

ANNUAL FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITOR'S REPORT



EDITH BOWEN  
LABORATORY SCHOOL

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**UtahState**University™

FOR THE YEAR ENDED JUNE 30, 2024

# UTAH STATE UNIVERSITY EDITH BOWEN LABORATORY SCHOOL

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OFFICE OF THE  
STATE AUDITOR

# Independent Auditor's Report

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

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Utah State University Edith Bowen Laboratory School (School) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the School, as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are

conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the School's proportionate share of net pension liability, and the schedule of defined benefit pension contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a

part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2024 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Office of the State Auditor  
Salt Lake City, Utah  
November 4, 2024

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### Management's Discussion and Analysis For the Year Ended June 30, 2024

#### Overview of Financial Statements and Financial Analysis

The following unaudited Management's Discussion and Analysis includes an analysis of Edith Bowen Laboratory School (EBLS) for the fiscal year ended June 30, 2024. The financial statements, footnotes, required supplementary information, and this discussion are the responsibility of management. This annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis - for Public Colleges and Universities. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

#### Statement of Net Position

The Statement of Net Position outlines the financial condition of EBLS at fiscal year end. EBLS has selected a fiscal year beginning July 1 and ending June 30. This statement reflects the various assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of EBLS as of the fiscal year ended June 30, 2024.

From the data presented, readers of the Statement of Net Position have the information to determine the assets available to continue the operations of EBLS. They can also determine how much EBLS owes vendors, investors, and lending institutions. Finally, the Statement of Net Position outlines the net position (assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources) available to EBLS and defines that availability.

Net position is divided into three major categories. The first category, Net Investment in Capital Assets, reflects EBLS's equity in property, plant, and equipment. The second category, Net Position Restricted Expendable, consists of resources available for expenditure by EBLS but must be expended for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The last category, Net Position Unrestricted, discloses the resources available to EBLS to be used for any lawful purpose.

#### Condensed Statement of Net Position

	June 30, 2024	June 30, 2023	Change	% Change
<b>Assets</b>				
Current assets	\$914,853	\$969,937	(\$55,084)	-5.68%
Capital assets	314,730	302,741	11,989	3.96%
Net pension asset	475,016	10,411	464,605	4462.64%
<b>Total assets</b>	<b>1,704,599</b>	<b>1,283,089</b>	<b>421,510</b>	<b>32.85%</b>
<b>Deferred outflows of resources</b>				
Resources related to pensions	435,858	412,202	23,656	5.74%
<b>Total deferred outflows of resources</b>	<b>435,858</b>	<b>412,202</b>	<b>23,656</b>	<b>5.74%</b>
<b>Liabilities</b>				
Current liabilities	331,436	306,823	24,613	8.02%
Non-current liabilities	3,651	5,006	(1,355)	-27.07%
<b>Total liabilities</b>	<b>335,087</b>	<b>311,829</b>	<b>23,258</b>	<b>7.46%</b>

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### Management's Discussion and Analysis For the Year Ended June 30, 2024

#### Condensed Statement of Net Position (continued)

	June 30, 2024	June 30, 2023	Change	% Change
Deferred inflows of resources				
Inflows related to pensions	\$3,309	\$14,150	(\$10,841)	-76.61%
Total deferred inflows of resources	3,309	14,150	(10,841)	-76.61%
Net position				
Net investment in capital assets	\$314,730	\$302,741	\$11,989	3.96%
Restricted - expendable	72,051	66,411	5,640	8.49%
Unrestricted	1,415,280	1,000,160	415,120	41.51%
Total net position	\$1,802,061	\$1,369,312	\$432,749	31.60%

