

REPORT TO
UTAH STATE LEGISLATURE
NUMBER 76-13A

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**A FINANCIAL AUDIT
OF
THE UNIVERSITY OF UTAH**

FOR FISCAL YEAR ENDED JUNE 30, 1976

AND

**THE UNIVERSITY OF UTAH
STUDENT HOUSING BOND SYSTEM**

FOR FISCAL YEARS ENDING JUNE 30, 1975 AND 1976

DECEMBER 1976

Lennis M. Knighton, C.P.A.
Legislative Auditor General



STATE OF UTAH

OFFICE OF THE LEGISLATIVE AUDITOR GENERAL

STATE CAPITOL BUILDING
SALT LAKE CITY, UTAH 84114

AUDIT SUBCOMMITTEE
Legislative Management Committee

Speaker Ronald L. Rencher
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Senator W. Hughes Brockbank
Representative Ronald T. Halverson

DR. LENNIS M. KNIGHTON, CPA
AUDITOR GENERAL

December 27, 1976

TO: The Utah State Legislature

Transmitted herewith is our report on the financial audit of the University of Utah for the Fiscal Year ended June 30, 1976, our observations and recommendations to the University management, the University's response to the audit report and recommendations, and a special audit report on the University of Utah Student Housing Revenue Bond System for the years ended June 30, 1975 and 1976.

This financial audit of the University of Utah was conducted in response to a request from the Legislative Management Committee made on May 5, 1976. Two urgent needs of the University of Utah prompted the request:

First, the Department of Health, Education and Welfare insisted that an audited financial statement for Fiscal Year 1976 be available by December 1976, to be used as a base for negotiating research contract overhead rates.

Second, the University is under obligation to furnish audited financial statements annually to the bonding authorities showing the status of the student housing revenue bond system.

The most recent financial audit of the University was for the Fiscal Year ended June 30, 1973, and the Student Housing Revenue Bond System for the year ended June 30, 1974. These audits had been performed by the State Auditor, but he indicated to the Legislative Management Committee that he could not perform the requested audits for 1976 without changing his audit schedule or receiving additional funding.

We will be happy to meet with Legislative committees, individual legislators, or other State officials to discuss or clarify any item contained in the report and to facilitate the implementation of the recommendations.

Sincerely,

Lennis M. Knighton
Auditor General

LMK:as

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NUMBER 76-13A

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FOR FISCAL YEARS ENDED JUNE 30, 1975 AND 1976

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Legislative Auditor General

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Senator Edward T. Beck
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Representative Ronald T. Halverson

DR. LENNIS M. KNIGHTON, CPA
AUDITOR GENERAL

October 8, 1976

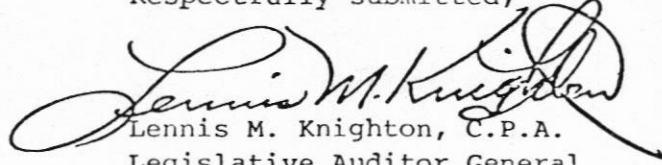
Utah State Board of Regents and
Institutional Council of the University of Utah
Salt Lake City, Utah

Gentlemen:

We have examined the Balance Sheets of the University of Utah as of June 30, 1976, and 1975, and the related Statement of Current Funds Revenues, Expenditures and Other Changes, and the Statement of Changes in Fund Balances for the Year Ended June 30, 1976. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned statements present fairly the financial position of the University of Utah at June 30, 1976 and 1975, and the current funds revenues, expenditures and other changes and changes in fund balances for the year ended June 30, 1976, in conformity with generally accepted accounting principles for Colleges and Universities applied on a consistent basis.

Respectfully submitted,


Lennis M. Knighton, C.P.A.
Legislative Auditor General

UNIVERSITY OF UTAH

Balance Sheet
June 30, 1976 and 1975

Schedule A

	1976	1975 (Note 10)		1976	1975 (Note 10)
<u>Assets</u>			<u>Liabilities and Fund Balances</u>		
Current funds:			Current funds:		
Unrestricted			Unrestricted:		
Cash and short-term investments (note 2)	\$ 10,162,116	4,529,638	Accounts payable	2,482,775	1,135,872
Investments at cost (note 3)	656,379		Accrued payroll (inc. taxes and benefits)	5,054,727	3,909,486
Accounts receivable, less allowance for doubtful accounts 1976 \$ 18,763, 1975 \$ 17,939	804,025	655,933	Deferred revenue	320,381	720,045
Due from Utah State Treasurer	2,426,277	1,443,722	Fund balances:		
Due from other funds:			Department balances encumbered	1,480,003	1,735,998
Current restricted fund for overhead billed on sponsored projects	425,417	164,901	Working capital advance to contracts and grants	1,350,000	1,350,000
Current restricted fund for working capital	1,350,000	1,350,000	Uncommitted department funds	585,242	(19,270)
Other	288,001	467,857	Unexpended university funds	146,267	60,637
Total due from other funds	<u>2,063,418</u>	<u>1,982,758</u>	Unexpended funds of service departments, organized activities and departmental operating accounts	<u>5,857,896</u>	<u>773,632</u>
Due from University of Utah Research Institute	150,000	150,000	Total fund balance	<u>9,419,408</u>	<u>3,900,997</u>
Inventories at cost (using most recent purchase price)	955,649	824,880	Total unrestricted	<u>17,277,291</u>	<u>9,666,400</u>
Deferred charges and prepaid expenses	<u>59,427</u>	<u>79,469</u>			
Total unrestricted	<u>17,277,291</u>	<u>9,666,400</u>			

UNIVERSITY OF UTAH

Balance Sheet
June 30, 1976 and 1975

Schedule A
Continued

	1976	1975 (Note 10)		1976	1975 (Note 10)
<u>Assets</u>			<u>Liabilities and Fund Balances</u>		
Auxiliary enterprises:			Auxiliary enterprises:		
Cash and short-term investments (note 2)	201,254	160,108	Accounts payable	135,290	209,081
Accounts receivable, less allowance for doubtful accounts 1976 \$29,405, 1975 \$41,031	283,080	291,370	Deposits	181,214	117,409
Investments at cost		29,025	Accrued payroll (inc. taxes and benefits)	204,601	171,248
Inventories at cost (using most recent purchase price except bookstore at retail inventory method)	920,546	882,573	Due to other funds	503,699	561,237
Prepaid and deferred expenses	<u>2,384</u>	<u>1,638</u>	Deferred revenue	67,688	58,811
Total auxiliary enterprises	<u>1,407,264</u>	<u>1,364,714</u>	Fund balances	<u>314,772</u>	<u>246,928</u>
University hospital:			Total auxiliary enterprises	<u>1,407,264</u>	<u>1,364,714</u>
Cash and short-term investments (note 2)	493,687	39,649	University hospital:		
Accounts receivable, less allowance for doubtful accounts 1976 \$935,000, 1975 \$958,514 (note 11)	5,691,687	5,115,896	Accounts payable	1,185,670	1,210,293
Inventories at cost (first-in first-out method)	432,042	472,651	Accrued payroll (inc. taxes and benefits)	861,226	523,289
Other assets	<u>8,960</u>	<u>57,089</u>	Deposit against future billings		21,000
			Due to other funds:		
			Renewals and replacements	84,574	201,740
			Other	<u>150,854</u>	<u>105,925</u>
			Total due to other funds	<u>235,428</u>	<u>307,665</u>
			Note payable to Utah State Treasurer (note 11)	700,000	
			Fund balance		
			Appropriated for working capital	654,000	654,000
			Unallocated	<u>2,990,052</u>	<u>2,969,038</u>
			Total fund balance	<u>3,644,052</u>	<u>3,623,038</u>
Total university hospital	<u>6,626,376</u>	<u>5,685,285</u>	Total university hospital	<u>6,626,376</u>	<u>5,685,285</u>

UNIVERSITY OF UTAH

Balance Sheet June 30, 1976 and 1975

Schedule A
Continued

	1976	1975 (Note 10)
<u>Assets</u>		
Restricted:		
Cash and short-term investments (note 2)	7,049,613	4,704,874
Investments at cost (note 3)	2,998,787	6,065,829
Notes receivable	76,888	47,678
Accounts receivable, less allowance for adjustments		
1976 \$13,444, 1975 \$13,444	3,574,478	5,520,513
Due from other funds		326,716
Due from state	<u>9,260</u>	<u>107,942</u>
 Total restricted	 <u>13,709,026</u>	 <u>16,773,552</u>
Total current funds	<u>39,019,957</u>	<u>33,489,951</u>
 Loan funds:		
Cash and short-term investments (note 2)	707,157	1,656,682
Loans receivable less allowance for doubtful loans		
1976 \$314,000, 1975 \$26,000	9,459,648	8,488,434
Accounts receivable (state sponsored medical loans)	<u>170,000</u>	
 Total loan funds	 <u>10,336,805</u>	 <u>10,145,116</u>

	1976	1975 (Note 10)
<u>Liabilities and Fund Balances</u>		
Restricted:		
Accounts payable	1,275,549	920,739
Accrued payroll (inc. taxes and benefits)	1,269,556	1,291,855
Due to other funds		
Due to unrestricted current funds working		
capital advance	1,350,000	1,350,000
Overhead recovery payable to unrestricted		
current funds	<u>425,417</u>	<u>164,901</u>
Total due to other funds	<u>1,775,417</u>	<u>1,514,901</u>
Deferred income	76,888	
Fund balance	<u>9,311,616</u>	<u>13,046,057</u>
Total restricted	<u>13,709,026</u>	<u>16,773,552</u>
Total current funds	<u>39,019,957</u>	<u>33,489,951</u>
 Loan funds:		
Fund balances:		
U.S. Government participation loans including		
institutional matching funds	9,713,860	9,725,966
Institutional funds	<u>622,945</u>	<u>419,150</u>
Total fund balance	<u>10,336,805</u>	<u>10,145,116</u>
Total loan funds	<u>10,336,805</u>	<u>10,145,116</u>

