



THE UNIVERSITY OF UTAH

GENERAL REVENUE BONDS SYSTEM

**Series 2014A-1 and 2014A-2,
General Revenue Refunding Bonds**

**Series 2015A-1,
General Revenue and Refunding Bonds**

**Series 2015B,
General Revenue and Refunding Bonds**

**Series 2016A,
General Revenue and Refunding Bonds**

**Series 2016B-1,
General Revenue and Refunding Bonds**

**Series 2017A,
General Revenue and Refunding Bonds**

**Series 2017B-1 and 2017B-2,
General Revenue Refunding Bonds**

**Series 2018A,
General Revenue Bonds**

**Series 2019A and 2019B,
General Revenue Bonds**

**Series 2020A and 2020B,
General Revenue Bonds**

**Series 2021A-1, 2021A-2 and 2021B,
General Revenue and Refunding Bonds**

**Series 2022A,
General Revenue Bonds**

**Series 2022B,
General Revenue Bonds**

**Series 2023A,
General Revenue Bonds**

**Series 2023B,
General Revenue Bonds**

**Series 2024A-1, 2024A-2 and 2024B,
General Revenue and Refunding Bonds**

CONTINUING DISCLOSURE REPORT

Year Ended June 30, 2024

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January 21, 2025

**Subject: Annual Continuing Disclosure Report
State Board of Higher Education of the State of Utah
University of Utah
General Revenue Bonds System**


To Whom it May Concern:

Pursuant to Continuing Disclosure Agreements executed by the State Board of Higher Education of the State of Utah (formerly known as the Board of Regents) and the University of Utah dated April 1, 2014, January 7, 2015, May 13, 2015, March 8, 2016, November 29, 2016, September 13, 2017, December 21, 2017, July 17, 2018, December 3, 2019, June 24, 2020, February 2, 2021, January 11, 2022, July 6, 2022, February 2, 2023, July 11, 2023, and June 18, 2024, we are hereby providing our Annual Disclosure Report as required by Section 4 of the Disclosure Undertaking. The Annual Disclosure Report contains the following:

- Revenues Available for Debt Service
- Management's Discussion of Revenues
- Audited Financial Statements for the fiscal year ended June 30, 2024

If you have any questions with regard to the enclosed information, please contact me at (801) 581-6940.

Sincerely,

Signed by:

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Cathy Anderson
Chief Financial Officer

REVENUES AVAILABLE FOR DEBT SERVICE

The Utah Code provisions governing the State Board of Higher Education (Board) of the State of Utah's issuance of revenue bonds on behalf of the University of Utah (university) (Section 53B-21-101) specify permitted sources of payment on such bonds. The table below summarizes for the last five fiscal years: The Total Revenues of the university, the Total Net Revenues (generally equals Total Revenues less non-pledged revenues of the university), and General Revenues pledged under the General Revenue Bond System General Indenture (Indenture) to the repayment of the debt. The university has pledged substantially all legally available net revenues under the General Revenue pledge, with the exception of the net revenues attributed to ARUP Laboratories Inc. (ARUP), University of Utah Health Insurance Plans (UUHIP), Community Nursing Services (CNS), George S. and Dolores Dore Eccles Endowment for Medical School Excellence (EMSE) and certain other adjustments.

ARUP is a national clinical and esoteric reference laboratory and is included as a blended component unit within the annual financial statements of the university. The Indenture specifically excludes from General Revenues any income and revenues derived by the university from ARUP.

UUHIP, a not-for-profit corporation, provides individual and large group health insurance. UUHIP started full operations in 2016 and has been included as a blended component unit within the annual financial statements of the university beginning in the fiscal year ended June 30, 2018. Health insurance companies are subject to certain minimum surplus requirements as specified by the National Association of Insurance Companies (NAIC) and the Utah Insurance Department. As such, net revenues attributed to UUHIP have been excluded from the General Revenues available for debt service.

CNS is accounted for as a component unit within the university's financial statements. The university completed a member substitution on April 1, 2020 to become the sole member and owner of all assets and liabilities of CNS. The fiscal year end for CNS is December 31. The university has excluded net revenues from the General Revenues available for debt service in the table below and has restated the June 30, 2020 General Revenues.

EMSE is accounted for as a component unit within the university's financial statements. EMSE is a public charity and support organization solely for the benefit of the university, performing the limited function of managing endowment funds donated to the entity on behalf of the university. The proceeds of the endowment are used solely for the benefit of the university's School of Medicine and are considered as restricted funds. Net revenues, if any, attributed to EMSE have been excluded from the General Revenues available for debt service through the restricted gifts and investment income adjustments to Total Revenue.

In addition, while the university's cash management pool balances cannot be generally pledged to Bondholders under State law, certain portions of these funds are available to the university to pay debt service. See "FINANCIAL INFORMATION REGARDING THE UNIVERSITY – LIQUIDITY." In contrast, funds that have externally imposed or contractual obligations attached pursuant to which the funds are stipulated for certain purposes are considered "restricted" and are not legally available to pay other costs, including debt service on the Bonds.

