one year or less. Cash, depending on source of receipts, is pooled except when legal requirements dictate the use of separate accounts. The cash balances and cash float from outstanding checks 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 invested in accordance with the State Money Management Act (the Act). The State of Utah Money Management Council provides regulatory oversight for the PTIF. The PTIF is available for investment of funds administered by any Utah Public Treasurer.

At June 30, 2023, cash and cash equivalents and short-term investments consisted of: *(Figure B.1)*

FIGURE B.1

CASH AND CASH EQUIVALENTS	
Cash	$76,744,047
Money market accounts	36,200,000
Money market mutual funds	2,573,538
Utah Public Treasurers' Investment Fund	114,241,600
Total cash and cash equivalents	$229,759,185
SHORT-TERM INVESTMENTS	
Commercial paper and corporate notes	$137,342,292
Municipal bonds	590,804
Total short-term investments (fair value)	$137,933,096

C. 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 market or appraised value. If no market or appraised value is available, investments received as gifts are recorded at a nominal value. Other investments are also 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 University's Investment Policy, the governing board may appropriate for expenditure as much of the net appreciation, realized and unrealized, of an endowment's corpus as is prudent under the facts and circumstances prevailing at the time of the action or decision. The appropriation must be for the purposes for which the endowment is established and also includes a management fee.

The endowment income spending policy at June 30, 2023, was 4 percent of the 12 quarter moving average of the market value of the endowment pool with a one year lag. The spending policy is reviewed periodically and any necessary changes are made.

The amount of net appreciation on investments of donor-restricted endowments available for authorization for expenditure at June 30, 2023, was $74,163,938. The net appreciation is a component of restricted-expendable net position.

At June 30, 2023, the investment portfolio composition was: *(Figure C.1)*

FIGURE C.1

LONG-TERM INVESTMENTS	
Alternatives	$105,261,269
Commercial paper and corporate notes	185,413,203
Common and preferred stocks	19,481,301
Municipal bonds	14,467,972
Mutual funds - bonds	52,343,850
Mutual funds - equity	155,690,974
Obligations of the U.S. Government and its agencies	240,066,602
Total long-term investments (fair value)	$772,725,171

D. DEPOSITS & INVESTMENTS

DEPOSITS

CUSTODIAL CREDIT RISK: Custodial credit risk is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. The University does not have a formal deposit policy for custodial credit risk.

At June 30, 2023, the carrying amounts of the University's deposits and bank balances were $112,773,049 and $117,143,405, respectively. The bank balances of the University were insured for $1,309,050 by the Federal Deposit Insurance Corporation. The bank balances in excess of $1,309,050 were uninsured and uncollateralized, leaving $115,855,974 exposed to custodial credit risk.

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 State Money Management Act (Utah Code, Title 51, Chapter 7) (the Act) that relate to the deposit and investment of public funds.

Except for endowment funds, the University follows the requirements of the Act 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 State of Utah Money Management Council.

For endowment funds, the University follows the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), Utah Board of Higher Education Policy R541, *Management and Reporting of Institutional Investments*, and the University's Investment Policy and endowment guidelines.

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.

Statutes authorize the University to invest in negotiable or non-negotiable 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), and 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 of 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 State Public Treasurers' Investment Fund (PTIF).

The Utah State Treasurer's Office operates the 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 as an investment company. The PTIF is authorized and regulated by the Act. The Act established the State of Utah 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 any realized gains or losses on investments.

The UPMIFA and Policy R541 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 certain criteria: mutual funds registered with the Securities and Exchange Commission, investments sponsored by the Commonfund; 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.

The University's Investment Policy allows the University to invest endowment funds in investments authorized by the Act or any of the following investments: readily marketable equities, which are diversified across a spectrum of market capitalizations, multiple regions, by issue, industry, and sector; readily marketable fixed income investments diversified by country, issue, sector, coupon, and quality; bonds having a minimum quality of "A" or better; and alternative investments that derive returns primarily from high-yield and distressed debt (hedged or non-hedged), natural resources, private capital (including venture capital, private equity, both domestic and international), commodities, private real estate assets or absolute return, and long/short hedge funds. In addition, endowment funds may be invested as specifically directed by donor agreements.

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 of:

- **LEVEL 1:** Quoted prices for identical investments in active markets
- **LEVEL 2:** Observable inputs other than quoted market prices
- **LEVEL 3:** Unobservable inputs

At June 30, 2023, the University had recurring fair value measurements of: *(Figure D.1)*

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, U.S. AGENCIES, AND COMMERCIAL PAPER: Quoted prices for identical securities in markets that are not active

CORPORATE AND MUNICIPAL BONDS: Quoted prices for similar securities in active markets

BOND AND EQUITY MUTUAL FUNDS: Published fair value per share (unit) for each fund

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 June 30 balance in the fund

Securities, namely bond mutual funds, closely held stock, and equity mutual funds classified in Level 3 are valued manually using various sources such as issuer, investment manager, client, etc., or default price if a price is not provided.

Investments valued using the net asset value 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. A portion of the University's endowment portfolio is invested in alternative investments. The University values these investments based on the values provided by the partnerships as well as their audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent capital calls and distributions.

The unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the University's alternative investments measured at NAV were: *(Figure D.2)*

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 University's Investment Policy, as applicable. For non-endowment funds, the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed-rate negotiable deposits, and fixed-rate corporate obligations to 270 days – 15 months or fewer. The Act further limits the remaining term to

FIGURE D.1

		FAIR VALUE MEASUREMENTS USING		
	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3
INVESTMENTS BY FAIR VALUE LEVEL				
DEBT SECURITIES				
Money market mutual funds	$2,573,538	$2,573,538	$—	$—
Utah Public Treasurers' Investment Fund	114,241,600	—	114,241,600	—
Commercial paper and corporate notes	322,755,495	—	322,755,495	—
Municipal bonds	15,058,776	—	15,058,776	—
Mutual funds – bonds	52,343,850	267,061	15,765,418	36,311,371
U.S. agencies	237,013,062	—	237,013,062	—
U.S. treasury securities	3,053,540	3,053,540	—	—
Total debt securities	747,039,861	5,894,139	704,834,351	36,311,371
EQUITY SECURITIES				
Common and preferred stock	19,481,301	19,481,301	—	—
Mutual funds - equity	155,690,974	864,876	80,546,034	74,280,064
Total equity securities	175,172,275	20,346,177	80,546,034	74,280,064
Total investments by fair value level	$922,212,136	$26,240,316	$785,380,385	$110,591,435
INVESTMENTS MEASURED AT NET ASSET VALUE (NAV)				
Hedge funds	19,230,523			
Private equity core real estate	8,622,334			
Private equity natural resources	11,026,031			
Private equity partnerships	21,299,448			
Private equity real estate funds	28,459,278			
Private infrastructure	14,557,099			
Venture capital funds	2,066,556			
Total investments measured at (NAV)	105,261,269			
Total investments at fair value	$1,027,473,405			

FIGURE D.2

INVESTMENTS MEASURED AT NAV	FAIR VALUE	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY	REDEMPTION NOTICE PERIOD
Hedge funds	$19,230,523	$1,513,476	Quarterly	100 Days
Private equity core real estate	8,622,334	—	Quarterly	90 Days
Private equity natural resources	11,026,031	7,011,053	N/A	N/A
Private equity partnerships	21,299,448	11,172,342	N/A	N/A
Private equity real estate funds	28,459,278	9,204,272	N/A	N/A
Private infrastructure	14,557,099	8,536,962	N/A	N/A
Venture capital funds	2,066,556	25,000	N/A	N/A
Total investments measured at NAV	$105,261,269	$37,463,105		

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 five 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, the University's Investment Policy requires 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's investments and maturities consisted of: *(Figure D.3)*

CREDIT RISK: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The University's policy for reducing its exposure to credit risk is to comply with the State Money Management Act and the University's Investment Policy, as previously discussed. As of June 30, 2023, the University had investments with quality ratings of: (*Figure D.4*)

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 State of Utah Money Management Council. For endowment funds, the University policy requires diversification of investments across a broad spectrum and specific limits to concentration of securities within categories of equities, fixed income, and alternatives. Rule 17 of the State of Utah Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to 5-10 percent depending upon the total dollar amount held in the portfolio at the time of purchase. The State of Utah Money Management Council limitations do not apply to securities issued by the U.S. Government and its agencies.

For endowments, the University, under Policy R541, is permitted to establish its own investment policy which adheres to the guidelines established by UPMIFA. Accordingly, the University's asset allocation guidelines allocate endowment funds in the asset classes consisting of: *(Figure D.5)*

At June 30, 2023, the University held more than 5 percent of total investments in securities of the Federal Farm Credit Bank FFCB and Federal Home Loan Bank FHLB. These investments represent 13.50 and 6.03 percent of the total investments.