UNIVERSITY OF UTAH

Balance Sheet June 30, 1976 and 1975

Schedule A
Continued

	1976	1975 (Note 10)		1976	1975 (Note 10)
<u>Assets</u>			<u>Liabilities and Fund Balances</u>		
Endowment and similar funds:			Endowment and similar funds:		
Cash and short-term investments (note 2)	1,184,511	1,900,586	Payable to investment trustees		65,243
Investments at cost:			Due to other funds		10,014
Permanent pool	1,953,417	1,121,139	Payable to development foundation		294
Individually invested at direction of donor	2,737,488	2,681,227	Fund balances		
Income pool	<u>1,127,732</u>	<u> </u>	Restricted endowments	1,862,016	1,727,895
Total investments	<u>5,818,637</u>	<u>3,802,366</u>	Restricted quasi-endowments	452,871	
Due from other funds:			Term endowments	29,813	
Plant fund	<u>26,408</u>	<u> </u>	Unrestricted quasi-endowments	4,674,676	3,889,943
			Annuity and life income funds	<u>10,180</u>	<u>9,563</u>
Total endowments and similar funds	<u>7,029,556</u>	<u>5,702,952</u>	Total fund balance	<u>7,029,556</u>	<u>5,627,401</u>
Plant funds:			Total endowments and similar funds	<u>7,029,556</u>	<u>5,702,952</u>
Unexpended:			Plant funds:		
Cash and short-term investments (note 2)	603,247	457,942	Unexpended:		
Funds on deposit with state treasurer account			Accounts payable	647,330	185,189
of Utah State Building Board	5,116,821	5,747,163	Bonds payable - student housing	1,750,000	1,750,000
Investments	49,415		Accrued interest payable - student housing		
Deposits with trustee:			bonds	34,356	34,355
Cash	240,065	(424,758)	Fund balance	<u>3,987,329</u>	<u>5,842,533</u>
Investments	408,906	2,029,991			
Accrued interest receivable	<u>561</u>	<u>1,739</u>			
Total deposits with trustee	<u>649,532</u>	<u>1,606,972</u>			
Total unexpended	<u>6,419,015</u>	<u>7,812,077</u>			
			Total unexpended	<u>6,419,015</u>	<u>7,812,077</u>

UNIVERSITY OF UTAH

Balance Sheet June 30, 1976 and 1975

Schedule A
Continued

	1976	1975 (Note 10)		1976	1975 (Note 10)
<u>Assets</u>			<u>Liabilities and Fund Balances</u>		
Renewals and replacements: (note 6)			Renewals and replacements:		
Cash and short-term investments (note 2)	1,239,267	733,159	Accounts payable	358,179	155,830
Due from other funds	588,274	766,073	Accrued payroll	2,541	
Deposits with trustee			Due to other funds		185,596
Cash	4,239	8,049	Fund balance	<u>3,578,099</u>	<u>3,118,612</u>
Investments at cost (note 3)	2,049,905	1,929,281			
Accrued interest receivable	<u>57,134</u>	<u>23,476</u>			
Total deposits with trustee	<u>2,111,278</u>	<u>1,960,806</u>			
Total renewals and replacements	<u>3,938,819</u>	<u>3,460,038</u>	Total renewals and replacements	<u>3,938,819</u>	<u>3,460,038</u>
Retirement of indebtedness:			Retirement of indebtedness:		
Cash and short-term investments (note 2)	210,260	160,589	Accrued interest payable		
Deposits with trustee:			Student housing bonds	213,665	250,760
Cash	9,144	79,652	Student fee bonds	<u>26,475</u>	<u>27,638</u>
Investments at cost (note 3)	5,699,219	5,511,578	Total accrued interest payable	<u>240,140</u>	<u>278,398</u>
Accrued interest receivable	<u>109,076</u>	<u>99,256</u>	Fund balance:		
Total deposits with trustee	<u>5,817,439</u>	<u>5,690,486</u>	Student housing bonds	1,268,541	1,528,748
			Student fee bonds	<u>4,519,018</u>	<u>4,043,929</u>
Total retirement of indebtedness	<u>6,027,699</u>	<u>5,851,075</u>	Total fund balance	<u>5,787,559</u>	<u>5,572,677</u>
			Total retirement of indebtedness	<u>6,027,699</u>	<u>5,851,075</u>

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Schedule A
Continued

See accompanying Notes to Financial Statements

UNIVERSITY OF UTAH

Statement of Current Fund Revenues, Expenditures and Other Changes for the Years Ended June 30, 1976 and 1975

Schedule E

	Unrestricted					Restricted			Total Current Funds	
	General Fund	Auxiliary Enterprises	University Hospital	Other	Total	Grants & Contracts	Other	Total	June 30, 1976	June 30, 1975
Revenues:										
Student tuition and fees	\$12,172,596				12,172,596		497,325	497,325	12,669,921	12,229,198
State appropriation	35,342,810		1,067,664		36,410,474		6,224,855	6,224,855	42,635,329	35,463,426
Other state sources							150,488	150,488	150,488	101,951
Recovery of overhead costs	5,845,417				5,845,417				5,845,417	5,192,401
Grants and contracts						32,416,669		32,416,669	32,416,669	31,042,662
Interest income (note 10)			21,873	1,302,359	1,324,232		611,526	611,526	1,935,758	1,049,149
Gifts and private grants							4,611,167	4,611,167	4,611,167	7,415,799
Student aid (includes scholarships and fellowships)						2,225,067		2,225,067	2,225,067	1,839,278
Teaching hospital			20,741,090		20,741,090				20,741,090	17,186,719
Other sources:										
Organized activities				787,136	787,136				787,136	
Service department sales				2,675,737	2,675,737				2,675,737	1,837,028
Educational department sales and services (note 10)	550,925			6,687,336	7,238,261				7,238,261	227,234
Other sources of revenue	119,069				119,069		455,443	455,443	574,512	521,144
Total other sources	669,994			10,150,209	10,820,203		455,443	455,443	11,275,646	2,585,406
Auxiliary enterprises		9,965,804			9,965,804				9,965,804	8,525,569
Total revenues	54,030,817	9,965,804	21,830,627	11,452,568	97,279,816	34,641,736	12,550,804	47,192,540	144,472,356	122,631,558
Expenditures:										
Instruction	29,374,988				29,374,988	421,821	2,972,516	3,394,337	32,769,325	28,146,146
Research	992,384				992,384	30,480,141	1,523,753	32,003,894	32,996,278	31,092,734
Public service and other (note 10)	300,098			6,762,968	7,063,066	1,635,381	4,726,481	6,361,862	13,424,928	10,720,077
Academic support	5,291,185				5,291,185	133,442	697,536	830,978	6,122,163	5,551,500
Student services	2,900,028				2,900,028	299,128	15,353	314,481	3,214,509	2,659,709
Institutional support	5,972,430				5,972,430	62,811	577,887	640,698	6,613,128	5,329,007
Operation and maintenance of plant	6,289,159				6,289,159		739,556	739,556	7,028,715	6,216,700
Scholarships and fellowships	1,181,094				1,181,094	1,609,012	1,227,832	2,836,844	4,017,938	3,207,257
Service departments				2,145,961	2,145,961				2,145,961	1,913,372
Hospital			21,153,128		21,153,128				21,153,128	17,522,331
Auxiliary enterprises		8,593,026			8,593,026				8,593,026	7,697,696
Total expenditures	52,301,366	8,593,026	21,153,128	8,908,929	90,956,449	34,641,736	12,480,914	47,122,650	138,079,099	120,056,531
Transfers: additions (deductions)	(1,273,089)	(1,252,411)	(656,485)	(1,669,105)	(4,851,090)	132,464	(74,837)	57,627	(4,793,463)	(7,060,259)
Adjustments to beginning fund balance	(22,215)	(52,523)		4,209,721	4,134,983	(153,506)	(3,427,173)	(3,580,679)	554,304	1,218,926
Excess of restricted receipts over transfers to revenue						(747,716)	466,437	(281,279)	(281,279)	3,706,481
Net increase/(decrease) in fund balance	\$ 434,147	67,844	21,014	5,084,255	5,607,260	(768,758)	(2,965,683)	(3,734,441)	1,872,819	440,175

See accompanying Notes to Financial Statements

UNIVERSITY OF UTAH

Statement of Changes in Fund Balances for the Year Ended June 30, 1976

Schedule C

	Current Funds					Loan Funds	Endowment & Similar Funds	Plant Funds			Net investment in Plant
	General Fund	Auxiliaries	University Hospital	Other	Restricted			Unexpended	Renewal and Replacement	Retirement of Indebtedness	
Revenue and other additions:											
Unrestricted current funds revenues	\$54,030,817	9,965,804		10,150,209							
State appropriations - restricted			1,067,664		5,928,880			1,930,989			
Contracts and grants					40,124,076						
Private gifts - restricted					5,373,558	21,141	329,563				1,228,124
Teaching hospital			20,741,090		497,325					684,717	
Student fees - restricted					611,526					340,337	
Investment income			21,873	1,302,359		716	5,455	84,064	166,728		
Interest on loans receivable						108,979					
U.S. Government advances						368,975					
Matching funds						60,220					
Other state sources					150,488	170,000				178,157	
Other sources					455,443	193		404,234	73,088		
Expended for plant facilities											11,006,514
Retirement of indebtedness											592,676
Realized losses on investments - restricted							(29,026)				
Total revenue and other additions	<u>54,030,817</u>	<u>9,965,804</u>	<u>21,830,627</u>	<u>11,452,568</u>	<u>53,141,296</u>	<u>730,224</u>	<u>305,992</u>	<u>2,419,287</u>	<u>239,816</u>	<u>1,203,211</u>	<u>12,827,314</u>
Expenditures and other deductions:											
Current funds expenditures	(52,301,366)	(8,593,026)	(21,153,128)	(8,908,920)	(47,122,650)		(122,482)				
Indirect cost recovered					(6,230,091)						
Loan cancellations and writeoffs						(479,451)					
Administrative and collection costs						(59,084)		(23,308)	(8,586)	(6,019)	
Other					56						(269,761)
Debt service:											
Retirement of indebtedness										(590,000)	
Interest on indebtedness										(1,290,936)	
Expended for plant facilities - capitalized								(5,218,707)	(1,269,181)		
Expenditures not capitalized								(225,885)	(261,456)		
Plant assets sold or retired											(422,507)
Total expenditures and other deductions	<u>(52,301,366)</u>	<u>(8,593,026)</u>	<u>(21,153,128)</u>	<u>(8,908,920)</u>	<u>(53,352,685)</u>	<u>(538,535)</u>	<u>(122,482)</u>	<u>(5,467,900)</u>	<u>(1,539,223)</u>	<u>(1,886,955)</u>	<u>(1,192,268)</u>

