# OFFICIAL NOTICE OF BOND SALE

**and**

# PRELIMINARY OFFICIAL STATEMENT

## $146,325,000*

# State of Utah

## General Obligation Bonds, Series 2017

Electronic bids will be received up to 9:30:00 A.M., M.D.T., via the ***PARITY®*** electronic bid submission system, on Tuesday, June 27, 2017.

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* Preliminary; subject to change.

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**OFFICIAL NOTICE OF BOND SALE**
**(Bond Sale To Be Conducted Electronically)**

**$146,325,000***
**STATE OF UTAH**
**GENERAL OBLIGATION BONDS, SERIES 2017**

Bids will be received electronically (as described under "PROCEDURES REGARDING ELECTRONIC BIDDING" below) by the Utah State Treasurer (the *"State Treasurer"*), via the PARITY® electronic bid submission system (*"PARITY®"*) up to 9:30:00 a.m., Mountain Daylight Time (*"MDT"*), on Tuesday, June 27, 2017, for the purchase (all or none) of the $146,325,000* aggregate principal amount of the General Obligation Bonds, Series 2017 (the *"2017 Bonds"*) to be issued by the State of Utah (the *"State"*). The bids will be publicly reviewed and considered by the Utah State Bonding Commission (the *"Commission"*) at a meeting to be held on Tuesday, June 27, 2017, beginning at 4:00 p.m., MDT.

**DESCRIPTION OF BONDS:** The 2017 Bonds will be dated as of the date of issuance and delivery† thereof, will be issuable only as fully-registered bonds in book-entry form, will be issued in denominations of $5,000 or any whole multiple thereof, not exceeding the amount of each maturity, and will mature on July 1 of each of the years and in the principal amounts as follows:

| YEAR | PRINCIPAL AMOUNT* | YEAR | PRINCIPAL AMOUNT* |
|---|---|---|---|
| 2018 | $ 7,850,000 | 2026 | $15,150,000 |
| 2019 | 11,875,000 | 2027 | 15,925,000 |
| 2020 | 12,075,000 | 2028 | 3,125,000 |
| 2021 | 12,400,000 | 2029 | 3,250,000 |
| 2022 | 12,800,000 | 2030 | 3,375,000 |
| 2023 | 13,175,000 | 2031 | 3,525,000 |
| 2024 | 13,725,000 | 2032 | 3,650,000 |
| 2025 | 14,425,000 | | |

TOTAL PRINCIPAL AMOUNT: $146,325,000*

**TERM BONDS AND MANDATORY SINKING FUND REDEMPTION AT BIDDER'S OPTION:** The 2017 Bonds scheduled to mature on two or more of the above-designated maturity dates may be rescheduled, at bidder's option, to mature as term bonds on one or more of such dates, in which event such 2017 Bonds will mature and be subject to mandatory sinking fund redemption in such amounts and on such dates as will correspond to the above-designated maturity dates and principal amounts maturing on those dates.

**ADJUSTMENT OF PRINCIPAL AMOUNT OF THE 2017 BONDS:** The State may adjust the aggregate principal amount of the 2017 Bonds maturing in any year as described in this paragraph. The adjustment of maturities may be made in such amounts as are necessary so that the proceeds available to the State will be approximately $167,500,000. Any such adjustment will be in an amount of $5,000 or a whole multiple thereof. The dollar amount of the price bid by the successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits, and the State will consider the bid as having been made for the adjusted amount of the 2017 Bonds. The dollar amount of the

† The anticipated date of delivery of the 2017 Bonds is Monday, July 10, 2017.

* Preliminary; subject to change. See caption "ADJUSTMENT OF PRINCIPAL AMOUNT OF THE BONDS" in this Official Notice of Bond Sale.

price bid will be changed so that the percentage net compensation to the successful bidder (*i.e.*, the percentage resulting from dividing (a) the aggregate difference between the offering price of the 2017 Bonds to the public and the price to be paid to the State, by (b) the principal amount of the 2017 Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown above. The State expects to advise the successful bidder as soon as possible, but expects no later than 2:00 p.m., MDT, on the date of sale, of the amount, if any, by which the aggregate principal amount of the 2017 Bonds will be adjusted and the corresponding changes to the principal amount of the 2017 Bonds maturing on one or more of the above-designated maturity dates for the 2017 Bonds.

To facilitate any adjustment in the principal amounts, the successful bidder is required to indicate by facsimile transmission to Zions Public Finance, Inc., the Municipal Advisor (the *"Municipal Advisor"*) to the State, at fax number 801.844.4484 within one-half hour of the time the Municipal Advisor notifies the successful bidder that such bidder's bid appears to be the best bid received (as described under the caption "Notification" below), the amount of any original issue discount or premium on each maturity of the 2017 Bonds and the amount received from the sale of the 2017 Bonds to the public that will be retained by the successful bidder as its compensation.

**RATINGS:** The State will at its own expense pay fees of Fitch Ratings, Moody's Investors Service, Inc. and S&P Global Ratings, a Standard & Poor's Financial Services LLC business, for rating the 2017 Bonds.

**PURCHASE PRICE:** The purchase price bid for the 2017 Bonds shall not be less than the principal amount of the 2017 Bonds ($146,325,000*) (the *"Purchase Price"*).

**INTEREST RATES:** Bidders must specify the rate of interest with respect to each maturity of the 2017 Bonds. Bidders will be permitted to bid different rates of interest for each separate maturity of the 2017 Bonds, but:

(a) the highest interest rate bid for any of the 2017 Bonds shall not exceed five percent (5.00%) per annum;

(b) each interest rate specified in any bid must be in a multiple of one-eighth or one-twentieth of one percent (1/8th or 1/20th of 1%) per annum;

(c) no 2017 Bond shall bear more than one rate of interest and the same interest rate shall apply to all 2017 Bonds maturing at one time;

(d) interest shall be computed from the dated date of a 2017 Bond to its stated maturity date at the single interest rate specified in the bid for the 2017 Bonds of such maturity;

(e) the purchase price must be paid in immediately available funds and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for immediately available funds;

(f) any premium must be paid in the funds specified for the payment of the 2017 Bonds as part of the purchase price;

(g) there shall be no supplemental interest coupons;

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* Preliminary; subject to change. See caption "Adjustment of Principal Amount of the 2017 Bonds" in this Official Notice of Bond Sale.

(h) a zero percent (0%) interest rate may not be used; and

(i) interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Interest will be payable semiannually on January 1 and July 1 of each year, commencing July 1, 2018.

**BOND REGISTRAR AND PAYING AGENT; PLACE OF PAYMENT:** The State Treasurer, Salt Lake City, Utah, will be the initial paying agent and bond registrar for the 2017 Bonds. The State Treasurer may appoint another paying agent and bond registrar and may remove any paying agent and any bond registrar, and any successor thereto, and appoint a successor or successors thereto. So long as the 2017 Bonds are outstanding in book-entry form, the principal of and interest on the 2017 Bonds will be paid under the standard procedures of The Depository Trust Company (*"DTC"*).

**OPTIONAL REDEMPTION:** The 2017 Bonds maturing on or after July 1, 2027, are subject to redemption at the option of the State on January 1, 2027 (the *"First Redemption Date"*), and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the State, and at random within each maturity if less than the full amount of any maturity is to be redeemed, upon not less than thirty (30) nor more than sixty (60) days' prior written notice, at a redemption price equal to one hundred percent (100%) of the principal amount of the 2017 Bonds to be redeemed, plus accrued interest thereon to the redemption date. 2017 Bonds maturing on or prior to the First Redemption Date will not be subject to optional redemption.

The 2017 Bonds may be subject to mandatory sinking fund redemption at the bidder's option, as described under "TERM BONDS AND MANDATORY SINKING FUND REDEMPTION AT BIDDER'S OPTION" above.

**SECURITY:** The 2017 Bonds will be full general obligations of the State, for the payment of which the full faith, credit and resources of the State are pledged, and for the payment of which taxes may be levied without limitation as to rate or amount on all property in the State taxable for State purposes.

**AWARD:** Award or rejection of bids will be made at the Tuesday, June 27, 2017 meeting of the Commission described below. The 2017 Bonds will be awarded to the responsible bidder offering to pay not less than the Purchase Price for the 2017 Bonds described above and specifying a rate or rates of interest that result in the lowest effective interest rate to the State. The effective interest rate to the State shall be the interest rate per annum determined on a per annum true interest cost (*"TIC"*) basis by discounting the scheduled semiannual debt service payments of the State on the 2017 Bonds (based on such rate or rates of interest so bid) to the dated date of the 2017 Bonds (based on a 360-day year consisting of twelve 30-day months), compounded semiannually and to the bid price.

**PROMPT AWARD:** The Commission will take action awarding the 2017 Bonds or rejecting all bids not later than twenty-four (24) hours after the expiration of the time herein prescribed for the receipt of bids, unless such time of award is waived by the successful bidder.

**NOTIFICATION:** The Municipal Advisor, on behalf of the State, will notify the apparent successful bidder (electronically via PARITY®) as soon as possible after the State's receipt of bids, that such bidder's bid appears to be the best bid received which conforms to the requirements of this Official Notice of Bond Sale, subject to verification and to official action to be taken of the Commission meeting described in the next succeeding paragraph.

The award of the 2017 Bonds to the successful bidder will be considered at the Commission meeting to be held beginning at 4:00 p.m., MDT, on Tuesday, June 27, 2017.

**PROCEDURES REGARDING ELECTRONIC BIDDING:** A prospective bidder must communicate its bid for the 2017 Bonds electronically via PARITY® on or before 9:30:00 a.m., MDT, on Tuesday, June 27, 2017. No bid will be received after the time for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Official Notice of Bond Sale, the terms of this Official Notice of Bond Sale shall control. For further information about PARITY®, potential bidders may contact the Municipal Advisor at One South Main Street, 18th Fl, Salt Lake City, Utah 84133-1109, telephone 801.844.7373 or i-Deal LLC at 1359 Broadway, 2nd Fl, New York, New York 10018, telephone 212.849.5021.

For purposes of PARITY®, the time as maintained by PARITY® shall constitute the official time.

***Each prospective bidder shall be solely responsible to register to bid via PARITY® as described above. Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access PARITY® for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Bond Sale. Neither the State nor i-Deal LLC shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the State nor i-Deal LLC shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The State is using PARITY® as a communication mechanism, and not as the State's agent, to conduct the electronic bidding for the 2017 Bonds.***

**FORM OF BID:** Each bidder for the 2017 Bonds is required to transmit electronically via PARITY® an unconditional bid specifying the lowest rate or rates of interest and the Purchase Price. Each bid must be for all the 2017 Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the 2017 Bonds represented on a TIC basis, as described under "AWARD" above, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of PARITY®; *provided, however,* that in the event a prospective bidder cannot access PARITY® through no fault of its own, it may so notify the Municipal Advisor by telephone at 801.844.7373. Thereafter, it may submit its bid by telephone to the Municipal Advisor at 801.844.7373, who shall transcribe such bid into written form, or by facsimile transmission to the Municipal Advisor at 801.844.4484, in either case before 9:30:00 a.m., MDT, on Tuesday, June 27, 2017. For purposes of bids submitted telephonically to the Municipal Advisor (as described above) or by facsimile transmission (as described above), the time as maintained by PARITY® shall constitute the official time. Each bid submitted as provided in this paragraph must specify: (a) an offer to purchase not less than all of the 2017 Bonds; and (b) the rate or rates of interest and the Purchase Price at which the bidder will purchase the 2017 Bonds. The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission to the State Treasurer. Neither the State nor the Municipal Advisor assume any responsibility or liability from the failure of any such transcribed telephonic bid or facsimile transmission (whether such failure arises from equipment failure, unavailability of telephone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Municipal Advisor, the apparent successful bidder(s) will provide written confirmation of its bid (by facsimile transmission) to the Municipal Advisor prior to 2:00 p.m., MDT, on Tuesday, June 27, 2017.

**RIGHT OF CANCELLATION:** The successful bidder(s) shall have the right, at its option, to cancel its obligation to purchase the 2017 Bonds if the State shall fail to execute the 2017 Bonds and tender the same for delivery within 60 days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of the deposit accompanying its bid.

**GOOD FAITH DEPOSIT:** A good faith deposit in the amount of $1,500,000 (the *"Deposit"*), is required only from the successful bidder(s). The Deposit shall be payable to the order of the State in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 12:00 p.m., MDT, on the date of sale. As an alternative to wiring funds, a bidder may deliver a cashier's or certified check, payable to the order of the State, with its bid. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The State shall, as security for the faithful performance by the successful bidder(s) of its obligation to take up and pay for the 2017 Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder(s) and hold the proceeds of the Deposit of the successful bidder(s) or invest the same (at the State's risk) in obligations that mature at or before the delivery of the 2017 Bonds as described under the caption "MANNER AND TIME OF DELIVERY" below, until disposed of as follows: (a) at such delivery of a series of the 2017 Bonds and upon compliance with the successful bidder's(s') obligation to take up and pay for such 2017 Bonds, the full amount of the Deposit held by the State, without adjustment for interest, shall be applied toward the purchase price of such 2017 Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the State; and (b) if a successful bidder fails to take up and pay for the related series of the 2017 Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the State as liquidated damages.

**SALE RESERVATIONS:** The State reserves the right: (a) to waive any irregularity or informality in any bid or in the electronic bidding process; (b) to reject any and all bids for the 2017 Bonds; and (c) to resell the 2017 Bonds as provided by law.

**MANNER AND TIME OF DELIVERY:** The successful bidder(s) will be given at least seven (7) business days' advance notice of the proposed date (the *"Closing Date"*) of the delivery of the 2017 Bonds (the *"Closing"*) when that date has been determined. It is now estimated that the 2017 Bonds will be delivered in book-entry form on or about Monday, July 10, 2017. The 2017 Bonds will be delivered as a single bond certificate for each maturity of the 2017 Bonds, registered in the name of DTC or its nominee. Delivery of the 2017 Bonds will be made in Salt Lake City, Utah. The successful bidder(s) must also agree to pay for the 2017 Bonds in federal funds that will be immediately available to the State in Salt Lake City, Utah, on the day of delivery.

**CUSIP NUMBERS:** It is anticipated that CUSIP identification numbers will be printed on the 2017 Bonds, but neither the failure to print such numbers on any 2017 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the 2017 Bonds in accordance with terms of the contract of sale. All expenses in relation to the providing of CUSIP numbers for the 2017 Bonds shall be paid for by the State.

**TAX-EXEMPT STATUS:** In the opinion of Chapman and Cutler LLP, Bond Counsel, subject to the State's compliance with certain covenants, under present law, interest on the 2017 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such covenants could cause interest on the 2017 Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2017 Bonds. Ownership of the 2017 Bonds may result in other federal tax consequences to certain taxpayers, and Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2017 Bonds.

It is further the opinion of Bond Counsel that under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2017 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the 2017 Bonds may result in other state and local tax consequences to certain taxpayers; Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2017 Bonds. Prospective purchasers of the 2017 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

**ISSUE PRICE:** The winning bidder shall assist the State in establishing the issue price of the 2017 Bonds and shall execute and deliver to the State at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2017 Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as *Annex 1* with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the State and Bond Counsel. All actions to be taken by the State under this Official Notice of Bond Sale to establish the issue price of the 2017 Bonds may be taken on behalf of the State by the Municipal Advisor and any notice or report to be provided to the State may be provided to the Municipal Advisor.

The State intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the 2017 Bonds) will apply to the initial sale of the 2017 Bonds (the *"competitive sale requirements"*) because:

(a) the State shall disseminate this Official Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(b) all bidders shall have an equal opportunity to bid;

(c) the State may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(d) the State anticipates awarding the sale of the 2017 Bonds to the bidder who submits a firm offer to purchase the 2017 Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Bond Sale.

Any bid submitted pursuant to this Official Notice of Bond Sale shall be considered a firm offer for the purchase of the 2017 Bonds, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the State shall so advise the winning bidder. The State shall then treat the first price at which 10% of a maturity of the 2017 Bonds (the *"10% test"*) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the State if any maturity of the 2017 Bonds satisfies the 10% test as of the date and time of the award of the 2017 Bonds. The State will *not* require bidders to comply with the "hold-the-offering-price rule" and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the 2017 Bonds as the issue price of that maturity. Bids will *not* be subject to cancellation in the event that the competitive sale requirements are not satisfied. *Bidders should prepare their bids on the assumption that all of the maturities of the 2017 Bonds will be subject to the 10% test in order to establish the issue price of the 2017 Bonds*.

In the event the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the 2017 Bonds, the winning bidder agrees to promptly report to the State the prices at which the unsold 2017 Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the 2017 Bonds of that maturity or until all 2017 Bonds of that maturity have been sold to the public.

By submitting a bid, each bidder confirms that: (a) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the 2017 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold 2017 Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the 2017 Bonds of that maturity or all 2017 Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (b) any agreement among underwriters relating to the initial sale of the 2017 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2017 Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold 2017 Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the 2017 Bonds of that maturity or all 2017 Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any 2017 Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Bond Sale. Further, for purposes of this Official Notice of Bond Sale:

(a) "public" means any person other than an underwriter or a related party,

(b) "underwriter" means (i) any person that agrees pursuant to a written contract with the State (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2017 Bonds to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) to participate in the initial sale of the 2017 Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2017 Bonds to the public),

(c) a purchaser of any of the 2017 Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) "sale date" means the date that the 2017 Bonds are awarded by the State to the winning bidder.

Any questions regarding the certificate should be directed to Chapman and Cutler LLP, Bond Counsel, 215 South State Street, Suite 800, Salt Lake City, Utah 84111, telephone: 801.536.1426, fax: 801.533.9595, e-mail: bjerke@chapman.com.

**LEGAL OPINION AND CLOSING CERTIFICATES:** The unqualified approving opinion of Chapman and Cutler LLP covering the legality of the 2017 Bonds will be furnished to the successful bidder(s). Closing certificates will also be furnished, dated as of the date of delivery of and payment for the 2017 Bonds, including a statement that there is no litigation pending or, to the knowledge of the signer thereof, threatened affecting the validity of the 2017 Bonds.

**DISCLOSURE CERTIFICATE AND DISCLOSURE COUNSEL LETTER:** The State will deliver to the successful bidder a certificate of a member of the Commission, dated the date of the delivery of the 2017 Bonds, stating that, as of the date thereof, to the best of the signer's knowledge and after reasonable investigation: (a) the descriptions and statements contained in the Preliminary Official Statement circulated with respect to the 2017 Bonds were at the time of the acceptance of the bid true and correct in all material respects and did not at the time of the acceptance of the bid contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (b) the descriptions and statements contained in the final Official Statement are at the time of the delivery of the 2017 Bonds true and correct in all material respects and do not at the time of the delivery of the 2017 Bonds contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, should the final Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the final Official Statement shall relate to the final Official Statement as so supplemented or amended.

The State has retained Gilmore & Bell, P.C., to act as disclosure counsel to the State with respect to the 2017 Bonds and as such disclosure counsel, such firm will assist the State in the review of the contents of the Preliminary Official Statement and final Official Statement. Gilmore & Bell, P.C., will deliver a letter to the successful bidder for the 2017 Bonds with respect to the Preliminary Official Statement and the final Official Statement which will state, in effect, [that, while the firm has not verified and is not passing upon, and does not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the final Official Statement, based upon participation in conferences and in reliance thereon with various representatives of the State, representatives of the office of the Attorney General, representatives of the Municipal Advisor for the State and Bond Counsel at which the contents of the Preliminary Official Statement and the final Official Statement were discussed and reviewed, without independent verification, no facts came to the attention of the attorneys of such firm rendering legal services in connection with such retention which lead such firm to believe that either (a) the Preliminary Official Statement as of its date contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except to the extent that certain information permitted by paragraph (b)(1) of Rule 15c2-12 of the Securities Exchange Act of 1934 to be omitted from the Preliminary Official Statement was omitted (the *"Omitted Information"*) from the Preliminary Official Statement and contained in the Official Statement) or (b) the final Official Statement as of its date contained, or as of the date of the delivery of the 2017 Bonds contains, any untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.] However, such firm will not be called upon to and will not express an opinion or belief as to information relating to the book–entry system or the expressions of opinion, the assumptions, the projections, financial statements (including notes and schedules thereto) or other financial, numerical, demographic or statistical data contained in the Preliminary Official Statement and the final Official Statement.

**CONTINUING DISCLOSURE:** The State covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the *"Undertaking"*) to provide ongoing disclosure about the State for the benefit of the beneficial owners of the 2017 Bonds on or before the date of delivery of the 2017 Bonds as required under paragraph (b)(5) of Rule 15c2-12 (the *"Rule"*) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the

Preliminary Official Statement, with such material changes as may be agreed upon in writing by the successful bidder(s). For more information regarding the Undertaking and the State's compliance with prior undertakings, see "CONTINUING DISCLOSURE UNDERTAKING" in the Preliminary Official Statement.

The successful bidder's(s') obligation to purchase the 2017 Bonds shall be conditioned upon the State delivering the Undertaking on or before the date of delivery of the 2017 Bonds.

**DELIVERY OF COPIES OF OFFICIAL STATEMENT:** The State shall deliver to the successful bidder(s) on such business day as directed in writing by the successful bidder(s), which is not earlier than the second business day or later than the seventh business day after the award of the 2017 Bonds as described under the caption "AWARD" above, electronic copies of the Official Statement so as to enable the successful bidder(s), to comply with paragraph (b)(4) of the Rule and the Rules of the Municipal Securities Rulemaking Board.

After the original issuance and delivery of the 2017 Bonds, if any event relating to or affecting the State shall occur as a result of which it is necessary in the opinion of counsel for the successful bidder(s) to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a prospective purchaser, the State shall, for so long as the successful bidder(s) is obligated by the Rule to deliver an Official Statement to prospective purchasers, forthwith prepare and furnish to the successful bidder(s) such information with respect to itself as the successful bidder(s) deems necessary to amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, in the light of the circumstances existing at the time the Official Statement is delivered to a prospective purchaser.

**MUNICIPAL ADVISOR:** The State has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the State with respect to preparation for sale of the 2017 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the 2017 Bonds.

**WAIVER OF CONFLICTS:** By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the State in the 2017 Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the State in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel. If a bidder does not agree to such consent and waiver, such bidder should not submit a bid for the 2017 Bonds.

**ADDITIONAL INFORMATION:** For copies of this Official Notice of Bond Sale, the Preliminary Official Statement and information regarding the electronic bidding procedures and other related information, contact the Municipal Advisor, Zions Public Finance, Inc., One South Main Street, 18th Floor, Salt Lake City, Utah 84133-1109, telephone: 801.844.7373, fax: 801.844.4484, e-mail: jonathan.bronson@zionsbancorp.com, eric.pehrson@zionsbancorp.com or cara.bertot@zionsbancorp.com.

DATED this 14 day of June, 2017.

STATE OF UTAH

By /s/ David C. Damschen
Utah State Treasurer

**ANNEX 1**

**CERTIFICATE OF PURCHASER**

**$__________**
State of Utah
General Obligation Bonds
Series 2017

Dated: [Closing Date]

The undersigned, on behalf of __________ (the *"Purchaser"*), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the *"Bonds"*) of the State of Utah (the *"Issuer"*).

## I. Defined Terms

1. *"Maturity"* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

2. *"Public"* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

3. A person is a *"Related Party"* to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

4. *"Sale Date"* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is June 27, 2017

5. *"Underwriter"* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the Purchaser to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

## II. General

1. On the Sale Date the Purchaser purchased the Bonds from the Issuer by submitting electronically an "Official Bid Form" responsive to an "Official Notice of Bond Sale" and having its bid accepted by the Issuer. The Purchaser has not modified the terms of the purchase since the Sale Date.

## III. Price

[1. [To be used if at least 3 bids are received] Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in *Schedule A* (the *"Expected Offering Prices"*). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as *Schedule B* is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given an exclusive opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.]

[1. [To be used if there are not at least 3 bids received] As of the date of this certificate, for each of the ___________ Maturities of the Bonds, the first price at which at least 10% of each of such Maturities of the Bonds was sold to the Public is the respective price listed in *Schedule A.*

2. With respect to each of the _____________ Maturities of the Bonds:

(a) As of the date of this certificate, the Purchaser has not sold at least 10% of the Bonds of these Maturities at any price.

(b) As of the date of this certificate, the Purchaser reasonably expects that the first sale to the Public of an amount of Bonds of each of these Maturities equal to 10% or more of each of these Maturities will be at or below the expected sale price listed on the attached *Schedule A* (the *"Expected First Sale Price"*).]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in its documents and with respect to compliance with the federal income tax rules affecting the Bonds, and by Chapman and Cutler LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038-G, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

Dates as of the day and year first above written.

________________________________________

By:_______________________________________

Name:____________________________________

Its:_______________________________________

## SCHEDULE A

### TO CERTIFICATE OF PURCHASER

Re: $___________, State of Utah, General Obligation Bonds, Series 2017

The Bonds are dated __________, 2017, and are due on July 1 of the years, in the amounts, bearing interest at the rates, and first sold and offered to the Public as described in the attached Certificate of Purchaser at the prices, in percentages and dollars, as follows:

| YEAR | PRINCIPAL AMOUNT ($) | INTEREST RATE (%) | FIRST SALE PRICE OF AT LEAST 10% (% OF PAR) | EXPECTED OFFERING PRICE (% OF PAR) | TOTAL DOLLAR PRICE BASED ON LOWER OF FIRST SALE PRICE OR OFFER PRICE ($) |
|---|---|---|---|---|---|
| 2018 | $ | % | % | % | $ |
| 2019 | | | | | |
| 2020 | | | | | |
| 2021 | | | | | |
| 2022 | | | | | |
| 2023 | | | | | |
| 2024 | | | | | |
| 2025 | | | | | |
| 2026 | | | | | |
| 2027 | | | | | |
| 2028 | | | | | |
| 2029 | | | | | |
| 2030 | | | | | |
| 2031 | | | | | |
| 2032 | ________ | | | | _________ |
| Total | $_______ | | | | $_________ |

## SCHEDULE B

## TO CERTIFICATE OF PURCHASER

Attach Bid

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# PRELIMINARY OFFICIAL STATEMENT

# $146,325,000*

# State of Utah

## General Obligation Bonds, Series 2017

On Tuesday, June 27, 2017 up to 9:30:00 A.M., M.D.T., electronic bids will be received by means of the ***PARITY***® electronic bid submission system. See the "OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding."

The 2017 Bonds will be awarded to the successful bidder(s) and issued pursuant to a resolution of the State Bonding Commission which will be presented for adoption at 4:00 P.M., M.D.T., on Tuesday, June 27, 2017.

