11. BONDS PAYABLE AND OTHER LONG-TERM LIABILITIES

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

The Utah Board of Higher Education issues revenue bonds to provide funds for the construction and renovation of major capital facilities and the acquisition of capital equipment for the University.

The revenue bonds are special limited obligations of the University. The obligation for repayment is solely that of the University and payable from the net revenues of auxiliary enterprise, student building fees, Road Scholar, travel study, and parking fees. Neither the full faith and credit, nor the taxing power of the State or any other political subdivision of the State is pledged to the payment of the bonds, the distributions, or other costs associated with the bonds.

Table 11a (*pg 45*) lists the outstanding bonds payable of the University at June 30, 2023.

Table 11b *(pg 45)* lists the outstanding notes payable along with their principal balance at June 30, 2023.

In July 2017, the University issued a general revenue bond in the amount of $20,770,000 to finance the construction of the East Stadium Grandstands and the Health and Human Performance Center (HPC). Construction was complete on the East Grandstands in May 2018. The HPC construction was complete in August 2019.

In December 2019, the University issued a general revenue bond in the amount of $42,040,000 to finance the construction of new student housing (Campus View Suites II). Construction for the project was completed in July 2021.

In September 2020, the University issued a new general revenue bond in the amount of $10,050,000 to finance the construction of the West Side Stadium Expansion. The construction is in process with anticipated completion for fall 2023.

In June 2022, the University issued a new general revenue bond in the amount of $65,075,000 to finance the construction of new student housing (Campus View Suites III). The construction is in process with anticipated completion for fall 2024.

Table 11c: Long Term Liabilities

Liability Type	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Bonds, Notes, SBITA and Annuities Payable					
Bonds Payable*	$ 163,857,400	$ -	$ 2,261,352	$ 161,596,048	$ 2,321,352
SBITA Liability	5,012,634	507,381	665,668	4,854,347	1,240,779
Notes Payable	2,601,335	-	607,563	1,993,772	422,381
Charitable Remainder Annuity	538,908	-	40,833	498,075	39,106
Total Long-Term Debt	172,010,277	507,381	3,575,416	168,942,242	4,023,618
Net Pension Liability	-	293,913	-	293,913	-
Compensated Absences	2,551,026	2,519,275	2,230,064	2,840,237	2,305,757
Termination Benefits	1,013,422	646,475	485,934	1,173,963	549,177
Total Long-Term Liabilities	**$ 175,574,725**	**$ 3,967,044**	**$ 6,291,414**	**$ 173,250,355**	**$ 6,878,552**

**Includes bond premium amortization.*

Table 11d: Maturities of Long Term Debt Principal and Interest

Year Ending June 30	Notes Payable	Bonds Payable	SBITA Liability	Total Principal	Total Interest	Total Principal and Interest
2024	$ 422,387	$ 1,970,000	$ 1,240,779	$ 3,633,166	$ 6,350,918	$ 9,984,084
2025	376,182	3,135,000	1,268,841	4,780,023	6,219,908	10,999,931
2026	387,084	3,285,000	1,310,489	4,982,573	6,027,991	11,010,564
2027	398,305	3,415,000	966,682	4,779,987	5,826,888	10,606,875
2028	409,814	3,575,000	67,556	4,052,370	5,628,143	9,680,513
2029-2033	-	20,675,000	-	20,675,000	25,305,900	45,980,900
2034-2038	-	25,285,000	-	25,285,000	20,704,075	45,989,075
2039-2043	-	30,630,000	-	30,630,000	15,350,694	45,980,694
2044-2048	-	34,500,000	-	34,500,000	9,068,081	43,568,081
2049-2053	-	26,330,000	-	26,330,000	2,683,725	29,013,725
Totals	**$ 1,993,772**	**$ 152,800,000**	**$ 4,854,347**	**$ 159,648,119**	**$ 103,166,323**	**$ 262,814,442**

This fiscal year the University paid off a 2006 lease revenue bond that was entered into through the Utah Board of Higher Education to acquire the Avenna Center and other buildings.

Over a number of years, the University has entered into notes payable agreements as direct borrowings to acquire equipment. These outstanding notes contain a provision that, in the event of default, outstanding amounts become immediately due or the equipment is subject to bank repossession. Equipment currently financed through these direct borrowings are pledged as collateral for the debt.

Table 11c *(pg 46)* summarizes the changes in long-term liabilities for the year ended June 30, 2023.

Table 11d *(above)* shows maturities of principal and interest requirements for long-term debt payable as follows.

The Utah Tech Foundation has entered into Charitable Gift Annuity Agreements wherein donors (the annuitants) conveyed to the Utah Tech Foundation assets in exchange for monthly, quarterly, or annual payments to the annuitants during the lifetime of the donors or through the end of the agreement.

Table 11e presents the annuities payable at June 30, 2023.

Table 11e: Remainder Annuity and Unitrusts Payable

	Date Created	Interest Rate	Present Value	Current Portion
Charitable Remainder Unitrust:				
Arthur Paxman	11/22/1996	4.20%	$ 23,603	$ 1,960
Robert Paxman	11/22/1996	4.20%	13,679	2,337
Charitable Gift Annuity:				
Lou & Terre Burton	07/26/2005	4.20%	103,291	7,344
Kathleen Ann Capik	06/15/2007	4.20%	137,046	8,445
Keith & Charlene Fuller	08/21/2004	4.20%	101,413	9,804
Blair Wellington McDonald Jr	11/05/1993	4.20%	119,043	9,216
Total Remainder Annuity and Unitrusts Payable			**$ 498,075**	**$ 39,106**

Table 11f presents the estimated future annuities payable at June 30, 2023.

Table 11f: Estimated Future Annuities Payable

Year	Principal	Interest	Total Principal and Interest
2024	$ 39,106	$ 20,233	$ 59,339
2025	40,779	18,561	59,340
2026	42,520	16,818	59,338
2027	44,341	15,001	59,342
2028	46,236	13,104	59,340
2029-2033	229,824	35,866	265,690
2034-2036	55,269	2,481	57,750
Totals	**$ 498,075**	**$ 122,064**	**$ 620,139**

12. PLEDGED BOND REVENUE

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

Table 12 presents the net revenue pledged and the principal and interest paid and accrued for the year ended June 30, 2023.

Table 12: Pledged Bond Revenue

Revenues		
Operating Revenue	$	18,667,345
Nonoperating Revenue		1,845,898
Total Revenues		20,513,243
Expenses		
Operating Expenses		13,641,114
Total Expenses		13,641,114
Net Pledged Revenue	$	6,872,129
Principal and Interest Paid	$	7,733,727

Table 13a: Summary of Benefits by System

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefits	Benefit Percent per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year to June 30, 2020; 2.0% per year July 1, 2020 to present	Up to 2.5%

** Actuarial reductions are applied.*

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