UNIVERSITY OF UTAH

Statement of Changes in Fund Balances for the Year Ended June 30, 1976

Schedule C
Continued

	Current Funds					Endowment & Similar Funds	Plant Funds			
	General Fund	Auxiliaries	University Hospital	Other	Restricted		Unexpended	Renewal and Replacement	Retirement of Indebtedness	Net Investment in Plant
Transfers among funds - additions/ (deductions):										
Mandatory:										
Debt service requirement		(1,214,633)						1,214,633		
Correction of prior year's transfer		61,877						(61,877)		
Non-mandatory:										
Current unrestricted							29,487			
Current restricted							8,000			
Operating funds	(445,034)	220,650		224,384						
Debt service fund										
Renewal and replacement funds		(320,305)	(656,485)	(689,879)	(73,000)			1,856,835		
Endowment funds				(1,183,675)		1,218,645				
Inter-fund transactions	(828,055)			(19,935)	63,072		698,205			
Inter-fund transactions - agency fund					67,555					
Between plant funds							352,071	(1,250,697)	898,626	
Total transfers	(1,273,089)	(1,252,411)	(656,485)	(1,669,105)	57,627	1,218,645	1,087,763	1,758,894	898,626	
Adjustment to beginning fund balance	(22,215)	(52,523)		4,209,721	(3,580,679)		105,646			
Total adjustments	(22,215)	(52,523)		4,209,721	(3,580,679)		105,646			3,429,427
Net increase/(decrease) in fund balance	434,147	67,844	21,014	5,084,264	(3,734,441)	191,689	1,402,155	(1,855,204)	459,487	214,882
Fund balance July 1, 1975	3,127,365	246,928	3,623,038	773,632	13,046,057	10,145,116	5,627,401	5,842,533	3,118,612	5,572,677
Fund balance June 30, 1976	<u>\$3,561,512</u>	<u>314,772</u>	<u>3,644,052</u>	<u>5,857,896</u>	<u>9,311,616</u>	<u>10,336,805</u>	<u>7,029,556</u>	<u>3,987,329</u>	<u>3,578,099</u>	<u>5,787,559</u>

See accompanying Notes to Financial Statements

UNIVERSITY OF UTAH

Notes to Financial Statements Year Ended June 30, 1976

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of presentation:

The financial statements include the accounts of the University of Utah, the University of Utah Hospital and all auxiliary activities. Certain accounts of the Associated Students of the University of Utah, University of Utah Development Foundation, Utah Foundation for Medicine and Research, University of Utah Research Institute, University of Utah Research Foundation and the Pioneer State Theatre Foundation have been recorded within the Agency Fund Group. Accordingly, the revenue and expenditures of these organizations have not been included in the financial statements; however, certain of the assets of these organizations, for which the University is acting in a fiduciary capacity, are reported in the balance sheet of the Agency Fund Group.

The Statement of Current Funds Revenues, Expenditures and Other Changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses. Current fund revenues do not include restricted current funds received but not expended, or the revenue applicable to loan funds, endowment funds, plant funds or agency funds.

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for in the statement of Current Funds Revenues, Expenditures and Other Changes as (1) expenditures in the case of normal replacement of equipment and library books, (2) mandatory transfers in the case of amounts required by the provisions of binding legal agreements for debt amortization, interest and provisions for equipment renewal and replacements, (3) non-mandatory transfers in the case of allocations of unrestricted resources between fund groups which are principally transfers to the plant fund for renewal and replacement by certain auxiliary enterprises, service departments and organized activities.

Basis of accounting:

The University maintains its accounts in accordance with the principles of fund accounting. Separate accounts are maintained for each fund. Resources for

various purposes are classified for accounting and reporting purposes into funds according to specified activities or objectives. For financial reporting purposes, funds with similar characteristics are combined.

2 CASH AND SHORT-TERM INVESTMENTS:

The University uses the pooled concept of accounting for cash and short-term investments, except when a separate bank account is required by the provisions of a trust or bond agreement or by an act of the legislature. The University invests unexpended funds and cash float (resulting from checks outstanding) in cash equivalents and other short-term securities which are in conformity with the provisions of the Utah Code. The following schedule summarizes cash and short-term investments (marketable securities) by fund group.

	June 30,	
	1976	1975
Current unrestricted	\$10,162,116	\$ 4,529,638
Auxiliary enterprises	201,254	160,108
Hospital	493,687	39,649
Current restricted	7,049,613	4,704,874
Loan funds	707,157	1,656,682
Endowment and similar	1,184,511	1,900,586
Plant funds:		
Unexpended	603,247	457,942
Renewal and replacement	1,239,267	733,159
Retirement of indebtedness	210,260	160,589
Agency	464,437	201,454
	<u>\$22,315,549</u>	<u>\$14,544,681</u>

UNIVERSITY OF UTAH

Notes to Financial Statements
Year Ended June 30, 1976

Continued

3 INVESTMENTS:

The University pools the investments of the various fund groups except when the provisions of a trust or bond agreement specify or a grantor or donor requires that funds be segregated and individually invested. The investments, exclusive of physical plant, are recorded at cost; the investments received by gift are recorded at the market value at the date of acquisition. The following tabulation summarizes the investments at June 30, 1976 by fund group and by investment pool responsibility. Local investment trustees administer the growth pool, income pool and bond trustee investment portfolios.

	Growth Pool	Income Pool	Individually Invested	Bond Trustee	Total by Fund Group
Current unrestricted	\$ 1,723,082	600,000	56,379		656,379
Current restricted	1,953,417	1,275,706			2,998,788
Endowment and similar		1,127,732	2,737,488		5,818,637
Unexpended plant funds			49,415	408,906	458,321
Renewal and replacement					
- plant funds				2,049,905	2,049,905
Retirement of indebtedness					
- plant funds				5,699,219	5,699,219
Agency funds			234,080		234,080
Total funds by pool - cost	3,676,499	3,003,438	3,077,362	8,158,030	17,915,329
Total funds by pool - market	\$3,695,338	3,057,500	2,810,929	8,159,771	17,723,538

4 Funds, functioning as endowment funds, held in trust and administered by outside fiscal agents, are not included in the financial statements of the University. The income from such funds is recorded in the University's financial records as received from the trustees. The following list of such funds, with original valuations compared to current market values, has been provided for information:

	Original Valuation	Current Market Value
Federal land grant endowment fund administered by Utah State Lands Division	\$1,105,968	955,803
James McGregor University of Utah Endowment Funds, administered by Terre Haute First National Bank	52,324	52,553
William C. Browning Scholarship Fund, administered by Morgan Guaranty Trust	806,510	1,001,879
Norma F. Browning Trust, administered by Crocker Citizens National Bank	589,569	641,004
Mack Thomas Rozelle Memorial Trust, administered by First Security Bank of Utah	18,768	16,140
Martiner S. Eccles Graduate Fellowship Trust, administered by First Security Bank of Utah	827,445	855,266
Robert Henry Hinckley Institute of Politics, administered by First Security Bank of Utah	260,393	299,021
J. L. Dougan Fellowship, administered by First Security Bank of Utah	103,125	132,000
	<u>\$3,764,102</u>	<u>3,953,666</u>

5 PHYSICAL PLANT AND EQUIPMENT:

Buildings, building improvements, land improvements and equipment are stated at cost at the date of acquisition or at fair market value at the date of donation in the case of gifts. All land comprising the original campus and additions that are contiguous have been valued at \$3,000 per acre. Land not contiguous to the campus has been valued at original cost or fair market value at the date of acquisition in the case of gifts.

UNIVERSITY OF UTAH

Notes to Financial Statements
Year Ended June 30, 1976

Continued

6 DEPRECIATION AND FUNDING OF RENEWAL AND REPLACEMENT OF ASSETS:

The University, in accordance with generally accepted fund accounting principles for educational institutions, does not record in its financial records, depreciation of plant assets except those used for hospital operations which are treated in accordance with the guidelines provided in the AICPA Industry Audit Guide for Hospitals.

The University provides funds for the renewal and replacement of certain existing plant assets (principally those of self supporting auxiliaries and service departments), as required by bond indentures and in compliance with policies of the State Board of Regents. This provision is recorded as a transfer of cash from current operating funds to the renewal and replacement subgroup of the Plant Fund. Equipment purchases and replacements are charged to the Plant Fund as acquired.

7 BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES:

Bonds Payable	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance 6/30/76	Current Liability
Student Housing Revenue Bonds:						
Series A	Oct. 1, 1960	Oct. 1, 1993	2.750%	\$ 846,000	553,000	25,000
Series B	Oct. 1, 1960	Oct. 1, 1999	2.875% [*]	3,160,000	2,363,000	70,000
			3.000%			
Series C	Oct. 1, 1960	Oct. 1, 2000	2.985% [*]	2,285,000	1,701,000	45,000
			3.000%			
Series D	Oct. 1, 1963	Oct. 1, 2003	3.600% [*]			
			3.500%	2,000,000	1,611,000	35,000
			3.400%			
			3.300%			
Series E	Oct. 1, 1968	Oct. 1, 2008	3.000%	3,000,000	2,730,000	50,000
Series F	Apr. 1, 1970	Oct. 1, 2009	8.500% [*]	4,250,000	4,160,000	25,000
			7.750% [*]			
Series G	Apr. 1, 1971	Oct. 1, 2010	6.030% [*]	4,225,000	4,170,000	30,000
Series H	Apr. 1, 1975	Oct. 1, 2014	8.500% [*]			
			8.000% [*]	1,750,000	1,750,000	-0-
			7.800% [*]			
				<u>\$21,516,000</u>	<u>19,038,000</u>	<u>280,000</u>
Student Fee Revenue Bonds:						
	June 1, 1965	June 1, 1996	3.250% [*]	<u>\$11,000,000</u>	<u>9,345,000</u>	<u>310,000</u>
			4.500% [*]			

*The difference between the interest rate shown and 3% is received annually by the University as a subsidy from the United States Department of Housing and Urban Development.

8 PLEDGES:

The following schedule summarizes the pledges which have been made. The pledges are restricted to the uses indicated. It is not practicable to estimate the net realizable value of such pledges.

Use	Balance of Pledge	Amount Due in 1976-77	Balance Payable
Graduate fellowships	\$ 273,000	\$ 100,000	\$ 100,000 annually
Endowed professorship	641,000	-0-	50,000 annually after completion of MCEF
College of Law	30,000	4,000	4,000 annually
Bicentennial Park	243,000	-0-	Fully paid in 1980
Medical Center Expansion	5,000,000	1,000,000	1,000,000 annually
Hugh B. Brown Presidential Endowed Chair - College of Law	210,000	142,000	Balance of \$68,000 to be paid over subsequent four years (\$17,000 per annum)
	<u>\$6,397,000</u>	<u>\$1,246,000</u>	

9 RETIREMENT AND PENSION PLANS:

Substantially all of the employees of the University of Utah are covered by one of two retirement plans offered. Employees have the option of participating in either plan, but may not change from one plan to the other more than once.