***The State of Utah has deemed this PRELIMINARY OFFICIAL STATEMENT final as of the date hereof, for purposes of paragraph (b)(1) of Rule 15c2–12 of the Securities and Exchange Commission, subject to completion with certain information to be established at the time of sale of the 2017 Bonds as permitted by the Rule.***

For additional information with respect to the 2017 Bonds, contact the Municipal Advisor:

ZIONS PUBLIC FINANCE, INC.

**Zions Bank Building**
**One S Main St 18th Fl**
**Salt Lake City UT 84133–1109**
**801.844.7373 | f 801.844.4484**
eric.pehrson@zionsbancorp.com

This PRELIMINARY OFFICIAL STATEMENT is dated June 14, 2017 and the information contained herein speaks only as of that date.

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* Preliminary; subject to change.

(This page has been intentionally left blank.)

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 14, 2017**

**This PRELIMINARY OFFICIAL STATEMENT and the information contained herein are subject to completion, amendment or other change without any notice. Under no circumstances shall this PRELIMINARY OFFICIAL STATEMENT constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.**

**New Issue**

**Ratings:** Fitch "AAA"; Moody's "Aaa"; S&P "AAA"
See "MISCELLANEOUS—Bond Ratings" herein.

*Subject to compliance by the State with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the 2017 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2017 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. See "TAX MATTERS" herein for a more complete discussion.*

## $146,325,000*

# State of Utah

## General Obligation Bonds, Series 2017

The $146,325,000*, General Obligation Bonds, Series 2017, are issuable by the State as fully–registered bonds and will be initially issued in book–entry form through The Depository Trust Company, New York, New York, as securities depository for the 2017 Bonds. See "APPENDIX F—BOOK–ENTRY SYSTEM."

Principal of and interest on the 2017 Bonds (interest payable January 1 and July 1 of each year, commencing July 1, 2018) are payable by the Utah State Treasurer, Salt Lake City, Utah, as Paying Agent, to the registered owners thereof. See "The 2017 BONDS—Book–Entry System" herein.

The 2017 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See "The 2017 BONDS—Redemption Provisions" and "—Mandatory Sinking Fund Redemption At Bidder's Option" herein.

*The 2017 Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State subject to taxation for State purposes. See "The 2017 BONDS—Security For The 2017 Bonds" herein.*

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**Dated:** Date of Delivery[1]

**Due:** July 1, as shown on the inside front cover

**See the inside front cover for the maturity schedule of the 2017 Bonds.**

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**The 2017 Bonds will be awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on Tuesday, June 27, 2017, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of this PRELIMINARY OFFICIAL STATEMENT).**

**Zions Public Finance, Inc., Salt Lake City, Utah, is acting as Municipal Advisor.**

***This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire OFFICIAL STATEMENT to obtain information essential to the making of an informed investment decision.***

This OFFICIAL STATEMENT is dated June _, 2017, and the information contained herein speaks only as of that date.

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* Preliminary; subject to change.

[1] The anticipated date of delivery is Monday, July 10, 2017.

# State of Utah

# $146,325,000*

## General Obligation Bonds, Series 2017

**Dated: Date of Delivery**[1] **Due: July 1, as shown below**

| Due July 1* | CUSIP® 917542 | Principal Amount* | Interest Rate | Yield/ Price |
|---|---|---|---|---|
| 2018…… | | $ 7,850,000 | % | % |
| 2019……. | | 11,875,000 | | |
| 2020…… | | 12,075,000 | | |
| 2021…… | | 12,400,000 | | |
| 2022…… | | 12,800,000 | | |
| 2023…… | | 13,175,000 | | |
| 2024…… | | 13,725,000 | | |
| 2025…… | | 14,425,000 | | |
| 2026…… | | 15,150,000 | | |
| 2027…… | | 15,925,000 | | |
| 2028…… | | 3,125,000 | | |
| 2029…… | | 3,250,000 | | |
| 2030…… | | 3,375,000 | | |
| 2031…… | | 3,525,000 | | |
| 2032…… | | 3,650,000 | | |

* Preliminary; subject to change.

[1] The anticipated date of delivery is Monday, July 10, 2017.

® CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ.

## Table Of Contents

This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2017 Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by any of the State; Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); the State Treasurer of the State, Salt Lake City, Utah (as Bond Registrar and Paying Agent); the successful bidder(s); or any other entity. All information contained herein has been obtained from the State, The Depository Trust Company, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2017 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the State since the date hereof.

The 2017 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Any registration or qualification of the 2017 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2017 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

***The yields/prices at which the 2017 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s) may allow concessions or discounts from the initial offering prices of the 2017 Bonds to dealers and others. In connection with the offering of the 2017 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2017 Bonds. Such transactions may include overallotments in connection with the purchase of 2017 Bonds, the purchase of 2017 Bonds to stabilize their market price and the purchase of 2017 Bonds to cover the successful bidder's('s) short positions. Such transactions, if commenced, may be discontinued at any time.***

*Forward–Looking Statements.* Certain statements included or incorporated by reference in this OFFICIAL STATEMENT constitute "forward–looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as "plan," "project," "forecast," "expect," "estimate," "budget" or other similar words. ***The achievement of certain results or other expectations contained in such forward–looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward–looking statements. The State does not plan to issue any updates or revisions to those forward–looking statements if or when such expectations change, or events, conditions or circumstances on which such statements are based, occur. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Fiscal Year 2017—Budget And Related Appropriations" herein.***

The CUSIP® (the Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders, and the State does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to change after the issuance of the 2017 Bonds because of subsequent actions including, but not limited to, a refunding in whole or in part of the 2017 Bonds.

***The information available at Web sites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2017 Bonds and is not a part of this OFFICIAL STATEMENT.***

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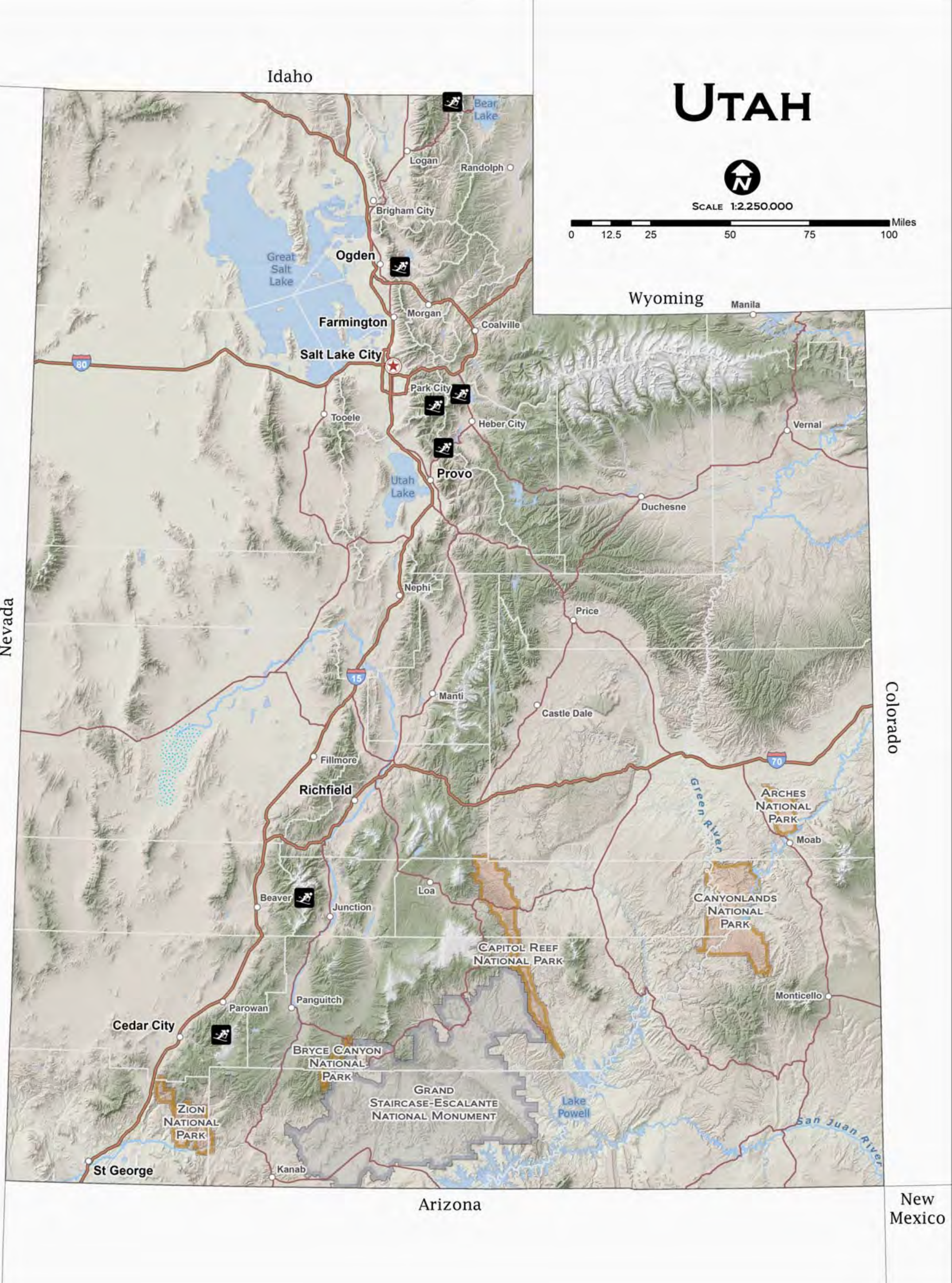
# Utah



Scale 1:2,250,000
0
12.5
25
50
75
100
Miles
Idaho
Wyoming
Nevada
Colorado
Arizona
New Mexico
Bear Lake
Logan
Randolph
Brigham City
Great Salt Lake
Ogden
Morgan
Farmington
Coalville
Manila
Salt Lake City
80
Park City
Tooele
Heber City
Vernal
Utah Lake
Provo
Duchesne
Nephi
Price
15
Manti
Castle Dale
Fillmore
Richfield
70
Green River
Arches National Park
Moab
Loa
Beaver
Junction
Canyonlands National Park
Capitol Reef National Park
Parowan
Panguitch
Monticello
Cedar City
Bryce Canyon National Park
Grand Staircase-Escalante National Monument
Lake Powell
Zion National Park
San Juan River
St George
Kanab

# OFFICIAL STATEMENT RELATED TO

# $146,325,000*

# State of Utah

## General Obligation Bonds, Series 2017

### INTRODUCTION

This OFFICIAL STATEMENT provides information about the issuance and sale by the State of Utah (the "State") of its $146,325,000*, General Obligation Bonds, Series 2017 (the "2017 Bonds").

This introduction is only a brief description of the 2017 Bonds and the security and source of payment for the 2017 Bonds and is qualified by more complete and detailed information contained in the entire OFFICIAL STATEMENT, including the cover page and appendices hereto, and the documents summarized or described herein. Accordingly, the OFFICIAL STATEMENT should be read in its entirety. The offering of the 2017 Bonds to potential investors is made only by means of the entire OFFICIAL STATEMENT.

When used herein, the terms "Fiscal Year[s] 20YY," and "Fiscal Year[s] End[ed][ing] June 30, 20YY" refer to the year ended or ending on June 30 of the year indicated and beginning on July 1 of the preceding year and the terms "Calendar Year[s] 20YY" or "Calendar Year[s] End[ed][ing] December 31, 20YY" refer to the year beginning on January 1 and ending on December 31 of the year indicated.

**Public Sale/Electronic Bid**

The 2017 Bonds will be awarded pursuant to competitive bidding received by means of the ***PARITY***® electronic bid submission system on Tuesday, June 27, 2017, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of this PRELIMINARY OFFICIAL STATEMENT).

The 2017 Bonds may be offered and sold to certain dealers (including dealers depositing the 2017 Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the inside cover page of the OFFICIAL STATEMENT and such public offering prices may be changed from time to time.

**The State of Utah**

On January 4, 1896, the State became the 45th state of the United States of America (the "U.S."). Ranking 13th among the states in total area, the State contains approximately 84,900 square miles. It ranges in elevation from a low of 2,200 feet above sea level in the south, to a high of 13,500 feet above sea level in the northern mountains. The State is in an arid region (precipitation ranks as the second lowest in the nation, behind Nevada). Home to deserts, plateaus, the Great Basin and the Rocky Mountains, the State is known for its scenic beauty and the diversity of its outdoor recreation areas. The State was the

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* Preliminary; subject to change.

host of the 2002 Winter Olympic Games and continues to be a major tourist destination, with world class skiing and five national parks.

The State's 2016 population estimate by the U.S. Census Bureau was 3,051,217 people (ranked as the 31st most populous state). From 2015 to 2016 the State was the fastest growing state in the nation by percentage increase in population (2.03%). The State ranked first in 2015 with the lowest median age in the country (30.7 years) and highest household size (3.17 persons). The State has a network of colleges and universities (both public and private) that support its expanding population.

The State's seasonally adjusted unemployment rate as of April 2017 was 3.1% (compared to the national average of 4.4%) ranking the State 8th lowest in the nation for rate of unemployment. In April 2017, the State ranked first in the nation in employment growth rate at a rate of 3.3%. In 2015 the State ranked 10th among states in median household income at $66,258 and 41st in per capita personal income at $40,744 as of 2016.

The State's economy is knowledge–based, entrepreneurial, and information technology–driven and encompasses a variety of industries, including but not limited to: agriculture, construction, energy, minerals, tourism, technology, communications, healthcare, financial services, higher education, defense, transportation and government services.

The State maintains a Web site at http://www.utah.gov (the State Treasurer's Web site is at http://www.treasurer.utah.gov). In addition, the Treasurer's office has provided additional information for investors at http://treasurer.utah.gov/investor-information/. The State's Division of Facilities Construction and Management ("DFCM") maintains a Web site at http://www.dfcm.utah.gov. The Utah Department of Transportation ("UDOT") maintains a Web site at http://www.udot.utah.gov.

For additional information regarding the State see "APPENDIX C—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE STATE OF UTAH."

**Authority For And Purpose Of The 2017 Bonds**

The 2017 Bonds are authorized pursuant to resolutions adopted by the State Bonding Commission (the "Commission") on April 4, 2017 (the "Parameters Resolution") and on [June 27, 2017] (the "Bond Resolution," and together with the Parameters Resolution, the "Resolutions") and pursuant to the General Obligation Bond Authorization Acts (as hereinafter defined): (a) to provide funds to the State and its agencies to pay all or part of the costs of acquiring and constructing (i) a prison project and (ii) certain transportation (highway) projects and (b) to pay all or part of any cost incident to the issuance and sale of the 2017 Bonds.

The 2017 Bonds financing the prison projects are being issued pursuant to the provisions of: (i) Section 63B–25–101 (as amended) of the Utah Code Annotated 1953, as amended (the "Utah Code") (the "Prison Project Act") and (ii) the 2017 Bonds financing the highway projects are being issued pursuant to Section 63B–27–102 of the Utah Code (the "Highway Project Act" and together with the Prison Project Act, the "General Obligation Bond Authorization Acts").

**Security**

The 2017 Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a direct annual tax is levied, without limitation as to rate or amount, on all property in the State subject to State taxation. The proceeds of all taxes levied for this purpose are appropriated to the sinking fund established for the 2017 Bonds. The direct annual tax is abated to the extent money is available from other sources in the sinking fund to pay debt service on the 2017 Bonds. *The State expects that moneys will be available from sources other than property taxes in amounts sufficient to pay principal of and interest on the 2017 Bonds* *when due, thereby enabling the State to abate the property taxes otherwise required to be levied for that purpose.* The State has not levied a property tax for its bond payments or other State purposes since 1974. See "THE 2017 BONDS—Security For The 2017 Bonds" and "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters" below.

**Redemption Provisions**

The 2017 Bonds are subject to optional redemption prior to maturity and may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See "THE 2017 BONDS—Redemption Provisions" and "—Mandatory Sinking Fund Redemption At Bidder's Option" below.

**Tax–Exempt Status Of The 2017 Bonds**

Subject to compliance by the State with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the 2017 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2017 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act.

See "TAX MATTERS" below for a more complete discussion.

**Professional Services**

As of the date of this OFFICIAL STATEMENT, the following have served the State in the capacity indicated in connection with the issuance of the 2017 Bonds:

*Independent Auditors*
Office of the Utah State Auditor
Utah State Capitol Complex
East Office Bldg Ste E310
Salt Lake City UT 84114–2310
801.538.1025 | f 801.538.1383
jdougall@utah.gov

*Bond Counsel*
Chapman and Cutler LLP
215 S State St Ste 800
Salt Lake City UT 84111–2339
801.533.0066 | f 801.533.9595
bjerke@chapman.com

*Bond Registrar and Paying Agent*
Utah State Treasurer's Office
Utah State Capitol Complex
350 N State St Ste C180
(PO Box 142315)
Salt Lake City UT 84114–2315
801.538.1042 | f 801.538.1465
ddamschen@utah.gov

*Disclosure Counsel*
Gilmore & Bell PC
15 W S Temple Ste 520
Salt Lake City UT 84101
801.364.5080 | f 801.364.5032
bwade@gilmorebell.com

*Municipal Advisor*
Zions Public Finance Inc
Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484
jon.bronson@zionsbancorp.com

**Conditions Of Delivery, Anticipated Date, Manner, And Place Of Delivery**

The 2017 Bonds are offered, subject to prior sale, when, as, and if issued and received by the successful bidder(s), subject to the approval of legality by Chapman and Cutler LLP, Bond Counsel to the State, and certain other conditions. Certain legal matters will be passed on for the State by its Attorney General. Certain legal matters regarding this OFFICIAL STATEMENT will be passed on for the State by Gilmore & Bell P.C. It is expected that the 2017 Bonds, in book–entry form, will be available for delivery to The Depository Trust Company, New York, New York ("DTC") or its agent on or about Monday, July 10, 2017.

**Continuing Disclosure Undertaking**

The State will enter a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2017 Bonds. For a detailed discussion of this disclosure undertaking, previous undertakings and timing of submissions see "CONTINUING DISCLOSURE UNDERTAKING" below and "APPENDIX F—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING."

**Basic Documentation**

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the State, the 2017 Bonds, and the Resolutions are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Resolutions are qualified in their entirety by reference to such documents, and references herein to the 2017 Bonds are qualified in their entirety by reference to the form thereof included in the Resolutions. The "basic documentation" which includes the Resolutions, the closing documents and other documentation, authorizing the issuance of the 2017 Bonds and establishing the rights and responsibilities of the State and other parties to the transaction may be obtained from the "contact persons" as indicated below.

**Contact Persons**

As of the date of this OFFICIAL STATEMENT, additional requests for information may be directed to Zions Public Finance, Inc., Salt Lake City, Utah, the Municipal Advisor to the State (the "Municipal Advisor"):

Jon Bronson, Managing Director, jon.bronson@zionsbancorp.com
Johnathan Ward, Vice President, johnathan.ward@zionsbancorp.com
Eric John Pehrson, Vice President, eric.pehrson@zionsbancorp.com

Zions Public Finance Inc
Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact person for the State concerning the 2017 Bonds is:

David Damschen, Utah State Treasurer
ddamschen@utah.gov

Utah State Treasurer's Office
Utah State Capitol Complex
350 N State St Ste C180 (PO Box 142315)
Salt Lake City UT 84114–2315
801.538.1042 | f 801.538.1465

## CONTINUING DISCLOSURE UNDERTAKING

The State will enter into a continuing disclosure undertaking (the "Disclosure Undertaking") for the benefit of the Beneficial Owners of the 2017 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system ("EMMA") pursuant to the requirements of paragraph (b)(5) of Rule 15c2–12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. No person, other than the State, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the 2017 Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the proposed form of Disclosure Undertaking in "APPENDIX E—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING."

Based on prior disclosure undertakings, the State submits its comprehensive annual financial report (the "CAFR") (Fiscal Year Ending June 30) and other operating and financial information on or before January 15 (on or before 199 days from the end of the Fiscal Year) of each year. The State will submit the Fiscal Year 2017 CAFR and other operating and financial information for the 2017 Bonds on or before January 15, 2018, and annually thereafter on or before each January 15.

A failure by the State to comply with the Disclosure Undertaking will not constitute a default under the Resolutions, and Beneficial Owners of the 2017 Bonds are limited to the remedies provided in the Disclosure Undertaking. See "APPENDIX E—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING–Consequences of Failure of the State to Provide Information." A failure by the State to comply with the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2017 Bonds in the secondary market. Any such failure may adversely affect the marketability of the 2017 Bonds.

### State's Failure To Provide Material Event Notice And Operating Information

*Failure to File Material Event Notice–Bond Call*. In 2012 the State refunded its outstanding General Obligation Bonds, Series 2004B, dated July 1, 2004, CUSIP® 917542 (the "2004B GO Bonds") and the related escrow agreement (the "2012 Escrow Agreement") was filed on EMMA. The 2012 Escrow Agreement indicated that the 2004B GO Bonds would be redeemed on July 1, 2014, however, the actual notice of redemption was not filed on EMMA. The 2004B GO Bonds were called and retired on July 1, 2014 (the State will not file a material event notice on EMMA because the 2004B GO Bonds have been called and retired).

*Failure to Provide Operating Information*.

(i) The State failed to provide certain operating information related to the State's Recapitalization Revenue Bonds, Series 2010A, Series 2010B and Series 2010C, CUSIP® 917535, dated February 23, 2010, for the filing periods on or before January 15, 2011 through January 15, 2017. The State submitted the required information to EMMA on June 12, 2017.

(ii) The State failed to provide certain tables of appropriation revenues and capital expenditures authorizations related to the State's general obligation bond (CUSIP® 917542, Series 2013, dated July 30, 2013) for the filing periods due on or before January 15, 2014 through January 15, 2017. Also, the State failed to provide certain tables of appropriation revenues, budget revenue collections and capital expenditures authorizations related to the State's general obligation bond (CUSIP® 917542, Series 2015, dated April 29, 2015) and the Authority's lease revenue bonds (CUSIP® 917547, Series 2016, dated April 5, 2016 and Series 2015, dated

April 29, 2015) for the filing periods due on or before January 15, 2016 and January 15, 2017. The State and the Authority submitted the required information to EMMA on June 9, 2017.

(iii) Additionally, the State also failed to provide a table on capital expenditures authorizations related to: (a) all bond issues of the currently outstanding general obligation bonds of the State and (b) all bond issues of the currently outstanding lease revenue bonds of the Authority (excluding those bond issues identified in paragraph (ii) above) for the filing periods due on or before January 15, 1999 through January 15, 2017. The State and the Authority submitted the required information to EMMA on June 9, 2017.

The State has reviewed its continuing disclosure policies and procedures and will implement new guidelines for future continuing disclosure filings.

## THE 2017 BONDS

### General

The 2017 Bonds will be dated the date of delivery[1] thereof (the "Dated Date") and will mature on July 1 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

The 2017 Bonds shall bear interest from the Dated Date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2017 Bonds is payable semiannually on each January 1 and July 1, commencing July 1, 2018. Interest on the 2017 Bonds shall be computed based on a 360–day year of 12, 30–day months. The Utah State Treasurer, Salt Lake City, Utah, is the initial Paying Agent and Bond Registrar with respect to the 2017 Bonds.

The 2017 Bonds will be issued as fully–registered bonds, initially in book–entry form, in the denomination of $5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

### Registration, Denominations, Manner Of Payment

The 2017 Bonds are issuable only as fully–registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for DTC. DTC will act as the securities depository of the 2017 Bonds. Purchases of 2017 Bonds will be made in book–entry form only, in the principal amount of $5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC's Participants (as defined herein). Beneficial Owners (as defined herein) of the 2017 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2017 Bonds. "Direct Participants," "Indirect Participants" and "Beneficial Owners" are defined under "APPENDIX F—BOOK–ENTRY SYSTEM."

Principal of and interest on the 2017 Bonds are payable by the Utah State Treasurer, as paying agent (the "Paying Agent") for the 2017 Bonds, to the registered owners of the 2017 Bonds. So long as Cede & Co. is the sole registered owner, it will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2017 Bonds, as described under "APPENDIX F—BOOK–ENTRY SYSTEM."

So long as DTC or its nominee is the sole registered owner of the 2017 Bonds, none of the State, the successful bidder(s), nor the Paying Agent will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the

[1] The anticipated date of delivery is Monday, July 10, 2017.

2017 Bonds. Under these same circumstances, references herein and in the Bond Resolution to the "Bondowners" or "Registered Owners" of the 2017 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2017 Bonds.

**Regular Record Date; Transfer Or Exchange Of The 2017 Bonds**

Record Date means the Bond Registrar's close of business on the 15th day of the month next preceding each interest payment date or, if such day is not a regular business day of the Bond Registrar, the next preceding day which is a regular business day of the Bond Registrar. No transfer or exchange of any 2017 Bond shall be required to be made with respect to any interest payment date after the Record Date to and including such interest payment date.

**Estimated Sources And Uses Of Funds**

The proceeds from the sale of the 2017 Bonds are estimated to be applied as set forth below:

| | |
|---|---|
| Sources of Funds: | |
| Par amount of the 2017 Bonds | $ |
| Original issue premium on the 2017 Bonds | |
| Total | $ |
| Uses of Funds: | |
| Deposit to Project Account (prison) | $ |
| Deposit to Project Account (highway) | |
| Underwriter(s)' discount on the 2017 Bonds | |
| Costs of issuance (1) | |
| Original issue discount on the 2017 Bonds | |
| Total | $ |

(1) Costs of issuance include legal fees, Municipal Advisor fees, rating fees, other miscellaneous expenses and rounding amounts.

**Security For The 2017 Bonds**

The 2017 Bonds are general obligations of the State, for which the full faith, credit and resources of the State are pledged for the payment of principal and interest, and for which payment a tax may be levied, without limitation as to rate or amount, on all property in the State subject to State taxation. The General Obligation Bond Authorization Acts provide that each year after issuance of the 2017 Bonds and until all outstanding 2017 Bonds are retired, there is levied a direct annual tax on all real and personal property within the State subject to State taxation, sufficient to pay: applicable bond redemption premiums, if any, interest on the 2017 Bonds as it becomes due, and principal of the 2017 Bonds as it becomes due. The proceeds of all taxes levied for the purpose are appropriated to the sinking fund established for the 2017 Bonds. The General Obligation Bond Authorization Acts further provide that the direct annual tax imposed under the General Obligation Bond Authorization Acts is abated to the extent money is available from sources, other than ad valorem taxes in the sinking fund created by the General Obligation Bond Authorization Acts, for the payment of bond interest, principal, and redemption premiums, if any. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters" below.