The table below shows the revenues for the periods shown that constitute the sources as of the date hereby that now comprise General Revenues.

General Revenues (in thousands of dollars)					
FISCAL YEAR ENDING JUNE 30, 2024					
	2020	2021	2022	2023	2024
Operating revenue ⁽¹⁾	\$5,062,988	\$5,685,372	\$6,272,062	\$6,752,290	\$7,262,213
Nonoperating revenue ⁽²⁾	635,862	919,835	516,756	869,025	1,088,745
Total Revenue	5,698,850	6,605,207	6,788,818	7,621,315	8,350,958
Less:					
Tuition and fees (net of building fees) ⁽³⁾	362,508	361,130	390,004	438,855	454,972
State appropriations	353,874	374,253	390,118	434,189	499,623
Restricted gifts, contracts & grants (net of indirect costs) ⁽⁴⁾	625,893	696,348	751,935	803,863	808,336
Investment income (less cash management pool earnings) ⁽⁵⁾	27,770	292,789	(148,205)	100,222	264,571
Deductions from total revenues	1,370,045	1,724,520	1,383,852	1,777,129	2,027,502
Total Net Revenues	4,328,805	4,880,687	5,404,966	5,844,186	6,323,456
Adjustments:					
Less operating expenses of proprietary activities ⁽⁶⁾	(3,232,420)	(3,654,212)	(4,076,399)	(4,426,972)	(4,767,367)
Plus depreciation & amortization	247,453	277,697	310,918	325,797	351,136
Less existing debt service requirement ⁽⁷⁾	(24,448)	(24,152)	(16,390)	(10,679)	(10,585)
Less ARUP sales and services ⁽⁸⁾	(583,189)	(716,371)	(690,173)	(727,812)	(767,612)
Less UUHIP sales and services ⁽⁹⁾	(86,170)	(66,035)	(183,622)	(251,270)	(184,687)
Less CNS sales and services ⁽¹⁰⁾	(50,063)	(55,280)	(62,841)	(57,385)	(55,898)
Total General Revenues	\$599,968	\$642,334	\$686,459	\$695,865	\$888,443

- (1) This figure is comprised of several revenue sources, shown below in the attached “Audited Financial Statements for the fiscal year ended June 30, 2024” (Audited Financial Statements).
- (2) This figure is comprised of State Appropriations, Government Grants, Gifts, Investment Income, and Other Non-Operating Income – categorized as “Non-Operating” as shown in the Audited Financial Statements.
- (3) These amounts can be traced back to “Tuition and fees” shown in the Statement of Revenues, Expenses, and Changes in Net Position in the Audited Financial Statements, by netting the amounts attributable to student building fees pledged under the Auxiliary and Campus Facilities Indenture (the ACFI), student building fees pledged to the debt service of the Student Life Center and student building fees pledged to Gardner Commons. Amounts pledged under the ACFI which are also pledged going forward under the Indenture are \$7,648, \$7,509, \$7,836, \$7,889 and \$8,065, (\$ in thousands) for fiscal years 2020 through 2024, respectively. Amounts pledged to the debt service of the Student Life Center which are also pledged going forward are \$4,456 \$4,376, \$4,530, \$4,513 and \$4,589, (\$ in thousands) for fiscal years 2020 through 2024 respectively. Amounts pledged to the debt service of Gardner Commons which are also pledged going forward are \$3,339, \$3,280, \$3,396, \$3,385 and \$3,442, (\$ in thousands) for fiscal years 2020 through 2024, respectively.
- (4) These amounts can be traced back to various line items in the Statement of Revenues, Expenses, and Changes in Net Position in the Audited Financial Statements by first summing the amounts for Federal grants and contracts, State and local grants and contracts, Nongovernmental grants and contracts; and Government grants (non-operating) and netting amounts attributable to indirect costs recovery revenues pledged under the Research Indenture. These amounts, also pledged going forward under the Indenture, for fiscal year 2020 through fiscal year 2024, respectively, are \$113,723, \$117,402, \$131,561, \$151,668 and \$153,878, (\$ in thousands). Second, the amount listed for Gifts (non-operating) is netted against Unrestricted Gifts (pledged in part under the Hospital Indenture and also pledged going forward under the Indenture), and results in Restricted Gifts included in the above table. For fiscal year 2020 through fiscal year 2024, these Unrestricted Gifts totaled, respectively, \$0, \$120, \$418, \$0 and \$475 (\$ in thousands).