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 the investments or collateral securities that are in the possession of an outside party. The University does not have a formal investment policy for custodial credit risk. At June 30, 2023, the University had $0 in closely held stock, $19,481,301 in common and preferred stock, $0 in common and preferred stock-options, $322,755,495 in commercial paper and corporate notes, $15,058,776 in municipal bonds, and $237,013,062 in U.S. agencies which were uninsured and held by the counterparty, but not in the University's name.

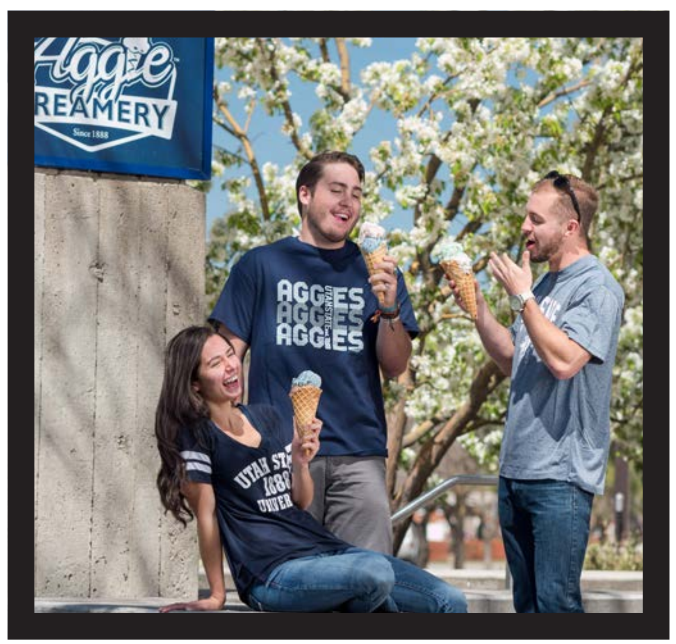


FIGURE D.3

		INVESTMENT MATURITIES (IN YEARS)			
INVESTMENT TYPE	FAIR VALUE	LESS THAN 1	1 – 5	6 – 10	GREATER THAN 10
Money market mutual funds	$2,573,538	$2,573,538	$—	$—	$—
Utah Public Treasurers' Investment Fund	114,241,600	114,241,600	—	—	—
Commercial paper and corporate notes	322,755,495	137,342,292	97,439,573	12,031,701	75,941,929
Municipal bonds	15,058,776	590,804	5,129,295	2,449,153	6,889,524
Mutual funds – bonds	52,343,850	6,704,635	19,267,436	19,129,584	7,242,195
U.S. agencies	237,013,062	—	98,694,763	134,969,382	3,348,917
U.S. treasury securities	3,053,540	—	1,639,578	483,911	930,051
Totals	$747,039,861	$261,452,869	$222,170,645	$169,063,731	$94,352,616

FIGURE D.4

		QUALITY RATING						
	FAIR VALUE	AAA	AA	A	BBB	BB	UNRATED	NO RISK
INVESTMENT TYPE								
Money market mutual funds	$2,573,538	$—	$—	$—	$—	$—	$2,573,538	$—
Utah Public Treasurers' Investment Fund	114,241,600	—	—	—	—	—	114,241,600	—
Commercial paper and corporate notes	322,755,495	1,890,186	14,771,055	220,047,081	72,658,925	1,815,234	11,573,014	—
Municipal bonds	15,058,776	9,297,223	4,850,738	435,280	475,535	—	—	—
Mutual funds - bonds	52,343,850	—	—	—	—	—	52,343,850	—
U.S. agencies	237,013,062	120,216	208,180,785	—	—	—	28,631,511	$80,550
U.S. treasury securities	3,053,540	—	—	—	—	—	—	3,053,540
Totals	$747,039,861	$11,307,625	$227,802,578	$220,482,361	$73,134,460	$1,815,234	$209,363,513	$3,134,090

FIGURE D.5

	BROAD ASSET ALLOCATION TARGET	
	TARGET (%)	RANGE (%)
ASSET CATEGORY		
Global Equity	47	35-55
Investment Grade Fixed Income	12	10-20
Opportunistic Fixed Income	12	10-20
Alternative Assets	29	10-30

E. ACCOUNTS, CREDITS, & STUDENT LOANS RECEIVABLE

The University's accounts receivable include lessor lease agreements consisting of land, buildings, and communication tower space with remaining lease terms of up to 38 years through fiscal year 2061. In fiscal year 2023, the University recognized $1,062,032 in lease revenue and $518,875 in lease interest revenue. The University recognized no variable, residual value guarantee, or termination penalty revenues.

As of June 30, 2023, accounts receivable consisted of: *(Figure E.1)*

FIGURE E.1	CURRENT	NONCURRENT	TOTAL
DUE FROM PRIMARY GOVERNMENT			
State contracts and grants	$3,780,386	$ —	$3,780,386
Land-grant revenue	169,020	—	169,020
Division of Facilities Construction and Management	994,078	—	994,078
Due from State of Utah	1,480,130	—	1,480,130
DUE FROM OTHERS			
Contracts and grants	87,853,739	—	87,853,739
Pledges receivable	3,421,855	28,300,469	31,722,324
Auxiliary and service enterprises	1,132,515	—	1,132,515
Leases receivable	660,352	15,997,634	16,657,986
Other activities	12,540,203	374,947	12,915,150
Total accounts receivable	112,032,278	44,673,050	156,705,328
Less allowance for doubtful accounts	(2,564,460)	—	(2,564,460)
Net accounts receivable	$109,467,818	$44,673,050	$154,140,868

Credits receivable, $150,247, reflect amounts due from vendors doing business primarily with the University's Campus Store.

Student loans receivable are comprised primarily of loans issued through the Federal Perkins Loan Program (FPLP) and short-term loans issued from funds set aside by the University for that purpose.

The FPLP loans provide for cancellation of a loan at rates of 10 percent to 30 percent per year up to a maximum of 100 percent if the participant complies with certain provisions. The FPLP loans become payable by the student after completion of academic degrees or termination as a student, with a term of ten years and an interest rate of 5 percent. The federal government is no longer providing funds for the FPLP program. The University has been directed to not issue additional loans. The University will continue to collect on outstanding loans and remit the federal portion as the money is collected. As of June 30, 2023, the outstanding liability to the federal government was $2,563,227.

As the University determines that loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off and assigned to the U.S. Department of Education.

Other University short-term loans have a term of two to four months and carry an interest rate of 7 percent to 12 percent. The 12 percent rate applies if the loan becomes delinquent. The long-term loans have a term of three years and carry an interest rate of 6 percent to 13 percent.

In November 2020, the University entered into a loan agreement with a third party borrower in the amount of $10,220,585 to partially finance the construction of the USU Moab Academic Building. The note has a 30-year term with interest at 1.33%. Interest-only payments are required for the first seven years of the note. Thereafter, principal and interest payments sufficient to pay off the note will be required. The note is secured by an interest in the building and an associated ground lease.

As of June 30, 2023, loans receivable consisted of: *(Figure E.2)*

FIGURE E.2	CURRENT	NONCURRENT	TOTAL RECEIVABLE
Federal Perkins Loan Program	$103,107	$2,112,193	$2,215,300
Third party loan	—	10,220,585	10,220,585
Other	1,163,538	1,180,000	2,343,538
Total loans receivable	1,266,645	13,512,778	14,779,423
Less allowance for doubtful accounts	(40,835)	(624,571)	(665,406)
Net loans receivable	$1,225,810	$12,888,207	$14,114,017

F. CAPITAL ASSETS

The University's capital assets include lessee right-to-use lease agreements consisting of land, educational and office space, equipment, and other assets with remaining lease terms of up to 23 years through fiscal year 2046.

In fiscal year 2023, the University incurred $3,660,037 in lease expense, $1,453,371 in lease interest expense, no termination penalty payments, and no variable or residual value guarantee payments.

The University's capital assets also include subscription-based information technology arrangements with remaining subscription terms of up to five years through fiscal year 2028. In fiscal year 2023, the University incurred $2,533,790 in software subscription expense, $154,314 in software subscription interest expense, no termination penalty payments, and no variable or residual value guarantee payments.