To avoid levying a property tax for the payment of principal of and interest on the 2017 Bonds, the State must set aside in the sinking fund for the 2017 Bonds an amount sufficient for such payments in advance of the time necessary to levy the tax. For a description of the process for levying a property tax, see "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters" below. The State expects that moneys will be available from sources other than ad valorem taxes for deposit into the sinking fund created by the General Obligation Bond Authorization Acts and the Bond Resolution in amounts sufficient to pay principal of and interest on the 2017 Bonds when due, thereby enabling the State to abate the ad valorem taxes levied for that purpose.

The State has not levied a property tax for its bond payments or other State purposes since 1974.

**Redemption Provisions**

*Optional Redemption*. The 2017 Bonds maturing on or after July 1, 2027, are subject to redemption at the option of the State on January 1, 2027 (the "First Redemption Date"), and on any date thereafter prior to maturity, in whole or in part, from such maturities or parts thereof as may be selected by the State, and at random within each maturity if less than the full amount of any maturity is to be redeemed, upon not less than 30 nor more than 60 days' prior written notice, at a redemption price equal to 100% of the principal amount of the 2017 Bonds to be redeemed, plus accrued interest thereon to the redemption date. The 2017 Bonds maturing on or prior to the First Redemption Date will not be subject to optional redemption.

*Selection for Redemption*. If less than all 2017 Bonds of any maturity are to be redeemed, the 2017 Bonds or portion of 2017 Bonds of such maturity to be redeemed will be selected at random by the Bond Registrar in such manner as the Bond Registrar in its discretion may deem fair and appropriate. The portion of any registered 2017 Bond of a denomination of more than $5,000 to be redeemed will be in the principal amount of $5,000 or a whole multiple thereof, and in selecting portions of such 2017 Bonds for redemption, the Bond Registrar will treat each such 2017 Bond as representing that number of 2017 Bonds of $5,000 denomination that is obtained by dividing the principal amount of such 2017 Bond by $5,000.

*Notice of Redemption*. Notice of redemption will be given by the Bond Registrar by first class mail, postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, to the owner, as of the record date, of each 2017 Bond that is subject to redemption, at the address of such owner as it appears on the registration books of the State kept by the Bond Registrar, or at such other address as is furnished to the Bond Registrar in writing by such owner on or prior to the record date. Each notice of redemption will state, among other things, the record date, the principal amount, the redemption date, the place of redemption, the redemption price and, if less than all of the 2017 Bonds are to be redeemed, the distinctive numbers of the 2017 Bonds or portions of 2017 Bonds to be redeemed, and will also state that the interest on the 2017 Bonds in such notice designated for redemption will cease to accrue from and after such redemption date and that on the redemption date there will become due and payable on each of the 2017 Bonds to be redeemed the principal thereof and interest accrued thereon to the redemption date. Any such notice mailed will be conclusively presumed to have been duly given, whether the Bondowner receives such notice. Failure to give such notice or any defect therein with respect to any 2017 Bond will not affect the validity of the proceedings for redemption with respect to any other 2017 Bond.

If at the time of mailing of any notice of optional redemption there is not on deposit with the Paying Agent moneys sufficient to redeem all the 2017 Bonds called for redemption, such notice may state that such redemption is subject to the deposit of the redemption moneys with the Paying Agent not later than the opening of business on the redemption date and that such notice shall be of no effect unless such moneys are so deposited. If such notice of redemption contains such a condition and the moneys are not received, the redemption will not be made and the Bond Registrar will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

*For so long as a book–entry system is in effect with respect to the 2017 Bonds, the Bond Registrar will mail notices of redemption to DTC or its successor. Any failure of DTC to convey such notice to any Direct Participants (as defined herein) or any failure of the Direct Participants or Indirect Participants (as defined herein) to convey such notice to any Beneficial Owner will not affect the sufficiency of the notice or the validity of the redemption of 2017 Bonds. See "THE 2017 BONDS—Book–Entry System" below.*

**Mandatory Sinking Fund Redemption At Bidder's Option**

The 2017 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See "OFFICIAL NOTICE OF BOND SALE—Term Bonds and Mandatory Sinking Fund Redemption at Bidder's Option."

**Book–Entry System**

DTC will act as securities depository for the 2017 Bonds. The 2017 Bonds will be issued as fully–registered securities registered in the name of Cede & Co. (DTC's nominee) or such other name as may be requested by an authorized representative of DTC. One fully–registered 2017 Bond certificate will be issued for each maturity of the 2017 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or a "fast agent" of DTC. See "APPENDIX F—BOOK–ENTRY SYSTEM" for a more detailed discussion of the book–entry system and DTC.

In the event the book–entry system is discontinued, interest on the 2017 Bonds will be payable by check or draft of the Paying Agent, mailed to the registered owners thereof at the addresses shown on the registration books of the State kept for that purpose by the Bond Registrar. The principal of all 2017 Bonds will be payable by check or draft at the principal office of the Paying Agent.

**Debt Service On The 2017 Bonds**

| Payment Date* | Principal* | Interest | Period Total | Fiscal Total |
|---|---|---|---|---|
| July 1, 2018 | $ 7,850,000.00 | $ | $ | |
| January 1, 2019 | 0.00 | | | |
| July 1, 2019 | 11,875,000.00 | | | |
| January 1, 2020 | 0.00 | | | |
| July 1, 2020 | 12,075,000.00 | | | |
| January 1, 2021 | 0.00 | | | |
| July 1, 2021 | 12,400,000.00 | | | |
| January 1, 2022 | 0.00 | | | |
| July 1, 2022 | 12,800,000.00 | | | |
| January 1, 2023 | 0.00 | | | |
| July 1, 2023 | 13,175,000.00 | | | |
| January 1, 2024 | 0.00 | | | |
| July 1, 2024 | 13,725,000.00 | | | |
| January 1, 2025 | 0.00 | | | |
| July 1, 2025 | 14,425,000.00 | | | |
| January 1, 2026 | 0.00 | | | |
| July 1, 2026 | 15,150,000.00 | | | |
| January 1, 2027 | 0.00 | | | |
| July 1, 2027 | 15,925,000.00 | | | |
| January 1, 2028 | 0.00 | | | |
| July 1, 2028 | 3,125,000.00 | | | |
| January 1, 2029 | 0.00 | | | |
| July 1, 2029 | 3,250,000.00 | | | |
| January 1, 2030 | 0.00 | | | |
| July 1, 2030 | 3,375,000.00 | | | |
| January 1, 2031 | 0.00 | | | |
| July 1, 2031 | 3,525,000.00 | | | |
| January 1, 2032 | 0.00 | | | |
| July 1, 2032 | 3,650,000.00 | | | |
| Totals | $146,325,000.00 | $ | $ | |

* Preliminary; subject to change.
(Source: Municipal Advisor.)

## STATE OF UTAH GOVERNMENTAL ORGANIZATION

The following description of State government emphasizes those functions of government related to finance, administration and planning of State government, and is not intended as a detailed description of all functions of the State's government.

### Constitutional Departments

The Constitution of the State (the "State Constitution") divides the powers of government among the legislative department, the executive department and the judicial department.

*Legislative Department*. The legislative department is composed of the Senate and the House, which constitute the Legislature. The Legislature exercises the legislative power of the State and meets in regular session annually beginning in January. Among other things, the Legislature imposes taxes to provide revenues and makes appropriations to carry out all the activities of State government.

*Executive Department*. The elected constitutional officers of the executive department are the Governor, Lieutenant Governor, State Auditor, State Treasurer (the "State Treasurer"), and Attorney General. The Governor is the chief executive officer of the State.

*Judicial Department*. The State Constitution vests the judicial power of the State "in a supreme court, in a trial court of general jurisdiction known as the district court, and in such other courts as the Legislature by statute may establish." Under such authority, the Legislature has established the Court of Appeals, juvenile courts and justice courts.

### Certain Other Administrative Bodies

*Utah State Tax Commission*. The Utah State Tax Commission (the "State Tax Commission") is responsible for, among other things, administering and enforcing the tax laws of the State, formulating State tax policy, assessing certain properties, and collecting various State taxes.

*Department of Administrative Services*. The Department of Administrative Services coordinates the agencies that provide administrative support to State government and is presently composed of various divisions including, but not limited to, the Division of Finance and DFCM.

> *Division of Finance*. Among other things, the Division of Finance maintains financial accounts for State agencies, maintains a central accounting system, approves accounting systems of State agencies, approves proposed expenditures for the purchase of supplies and services requested by most State agencies, and issues financial reports of the State.
>
> *Division of Facilities Construction and Management*. DFCM is responsible for the design and construction of the facilities used by all State agencies and institutions with some exceptions. DFCM is also responsible for the leasing of all facilities for State agencies with some exceptions. DFCM also manages and maintains many State facilities and allocates space among State agencies.
>
> *State Building Board.* The State Building Board acts as a policy–making board for DFCM. The board is responsible for preparing and maintaining a five–year building plan for the State, establishing design and construction standards for State facilities, and establishing procurement rules relating to State facilities.

*Governor's Office of Management and Budget*. The Governor's Office of Management and Budget prepares the Governor's budget recommendations, monitors state agency expenditures, forecasts and monitors revenues and coordinates state planning activities.

*State Bonding Commission*. The Lieutenant Governor (as designee of the Governor), the State Treasurer, and a third person appointed by the Governor constitute the Commission. The Commission, following authorization by the Legislature, is responsible for the issuance of the State's general obligation and revenue bonds.

## DEBT STRUCTURE OF THE STATE OF UTAH

### Legal Borrowing Authority For General Obligation Bonds

*Constitutional Debt Limit.* Article XIV, Section 1 of the State Constitution limits the total general obligation indebtedness of the State to an amount equal to 1.5% of the value of the total taxable property of the State, as shown by the last assessment for State purposes before incurring such debt (the "Constitutional Debt Limit"). The application of the Constitutional Debt Limit and the additional debt incurring capacity of the State under the Constitution are estimated to be on July 10, 2017 as follows:

| | |
|---|---|
| Fair market value of ad valorem taxable property (1) | $311,651,315,372 |
| Fees in lieu of ad valorem taxable property (2) | 11,715,772,601 |
| Total fair market value of taxable property (1) | $323,367,087,973 |
| Constitutional Debt Limit (1.5%) | $4,850,506,320 |
| Currently outstanding general obligation debt (net) (3) | (2,130,850,465)* |
| Long–term contract liabilities (4) | (87,846,000)* |
| Estimated additional Constitutional Debt Limit incurring capacity of the State (5) | $2,631,809,855* |

(1) Based on 2015 Calendar Year (Fiscal Year 2016) taxable values. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters–Taxable Value Compared with Fair Market Value of All Taxable Property in the State" above.

(2) Based on 2015 Calendar Year (Fiscal Year 2016) "age based" values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state–assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.

(3) Includes the 2017 Bonds and unamortized original issue bond premium that was treated as principal for purposes of calculating the applicable Constitutional Debt Limit; the Statutory Appropriations General Obligation Debt Limit (as hereinafter defined); and the Statutory 2017 General Obligation Highway Limitation Debt Limit (as hereinafter defined).

(4) In the opinion of the State Auditor, the State has other long–term contract liabilities consisting of unused vacation, notes payable, and certain settlement amounts and other vested leave for employees of approximately $87,846,000 which financial obligations may be considered as general obligation debt of the State. Although no final legal determination has been made, for purposes of this OFFICIAL STATEMENT, this amount will be applied against the State's Constitutional Debt Limit.

(5) The State is further limited on its issuance of general obligation indebtedness by statute, see in this section "Statutory Appropriations General Obligation Debt Limit" below. Additionally, the State is limited on the future issuance of general obligation bonds authorized in the Highway Project Act, see in this section "Statutory Debt Limit on Issuance of Certain General Obligation Highway Bonds" below.

* Preliminary; subject to change.

(Source: Municipal Advisor.)

*Constitutional Debt Limit Estimate Using Calendar Year 2016 (Fiscal Year 2017) Estimated Taxable Valuation*. Based on estimated ad valorem property tax reports from the State Tax Commission, the Calendar Year 2016 (Fiscal Year 2017) estimated fair market value of ad valorem taxable property and valuation for fees in lieu property is approximately $347.8 billion, leaving the State approximately $3 billion of additional Constitutional Debt Limit incurring capacity taking into consideration the outstanding general obligation debt (including the 2017 Bonds), premium and long–term contract liabilities. (Source: Municipal Advisor.)

See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters–Taxable Value Compared with Fair Market Value of All Taxable Property in the State" below.

*Statutory Appropriations General Obligation Debt Limit*. Title 63J, Chapter 3, of the Utah Code (the "State Appropriations and Tax Limitation Act"), among other things, limits the maximum general obligation borrowing ability of the State. Under the State Appropriations and Tax Limitation Act, the outstanding general obligation debt of the State at any time may not exceed 45% of the maximum allowable State budget appropriations limit as provided in and subject to the exemption set forth in that act (the "Statutory Appropriations General Obligation Debt Limit"). The State Appropriations and Tax Limitation Act also limits State government appropriations based upon a formula that reflects changes in population and inflation.

On occasion, the Legislature has amended the State Appropriations and Tax Limitation Act to provide an exemption for certain general obligation highway bonds and bond anticipation notes from the limitations imposed by the State Appropriations and Tax Limitation Act. Of the State's current outstanding general obligation bonds of $2,048,775,000*, $1,943,575,000* (including the highway portion of the 2017 Bonds) is exempt from the State Appropriations and Tax Limitation Act. See "Authorized General Obligation Bonds and Future General Obligation Bonds Issuance" and "Outstanding General Obligation Indebtedness" below.

Using the budget appropriations for Fiscal Year 2017, the Statutory Appropriations General Obligation Debt Limit under the State Appropriations and Tax Limitation Act and additional general obligation debt incurring capacity of the State under that act are as of July 10, 2017, as follows:

| | |
|---|---|
| Statutory Appropriations General Obligation Debt Limit (1) | $1,617,538,229 |
| Statutorily applicable general obligation debt (net) (2) | (120,444,483)* |
| Long–term contract liabilities (3) | (87,846,000) |
| Remaining Statutory Appropriations General Obligation Debt Limit incurring capacity | $1,409,247,746* |

(1) 45% of the Fiscal Year 2017 appropriation limit of $3,594,529,397 (as of the date of this OFFICIAL STATEMENT).
(2) Includes unamortized original issue bond premium that is treated as principal for purposes of calculating the applicable Constitutional Debt Limit and Statutory Appropriations General Obligation Debt Limit.
(3) In the opinion of the State Auditor, the State has other long–term contract liabilities consisting of unused vacation, notes payable, and certain settlement amounts and other vested leave for employees of approximately $87,846,000 which financial obligations may be considered as general obligation debt of the State. Although no final legal determination, for purposes of this OFFICIAL STATEMENT, this amount will be applied against the State's Statutory Appropriations General Obligation Debt Limit.

For a 10–year Fiscal Year history of the State's Constitutional and Statutory Appropriations General Obligation Debt Limits see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016–Statistical Section–Schedule C–3 Legal Debt Margin" and "–Schedule C–4 Statutory Debt Limit" (CAFR page 258).

*Statutory Debt Limit on Issuance of Certain General Obligation Highway Bonds*. The Highway Project Act and Section 63B–27–101 contains a statutory limit upon the issuance of new highway bonds (which limit applies to a total of $1.047 billion). New highway bonds can be issued up to an amount that, together with total current outstanding general obligation bonds (and other long–term contract liabilities

* Preliminary; subject to change.

of the State), will not exceed 50% of the Constitutional Debt Limit incurring capacity of the State (the "Statutory 2017 General Obligation Highway Limitation Debt Limit"). Portions of the 2017 Bonds include highway related projects authorized under the Highway Project Act and are subject to the Statutory 2017 General Obligation Highway Limitation Debt Limit. *As of July 10, 2017, the State is within the Statutory 2017 General Obligation Highway Limitation Debt Limit of the Highway Project Act as it relates to newly issued highway bonds and the amount of new highway debt that can be issued under the Statutory 2017 General Obligation Highway Limitation Debt Limit is as follows.*

| | |
|---|---|
| 2015 total fair market value of taxable property (1) | $323,367,087,973 |
| Constitutional Debt Limit (1.5%) | $4,850,506,320 |
| 50% of Constitutional Debt Limit (2) | $2,425,253,160 |
| Less: currently outstanding general obligation debt (net) (3) | (1,963,411,562) |
| Less long–term contract liabilities (4) | (87,846,000) |
| Less: 2017 Bonds (prison debt portion, including premium) (5) | (120,444,483)* |
| Less: 2017 Bonds (highway debt portion, including premium) (5) | (47,000,000)* |
| Remaining Statutory 2017 General Obligation Highway Limitation Debt Limit incurring capacity | $ 206,551,115* |

(1) Based on 2015 Calendar Year (Fiscal Year 2016) taxable values.
(2) Based on statutory requirement under the Highway Project Act.
(3) Includes the State's outstanding general obligation bonds (excluding the 2017 Bonds) and unamortized original issue bond premium that is treated as principal for purposes of calculating the applicable Constitutional Debt Limit and Statutory Appropriations General Obligation Debt Limit.
(4) In the opinion of the State Auditor, the State has other long–term contract liabilities consisting of unused vacation, notes payable, and certain settlement amounts and other vested leave for employees of approximately $87,846,000 which financial obligations may be considered as general obligation debt of the State. Although no final legal determination has been made, for purposes of this OFFICIAL STATEMENT, this amount will be applied against the State's Statutory 2017 General Obligation Highway Limitation Debt Limit.
(5) Includes the 2017 Bonds and unamortized original issue bond premium that is treated as principal for purposes of calculating the Statutory 2017 General Obligation Highway Limitation Debt Limit under the Highway Project Act.
* Preliminary; subject to change.

*Authorized General Obligation Bonds and Future General Obligation Bonds Issuance.* The State has approximately $1,518,907,465* aggregate principal amount of additional authorized and unissued general obligation bonds, the proceeds of which bonds, when issued, will be used by DFCM and UDOT for various projects.

The authorizations consist of:

(i) $1 billion for highway projects all of which is exempt from the Statutory Appropriations General Obligation Debt Limit calculations but are subject to the Statutory 2017 General Obligation Highway Limitation Debt Limit (from the 2017 Legislative Session);

(ii) $455,255,517* (after the delivery and sale of the 2017 Bonds, including the prison portion of the 2017 Bonds) for prison projects (from the 2015 and 2017 Legislative Sessions);

(iii) $63,651,948 (all of which is exempt from Statutory Appropriations General Obligation Debt Limit calculations) for highway projects ($62,486,720 from the 2009 Legislative Session and $1,165,228 from the 2007 Legislative Session).

* Preliminary; subject to change.

As of the date of this OFFICIAL STATEMENT, the State may issue additional general obligation bonds depending on the needs of the State as follows: (i) in January 2018 of $411 million ($230 million for prison projects and $181 million for highway projects); (ii) in January 2019 of $450 million ($140 million for prison projects and $310 million for highway projects); (iii) in January 2020 of $440 million ($80 million for prison projects and $360 million for highway projects) and (iv) in January 2021 of $209 million for highway projects.

The Legislature may also authorize the issuance of additional general obligation building and highway bonds for other projects in future Fiscal Years, but such amounts and issuance dates are not known as of the date of this OFFICIAL STATEMENT.

**Outstanding General Obligation Indebtedness**

The State has issued general obligation bonds for general administrative buildings, higher education buildings, highways, water and wastewater facilities, flood control facilities, technology, and refunding purposes. As of July 10, 2017, the State expects to have the following principal amounts of general obligation debt outstanding:

| Series (1) | Purpose | Original Principal Amount | Final Maturity Date | Current Principal Outstanding |
|---|---|---|---|---|
| 2017 (a) (2) .............. | Prison/highways | $146,325,000* | July 1, 2032* | $ 146,325,000* |
| 2015 .......................... | Refunding | 220,980,000 | July 1, 2026 | 220,980,000 |
| 2013 .......................... | Highways | 226,175,000 | July 1, 2028 | 180,725,000 |
| 2011A (3) ................. | Building/highways | 609,920,000 | July 1, 2021 (6) | 175,965,000 |
| 2010C ........................ | Refunding | 172,055,000 | July 1, 2019 | 114,910,000 |
| 2010B (4) ................. | Highways (BABs) | 621,980,000 | July 1, 2025 | 621,980,000 |
| 2009D (4) ................. | Highways (BABs) | 491,760,000 | July 1, 2024 | 491,760,000 |
| 2009C ........................ | Building/highways | 490,410,000 | July 1, 2018 | 70,865,000 |
| 2009A (5) ................. | Highways | 394,360,000 | July 1, 2018 (7) | 25,265,000 |
| Total principal amount of outstanding general obligation debt (8) ............................... | | | | $2,048,775,000* |

(a) For purposes of this OFFICIAL STATEMENT, the 2017 Bonds will be considered issued and outstanding.

(1) Each series of bonds has been rated "AAA" by Fitch Ratings ("Fitch"); "Aaa" by Moody's Investors Service, Inc. ("Moody's"); and "AAA" by S&P Global Ratings ("S&P"), as of the date of this OFFICIAL STATEMENT. *Additionally, all the outstanding general obligation bonds are exempt from the Statutory Appropriations General Obligation Debt Limit calculations unless otherwise indicated.*

(2) $105,200,000* of these bonds is included in Statutory Appropriations General Obligation Debt Limit calculations.

(3) Portions of this bond issue were refunded by the 2015 GO Bonds.

(4) Issued as federally taxable, originally 35% issuer subsidy, "Build America Bonds."

(5) Portions of this bond issue were refunded by the 2010C GO Bonds and the 2015 GO Bonds.

(6) Final maturity date after the refunding effected by the 2015 GO Bonds.

(7) Final maturity date after the refunding effected by the 2010C GO Bonds and the 2015 GO Bonds.

(8) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued that is reported in the long–term debt notes of the State's financial statements. For accounting purposes, the total unamortized bond premium is $82,075,465* (as of July 10, 2017), together with current debt outstanding of $2,048,775,000*, results in total outstanding net direct debt of $2,130,850,465*.

* Preliminary; subject to change.

(Source: Municipal Advisor.)

Also, see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016—Notes to the Financial Statements, Note 10. Long–Term Liabilities–B. General Obligation Bonds" (CAFR page 110)."

## Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year (1)

| Fiscal Year Ending June 30 | Series 2017 $146,325,000* | | Series 2015 $220,980,000 | | Series 2013 $226,175,000 | | Series 2012A (2) $37,350,000 | |
|---|---|---|---|---|---|---|---|---|
| | Principal* | Interest (a) | Principal | Interest | Principal | Interest | Principal | Interest |
| 2016……… | $ 0 | $ 0 | $ 0 | $ 7,031,865 | $ 11,075,000 | $ 9,396,875 | $ 6,025,000 | $ 1,680,250 |
| 2017……… | 0 | 0 | 0 | 10,460,625 | 11,625,000 | 8,829,375 | 3,050,000 | 1,483,500 |
| 2018……… | 0 | 0 | 0 | 10,460,625 | 12,225,000 | 8,233,125 | 28,145,000 | 703,625 |
| 2019……… | 7,850,000 | 7,924,113 | 0 | 10,460,625 | 12,850,000 | 7,606,250 | – | – |
| 2020……… | 11,875,000 | 5,149,750 | 24,765,000 | 9,841,500 | 13,525,000 | 6,946,875 | – | – |
| 2021……… | 12,075,000 | 4,910,250 | 0 | 9,222,375 | 14,200,000 | 6,253,750 | – | – |
| 2022……… | 12,400,000 | 4,603,500 | 0 | 9,222,375 | 14,950,000 | 5,525,000 | – | – |
| 2023……… | 12,800,000 | 4,225,500 | 39,290,000 | 8,240,125 | 15,700,000 | 4,758,750 | – | – |
| 2024……… | 13,175,000 | 3,835,875 | 39,260,000 | 6,276,375 | 16,500,000 | 3,953,750 | – | – |
| 2025……… | 13,725,000 | 3,295,125 | 39,235,000 | 4,314,000 | 17,275,000 | 3,195,750 | – | – |
| 2026……… | 14,425,000 | 2,591,375 | 39,205,000 | 2,353,000 | 17,875,000 | 2,582,125 | – | – |
| 2027……… | 15,150,000 | 1,852,000 | 39,225,000 | 686,438 | 18,525,000 | 1,943,500 | – | – |
| 2028……… | 15,925,000 | 1,075,125 | – | – | 19,275,000 | 1,187,500 | – | – |
| 2029……… | 3,125,000 | 614,500 | – | – | 20,050,000 | 401,000 | – | – |
| 2030……… | 3,250,000 | 487,000 | – | – | – | – | – | – |
| 2031……… | 3,375,000 | 354,500 | – | – | – | – | – | – |
| 2032……… | 3,525,000 | 216,500 | – | – | – | – | – | – |
| 2033……… | 3,650,000 | 73,000 | – | – | – | – | – | – |
| Totals…….. | $ 146,325,000 | $ 41,208,113 | $ 220,980,000 | $ 88,569,927 | $ 215,650,000 | $ 70,813,625 | $ 37,220,000 | $ 3,867,375 |

| Fiscal Year Ending June 30 | Series 2011A $609,920,000 | | Series 2010C $172,055,000 | | Series 2010B $621,980,000 | | Series 2010A (2) $412,990,000 | |
|---|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest (5) | Principal | Interest |
| 2016……… | $ 28,765,000 | $ 14,821,725 | $ 0 | $ 8,350,200 | $ 0 | $ 21,480,074 | $ 89,635,000 | $ 7,577,775 |
| 2017……… | 48,765,000 | 13,067,000 | 28,510,000 | 7,667,200 | 0 | 21,480,074 | 81,125,000 | 3,463,925 |
| 2018……… | 70,855,000 | 10,213,325 | 28,635,000 | 6,309,325 | 0 | 21,480,074 | 38,915,000 | 758,725 |
| 2019……… | 43,995,000 | 7,379,025 | 70,435,000 | 3,873,575 | 0 | 21,480,074 | – | – |
| 2020……… | 43,990,000 | 5,202,500 | 44,475,000 | 1,056,350 | 29,470,000 | 21,010,175 | – | – |
| 2021……… | 43,990,000 | 3,024,700 | – | – | 101,775,000 | 18,866,586 | – | – |
| 2022……… | 43,990,000 | 965,600 | – | – | 102,480,000 | 15,466,620 | – | – |
| 2023……… | 0 | 0 (3) | – | – | 103,250,000 (4) | 11,913,336 | – | – |
| 2024……… | 0 | 0 (3) | – | – | 104,160,000 (4) | 8,243,216 | – | – |
| 2025……… | 0 | 0 (3) | – | – | 104,430,000 (4) | 4,552,216 | – | – |
| 2026……… | 0 | 0 (3) | – | – | 76,415,000 (4) | 1,352,163 | – | – |
| 2027……… | 0 | 0 (3) | – | – | – | – | – | – |
| 2028……… | – | – | – | – | – | – | – | – |
| 2029……… | – | – | – | – | – | – | – | – |
| 2030……… | – | – | – | – | – | – | – | – |
| 2031……… | – | – | – | – | – | – | – | – |
| 2032……… | – | – | – | – | – | – | – | – |
| 2033……… | – | – | – | – | – | – | – | – |
| Totals…….. | $ 324,350,000 | $ 54,673,875 | $ 172,055,000 | $ 27,256,650 | $ 621,980,000 | $ 167,324,606 | $ 209,675,000 | $ 11,800,425 |

* Preliminary; subject to change.