Utah State Employee Retirement Fund is administered by the State of Utah. The contribution rate is designed to fund current retirement costs as they accrue and to fund past service costs over a 40-year period. The Retirement Fund does not account for separate balances of the governmental units and political subdivisions; however, the total assets of the system, as a whole, exceeded the total vested benefits at June 30, 1976. In accordance with legislation recently enacted by the Utah State Legislature, the University and the participating employees contribute to the fund amounts determined as a percent of the employee's annual salary as follows:

	University	Employee
1976	11.05%	1.05%
1977	12.10%	2.10%
1978	13.15%	3.15%
1979	14.20%	4.20%

UNIVERSITY OF UTAH

Notes to Financial Statements
Year Ended June 30, 1976

Continued

Teachers Insurance and Annuity Association provides individual retirement fund contracts with each eligible participating employee. Benefits provided to retired employees are generally based on the value of the fund and the estimated life of the employee at time of retirement. The University has no continuing liability for the retirement plans once annual contributions are made. In accordance with legislation recently enacted by the Utah Legislature, the University and the participating employee contribute to the individual retirement funds amounts determined as a percent of the employee's annual salary as follows:

	<u>University</u>	<u>Employee</u>
1976	10.00%	-0-%
1977	11.05%	1.05%
1978	12.10%	2.10%
1979	12.10%	2.10%

Total retirement fund contributions made by the University to both plans for the years ended June 30, 1976 and June 30, 1975 were \$7,526,644 and \$5,572,000 respectively.

- 10 During the year ended June 30, 1976, certain development fund accounts, which were designated as restricted funds at June 30, 1975, were reclassified as unrestricted funds. The accounts which were reclassified are used as academic departmental operating accounts to record revenue which is not from state appropriations or from federal and state agencies. In compliance with the AICPA Audit Guide, the financial statements for prior periods were presented as previously reported. The effect of the change during the year ended June 30, 1976 resulted in an increase in the "Educational Department Sales" of \$6,806,020 and an increase in the "Public Service and Other" expenditures of \$5,976,710. The fund balances for the accounts reclassified was \$4,965,868 at June 30, 1976 and \$4,156,710 at June 30, 1975.

For the year ended June 30, 1975, certain balance sheet accounts, primarily interfund cash and accrued liabilities, were restated; the restatement had no effect upon revenues or expenses as previously reported.

11 UNIVERSITY HOSPITAL NOTES PAYABLE AND NOTES RECEIVABLE:

Pursuant to provisions of Section 57-7-11 Utah Code Annotated, the University Hospital is authorized to borrow working capital funds from the State Treasurer on an interest free basis. Such loan is not to exceed a period of 90 days and is secured by the accounts receivable of the Hospital. At June 30, 1976, the Hospital had borrowed \$700,000 from the State Treasurer under a note payable due on August 31, 1976.

The University Hospital also has a contingent liability for accounts receivable notes for patient accounts which have been sold to a bank. The liability is approximately \$195,000 at June 30, 1976. The amount which has been repurchased has not been material.

II. OBSERVATIONS AND RECOMMENDATIONS TO UNIVERSITY MANAGEMENT

UNIVERSITY OF UTAH
OBSERVATIONS AND RECOMMENDATIONS OF THE
LEGISLATIVE AUDITOR GENERAL
YEAR ENDED JUNE 30, 1976

A. General

1. Accounting Policies and Procedures Manual and Training

The University has not developed and published an accounting policies and procedures manual for the guidance of the personnel throughout the institution who have accounting responsibilities. In our opinion, year to year consistency in accounting records and reports would be increased and the efficiency of accounting personnel would be improved if such a manual were prepared and followed.

We found the staff to be very cooperative, dedicated, and desirous of performing their duties in an efficient and timely manner. The staff is usually well-trained in "what to do" and "how to do it," but most personnel, with accounting responsibilities below the Assistant Controller level, would benefit from a review of, or training program in, the recently revised generally accepted accounting principles for colleges and universities. The scope of training or review should be commensurate with the individual's responsibilities and duties.

Recommendations

- a. Steps should be taken immediately, under the direction of the Director of Finance, to develop and publish an accounting policies and procedures manual. This manual should be loose-leaf, and individual policies and procedures should be issued as they can be developed without waiting for completion of a major section or complete manual.
- b. Training or review of generally accepted accounting principles for colleges and universities should be provided all central accounting personnel and the personnel with accounting responsibilities in the auxiliaries, academic departments, service departments, etc., by the Controller and Assistant Controllers.

2. Account Numbers and Organization

At the present time a considerable number of accounts have to be reclassified from their assigned fund group block of numbers to another fund group when preparing financial statements and reports. The reclassifications have become necessary because as the University has grown, the need for account numbers, in some fund groups, has exceeded the numbers available in the assigned block of numbers. Therefore, account numbers have been assigned out of numbers which had been designated for another fund group. This results in many man hours being expended on reclassifications, which should not be necessary, and it greatly increases the possibility of errors and inconsistent reporting.

Recommendations

- a. Those accounts which have to be reclassified for proper summary and statement purposes should be reviewed, and whatever changes are necessary and possible should be made to eliminate the necessity of reclassification. If possible, these changes should be made as of December 31, 1976. If it is impractical to make these changes during the current fiscal year, they should be made as of July 1, 1977.
- b. The University should give very high priority to developing and implementing an expanded account number and object code system that will provide increased efficiency and flexibility in maintenance of the accounting system.

3. Journal Entries and Campus Orders

In reviewing journal entries and campus orders for an understanding of certain transactions, it was noted that there was a serious lack of explanation and detail. In some instances the only way to obtain the needed information was to go to the person who had made the journal entry or campus order and reconstruct the reasoning for it. If the journal entries and campus orders had adequate explanations, it would lessen greatly the auditing time and increase significantly the efficiency of the University of Utah staff members.

In our sample of campus orders, it was noted that many signatures were of individuals who were not in the file of authorized signatures. The files of authorized signatures should be brought up-to-date and used effectively or abandoned.

Recommendations

- a. Explanations on journal entries and campus orders should be in enough detail so that no further inquiry or research is required to clearly explain the transaction and permit an individual to evaluate the appropriateness of the transaction.
- b. Each journal entry should be reviewed and approved by a responsible superior of the person preparing the document to assure correctness of the transaction and adequacy of the explanation.

4. Workpapers Supporting the Annual Financial Report

A considerable number of workpapers are prepared each year to adjust account balances, and to summarize, reclassify, and explain information appearing in the Financial Report. These workpapers are filed in numerous offices and are not signed by the individual who prepared and reviewed them.

Recommendation

- a. A copy of all workpapers that are required to support and explain information in the Financial Report should be filed in the Controller's office. These workpapers should be indexed, cross referenced to the Financial Report, and signed by the individuals who prepared, reviewed, and approved them.

B. Cash and Cash Receipts

1. Year End Cut-off of Cash Receipts

Our review of the June 30, 1976 bank reconciliation disclosed that of the \$1,828,009 deposits in transit, \$721,447 were not received by the bank until after July 6, which was the third working day after June 30. There were 11 deposits

made between July 6 and July 19 which contained receipts that were included in the "deposits in transit."

Recommendation

- a. There should be a clean cut-off for cash receipts as of June 30, with all deposits of these receipts made in full within two working days thereafter.

2. Bank Reconciliations

The June 30, 1976, bank reconciliation was not completed until approximately September 20, and we observed that bank reconciliations throughout the year were not made in what we would consider a timely manner when you recognize the importance of this reconciliation in maintaining control over cash transactions.

Recommendation

- a. Bank reconciliations should be completed no more than 30 days following the bank statement close-off date and should be submitted immediately to the Controller for his review and written approval.

3. Year End Checks Between Funds

At June 30, 1976, the University Hospital had issued a check in the amount of \$135,028 to the University, and it showed as an outstanding check on the Hospital bank reconciliation. The University had not recorded the receipt of this check before closing its books. The incomplete recording of this transaction was identified and corrected when the Controller's office reconciled the "Due to - Due From" items

on the financial statements. At June 30, 1975, the reverse condition occurred with a University check to the Hospital for \$116,920. The incomplete recording of this transaction was not identified until our audit.

Recommendation

- a. Whenever an interfund check is issued after the middle of June, the issuing organization should be responsible for seeing that the check is delivered to the payee organization for processing as a June transaction.

4. Security for Cashiers Office

In reviewing cash receipt procedures, it appeared to us that the security provisions for the main cashier's office and the food service cashier's office should be strengthened.

Recommendation

- a. We recommend that the Security Department review the security and existing alarm systems and make suggestions as to additional capabilities for alerting security and providing greater security against access of unauthorized individuals to the cashiering areas. Special consideration should be given the specific weaknesses discussed at our exit conference.

5. Change Fund

During the course of our audit it came to our attention that the Special Events Center has an \$800 change fund that is used by food and drink vendor operations during Special Event Center activities. This fund has not been recorded by the Controller nor charged out to anyone. Also, the Special

Events Center has no change fund for the operation of ticket sales. They hold money out of sales to use as a change fund.

Recommendations

- a. We recommend that the Controller immediately record and have the appropriate individual sign for the \$800 change fund used for vending operations.
- b. The Controller should immediately determine an appropriate change fund for the Special Events Center ticket office and provide it in the regular manner.

C. Accounts Payable and Non-Payroll Cash Disbursements

1. Accounts Payable System

A new and more sophisticated accounts payable system was developed and made operational in May 1976. At the time of our field work, some minor problems were still being worked out of some of the programs, but in general the system appeared to be working satisfactorily. Because of the status of the system, we did not make a detailed evaluation of it. By examining a random sample of accounts payable and non-payroll cash disbursement transactions throughout the year, we satisfied ourselves that these transactions had been properly recorded in the accounting records.

2. Receiving Documentation

During our examination of documentation supporting non-payroll cash disbursements, it appeared that a large percentage

of the receiving evidence was based on departmental sign-off on a copy of the purchase order sent to the department by accounts payable after an invoice had been received rather than on a receiving report which had been executed at the time of delivery. This indicates that Receiving is being by-passed on these deliveries. In our opinion, internal control would be greatly improved, necessary paperwork would flow more efficiently, and, in the long run, departments would be better served if deliveries were made to the University through an effective central receiving department. Excluded from this central receiving department would be deliveries made to the hospital, the bookstore, the library, and food services.

Recommendations

- a. All deliveries to the University should be made to a central receiving department (except deliveries for the hospital, bookstore, library, and food services which should go directly to a receiving function for those activities).
- b. A receiving report should be executed upon acceptance of delivery and forwarded expeditiously to the appropriate accounts payable section for matching with a purchase order and invoice for payment.

D. Payroll and Personnel Systems

The new payroll system was placed in operation in May, 1976, and some minor problems are still being worked out of it. Therefore, we did not attempt to make a detailed

evaluation of this system at this time. We did satisfy ourselves, by examining a random sample of payroll transactions for the year, that adequate payroll records were maintained and that payroll transactions were properly recorded in the accounting records. We feel it appropriate to make the following recommendations.