The University's capital assets consisted of: *(Figure F.1)*

FIGURE F.1	JUNE 30, 2022	ADDITIONS	DELETIONS	JUNE 30, 2023
CAPITAL ASSETS NOT DEPRECIATED				
Land	$73,578,824	$2,406,998	$100,307	$75,885,515
Construction in progress				
Buildings	75,265,422	26,885,194	80,732,842	21,417,774
Improvements other than buildings	4,028,912	5,226,551	5,951,410	3,304,053
Equipment	2,276,058	6,408,860	2,726,086	5,958,832
Art and special collections	60,466,773	9,517,109	—	69,983,882
Total capital assets not depreciated	215,615,989	50,444,712	89,510,645	176,550,056
OTHER CAPITAL ASSETS				
Buildings	1,306,278,027	85,158,560	469,492	1,390,967,095
Improvements other than buildings	97,447,329	5,951,410	2,701,368	100,697,371
Equipment	223,866,647	18,301,356	9,348,907	232,819,096
Library collections	78,905,325	280,235	—	79,185,560
Subscription assets	9,687,126	3,693,880	—	13,381,006
Leased assets				
Land	229,098	—	258	228,840
Buildings	25,195,984	16,260,306	345,803	41,110,487
Equipment	966,972	2,122,030	1,262,456	1,826,546
Other	149,963	120,466	119,693	150,736
Total other capital assets	1,742,726,471	131,888,243	14,247,977	1,860,366,737
LESS ACCUMULATED DEPRECIATION/AMORTIZATION				
Buildings	533,886,132	39,486,076	421,624	572,950,584
Improvements other than buildings	60,205,113	4,505,605	2,701,368	62,009,350
Equipment	170,690,164	14,091,017	8,125,874	176,655,307
Library collections	69,925,313	1,483,745	—	71,409,058
Subscription Assets	2,356,584	3,166,939	—	5,523,523
Leased assets				
Land	72,814	37,461	—	110,275
Buildings	5,903,404	4,047,453	7,653	9,943,204
Equipment	481,526	450,249	352,146	579,629
Other	118,201	61,018	119,677	59,542
Total accumulated depreciation/amortization	843,639,251	67,329,563	11,728,342	899,240,472
Net other capital assets	899,087,220	64,558,680	2,519,635	961,126,265
CAPITAL ASSETS — SUMMARY				
Capital assets not depreciated	215,615,989	50,444,712	89,510,645	176,550,056
Other capital assets at cost	1,742,726,471	131,888,243	14,247,977	1,860,366,737
Total cost of capital assets	1,958,342,460	182,332,955	103,758,622	2,036,916,793
Less accumulated depreciation/amortization	843,639,251	67,329,563	11,728,342	899,240,472
Net capital assets	$1,114,703,209	$115,003,392	$92,030,280	$1,137,676,321

G. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

As of June 30, 2023, accounts payable and accrued liabilities consisted of: *(Figure G.1)*

FIGURE G.1	
Salaries and benefits payable	$53,125,588
Salaries and benefits payable due to primary government	4,116,618
Due to primary government	738,653
Suppliers payable	30,787,219
Interest payable	2,018,543
Other	18,287
Total accounts payable and accrued liabilities	$90,804,908

H. BONDS, NOTES, & OTHER NONCURRENT LIABILITIES

The outstanding balance of bonds defeased and refunded in current and prior years totaled $7,800,000 at June 30, 2023. The bond liabilities of the defeased and refunded bonds are not included on the balance sheet.

Revenues pledged for payment of bonds and contracts include the net revenue of auxiliary enterprises, land-grant funds, specific student fees, and reimbursed facilities and administrative costs.

Bonds and notes payable outstanding at June 30, 2023, were: *(Figure H.1)*

FIGURE H.1	
BONDS PAYABLE	
Stadium/Spectrum and Student Recreation Bonds	
Series 2013 2.00%-4.00%, 2013-2026, $8,405,000	$2,405,000
Series 2015 3.00%-5.00%, 2016-2046, $23,900,000	20,520,000
Series 2017 2.00%-5.00%, 2018-2045, $38,825,000	38,075,000
Series 2022 2.55%-4.35%, 2023-2037, $7,233,000	7,233,000
Total Stadium/Spectrum and Student Recreation Bonds	68,233,000
Student Housing/Auxiliary System Revenue Bonds	
Series 2007 4.00%-5.25%, 2007-2035, $39,155,000	27,860,000
Series 2015 3.00%-5.00%, 2016-2038, $24,455,000	19,270,000
Series 2016 2.50%-5.00%, 2017-2046, $19,540,000	16,555,000
Series 2019 2.125%-5.00%, 2020-2052, $54,995,000	53,775,000
Series 2023 4.00%-5.00%, 2023-2056, $67,820,000	67,820,000
Total Student Housing/Auxiliary System Revenue Bonds	185,280,000
Research Revenue Bonds	
Series 2015 1.17%-4.75%, 2016-2047, $19,500,000	17,200,000
Series 2015B 3.00%-5.00%, 2016-2031, $13,145,000	9,380,000
Series 2016 1.025%-4.049%, 2017-2027, $10,135,000	990,000
Series 2018B 3.00%-5.00%, 2018-2050, $32,210,000	30,500,000
Series 2019A 1.88%, 2020-2028, $5,745,000	3,290,000
Series 2019B 2.60%-5.00%, 2020-2052, $61,865,000	60,875,000
Series 2021 2.00%-5.00%, 2022-2038, $8,605,000	8,605,000
Total Research Revenue Bonds	130,840,000
Total bonds payable	384,353,000

Table continued on next page

FIGURE H.1 (CONTINUED)

NOTES PAYABLE	
Bank of America, 2.54%, 2014-2024	978,709
Capital One Public Finance, 3.89%, 2014-2029	522,054
State of Utah, 0%, 2021-2028	321,600
State of Utah, 0%, 2022-2025	148,073
Zions Bank, 1.35%, 2021-2028	867,401
Zions Bank, 2.13%, 2022-2027	646,673
Total notes payable	3,484,510
Total bonds and notes payable	387,837,510
UNAMORTIZED PREMIUMS, REOFFERING PREMIUMS (RP), AND DISCOUNTS ON BONDS	
2007 Bonds - RP	1,653,152
2013 Bonds - RP	125,815
2015 (building) Bonds - premium	378,683
2015 (housing) Bonds - premium	548,132
2015 (research) Bonds - discount	(64,456)
2015B (research) Bonds - premium	933,408
2016 (housing) Bonds - premium	642,576
2017 (building) Bonds - premium	908,924
2018B (research) Bonds - premium	1,278,981
2019 (housing) Bonds - premium	3,330,751
2019B (research) Bonds - premium	3,598,917
2021 (research) Bonds - premium	989,653
2023 (auxiliary) Bonds - premium	1,688,564
Total unamortized premiums, RPs, and discounts on bonds	16,013,100
Total bonds and notes payable including net unamortized premiums, RPs, and discounts on bonds	$403,850,610

The changes in bonds and notes payable for the fiscal year ended June 30, 2023, were: *(Figure H.2)*

FIGURE H.2

	BONDS	NOTES	TOTAL PAYABLE	UNAMORTIZED PREMIUMS AND DISCOUNTS	TOTAL NET OF PREMIUMS AND DISCOUNTS
June 30, 2022	$319,645,000	$5,093,009	$324,738,009	$15,126,831	$339,864,840
Additions	75,053,000	92,100	75,145,100	1,689,851	76,834,951
Reductions	(10,345,000)	(1,700,599)	(12,045,599)	(803,582)	(12,849,181)
June 30, 2023	$384,353,000	$3,484,510	$387,837,510	$16,013,100	$403,850,610

The University has complied with the restrictive covenants of its bond agreements. Amounts due on bonds and notes payable in future years are: *(Figure H.3)*

FIGURE H.3

FISCAL YEARS	BONDS	BONDS INTEREST	NOTES	NOTES INTEREST	TOTAL AMOUNT REQUIRED
2024	$11,621,000	$14,400,178	$1,493,575	$56,387	$27,571,140
2025	12,117,000	13,882,680	523,893	33,782	26,557,355
2026	12,644,000	13,352,396	533,157	24,457	26,554,010
2027	13,441,000	12,779,988	542,663	14,887	26,778,538
2028	14,075,000	12,165,335	339,059	5,972	26,585,366
2029-2033	72,374,000	51,943,218	52,163	434	124,369,815
2034-2038	72,541,000	38,043,959	—	—	110,584,959
2039-2043	63,405,000	26,344,387	—	—	89,749,387
2044-2048	61,270,000	14,730,280	—	—	76,000,280
2049-2053	39,660,000	5,972,988	—	—	45,632,988
2054-2058	11,205,000	998,688	—	—	12,203,688
Totals	$384,353,000	$204,614,097	$3,484,510	$135,919	$592,587,526

Amounts due on subscription-based information technology arrangements and leases payable in future years are: *(Figure H.4)*

FIGURE H.4

FISCAL YEARS	SUBSCRIPTIONS	SUBSCRIPTIONS INTEREST	LEASES	LEASES INTEREST	TOTAL AMOUNT REQUIRED
2024	$2,024,821	$127,600	$3,471,959	$1,483,384	$7,107,764
2025	1,392,222	66,699	2,872,469	1,382,661	5,714,051
2026	826,277	30,063	2,488,415	1,295,699	4,640,454
2027	543,390	8,196	2,308,637	1,208,617	4,068,840
2028	33,572	344	1,401,154	1,132,506	2,567,576
2029-2033	—	—	4,263,050	4,926,599	9,189,649
2034-2038	—	—	7,135,617	3,476,880	10,612,497
2039-2043	—	—	8,421,003	1,378,710	9,799,713
2044-2048	—	—	2,134,907	131,906	2,266,813
Totals	$4,820,282	$232,902	$34,497,211	$16,416,962	$55,967,357

The changes in liabilities for the year ended June 30, 2023, were: *(Figure H.5)*