(a) Preliminary; subject to change. Interest has been estimated at an average interest rate of 4.18% per annum.

(1) This table reflects the State's debt service schedule for its outstanding general obligation bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year. **Does not reflect federal interest rate subsidy payments on Build America Bonds.** *The State anticipates that as a result of the federal sequestration, the subsidy paid by the federal government on these bonds will be reduced by approximately $1,052,500 for the federal fiscal year ending September 30, 2017.*

(2) These bonds have been included in this table because final principal and interest payments occurred in Fiscal Year 2018.

(3) Principal and interest has been refunded by the 2015 GO Bonds.

(4) Mandatory sinking fund principal payments from a $388,255,000 3.539% term bond due July 1, 2025.

(5) Issued as federally taxable "Build America Bonds." Does not reflect an originally 35% federal interest subsidy payments.

## Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year (1)–continued

| Fiscal Year Ending June 30 | Series 2009D $491,760,000 Principal | Series 2009D Interest (3) | Series 2009C $490,410,000 Principal | Series 2009C Interest | Series 2009B $104,450,000 Principal | Series 2009B Interest | Series 2009A $394,360,000 Principal | Series 2009A Interest |
|---|---|---|---|---|---|---|---|---|
| 2016……… | $ 0 | $ 22,098,170 | $ 74,080,000 | $ 11,873,750 | $ 22,500,000 | $ 450,000 | $ 25,265,000 | $ 4,104,975 |
| 2017……… | 0 | 22,098,170 | 69,165,000 | 8,416,438 | – | – | 25,265,000 | 3,016,725 |
| 2018……… | 0 | 22,098,170 | 67,495,000 | 5,089,688 | – | – | 25,265,000 | 1,803,975 |
| 2019……… | 0 | 22,098,170 | 70,865,000 | 1,721,625 | – | – | 25,265,000 | 586,175 |
| 2020……… | 74,145,000 | 20,558,179 | – | – | – | – | 0 | 0 (4) |
| 2021……… | 87,715,000 (2) | 17,020,917 | – | – | – | – | 0 | 0 (5) |
| 2022……… | 86,740,000 (2) | 13,048,576 | – | – | – | – | 0 | 0 (5) |
| 2023……… | 90,825,000 (2) | 9,005,421 | – | – | – | – | 0 | 0 (5) |
| 2024……… | 64,420,000 (2) | 5,470,493 | – | – | – | – | 0 | 0 (5) |
| 2025……… | 87,915,000 (2) | 2,001,825 | – | – | – | – | – | – |
| 2026……… | – | – | – | – | – | – | – | – |
| 2027……… | – | – | – | – | – | – | – | – |
| 2028……… | – | – | – | – | – | – | – | – |
| 2029……… | – | – | – | – | – | – | – | – |
| 2030……… | – | – | – | – | – | – | – | – |
| 2031……… | – | – | – | – | – | – | – | – |
| 2032……… | – | – | – | – | – | – | – | – |
| 2033……… | – | – | – | – | – | – | – | – |
| Totals…….. | $ 491,760,000 | $ 155,498,091 | $ 281,605,000 | $ 27,101,500 | $ 22,500,000 | $ 450,000 | $ 101,060,000 | $ 9,511,850 |

| Fiscal Year Ending June 30 | Series 2004A (6) $314,775,000 Principal | Series 2004A (6) Interest | Totals (1)* Total Principal | Totals (1)* Total Interest | Totals (1)* Total Debt Service |
|---|---|---|---|---|---|
| 2016……… | $ 73,910,000 | $ 4,718,000 | $ 331,255,000 | $ 113,583,659 | $ 444,838,659 |
| 2017……… | 57,405,000 | 1,435,125 | 324,910,000 | 101,418,157 | 426,328,157 |
| 2018……… | – | – | 271,535,000 | 87,150,657 | 358,685,657 |
| 2019……… | – | – | 231,260,000 | 83,129,632 | 314,389,632 |
| 2020……… | – | – | 242,245,000 | 69,765,328 | 312,010,328 |
| 2021……… | – | – | 259,755,000 | 59,298,577 | 319,053,577 |
| 2022……… | – | – | 260,560,000 | 48,831,671 | 309,391,671 |
| 2023……… | – | – | 261,865,000 | 38,143,132 | 300,008,132 |
| 2024……… | – | – | 237,515,000 | 27,779,708 | 265,294,708 |
| 2025……… | – | – | 262,580,000 | 17,358,915 | 279,938,915 |
| 2026……… | – | – | 147,920,000 | 8,878,663 | 156,798,663 |
| 2027……… | – | – | 72,900,000 | 4,481,938 | 77,381,938 |
| 2028……… | – | – | 35,200,000 | 2,262,625 | 37,462,625 |
| 2029……… | – | – | 23,175,000 | 1,015,500 | 24,190,500 |
| 2030……… | – | – | 3,250,000 | 487,000 | 3,737,000 |
| 2031……… | – | – | 3,375,000 | 354,500 | 3,729,500 |
| 2032……… | – | – | 3,525,000 | 216,500 | 3,741,500 |
| 2033……… | – | – | 3,650,000 | 73,000 | 3,723,000 |
| Totals…….. | $ 131,315,000 | $ 6,153,125 | $2,976,475,000 | $ 664,229,161 | $3,640,704,161 |

* Preliminary; subject to change.

(1) This table reflects the State's debt service schedule for its outstanding general obligation bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year. **Does not reflect federal interest rate subsidy payments on Build America Bonds.** *The State anticipates that as a result of the federal sequestration, the subsidy paid by the federal government on these bonds will be reduced by approximately $1,052,500 for the federal fiscal year ending September 30, 2017.*

(2) Mandatory sinking fund principal payments from a $417,615,000 4.554% term bond due July 1, 2024.

(3) Issued as federally taxable "Build America Bonds." Does not reflect an originally 35% federal interest subsidy payments.

(4) Principal and interest has been refunded by the 2015 GO Bonds.

(5) Principal and interest has been refunded by the 2010C GO Bonds.

(6) This bond has been included in this table because final principal and interest payments occurred in Fiscal Year 2017.

(Source: Municipal Advisor.)

### Debt Ratios Regarding General Obligation Debt Of The State

| | Fiscal Year | | | | |
|---|---|---|---|---|---|
| | 2017 | 2016 | 2015 | 2014 | 2013 |
| Outstanding general obligation debt (in $1,000's) | $2,173,985 | $2,498,895 | $2,830,150 | $3,136,755 | $3,225,435 |
| Debt ratios: | | | | | |
| Per capita | $712 | $834 | $962 | $1,081 | $1,126 |
| As % of State Total Personal Income | 1.64% | 2.01% | 2.40% | 2.83% | 3.08% |
| As % of Taxable Value | 0.91% | 1.12% | 1.35% | 1.60% | 1.70% |
| As % of Fair Market/Market Value | 0.65% | 0.80% | 0.97% | 1.16% | 1.23% |

| | Estimated As of July 10, 2017 |
|---|---|
| Outstanding general obligation debt | $2,048,775,000* |
| Debt ratios: | |
| Per capita (2016 Census estimate–3,051,217) | $671 |
| As % of State Total Personal Income (2018 forecast–$140,450,000,000) | 1.46% |
| As % of Taxable Value (FY 2017 estimate–$239,461,000,000) | 0.86% |
| As % of Fair Market Value/Market Value (FY 2017 estimate–$335,709,000,000) | 0.61% |

(Source: Municipal Advisor.)

The ratios of debt service expenditures to General Fund expenditures and to all governmental fund type expenditures for the last five Fiscal Years are shown below:

| | Fiscal Year ($ in Thousands) | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| General Fund Expenditures | $6,409,600 | $6,160,589 | $5,915,943 | $5,671,148 | $5,531,916 |
| Debt Service Expenditures | $467,381 | $455,733 | $479,760 | $463,740 | $434,347 |
| Ratio of Debt Service to General Fund Expenditures | 7.29% | 7.40% | 8.11% | 8.18% | 7.85% |
| Total All Governmental Funds Expenditures | $11,923,040 | $11,482,470 | $10,986,124 | $10,826,503 | $11,136,520 |
| Ratio of Debt Service Expenditures to All Governmental Fund Expenditures | 3.92% | 3.97% | 4.37% | 4.28% | 3.90% |

(Sources: Division of Finance and the Fiscal Year 2016 CAFR.)

For a 10–year history of debt ratios of outstanding debt by Fiscal Year see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016–Statistical Section–Schedule C–1 Ratios of Outstanding Debt by Type" (CAFR page 254).

### Revenue Bonds And Notes

*State of Utah Recapitalization Revenue Bonds*. The State Bonding Commission is authorized, with prior approval of the Legislature, to issue "recapitalization" revenue bonds of the State to provide funds for certain of the State's revolving loan funds. Such State revenue bonds are secured principally by the payments on certain bonds, notes and other obligations owned by the State through such funds and by debt service reserve funds, and constitute "State Moral Obligation Bonds," but are not applied against the

* Preliminary; subject to change.

general obligation borrowing capacity of the State. The State has issued the following recapitalization revenue bonds:

| Series | Purpose | Original Principal Amount | Final Maturity Date | Current Principal Outstanding |
|---|---|---|---|---|
| 2010C (1) ............ | Water resources (BABs) | $31,225,000 | July 1, 2022 | $31,225,000 |

(1) Rated "Aa2" by Moody's and "AA" by S&P, as of the date of this OFFICIAL STATEMENT. No bond rating was requested from Fitch. Issued as federally taxable, originally 35% issuer subsidy, "Build America Bonds."

Fiscal Year Debt Service Payments. Average annual principal and interest payments on the State's recapitalization revenue bonds are approximately $6.99 million for each Fiscal Year extending through Fiscal Year 2023 (Source: Municipal Advisor). See also "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016–Notes to the Financial Statements–Note 10. Long–term Liabilities. C. Revenue Bonds–Revenue Bond Payable–Primary Government–Water Loan Programs" (CAFR page 114).

See also "State Moral Obligation Bonds" below.

*Other State Related Entities' Revenue Debt.* Various State related entities have outstanding bonds and notes payable solely from certain specified revenues. None of these bonds or note issues are general obligations of the State and, therefore, such bonds or notes are not applied against the general obligation borrowing capacity of the State.

Most State related entities' revenue bonds and notes are issued by the State Board of Regents (student loans and various capital projects) and the State of Utah, State Building Ownership Authority (the "Authority").

*Additional information*. For a detailed report and description of the various revenue bonds and notes issued by State related entities see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016—Notes to the Financial Statements, Note 10. Long–term Liabilities–C. Revenue Bonds" (CAFR page 111); and "–Note H. Notes Payable" (CAFR page 117); and for the Authority see "APPENDIX B—ADDITIONAL DEBT AND FINANCIAL INFORMATION REGARDING THE STATE BUILDING OWNERSHIP AUTHORITY."

**Lease Obligations**

The State leases office buildings and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, long–term leases are considered noncancellable for financial reporting purposes.

*Capital Leases*. Leases that in substance are purchases are reported as capital lease obligations in the government–wide financial statements and proprietary fund statements in the State's CAFR.

Primary government's total capital lease payments including principal and interest for Fiscal Year 2016 were $2.8 million. The present value of the minimum lease payments of the State's capital leases for primary government as of Fiscal Year 2016 totaled approximately $23.5 million (with annual payments scheduled through Fiscal Year 2036). The present value of the future minimum lease payments of capital leases for the State's discrete component units as of Fiscal Year 2016 totaled approximately $220.8 million (with annual payments scheduled through Fiscal Year 2031).

*Operating Leases*. Operating leases contain various renewal obligations as well as some purchase options. However, due to the nature of the leases, the related assets are not classified as capital leases. Any escalation clauses, sublease rentals and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred.

Operating lease expenditures for Fiscal Year 2016 were approximately $27.7 million for primary government and approximately $35.5 million for discrete component units. The total future minimum lease payments for the State's operating leases for primary government for Fiscal Year 2016 totaled approximately $75.7 million (with annual payments scheduled through Fiscal Year 2057). The total future minimum lease payments for the State's operating leases for discrete component units for Fiscal Year 2016 totaled approximately $209.1 million (with annual payments scheduled through Fiscal Year 2051).

For a detailed report and description of operating and capital leases see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016—Notes to the Financial Statements, Note 9. Lease Commitments" (CAFR page 107).

**State Guaranty Of General Obligation School Bonds**

Under the Utah School Bond Guaranty Act, Title 53A, Chapter 28 of the Utah Code (the "Guaranty Act") which took effect on January 1, 1997, the full faith and credit, and unlimited taxing power of the State is pledged to guaranty full and timely payment of the principal of, and interest on general obligation bonds ("Guaranteed Bonds") issued by eligible boards of education of State school districts ("Eligible School Boards"). The Guaranty Act is intended to reduce borrowing costs for Eligible School Boards by providing credit enhancement for Guaranteed Bonds.

In the event an Eligible School Board was unable to make the scheduled debt service payments on its Guaranteed Bonds; the State would be required to make such payments in a timely manner. For this purpose, the State may use any of its available moneys, seek a short–term loan from the State School Fund or issue its short–term general obligation notes. The Eligible School Board remains liable to the State for any such payments on Guaranteed Bonds. The State may seek reimbursement for such payments (plus interest and penalties) by intercepting State financial aid intended for the Eligible School Board. The Guaranty Act also contains provisions to compel the Eligible School Board to levy a tax sufficient to reimburse the State for such payments.

The State Superintendent of Schools (the "State Superintendent") is responsible for monitoring the financial condition of each local school board in the State and reporting, at least annually, his or her conclusions to the Governor, the Legislature and the State Treasurer. The State Superintendent must report immediately to the Governor and the State Treasurer any circumstances suggesting that a local school board will be unable to pay when due its debt service obligations (a "Report") and recommend a course of remedial action**. *As of the date of this OFFICIAL STATEMENT (and since the inception in January 1997 of the Guaranteed Bonds program), the State has not been requested to make payments on any Guaranteed Bonds and has not received a Report from the State Superintendent.***

*As of July 10, 2017, the State has $2.942 billion principal amount outstanding of Guaranteed Bonds.* Currently, the Guaranteed Bond program's annual principal and interest payments are scheduled through Fiscal Year 2037 (for Fiscal Year 2017 the program's current annual principal and interest payments total approximately $355.6 million (including any federal interest subsidy payments on Build America Bonds)) (Source: Municipal Advisor). The State cannot predict the number of bonds that may be guaranteed in this year or in future years; no limitation is currently imposed by the Guaranty Act.

For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016—Notes to the Financial Statements, Note 15. Litigation, Contingencies, and Commitments–B. Contingencies" (CAFR page 124).

**State Moral Obligation Bonds**

Bonds issued by the State Board of Regents, recapitalization revenue bonds issued by the State Bonding Commission and certain qualifying bonds of the Utah Charter School Finance Authority may be secured by a pledge pursuant to which a designated official will certify to the Governor on or before December 1 of each year the amount, if any, necessary to restore a capital reserve or debt service reserve fund to its required amount. In the case of revenue bonds issued to finance a capital project for an institution of higher education, if so pledged, the chairman of the State Board of Regents will certify to the Governor on or before December 1 of each year any projected shortfall in the revenues necessary to make debt service payments in the forthcoming calendar year. Upon receipt of such a certification, the Governor may, but is not required to, then request from the Legislature an appropriation of the amount so certified. In the case of revenue bonds issued to finance a capital project for a qualifying charter school, if so pledged, an officer of the Utah Charter School Finance Authority will certify to the Governor on or before December 1 of each year the amount, if any, required to restore the amount on deposit in the debt service reserve fund of such qualifying charter school to the debt service reserve fund requirement. Upon receipt of such a certification, the Governor shall then request from the Legislature an appropriation of the amount so certified. In all cases, the Legislature is under no legal obligation to make any appropriation requested by the Governor. *Bonds issued with such pledge are referred to herein as "State Moral Obligation Bonds."*

The following State Moral Obligation Bonds are outstanding:

*State Board of Regents*. The State Board of Regents has approximately $1.85 billion principal amount outstanding (as of May 31, 2017) of student loan revenue bonds of which approximately $788 million are State Moral Obligation Bonds and $4.08 million principal amount outstanding (as of July 10, 2017) of other revenue bonds (for office space) which are State Moral Obligation Bonds.

In addition, the State Board of Regents (through its colleges and universities) has outstanding approximately $1.154 billion of revenue bonds issued to finance capital projects at the State's institutions of higher education of which approximately $1.133 billion are State Moral Obligation Bonds (Source: Municipal Advisor). For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016—Notes to the Financial Statements, Note 10. Long–Term Liabilities–C. Revenue Bonds" (CAFR page 111).

*State of Utah Recapitalization Revenue Bonds*. As of July 10, 2017, the State has $31.225 million principal amount outstanding of recapitalization water revenue bonds that mature through Fiscal Year 2023 that are State Moral Obligation Bonds. For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016—Notes to the Financial Statements, Note 10. Long–Term Liabilities–C. Revenue Bonds–Business–type Activities" (CAFR page 112).

*Utah Charter School Finance Authority*. Statutory authority for the Utah Charter School Finance Authority to issue bonds which qualify as State Moral Obligation Bonds was adopted in 2012. *As of July 10, 2017, the Utah Charter School Finance Authority will have $283.8 million principal amount outstanding of State Moral Obligation Bonds*. Currently, the Utah Charter School Finance Authority's annual principal and interest bond payments are scheduled through Fiscal Year 2049 (for Fiscal Year 2017 the program's current annual principal and interest payments total approximately $12.93 million). The State cannot predict the number of bonds that may be enhanced in this Fiscal Year or in future Fiscal Years.

The Utah Charter School Finance Authority is limited under State law as to the total number of bonds it can issue as State Moral Obligation Bonds. As of January 1, 2017, the Utah Charter School Finance Authority may not issue State Moral Obligation Bonds if total outstanding principal exceeds approximately $457.8 million. Based on the principal amount of outstanding bonds, as of the date of this OFFICIAL STATEMENT, the Utah Charter School Finance Authority has available approximately $174 million of bonds that could be issued as State Moral Obligation Bonds. (Source: Municipal Advisor). For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016—Notes to the Financial Statements, Note 10. Long–Term Liabilities–D. Conduit Debt Obligations" (CAFR page 117) and "–Note 15. Litigation, Contingencies, and Commitments–B. Contingencies–The Charter School Credit Enhancement Program" (CAFR page 125).

***As of the date of this OFFICIAL STATEMENT, the Governor has not received any default certification with respect to the State Moral Obligation Bonds from any of these agencies.***

*Additional information*. Also, see in this section "Revenue Bonds And Notes" above.

**State Building Ownership Authority**

The Authority is empowered, among other things, to issue its bonds (with the prior approval of the Legislature) to finance the acquisition and construction of facilities to be leased to State agencies and their affiliated entities from rentals paid out of budget appropriations or other available funds for the lessee agencies, which in the aggregate will be sufficient to pay the principal of and interest on the Authority's bonds and to maintain, o21perate and insure the facilities. The Authority is comprised of three members: the Governor or designee, the State Treasurer and the Chair of the State Building Board. The State Building Ownership Authority Act (Title 63B, Chapter 1, Part 3, Utah Code (the "Building Ownership Act")) directs DFCM to construct and maintain any facilities acquired or constructed for the Authority.

*No Defaulted Authority Bonds or Failures by State to Renew Lease.* As of the date of this OFFICIAL STATEMENT, the Authority has $292.6 million principal amount outstanding of lease revenue bonds and has never failed to pay, when due, the principal of and interest on its bonded indebtedness and other payment obligations related thereto. As of the date of this OFFICIAL STATEMENT, the State has never failed to renew an annually renewable lease with the Authority.

*Additional Information*. For financial information regarding outstanding lease revenue bonds, statutory debt limits, lease revenue bonds debt service payments due in each Fiscal Year, payable by the Authority, see "APPENDIX B—ADDITIONAL DEBT AND FINANICAL INFORMATION REGARDING THE STATE BUILDING OWNERSHIP AUTHORITY."

**No Defaulted Bonds**

The State has never failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligations related thereto.

## FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

**Budgetary Procedures**

*Budgetary Procedures Act*. The Budgetary Procedures Act, Title 63J, Chapter 1, Utah Code (the "Budget Act") establishes the process whereby the Governor's budget is prepared and prescribes the information to be included.

The Governor is required to submit a budget to the Legislature each year, including a plan of proposed changes to appropriations and estimated revenue for the next fiscal year.

The total appropriations requested for expenditures authorized by the budget must not exceed the estimated revenue from taxes, fees and all other sources for the next fiscal year.

The Budget Act applies to all moneys appropriated by the Legislature. No appropriation or any surplus of any appropriation may be diverted from the department, agency, institution or division for which it was appropriated. Appropriated moneys generally may not be transferred from one item of appropriation to any other item of appropriation without legislative approval.

*Unexpended Balances*. Except for certain funds detailed in the Budget Act or funds that may be exempted by the annual appropriations act, the Director of the Division of Finance must, at the end of each fiscal year, close out all balances to the proper fund or account.

*Budgetary Controls*. The Director of the Division of Finance is required to exercise accounting control over all State departments, institutions and agencies other than the Legislature and legislative committees. The Director of the Division of Finance must require the head of each department to submit, not later than May 15, a budget (work program) for the next fiscal year that does not exceed legislative appropriations or other estimated funding.

**State Funds And Accounting**

The Division of Finance maintains its accounting records in accordance with State law and in accordance with generally accepted accounting principles ("GAAP").

Funds are accounted for and reported in the following categories: governmental funds; proprietary funds; and fiduciary funds. Governmental funds include the General Fund, special revenue funds, capital projects funds, debt service funds, and permanent funds. Proprietary funds include enterprise and internal service funds. Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds.

Fund reporting in the financial statements for governmental funds focuses on major funds as defined by GAAP and promulgated by the Governmental Accounting Standards Board. The State reports the following major governmental funds: the General Fund, the Education Fund, the Transportation Fund and the Transportation Investment Fund.

The State's nonmajor governmental funds include other special revenue funds, capital projects funds, and debt service funds. The nonmajor special revenue funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. Examples include tobacco settlement moneys, environmental activities, crime victim reparations and rural development programs.

For further information on State funds and accounting, including a description of each of the major governmental funds, see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016—Notes to the Financial Statements—Note 1. Summary of Significant Accounting Policies" (CAFR page 65).

**State Tax System**

The State's tax revenues are derived primarily from sales and use taxes, individual income taxes, motor fuel taxes, corporate franchise (business income) taxes, and numerous smaller sources, including excise taxes on insurance premiums, beer, cigarettes and tobacco, severance taxes, investment income, state liquor store profits, and numerous court and business regulation fees. These fees and taxes are regulated by the Legislature.

In addition to the State's tax system, counties, cities and towns have authority to levy and collect sales and use taxes and property taxes. School districts, some special service areas, and some local districts have the authority to levy and collect property taxes.

*Individual Income Taxes*. The State is one of 43 states that impose an individual income tax. The State's current single rate income tax system was fully implemented in the 2008 tax year. Under the system, all taxpayers' income is subject to a single rate of 5% of federal adjusted gross income. A tax credit based on federal deductions and federal personal exemptions is available, but phases out depending upon the taxpayer's income and filing status.

For additional information regarding certain Fiscal Years income tax revenues see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016–Statistical Section–Schedule B–1, Revenue Base" (CAFR page 248); "–Schedule B–3, Revenue Payers–Personal Income Tax" (CAFR page 251) and "–Schedule B–4, Personal Income Tax Rates" (CAFR page 252).

*Corporate Income Tax*. A multi–state company's tax liability is determined by apportionment of federal taxable income by its payroll, property and sales values in the State compared to elsewhere. There are various types of apportionment that corporations are either legally bound to, or may choose, depending on industry type. Currently, the State imposes a tax on corporate net taxable income apportioned to the State at a rate of 5%, subject to exceptions and credits with a minimum tax of $100.

*Sales and Use Tax*. In general, State sales taxes are imposed based on retail sales or use of tangible personal property, admissions, meals, utility services, general services on tangible personal property, hotel and motel accommodations, and certain other items. Use tax also applies to goods shipped to the State for use, storage, or other consumption, goods purchased outside of the State for use, storage, or other consumption in the State, and services subject to tax but performed outside the State for use, storage, or other consumption in the State. The State sales and use tax ("sales tax") rate on unprepared food items is 1.75%, residential fuels rate is 2% and the general sales tax rate is 4.70%.

The State requires its largest sales taxpayers (with annual liabilities of more than $50,000) to pay monthly. All others remit the sales tax collected on a quarterly or annual basis. Monthly sales taxpayers receive a 1.3% discount on State and local sales taxes collected. This requirement has served to reduce the volatility of the State's cash flows, with over 90% of sales and use taxes now remitted monthly.

For additional information regarding sales tax information for Calendar Years 2006 through 2015 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016–Statistical Section–Schedule B–1, Revenue Base" (CAFR page 248) and "–Schedule B–2, Revenue Payers by Industry–Taxable Sales, Services and Use Tax Purchases" (CAFR page 250) and "APPENDIX C—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE STATE OF UTAH–Taxable Sales" (page C–9).

*Additional Taxes and Fees*. The State collects several additional significant taxes and fees, including, but not limited to: an unemployment compensation tax (which is used to finance benefits paid to unemployed workers); a workers' compensation insurance premium tax (which is used to pay workers' compensation benefits); and various highway users' taxes (which are used for highway and road related purposes). Other taxes and fees collected by the State include excise taxes on insurance premiums, severance taxes, a cigarette and tobacco tax, an environmental surcharge, a waste tire fee, and fish and game license fees. Other State revenue sources include profits from state liquor stores, license fees and other fees collected by colleges, universities and State departments.

For additional information regarding tax collection results and forecasts for Fiscal Years 2017 and 2018 tax collections, see "State Revenues And Collections" below.