Current assets decreased \$55,084 (-5.68%) due to a decrease in cash of \$92,310 offset by an increase in accounts receivable of \$36,892 and a net increase of \$334 in inventory and prepaid expenses. Capital assets increased \$11,989 (3.96%). New capital equipment purchases totaled \$49,425 and annual depreciation expense of \$37,436 account for this increase. The net pension asset increased \$464,605 (4,462.64%) over fiscal year 2023. Deferred outflows increased by \$23,656 (5.74%). Deferred inflows decreased by \$10,841 (-76.61%). All three of these significant changes recorded to pension asset, deferred outflows, and deferred inflows are related to pensions from the Utah Retirement System (URS). The URS pension allocation increased overall net position by \$499,102 making up the majority of increase in net position which was offset by an increase in liabilities. The changes are due to market fluctuations and their effect on the URS portfolio. This is a snapshot in time and not reflective on the budgeting or financial health of Edith Bowen Lab School. Total liabilities increased by \$23,258 (7.46%) due to an increase in compensated absence, an increase in payables for salaries and benefits, and an increase in payables to vendors. As a result, the net position increased by \$432,749 (31.60%) of which the majority of the increase came from the URS pension allocation as mentioned previously.

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

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the revenues of EBLS, both operating and non-operating, and the expenses of EBLS.

Operating revenues are received from lunch programs, the State of Utah, and the Federal Government. These revenues help to support the faculty, staff, and students of EBLS. Operating expenses are those expenses that support the needs of operating EBLS. Non-operating revenues are revenues for which goods and services are not provided. For example, state appropriations are non-operating because they are provided by the University to EBLS without the University directly receiving commensurate goods and services in return for those revenues. These appropriations from the University cover the benefit costs of 17 positions at EBLS, 12 teachers and 5 administrative/support faculty. These non-operating revenues are critical for EBLS to operate as a public charter school.

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### Management's Discussion and Analysis For the Year Ended June 30, 2024

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

	June 30, 2024	June 30, 2023	Change	% Change
Operating revenues				
Contracts and grants	\$4,016,053	\$3,546,756	\$469,297	13.23%
Other revenues	103,913	84,669	19,244	22.73%
Total operating revenues	<u>4,119,966</u>	<u>3,631,425</u>	<u>488,541</u>	13.45%
Operating expenses				
Salaries and wages	\$2,956,898	\$2,628,851	\$328,047	12.48%
Employee benefits	614,531	369,212	245,319	66.44%
Other operating expenses	1,466,826	1,214,903	251,923	20.74%
Total operating expenses	<u>5,038,255</u>	<u>4,212,966</u>	<u>825,289</u>	19.59%
Operating loss	<u>(918,289)</u>	<u>(581,541)</u>	<u>(336,748)</u>	-57.91%
Non-operating revenues (expenses)				
State appropriations	568,496	530,846	37,650	7.09%
Facilities and administrative support	609,283	565,133	44,150	7.81%
Pandemic relief funds	101,935	73,018	28,917	39.60%
Other gifts	69,929	62,932	6,997	11.12%
Investment earnings	1,395	913	482	52.79%
Total non-operating revenues – net	<u>1,351,038</u>	<u>1,232,842</u>	<u>118,196</u>	9.59%
Change in net position	<u>432,749</u>	<u>651,301</u>	<u>(218,552)</u>	-33.56%
Net position – beginning of year	1,369,312	718,011	651,301	90.71%
Net position – end of year	<u>\$1,802,061</u>	<u>\$1,369,312</u>	<u>\$432,749</u>	31.60%

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### Management's Discussion and Analysis For the Year Ended June 30, 2024

The Statement of Revenues, Expenses, and Changes in Net Position shows the activity that resulted in a \$432,749 increase in net position for the fiscal year ended June 30, 2024. Total contracts and grants revenue increased by \$469,297 (13.23%), state contract and grant funding increased by \$432,228 due to increases from the Utah State Legislature and additional programs primarily relating to mental health and school safety, while federal funding increased by \$37,069. Other revenues increased by \$19,244 (22.73%). Due to an increase in school lunch revenues of \$13,771. The after school program revenue increased by \$3,392 due to increased fees to cover the costs to fulfill the program. EBLs held an inaugural Utah Learns Conference which brought in an additional \$3,087 and there were modest decreases in several other areas which amounted to \$1,006.