FIGURE H.5

	JUNE 30, 2022	ADDITIONS	REDUCTIONS	JUNE 30, 2023	AMOUNTS DUE WITHIN ONE YEAR
BONDS AND NOTES PAYABLE INCLUDING NET UNAMORTIZED PREMIUMS, RPS, AND DISCOUNTS ON BONDS					
Bonds payable including net unamortized premiums, RPs, and discounts	$334,771,831	$76,742,851	($11,148,581)	$400,366,101	$11,621,000
Notes payable to primary government	516,903	92,100	(139,330)	469,673	102,533
Notes payable	4,576,106	—	(1,561,270)	3,014,836	1,391,042
Total bonds and notes payable	339,864,840	76,834,951	(12,849,181)	403,850,610	13,114,575
OTHER NONCURRENT LIABILITIES					
Liability for compensated absences	28,691,612	19,519,612	(18,856,040)	29,355,184	18,161,154
Liability for early retirement	25,034,657	5,219,217	(9,238,218)	21,015,656	8,010,746
Other liabilities	31,484,012	21,487,772	(7,426,033)	45,545,751	6,835,121
Net pension liability	—	714,699	—	714,699	—
Total other noncurrent liabilities	85,210,281	46,941,300	(35,520,291)	96,631,290	33,007,021
Total noncurrent liabilities	$425,075,121	$123,776,251	($48,369,472)	$500,481,900	$46,121,596

I. PLEDGED BOND REVENUE

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

STUDENT FEE AND HOUSING/AUXILIARY SYSTEM is comprised of the net revenue from specific auxiliary enterprises and student building fee assessments. The Student Fee and Housing System includes all University housing, Parking Services, certain University Dining Services operations, the net revenues of the Taggart Student Center, Student Building Fees specifically identified in the bond resolution, and land-grant revenues. The University has pledged future net revenues of the Student Fee and Housing/Auxiliary System to repay $39,155,000, $24,455,000, $19,540,000, $54,995,000, and $67,820,000 in bonds issued in May 2007, September 2015, July 2016, August 2019, and June 2023 respectively. Proceeds from the 2007 bonds were used to refund bonds issued in 2004 that were issued to provide financing for the construction and renovation of six student housing buildings, a parking structure, and a dining facility. Proceeds from the 2015 bonds provided financing for the construction of a student housing building. Proceeds from the 2016 bonds were used to acquire three apartment buildings and associated land. Proceeds from the 2019 bonds provided financing for the construction of a student housing building and a parking structure. Proceeds from the 2023 bonds provided financing for the construction of a student housing building and a parking structure. Student Fee and Housing/Auxiliary System annual net revenues are projected to produce at least 110 percent of the annual debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is $298,295,971. The bonds are payable solely from the Student Fee and Housing/Auxiliary System and are payable through 2056.

STUDENT FEE STADIUM/SPECTRUM RECREATION FACILITIES SYSTEM is comprised of those student fees specifically identified in the bond resolution and paid by students for the use and availability of the facilities.

The University has pledged future revenues of the specifically identified student fees to repay $8,405,000, $23,900,000, $38,825,000, and $7,233,000 in bonds issued in March 2013, July 2015, December 2017, and July 2022 respectively. Proceeds from the 2013 bonds were used to refund a portion of the 2004A bonds that were issued to provide financing for renovating and remodeling portions of the University's football stadium and a student recreation center. Proceeds from the 2015 bonds provided financing for the construction and renovation of facilities at the University's football stadium. Proceeds from the 2017 bonds were used to refund a portion of the 2013B bonds that were issued to provide financing for the construction of a student recreation center, and a facility for basketball practice and volleyball competition. Proceeds from the 2022 bonds provided financing for the construction of improvements of portions of the University's football stadium. Student fee revenues are projected to produce at least 110 percent of the annual debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is $96,111,788. The bonds are payable solely from the Student Fee Stadium/Spectrum Recreation Facilities System and are payable through 2046.

RESEARCH REVENUE SYSTEM is comprised of the revenue generated from the recovery of allocated facilities and administration costs to contracts and grants based on federally approved negotiated rate agreements. The University has pledged future revenues of the Research Revenue System to repay $19,500,000, $13,145,000, $10,135,000, $32,210,000, $5,745,000, $61,865,000, and $8,605,000 in bonds issued in October 2015, December 2015, July 2016, June 2018, October 2019, December 2019, and December 2021 respectively. Proceeds from the 2015B bonds were used to refund a portion of bonds issued in 2009 that were issued to provide financing for the cost of constructing two research facilities located at the University's main campus and the Vernal, Utah campus. Proceeds from the 2015 and 2016 bonds provided financing for the construction of a research facility on the USU Innovation Campus. Proceeds from the 2018B bonds provided financing for the construction of a research facility on the USU Innovation Campus. Proceeds from the 2019A bonds were used to refund the 2018A bonds that were used to acquire a building and associated land located in Salt Lake County, Utah. Proceeds from the 2019B bonds provided financing for the construction of two research facilities on the USU Innovation Campus, and to refund a portion of the 2016 bonds. Proceeds from the 2021 bonds provided financing for the construction of an addition to the Electric Vehicle and Roadway Facility on the USU Innovation Campus. Research Revenue System revenues are projected to produce at least 250 percent of the annual debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is $194,559,338. The bonds are payable solely from the Research Revenue System and are payable through 2052.

The net revenue pledged to the applicable bond system and the principal and interest paid for the year ended June 30, 2023, was: *(Figure I.1)*

FIGURE I.1

	STUDENT FEE AND HOUSING/AUXILIARY SYSTEM	STUDENT FEE STADIUM/SPECTRUM RECREATION FACILITIES SYSTEM	RESEARCH REVENUE SYSTEM
REVENUE			
Operating revenue/gross profit	$33,400,599	$6,241,638	$85,290,603
Nonoperating revenue	396,570	—	—
Total revenue	33,797,169	6,241,638	85,290,603
EXPENSES			
Operating expenses	18,075,247	—	—
Total expenses	18,075,247	0	0
Net pledged revenue	$15,721,922	$6,241,638	$85,290,603
Principal paid and interest expense	$8,341,551	$4,662,451	$8,540,876
Debt service ratio	1.88X	1.34X	9.99X

J. PENSION PLANS & RETIREMENT BENEFITS

Eligible employees of the University are covered by the Utah Retirement Systems (Systems), Teachers Insurance and Annuity Association (TIAA), and/or Fidelity Investments (Fidelity). Employees may also participate in defined contribution plans consisting of 401(k) and 457 plans managed by the Systems, TIAA, or Fidelity.

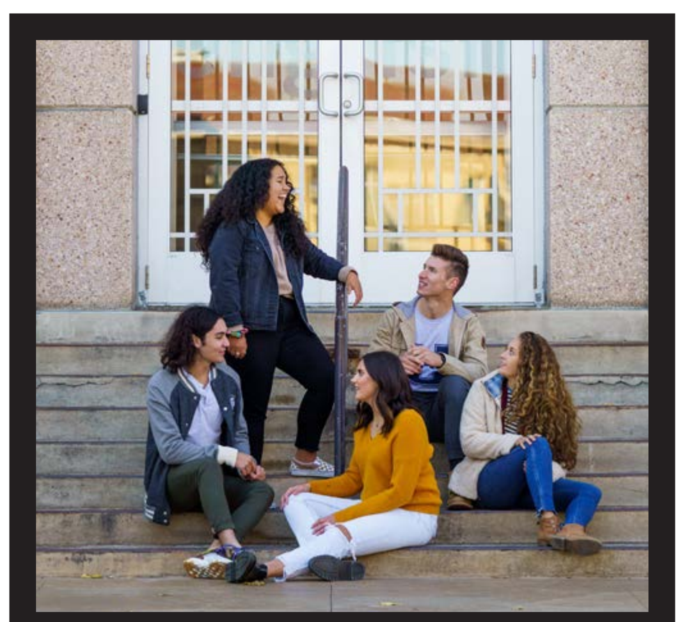
DEFINED BENEFIT PENSION PLANS

Eligible employees of the University are provided with the following defined benefit pension plans (cost-sharing, multiple-employer plans) administered by the Utah Retirement Systems:

- **PUBLIC EMPLOYEES NONCONTRIBUTORY RETIREMENT SYSTEM** (Tier 1 Noncontributory System)
- **PUBLIC EMPLOYEES CONTRIBUTORY RETIREMENT SYSTEM** (Tier 1 Contributory System)
- **TIER 2 PUBLIC EMPLOYEES CONTRIBUTORY RETIREMENT SYSTEM** (Tier 2 Contributory System)
- **PUBLIC SAFETY RETIREMENT SYSTEM** (Public Safety System)
- **TIER 2 PUBLIC SAFETY & FIREFIGHTER CONTRIBUTORY RETIREMENT SYSTEMS** (Tier 2 Public Safety and Firefighters System)

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System. The University began participating in the Tier 2 Public Safety and Firefighter System in 2017.