**Property Tax Matters**

*Ad Valorem Levy*. Though authorized to do so under Part 9 of the Property Tax Act (defined below), the State does not presently levy ad valorem property taxes and has not done so since 1974. *However, if the State does not have sufficient moneys available to pay principal of and interest on its general obligation bonds from sources other than ad valorem taxes, the ad valorem property taxes would no longer be abated and the State Tax Commission would be required to collect ad valorem property taxes on all taxable property in the State to cover the shortfall.*

To the extent not abated, the ad valorem property tax must be assessed within the time frame required by law. The State Tax Commission must assess all centrally–assessed property ("centrally–assessed property") by May 1 of each year. County assessors must assess all other taxable property ("locally–assessed property") before May 22 of each year. The State Tax Commission apportions the value of centrally–assessed property to various taxing entities within each county and reports such values to county auditors before June 8.

On or before July 22 of each year, the county auditors must mail to all owners of real estate shown on their assessment rolls notice of, among other things, the value of the property, itemized tax information for all taxing entities and the date their respective county boards of equalization will meet to hear complaints. Taxpayers owning property assessed by a county assessor may file an application within statutorily defined time limits based on the nature of the contest with the appropriate county board of equalization for contesting the assessed valuation of their property. The county board of equalization must render a decision on each appeal in the time frame prescribed by the Property Tax Act. Under certain circumstances, the county board of equalization must hold a hearing regarding the application, at which the taxpayer has the burden of proving that the property sustained a decrease in fair market value. Decisions of the county board of equalization may be appealed to the State Tax Commission, which must decide all appeals relating to real property by March 1 of the following year. Owners of centrally–assessed property or any county with a showing of reasonable cause, may, on or before the later of June 1 or a day within 30 days of the date the notice of assessment is mailed by the State Tax Commission, apply to the State Tax Commission for a hearing to appeal the assessment of centrally–assessed property. The State Tax Commission must render a written decision within 120 days after the hearing is completed and all post–hearing briefs are submitted. The county auditor makes a record of all changes, corrections and orders, and delivers before November 1 the corrected assessment rolls to the county treasurers. By November 1, each county treasurer furnishes each taxpayer a notice containing the kind and value of the property assessed to the taxpayer, the street address of the property, where applicable, the amount of the tax levied on the property, and the date and year the property is subject to a detailed review.

Taxes are due November 30 (or if November 30 is a Saturday, Sunday or holiday, the next business day). Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no prior claims to such taxes. As taxes are collected, each county treasurer must pay to the State, if applicable, and each taxing entity within the county its proportionate share of the taxes, on or before the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or $10 whichever is greater. Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Market Committee plus 6%, from the January 1 following the delinquency date until paid (provided that said interest may not be less than 7% or more than 10%). If delinquent taxes have not been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

*Property Tax Act*. The State Constitution and Title 59, Chapter 2, Utah Code (the "Property Tax Act") provide that all taxable property is assessed and taxed at a uniform and equal rate based on 100% of its "fair market value" as of January 1 of each year, unless otherwise authorized by the Constitution and provided by law. Section 3(2)(a)(iv) of Article XIII of the State Constitution provides that the Legislature may exempt from property tax up to 45% of the "fair market value" of residential property. The Legislature has enacted legislation that reduces the "fair market value" of primary residential property by 45%. No more than one acre of land per residential unit may qualify for the residential exemption. The residential exemption is limited to one acre of land per residential unit or to one primary residence per household, except that an owner of multiple residential properties may exempt his or her primary residence and each residential property that is the primary residence of a tenant.

The following table reflects the effect of the current 45% reduction from Fair Market Value for assessment of ad valorem property tax. The table on the following page also shows the Centrally–Assessed Property compared with the Locally–Assessed Property.

**Taxable Value Compared with Fair Market Value of All Taxable Property in the State**

| Tax Year/ Fiscal Year | Taxable Value (2) | % Change Over Prior Year | Fair Market Value (3) | % Change Over Prior Year |
|---|---|---|---|---|
| 2016/2017 (1) | $239,461,000,000 | 7.1% | $335,709,000,000 | 7.7% |
| 2015/2016 | 223,557,499,607 | 6.2 | 311,651,315,372 | 6.6 |
| 2014/2015 | 210,415,507,970 | 7.3 | 292,490,917,013 | 7.8 |
| 2013/2014 | 196,058,968,791 | 3.0 | 271,337,328,737 | 3.6 |
| 2012/2013 | 190,273,603,344 | 0.0 | 261,933,703,652 | (0.6) |
| 2011/2012 | 190,265,130,481 | (1.9) | 263,595,478,779 | (2.2) |
| 2010/2011 | 193,934,125,410 | (3.2) | 269,496,519,718 | (3.6) |

(1) Preliminary; subject to change. (Source: Municipal Advisor.)
(2) Includes all state–wide redevelopment agencies' valuations. **Does not include Uniform Fees (as defined below) or semi–conductor manufacturing equipment**.
(3) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act. See "Property Tax Matters" above.

(Source: Property Tax Division, State Tax Commission.)

*Uniform Fees.* An annual statewide uniform fee is levied on certain tangible personal property in lieu of the ad valorem tax. Subject to certain exemptions, the current uniform fee on motor vehicles that weigh 12,001 pounds or more, recreational vehicles and all other tangible personal property required to be registered with the State is equal up to 1.5% of the market value. Motor vehicles weighing 12,000 pounds or less are subject to an "age based" fee that is due each time the vehicle is registered. Such fees range from $5 to $150. Various other fees are levied against other types of tangible personal property. The revenues collected from the various uniform fees are distributed by the county of each taxing entity in which the property is located, in the same proportion in which revenue collected from ad valorem real property tax is distributed.

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## Historical Summaries Of Taxable Values Of Property

| | Calendar Year | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2015 | | 2014 | | 2013 | | 2012 | | 2011 | | 2010 | |
| *Set by State Tax Commission* | Taxable Value | % of Total | Taxable Value | % of Total | Taxable Value | % of Total | Taxable Value | % of Total | Taxable Value | % of Total | Taxable Value | % of Total |
| *(Centrally Assessed)* | | | | | | | | | | | | |
| Natural resources……………. | $ 10,943,564,686 | 4.9 % | $ 11,342,807,060 | 5.4 % | $ 9,530,894,709 | 4.9 % | $ 11,214,463,533 | 5.9 % | $ 10,349,540,590 | 5.4 % | $ 10,141,168,789 | 5.2 % |
| Utilities………………………. | 15,075,139,522 | 6.7 | 13,667,974,990 | 6.5 | 13,477,218,994 | 6.9 | 12,936,543,091 | 6.8 | 12,143,461,674 | 6.4 | 10,905,488,943 | 5.6 |
| Total centrally assessed….. | 26,018,704,208 | 11.6 | 25,010,782,050 | 11.9 | 23,008,113,703 | 11.7 | 24,151,006,624 | 12.7 | 22,493,002,264 | 11.8 | 21,046,657,732 | 10.9 |
| *Set by County Assessor* | | | | | | | | | | | | |
| *(Locally Assessed)* | | | | | | | | | | | | |
| Real property: | | | | | | | | | | | | |
| Primary residential………….. | 107,670,219,268 | 48.2 | 100,314,388,830 | 47.7 | 92,006,884,378 | 46.9 | 87,584,567,043 | 46.0 | 89,446,387,259 | 47.0 | 92,165,056,015 | 47.5 |
| Commercial………………….. | 48,143,727,484 | 21.5 | 45,291,255,407 | 21.5 | 42,975,313,373 | 21.9 | 41,574,146,644 | 21.8 | 41,718,828,161 | 21.9 | 42,111,973,936 | 21.7 |
| Other real……………………. | 28,043,655,987 | 12.5 | 26,429,412,387 | 12.6 | 25,318,610,223 | 12.9 | 25,045,391,537 | 13.2 | 25,072,242,041 | 13.2 | 26,774,244,279 | 13.8 |
| Total real property………. | 183,857,602,739 | 82.2 | 172,035,056,624 | 81.8 | 160,300,807,974 | 81.8 | 154,204,105,224 | 81.0 | 156,237,457,461 | 82.1 | 161,051,274,230 | 83.0 |
| Personal property: | | | | | | | | | | | | |
| Total personal property……… | 13,681,192,660 | 6.1 | 13,369,669,296 | 6.4 | 12,750,047,114 | 6.5 | 11,918,491,496 | 6.3 | 11,534,670,756 | 6.1 | 11,836,193,448 | 6.1 |
| Total locally assessed……. | 197,538,795,399 | 88.4 | 185,404,725,920 | 88.1 | 173,050,855,088 | 88.3 | 166,122,596,720 | 87.3 | 167,772,128,217 | 88.2 | 172,887,467,678 | 89.1 |
| Total taxable value………. | $223,557,499,607 | 100.0 % | $210,415,507,970 | 100.0 % | $196,058,968,791 | 100.0 % | $190,273,603,344 | 100.0 % | $190,265,130,481 | 100.0 % | $193,934,125,410 | 100.0 % |

(Source: Property Tax Division, State Tax Commission (rounding errors may be present in percentage calculations).)

**Budget Reserve Accounts (General Fund; Education Fund; Medicaid Growth Reduction and Budget Stabilization Account)**

The State maintains a General Fund Budget Reserve Account and an Education Fund Budget Reserve Account. State law requires that 25% of any General Fund revenue surplus be deposited in the General Fund Budget Reserve Account, but not to exceed 9% of the General Fund appropriations for the Fiscal Year, and 25% of any Education Fund revenue surplus be deposited in the Education Fund Budget Reserve Account not to exceed 11% of the Education Fund appropriations for the Fiscal Year, in each case up to the statutory automatic transfer limit. Unless such reserve funds are drawn upon for their respective purposes, annual mandatory surplus transfers will be limited to the lesser of 25% of the applicable surplus or the amount necessary to reach the statutory limit of 9% for the General Fund and 11% for the Education Fund. Subject to the automatic transfer limits specified above, an additional 25% of a revenue surplus may be allocated if funds have been drawn upon and not repaid.

The State is implementing reforms in the Medicaid program to bring Medicaid growth more in line with overall State revenue growth. If at the end of a Fiscal Year there is a General Fund revenue surplus and Medicaid growth is below specified levels, State law requires a portion of any General Fund revenue surplus be transferred from the General Fund to the Medicaid Growth Reduction and Budget Stabilization Account. This transfer is before, and consequently reducing, the annual mandatory surplus transfer to the General Fund Budget Reserve Account. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Federal Funding–Medicaid Funding in the State" below.

As of the close of Fiscal Year 2016, and after mandatory year end surplus transfers, the balance in the General Fund Budget Reserve Account was $143.6 million; the balance in the Education Fund Budget Reserve Account was $349.5 million; and the balance in the Medicaid Growth Reduction and Budget Stabilization Account was $25.9 million.

**State Revenues And Collections**

The State receives revenues from three principal sources: taxes, including sales and use, individual income, business, motor and special fuel, and other miscellaneous taxes; federal grants–in–aid; and miscellaneous charges and receipts, including licenses, permits and fees, profits from state liquor stores, the State's share of mineral royalties, bonuses on federal land, and other miscellaneous revenues.

*Fiscal Year 2016 Tax Collections*. Fiscal Year 2016 ended with combined General Fund and Education Fund (collectively, "GF/EF") revenue collections coming in at $5.99 billion, $11.8 million above the Fiscal Year 2016 forecast of $5.98 billion. Additional adjustments brought the total year end surplus to $18.66 million before budget reserve account deposits. Of this year–end, surplus amount, $7.2 million came from General Fund collections offset by a $2.2 million shortfall from Education Fund collections below projections. After the $2.4 million transfer to the General Fund Budget Reserve Account, the $8.8 million transfer from the General Fund to the Medicaid Growth Stabilization account, and the $2.4 million transfer to the Wildland Fire Suppression Fund, about $5 million remained available for appropriation during the 2017 Legislative Session.

*Fiscal Years 2017 and 2018 Projections*. The most recent consensus revenue forecast for GF/EF revenues was made and released in February 2017, and adjusted for enacted bills in May 2017. Fiscal Year 2017 GF/EF unrestricted revenue is forecast to increase $280.4 million above Fiscal Year 2016 collections of $5.99 billion, and to increase an additional $355.3 million in Fiscal Year 2018 to $6.626 billion. These estimates come from projected strong growth in the individual income tax collections ($3.37 billion in Fiscal Year 2016; projected $3.586 billion in Fiscal Year 2017; and projected $3.804 billion in Fiscal Year 2018), and corporate income tax ($338 million in Fiscal Year 2016; projected $326 million in Fiscal Year 2017; and projected $344 million in Fiscal Year 2018), as well as growth in the portion of sales and use tax deposited to the General Fund ($1.779 billion in Fiscal Year 2016; projected $1.851 billion in Fiscal Year 2017; and projected $1.944 billion in Fiscal Year 2018), offset some-what by anticipated reductions in oil and gas severance tax collections ($21 million in Fiscal Year 2016; projected $4.7 million in Fiscal Year 2017; and projected $17 million in Fiscal Year 2018).

The slight projected decline in forecasted corporate income tax collections is attributable to a combination of the volatile nature of the tax, changes in apportionment methodology for certain industries, and challenges in precisely forecasting corporate income. Changes in severance tax collections deposited to the General Fund in recent years relate both to economic changes such as the recent large decline in oil prices and corresponding changes in production levels, as well as to policy changes such as allocating a sizable portion of severance tax to the Permanent State Fund and the fiscal impact of Senate Bill 17, passed during the 2016 Legislative Session, which alters the methodology for calculating the oil and gas severance tax and which allowed for prior–year refunds back to 2009.

These estimates include the effect of policy changes made in recent years that increase earmarks of certain sales tax revenues, primarily to transportation, which restrains the growth in free revenue. Total sales tax earmarks grew from $189 million in Fiscal Year 2011, to $332 million in Fiscal Year 2012, to $422 million in Fiscal Year 2013, to $452 million in Fiscal Year 2014, to $496 million in Fiscal Year 2015, and $543 million in Fiscal Year 2016. The large increases in recent years are largely due to a new earmark designating 30% of the growth in sales tax revenue, up to a specified cap, became effective. Sales tax earmarks in Fiscal Year 2017 and Fiscal Year 2018 are expected to total $582 million and $625 million, respectively.

*State Economy*. The State's economy remains healthy with the highest annual population growth in the nation of 2.0%, exceeding 3 million residents in 2016, with over 40% of that growth attributable to a net in–migration of approximately 24,000. The State's economy has also experienced broad–based economic growth in major industrial sectors in 2016, including commercial construction (whose value reached $2.5 billion); leisure and hospitality (which added an additional 8,200 jobs); and professional business services (whose employment increased 10,600 jobs). These sectors have contributed to the State's strong job growth of 3.3% ranking the State 1st in the nation (as of April 2017). Steady economic growth is projected to continue over the next two years with positive economic indicators that outpace the nation. An internal factor that may pose a risk to the rate of economic growth is the availability of a highly educated and skilled workforce. Potential negative external factors include federal trade policy changes, normalization of monetary policy, and geopolitical instability.

*Legislation Impacting Tax Collections*. In the 2016 Legislative Session, the Legislature passed several bills expected to impact revenue estimates. Senate Bill 80, Infrastructure Funding Amendments, shifts 20% of an existing 1/16% sales tax earmark from transportation to the Water Infrastructure Restricted Account beginning in Fiscal Year 2018. Other portions of the earmarks were eliminated leaving an additional $8.9 million in the General Fund in Fiscal Year 2017. House Bill 61, Corporate Franchise and Income Tax Changes, addresses how business income is apportioned, with an estimated decrease in revenue to the Education Fund of $2.6 million in Fiscal Year 2017 and by $2.8 million annually thereafter. Senate Bill 17, Revenue and Taxation Amendments, changed the formula used to calculate the oil and gas severance tax which was originally estimated to result in General Fund losses of $5.6 million in Fiscal Year 2016, $1.2 million in Fiscal Year 2017, and $500,000 annually thereafter. However, it appears that much of the initial revenue loss did not occur until Fiscal Year 2017, later than originally estimated.

In the 2017 Legislative Session, the Legislature passed various bills that will impact state revenues. Senate Bill 197, "Refinery Sales and Use Tax Amendments", which provides tax exemptions for certain refinery purchases, may decrease sales tax revenue by $855,500 in Fiscal Year 2018 and $2,135,100 in Fiscal Year 2019. Senate Bill 267, "Utah Rural Jobs Act" authorizes state nonrefundable rural job creation tax credit which may forgo revenue to the Education Fund by $6.1 million annually from Fiscal Year 2022 to Fiscal Year 2025. Senate Bill 276, "Transportation Funding Modifications", adjusts the calculation of the fuel tax rate and phases out transportation earmarks which may increase revenue by $4.2 million in Fiscal Year 2019, $9.5 million in Fiscal Year 2020, and return $5.1 million to the General Fund in Fiscal Year 2020. House Bill 405, "Hydrogen Fuel Production Incentives", provides a credit against severance tax owed on natural gas if the taxpayer owns or operates a plant that converts natural gas to hydrogen fuel for zero–emission vehicles, and is expected to decrease General Fund revenues by $3.4 million ongoing, beginning Fiscal Year 2019. House Bill 23, “Income Tax Credit Modifications”, phases out the individual income tax credit for residential renewable solar energy systems, and is expected to increase Education Fund revenues by $2.1 million beginning Fiscal Year 2019. Senate Bill 132, “Tax Provision Amendments” qualifies vehicle manufacturers to be sales factor weighted taxpayers, and offers a tax exemption which may forgo potential sales tax revenue of $10 million and potential corporate income tax revenue of $1.0 million beginning in Fiscal Year 2020.

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## Fiscal Year Revenue Collections

| | Nominal Revenue ($ in Millions) | | | | | | | % Change | % Change | % Change | % Change | % Change | % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue Source | 2018 (f) | 2017 (r) | 2016 | 2015 | 2014 | 2013 | 2012 | 2017–18 | 2016–17 | 2015–16 | 2014–15 | 2013–14 | 2012–13 |
| Sales and use tax…… | $ 1,944.4 | $ 1,851.2 | $ 1,778.5 | $ 1,715.0 | $ 1,655.8 | $ 1,615.9 | $ 1,582.5 | 5.0 | 4.1 | 3.7 | 3.6 | 2.5 | 2.1 |
| Earmarked sales and use tax…… | 624.7 | 581.5 | 543.1 | 495.8 | 451.6 | 422.1 | 332.1 | 7.4 | 7.1 | 9.5 | 9.8 | 7.0 | 27.1 |
| Total sales and use tax…… | 2,569.1 | 2,432.7 | 2,321.6 | 2,210.8 | 2,107.4 | 2,038.0 | 1,914.6 | 5.6 | 4.8 | 5.0 | 4.9 | 3.4 | 6.4 |
| Cable/satellite excise tax…… | 31.8 | 31.0 | 28.6 | 28.4 | 26.0 | 26.9 | 28.7 | 2.6 | 8.4 | 0.7 | 9.2 | (3.3) | (6.3) |
| Liquor profits…… | 118.8 | 112.5 | 104.0 | 95.4 | 87.8 | 81.4 | 70.8 | 5.6 | 8.2 | 9.0 | 8.7 | 7.9 | 15.0 |
| Insurance premiums…… | 116.2 | 113.0 | 111.7 | 92.4 | 91.2 | 89.6 | 84.4 | 2.8 | 1.2 | 20.9 | 1.3 | 1.8 | 6.2 |
| Beer, cigarette and tobacco…… | 116.6 | 115.9 | 118.3 | 115.9 | 113.1 | 120.9 | 125.4 | 0.6 | (2.0) | 2.1 | 2.5 | (6.5) | (3.6) |
| Oil and gas severance tax…… | 17.4 | 4.7 | 20.8 | 69.7 | 89.2 | 53.2 | 65.5 | 270.2 | (77.4) | (70.2) | (21.9) | 67.7 | (18.8) |
| Metal severance tax…… | 6.6 | 5.8 | 7.0 | 16.3 | 15.9 | 16.9 | 25.4 | 13.8 | (17.1) | (57.1) | 2.5 | (5.9) | (33.5) |
| Investment income…… | 11.2 | 9.6 | 7.9 | 6.6 | 5.0 | 6.0 | 5.6 | 16.7 | 21.5 | 19.7 | 32.0 | (16.7) | 7.1 |
| General Fund (other)…… | 78.7 | 81.1 | 69.8 | 90.9 | 81.8 | 80.4 | 95.9 | (3.0) | 16.2 | (23.2) | 11.1 | 1.7 | (16.2) |
| Property and energy credit…… | (6.1) | (6.0) | (5.9) | (5.4) | (6.0) | (6.3) | (6.8) | 1.8 | 1.7 | 9.3 | (10.0) | (4.8) | (7.4) |
| Total General Fund…… | 2,435.6 | 2,318.8 | 2,240.7 | 2,225.2 | 2,159.8 | 2,084.9 | 2,077.4 | 5.0 | 3.5 | 0.7 | 3.0 | 3.6 | 0.4 |
| Total General Fund and earmarks…… | 3,060.3 | 2,900.3 | 2,783.8 | 2,721.0 | 2,611.4 | 2,507.0 | 2,409.5 | 5.5 | 4.2 | 2.3 | 4.2 | 4.2 | 4.0 |
| Individual income tax…… | 3,804.8 | 3,586.3 | 3,370.3 | 3,157.7 | 2,889.8 | 2,852.0 | 2,459.4 | 6.1 | 6.4 | 6.7 | 9.3 | 1.3 | 16.0 |
| Withholding…… | 3,141.0 | 2,963.0 | 2,769.1 | 2,569.5 | 2,404.8 | 2,313.7 | 2,151.8 | 6.0 | 7.0 | 7.8 | 6.8 | 3.9 | 7.5 |
| Final payments…… | 1,160.0 | 1,091.0 | 1,037.9 | 991.1 | 882.2 | 922.0 | 689.0 | 6.3 | 5.1 | 4.7 | 12.3 | (4.3) | 33.8 |
| Refunds…… | (495.0) | (467.0) | (436.6) | (402.9) | (397.3) | (383.7) | (381.4) | 6.0 | 7.0 | 8.4 | 1.4 | 3.5 | 0.6 |
| Corporate taxes…… | 343.8 | 326.2 | 338.3 | 373.9 | 313.6 | 338.2 | 268.9 | 5.4 | (3.6) | (9.5) | 19.2 | (7.3) | 25.8 |
| Mineral production withholding…… | 15.2 | 13.7 | 15.6 | 27.1 | 32.4 | 26.1 | 28.3 | 10.9 | (12.2) | (42.4) | (16.4) | 24.1 | (7.8) |
| Education Fund (other)…… | 25.5 | 25.1 | 25.4 | 21.5 | 23.2 | 27.8 | 25.2 | 1.6 | (1.2) | 18.1 | (7.3) | (16.5) | 10.3 |
| Total Education Fund…… | 4,190.5 | 3,952.0 | 3,749.7 | 3,580.2 | 3,258.9 | 3,244.1 | 2,781.8 | 6.0 | 5.4 | 4.7 | 9.9 | 0.5 | 16.6 |
| Total General Fund and Education Fund… | 6,626.1 | 6,270.8 | 5,990.4 | 5,805.4 | 5,418.7 | 5,329.0 | 4,859.2 | 5.7 | 4.7 | 3.2 | 7.1 | 1.7 | 9.7 |
| Total General Fund and Education Fund… and earmarks…… | 7,250.8 | 6,852.3 | 6,533.5 | 6,301.2 | 5,870.3 | 5,751.1 | 5,191.3 | 5.8 | 4.9 | 3.7 | 7.3 | 2.1 | 10.8 |
| Motor fuel tax…… | 360.0 | 352.7 | 305.2 | 261.7 | 256.8 | 256.9 | 253.0 | 2.1 | 15.6 | 16.6 | 1.9 | (0.0) | 1.5 |
| Special fuel tax…… | 131.0 | 129.5 | 115.5 | 100.1 | 101.7 | 101.4 | 104.1 | 1.2 | 12.1 | 15.4 | (1.6) | 0.3 | (2.6) |
| Other…… | 93.0 | 91.0 | 89.7 | 85.1 | 82.0 | 81.1 | 79.2 | 2.2 | 1.4 | 5.4 | 3.8 | 1.1 | 2.4 |
| Total Transportation Fund…… | 584.0 | 573.2 | 510.4 | 446.9 | 440.5 | 439.4 | 436.3 | 1.9 | 12.3 | 14.2 | 1.5 | 0.3 | 0.7 |
| Mineral lease payments…… | 77.2 | 69.1 | 71.4 | 141.7 | 167.6 | 136.9 | 194.0 | 11.7 | (3.3) | (49.6) | (15.5) | 22.4 | (29.4) |
| Totals…… | 7,287.3 | 6,913.1 | 6,572.2 | 6,394.0 | 6,026.8 | 5,905.3 | 5,489.5 | 5.4 | 5.2 | 2.8 | 6.1 | 2.1 | 7.6 |
| Totals and earmarks…… | $ 7,912.0 | $ 7,494.6 | $ 7,115.3 | $ 6,889.8 | $ 6,478.4 | $ 6,327.4 | $ 5,821.6 | 5.6 | 5.3 | 3.3 | 6.4 | 2.4 | 8.7 |

(f) forecast; (r) revised
(Sources: Governor's Office of Management and Budget)

Revenues received in the governmental fund types (excluding the Trust Lands permanent fund) are as follows:

| | Fiscal Year ($ in Thousands) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | % (1) | 2015 | % (1) | 2014 | % (1) | 2013 | % (1) | 2012 | % (1) |
| Taxes | $ 6,816,720 | 58% | $ 6,539,886 | 57% | $ 6,151,366 | 56% | $ 6,003,810 | 55% | $ 5,505,992 | 52% |
| Federal contracts and grants | 3,573,699 | 31 | 3,478,563 | 31 | 3,463,045 | 32 | 3,489,515 | 32 | 3,561,512 | 34 |
| All other misc. revenues | 1,335,536 | 11 | 1,417,953 | 12 | 1,367,281 | 12 | 1,328,275 | 13 | 1,420,925 | 14 |
| Total all funds | $11,725,955 | 100% | $11,436,402 | 100% | $10,981,695 | 100% | $10,821,600 | 100% | $10,488,429 | 100% |

(1) Percentage of total Governmental Fund revenue.

(Source: Division of Finance and the Fiscal Year 2016 CAFR.)

*Most government services of the State are paid through one of its major governmental funds. In Fiscal Year 2016, the State's major governmental funds were the General Fund, Education Fund, Transportation Fund, and Transportation Investment Fund.*

*Revenue Summary*. For Fiscal Year 2016, General Fund revenues from all sources totaled approximately $5.7 billion. Of this amount, 48% came from federal contracts and grants; 32% came from sales taxes; 8% came from charges for services and licenses, permits and fees; 6% came from federal mineral leases, investment income and miscellaneous and other revenues; and 6% came from other tax sources.