In fiscal 2024, operating expenses increased in salaries and wages by \$328,047 (12.48%). This increase was due to salary increases following the salary steps and lanes schedule established by EBLs. EBLs also hired an additional kindergarten teacher with the commencement of all day kindergarten. Employee benefits increased by \$245,319 (66.44%). Primarily due to the higher salaries and wages, an additional kindergarten teacher, and the URS allocation of the pension asset/liability resulted in a smaller reduction of benefit expense as compared to fiscal 2023, which contributed to the overall increase in benefit expense for EBLs. Other operating expenses increased by \$251,923 (20.71%) due to several factors. EBLs incurred additional expenses in the following areas: services for students with individualized educational plans (IEP); a faculty room was repurposed to accommodate the additional kindergarten class; a new space was occupied to replace the faculty room; cameras and door locking security devices were installed for school safety; lunch room and front office furniture was purchased; several faculty members attended a professional development conference; technology purchases; and school supplies.

Total non-operating revenues increased \$118,196 (9.59%), this increase was due to increases in both state appropriations and facilities and administrative support that total \$81,800, an increase in the Federal Cares Act funds of \$28,917, an increase in gifts of \$6,997, and an increase in investment earnings of \$482.

EBLs experienced an operating loss in fiscal year 2024 of \$918,289. This operating loss highlights EBLs's dependency on non-operating revenues to meet its cost of operating, in particular state appropriations, federal funds, gifts, and facilities and administrative support which are essential to maintain the financial well-being of EBLs.

### Statement of Cash Flows

The final statement presented by EBLs is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of EBLs during the fiscal year. The statement is divided into five sections. The first section deals with operating cash flows and shows the net cash used by operating activities. The second section includes cash flows from non-capital financing activities. This section includes the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section includes the cash flows from capital and related financing activities. This section includes the cash used for the acquisition and construction of capital and related items. The fourth section includes the cash flows from investing activities. A condensed version of these first four sections is provided below. The fifth section reconciles the net cash used to the operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position. This reconciliation is available for review in the Statement of Cash Flows.

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### Management's Discussion and Analysis For the Year Ended June 30, 2024

#### Condensed Statement of Cash Flows

	June 30, 2024	June 30, 2023	Change	% Change
Cash provided/(used) by:				
(1) Operating activities	(\$750,263)	(\$577,295)	(\$172,968)	-29.96%
(2) Non-capital financing activities	705,983	777,715	(71,732)	-9.22%
(3) Capital and related financing activities	(49,425)	-	(49,425)	-100.00%
(4) Investing activities	1,395	913	482	52.79%
Net increase (decrease) in cash	(92,310)	201,333	(293,643)	-145.85%
Cash, beginning of year	859,943	658,610	201,333	30.57%
Cash, end of year	<u>\$767,633</u>	<u>\$859,943</u>	<u>(\$92,310)</u>	-10.73%

EBLS experienced a decrease in cash of \$92,310 (10.73%) during fiscal year 2024. This decrease is primarily a result of cash used to purchase capital equipment and expenses for contracts and grants that will be reimbursed in fiscal year 2025. This left EBLS with a cash balance at year end of \$767,633.

#### Capital Assets

EBLS had the following capital assets as of June 30:

	2024	2023	Change	% Change
Capital assets	\$513,179	\$482,038	\$31,141	6.46%
Accumulated depreciation	(198,449)	(179,297)	(19,152)	-10.68%
Total capital assets	<u>\$314,730</u>	<u>\$302,741</u>	<u>\$11,989</u>	3.96%

During the fiscal year ended June 30, 2024, EBLS made new purchases of capital assets of \$49,425 with disposals of \$18,284. Depreciation expense was \$37,436.