The Utah Retirement Systems are established and governed by the respective sections of Title 49 of the Utah Code. The Systems' defined benefit plans are amended statutorily by the Utah Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the board, whose members are appointed by the governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. The Systems are a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. The Utah Retirement Systems issues a publicly available financial report that may be obtained by writing to the Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.



BENEFITS PROVIDED: The Systems provide retirement, disability, and death benefits to participants in the defined benefit pension plans. Retirement benefits for each defined benefit plan are: *(Figure J.1)*

FIGURE J.1

SYSTEM	FINAL AVERAGE SALARY	YEARS OF SERVICE REQUIRED AND/OR AGE ELIGIBLE FOR BENEFIT	BENEFIT PERCENT PER YEAR OF SERVICE	COLA**
Tier 1 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 4.0%
Tier 1 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 4.0%
Tier 2 Contributory 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%
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; 2.0% per year over 20 years	Up to 2.5% or 4.0% depending upon employer
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	1.50% per year to June 30, 2020; 2.00% 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.*

CONTRIBUTIONS: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Systems' 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. For the year ended June 30, 2023, the University required contribution rates for the plans were: *(Figure J.2)*

FIGURE J.2

SYSTEM	RATES PAID BY UNIVERSITY FOR EMPLOYEE	UNIVERSITY CONTRIBUTION RATES
Tier 1 Noncontributory System	N/A	22.19%
Tier 1 Contributory System	6.00%	17.70%
Tier 2 Contributory System*	N/A	19.84%
Public Safety System	N/A	41.35%
Tier 2 Public Safety and Firefighter System*	2.59%	32.54%

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

For the year ended June 30, 2023, the University and employee contributions to the plans were: (Figure J.3)

FIGURE J.3

SYSTEM	UNIVERSITY'S CONTRIBUTIONS	EMPLOYEES' CONTRIBUTIONS
Tier 1 Noncontributory System	$8,206,294	$136
Tier 1 Contributory System	14,779	5,010
Tier 2 Contributory System*	1,636,849	—
Public Safety System	199,757	—
Tier 2 Public Safety and Firefighter System*	86,271	6,867
Total contributions	$10,143,950	$12,013

**Contributions reported are the Utah State Retirement Board-approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.*

COMBINED PENSION ASSETS, LIABILITIES, PENSION EXPENSE, & DEFERRED OUTFLOWS OF RESOURCES & DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS: At June 30, 2023, the University reported a net pension asset of $338,190 and a net pension liability of $714,699. 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 were determined by an actuarial valuation as of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The University's proportion of the net pension asset and liability was based upon actual historical employer contributions to defined benefit pension plans for pay periods ending in 2022. At December 31, 2022, the University's net pension asset and liability were: (Figure J.4)

FIGURE J.4

	DECEMBER 31, 2022			DECEMBER 31, 2021	
SYSTEM	NET PENSION ASSET	NET PENSION LIABILITY	PROPORTIONATE SHARE	PROPORTIONATE SHARE	CHANGE (DECREASE)
Tier 1 Noncontributory System	$314,779	$—	17.9817361%	18.0066088%	(0.0248727%)
Tier 1 Contributory System	23,410	—	2.5335377%	2.1724046%	0.3611331%
Tier 2 Contributory System	—	391,928	0.3599323%	0.4122766%	(0.0523443%)
Public Safety System	—	315,482	0.3999075%	0.3589824%	0.0409251%
Tier 2 Public Safety and Firefighter System	—	7,289	0.0873784%	0.0891183%	(0.0017399%)
Total net pension asset/liability	$338,189	$714,699			

For the year ended June 30, 2023, the University recognized pension expense of ($8,859,523). At June 30, 2023, the University reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from these sources: *(Figure J.5)*

FIGURE J.5

	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	$2,340,321	$364,216
Changes in assumptions	207,156	1,727
Net difference between projected and actual earnings on pension plan investments	6,424,186	—
Changes in proportion and differences between contributions and proportionate share of contributions	128,340	105,201
Contributions subsequent to the measurement date	5,213,177	—
Total	$14,313,180	$471,144

Contributions made between January 1, 2023, and June 30, 2023, of $5,213,177 were reported as deferred outflows of resources related to pensions. These contributions will be recognized as a reduction of 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 in pension expense. *(Figure J.6)*

FIGURE J.6

YEARS ENDED DECEMBER 31	DEFERRED OUTFLOWS (INFLOWS) OF RESOURCES
2023	($3,788,100)
2024	($1,094,081)
2025	$2,887,263
2026	$10,482,564
2027	$29,356
Thereafter	$111,857

ACTUARIAL ASSUMPTIONS: 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: *(Figure J.7)*

FIGURE J.7

Inflation	2.5%	
Salary increases	3.25%-9.25%	Average, including inflation
Investment rate of return	6.85%	Net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial 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.

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 defined benefit 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: *(Figure J.8)*

FIGURE J.8

ASSET CLASS	TARGET ASSET ALLOCATION	REAL RETURN ARITHMETIC BASIS	LONG-TERM EXPECTED PORTFOLIO REAL RATE OF RETURN
	EXPECTED RETURN ARITHMETIC BASIS		
Equity securities	35.00%	6.58%	2.30%
Debt securities	20.00%	1.08%	0.22%
Real assets	18.00%	5.72%	1.03%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	2.91%	0.44%
Cash and cash equivalents	—%	(0.11%)	—%
Total	100.00%		5.17%
Inflation			2.50%
Expected arithmetic nominal return			7.67%

The 6.85 percent assumed investment rate of return is comprised of an inflation rate of 2.5 percent and a real return of 4.35 percent that is net of investment expense.

DISCOUNT RATE: The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed 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 Systems' Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current, active, and inactive employees. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments, to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

SENSITIVITY OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET & LIABILITY TO CHANGES IN THE DISCOUNT RATE: The proportionate share of the net pension asset and liability were calculated using the discount rate of 6.85 percent, as well as what the proportionate share would be if calculated using a discount rate that is 1 percentage point lower (5.85%) or 1 percentage point higher (7.85%) than the current rate: *(Figure J.9)*

FIGURE J.9

SYSTEM	PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)		
	1% DECREASE 5.85%	DISCOUNT RATE 6.85%	1% INCREASE 7.85%
Tier 1 Noncontributory System	$47,907,772	($314,779)	($40,715,265)
Tier 1 Contributory System	326,498	(23,410)	(324,722)
Tier 2 Contributory System	1,712,510	391,928	(625,413)
Public Safety System	1,186,102	315,482	(400,329)
Tier 2 Public Safety and Firefighter System	58,350	7,289	(33,292)
Total net pension liability	$51,191,232	$376,510	($42,099,021)

PENSION PLAN FIDUCIARY NET POSITION: Detailed information about the pension plan's fiduciary net position is available in the separately issued Systems' financial report.

DEFINED CONTRIBUTION PLANS

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required employer contributions and associated earnings are vested after four years of employment. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

401(k), TIER 2 DC, AND 457 PLANS: For employees participating in defined benefit plans, the University is also required to contribute 0.18 percent of the employee's salary into a 401(k)/457 plan. For employees who choose to participate in the Tier 2 Public Employee or Public Safety and Firefighter defined contribution plans (Tier 2 DC), the University is required to contribute 20.02 or 32.54 percent of the employees' salary of which 10 or 14 percent is paid into a 401(k)/457 plan while the remainder is contributed to the Tier 1 Systems, as required by law.

TIAA AND/OR FIDELITY: TIAA and/or Fidelity provide individual defined contribution retirement fund contracts with each participating employee. Employees may allocate contributions by the University to any or all of the providers and the contracts 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 individual contracts and the estimated life expectancy of the employee at retirement. The University's contribution to this multiple employer defined contribution plan is 14.2 percent of the employees' annual salary. The University has no further liability once annual contributions are made.

Employees can make additional contributions to defined contribution plans subject to limitations. Contributions to the defined contribution plans for the fiscal year ending June 30, 2023, were: *(Figure J.10)*

FIGURE J.10

DEFINED CONTRIBUTION PLANS	UNIVERSITY'S CONTRIBUTIONS	EMPLOYEES' CONTRIBUTIONS
Tier 2 Defined Contribution Plan	$303,256	$0
401(k) Plan	$945,074	$1,037,014
457 Plan and other individual plans	$0	$156,704
TIAA, Fidelity, and/or other investment companies	$49,211,065	$14,414,318

K. TERMINATION BENEFITS

The University provides an early retirement option to employees who qualify and are approved by administration in accordance with University policy. This option is available to all employees whose accumulated age and years of service are equal to or greater than 75, that have met the minimum age requirements, and where early retirement is in the mutual best interest of the employee and the University.

The policy provides two mutually exclusive early retirement options for eligible employees; either six years (16.67 percent of base salary per year) or five years (20 percent of base salary per year). The six-year option requires a minimum age of 56 and the five-year option requires a minimum age of 57. Benefits include a monthly stipend equal to the agreed upon percent of the retiree's salary at the time of active employment along with medical and dental insurance.