In the Education Fund for Fiscal Year 2016, revenues from all sources totaled approximately $4.3 billion. Of this amount, 78% came from individual income taxes; 11% came from federal contracts and grants; 8% came from corporate franchise taxes; 2% came from charges for services, licenses, permits and fees, and miscellaneous and other revenues; and 1% came from investment income.

In the Transportation Fund for Fiscal Year 2016, revenues from all sources totaled approximately $976 million. Of this amount, 44% came from motor and special fuel taxes; 31% came from federal contracts and grants; 14% came from charges for services and licenses, permits, and fees; 6% came from other miscellaneous taxes and fees; and 5% came from sales and use taxes.

In the Transportation Investment Fund for Fiscal Year 2016, revenues from all sources totaled approximately $546 million. Of this amount 85% came from sales tax revenue and 15% came from motor vehicle registration fees.

*All Governmental Fund Types; General Fund*. The following tables, which have been prepared by the State's Division of Finance, are based on audited financial information and have not been otherwise independently audited. These financial summaries are not presented in a form that can be easily recognized or extracted from the State's CAFR.

*All Governmental Fund Types is defined as and includes the General Fund; Special Revenue—Education Fund and Transportation Fund; Capital Projects—Transportation Investment Fund; Nonmajor Governmental Funds; and excludes the Permanent—Trust Lands Fund.*

**Revenues by Source**—All Governmental Fund Types (1)

| | Fiscal Year ($ in Thousands) | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Taxes: | | | | | |
| Individual income tax | $ 3,393,087 | $ 3,211,476 | $ 2,916,015 | $ 2,865,195 | $ 2,518,373 |
| Sales and use tax | 2,302,886 | 2,204,389 | 2,121,249 | 2,057,581 | 1,934,035 |
| Motor and special fuel tax | 425,343 | 371,412 | 359,176 | 351,197 | 353,299 |
| Other taxes (2) | 355,229 | 386,066 | 432,178 | 400,111 | 414,744 |
| Corporate tax | 340,175 | 366,543 | 322,748 | 329,726 | 285,541 |
| Total taxes | 6,816,720 | 6,539,886 | 6,151,366 | 6,003,810 | 5,505,992 |
| Other revenues: | | | | | |
| Federal contracts and grants | 3,573,699 | 3,478,563 | 3,463,045 | 3,489,515 | 3,561,512 |
| Charges for services | 598,304 | 619,395 | 607,286 | 602,884 | 555,787 |
| Miscellaneous and other (2) | 388,295 | 384,968 | 327,880 | 305,267 | 393,010 |
| Licenses, permits and fees | 199,748 | 194,648 | 188,653 | 185,976 | 183,630 |
| Federal mineral lease | 69,245 | 138,635 | 158,193 | 138,122 | 183,739 |
| Investment income | 68,680 | 67,687 | 78,061 | 63,322 | 47,469 |
| Intergovernmental | 11,264 | 12,620 | 7,211 | 32,704 | 34,407 |
| Federal aeronautics (3) | – | – | – | – | 22,883 |
| Total other revenues | 4,909,235 | 4,896,516 | 4,830,329 | 4,817,790 | 4,982,437 |
| Total revenues | $11,725,955 | $11,436,402 | $10,981,695 | $10,821,600 | $10,488,429 |

(1) Includes all governmental fund types except Trust Lands.

(2) Liquor sales allocated to the school lunch program was reclassified from Other taxes to Miscellaneous and other revenue beginning in Fiscal Year 2015.

(3) In Fiscal Year 2013, the federal aeronautics program revenues and expenditures were reevaluated and will no longer be reported within the Transportation Fund, but have been reclassified as agency funds.

(Sources: Division of Finance and the Fiscal Year 2016 CAFR.)

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**Expenditures by Function**—All Governmental Fund Types (1)

| Function | Fiscal Year ($ in Thousands) 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| Public education | $ 3,556,897 | $ 3,340,290 | $ 3,202,007 | $ 3,097,161 | $ 2,999,706 |
| Health and environmental quality | 2,622,797 | 2,517,513 | 2,434,410 | 2,254,252 | 2,144,101 |
| Higher education (2) | 915,432 | 875,610 | 781,998 | 735,438 | 721,074 |
| Transportation | 835,111 | 903,700 | 902,788 | 951,277 | 1,087,332 |
| Human/juvenile justice services | 766,186 | 723,663 | 692,277 | 669,091 | 645,418 |
| Employment and family services (3) | 708,184 | 730,972 | 703,441 | 776,262 | 706,181 |
| Capital outlay | 523,937 | 499,705 | 380,930 | 524,582 | 973,206 |
| Debt service | 467,381 | 455,733 | 479,760 | 463,740 | 434,347 |
| General government | 412,204 | 386,059 | 374,134 | 360,759 | 354,486 |
| Corrections | 290,217 | 272,053 | 266,246 | 251,118 | 245,829 |
| Public safety | 263,417 | 266,586 | 271,716 | 255,727 | 239,453 |
| Natural resources | 196,188 | 190,378 | 184,465 | 178,330 | 153,698 |
| Courts | 146,510 | 137,901 | 132,886 | 129,693 | 127,066 |
| Business, labor and agriculture | 111,186 | 101,331 | 105,915 | 99,828 | 99,689 |
| Higher education (State Adm.) | 79,567 | 56,935 | 48,920 | 51,901 | 49,359 |
| Heritage and Arts (2) | 27,826 | 24,041 | 24,231 | 27,344 | 155,575 |
| Total expenditures | $11,923,040 | $11,482,470 | $10,986,124 | $10,826,503 | $11,136,520 |

(1) Includes all governmental fund types except Trust Lands.
(2) Includes colleges and universities.
(3) In Fiscal Year 2013 the Department of Community and Culture was renamed the Department of Heritage and Arts. In addition, the Housing and Community Development Division was moved to the Department of Workforce Services reported in Employment and Family Services. The related expenditures are now reported within that department.

(Sources: Division of Finance and the Fiscal Year 2016 CAFR.)

**Summary of Changes in Fund Balance**

All Governmental Fund Types (1)

| | Fiscal Year ($ in Thousands) 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| Revenues | $11,725,955 | $11,436,402 | $10,981,695 | $10,821,600 | $10,488,429 |
| % change over previous year | 2.5% | 4.1% | 1.5% | 3.2% | 4.9% |
| Expenditures | (11,923,040) | (11,482,470) | (10,986,124) | (10,826,503) | (11,136,520) |
| % change over previous year | 3.8% | 4.5% | 1.5% | (2.8)% | 0.2% |
| Net other financing sources (uses) (2) | 230,093 | 113,117 | 294,868 | 131,148 | 762,532 |
| Special item (3): | | | | | |
| Comp. Health Ins. Pool transfer | – | 16,288 | – | – | – |
| Net change in fund balance | $ 33,008 | $ 83,337 | $ 290,439 | $ 126,245 | $ 114,441 |

(1) Includes all governmental fund types except Trust Lands.
(2) Includes sale of capital assets, bond proceeds, net of any refunding issues, plus financing provided from capital leasing and net fund transfers. In addition, beginning balances are not reflected in this table.
(3) The Federal Health Insurance Pool Fund discontinued operations since enrollees in this temporary insurance program transitioned into the qualified health plans offered through the Utah Federal Facilitated Marketplace.

(Sources: Division of Finance and the Fiscal Year 2016 CAFR.)

**Fund Balances**—All Governmental Fund Types (1)

| Fund | As of June 30 ($ in Thousands) 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|
| General | $ 858,154 | $ 908,002 | $ 866,135 | $ 845,446 | $ 737,305 |
| Special Revenue: | | | | | |
| Education | 848,157 | 1,002,163 | 905,135 | 832,770 | 629,696 |
| Transportation | 272,760 | 211,512 | 248,803 | 229,139 | 221,442 |
| State endowment | 171,369 | 169,067 | 159,509 | 137,250 | 123,539 |
| Rural development | 36,372 | 35,982 | 37,510 | 36,381 | 32,180 |
| Miscellaneous special revenue | 22,959 | 23,070 | 21,664 | 21,425 | 18,906 |
| Environmental reclamation | 17,893 | 19,191 | 20,698 | 22,909 | 25,011 |
| Consumer education | 4,082 | 4,178 | 4,511 | 4,783 | 4,428 |
| Universal telephone | 3,092 | 5,309 | 4,593 | 2,869 | 1,265 |
| Crime victim reparation | 2,953 | 2,735 | 2,379 | 3,038 | 4,736 |
| State capitol | 742 | 1,135 | 2,254 | 1,897 | 2,269 |
| Capital Projects: | | | | | |
| Transportation investment | 482,463 | 569,590 | 631,417 | 459,490 | 624,789 |
| General government | 328,136 | 156,401 | 121,390 | 100,784 | 139,690 |
| State Building Ownership | 85,281 | 1,497 | 1,501 | 1,551 | 10,511 |
| Debt Service: | | | | | |
| General government | 7,854 | 7,672 | 7,293 | 6,685 | 3,834 |
| State Building Ownership | 11,169 | 984 | 359 | 1,744 | 2,315 |
| Total | $3,153,436 | $3,118,488 | $3,035,151 | $2,708,161 | $2,581,916 |

(1) Includes all governmental fund types except Trust Lands. Fund balances as reported above have not been restated for any prior year adjustments.

(Sources: Division of Finance and the Fiscal Year 2016 CAFR.)

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**General Fund—**Revenues, Expenditures and Fund Balances

| | Fiscal Year ($ in Thousands) | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Revenues: | | | | | |
| Federal contracts and grants | $2,753,249 | $2,656,092 | $2,630,161 | $2,532,330 | $2,548,200 |
| Sales and use tax | 1,788,507 | 1,729,509 | 1,661,913 | 1,619,537 | 1,591,614 |
| Charges for services | 469,412 | 452,712 | 438,279 | 434,967 | 394,040 |
| Other taxes | 328,321 | 357,272 | 368,292 | 338,478 | 355,129 |
| Miscellaneous and other | 244,653 | 257,729 | 240,080 | 214,126 | 209,312 |
| Federal mineral lease | 69,245 | 138,635 | 158,193 | 138,122 | 183,739 |
| Licenses, permits and fees | 27,610 | 27,147 | 26,832 | 27,153 | 28,415 |
| Investment income | 8,347 | 7,596 | 8,165 | 6,569 | 8,784 |
| Total revenues | $5,689,344 | $5,626,692 | $5,531,915 | $5,311,282 | $5,319,233 |
| % change over previous year | 1.1% | 1.7% | 4.2% | (0.1)% | 0.3% |
| Expenditures | $6,409,600 | $6,160,589 | $5,915,943 | $5,671,148 | $5,531,916 |
| % change over previous year | 4.0% | 4.1% | 4.3% | 2.5% | 2.7% |
| Fund Balance: (1) | | | | | |
| Committed | $546,782 | $496,758 | $507,380 | $496,795 | $489,487 |
| Assigned | 132,126 | 252,369 | 197,842 | 193,770 | 159,082 |
| Nonspendable: | | | | | |
| Prepaid items | 106,745 | 96,939 | 73,033 | 67,790 | 23,450 |
| Long–term portion of inter-fund loan | 26,747 | 26,996 | 38,832 | 44,360 | 13,357 |
| Inventories | 434 | 662 | 926 | 800 | 662 |
| Restricted | 38,124 | 34,278 | 40,898 | 41,931 | 39,745 |
| Unassigned | 7,196 | – | 7,224 | – | 11,342 |
| Total fund balance | $858,154 | $908,002 | $866,135 | $845,446 | $737,125 |
| % change over previous year | (5.5)% | 4.8% | 2.4% | 14.7% | 5.3% |

(1) The fund balance is derived from revenues, expenditures, transfers and other financing sources which are not presented in this table and from the fund balance from the prior Fiscal Year.

(Sources: Division of Finance and the Fiscal Year 2016 CAFR.)

### Fiscal Year 2017–Budget And Related Appropriations

*Statewide Summary*. As of the March 2016 enacted budget, the State's Fiscal Year 2017 appropriated operating and capital budget was $15.1 billion from all sources. Updates brought the total to $15.4 billion, and supplementals from legislative action brought all operating and capital budgets to $15.6 billion. The Executive Appropriations Committee adopted consensus ongoing Fiscal Year 2017 GF/EF revenue estimates of $6.3 billion, which was adjusted to $6.4 billion from legislative changes including prior year reserves, program savings, and fund transfers.

During the 2016 Legislative Session, the Legislature had at its disposal $400 million in new ongoing GF/EF revenue growth, $150 million in one–time GF/EF sources, and around $88 million in other GF/EF sources. The Legislature approved $17.3 billion in appropriations from all sources for all purposes in Fiscal Year 2017, which includes some double counting of funds.

Coming into the 2016 Legislative Session, the State had a structural budget balance of about $752,000. After certain legislative changes, capital development, and paying down ongoing commitments, the 2016 General and Special Legislative sessions left the State with a roughly $12.8 million structural surplus. The Legislature authorized no new general obligation debt in Fiscal Year 2016, and the State paid down principal of $331.3 million on outstanding general obligation bonds in Fiscal Year 2016, and it will pay down principal of $324.9 million in Fiscal Year 2017.

# State of Utah

## All Appropriations—Fiscal Year 2017 and Fiscal Year 2018

($ in Thousands)

| | Fiscal Year 2017 Estimated | Fiscal Year 2017 Supplemental | Fiscal Year 2017 Revised | % Change | Fiscal Year 2018 Appropriated | % Change |
|---|---|---|---|---|---|---|
| **Sources of Finance** | | | | | | |
| Beginning balance…… | $ 3,234,909 | $ 11,284 | $ 3,246,193 | 0.3 | $ 3,207,982 | (1.2) |
| Federal funds…… | 4,135,457 | 207,154 | 4,342,610 | 5.0 | 4,296,916 | (1.1) |
| Education Fund…… | 4,015,432 | (15,206) | 4,000,226 | (0.4) | 4,180,213 | 4.5 |
| General Fund…… | 2,379,981 | 7,977 | 2,387,958 | 0.3 | 2,467,303 | 3.3 |
| Dedicated credits...…… | 1,899,882 | 1,140 | 1,901,022 | 0.1 | 2,043,032 | 7.5 |
| Other financing sources…… | 1,397,412 | 0 | 1,397,412 | 0.0 | 1,580,204 | 13.1 |
| Capital Project Funds…… | 745,859 | 13 | 745,871 | 0.0 | 863,608 | 15.8 |
| Transfers …… | 1,083,955 | 253 | 1,084,208 | 0.0 | 608,160 | (43.9) |
| Transportation Fund…… | 466,795 | 58,724 | 525,519 | 12.6 | 557,159 | 6.0 |
| Other Trust and Agency Funds …… | 452,753 | 0 | 452,753 | 0.0 | 449,808 | (0.7) |
| General Fund restricted…… | 407,425 | 49,991 | 457,416 | 12.3 | 388,119 | (15.1) |
| Enterprise Funds…… | 174,420 | 0 | 174,420 | 0.0 | 179,513 | 2.9 |
| Education Special Revenue…… | 123,202 | 199 | 123,401 | 0.2 | 148,290 | 20.2 |
| Special revenue…… | 55,302 | 5,378 | 60,680 | 9.7 | 117,809 | 94.1 |
| Federal mineral lease…… | 93,503 | (26,755) | 66,748 | (28.6) | 75,018 | 12.4 |
| Transportation Special Revenue…… | 51,783 | 1 | 51,784 | 0.0 | 53,796 | 3.9 |
| Uniform School Fund…… | 23,000 | 0 | 23,000 | 0.0 | 31,000 | 34.8 |
| Restricted revenue…… | 20,742 | 0 | 20,742 | 0.0 | 11,856 | (42.8) |
| Internal Service Funds…… | 0 | 0 | 0 | 0.0 | 7,758 | 0.0 |
| Pass–through…… | 9,685 | 0 | 9,685 | 0.0 | 6,465 | (166.8) |
| Private Purpose Trust Funds…… | 3,837 | 0 | 3,837 | 0.0 | 4,512 | 17.6 |
| Lapsing balance…… | (6,517) | 0 | (6,517) | 0.0 | 383 | (105.9) |
| Agency Funds…… | 1,000 | 0 | 1,000 | 0.0 | 0 | (100.0) |
| Closing balance…… | (3,040,542) | (39,626) | (3,080,167) | 1.3 | (2,691,366) | (12.9) |
| Total…… | $17,729,274 | $ 260,525 | $17,989,799 | 1.5 | $ 18,574,605 | 3.3 |
| **Appropriation Categories** | | | | | | |
| Operating and capital budgets (1)…… | $15,436,962 | $ 211,202 | $15,648,163 | 1.4 | $ 16,169,882 | 3.3 |
| Capital project funds …… | 1,265,568 | 46683 | 1,312,250 | 3.7 | 1,362,848 | 3.9 |
| Enterprise/loan funds…… | 338,127 | 104 | 338,231 | 0.0 | 341,470 | 1.0 |
| Internal Service Funds…… | 289,690 | 0 | 289,690 | 0.0 | 314,991 | 8.0 |
| Fiduciary funds…… | 227,223 | 142 | 227,365 | 0.1 | 240,069 | 8.7 |
| Transfers to restricted funds/accounts…… | 150,117 | 729 | 150,846 | 0.5 | 131,035 | 5.6 |
| Transfers to unrestricted funds…… | 21,589 | 1,666 | 23,255 | 7.7 | 14,310 | (13.1) |
| Total…… | $17,729,274 | $ 260,525 | $17,989,799 | 1.5 | $ 18,574,605 | 3.3 |

(1) Includes appropriations to expendable funds and accounts.

Note: This schedule shows all appropriations in all acts of the Legislature and therfore includes inter-account transfers, internal payments, loan funds, and other actions that must be eliminated to arrive at a budget total. Bill passed by both houses during the 2017 General Session.

(Source: Office of the Legislative Fiscal Analyst.)

**Fiscal Year 2018—Budget**

*Statewide Summary*. As of the March 2017 enacted budget, the State's Fiscal Year 2018 operating and capital budget is $16.2 billion from all sources and is a 3.3% increase over revised Fiscal Year 2017 estimates of $15.6 billion.

As of February 2017 estimates upon which the enacted budget is based, State economists projected that the State would collect nearly $6.6 billion in discretionary GF/EF revenue in Fiscal Year 2018. To that revenue the Legislature added $57.5 million in resources reserved from the prior year, balancing the State's Fiscal Year 2018 GF/EF budget at $6.7 billion. The 2017 Legislature slightly decreased GF/EF appropriations in Fiscal Year 2017 by $7.0 million.

Based on consensus estimates, the Legislature had $372 million in new ongoing revenue growth (after adjusting for $3 million in economic development incentives) and $13 million in additional one−time collections. The Legislature also appropriated an additional $113 million from various other sources, including program savings and reductions, fund balances, and various account reserves (no impact on budget reserve accounts).

Overall, the Fiscal Year 2018 GF/EF budget increased from $6.4 billion to $6.7 billion—up over 4% from the Fiscal Year 2017 base. Of the new available funds, more than $334 million (67%) in new money was provided for public and higher education including an increase in the value of the Weighted Pupil Unit, enrollment growth, capital improvements, salary and health care increases, performance based funding, and public education teaching supplies.

*Revenue Estimates*. On March 3, 2017, the Legislature's Executive Appropriations Committee adopted consensus ongoing Fiscal Year 2018 GF/EF revenue estimates of $6.6 billion. That is 5.8% more than the revised Fiscal Year 2017 estimate of $6.3 billion. Changes due to legislation passed in the 2017 Legislative Session decrease the Fiscal Year 2018 estimate by around $3.7 million and increased Fiscal Year 2017 by about $2.4 million.

The Legislature identified other one–time sources that were added to revenue growth. From non–lapsing program balances and fund balances, the Legislature returned to GF/EF more than $27 million in Fiscal Year 2017. Changes to the base budget freed up $80 million that the Legislature added to revenue growth across both years. In total, the Legislature had at their disposal $6 billion in Fiscal Year 2018 and $6.4 billion in Fiscal Year 2017.

*Appropriations*. Altogether, the Legislature appropriated $18.6 billion in appropriations from all sources for all purposes in Fiscal Year 2018. Adjusting for account deposits, loan and other enterprise funds, internal service funds, fiduciary funds, and capital projects appropriations, the operating and capital budget for Fiscal Year 2018 is $16.2 billion.

The Legislature appropriated $6.7 billion from GF/EF in Fiscal Year 2018, an increase of 4.2% over the Revised Fiscal Year 2017 budget. Supplemental Fiscal Year 2017 appropriations from GF/EF decreased by $7.2 million due to lower than budgeted growth in Medicaid, salary supplements for newly hired teachers, and Special Session investments.

*Structural Balance*. The Legislature closed the 2017 General Session with a GF/EF technical structural imbalance of about $6 million, with most of the imbalance associated with revenue bills taking effect in later budget years. More than half of the structural imbalance was offset by pre–paying $3.4 million in future GF/EF employee health care costs under H.C.R. 13, Concurrent Resolution for Public Employees' Benefit and Insurance Program. Over $15 million in Fiscal Year 2018 GF/EF revenue remained unappropriated. In addition, $461.8 million of ongoing revenue is appropriated for capital expenditures other than debt service.

*Debt*. The State paid down general obligation principal of $324.9 million in Fiscal Year 2017, and under the current debt schedule it will pay down another $271.5 million in Fiscal Year 2018. The Legislature passed two bills that authorized issuance of new general obligation debt and one bill that authorized issuance of revenue bonds. Senate Bill 277, "Highway General Obligation Bonds Authorization", authorized issuance of up to $1.05 billion in bonds over five years, and House Bill 460, "Capital Development Projects Bonding Amendments", authorized issuance of an additional $100 million in general obligation bonds for the new state prison. Additionally passing was Senate Bill 9, "Revenue Bond and Capital Facilities Amendments", which authorized issuance of up to $229,853,600 in bonds for the construction of liquor stores in Salt Lake County and Davis County, the Medical Education and Discovery/Rehabilitation Hospital at the University of Utah, and the Human Performance Center at Dixie State University, and for expansion of the Guest House at the University of Utah and facilities at Legend Solar Stadium at Dixie State University.

## Financial Summaries

*Generally*. The following table summarizes the State's revenues and expenditures for the past three Fiscal Years.

**Revenues and Expenditures for Fiscal Years 2016, 2015 and 2014** ($ in Thousands)

Analysis of Operations—General Fund, Major Special Revenue Funds and Major Capital Projects Fund

| | Fiscal Year 2016 | | Fiscal Year 2015 | | Fiscal Year 2014 | |
|---|---|---|---|---|---|---|
| | Amounts | % Change From Prior Year | Amounts | % Change From Prior Year | Amounts | % Change From Prior Year |
| Revenues (1): | | | | | | |
| Individual and corporate income taxes | $ 3,733,262 | 4% | $ 3,578,019 | 10% | $ 3,238,763 | 1% |
| Federal contracts and grants | 3,533,991 | 3 | 3,439,835 | 0 | 3,430,766 | 0 |
| Sales and use tax | 2,298,134 | 4 | 2,199,844 | 4 | 2,116,867 | 3 |
| Other revenues (2) | 1,221,046 | (5) | 1,290,233 | 5 | 1,234,380 | 5 |
| Motor/special fuel taxes | 425,343 | 15 | 371,412 | 3 | 359,176 | 2 |
| Other taxes (2) | 344,954 | (8) | 372,978 | (11) | 419,346 | 8 |
| Total | $11,556,730 | 3% | $11,252,321 | 4% | $10,799,298 | 2% |
| Expenditures | $11,140,282 | 4% | $10,722,546 | 4% | $10,277,126 | 2% |

(1) Includes revenues and expenditures for the General Fund, the Major Special Revenue Funds (Education Fund and Transportation Fund) and the Major Capital Projects Fund (Transportation Investment Fund).
(2) Liquor sales allocated for school lunch was reclassified from "Other taxes" to "Other revenues" in Fiscal Years 2016 and 2015.

(Source: Division of Finance and the Fiscal Year 2016 CAFR.)

*Other Summaries*. The following summaries were extracted from the State's audited financial statements for Fiscal Years 2012 through 2016. The summaries have not been audited. The financial information presented in the summaries is presented on a fund statement basis and not on a government–wide statement basis.

Five–year historical summaries have been prepared for the Combined Balance Sheet—All Governmental Fund Types Only; Statement of Revenues, Expenditures and Changes in Fund Balance—General Fund; and Statement of Revenues, Expenditures and Changes in Fund Balance—Major Special Revenue Funds and Major Capital Projects Fund.

The five–year summary of Statement of Revenues, Expenditures and Changes in Fund Balance—Major Special Revenue Funds and Major Capital Projects Fund has been included to show the State's sources of revenue for and expenditures on public education and transportation.

For additional 10–year financial history of various State funds see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016–Statistical Section" at the indicated pages as set forth below.

(i) Schedule A–1, Net Position by Component (CAFR page 238);

(ii) Schedule A–2, Changes in Net Position (CAFR page 240).

(iii) Schedule A–3, Fund Balances–Governmental Funds (CAFR page 244); and

(iv) Schedule A–4, Changes in Fund Balances–Governmental Funds (CAFR page 246).