Recommendations

- a. The Personnel Department should maintain a complete file of Personnel Action Forms (PAF) for each University employee, except work study students.
- b. The Payroll Department should obtain and have on file by January 31, 1977, an up-to-date W-4 or tax exemption form for every University employee, excluding work study students.
- c. Before Time and Attendance sheets are filed for a pay period, a responsible payroll department employee should (1) verify that all sheets have been accounted for, (2) certify on a cover sheet that the file contains all Time and Attendance sheets for a given pay period, and that the sheets are complete, properly signed, and approved.

E. Accounts Receivable

Practices relating to the reporting of accounts receivable and their classification vary from department to department. Variations result because of source of income, number and amount of receivables, and complexity and size of departments.

Short-term tuition loans for students are reflected in the general funds as accounts receivable. Experience has shown that write-offs are required annually, yet an allowance

for doubtful accounts has never been established. An allowance for doubtful accounts would properly recognize such uncollectable revenues in the period the credit is extended.

The Division of Continuing Education has greatly improved control over accounts receivable during Fiscal Year 1976 and the control account was reconciled to the accounts receivable detail at year end.

The bookstore reflected credits given by publishers for the return of books and supplies as accounts receivable. The purpose of such credits is to reduce amounts due for purchases, and as such, should have reduced accounts payable.

Computer Center accounts receivable detail at June 30, 1976, had not been reconciled to control for more than a year, but it was satisfactorily reconciled before our field work was completed. The allowance for doubtful accounts was considered to be somewhat excessive when compared to write-offs for the last two years.

Utilization of single student housing by summer conference participants is not controlled and recorded adequately.

A summary of married students accounts receivable detail was not prepared for June 30, 1976, and there was no reconciliation to the ledger control account. There was no allowance for doubtful accounts, whereas in prior periods, there had been.

The amount reflected as contract and grant accounts receivable is a result of netting debit and credit balances

in the account detail which were not specifically identified as deferred income. More detailed classification of account balances would result in a more complete financial presentation.

The Development Fund accounts receivable include interest receivable on investment pools, much of which is not related to restricted funds, and is thus incorrectly classified.

Recommendations

- a. The Controller should issue a written policy and procedure concerning accounts receivable and allowance for doubtful accounts to be followed by all departments authorized to carry accounts receivable.
- b. Training programs for all those authorized to approve or process account receivable transactions should be conducted to make sure they understand and comply with the prescribed policy and procedure.
- c. Further improvement in the recording and controlling of accounts receivable in the Division of Continuing Education is encouraged. One manner of improving control is the prudent use of granting credit for courses conducted. Credit should be granted only on the basis of need to those agencies whose policies preclude prepayment of tuition, or who are unable to determine the amount due for the course provided at the beginning of the quarter.
- d. In those areas where accounts receivable and transactions are voluminous, data processing applications are justifiable and should be instituted to facilitate proper control of receivables.
- e. The Controller's office should review and approve accounts receivable reconciliations and the related allowance for doubtful accounts at least at year end to see that receivables are properly accounted for and controlled and that the related allowances for doubtful accounts are reasonable, based on write-off experience.

F. Due-to, Due-from

Bookstore accounts receivable included an item of \$12,222 for bookstore expansion construction that should have been shown as a "due from" the plant fund. The plant fund should correspondingly have shown a "due to" in recognition of the liability.

The Athletic Department borrowed funds from the general fund to install stadium lighting, which the general fund reported as a \$29,000 account receivable at year end. There was no corresponding liability shown by the Athletic Department.

Recommendations

- a. Accounts receivable should be carefully reviewed and analyzed. Only those items representing accounts receivable from outside sources should be reported as such in the balance sheet.
- b. When receivables are recorded inter-departmentally, they should be reflected on the books of both departments as "due-to," "due-from" items.

G. Inventories

The financial report states that inventories are priced using the first-in, first-out method of inventory valuation. Review of inventory in the general fund revealed that the price for coal in inventory is at an average price. The amount of coal on hand is based on a perpetual inventory record. Coal purchases are recorded at cost, but coal used is priced out at a price determined each April by dividing

the coal on hand per the perpetual record into the dollars remaining in the account. The June 30, 1976, inventory based on the average price amounted to \$308,000, which was approximately \$50,000 less than it would have been if priced on a first-in first-out method. We considered this immaterial for overall statement purposes.

Recommendation

- a. Coal inventory records should be maintained in such a way that the inventory of coal on hand at year end is accurately determined and reported in accordance with stated accounting policy.

H. Auxiliary Enterprises

1. Housing Bond System Facilities

The Auxiliary Enterprises covered by outstanding bonds are being operated in accordance with requirements of the bond resolution under which they are financed and all requirements of the bond resolution are being met. The pledged income is adequate to meet debt service and reserve requirements.

2. Reporting Inconsistencies

Several inconsistencies were observed in reporting income and expenditures for auxiliary enterprises between Fiscal Year 1975 and Fiscal Year 1976:

- (1) In 1975 telephone income for residence halls was reported as rental income and in 1976 it was reported as utility income.
- (2) In 1975 linen fees in the residence halls were reported as rental income and in 1976 they were reported as laundry income.

- (3) In some instances work order income was reported as other income instead of being deducted from salary and wage expense, as was done at other times, as it should have been.
- (4) In some reports, laundry income is reported gross and the expense is shown as an expenditure, as it should be. In other instances the figures are combined and only the net figure reported.

Recommendation

- a. Accounting policies and procedures should be issued and followed so that accounting records and reports will be more consistent from year to year and always in accordance with generally accepted accounting principles for colleges and universities.

3. Bookstore

The Bookstore operations in Fiscal Year 1975 produced a net profit of \$50,000 to be applied to debt service, but in 1976 this operation showed a loss of \$119,000. This change in results of operations was caused by a drop in the gross margin from 20 percent of sales in 1975 to 14 percent of sales in 1976. The reason for this decline in gross margin had not been determined at the time our audit field work had been concluded, but the primary area of profit decline was in new book sales.

Recommendations

- a. Every reasonable effort should be made to determine what caused the decline in gross margin during Fiscal Year 1976.
- b. If the cause for the decline in gross margin for 1976 cannot be satisfactorily determined, an inventory should be taken and a statement prepared sometime before, or at, mid-year 1977 to see how operations compare with expectations.

4. Non-Bond System Facilities

The Museum of Natural History Gift Shop and Junior Science Academy are improperly classified as auxiliaries because they meet none of the criteria for this classification. If the Museum is sufficiently autonomous and independent of University control, it could be classified as an agency account. Failing this, it should be classified under academic support. It appears that during 1976 no more than 20 percent of the expenditures reported under Gift Shop had anything to do with the gift shop and the balance was for Museum operations. The deficit incurred for the year is to be covered by a transfer of funds from gifts for the Museum which are held in a Development Fund Account.

Recommendation

- a. The operations of the Museum of Natural History, sources of revenue, and directing authority should be reviewed and an appropriate reclassification from the auxiliary fund group made for future reporting.

5. Golf Course

As of June 30, 1976, the golf course operations had accumulated a deficit of \$32,000 during the past three years. The 1976 loss was approximately \$7,900. The Institutional Council reviewed this matter in the Spring of 1976 and decided to upgrade the course and expect it to operate at a profit by increasing the operating revenue and by having the University provide financial support equal to

what it would cost to maintain the area as a green belt area if the course were abandoned.

Recommendation

- a. The University should provide funds from some appropriate source to liquidate the existing \$32,000 deficit since there is no prospect that golf course operations can recover this deficit in the near future.

I. University Hospital Working Capital

The Hospital borrowed \$500,000 from the State Treasurer in December and another \$500,000 in January to meet working capital requirements. These loans were obtained interest free and there was a balance owing of \$700,000 at June 30, 1976. Because of the substantial fluctuations in cash requirements, there were some days when there was no surplus cash and on some other days the Hospital was able to invest over \$1,000,000 for a few days in the Cash Management Pool. Investment earnings for the year from this source totaled \$21,873. Interest costs, when necessary, are appropriate costs of operation which can and should be recovered from patient billings.

Recommendation

- a. When it is necessary for the Hospital to borrow money to meet working capital requirements, the State Treasurer should charge the going rate of interest on the loan.

J. Development Funds

The University of Utah Policies and Procedures Manual defines Development Funds as:

Monies and other items of value given to the University of Utah and deposited to development fund accounts are gifts to the university, and as such, are subject to the restrictions established by the donor and the university.

The policy and procedure statement goes on to say that:

The Following documents are needed to establish a development fund account:

1. Awarding document or transmittal letter authorizing the university to use the funds.
2. Instructions and guidelines on the use of the funds, including designation of persons appointed to authorize expenditures and maintain financial control of the fund.

We examined the Development Fund Office files on a random sample of 60 accounts. In our opinion, there was no substantial documentation in one-third of the files, and very few of the files contained an "awarding document or transmittal letter" called for by the policy.

Many of the accounts contain both restricted and unrestricted revenue and it appears that approximately 50 percent of total revenue going through Development Fund accounts represents charges for services rendered, interest income, fees, and other non-gift revenue. The College of Law, for example, places all application fees in a development fund account and only remits application fees to the Unrestricted General Fund for those students accepted for admission.

Financial reports on revenue going through the Development Fund accounts would be much more meaningful if major sources and amounts were specifically identified.

Generally accepted accounting principles for colleges and universities make no provision for Development Fund Accounts, as such, in financial statements. When an institution carries a group of accounts as "Development," they must be reclassified for statement purposes to the recognized Fund Groups.

The Development Fund accounts were divided, this year, for statement purposes between Current Unrestricted and Current Restricted Funds to the best ability of the Controller's office based on information and time available.

Recommendations

- a. The controller and/or his assistants should review each development fund account and the object codes assigned to it for compliance with generally accepted accounting principles and the university policy and procedures statement.
- b. Require any development fund created in the future to conform to the university's policy and procedure and be approved in writing by the controller or his designated assistant.
- c. Revise internal financial reports concerning development fund revenues to report in greater detail the significant sources of revenue.

K. Loan Funds

1. Confirmation of Loans Receivable

We mailed affirmative confirmations to a random sample of borrowers from the various loan funds, except the employee loans. Replies were received from 74 percent of our requests; 20 percent did not respond; and 6 percent were returned because the addressee had moved and the request could not be forwarded. All replies either confirmed the balances as shown or were satisfactorily reconciled by us.

It appeared that responsibility had not been fixed for follow-up and collection of approximately \$61,500 of loans from the Ford Foundation Loan Fund made through the College of Engineering to 15 students. The student loan service has now been made aware of these loans and will handle them as other loans.

The loan records on 16 former employees with balances totaling \$1,632 had been misplaced and consequently no payments were received or collection effort made during the fiscal year. The loan records were found, but the balances of these loans were written off as of June 30, 1976. An effort will be made to collect them if possible. There are no other employee loans outstanding.