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### Management's Discussion and Analysis For the Year Ended June 30, 2024

#### Economic Outlook

For the 2023-2024 school year, EBLs provided services for approximately 358 students, enrolled in grades K-6, on the Utah State University campus. EBLs has two classes for each grade, K-6. EBLs has 32 benefited employees made up of teachers, media, and administrative positions. EBLs also employs up to 35 hourly positions made up of teaching assistants, food service helpers, and playground supervisors.

Enrollment in Utah charter schools has grown from 40,121 in the 2010-2011 school year to 79,245 in the 2023-2024 school year. EBLs has always had a sizable pool of applicants waiting for openings in classrooms. During the spring of 2024, 384 potential students applied for 44 openings in the 2024-2025 school year.

EBLS continues to have a strong partnership with Utah State University, support of private donations, and the continual funding from the Federal Government and the State Board of Education. Our future plans include continued growth and development in teacher professional learning, refining field-based programs, and serving as a professional development site for teachers throughout Utah.



Nathan Justis  
Director of Edith Bowen Laboratory School  
Utah State University

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### STATEMENT OF NET POSITION

June 30, 2024

#### Assets

Current assets	
Cash (Note 1)	\$767,633
Accounts receivable from primary government (Note 6)	22,249
Accounts receivable from others (Note 6)	102,010
Inventory (Note 1)	8,739
Prepaid expenses	14,222
Total current assets	914,853
Non-current assets	
Capital assets (Notes 1 and 2)	513,179
Accumulated depreciation (Notes 1 and 2)	(198,449)
Net capital assets	314,730
Net pension asset (Note 8)	475,016
Total non-current assets	789,746
Total assets	1,704,599

#### Deferred outflows of resources

Resources related to pension (Note 8)	435,858
Total deferred outflows of resources	435,858

#### Liabilities

Current liabilities	
Accounts payable (Note 3)	2,103
Accrued salaries and benefits	296,189
Liability for compensated absences (Note 1 and 4)	32,858
Unearned revenues and deposits	286
Total current liabilities	331,436
Non-current liabilities	
Liability for compensated absences (Note 1 and 4)	3,651
Total non-current liabilities	3,651
Total liabilities	335,087

#### Deferred inflows of resources

Resources related to pension (Note 8)	3,309
Total deferred inflows of resources	3,309

#### Net position

Net Investment in capital assets	314,730
Restricted – expendable	72,051
Unrestricted	1,415,280
Total net position	\$1,802,061

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

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Year Ended June 30, 2024

<b>Operating revenues</b>	
State contracts and grants	\$3,764,971
Other contracts and grants	251,082
Other revenues	103,913
Total operating revenues	<u>4,119,966</u>
<b>Operating expenses</b>	
Salaries and wages	2,956,898
Employee benefits	614,531
Other operating expenses	1,429,390
Depreciation	37,436
Total operating expenses	<u>5,038,255</u>
Operating loss	<u>(918,289)</u>
<b>Non-operating revenues (expenses)</b>	
State appropriations	568,496
Facilities and administrative support	609,283
Pandemic relief funds	101,935
Other gifts	69,929
Investment earnings	1,395
Total non-operating revenues - net	<u>1,351,038</u>
Increase in net position	<u>432,749</u>
Net position – beginning of year	<u>1,369,312</u>
Net position – end of year	<u><u>\$1,802,061</u></u>