The projected future cost of these stipends and the medical and dental insurance benefits have been calculated based on the known amount to be paid out in the next fiscal year plus projected increases of 1.85 percent (University), 3.35 percent (SDL) for stipends and 6.16 - 9.46 percent (University), 10 percent (SDL) for medical and dental premiums. These increases are based on historical data. The premiums for medical and dental benefits have also been increased by an age adjusted factor of 2.8. The net present value of the total projected costs is calculated using the estimated yield of 2.32 percent (University) and 1.3 percent (SDL). The net present value is the amount recognized on the financial statements as the liability for early retirement.

At June 30, 2023, there were 172 participants in the early retirement program. The program is funded on a pay-as-you-go basis from current funds. Payments for the stipends and insurance benefits for the fiscal year ending June 30, 2023, were $2,533,608 and $1,680,112, respectively.

L. RISK MANAGEMENT

GENERAL LIABILITY INSURANCE

The University maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to $10 million per occurrence through policies administered and purchased by the Utah State Risk Management Fund. The University also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Utah State Risk Management Fund. This all-risk insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a deductible of $2,500 per occurrence. Coverage includes business interruption caused by fire or other insurable perils with the Utah State Risk Management Fund. All University employees are covered by worker's compensation insurance, including employer's liability coverage through WCF Insurance.

SELF-INSURANCE FOR EMPLOYEE HEALTH & DENTAL CARE

The University has a self-insurance fund for employee health and dental care. In addition, the University has purchased a stop-loss insurance policy to cover specific participant medical/Rx claims exceeding $425,000 per term, an aggregating specific stop-loss deductible of $400,000 per term, and a laser deductible of $900,000 per term. This policy also covers aggregate claims exceeding 125 percent of expected claims up to $10 million. GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements. The estimated claims liability is based upon past experience adjusted for current trends. The estimate reflects the ultimate cost of settling the claims. The University's estimated self-insurance claims liability at June 30, 2023, and June 30, 2022, were: *(Figure L.1)*

FIGURE L.1	2023	2022
Estimated claims liability at beginning of year	$8,461,062	$7,117,618
Current year claims and changes in estimates	75,556,985	69,313,533
Claim payments, including related legal and administrative expenses	(74,799,941)	(67,970,089)
Estimated claims liability at end of year	$9,218,106	$8,461,062

The University has recorded the investment of the health and dental care 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 the estimated provision for the claims liabilities for the year then ended are recorded in the Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Net Position.

CONTINGENCIES

The University has been named in several lawsuits where litigation is pending. It is unlikely that any judgments against the University will be established or would otherwise be material in nature. Most lawsuits are such that any financial settlement would be covered primarily by insurance held by the University through the State's Division of Risk Management.

The Space Dynamics Laboratory has a bank revolving line of credit with a limit of $9 million. At June 30, 2023, the outstanding balance was zero. The line of credit bears interest at an initial rate of 7.5 percent, and is currently prime rate plus 0.5 percent, is unsecured, due on demand, and expires on November 30, 2024.

COMMITMENTS

At June 30, 2023, the University had outstanding construction commitments of approximately $40.4 million.

M. NATURAL & FUNCTIONAL CLASSIFICATIONS

The University's operating expenses by natural and functional classifications for the fiscal year ended June 30, 2023, were: *(Figure M.1)*

FIGURE M.1

	NATURAL CLASSIFICATION					
FUNCTIONAL CLASSIFICATION	SALARIES & WAGES	EMPLOYEE BENEFITS	OTHER OPERATING EXPENSES	SCHOLARSHIPS & FELLOWSHIPS	DEPRECIATION & AMORTIZATION	TOTAL
Instruction	$150,799,600	$46,762,245	$41,969,706	$—	$—	$239,531,551
Research	100,684,767	51,000,371	105,635,432	—	—	257,320,570
Public service	41,925,182	14,538,571	41,814,943	—	—	98,278,696
Academic support	33,561,210	11,629,414	10,367,954	—	—	55,558,578
Student services	16,516,390	5,110,377	8,930,844	—	—	30,557,611
Institutional support	62,686,181	24,699,356	16,406,474	—	—	103,792,011
Operation and maintenance	17,086,180	6,250,199	41,198,548	—	—	64,534,927
Scholarships and fellowships	—	—	—	35,240,582	—	35,240,582
Service departments	9,083,339	1,352,303	(13,308,030)	—	—	(2,872,388)
Auxiliary enterprises	24,382,576	5,711,430	26,794,297	—	—	56,888,303
Depreciation and amortization	—	—	—	—	67,329,563	67,329,563
Total operating expenses	$456,725,425	$167,054,266	$279,810,168	$35,240,582	$67,329,563	$1,006,160,004

N. BLENDED PRESENTATION OF COMPONENT UNITS

The following is a condensed version of the Utah State University Space Dynamics Laboratory's, Utah State University Foundation's, and Hansen Scholars Support Foundation's financial statements for the fiscal year ended June 30, 2023: *(Figure N.1, N.2, and N.3)*

FIGURE N.1

COMPONENT UNITS

CONDENSED STATEMENT OF NET POSITION

June 30, 2023

	SDL	FOUNDATION	HSSF	TOTAL CHANGES	TOTAL
ASSETS					
Current assets	$108,592,706	$145,196,736	$809,913	$1,422,427	$256,021,782
Noncurrent assets	165,914,676	1,268,264	11,176,961	(3,150,106)	175,209,795
Total assets	274,507,382	146,465,000	11,986,874	(1,727,679)	431,231,577
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized refunding losses on bonds	1,019,979	—	—	(1,019,979)	—
Resources related to pensions	1,490,534	—	—	—	1,490,534
Total deferred outflows of resources	2,510,513	—	—	(1,019,979)	1,490,534
LIABILITIES					
Current liabilities	44,231,648	—	—	(4,734,748)	39,496,900
Noncurrent liabilities	144,146,256	—	—	(112,147,898)	31,998,358
Total liabilities	188,377,904	—	—	(116,882,646)	71,495,258
DEFERRED INFLOWS OF RESOURCES					
Leases	1,127,308	—	—	—	1,127,308
Resources related to pensions	38,520	—	—	—	38,520
Total deferred inflows of resources	1,165,828	—	—	—	1,165,828
NET POSITION					
Net investment in capital assets	27,452,980	—	—	110,272,813	137,725,793
Restricted - nonexpendable	—	122,133,509	—	—	122,133,509
Restricted - expendable	—	24,331,491	11,986,874	—	36,318,365
Unrestricted	60,021,183	—	—	3,862,175	63,883,358
Total net position	$87,474,163	$146,465,000	$11,986,874	$114,134,988	$360,061,025

FIGURE N.2

COMPONENT UNITS

CONDENSED STATEMENT OF REVENUES, EXPENSES, & CHANGES IN NET POSITION

For the Year Ended June 30, 2023

	SDL	FOUNDATION	HSSF	TOTAL CHANGES	TOTAL
OPERATING REVENUES					
Project revenues	$185,596,608	$—	$—	$—	$185,596,608
Project unit indirect costs, general and administrative costs, and cost of money	66,760,898	—	—	—	66,760,898
Project fees	17,144,822	—	—	—	17,144,822
Administrative reimbursement, USU	96,075	—	—	(96,075)	—
Other	3,369,347	—	—	—	3,369,347
Total operating revenues	272,967,750	—	—	(96,075)	272,871,675
OPERATING EXPENSES					
Salaries and wages	98,884,692	—	—	—	98,884,692
Employee benefits	58,001,320	—	—	—	58,001,320
Subcontracts	37,778,091	—	—	(418,382)	37,359,709
Depreciation and amortization	13,360,071	—	—	—	13,360,071
Research support to USU	513,703	—	—	(513,703)	—
Other	41,715,231	—	751,750	(3,367,850)	39,099,131
Total operating expenses	250,253,108	—	751,750	(4,299,935)	246,704,923
Operating income (loss)	22,714,642	—	(751,750)	4,203,860	26,166,752
NONOPERATING REVENUES (EXPENSES)					
Private gifts	—	—	500,000	—	500,000
Other – net	(3,689,528)	20,360,112	(1,137,680)	4,181,800	19,714,704
Total nonoperating revenues (expenses)	(3,689,528)	20,360,112	(637,680)	4,181,800	20,214,704
Income before other revenues	19,025,114	20,360,112	(1,389,430)	8,385,660	46,381,456
OTHER REVENUES					
Additions to permanent endowments	—	9,362,465	—	—	9,362,465
Total other revenues	—	9,362,465	—	—	9,362,465
Increase in net position	19,025,114	29,722,577	(1,389,430)	8,385,660	55,743,921
NET POSITION – BEGINNING OF YEAR	68,435,502	116,742,423	13,376,304	105,749,328	304,303,557
ADJUSTMENTS TO BEGINNING NET POSITION	13,547	—	—	—	13,547
NET POSITION – BEGINNING OF YEAR AS ADJUSTED	68,449,049	116,742,423	13,376,304	105,749,328	304,317,104
NET POSITION – END OF YEAR	$87,474,163	$146,465,000	$11,986,874	$114,134,988	$360,061,025

FIGURE N.3

COMPONENT UNITS

CONDENSED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2023

	SDL	FOUNDATION	HSSF	TOTAL CHANGES	TOTAL
NET CASH PROVIDED (USED) BY:					
(1) Operating activities	$26,441,089	$—	($751,750)	$20,511,993	$46,201,332
(2) Noncapital financing activities	—	26,558,332	250,000	—	26,808,332
(3) Capital and related financing activities	(26,783,383)	—	—	10,881,800	(15,901,583)
(4) Investing activities	324,479	(26,558,332)	783,593	—	(25,450,260)
Net increase (decrease) in cash and cash equivalents	(17,815)	—	281,843	31,393,793	31,657,821
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	51,179,836	—	528,070		51,707,906
CASH AND CASH EQUIVALENTS – END OF YEAR	$51,162,021	$—	$809,913		$83,365,727

O. PRIOR PERIOD ADJUSTMENT OF NET POSITION

The University implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, that requires recognition of subscription liabilities and intangible right-to-use subscription assets that were previously classified as operating expenses. This is based on the foundational principle that subscription-based arrangements are financings of the right to use another party's information technology software.