Recommendations

- a. All student borrowers should be impressed with their responsibility to have an exit interview with the student loan service office and of

keeping that office advised of their current address at all times after leaving school.

- b. As soon as it can be determined that a student borrower has left the University with no firm plans of returning, his loan file should be transmitted to the student loan service for follow-up and maintenance.

2. Allowance for Doubtful Loans

The University has no established policy for writing off uncollectable loans or providing an annual addition to the Allowance for Doubtful Loans. Approximately 90 percent of all the University's student loan funds at present are provided by the Federal Government. The Government does not provide for uncollectable loans to be written off or reserves to be established for doubtful loans, but generally accepted accounting principles require that provision be made and reported for doubtful loans. In our opinion, reasonable reserves were provided in the financial reports for Fiscal Year 1976 to comply with generally accepted accounting principles.

Recommendation

- a. The University should adopt and follow a consistent policy concerning writing off of uncollectable loans made from non-federal funds and providing reserves for doubtful loans that would conform to generally accepted accounting principles on all loans receivable.

3. Reports on Loan Funds

The University has four loan programs that are funded 90 percent with Federal money and 10 percent with institutional matching money, and two programs with 100 percent Federal funding. Annual reports to the participating Federal agency are required under each of these programs. Recent reports to the Federal agencies on three of these programs were at variance with the University financial statements. These discrepancies are presently being analyzed and corrected.

Recommendation

- a. Any financial report going out from the University should be consistent with the financial records, or the University file copy should contain a reconciliation to the financial records approved in writing by the Controller.

4. Loan Pools

The University has pooled 34 loan funds into a Regular Student Loan Pool, 21 funds into a Medical Student Loan Pool, and 12 funds have been used to provide ten percent matching for Federal NDSL loan grants. The grantors of several of these funds restricted the group of students who were eligible for loans from the funds they provided. The Legislative General Counsel, in Opinion No. 76-055, has indicated that it is permissible to pool unrestricted loan funds and restricted funds with the same restrictions, but it is improper to combine restricted and unrestricted funds in the same pool.

The current practice of the University of Utah to place both unrestricted and restricted contributions into its regular student loan pool and then give loans from the regular student loan pool generally rather than from the individual accounts of the pool, creates a situation where the University of Utah could be breaching its fiduciary duty. A restricted contribution must be loaned in accordance with the restrictions given by the donor. Accounting procedures should be maintained so that money from each account could be loaned and paid back to the proper account rather than to the fund pool generally. An unpaid loan would have to be deducted from the proper account rather than the fund pool generally. If this type of accounting and procedure is not followed, the University of Utah would be breaching its fiduciary duty not to co-mingle and its duty to carry out the terms of the various contributions.

It is suggested that one fund pool contain only unrestricted funds while another fund pool contains all the restricted contributions accounts that have differing restrictions. Accounting procedures must then be maintained in the restricted contribution account pool so that loans, pay backs and losses can be traced to the specific accounts involved.

Such strict accounting procedures would not be necessary in a fund pool that contains different accounts with the same restrictions. In that circumstance, loans from, payments to, and losses could be charged against the fund generally, i.e., the medical student loan fund.

For convenience of administration it is highly desirable to pool these funds as the University has done, but in our opinion, the institution should obtain releases from benefactors when they administer these loan funds in this manner.

Recommendations

- a. Each benefactor, or his appropriate representative, (a large number of these funds are memorials) should be contacted by a representative of the University and written releases should be obtained to authorize the pooling of the fund or using it to match Federal money as appropriate.
- b. Loan funds accepted in the future, which the University desires to pool, should be accepted with that understanding and written provision.

5. Allowance for Administration

The Federal government authorizes the University to charge Federal programs an administrative allowance of three percent of funds expended for student loans, college work study, and grants for student financial aid. The University has been placing this allowance in a Development Fund account under the control of the University President. Some of it has been used to match Federal NDSL grants when the State appropriation was insufficient to match all the Federal money that was available. Each year the University receives a reimbursement from the Federal government of ten percent of the principle and interest cancellations allowed under the NDSL program. This refund is also deposited in the development fund account. During 1976 the reimbursement was for \$10,971 and \$3,625 was used to match new NDSL Federal money received. As of June 30, 1976, there was a balance of \$378,016 in the account. The administrative allowances for Fiscal Year 1976 totaled \$96,690.

In our opinion, this allowance is granted to help cover the cost of administering those programs, and since the full cost of administration is charged against the General Fund, the revenue should go directly to that same fund.

Recommendation

- a. Allowances for administration of all student financial aid programs should be credited as revenue to the Unrestricted General Fund as it is charged against those programs.

- b. Federal reimbursements received for NDSL principle and interest cancellations should be applied first to match new Federal grants, if needed, and second to replace loan funds provided by individuals which are now being used for matching purposes.

L. Plant Fund

1. Fixed Asset Inventories

A physical inventory of University fixed assets has not been taken for several years. A complete physical inventory has been recommended in previous audit reports by the State Auditor and a systematic inventory is essential for proper control and reporting of fixed assets. The Property Management Section started taking an inventory while we were engaged in this audit and reported to us that it was to be a complete inventory which is expected to be completed by June 30, 1977.

Recommendations

- a. The University should commit the necessary resources to carry out and complete this inventory.
- b. The University should adopt and enforce a policy that will provide for appropriate cycle inventories to assure control over fixed assets and accuracy of records.

2. Criteria for Determining Assets to be Capitalized

During the course of test work on fixed asset additions and deletions, we observed that the \$150 minimum dollar value has not been changed since 1969. Because of inflation a considerable number of items are being capitalized now

that were not capitalized in prior years. Several factors need to be considered in setting the minimum dollar value for capitalization such as: (1) control, (2) cost of control, (3) consistent reporting, (4) budgeting, etc.

Recommendation

- a. The University administration should review the minimum dollar amount used for capitalization of fixed assets to make sure it serves the best interests of the institution under existing economic conditions.

THE UNIVERSITY OF UTAH

SALT LAKE CITY 84112

VICE PRESIDENT
ADMINISTRATIVE SERVICES
209 PARK BUILDING
801 - 581-6206

December 16, 1976

Legislative Auditor General
State Capitol Building
Salt Lake City, Utah 84114

Gentlemen:

We have reviewed your recommendations relating to the audit of our financial records for the year ended June 30, 1976. Under separate cover we have provided you with detailed explanations and a plan of action to implement the recommendations or the reasons why we believe implementation would not be appropriate.

We are in general agreement with most of the recommendations relating to our accounting systems and will incorporate them in our Management Information System master plan. Some of the suggested changes have already been implemented and others are presently in process. Some of the suggestions must necessarily be modified and sometimes delayed to conform with our Management Information System plan priorities.

With regard to your recommendation for a central receiving department, we will give thorough consideration to your suggestion as we complete our campus-wide study of purchasing and receiving. Depending on the conclusions of that study, we may elect to install a central receiving system, or a decentralized system depending on the ultimate benefits to the University.

Your recommendation that the amounts received as an allowance for administering student loans be credited to the general fund is being studied. Until the study is complete, our present procedure will be continued.

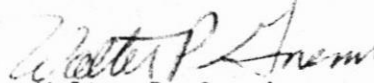
The recommendation that the University of Utah Hospital should pay interest for any working capital loans from the state is being discussed with the State Treasurer and the Money Management Council.

LEGISLATIVE AUDITOR
GENERAL

Legislative Auditor General
Page 2
December 16, 1976

We appreciate the efforts of you and your staff in bringing to our attention the areas in which you believe financial control could be improved. We would appreciate the privilege of calling upon your office in the future for further discussion and counsel regarding implementation of the recommendations.

Sincerely,

A handwritten signature in dark ink, appearing to read "Walter P. Gnemi". The signature is fluid and cursive, with the first name "Walter" and last name "Gnemi" being clearly legible.

Walter P. Gnemi
Director of Finance

cc: President David P. Gardner
Vice President D. F. Andersen

III. UNIVERSITY OF UTAH STUDENT HOUSING REVENUE
AND REVENUE BOND SYSTEM



STATE OF UTAH
OFFICE OF THE LEGISLATIVE AUDITOR GENERAL

STATE CAPITOL BUILDING
SALT LAKE CITY, UTAH 84114

October 8, 1976

AUDIT SUBCOMMITTEE
Legislative Management Committee

Speaker Ronald L. Rencher
Chairman

Senator Edward T. Beck
Senator W. Hughes Brockbank
Representative Ronald T. Halverson

DR. LENNIS M. KNIGHTON, CPA
AUDITOR GENERAL

Utah State Board of Regents and
Institutional Council of the University of Utah
Salt Lake City, Utah

Gentlemen:

We have examined the Statement of Pledged Revenue, the Statements of Changes in Trust Accounts, and the supplemental information of the University of Utah Student Housing Revenue Bond System for the years ended June 30, 1975 and 1976. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have read the Bond Resolution dated May 20, 1975, relating to the University's student housing revenue bonds, Series A through H, with particular attention to Articles V and VI. These articles contain the agreement on Flow of Funds and the Covenants and Undertakings of the University for the protection of the bond holder's financial interest in the subject facilities and their operations.

In our opinion:

(1) The Statements of Pledged Revenue present fairly the net revenue of the University Student Housing Revenue Bond System for the years ended June 30, 1975 and 1976, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

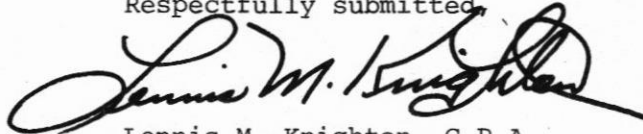
(2) The Summary Statements of Changes in Trust Accounts present fairly the cash receipts and disbursements of the University Student Housing Revenue Bond System Trust Accounts for the years ended June 30, 1975 and 1976.

(3) The Schedules of Rental Rates and Enrollments present fairly the information therein for the years ended June 30, 1975 and 1976.

(4) The Statements of Changes in Fund Accounts present fairly the cash receipts and disbursements of the accounts for the years ended June 30, 1975 and 1976. The Statements of Fund Account Assets present fairly the cash and securities in the trust accounts at June 30, 1975 and 1976.

We found nothing in our examination suggesting any violation by the Board or the University in the fulfillment of the terms, covenants, provisions, or conditions of the bond resolution, except that audited financial statements have not been provided on an annual basis as required by Article VI, Section 6.03.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lennis M. Knighton", written in a cursive style.