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# State of Utah

## Combined Balance Sheet—All Governmental Fund Types Only (1)

| | As of June 30 ($ in Thousands) | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Assets: | | | | | |
| Cash and cash equivalents | $ 1,438,297 | $ 1,497,920 | $ 1,411,644 | $ 1,376,735 | $ 1,305,491 |
| Investments | 1,324,789 | 1,235,804 | 1,215,649 | 944,035 | 933,075 |
| Receivables: | | | | | |
| Accrued taxes, net | 1,183,200 | 1,124,075 | 969,870 | 979,456 | 855,641 |
| Accounts, net | 524,997 | 524,122 | 611,057 | 649,422 | 751,799 |
| Capital lease payments, net | 94,665 | 98,480 | 102,110 | 103,620 | 102,540 |
| Notes/mortgages, net | 7,849 | 8,810 | 9,870 | 11,896 | 13,466 |
| Accrued interest | 390 | 74 | 62 | 54 | 56 |
| Prepaid items | 106,745 | 96,939 | 73,033 | 67,790 | 23,450 |
| Due from component units | 79,318 | 76,248 | 36,489 | 59,465 | 45,354 |
| Interfund loans receivable | 54,258 | 48,729 | 61,195 | 59,235 | 47,998 |
| Due from other funds | 46,556 | 35,656 | 36,847 | 33,738 | 29,376 |
| Inventories | 14,424 | 14,267 | 14,944 | 12,780 | 12,245 |
| Total assets | $ 4,875,488 | $ 4,761,124 | $ 4,542,770 | $ 4,298,226 | $ 4,120,491 |
| Liabilities, deferred inflows of resources and fund balances: | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | $ 932,211 | $ 878,928 | $ 821,825 | $ 937,720 | $ 977,816 |
| Unearned revenue (2) | 84,862 | 82,221 | 77,690 | 595,536 | 498,478 |
| Due to other funds | 56,360 | 57,390 | 64,026 | 56,182 | 61,491 |
| Due to component units | 662 | 300 | 40 | 627 | 790 |
| Total liabilities | 1,074,095 | 1,018,839 | 963,581 | 1,590,065 | 1,538,575 |
| Deferred inflows of resources (2): | | | | | |
| Unavailable revenue | 647,957 | 623,797 | 544,038 | – | – |
| Fund balance: | | | | | |
| Committed | 1,305,312 | 1,339,327 | 1,373,166 | 1,189,190 | 1,121,470 |
| Restricted | 1,213,565 | 1,225,396 | 1,201,479 | 1,136,685 | 1,128,775 |
| Assigned | 479,447 | 415,563 | 326,473 | 257,356 | 271,097 |
| Nonspendable: | | | | | |
| Prepaid items | 106,745 | 96,939 | 73,033 | 67,790 | 23,450 |
| Long–term portion of Interfund Loans | 26,747 | 26,996 | 38,832 | 44,360 | 13,537 |
| Inventories | 14,424 | 14,267 | 14,944 | 12,780 | 12,245 |
| Unassigned | 7,196 | – | 7,224 | – | 11,342 |
| Total fund balances | 3,153,436 | 3,118,488 | 3,035,151 | 2,708,161 | 2,581,916 |
| Total liabilities, deferred inflows of resources and fund balances | $ 4,875,488 | $ 4,761,124 | $ 4,542,770 | $ 4,298,226 | $ 4,120,491 |

(1) Includes all governmental fund types except Trust Lands.

(2) Beginning Fiscal Year 2014, certain assets and liabilities have been reclassified as Deferred Outflows or Inflows of Resources per implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities* .

(Source: Division of Finance. Except as otherwise noted, this summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

# State of Utah

## Statement of Revenues, Expenditures and Changes in Fund Balances
## Governmental Fund Type—General Fund

| | Fiscal Year Ended June 30 ($ in Thousands) | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Revenues: | | | | | |
| Taxes: | | | | | |
| Sales and use tax | $ 1,788,507 | $ 1,729,509 | $ 1,661,913 | $ 1,619,537 | $ 1,591,614 |
| Other taxes | 328,321 | 357,272 | 368,292 | 338,478 | 355,129 |
| Total taxes | 2,116,828 | 2,086,781 | 2,030,205 | 1,958,015 | 1,946,743 |
| Other revenues: | | | | | |
| Federal contracts and grants | 2,753,249 | 2,656,092 | 2,630,161 | 2,532,330 | 2,548,200 |
| Charges for services | 469,412 | 452,712 | 438,279 | 434,967 | 394,040 |
| Miscellaneous and other | 244,653 | 257,729 | 240,080 | 214,126 | 209,312 |
| Federal mineral lease | 69,245 | 138,635 | 158,193 | 138,122 | 183,739 |
| Licenses, permits and fees | 27,610 | 27,147 | 26,832 | 27,153 | 28,415 |
| Investment income | 8,347 | 7,596 | 8,165 | 6,569 | 8,784 |
| Total revenues | 5,689,344 | 5,626,692 | 5,531,915 | 5,311,282 | 5,319,233 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Health and environmental quality | 2,617,746 | 2,512,722 | 2,428,911 | 2,248,205 | 2,140,696 |
| Higher education–colleges and universities | 885,482 | 854,181 | 768,602 | 715,904 | 698,676 |
| Human services and juvenile justice services | 759,766 | 717,979 | 687,646 | 665,861 | 641,984 |
| Employment and family services | 700,610 | 718,477 | 693,186 | 775,393 | 705,715 |
| General government | 380,670 | 350,278 | 340,503 | 326,209 | 326,830 |
| Corrections | 285,831 | 269,379 | 263,195 | 248,528 | 241,943 |
| Public safety | 237,631 | 241,189 | 252,226 | 221,534 | 222,087 |
| Natural resources | 194,397 | 188,051 | 180,963 | 177,704 | 152,007 |
| Courts | 143,405 | 137,901 | 132,886 | 129,693 | 127,066 |
| Business, labor, and agriculture | 96,725 | 89,562 | 94,681 | 88,691 | 87,842 |
| Higher education–state administration | 79,567 | 56,935 | 48,920 | 51,901 | 49,359 |
| Heritage and arts (1) | 27,770 | 23,935 | 24,224 | 21,525 | 137,711 |
| Total expenditures | 6,409,600 | 6,160,589 | 5,915,943 | 5,671,148 | 5,531,916 |
| Excess revenues over (under) expenditures | (720,256) | (533,897) | (384,028) | (359,866) | (212,683) |
| Other financing sources (uses): | | | | | |
| Transfers in | 990,793 | 798,333 | 665,976 | 664,735 | 470,328 |
| Transfers out | (326,140) | (238,880) | (291,941) | (196,765) | (220,696) |
| Sale of capital assets | 2,283 | 23 | – | 37 | 10 |
| Total other financing sources (uses) | 666,936 | 559,476 | 374,035 | 468,007 | 249,642 |
| Special item: | | | | | |
| Comprehensive health insurance pool transfer | – | 16,288 | – | – | – |
| Net change in fund balance | (53,320) | 41,867 | (9,993) | 108,141 | 36,959 |
| Beginning fund balance | 908,002 | 866,135 | 845,446 | 737,305 | 700,346 |
| Adjustments to beginning fund balance (2) | 3,472 | – | 30,682 | – | – |
| Beginning fund balance as adjusted | 911,474 | 866,135 | 876,128 | 737,305 | 700,346 |
| Ending fund balance | $ 858,154 | $ 908,002 | $ 866,135 | $ 845,446 | $ 737,305 |

(1) In Fiscal Year 2013, the Department of Community and Culture was renamed to the Department of Heritage and Arts. In addition, the housing division was moved to the Department of Workforce Services reported in Employment and Family Services. The related expenditures are now reported within that department.

(2) During Fiscal Year 206, the Legislature passed legislation which adjusted the beginning fund balance in the General Fund by $3.472 million. During Fiscal Year 2014, in evaluating and refining the process used for measuring and recording revenues and receivables for various tax types, a prior period adjustment was made to increase beginning fund balance in the General Fund by $30.682 million.

(Source: Division of Finance. This summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

# State of Utah

## Statement of Revenues, Expenditures and Changes in Fund Balances
## Governmental Fund Type—Major Special Revenue and Major Capital Projects Funds (1)

| | Fiscal Year Ended June 30 ($ in Thousands) | | | | |
|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Revenues: | | | | | |
| Taxes: | | | | | |
| Individual income tax………………………… | $ 3,393,087 | $ 3,211,476 | $ 2,916,015 | $ 2,865,195 | $ 2,518,373 |
| Sales and use tax (2)………………………… | 509,627 | 470,335 | 454,954 | 433,962 | 338,511 |
| Motor and special fuels tax………………… | 425,343 | 371,412 | 359,176 | 351,197 | 353,299 |
| Corporate tax……………………………… | 340,175 | 366,543 | 322,748 | 329,726 | 285,541 |
| Other taxes (3)……………………………… | 16,633 | 15,706 | 51,054 | 49,247 | 47,592 |
| Total taxes……………………………… | 4,684,865 | 4,435,472 | 4,103,947 | 4,029,327 | 3,543,316 |
| Other revenues: | | | | | |
| Federal contracts and grants………………… | 780,742 | 783,743 | 800,605 | 911,631 | 979,796 |
| Licenses, permits and fees…………………… | 172,138 | 167,501 | 161,821 | 158,823 | 155,215 |
| Miscellaneous and other……………………… | 76,196 | 59,386 | 61,152 | 63,871 | 159,763 |
| Investment income…………………………… | 56,870 | 50,672 | 46,419 | 41,953 | 35,064 |
| Charges for services………………………… | 55,935 | 91,231 | 93,439 | 92,035 | 87,976 |
| Liquor sales allocated for school lunch (3)…. | 40,640 | 37,624 | – | – | – |
| Federal aeronautics (4)……………………… | – | – | – | – | 22,883 |
| Total other revenues……………………… | 1,182,521 | 1,190,157 | 1,163,436 | 1,268,313 | 1,440,697 |
| Total revenues…………………………… | 5,867,386 | 5,625,629 | 5,267,383 | 5,297,640 | 4,984,013 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Public education……………………………… | 3,555,001 | 3,339,724 | 3,201,314 | 3,096,625 | 2,999,350 |
| Transportation (4)…………………………… | 833,944 | 902,329 | 902,110 | 950,708 | 1,086,479 |
| Capital outlay (5)…………………………… | 341,737 | 319,904 | 257,759 | 349,658 | 803,775 |
| Total expenditures………………………… | 4,730,682 | 4,561,957 | 4,361,183 | 4,396,991 | 4,889,604 |
| Excess revenues over (under) expenditures……… | 1,136,704 | 1,063,672 | 906,200 | 900,649 | 94,409 |
| Other financing sources (uses): | | | | | |
| Transfers in…………………………………… | 160,637 | 158,607 | 177,699 | 148,183 | 156,756 |
| Sale of capital assets………………………… | 5,104 | 2,485 | 1,994 | 10,245 | 12,276 |
| General obligation bonds issued……………… | – | – | 226,175 | – | 563,060 |
| Premium on bonds issued……………………… | – | – | 23,825 | – | 83,340 |
| Transfers out…………………………………… | (1,479,884) | (1,226,854) | (1,077,806) | (1,013,605) | (758,158) |
| Total other financing sources (uses)……… | (1,314,143) | (1,065,762) | (648,113) | (855,177) | 57,274 |
| Net changes in fund balances……………………… | (177,439) | (2,090) | 258,087 | 45,472 | 151,683 |
| Beginning fund balance…………………………… | 1,783,265 | 1,785,355 | 1,521,399 | 1,475,927 | 1,324,244 |
| Adjustments to beginning fund balances (6)….. | (2,446) | – | 5,869 | – | – |
| Beginning fund balance as adjusted……………… | 1,780,819 | 1,785,355 | 1,527,268 | 1,475,927 | 1,324,244 |
| Ending fund balances……………………………… | $ 1,603,380 | $ 1,783,265 | $ 1,785,355 | $ 1,521,399 | $ 1,475,927 |

(1) The major special revenue funds include the Education Fund (which includes all the activity of the Uniform School Fund–previously a major special revenue fund–to be reported within the Education Fund) and Transportation Fund. The major capital project fund is the Transportation Investment Fund (in Fiscal Year 2012 the Transportation Investment Fund was reclassified as a capital projects fund).

(2) In Fiscal Year 2013, an amount equal to 30% of the growth in future sales and use tax collections (approximately $74 million) is annually being transferred from the General Fund into the Transportation Investment Fund as directed by the 2011 Legislature.

(3) Liquor sales allocated for school lunch was reclassified from "Other Taxes" to "Other Revenues" in Fiscal Year 2015.

(4) In Fiscal Year 2013, the federal aeronautics program revenues and expenditures were re-evaluated and will no longer be reported within the Transportation Fund. They have been reclassified as agency funds.

(5) In Fiscal Year 2012, the Transportation Investment Fund was reclassified as a capital projects fund. Expenditures relating to this fund have been moved from Transportation expenditures to Capital Outlay for all Fiscal Years.

(6) During Fiscal Year 2016, a prior period adjustment was made to the Education Fund by $506,000 and the Transportation Fund by ($2.952 million). During Fiscal Year 2014, in evaluating and refining the process used for measuring and recording revenues and receivables for various tax types, a prior period adjustment was made to increase beginning fund balance in the Transportation Fund by $951,000 and the Transportation Investment Fund by $4.918 million.

(Source: Division of Finance. Except as otherwise noted, this summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

**Discussion And Analysis Of Financial Statements For Fiscal Year 2016**

The State prepared a narrative discussion, overview, and analysis of the financial activities of the State for Fiscal Year 2016. For the complete discussion see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016–Management's Discussion and Analysis" (CAFR page 17).

**Capital Expenditure Authorizations**

The following table presents historical data on capital expenditures in the year authorized from all sources, excluding bond proceeds and other available funds. Included in these figures are capital outlay expenses and authorizations for the construction of new buildings and the improvement of existing buildings. These figures also include expenditures for the construction of buildings for higher education, water development or storage projects, flood control projects, the construction or improvement of roads and related transportation projects, State and some local recreation projects and local projects in energy–impacted areas funded with community impact moneys. These figures exclude debt service.

**Capital Expenditure Authorizations** (In Millions)

| Fiscal Year | | | | |
|---|---|---|---|---|
| 2017 | 2016 | 2015 | 2014 | 2013 |
| $1,432.3 | $1,216.5 | $1,066.2 | $1,117.4 | $1,022.3 |

(Source: Governor's Office of Management and Budget.)

**Investment Of Funds**

*Investment of Operating Funds; The State Money Management Act.* The State Money Management Act, Title 51, Chapter 7, Utah Code (the "MM Act") governs the investment of all public funds held by public treasurers in the State.

The State is currently complying with all the provisions of the MM Act for all State operating funds.

*The Utah Public Treasurers' Investment Fund.* A significant portion of State funds are invested in the Utah Public Treasurers Investment Fund ("PTIF"). The PTIF is a local government investment fund established in 1981 and managed by the State Treasurer. The PTIF invests to ensure safety of principal, liquidity and a competitive rate of return. All moneys transferred to the PTIF are promptly invested in securities authorized by the MM Act. Safekeeping and audit controls for all investments owned by the PTIF must comply with the MM Act.

See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016–Notes to the Financial Statements–Note 3. Deposits and Investments" (CAFR page 74) and "–Note 4. Investment Pool" (CAFR page 99).

**State Employee Workforce And Public Retirement System**

*State Employee Workforce*. The State is among the largest employers in the State employing 20,150 people (full–time equivalents) in Fiscal Year 2016. For a 10–year history of the State's employment numbers see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016–Statistical Section–Schedule E–1 Full–time Equivalent State Employees by Function" (CAFR page 268).

*Public Retirement System*. All full–time employees of the State are members of the Utah State Retirement System ("URS") and the State participates in various contribution systems and pension plans provided by URS. URS has separate accounting systems and prepares a separate financial report covering all retirement systems and deferred compensation plans it administers. URS's CAFR for Calendar Year 2015 is reported in the 2016 CAFR as a pension trust fund for URS within the fiduciary funds. See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016–Fiduciary Fund Financial Statements" (CAFR pages 56 and 57). Copies of URS's CAFR for Calendar Year 2016 may be found at https://www.urs.org/publications/members.

The State contributes to URS an actuarially determined 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 and, in some cases, additional statutorily required amounts. For Fiscal Year 2016, the State contributed approximately $221.8 million to URS, which was 100% of its contractually and statutorily required contributions.

For a detailed discussion regarding retirement benefits and contributions and information regarding the Fiduciary Net Position, the Total Pension Liability, and the Net Pension Liability or Asset of the URS systems providing benefits to employees of the State see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016–Notes to the Financial Statements–Note 17. Pension Plans" (CAFR page 126).

**Other Postemployment Benefits**

The State administers the State Employee Other Postemployment Benefit Plan ("State Employee OPEB Plan") through the State Post–Retirement Benefits Trust Fund. A separate Elected Official Other Postemployment Benefit Plan ("Elected Official OPEB Plan") is provided for governors and legislators, and is administered through the Elected Official Post–Retirement Benefits Trust Fund. Both trust funds are irrevocable and legally protected from creditors. Both plans are single-employer defined benefit healthcare plans and are closed plans available to only employees and elected officials that meet certain eligibility criteria.

The State Legislature is contributing amounts to each trust fund that, at a minimum, is sufficient to fully fund the Annual Required Contribution ("ARC"), an actuarially determined amount calculated in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. Due to the maturity of both Plans, the State used a 20–year amortization period for the December 31, 2012 valuation.

The ARC from the December 31, 2012 actuarial valuations was used to establish the Fiscal Year 2015 and 2016 annual budget for both plans. For the State Employee OPEB Plan, the State Legislature contributed $30.342 million based on the required ARC. Prior contributions more than the ARC resulted in a net OPEB asset of $5.668 million at June 30, 2015. For the Elected Official OPEB Plan, the State Legislature contributed $1.388 million, $67,000 more than the required ARC of $1.321 million. The Elected Official OPEB Plan ended Fiscal Year 2015 with a net OPEB obligation of $4.126 million.

The State's most recent actuarial valuations were as of December 31, 2014 (the next actuarial valuation is in process for the period ended December 31, 2016). For the State Employee OPEB Plan, the actuarial accrued liability was $386.532 million, with an actuarial value of plan assets of $205.498 million, resulting in an unfunded actuarial accrued liability of $181.034 million. The amortization period used was 10 years resulting in an ARC of $29.1 million. For the Elected Official OPEB Plan, the actuarial accrued liability was $12.694 million, with an actuarial value of plan assets of $8.863 million, resulting in an unfunded actuarial accrued liability of $3.831 million. The amortization period used was 20 years resulting in an ARC of $1.241 million. The funded ratio for the State Employee OPEB Plan and the Elected Official OPEB Plan is 53.2% and 69.8%, respectively. The appropriations for Fiscal Year 2016 are sufficient to fully fund the ARC for both Plans. The State's actuarial valuations for both OPEB plans are calculated biannually.

For additional detailed discussion of the State's postemployment benefits see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016—Notes to the Financial Statements—Note 18. Other Postemployment Benefits" (CAFR page 134).

**Risk Management And Insurance**

The State is a member of a risk pool where the State self–insures portions of certain property and liability claims and purchases commercial insurance for claims above the self–insured retention amounts. This is done through the Administrative Services Risk Management Fund. The fund is maintained via premiums charged to its members—State agencies, institutions of higher education, Utah school districts and charter schools.

The property self–insurance limits are currently $1 million per claim with an annual aggregate of $3.5 million. Generally, claims more than the self–insured limits are covered by insurance policies with private insurance companies. The total excess coverage is $1 billion. The State has aggregate coverage of $500 million for earthquake and $500 million for flood losses.

As of June 30, 2016, the Administrative Services Risk Management Fund contained approximately $48.1 million in reserve available to pay for claims incurred. See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016—Notes to the Financial Statements—Note 15. Litigation, Contingencies and Commitments" (CAFR page 123) and "—Note 19. Risk Management And Insurance" (CAFR page 137).

**Federal Funding**

*Medicaid Funding in the State*. In recent months, various federal healthcare reform proposals have circulated through state and national political arenas to replace or modify the Affordable Care Act ("ACA") enacted in 2010 which could affect the amount of federal funding states receive for Medicaid. The State has been actively engaged with other state and federal partners to inform the discussion and advocate for healthcare funding reform (more state flexibility, for example); however, general uncertainty around what changes may ultimately be legislated or executively adopted remain. In any case, the State's Medicaid program is positioned to respond to additional healthcare reforms at the federal level.

The State's Medicaid participation rate is among the lowest in the nation, with average Fiscal Year 2016 enrollment approximating 336,000, or approximately 11% of the State's total population (an estimated 3,051,217 as of July 2016). The State has not expanded Medicaid to the newly eligible population under ACA and therefore the State would be unaffected by any changes to federal funding for that demographic. The State receives a higher than average Federal Medical Assistance Percentage at roughly 70%; however, the State also has one of the lowest rates of spending per full–benefit Medicaid enrollee and has a history of State funding innovations such as imposing hospital assessments and moving to capitation payments for Medicaid provider networks.

While the State does not anticipate any material adverse impact from potential changes to the ACA, there can be no assurance that any current health care laws and regulations will remain in their current form or that any potential changes to the laws and regulations governing health care funding would not have a material adverse financial impact on the State.

*Federal Funding in the State Budget*. Approximately 78% percent of federal funds included in the State's Fiscal Year 2018 budget are funding to the following programs: Medicaid ($1.853 billion); education, including special education, school lunch, and Title I for disadvantaged students ($520 million); Supplemental Nutrition Assistance ($310 million); transportation ($365 million); Temporary Assistance for Needy Families ($105 million); National Guard ($67 million), Office of Rehabilitation ($64 million); and Women Infants and Children ($45 million). Not only do federal dollars fund a large portion of the State's major social service programs, federal dollars also play a key role in funding programs that provide care for elderly veterans, clean drinking water, and air pollution prevention.

Although the State receives a large portion of its funding for social service programs from federal funds as discussed above, a recent Pew Charitable Trust report on federal spending ranked the State as ninth lowest in total federal spending relative to gross domestic product ("GDP") when all federal spending is accounted for. When measured on a per–capita basis, the State has the lowest total per capita federal spending. This is, in part, because the State's population is the youngest in the nation and consequently the State receives a much smaller portion of federal dollars than other states for programs such as Social Security and Medicare, two of the largest federal entitlement programs targeted to the elderly. As of 2014, the State is one of 20 states that receive less than 30% of total state revenue from federal funds. While no comparison is yet available with other states, the State's percentage of federal funds appropriated through the state budget is approximately 27% in Fiscal Year 2018 and is below the State's 10–year average of 28%.

While the State does not anticipate any material adverse impact from changes in federal funding, federal budget cuts proposed by the current administration could negatively impact the amount of federal funding the State receives in future years. There can be no assurance that current levels of federal funding to the State will be maintained or that any potential federal budget cuts and potential decreases in flow through of funds to states would not have a material adverse financial impact on the State. The State cannot predict now what, if any, effect such decreases in federal spending would have on the State's budget.

*Federal Sequestration*. Pursuant to the Budget Control Act of 2011 (the "BCA"), cuts to federal programs necessary to reduce federal spending to levels specified in the BCA (known as "sequestration") were ordered in federal fiscal years ending September 30, 2013 through 2021, and were subsequently extended through September 30, 2024. These reductions include cuts to the subsidy payments to be made to issuers of Build America Bonds ("BABs") and various other federal expenditures.

The State anticipates that any future reductions of subsidy payments with respect to the State's and the Authority's $1,251,150,000 of outstanding BABs (the State's $1,113,740,000 of general obligation bonds and $31,225,000 of water revenue bonds; and the Authority's $106,185,000 of lease revenue bonds) or reductions in other federal grants because of sequestration would have no material impact on their operations or financial position. The State cannot predict whether Congress will act to avoid or extend sequestration in the future.

## LEGAL MATTERS

### Absence Of Litigation Concerning The 2017 Bonds

There is no litigation pending or threatened against the 2017 Bonds questioning or in any matter relating to or affecting the validity of the 2017 Bonds.

On the date of the execution and delivery of the 2017 Bonds, certificates will be delivered by the State to the effect that to the knowledge of the State, there is no action, suit, proceeding or litigation pending or threatened against the State, which in any way materially questions or affects the validity or enforceability of the 2017 Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the State.

A non–litigation opinion issued by the State's Attorney General, dated the date of closing, will be provided stating, among other things, that there is not now pending, or to his knowledge threatened, any action, suit, proceeding, inquiry, or any other litigation or investigation, at law or in equity, before or by any court, public board or body, challenging the creation, organization or existence of the State, or the titles of its respective officers to their respective offices, or the ability of the State, or its respective officers to authenticate, execute or deliver the 2017 Bonds or such other documents as may be required in connection with the issuance and sale of the 2017 Bonds, or to comply therewith or perform its respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2017 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2017 Bonds are issued, the legality of the purposes for which the 2017 Bonds are issued, or the validity of the 2017 Bonds or the issuance and sale thereof.

### Miscellaneous Legal Matters

The State, its officers, agencies, and departments, are parties to numerous routine legal proceedings, many of which normally occur in governmental operations.

See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016—Notes to the Financial Statements—Note 15. Litigation, Contingencies, and Commitments" (CAFR page 123).

### Attorney General's Opinion Of Effect Of Legal Proceedings On State's Ability To Make Timely Payments On 2017 Bonds

Based on discussions with representatives of the State's executive and legislative departments, the Attorney General believes the miscellaneous legal proceedings against the State, individually or in the aggregate, are not likely to have a material adverse impact on the State's ability to make its payments of the principal of and interest on the 2017 Bonds as those payments come due.

## TAX MATTERS

### Federal Income Tax Matters Of 2017 Bonds

Federal tax law contains a number of requirements and restrictions which apply to the 2017 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The State has covenanted to comply with all requirements that must be satisfied in order for the interest on the 2017 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2017 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2017 Bonds.

Subject to the State's compliance with the above–referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 2017 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the 2017 Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the State with respect to certain material facts within the State's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Code includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax–exempt interest, including interest on the 2017 Bonds.

Ownership of the 2017 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax–exempt obligations. Prospective purchasers of the 2017 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the 2017 Bonds is the price at which a substantial amount of such maturity of the 2017 Bonds is first sold to the public. The Issue Price of a maturity of the 2017 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

Owners of 2017 Bonds who dispose of 2017 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2017 Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2017 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2017 Bond is purchased at any time for a price that is less than the 2017 Bond's stated redemption price at maturity, the purchaser will be treated as having purchased a 2017 Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2017 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2017 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2017 Bonds.

An investor may purchase a 2017 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the 2017 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax–exempt bond. The amortized bond premium is treated as a reduction in the tax–exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2017 Bond. Investors who purchase a 2017 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2017 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2017 Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2017 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2017 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax–exempt obligations to determine whether, in the view of the Service, interest on such tax–exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2017 Bonds. If an audit is commenced, under current procedures the Service may treat the State as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2017 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax–exempt obligations, including the 2017 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2017 Bond owner who fails to provide an accurate Form W–9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2017 Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

### State Tax Exemption For The 2017 Bonds

In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2017 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State or any political subdivision thereof. Ownership of the 2017 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2017 Bonds. Prospective purchasers of the 2017 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

### General

The approving opinion of Chapman and Cutler LLP, Bond Counsel to the State, concerning the validity of the 2017 Bonds, in substantially the form set out in "APPENDIX D—PROPOSED FORM OF OPINION OF BOND COUNSEL" to this OFFICIAL STATEMENT, will be provided at the time of delivery of the 2017 Bonds. Copies of the opinion of Bond Counsel will be available upon request from the chief contact person for the State indicated under the heading "INTRODUCTION—Contact Persons" above.

Bond Counsel has not assumed responsibility for the remaining material in the OFFICIAL STATEMENT and has not verified independently the information set out therein. In addition, Bond Counsel has not assumed responsibility for any agreement, representations, offering circulars, or other material of any kind not mentioned in this paragraph, relating to the offering of the 2017 Bonds for sale.

Certain legal matters will be passed upon for the State by the Office of the Attorney General of the State. Certain legal matters regarding this OFFICIAL STATEMENT will be passed on for the State by Gilmore & Bell P.C.