As a result, the University's fiscal year 2022 ending net position was increased $3,517,788. The University has recorded a subscription liability of $3,811,519 and an intangible right-to-use subscription asset of $7,330,543. See Notes F and H for further information regarding subscriptions.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION IS TO ACCOMPANY THE BASIC FINANCIAL STATEMENTS AND IS CONSIDERED AN ESSENTIAL PART OF FINANCIAL REPORTING.

PROPORTIONATE SHARE OF NET PENSION LIABILITY

As of December 31

	2022	2021	2020
TIER 1 NONCONTRIBUTORY SYSTEM			
Proportion of net pension liability (asset)*	17.9817203%	18.0066090%	18.0066087%
Proportionate share of net pension liability (asset)	($314,780)	($44,258,458)	($17,759,675)
Covered payroll	$36,742,872	$35,716,376	$37,364,131
Proportionate share of net pension liability (asset) as a percentage of covered payroll	(0.86%)	(123.92%)	(47.53%)
Plan fiduciary net position as a percentage of total pension liability	100.1% & 191.7%**	111.8% & 214.5%**	104.7% & 199.0%**
TIER 1 CONTRIBUTORY SYSTEM			
Proportion of net pension liability (asset)*	2.5335377%	2.1724046%	4.2543835%
Proportionate share of net pension liability (asset)	($23,410)	($611,931)	($903,756)
Covered payroll	$81,507	$78,740	$189,163
Proportionate share of net pension liability (asset) as a percentage of covered payroll	(28.72%)	(777.15%)	(477.77%)
Plan fiduciary net position as a percentage of total pension liability	100.60%	117.60%	113.10%
TIER 2 CONTRIBUTORY SYSTEM			
Proportion of net pension liability (asset)	0.3599318%	0.4133773%	0.4810839%
Proportionate share of net pension liability (asset)	$391,928	($174,957)	$69,193
Covered payroll	$7,854,461	$7,677,902	$7,694,051
Proportionate share of net pension liability (asset) as a percentage of covered payroll	4.99%	(2.28%)	0.90%
Plan fiduciary net position as a percentage of total pension liability	92.30%	103.80%	98.30%
PUBLIC SAFETY SYSTEM			
Proportion of net pension liability (asset)	0.3999075%	0.3589824%	0.3650843%
Proportionate share of net pension liability (asset)	$315,482	($329,072)	$236,460
Covered payroll	$749,515	$668,816	$698,806
Proportionate share of net pension liability (asset) as a percentage of covered payroll	42.09%	(49.20%)	33.84%
Plan fiduciary net position as a percentage of total pension liability	95.20%	105.70%	95.80%
TIER 2 PUBLIC SAFETY AND FIREFIGHTER SYSTEM			
Proportion of net pension liability (asset)	0.0873784%	0.0891183%	0.0848581%
Proportionate share of net pension liability (asset)	$7,289	($4,504)	$7,611
Covered payroll	$268,844	$213,116	$168,197
Proportionate share of net pension liability (asset) as a percentage of covered payroll	2.71%	(2.11%)	4.53%
Plan fiduciary net position as a percentage of total pension liability	96.40%	102.80%	93.10%

**The change in the proportion of net pension liability (asset) in 2019 is due to Utah Retirement Systems creating a separate pool for higher education.*

***The University's Plan fiduciary net position as a percentage of total pension liability is 100.1% and SDL's percentage is 191.7%.*

Note: The University implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, in fiscal year 2015. Information on the University's portion of the plan's net pension liability (asset) is not available for periods prior to fiscal year 2015.

PROPORTIONATE SHARE OF NET PENSION LIABILITY (CONTINUED)

As of December 31

	2019	2018	2017	2016	2015	2014
TIER 1 NONCONTRIBUTORY SYSTEM						
Proportion of net pension liability (asset)*	18.2217407%	1.3784832%	1.4130362%	1.4648385%	1.4867052%	1.4526055%
Proportionate share of net pension liability (asset)	$21,374,650	$51,286,704	$34,553,853	$47,474,199	$46,701,668	$36,497,130
Covered payroll	$38,736,450	$37,966,324	$37,654,734	$38,162,282	$37,975,366	$37,798,518
Proportionate share of net pension liability (asset) as a percentage of covered payroll	55.18%	135.08%	91.76%	124.40%	122.98%	96.56%
Plan fiduciary net position as a percentage of total pension liability	94.20%	84.10%	89.20%	84.90%	84.50%	87.20%
TIER 1 CONTRIBUTORY SYSTEM						
Proportion of net pension liability (asset)*	6.5176415%	2.1063074%	1.8581414%	1.6628695%	1.3777110%	1.2745733%
Proportionate share of net pension liability (asset)	($367,485)	$1,495,487	$122,273	$911,182	$863,346	$139,755
Covered payroll	$338,696	$408,779	$422,780	$445,761	$436,427	$460,897
Proportionate share of net pension liability (asset) as a percentage of covered payroll	(108.50%)	365.84%	28.92%	204.41%	197.82%	30.32%
Plan fiduciary net position as a percentage of total pension liability	103.60%	91.40%	99.20%	93.40%	92.40%	98.70%
TIER 2 CONTRIBUTORY SYSTEM						
Proportion of net pension liability (asset)	0.5536911%	0.6526196%	0.8092727%	1.1108095%	1.4678273%	1.5274314%
Proportionate share of net pension liability (asset)	$124,529	$279,503	$71,351	$123,910	($3,204)	($46,288)
Covered payroll	$—	$7,628,237	$7,926,941	$9,109,512	$9,484,328	$7,493,666
Proportionate share of net pension liability (asset) as a percentage of covered payroll	—%	3.66%	0.90%	1.36%	(0.03%)	(0.62%)
Plan fiduciary net position as a percentage of total pension liability	96.50%	90.80%	97.40%	95.10%	100.20%	103.50%
PUBLIC SAFETY SYSTEM						
Proportion of net pension liability (asset)	0.3199232%	0.3271828%	0.3490530%	0.3459203%	0.3435487%	0.3425260%
Proportionate share of net pension liability (asset)	$472,439	$783,194	$606,957	$739,607	$739,614	$636,495
Covered payroll	$583,817	$609,931	$604,061	$636,766	$607,776	$566,992
Proportionate share of net pension liability (asset) as a percentage of covered payroll	80.92%	128.41%	100.48%	116.15%	121.69%	112.26%
Plan fiduciary net position as a percentage of total pension liability	90.00%	83.20%	87.40%	83.50%	82.30%	84.30%
TIER 2 PUBLIC SAFETY AND FIREFIGHTER SYSTEM						
Proportion of net pension liability (asset)	0.0694755%	0.0505758%	0.0319725%	0.0069305%	N/A	N/A
Proportionate share of net pension liability (asset)	$6,535	$1,267	($370)	($60)	N/A	N/A
Covered payroll	$114,529	$67,358	$33,753	$5,726	N/A	N/A
Proportionate share of net pension liability (asset) as a percentage of covered payroll	5.71%	1.88%	(1.10%)	(1.05%)	N/A	N/A
Plan fiduciary net position as a percentage of total pension liability	89.60%	95.60%	103.00%	103.60%	N/A	N/A