Lennis M. Knighton, C.P.A.
Legislative Auditor General

EXHIBIT A

UNIVERSITY OF UTAH
STUDENT HOUSING REVENUE BOND SYSTEM
STATEMENT OF PLEDGED REVENUE*

	Year Ended June 30, 1975				Year Ended June 30, 1976			
	Gross Revenues	Maintenance And Operating Costs	Net Revenue (Pledged)	Average Occupancy Academic Year	Gross Revenues	Maintenance And Operating Costs	Net Revenue (Pledged)	Average Occupancy Academic Year
University Bookstore	\$2,878,911	\$2,828,757	\$ 50,154		\$3,252,708	\$3,371,690	\$ 118,982	
Single Student Housing Residence Halls Food Service	823,467 899,046	788,287 850,955	35,180 48,091	97.2%	935,516 1,004,804	827,470 909,737	108,046 95,067	96.8%
Married Student Housing University Village-South University Village-North and East	356,878 975,413	282,896 385,614	73,982 589,799	99.5 99.5	1,337,162	710,788	626,374	99.8
Medical Plaza Housing	257,502	103,431	154,071	99.2	287,355	110,896	176,459	99.7
Total Operating Revenue	\$6,191,217	\$5,239,940	\$951,277		6,817,545	5,930,581	886,964	
State Land Grant Interest	84,172		84,172		178,157		178,157	
U.S. Dept. of Housing & Urban Development Interest Grant	265,792		265,792		265,792		265,792	
Interest from Trustee Investments	246,796		246,796		203,093		203,093	
TOTAL	\$6,787,977	\$5,239,940	\$1,548,037		\$7,464,587	\$5,930,581	\$1,534,006	

* These statements were prepared on the accrual method of accounting, except for the Interest from Trustee Investments which is on the cash basis.

UNIVERSITY OF UTAH
STUDENT HOUSING REVENUE BOND SYSTEM
SUMMARY STATEMENT OF CHANGES IN TRUST ACCOUNTS*

Trust Account	Balance at June 30, 1974	Year Ended June 30, 1975			Balance at June 30, 1975
		Total Revenue and Other Add.	Total Expenditures & Other Ded.	Total Transfers	
System Net Revenue & Income Fund Account	\$1,220,930	\$1,409,445	\$ 555,772	<\$1,186,631>	\$ 887,972
System Bond & Interest Sinking Fund Account	1,269,560	91,798	1,137,962	1,351,820	1,575,217
System Repair & Replace- ment Reserve Account	686,864	44,314	612	7,998	738,565
Series E Construction Fund Account	939	-0-	40,000	39,061	-0-
Series F Construction Fund Account	83,375	6,141	29,863	-0-	59,653
Series H Construction Fund Account	-0-	1,782,828	25,000	< 212,248>	1,545,580

Trust Account	Balance at June 30, 1975	Year Ended June 30, 1976			Balance at June 30, 1976
		Total Revenue and Other Add.	Total Expenditures & Other Ded.	Total Transfers	
System Net Revenue & Income Fund Account	\$ 887,972	\$1,416,208	\$ 417,042	<\$1,084,755>	\$ 802,383
System Bond & Interest Sinking Fund Account	1,575,217	95,314	1,278,655	1,024,182	1,416,058
System Repair & Replace- ment Reserve Account	738,565	45,977	803	60,573	844,312
Series F Construction Fund Account	59,653	3,766	63,419	-0-	-0-
Series H Construction Fund Account	1,545,580	67,526	964,134	-0-	648,972

* This statement was prepared on the cash basis of accounting.

EXHIBIT C

UNIVERSITY OF UTAH
STUDENT HOUSING REVENUE BOND SYSTEM
SCHEDULE OF BOARD AND RENTAL RATES

		Year Ended June 30, 1975		Year Ended June 30, 1976	
	Period	Rent or Board Rate	Utilities	Rent or Board Rate	Utilities
Single Student Housing	Academic Year				
Food Service					
Seven Day Meal Plan		\$631		\$700	
Five Day Meal Plan		594		660	
Rental Rates ⁽¹⁾					
Residence Halls					
Baliff Hall					
Single		630		745	
Double		445		527	
Double-carpeted		525		620	
Large Double		510		605	
Suite		510		605	
International House					
Single		580		685	
Double		415		492	
Large Double		475		563	
Austin & Van Cott Halls					
Single		655		775	
Double		485		575	
Apartment		585		694	
Married Student Housing	Month				
University Village-South					
One Bedroom		78	\$11	78	\$11
Two Bedroom		92	12	92	12
University Village-North					
One Bedroom		92	14	92	14
Two Bedroom		106	16	106	16
Three Bedroom		120	20	120	20
University Village-East					
One Bedroom		94 ⁽²⁾	14	94 ⁽²⁾	14
Two Bedroom		108 ⁽²⁾	16	108 ⁽²⁾	16
Three Bedroom		122 ⁽²⁾	20	122 ⁽²⁾	20
Medical Plaza Housing					
One Bedroom		103	14	113	17
Two Bedroom		133	17	146	21
Three Bedroom		166	19	185	24
Three Bedroom Town House		182	23	203	28

(1) Residence hall rates do not include

Service fees for:

Residence Hall Asso. dues

\$ 12

\$ 12

Linen (optional)

23

29

Telephone (optional)

Single

Double

(2) Includes \$2 charge for drapery rental

UNIVERSITY OF UTAH
STUDENT HOUSING REVENUE BOND SYSTEM
SCHEDULE OF ENROLLMENT

	Summer Term	Autumn Term	Winter Term	Spring Term
School Year 1974-1975	8,567	21,751	20,586	19,564
School Year 1975-1976	9,254	22,575	20,713	19,762

UNIVERSITY OF UTAH STUDENT HOUSING REVENUE BOND SYSTEM
STATEMENT OF CHANGES IN SYSTEM NET REVENUE AND INCOME FUND ACCOUNT*

	Year Ended June 30, 1975	Year Ended June 30, 1976
BEGINNING BALANCE, JULY 1	\$1,220,930	\$ 887,972
<u>Revenues</u>		
Interest income	\$ 110,684	\$ 61,801
Pledged revenue from housing facilities	958,181	1,004,443
State Land Grant revenue	74,788	84,172
U.S. Dept. of Housing & Urban Development Interest Grants	<u>265,792</u>	<u>265,792</u>
TOTAL REVENUE	\$1,409,445	\$1,416,208
<u>Expenditures</u>		
Paid to University of Utah for:		
1973-74 repairs & replacements	215,185	---
1974-75 repairs & replacements	297,167	---
1975-76 Repairs & replacements		203,042
Trustee & collection fee	1,420	2,963(1)
Utah State Building Board for advance architect fee on Bookstore addition	42,000	
U. of U. for sewer repairs		189,260
U. of U. cost of administration for Land Grant Revenue 1974-75 and 1975-76		<u>21,777</u>
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	555,772	417,042
<u>Transfers from / <to></u>		
Interest income from System Bond Sinking Fund	91,798	95,314
Interest income from System Repair & Replacement Reserve Account	48,076	45,977
From Series H Construction Acct.	42,000	---
To System Bond Fund for principal & interest	<1,270,705>	<1,119,496>
To System Repair & Replacement Reserve Account	<u><97,800></u>	<106,550>
TOTAL TRANSFERS	<1,186,631>	<1,084,755>
ENDING BALANCE, JUNE 30	<u>\$ 887,972</u>	<u>\$ 802,383</u>

* These statements prepared on the cash basis of accounting.

(1) Includes the Trustees fee of \$1,639 charged for the System Bond and Interest Sinking Fund Account

SCHEDULE 2

UNIVERSITY OF UTAH
STUDENT HOUSING REVENUE BOND SYSTEM
SCHEDULE OF THE SYSTEM NET REVENUE AND INCOME FUND ACCOUNT ASSETS

June 30, 1975						June 30, 1976					
Description	Date of Purchase	Due Date	Par Value	Cost	Market Value	Description	Date of Purchase	Due Date	Par Value	Cost	Market Value
U.S. Treasury bills	03/03/75	09/04/75	\$ 70,000	\$ 67,968	\$ 69,259	U.S. Treasury Notes	10/16/70	08/15/77	\$ 36,000	\$ 38,003	\$ 36,461
"	05/19/75	11/20/75	25,000	24,316	24,398	"	10/04/71	02/15/78	290,000	292,900	287,281
"	04/21/75	10/23/75	20,000	19,387	19,617	"	10/01/73	05/15/80	49,000	49,217	48,173
"	04/28/75	10/30/75	65,000	62,976	63,679	"	10/22/75	12/31/78	225,000	224,773	230,063
U.S. Treasury notes	10/16/70	08/15/77	36,000	38,003	36,270	"	08/15/74	08/15/80	195,000	198,291	205,725
"	10/04/71	02/15/78	290,000	292,900	282,931						
"	10/01/73	05/15/80	49,000	49,217	47,469						
"	08/12/74	08/15/80	195,000	198,291	204,628						
Total Securities			<u>\$750,000</u>	<u>\$753,058</u>	<u>\$748,251</u>				<u>\$795,000</u>	<u>\$803,184</u>	<u>\$807,703</u>
Cash				<u>134,913</u>						<u>< 801 ></u>	
Account Total				<u>\$887,971</u>						<u>\$802,383</u>	

UNIVERSITY OF UTAH
STUDENT HOUSING REVENUE BOND SYSTEM
STATEMENT OF CHANGES IN SYSTEM BOND AND INTEREST SINKING FUND ACCOUNT*

	Year Ended June 30, 1975	Year Ended June 30, 1976
BEGINNING BALANCE, JULY 1	\$1,269,561	\$1,575,217
<u>Revenue</u>		
Interest income	\$ <u>91,798</u>	\$ <u>95,314</u>
TOTAL REVENUE	<u>91,798</u>	95,314
<u>Expenditures</u>		
Redeemed Bonds	264,000	280,000
Bond interest expense	871,886	997,541
Trustee fees	1,046	---(1)
Collection fees	1,030	1,114
TOTAL EXPENDITURES AND OTHER DEDUCTIONS	<u>1,137,962</u>	1,278,655
<u>Transfers From / <to></u>		
From System Net Revenue & Income Fund Account	1,270,705	1,119,496
From Series E Construction Account-unused balance	2,665	
From Series H Construction Acct. Accrued interest on sale of bonds	32,828	
For interest expense during construction	137,420	
Interest Income to Systems Net Revenue & Income Fund Account	<91,798>	<95,314>
TOTAL TRANSFERS	<u>\$1,351,820</u>	<u>\$1,024,182</u>
ENDING BALANCE, JUNE 30	<u>\$1,575,217</u>	<u>\$1,416,058</u>

* These statements prepared on the cash basis of accounting.

(1) Trustees fee of \$1,639 paid out of the System Net Revenue and Income Fund Account by the trustee.