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

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2024

<b>Cash flows from operating activities</b>	
Receipts from contracts and grants	\$3,996,854
Other receipts	104,033
Payments to employees for salaries and benefits	(4,047,497)
Payments to suppliers	<u>(803,653)</u>
Net cash used by operating activities	<u>(750,263)</u>
<b>Cash flows from non-capital financing activities</b>	
State appropriations	568,496
Pandemic relief funds	84,242
Gifts	<u>53,245</u>
Net cash provided by non-capital financing activities	<u>705,983</u>
<b>Cash flows from capital and related financing activities</b>	
Cash paid for capital assets	<u>(49,425)</u>
Net cash used for capital and related financing activities	<u>(49,425)</u>
<b>Cash flows from investing activities</b>	
Investment earnings	<u>1,395</u>
Net cash provided by investing activities	<u>1,395</u>
Net decrease in cash	(92,310)
Cash – beginning of year	<u>859,943</u>
Cash – end of year	<u><u>\$767,633</u></u>
<b>Reconciliation of operating loss to net cash used by operating activities</b>	
Operating loss	(\$918,289)
<b>Adjustments to reconcile operating loss to net cash used by operating activities</b>	
Depreciation expense	37,436
Non-cash facilities and administrative support	609,283
School Lunch inventory donated as gifts	16,684

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2024

**Adjustments to reconcile operating loss to net cash  
used by operating activities** (continued)

Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	(\$19,199)
Inventory	(646)
Prepaid expense	312
Net pension asset	(464,605)
Deferred outflows resources related to pension	(23,656)
Unearned revenues and deposits	120
Accounts payable	104
Accrued salaries, benefits, and compensated absences	23,035
Deferred inflows resources related to pension	<u>(10,842)</u>
Net cash used by operations	<u><u>(\$750,263)</u></u>

**Noncash investing, capital, and financing activities**

Disposal of capital assets	(18,284)
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*The Notes to the Financial Statements are an integral part of this statement*

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### Notes to Financial Statements

#### For the Year Ended June 30, 2024

#### 1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Edith Bowen Laboratory School (EBLS) is presented to assist in understanding the financial statements of EBLS. The financial statements and notes are a representation of EBLS's management, who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles as applicable to colleges and universities using the principles and standards established by the Governmental Accounting Standards Board.

#### Organization

EBLS is a charter school within Utah State University (USU), a component unit of the State of Utah, and has a governing board which consists of the Dean of the Emma Eccles Jones College of Education and Human Services, the School of Teacher Education and Leadership Department Head, a parent representative from Logan School District, a parent representative from Cache County School District, a member of the Logan School Board, the EBLS PTA president, a teacher representative from EBLS, and the Superintendent of Logan School District. Funding for the operations of EBLS is provided mainly by grants from state, federal, and private sources.

#### Accounting Policies

The accounting policies of EBLS conform with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements of EBLS are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When both restricted and unrestricted resources are available, such resources are spent and tracked at the discretion of EBLS within the guidelines of the donor restrictions. EBLS records appropriations from the state as unrestricted revenue. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash

Cash totaling \$767,633 consists of cash held in USU's Cash Management Investment Pool (CMIP). Deposits in the CMIP are not insured or otherwise guaranteed by USU.

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### Notes to Financial Statements

#### For the Year Ended June 30, 2024

#### Summary of Significant Accounting Policies (continued)

##### Inventory

Inventory consists of commodities purchased for the school lunch program and commodities donated by the Federal Government as part of the school lunch program. Inventory values for commodities purchased are valued at cost. Donated commodities are reported at fair value.

##### Capital Assets

Capital assets consist of equipment, a playground, and art objects. EBLS capitalizes all equipment as assets with an initial unit cost of \$5,000 or more with a useful life greater than one year. Improvements other than buildings costing \$250,000 or more are also capitalized. Equipment at EBLS is depreciated using the straight-line method over five to fifteen years. Improvements other than buildings are depreciated using the straight-line method over five to fifteen years. Art objects held by EBLS are capitalized but not depreciated. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

##### Unearned Revenues and Deposits

Unearned revenues consist of amounts received from contract and grant sponsors that have not yet been earned.

##### Facilities and Administrative Support

USU donates building space to EBLS and records the related occupancy costs based on allocating a percentage of the annual building depreciation based on square footage. USU also provides other administrative support to EBLS consisting of allocated institutional support, library, and physical plant operating costs.