- (5) Investment income shown on this line excludes Investment Income pledged under the Hospital Revenue Bond System Indenture (Hospital Indenture) and also pledged going forward under the Indenture. The pledged amount represents earnings on the University's Cash Management Pool. To trace the amounts displayed here to the Investment income shown in the Statement of Revenues, Expenses, and Changes in Net Position in the Audited Financial Statements, add the pledged amounts for fiscal year 2020 through fiscal year 2024, which are, respectively, \$55,318, \$5,164 \$20,347, \$73,648 and \$105,339 (\$ in thousands).
- (6) Proprietary activities consist of activities relating to the Hospital, University Health Sciences, and the Auxiliary and Campus Facilities. Backing these operating expense accounts out of the Net Revenues reflects the fact that only the net revenues associated with these activities are available for debt service under State law.
- (7) Includes debt service on the Hospital Revenue Bond System, ACFS Revenue Bond System, and Research Revenue Bond System (together the "Prior Lien Bonds").
- (8) ARUP sales and service revenues can be traced back to reported amounts in the footnotes of the Audited Financial Statements adjusted for intra-university elimination amounts for fiscal year 2020 through fiscal year 2024, respectively, \$98,232, \$124,583 \$123,106, \$135,668 and \$146,581 (\$ in thousands).
- (9) UUHIP sales and service revenues can be traced back to reported amounts in the footnotes of the Audited Financial Statements adjusted for intra-university elimination amounts for fiscal years 2020 through fiscal year 2024, respectively, \$110,226, \$105,612, \$129,249, \$62,192 and \$140,160 (\$ in thousands).
- (10) CNS sales and service revenues can be traced back to reported amounts in the footnotes of the Audited Financial Statements adjusted for intra-university elimination amounts for fiscal year 2022 and fiscal year 2024, respectively, \$629, \$977 and \$2,462 (\$ in thousands).

MANAGEMENT'S DISCUSSION OF REVENUES

General revenues. For a discussion of the General Revenues that are pledged to the General Revenue Bonds, refer to the section in this report titled "REVENUES AVAILABLE FOR DEBT SERVICE". For Fiscal Year (FY) 2024, the General Revenues were \$888 million which was an increase of approximately \$193 million from FY 2023 General Revenues.

Patient revenues. The most significant revenue stream included in General Revenues is patient services revenues, which are derived from operations of the Hospital and related clinics, as well as the clinics run by the Spencer Fox Eccles School of Medicine. Approximately 51.7% of the university's FY 2024 operating revenues are derived from this category.

Auxiliary and Campus Facilities revenues. Along with the net revenues of the operations and facilities comprising the Auxiliary and Campus Facilities System, the university has pledged additional revenues to the Prior Lien Bonds. These other revenues include certain student fees, land grant income, and investment income. The bulk of revenues of the Auxiliary and Campus Facilities System are generated from the sale of certain goods and services for the convenience of students, faculty, staff and the public at large (i.e., those who are living, working, or visiting on campus).

Tuition and fee revenues. For each of the last several years, tuition and fee revenue has exceeded State appropriations. The university expects this will continue going forward, because State appropriations (as a percentage of revenues) are likely to decrease. Although State appropriations have increased during four of the past five years, future increases will likely be modest. The university's ongoing aim is to competitively place itself as a lower-cost (but high quality) alternative to other peer institutions of similar size, scope, and mission. While certain building fees are included in General Revenues, neither legislative appropriations nor tuition and other fees are pledged as General Revenues. Building fees pledged under the Auxiliary and Campus Facilities Indenture represent approximately \$8.1 million in FY 2024, which equals approximately 1.7% of tuition and fees. In addition, building fees from the Student Life Center building totaled approximately \$4.6 million for FY 2024, which equals approximately .9% of tuition and fees. Building fees related to the Kem and Carolyn Gardner Commons Building totaled approximately \$3.4 million for FY 2024, which equals approximately 0.7% of tuition and fees. The building fee associated with the Gardner building is expected to remain in place through summer semester 2028.

Grants and contracts revenues. The university has invested heavily in both physical and human research support infrastructure along with software systems that will provide faculty and researchers with services to remain competitive in obtaining grants as well as managing them in an effective and efficient manner. The university has a successful track record in obtaining federal research dollars, and management believes this pattern will continue in the future. Facilities and Administrative Cost Recovery (previously known as "Indirect Costs Recovery") Revenues (which are based on a negotiated percentage of federal direct costs and certain other costs) are pledged under the Research Revenue Bonds System Indenture (Research Indenture) and are included in General Revenues under the Indenture. The amount of research grants and contracts awarded to the university during FY 2024 increased 1% from FY 2023.

Gift Income. Unrestricted Gifts relating to the Hospital are included in the pledge under the Hospital Indenture and are included, along with other unrestricted gifts, as General Revenues under the Indenture.

Potential Economic Impact on Future Financial Results. For a more detailed discussion of the university's revenues, please see the university's Audited Financial Statements for the year ended June 30, 2024, including the Management's Discussion and Analysis (MD&A) section.

Within the MD&A section, please refer to the "Outlook for the Coming Fiscal Year" for a discussion of the outlook for FY2025. However, the university cannot predict the extent or effect of general economic conditions within the state of Utah and the country, and how that might affect the university's Revenues and the General Revenues associated with the General Revenue Bond System.