UNIVERSITY OF UTAH
STUDENT HOUSING REVENUE BOND SYSTEM
SCHEDULE OF THE SYSTEM NET REVENUE AND INCOME FUND ACCOUNT ASSETS

June 30, 1975										June 30, 1976				
Description	Date of Purchase	Due Date	Par Value	Cost	Market Value	Description	Date of Purchase	Due Date	Par Value	Cost	Market Value			
U.S. Treasury bills	01/13/75	07/17/75	\$ 10,000	\$ 9,664	\$ 9,975	U.S. Treasury bills	03/04/76	09/02/76	\$ 175,000	\$ 169,936	\$ 173,373			
"	02/24/75	08/28/75	180,000	174,836	178,304	"	03/11/76	09/09/76	395,000	384,043	390,912			
"	03/10/75	09/11/75	395,000	383,701	390,367	"	04/08/76	10/07/76	50,000	48,662	49,266			
"	03/31/75	10/02/75	90,000	87,368	88,620	U.S. Treasury notes	09/17/70	08/15/77	388,000	398,501	392,971			
"	05/12/75	11/13/75	35,000	34,030	34,205	"	12/30/70	02/15/78	213,000	214,623	211,003			
"	05/12/75	11/13/75	35,000	34,030	34,205	"	02/16/71	02/15/78	213,000	214,623	211,003			
"	06/26/75	10/02/75	170,000	167,451	167,394	"	07/02/71	02/15/78	105,000	101,784	104,016			
U.S. Treasury Notes	12/30/70	08/15/77	388,000	398,501	390,910	"	11/14/75	12/13/78	90,000	90,910	92,025			
"	09/17/70						10/22/75							
"	02/16/71	02/15/78	213,000	214,623	207,808									
"	07/02/71	02/15/78	105,000	101,784	102,441									
Total Securities			\$1,686,000	\$1,571,958	\$1,570,024				\$1,416,000	\$1,408,459	\$1,413,565			
Cash				3,260						7,599				
Account Total											\$1,416,058			

UNIVERSITY OF UTAH
STUDENT HOUSING REVENUE BOND SYSTEM
STATEMENT OF CHANGES IN SYSTEM REPAIR AND REPLACEMENT RESERVE ACCOUNT*

	Year Ended June 30, 1975	Year Ended June 30, 1976
BEGINNING BALANCE, JULY 1	\$686,865	\$738,565
<u>Revenue</u>		
Interest income	<u>\$44,314</u>	<u>\$ 45,977</u>
TOTAL REVENUE	<u>44,314</u>	<u>45,977</u>
<u>Expenditures</u>		
Trustee fees	<u>612</u>	<u>803</u>
TOTAL EXPENDITURES	<u>612</u>	<u>803</u>
<u>Transfers from /<to></u>		
From Net Revenue & Income Fund Account	97,800	106,550
To Series E Construction Account for purchase of moveable equipment	<41,726>	---
Interest income to Systems Net Revenue and Income Fund Account	<48,076>	<45,977>
TOTAL TRANSFERS	<u>7,998</u>	<u>60,573</u>
ENDING BALANCE, JUNE 30	<u>\$738,565</u>	<u>\$844,312</u>

* These statements prepared on the cash basis of accounting.

UNIVERSITY OF UTAH
STUDENT HOUSING REVENUE BOND SYSTEM
SCHEDULE OF THE SYSTEM REPAIR AND REPLACEMENT RESERVE ACCOUNT ASSETS

June 30, 1975						June 30, 1976					
Description	Date of Purchase	Due Date	Par Value	Cost	Market Value	Description	Date of Purchase	Due Date	Par Value	Cost	Market Value
U.S. Treasury bills	01/13/75	07/17/75	\$200,000	\$193,280	\$193,280	U.S. Treasury bills	01/18/76	07/15/76	\$200,000	\$194,880	\$199,956
"	03/24/75	09/25/75	105,000	101,991	101,991	"	03/04/76	09/02/76	105,000	101,961	104,024
"	03/31/75	10/02/75	35,000	33,974	33,974	"	05/20/76	11/18/76	15,000	14,566	14,670
"	05/19/75	11/20/75	15,000	14,590	14,590	U.S. Treasury notes	09/17/70	08/15/77		10,219	
"	04/14/75	10/16/75	65,000	63,080	63,080	"	09/29/70	08/15/77	168,000	70,466	170,153
U.S. Treasury notes	09/17/70	08/15/77	168,000	10,219	10,056	"	10/21/70	08/15/77		61,237	
"	09/29/70	08/15/77		70,466	69,340	"	11/02/70	08/15/77		30,087	
"	10/21/70	08/15/77		61,237	60,258	"	07/06/71	02/15/78	78,000	76,148	77,269
"	11/02/70	08/15/77		30,087	29,606	"	04/11/72	11/15/78	80,000	79,200	78,200
"	07/06/71	02/15/78	78,000	76,148	76,099	"	10/08/75	02/28/78	105,000	104,775	106,805
"	04/11/72	11/15/78	80,000	79,200	76,450	"	10/22/75	12/31/78	95,000	95,315	97,138
Total Securities			<u>\$746,000</u>	<u>\$734,272</u>	<u>\$728,724</u>				<u>\$846,000</u>	<u>\$838,855</u>	<u>\$848,213</u>
Cash				<u>4,293</u>						<u>5,457</u>	
Total Assets				<u>\$738,565</u>						<u>\$844,312</u>	

UNIVERSITY OF UTAH
STUDENT HOUSING REVENUE BOND SYSTEM
STATEMENT OF CHANGES IN SERIES E CONSTRUCTION FUND ACCOUNT*

	Year Ended June 30, 1975
BEGINNING BALANCE, JULY 1	\$ 939
<u>Revenue</u>	<u>-0-</u>
<u>Expenditures</u>	
Bonds Redeemed per provision of loan agreement	<u>40,000</u>
<u>Transfers From / <to></u>	
From Net Revenue and Income Fund	
Account to reimburse non-allowable expenditures made from this account for items of moveable equipment	41,726
Balance to System Bond Fund to close account	<u><2,665></u>
TOTAL TRANSFERS	<u>39,061</u>
ENDING BALANCE, JUNE 30	<u><u>-0-</u></u>

*This statement prepared on the cash basis of accounting.

UNIVERSITY OF UTAH
STUDENT HOUSING REVENUE BOND SYSTEM
STATEMENT OF CHANGES IN SERIES F CONSTRUCTION FUND ACCOUNT*

	Year Ended June 30, 1975	Year Ended June 30, 1976
BEGINNING BALANCE, JULY 1	\$83,375	\$59,653
Revenue		
Interest Income	6,141	3,766
Expenditures		
Reimburse University of Utah for construction expenses:		
1973-74	\$15,978	
1974-75	13,788	
1975-76	--	\$63,342
Trustees fee	<u>97</u>	<u>77</u>
TOTAL EXPENDITURES	\$29,863	\$63,419
ENDING BALANCE, JUNE 30	<u>\$59,653</u>	<u>-0-</u>

* These statements prepared on the cash basis of accounting.

UNIVERSITY OF UTAH
STUDENT HOUSING REVENUE BOND SYSTEM
SCHEDULE OF THE SERIES F CONSTRUCTION FUND ACCOUNT ASSETS

June 30, 1975					
Description	Date of Purchase	Due Date	Par Value	Cost	Market Value
U.S. Treasury Bills	05/23/75	11/28/75	\$60,000	\$58,332	\$58,473
Total Securities				58,332	<u>58,473</u>
Cash				<u>1,321</u>	
Total Assets			<u>\$60,000</u>	<u>\$59,653</u>	

UNIVERSITY OF UTAH
STUDENT HOUSING REVENUE BOND SYSTEM
STATEMENT OF CHANGES IN SERIES H CONSTRUCTION FUND ACCOUNT*

	Year Ended June 30, 1975	Year Ended June 30, 1976
BEGINNING BALANCE, JULY 1	-0-	\$1,545,580
<u>Revenue</u>		
Proceeds from sale of bonds	\$1,750,000	
Interest income		\$ 67,526
Accrued interest on sale of bonds	<u>32,828</u>	<u> </u>
TOTAL RECEIPTS	1,782,828	67,526
<u>Expenditures</u>		
U. of U. for advance project expense	25,000	
Utah State Building Board for progress payments		896,376
Financial & legal services		22,577
Architects fees		24,750
U. of U. for construction expense		19,778
Trustees fee	<u> </u>	<u>653</u>
TOTAL EXPENDITURES & OTHER DEDUCTIONS	25,000	964,134
<u>Transfers</u>		
To System Bond Fund		
Accrued interest on sale of bonds	32,828	
Interest expenses during construction	137,420	
To System Net Revenue & Income Fund		
Reimbursement of advance architect fees	42,000	
TOTAL TRANSFERS	<u>212,248</u>	<u>-0-</u>
ENDING BALANCE	<u>\$1,545,580</u>	<u>\$648,972</u>

* These statements prepared on the cash basis of accounting.

SCHEDULE 11

UNIVERSITY OF UTAH
STUDENT HOUSING REVENUE BOND SYSTEM
SCHEDULE OF THE SERIES H CONSTRUCTION FUND ACCOUNT ASSETS

June 30, 1975						June 30, 1976					
Description	Date of Purchase	Due Date	Par Value	Cost	Market Value	Description	Date of Purchase	Due Date	Par Value	Cost	Market Value
TCD 6.375 %	06/27/75	01/05/76	\$120,000	\$ 120,000	\$ 120,000	TCD 5.375 %	06/11/76	07/12/76	\$187,906	\$187,906	\$187,906
" 6.500	06/27/75	02/05/76	210,000	210,000	210,000	" 5.500	06/29/76	08/12/76	<u>221,000</u>	<u>221,000</u>	<u>221,000</u>
" 6.500	06/27/75	03/08/76	115,000	115,000	115,000						
" 6.625	06/27/75	04/05/76	100,000	100,000	100,000						
" 6.875	06/27/75	06/07/76	110,000	110,000	110,000						
" 5.875	06/27/75	09/08/75	140,000	140,000	140,000						
" 6.000	06/27/75	10/06/75	115,000	115,000	115,000						
" 6.125	06/27/75	11/05/75	125,000	125,000	125,000						
" 6.250	06/27/75	12/05/75	110,000	110,000	110,000						
U.S. Treasury Bills	06/27/75	06/29/76	365,000	341,713	341,224						
	06/27/75	07/10/75	60,000	59,946	59,920						
Repurchase Agreement	06/27/75	07/01/75	<u>425,000</u>	<u>425,000</u>	<u>425,000</u>						
Total Securities			<u>\$1,995,000</u>	\$1,971,659	<u>\$1,971,144</u>				<u>\$408,906</u>	\$408,906	<u>\$408,906</u>
Cash				<426,079>						<u>240,066</u>	
Account Total				<u>\$1,545,580</u>						<u>\$648,972</u>	