##### Pension Related Assets, Liabilities, Deferred Outflows, and Deferred Inflows

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

##### Compensated Absences

Sick leave is not accrued but is recorded in the period of actual expenditure. Sick leave does not vest to the employee but is allowed on an earned time basis. At the end of each calendar year, employees who have earned 48 days of sick leave may convert up to four days of sick leave to annual leave, subject to other restrictions of the University. Annual leave, including converted sick leave, is accrued and reported as earned. Employees are allowed to carry a maximum of 34 days annual leave. The 34 days is variable depending on the number of sick leave days the employee is allowed to convert at calendar year end.

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### Notes to Financial Statements

#### For the Year Ended June 30, 2024

#### Summary of Significant Accounting Policies (continued)

#### Classification of Revenues and Expenses

*Operating revenues:* Operating revenues include activities that have characteristics of exchange transactions such as most federal, state, and local contracts and grants.

*Non-operating revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions such as gifts, state appropriations, investment income, and facilities and administrative support.

#### 2. Capital Assets

The change in capital assets from June 30, 2023 to June 30, 2024 consists of:

	June 30, 2023	Additions	Deletions	June 30, 2024
Capital assets not depreciated:				
Art	\$22,013	\$0	\$0	\$22,013
Other capital assets at cost:				
Equipment	63,214	49,425	18,284	94,355
Improvements other than buildings	396,811	-	-	396,811
Total cost of capital assets	482,038	49,425	18,284	513,179
Less accumulated depreciation	179,297	37,436	18,284	198,449
Net capital assets	<u>\$302,741</u>	<u>11,989</u>	<u>\$0</u>	<u>\$314,730</u>

#### 3. Accounts Payable

All accounts payable consist of payables to suppliers.

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### Notes to Financial Statements

#### For the Year Ended June 30, 2024

#### 4. Non-Current Liabilities

Summary of changes in liabilities for the year ended June 30, 2024:

	Beginning Balance June 30, 2023	Additions	Deletions	Ending Balance June 30, 2024	Amounts Due Within One Year
Liability for compensated absences	\$30,905	\$46,627	\$41,023	\$36,509	\$32,858
Net pension liability	-	-	-	-	-
Total non-current liabilities	<u>\$30,905</u>	<u>\$46,627</u>	<u>\$41,023</u>	<u>\$36,509</u>	<u>\$32,858</u>

#### 5. Net Position

EBLS's net position is classified as follows:

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

**Restricted - expendable:** EBLS receives fees and donations from third parties, with the stipulation that the monies be used for attendance at the Utah Learns Conference, Teton Science School, 4th Grade field experience, 6th Grade Capstone program, as well as donations to be used for Kindergarten snacks, Little Blue After School Club, EBLS Frisbee Golf Club, Ski Day, Kindergarten Playground, Ryker Dattage Outdoor Education, and Music/Orchestra classes. EBLS also received a donation of a quasi endowment, the J.R. & Theresa Allred Quasi Endowment, to be used for costs associated with the Annual Allred Author event. Cash balances, prepaid expenses, and deposits in these funds make up the balance in the Restricted Expendable category on the Statement of Net Position.

**Unrestricted:** Unrestricted net position represents resources that may be used at the discretion of the governing board to meet current expenses for any lawful purpose.

#### 6. Accounts Receivable

Accounts receivable consist of amounts receivable from contracts for which the expenses have been incurred and the contract sponsor is obligated by contract to reimburse EBLS for the expenditures. All receivables are considered fully collectible.

#### 7. Risk Management

EBLS is covered under USU's general liability insurance for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10 million per occurrence through policies administered by the Utah State Risk Management Fund. EBLS employees are covered by workers' compensation insurance through USU's policy with the Workers Compensation Fund of Utah.