SCHEDULE OF CONTRIBUTIONS TO THE UTAH RETIREMENT SYSTEMS

For Fiscal Years Ending June 30

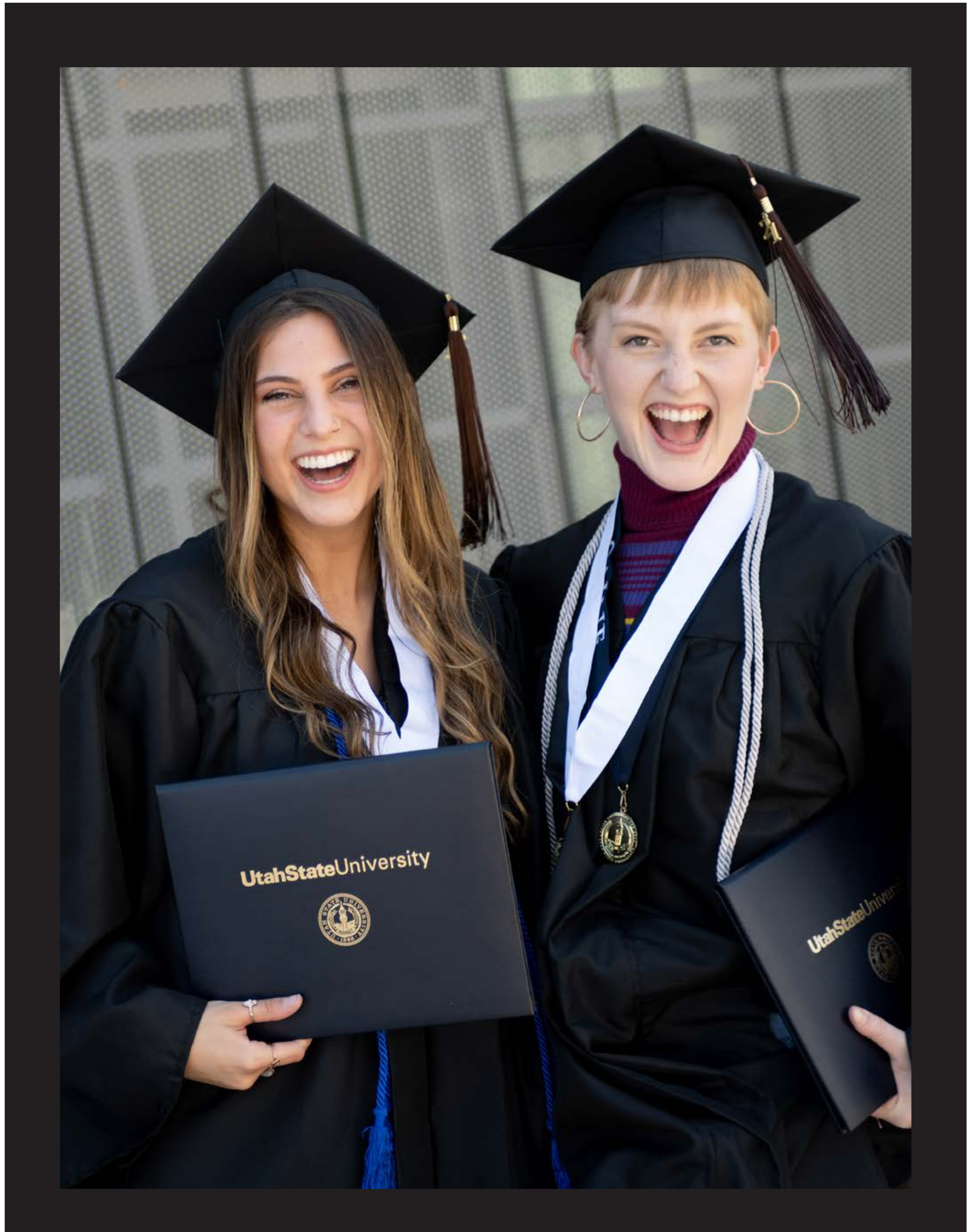
	2023	2022	2021
TIER 1 NONCONTRIBUTORY SYSTEM			
Contractually required contribution	$8,206,294	$7,719,079	$7,850,983
Contributions in relation to the contractually required contribution	8,206,294	7,719,079	7,850,983
Contribution deficiency (excess)	$—	$—	$—
Covered payroll	$37,954,088	$35,569,733	$36,326,122
Contributions as a percentage of covered payroll	21.62%	21.70%	21.61%
TIER 1 CONTRIBUTORY SYSTEM			
Contractually required contribution	$14,779	$14,075	$15,867
Contributions in relation to the contractually required contribution	14,779	14,075	15,867
Contribution deficiency (excess)	$—	$—	$—
Covered payroll	$83,495	$79,519	$89,643
Contributions as a percentage of covered payroll	17.70%	17.70%	17.70%
TIER 2 CONTRIBUTORY SYSTEM**			
Contractually required contribution	$1,636,849	$1,496,901	$1,457,778
Contributions in relation to the contractually required contribution	1,636,849	1,496,901	1,457,778
Contribution deficiency (excess)	$—	$—	$—
Covered payroll	$8,250,252	$7,716,000	$7,619,140
Contributions as a percentage of covered payroll	19.84%	19.40%	19.13%
PUBLIC SAFETY SYSTEM			
Contractually required contribution	$199,757	$124,645	$142,044
Contributions in relation to the contractually required contribution	199,757	124,645	142,044
Contribution deficiency (excess)	$—	$—	$—
Covered payroll	$845,991	$643,351	$681,500
Contributions as a percentage of covered payroll	23.61%	19.37%	20.84%
TIER 2 PUBLIC SAFETY AND FIREFIGHTER SYSTEM**			
Contractually required contribution	$86,271	$76,035	$60,427
Contributions in relation to the contractually required contribution	86,271	76,035	60,427
Contribution deficiency (excess)	$—	$—	$—
Covered payroll	$265,122	$233,665	$185,698
Contributions as a percentage of covered payroll	32.54%	32.54%	32.54%

***Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.*

SCHEDULE OF CONTRIBUTIONS TO THE UTAH RETIREMENT SYSTEMS (CONTINUED)

For Fiscal Years Ending June 30

	2020	2019	2018	2017	2016	2015	2014
TIER 1 NONCONTRIBUTORY SYSTEM							
Contractually required contribution	$8,297,399	$8,392,320	$8,221,506	$8,329,180	$8,355,894	$9,328,000	$7,664,202
Contributions in relation to the contractually required contribution	8,297,399	8,392,320	8,221,506	8,329,180	8,355,894	9,328,000	7,664,202
Contribution deficiency (excess)	$—	$—	$—	$—	$—	$—	$—
Covered payroll	$38,406,937	$38,370,432	$37,531,241	$37,968,122	$37,998,840	$37,836,787	$35,009,064
Contributions as a percentage of covered payroll	21.60%	21.87%	21.91%	21.94%	21.99%	24.65%	21.89%
TIER 1 CONTRIBUTORY SYSTEM							
Contractually required contribution	$54,537	$64,560	$75,098	$77,250	$78,211	$102,041	$604,902
Contributions in relation to the contractually required contribution	54,537	64,560	75,098	77,250	78,211	102,041	604,902
Contribution deficiency (excess)	$—	$—	$—	$—	$—	$—	$—
Covered payroll	$308,117	$413,387	$423,200	$436,438	$441,871	$430,553	$6,387,208
Contributions as a percentage of covered payroll	17.70%	15.62%	17.75%	17.70%	17.70%	23.70%	9.47%
TIER 2 CONTRIBUTORY SYSTEM**							
Contractually required contribution	$1,469,907	$1,463,112	$1,429,747	$1,514,256	$1,862,036	$694,490	N/A
Contributions in relation to the contractually required contribution	1,469,907	1,463,112	1,429,747	1,514,256	1,862,036	694,490	N/A
Contribution deficiency (excess)	$—	$—	$—	$—	$—	$—	N/A
Covered payroll	$7,737,083	$7,753,638	$7,746,141	$8,300,188	$10,208,536	$8,337,218	N/A
Contributions as a percentage of covered payroll	19.00%	18.87%	18.46%	18.24%	18.24%	8.33%	N/A
PUBLIC SAFETY SYSTEM							
Contractually required contribution	$149,721	$145,397	$147,467	$181,751	$167,710	$162,713	$137,607
Contributions in relation to the contractually required contribution	149,721	145,397	147,467	181,751	167,710	162,713	137,607
Contribution deficiency (excess)	$—	$—	$—	$—	$—	$—	$—
Covered payroll	$661,372	$575,853	$583,908	$632,820	$600,578	$582,052	$506,773
Contributions as a percentage of covered payroll	22.64%	25.25%	25.26%	28.72%	27.92%	27.96%	27.15%
TIER 2 PUBLIC SAFETY AND FIREFIGHTER SYSTEM**							
Contractually required contribution	$37,445	$30,156	$9,732	$4,820	N/A	N/A	N/A
Contributions in relation to the contractually required contribution	37,445	30,156	9,732	4,820	N/A	N/A	N/A
Contribution deficiency (excess)	$—	$—	$—	$—	N/A	N/A	N/A
Covered payroll	$125,486	$101,194	$33,238	$16,500	N/A	N/A	N/A
Contributions as a percentage of covered payroll	29.84%	29.80%	29.28%	29.21%	N/A	N/A	N/A



EXECUTIVE OFFICERS

NOELLE E. COCKETT, *President*
ELIZABETH R. CANTWELL, *President (beginning August 1, 2023)*
LISA BERREAU, *Vice President for Research*
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