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### Notes to Financial Statements

#### For the Year Ended June 30, 2024

#### 8. Pension Plans and Retirement Benefits

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

##### Defined Benefit Pension Plans

Eligible employees of EBLs are provided with the Public Employees Noncontributory Retirement System (Tier 1 Noncontributory System: a cost-sharing, multiple-employer plan) administered by the Utah Retirement Systems.

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

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

### Notes to Financial Statements

For the Year Ended June 30, 2024

**Pension Plans and Retirement Benefits (continued)**

**Benefits provided** - The Systems provide retirement, disability, and death benefits to participants in the defined benefit pension plans. Retirement benefits for the Noncontributory defined benefit plan are as follows:

System	Final Average Salary	Years of required and/or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Tier 1 Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4.0%

\*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 forward to subsequent years.

**Contributions** - As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Systems' board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable), is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. For the year ended June 30, 2024 the required contribution rates for the plans were as follows:

<u>System</u>	<u>Rates Paid by Employee</u>	<u>Rates Paid by Employer for Employee</u>	<u>Employer Contribution Rates</u>
Tier 1 Noncontributory System	N/A	N/A	22.19%

For the year ended June 30, 2024, employer and employee contributions to the plans were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employees' Contributions</u>
Tier 1 Noncontributory System	\$257,204	N/A

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### Notes to Financial Statements

#### For the Year Ended June 30, 2024

#### Pension Plans and Retirement Benefits (continued)

**Pension assets, liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions** - At June 30, 2024, EBLS reported a net pension asset of \$475,016. The net asset was measured as of December 31, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2023 and rolled forward using generally accepted actuarial procedures. EBLS's proportion of the net pension asset was based upon actual historical employer contributions to defined benefit pension plans for pay periods ending in 2023. At December 31, 2023, EBLS's proportionate shares in the defined benefit pension plans were as follows:

	Net Pension Asset	Net Pension Liability	Proportionate Share 12/31/2023	Proportionate Share 12/31/2022	Change
Tier 1 Noncontributory System	\$475,016	\$0	0.6001653%	0.5947260%	0.0054393%

For the year ended June 30, 2024, EBLS recognized pension expense of (\$181,664). At June 30, 2024, EBLS reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$99,115	\$0
Changes in Assumptions	51,593	-
Net difference between projected and actual earnings on pension plan investments	143,168	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	3,309
Contributions subsequent to the measurement date	141,982	-
Total	\$435,858	\$3,309

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### Notes to Financial Statements

#### For the Year Ended June 30, 2024

**Pension Plans and Retirement Benefits (continued)**

Contributions made between January 1, 2024 and June 30, 2024, of \$141,982 are reported as deferred outflows of resources related to pensions. These contributions will be recognized as a reduction of net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2024	48,718
2025	29,739
2026	274,049
2027	(61,938)
2028	-
Thereafter	-

**Actuarial assumptions** - The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary Increases	3.25% - 9.50%	Average, including inflation
Investment Rate of Return	6.85%	Net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables were developed using System's retiree experience and are based on gender, occupation, and age, as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

**Changes in assumptions** - Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023, actuarial experience study.

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

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

### Notes to Financial Statements

For the Year Ended June 30, 2024

**Pension Plans and Retirement Benefits (continued)**

EXPECTED RETURN ARITHMETIC BASIS			
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity Securities	35.00%	6.87%	2.40%
Debt Securities	20.00%	1.54%	0.31%
Real Assets	18.00%	5.43%	0.98%
Private Equity	12.00%	9.80%	1.18%
Absolute Return	15.00%	3.86%	0.58%
Cash & Cash Equivalents	0.00%	0.24%	0.00%
Total	100.00%		5.45%
Inflation			2.50%
Expected arithmetic nominal return			7.95%

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

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

**Sensitivity of EBL's proportionate share of the net pension asset and liability to changes in the discount rate** - The following presents the proportionate share of the net pension asset and liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share would be if calculated using a discount rate that is 1 percentage point lower (5.85%) or 1 percentage point higher (7.85%) than the current rate:

Systems	Proportionate Share of Net Pension Liability (Asset)		
	1% Decrease	Discount Rate	1% Increase
	5.85%	6.85%	7.85%
Tier I Noncontributory System	\$1,204,416	(\$475,016)	(\$1,884,940)

# UTAH STATE UNIVERSITY

## EDITH BOWEN LABORATORY SCHOOL

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### Notes to Financial Statements

#### For the Year Ended June 30, 2024

**Pension Plans and Retirement Benefits** (continued)

**Pension plan fiduciary net position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued Systems' financial report.

**Defined Contribution Plans**

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

**401(k), Tier 2 DC, and 457 Plans** - For employees participating in defined benefit plans, EBLS is also required to contribute 1.50 percent of the employee's salary into a 401(k)/457 plan.

**TIAA and/or Fidelity** - TIAA and/or Fidelity provide individual defined contribution retirement fund contracts with each participating employee. Employees may allocate contributions by EBLS to any or all of the providers and the contracts become vested at the time the contribution is made. Employees are eligible to participate from the date of employment and are not required to contribute to the fund. Benefits provided to retired employees are based on the value of individual contracts and the estimated life expectancy of the employee at retirement. EBLS's contribution to this multiple employer defined contribution plan was 14.2 percent of the employees' annual salary. EBLS has no further liability once annual contributions are made.

Contributions to the defined contribution plans for the fiscal year ending June 30, 2022 were as follows:

<b>Defined Contribution Plans</b>	<b>Employer Contributions</b>	<b>Employees' Contributions</b>
401(k) Plan	\$17,387	\$2,056
TIAA and/or Fidelity	\$184,090	\$40,777

**UTAH STATE UNIVERSITY  
EDITH BOWEN LABORATORY SCHOOL**

**REQUIRED SUPPLEMENTARY INFORMATION  
Proportionate Share of the Net Pension Liability  
As of December 31**

	Noncontributory System									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of net pension liability (asset)	-0.6001653%	-0.5947260%	-0.5863272%	-0.5476604%	0.5118743%	0.0323907%	0.0282157%	0.0217237%	0.0233313%	0.0165025%
Proportionate share of net pension liability (asset)	(\$475,016)	(\$10,411)	(\$1,441,134)	(\$540,150)	\$600,444	\$1,205,102	\$689,976	\$704,048	\$739,187	\$414,100
Covered payroll	\$1,278,251	\$1,215,618	\$1,154,465	\$1,133,528	\$1,086,117	\$889,493	\$749,714	\$564,273	\$599,661	\$427,553
Proportionate share of net pension liability (asset) as a percentage of Covered Payroll	-37.2%	-0.9%	-124.8%	-47.7%	55.3%	135.5%	92.0%	124.8%	123.3%	96.9%
Plan fiduciary net position as a percentage of total pension liability	103.5%	100.1%	111.8%	104.7%	94.2%	84.1%	89.2%	84.9%	84.5%	87.2%

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

**UTAH STATE UNIVERSITY  
EDITH BOWEN LABORATORY SCHOOL**

**Required Supplementary Information  
Schedule of Contributions to the Utah Retirement Systems  
For fiscal years ending June 30:**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
<b>Noncontributory System</b>										
Contractually required contribution	\$257,204	\$247,657	\$235,506	\$231,284	\$221,751	\$192,098	\$166,361	\$125,222	\$133,065	\$94,411
Contributions in relation to the contractually required contribution	257,204	247,657	235,506	231,284	221,751	192,098	166,361	125,222	133,065	94,411
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$1,278,251	\$1,215,618	\$1,154,465	\$1,133,528	\$1,086,117	\$889,493	\$749,714	\$564,273	\$599,661	\$427,553
Contributions as a percentage of covered employee payroll	20.12%	20.37%	20.40%	20.40%	20.42%	21.60%	22.19%	22.19%	22.19%	22.08%