## MISCELLANEOUS

### Bond Ratings

Fitch, Moody's and S&P have rated the 2017 Bonds "AAA," "Aaa," and "AAA," respectively, as of the date of this OFFICIAL STATEMENT.

Any explanation of the significance of these outstanding ratings may only be obtained from the rating service furnishing the same. The above ratings are not recommendations to buy, sell or hold the

2017 Bonds. There is no assurance that such ratings will be maintained for any period or that the ratings may not be lowered or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward change or withdrawal of such rating may have an adverse effect on the market price of the 2017 Bonds.

**Municipal Advisor**

The State has entered an agreement with the Municipal Advisor where the Municipal Advisor provides financial recommendations and guidance to the State with respect to preparation for sale of the 2017 Bonds, timing of sale, tax–exempt bond market conditions, costs of issuance and other factors relating to the sale of the 2017 Bonds. The Municipal Advisor has read, participated in the drafting of and provided the information in certain provisions of this OFFICIAL STATEMENT. The Municipal Advisor has not otherwise audited, authenticated or verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the State, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matters related to the OFFICIAL STATEMENT. Municipal Advisor fees are contingent upon the sale and delivery of the 2017 Bonds.

**Independent Auditor**

The financial statements of the State as of June 30, 2016, and for the fiscal year then ended, are included as "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016" to this OFFICIAL STATEMENT and have been audited by the office of the Utah State Auditor, as indicated in its report thereon (CAFR page 14). The State has neither requested nor has been obligated to obtain the consent of the State Auditor to include its report in this OFFICIAL STATEMENT and therefore the State Auditor has not performed any procedures with respect to such financial statements after the date of its report.

**Additional Information**

The foregoing description of the 2017 Bonds does not purport to be complete and is expressly made subject to the exact provisions of the complete documents, copies of which are available for inspection at the offices of the Municipal Advisor during the offering of the 2017 Bonds, and subsequently, at the office of the Paying Agent in Salt Lake City, Utah.

Any statements in this OFFICIAL STATEMENT involving matters of opinion, whether expressly so stated, are intended as such and not as representations of fact.

The Appendices attached hereto are an integral part of this OFFICIAL STATEMENT and should be read in conjunction with the foregoing material.

This PRELIMINARY OFFICIAL STATEMENT is in a form deemed final for purposes of paragraph (b)(1) of Rule 15c2–12 of the Securities and Exchange Commission.

This OFFICIAL STATEMENT and its distribution and use have been duly authorized by the State.

**State of Utah**

# APPENDIX A

## COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016

The CAFR of the State for Fiscal Year 2016 is contained herein. Copies of current and prior financial reports are available on various Web sites and upon request from the contact person as indicated under "INTRODUCTION—Contact Persons" above.

The Government Finance Officers Association of the United States and Canada ("GFOA") have awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its CAFR for the 31st consecutive year, beginning with Fiscal Year 1985 through Fiscal Year 2015.

The State has submitted its Fiscal Year 2016 CAFR to GFOA to determine its eligibility for a Certificate of Achievement. The State believes that its Fiscal Year 2016 CAFR continues to meet the Certificate of Achievement program requirements.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements and be submitted within six months after the State's Fiscal Year end. A Certificate of Achievement is valid for a period of one year only.

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# State of Utah

*Comprehensive*
*Annual*
*Financial*
*Report*

*For the Fiscal Year Ended June 30, 2016*

# State Of Utah
# COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2016

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## CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

Gary R. Herbert ........ Governor
Spencer J. Cox ........ Lt. Governor
John Dougall ........ State Auditor
David C. Damschen, CTP ........ State Treasurer
Sean D. Reyes ........ Attorney General
Wayne L. Niederhauser ........ President of the Senate
Greg Hughes ........ Speaker of the House
Matthew B. Durrant ........ Chief Justice, Supreme Court

## OTHER STATE OFFICIALS

Kenneth A. Hansen ........ Interim Executive Director, Department of Administrative Services
John C. Reidhead, CPA ........ Director, Division of Finance
Kristen Cox ........ Director, Governor's Office of Management and Budget
Jonathan C. Ball ........ Director, Office of the Legislative Fiscal Analyst
John M. Schaff, CIA ........ Auditor General, Office of the Legislative Auditor General
Michael E. Christensen ........ Director, Office of Legislative Research and General Counsel

## ACKNOWLEDGMENTS

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Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort made this report possible.

UTAH DEPARTMENT OF ADMINISTRATIVE SERVICES

Division of Finance Accounting Standards and Financial Reporting Section

# State of Utah
# COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2016

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### INTRODUCTORY SECTION



### FINANCIAL SECTION

## Table of Contents

**State of Utah**

GARY R. HERBERT
*Governor*

SPENCER J. COX
*Lieutenant Governor*

**Department of Administrative Services**

Kenneth A. Hansen
*Interim Executive Director*

**Division of Finance**

John C. Reidhead, CPA
*Director*

November 8, 2016

To the Citizens, Governor,
and Members of the Legislature
of the State of Utah:

It is our pleasure to present the 2016 Comprehensive Annual Financial Report of the State of Utah in accordance with *Utah Code* Section 63A–3–204. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. To the best of our knowledge and belief, the enclosed data accurately presents the State's financial position and results of operations in all material respects in accordance with generally accepted accounting principles (GAAP). We believe that all disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

**Internal Control.** The State's systems of internal control over assets recorded in the accounting system have been designed to provide reasonable, but not absolute, assurance of safeguarding assets against loss from unauthorized use or disposition and to ensure the reliability of financial records for preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

**Independent Auditors.** In compliance with state statute, an annual financial audit of the "State Reporting Entity" is completed each year by the Office of the Utah State Auditor in conjunction with other independent audit firms. Their audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Utah State Auditor's report and the opinion on the fair presentation of the Basic Financial Statements are included in the Financial Section of this report.

**Single Audit.** Federal regulations also require the State to undergo an annual "Single Audit" in conformance with the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to the Single Audit, including the schedule of expenditures of federal awards, audit findings and recommendations, summary of prior audit findings, and the Utah State Auditor's report, is issued in a separate report.

**Management's Discussion and Analysis (MD&A).** The discussion and analysis beginning on page 17 provides an overview and analysis of the State's Basic Financial Statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

## PROFILE OF THE GOVERNMENT

**Structure.** As shown in the organizational chart on page 12, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution of Utah*, which can be amended only by vote of the Legislature and a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government provides various services to over 3,047,000 citizens. Services include building and maintaining roads; providing public safety, health, and environmental protection services to protect the general welfare of the State's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural resources for conservation and recreational activities. The State also provides significant financial support to its higher education institutions, local governments, and school districts to help those entities meet the specific needs of their constituents.

**The State Reporting Entity.** The State Reporting Entity includes the *primary government* and its *component units.* The *primary government* of the State of Utah includes all funds, departments, agencies, and other organizational units governed by the Legislature or the constitutional officers of the State. In addition to these *primary government* activities, this report includes information related to component units for which the primary government is financially accountable. Although such information is provided in this report, the MD&A and Basic Financial Statements focus on the primary government and its activities. Separately issued financial statements are available from the significant discretely presented component units and should be read to obtain a better understanding of their financial conditions. Additional information on all discretely presented component units can be found in the notes to the financial statements (see Note 1. A. on page 65).

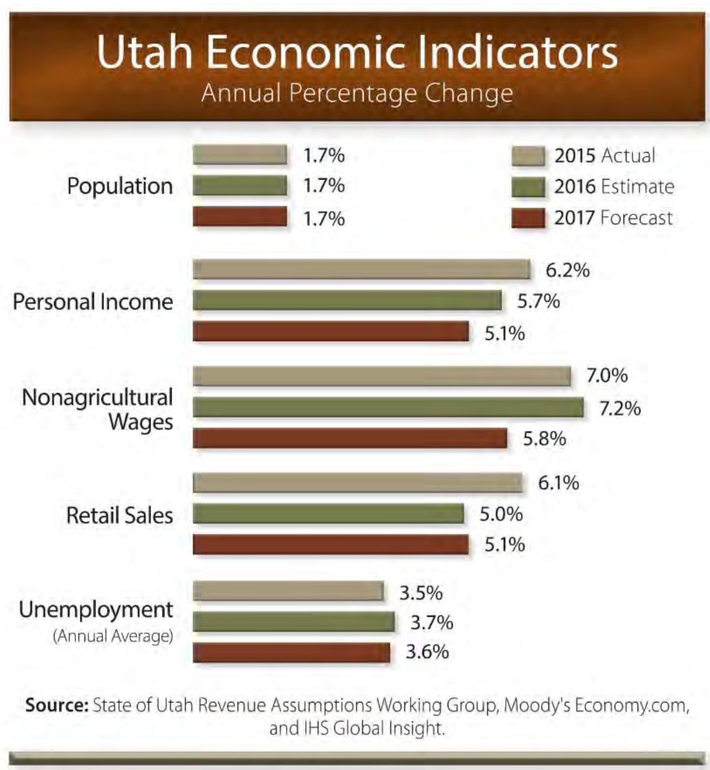
**Budgetary Process and Control.** The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget for the governmental funds with an annual appropriated budget (General, Education, Transportation, Transportation Investment, and Debt Service Funds), by function (e.g., health), and activity (e.g., medical assistance) to the Legislature. The Legislature authorizes expenditures by line item in the annual *Appropriations Acts*. Line item is the legal level of budgetary control. The Acts also identify the sources of funding for budgeted expenditures. In the event actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the Legislature to address budget issues. Adjustments to the budget may also be made throughout the year for changes in departmental or fund revenues so that line items and funds will not end the fiscal year in a deficit position. For additional information on the budgetary process and control, see the Required Supplementary Information and related notes beginning on page 142.

## INFORMATION USEFUL IN ASSESSING A GOVERNMENT'S ECONOMIC CONDITION

**Local Economy.** The Utah economy continues to outperform national averages. Utah's economy is expected to grow moderately through 2017 on the strength of steady job and wage growth.

Utah's unemployment rate averaged 3.5 percent in 2015 and is expected to increase to an average of 3.7 percent in 2016, and 3.6 percent in 2017. In 2015, personal income increased by 6.2 percent and nonagricultural wages increased by 7 percent. In 2016, personal income is expected to increase by 5.7 percent and nonagricultural wages are expected to increase by 7.2 percent. Taxable retail sales increased by 6.1 percent in 2015 and are expected to increase by 5 percent in 2016.

Total construction value was $6.9 billion in 2015, a 19 percent increase from the prior year, primarily due to an increase in nonresidential permit value. This marked the fifth consecutive year in which total construction value has increased. In 2016, total construction value is expected to increase slightly to $7.1 billion. Residential construction was $3.8 billion in 2015, a 15.2 percent increase from the prior year as housing continued to play a role in the economic expansion. Residential permit value is expected to increase to $4 billion, or 5.3 percent in 2016.



In 2016, Utah population is estimated at 3,047,000, which is an increase of 1.7 percent over the prior year. Utah had positive net migration of approximately 17,600 people in 2015 and is expected to grow by 17,900 in 2016. Utah has had positive net migration for the past 26 years and this trend is expected to continue in the coming years.

**Industries.** Utah's job market continues to expand as it rebounds from the national recession that began in late 2007. Utah's nonagricultural employment is expected to increase by 3.6 percent in 2016 and by 3.1 percent in 2017, which is near the Utah average yearly rate of 3.1 percent (1950 through June 2016). All industrial sectors added jobs to Utah's employment base, with the exception of natural resources and mining, which contracted by 900 jobs. Trade, transportation, and utilities added 8,600 new jobs, with retail trade contributing most of the gains. Education and health services also added 8,600 new jobs, primarily in health services. Financial activities added 6,600 new jobs, with most of the increase in finance and insurance. Leisure and hospitality added 6,000 new jobs, with the largest increase in food services and drinking places. The results for August 2015 to August 2016 are presented in the following table.

**State of Utah**
**Jobs by Industry of Utah's Labor Force**
*(Expressed in Thousands)*

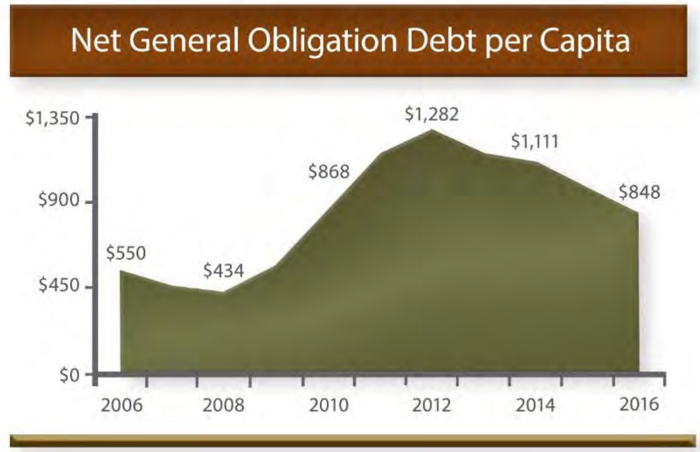
| | Number of Jobs | | Numerical Change | Percentage Change | Components of Labor Force |
|---|---|---|---|---|---|
| | **2016 (est.)** | **2015** | **2015 to 2016** | **2015 to 2016** | **2016 (est.)** |
| Trade, Transportation, and Utilities ........... | 273.6 | 265.0 | 8.6 | 3.2 % | 19.2 % |
| Professional and Business ......................... | 200.9 | 198.1 | 2.8 | 1.4 % | 14.1 % |
| Education and Health Services ................. | 187.1 | 178.5 | 8.6 | 4.8 % | 13.2 % |
| Government (Local/Federal) ..................... | 149.3 | 147.5 | 1.8 | 1.2 % | 10.5 % |
| Leisure and Hospitality ............................. | 144.7 | 138.7 | 6.0 | 4.3 % | 10.2 % |
| Manufacturing .......................................... | 128.5 | 124.3 | 4.2 | 3.4 % | 9.0 % |
| Construction ............................................. | 93.6 | 88.3 | 5.3 | 6.0 % | 6.6 % |
| Financial Activities ................................... | 86.5 | 79.9 | 6.6 | 8.3 % | 6.1 % |
| Government (State/Higher Ed.) ................ | 71.6 | 70.8 | 0.8 | 1.1 % | 5.0 % |
| Other Services .......................................... | 40.5 | 39.5 | 1.0 | 2.5 % | 2.9 % |
| Information ............................................... | 35.2 | 35.2 | 0.0 | 0.0 % | 2.5 % |
| Natural Resources and Mining .................. | 9.4 | 10.3 | (0.9) | (8.7)% | 0.7 % |
| **Total** .................................................. | **1,420.9** | **1,376.1** | **44.8** | | **100.0 %** |

Source: Utah Department of Workforce Services and the U.S Bureau of Labor Statistics, August 2016.

**Outlook.** The national economy is expected to continue to grow moderately in the last half of 2016 and into 2017. As in prior recoveries, the Utah economy continues to grow more rapidly than the nation. Factors that support the continued growth include: 1) low gas prices; 2) strong consumer spending; 3) demographic advantages; and 4) an attractive business environment. Despite this positive outlook for the Utah economy, downside risks are still present. Primarily due to external factors, these risks include negative interest rates, the slowdown in growth in China, unexpected or low probability events with far reaching consequences, and a decline in retail and corporate profits at the national level. Overall, Utah is expected to grow at a moderate pace barring any major disruptions to the global and national economies.

## FINANCIAL PLANNING AND POLICIES

**Debt Administration.** As part of long-term financial planning, the State has used a combination of bonding and pay-as-you-go methods to meet its infrastructure needs. In fiscal years 2006 through 2007 the State bonded less and primarily funded projects with the pay-as-you-go method using one-time and ongoing money. In fiscal years 2008 through 2014, under budget constraints coupled with a low interest rate environment, the State elected to increase its debt by issuing bonds for highway and/or building projects that otherwise would have been funded from current resources. During the years debt was issued, the State continued to fund some projects with cash. In fiscal years 2015 and 2016, the State continued its prudent fiscal management by paying cash for buildings. In fiscal year 2016, there were no general obligation bond issuances, authorizations, or refundings. As of June 30, 2016, the State's general obligation debt per capita was $848. The State has an aggressive policy of repaying its general obligation debt within seven years for debt associated with capital facilities and fifteen years for highway construction projects. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements on page 109.




Revenue and Expenditure Forecasts. Economists and budget analysts from the Executive and Legislative branches of government work with experts from the private sector and academia to develop the consensus revenue forecast used for establishing the State's annual budget. The final 2016 consensus revenue forecast projected a moderate increase of 3 percent in fiscal year 2016 from 2015 actual revenue for combined General and Education Fund. For fiscal year 2017, 4.7 percent growth is projected. The long-term average annual revenue growth rate, adjusted for inflation, was approximately 3.4 percent for fiscal periods 1971 through 2015. (See the Budgetary Highlights – General Fund in the MD&A on page 25 for a comparison of budgeted to actual results for fiscal year 2016.)

**Budget Stabilization.** In accordance with Sections 63J–1–312 and 313 of the *Utah Code*, the State maintains the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") and an Education Fund Budget Reserve Account in the Education Fund (the "Education Reserve"). State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund after any required Medicaid growth savings transfer is made (see Medicaid Sustainability section below) and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve based on the amount of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred. For additional information on the State's budget stabilization accounts see Note 12.B. on page 121.

**Medicaid Sustainability.** The State implemented reforms in the Medicaid program in an effort to bring Medicaid growth more in line with overall state revenue growth. The reforms align financial incentives in the health care system by replacing the fee-for-service model with one or more risk-based delivery models. When a General Fund revenue surplus occurs, an amount representing the Medicaid growth savings from the new risk-based delivery models will be deposited into the "Medicaid Budget Stabilization Account." The account will then be used to meet the growing needs in the program in years when growth is expected to be at least 8 percent. For additional information on the State's budget stabilization accounts, see Note 12.B. on page 121.

**Public Education Growth.** Projections indicate that an additional 9,730 new students will enroll in fall 2016. Due to the current and future enrollment growth, and the demands it places on state funding, public education continues to be a top priority for the Governor and the Legislature. The Office of the Legislative Fiscal Analyst developed a Public Education Distribution Model that allows legislators to see how proposed education policy changes will impact funding.

**Federal Funding.** In an effort to prepare for potential future reductions in federal funding for critical state programs, the Legislature requires most state agencies including public education and higher education institutions to report specific federal funding information to the Legislature. Annually, these entities must report total federal receipts received the preceding fiscal year in addition to providing contingency plans in the event federal receipts are reduced by either 5 percent or 25 percent.

The Legislature created the Federal Funds Commission to study and make recommendations on federal funding issues. The Commission is tasked with considering the financial stability of the federal government, the risk that the State will experience a reduction in the amount or value of federal funds, and methods to avoid or minimize the risk. Legislators also passed legislation that requires economists and budget analysts from the Executive and Legislative branches of government to consider expected changes in federal funding when preparing the annual revenue volatility report and, if appropriate, recommend changes to amounts or limits of reserve funds.

In addition, all federal funds for state agencies must go through the annual appropriations process. To gain tighter control over federal grants that span several years, the Legislature also requires multiyear grants to go through an approval and summary requirements process, including approval in the annual *Appropriations Acts*.

**Spending Limitation.** The State has a statutory appropriations limit. The appropriations limit adjusts annually pursuant to a statutory formula based on population and inflation. The definition of appropriations includes only appropriations from General Fund and Education Fund sources (spending for public education and for transportation is exempt from the limitation). For the fiscal year ended June 30, 2016, the State was $510.8 million below the appropriations limitation.

**Adequate Funding for Ongoing Programs.** The Legislature has been working toward ensuring all programs have adequate ongoing funding. Coming into the 2016 General Session of the Legislature, before accounting for growth in costs or revenues, the State had a small structural surplus of $752 thousand for the 2017 fiscal year budget. Legislators were able to maintain and expand the structural surplus to $12.8 million in the 2016 General Session and 2016 Second Special Session. In addition to matching ongoing commitments to ongoing sources, they took two additional measures. They passed Senate Bill 80, *Infrastructure Funding Amendments*, which will, over time, eliminate two transportation earmarks as further described in the Infrastructure section below. The Legislature also provided $20 million ongoing appropriations for one-time capital development projects, putting recurring resources into buildings.

**Operating/Capital Expenditure Accountability.** During the 2014 General Session, the Legislature passed laws and rules to implement budget policy changes. These budget bills were, in part, aimed at smoothing revenue volatility by recognizing above trend growth, managing the volatility with rainy day deposit mechanisms, and treating windfalls as one-time revenue. The Legislature added in-depth budget reviews to the regular budget process. The legislation also required that the Office of the Legislative Fiscal Analyst prepare, before each annual general session of the Legislature, a summary showing the current status of the State's debt, long-term liabilities, contingent liabilities, General Fund borrowing, reserves, fund and nonlapsing balances, and cash-funded capital investments, as compared to the prior nine fiscal years. In addition, the Legislative Fiscal Analyst also implemented a "fiscal health dashboard" website where legislators and citizens can quickly and easily check Utah's fiscal health.

## MAJOR INITIATIVES

During fiscal year 2016, the State of Utah continued to rank among the top states in private sector job growth and overall job growth. Due to continued economic expansion, the consensus revenue forecast adopted during the 2016 General Session anticipates that fiscal year 2017 will mark the seventh consecutive year of growth in unrestricted General Fund and Education Fund revenue collections.

Approximately $550 million in new unrestricted revenue was available for appropriation during the 2016 General Session due to the fiscal year 2015 surplus and forecasted revenue growth in fiscal years 2016 and 2017. Under the consensus forecast, $400 million of this revenue was available for ongoing appropriations and $150 million for one-time appropriations. In addition, the Legislature re-directed $118 million from various sources, including the Medicaid Restricted Account, reductions in state matching funds for the Children's Health Insurance Program (CHIP), Temporary Assistance for Needy Families (TANF) for school readiness programs, changes to sales tax earmarks, and other reserves. Together, new revenue and funding reallocations provided $668 million for new appropriations in fiscal years 2016 and 2017. Highlights of new appropriations for public and higher education, infrastructure needs, and other priorities are summarized below.

**Public Education.** During the 2016 General Session, the Legislature increased public education appropriations by $275 million, including an additional $12 million from TANF for school readiness programs, and $18 million from program balances for public education. This represents 41 percent of new unrestricted appropriations from the General Fund and Education Funds. The largest increases for public education included $82.3 million ongoing for a 3 percent increase in the value of the Weighted Pupil Unit (WPU – the primary funding mechanism for public education); $94.4 million ongoing for an anticipated student enrollment increase of over 9,700 in fall 2016; and $14.4 million ongoing to increase funding for charter schools. Altogether, the fiscal year 2017 state K-12 budget provides a 6.7 percent increase in the state portion of public education funding, compared to fiscal year 2016.

**Higher Education.** State funding for higher education, including capital development projects, was increased by nearly $172 million during the 2016 General Session. This represents 26 percent of new unrestricted appropriations from the General and Education Funds. A total of $114 million one-time was provided for new higher education facilities and land acquisitions. Other significant increases included $24.9 million for staff compensation and benefits in fiscal year 2017; $8.8 million one-time for the Board of Regents' Scholarship program; $5 million ongoing for market demand programs; $5 million one-time for performance-based allocations; and $2.5 million ongoing to expand programs at the Utah Applied Technology College campuses. The total state portion of fiscal year 2017 higher education funding increased by 4.9 percent, compared to fiscal year 2016.

**Social Services.** During the 2016 General Session, the Legislature appropriated $88.8 million in new state funding for social service programs. The largest appropriations included $38.7 million for Medicaid caseload growth in fiscal years 2016 and 2017; $8 million for the Division of Services for People with Disabilities (DSPD) to increase salaries for direct care staff who provide services to DSPD clients, fund the additional needs of existing Medicaid waiver clients; and reduce the waiting list for services; $6.4 million for local mental health Medicaid match; and $2.7 million for Medicaid physician, nursing home, and dental reimbursement rates. The Legislature passed a provision to expand Medicare to certain low income and at-risk individuals. The state portion of the ongoing cost of the Medicaid expansion to the General Fund will be $15 million per year. The state funding will be augmented by federal revenue and restricted funds. An additional $1 million one-time was provided to add 70 additional children to a pilot program that expands Medicaid coverage for children with disabilities and complex medical conditions. During the General Session, the Legislature passed a law that moves the Utah State Office Rehabilitation from the State Board of Education to the Department of Workforce Services. Because of the move, the office will now be funded through the General Fund instead of the Education Fund. A restricted account was set up to facilitate the transition between funding sources.

**Infrastructure.** In addition to the $114 million in appropriations for higher education capital projects, $37 million was appropriated for other capital development projects. These projects include $21.5 million for the Hill Air Force Base Falcon Hill Software Building (a non-state project), $6 million for the Environmental Quality Technical Support Center, $4.2 million for the expansion of the State Archives storage vault, $2.5 million in other non-state projects, $2.1 million for the State Developmental Center, and $1 million for the Weber Valley Multi-Use Youth Center. The State also increased ongoing funding for capital improvements to existing facilities, including higher education facilities, by $6.3 million. During the 2016 General Session, the Legislature passed Senate Bill 80, *Infrastructure Funding Amendments*, which shifts 20 percent of an existing 1/16 percent sales tax earmark from transportation to the Water Infrastructure Restricted Account beginning in fiscal year 2018. The remaining portion of the earmark will be incrementally shifted over to water infrastructure over a five year period. A separate 1/64 percent sales tax earmark for transportation was eliminated, which will leave an additional $8.9 million in the General Fund in fiscal year 2017.

**Employee Compensation.** During the 2016 Legislative Session, $22.7 million was appropriated from the General Fund and Education Fund for non-higher education state employee salary and benefit increases in fiscal year 2017. The Legislature approved the equivalent of a 2 percent salary increase for state employees. In addition to the compensation general increases, $8.2 million was provided for health insurance cost increases.

**State Employee Other Postemployment Benefit Plan.** The annual required contribution (ARC) for the State Employee Other Postemployment Benefit (OPEB) plan was $29.1 million. The Legislature considered this ARC when establishing the OPEB budget for fiscal year 2017. The ARC represents a level of funding that, if paid on an ongoing basis, is actuarially projected to fund the benefits over a period of twenty years.

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the thirty-first consecutive year the State has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. We are committed to this effort, and we intend to maintain a highly qualified and professional staff to make this certification possible.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Division of Finance, Department of Administrative Services. We also express our gratitude to the budget and accounting officers throughout state government and the Office of the Utah State Auditor for their assistance.

Sincerely,

John Reidhead

John C. Reidhead, CPA
Director of Finance

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

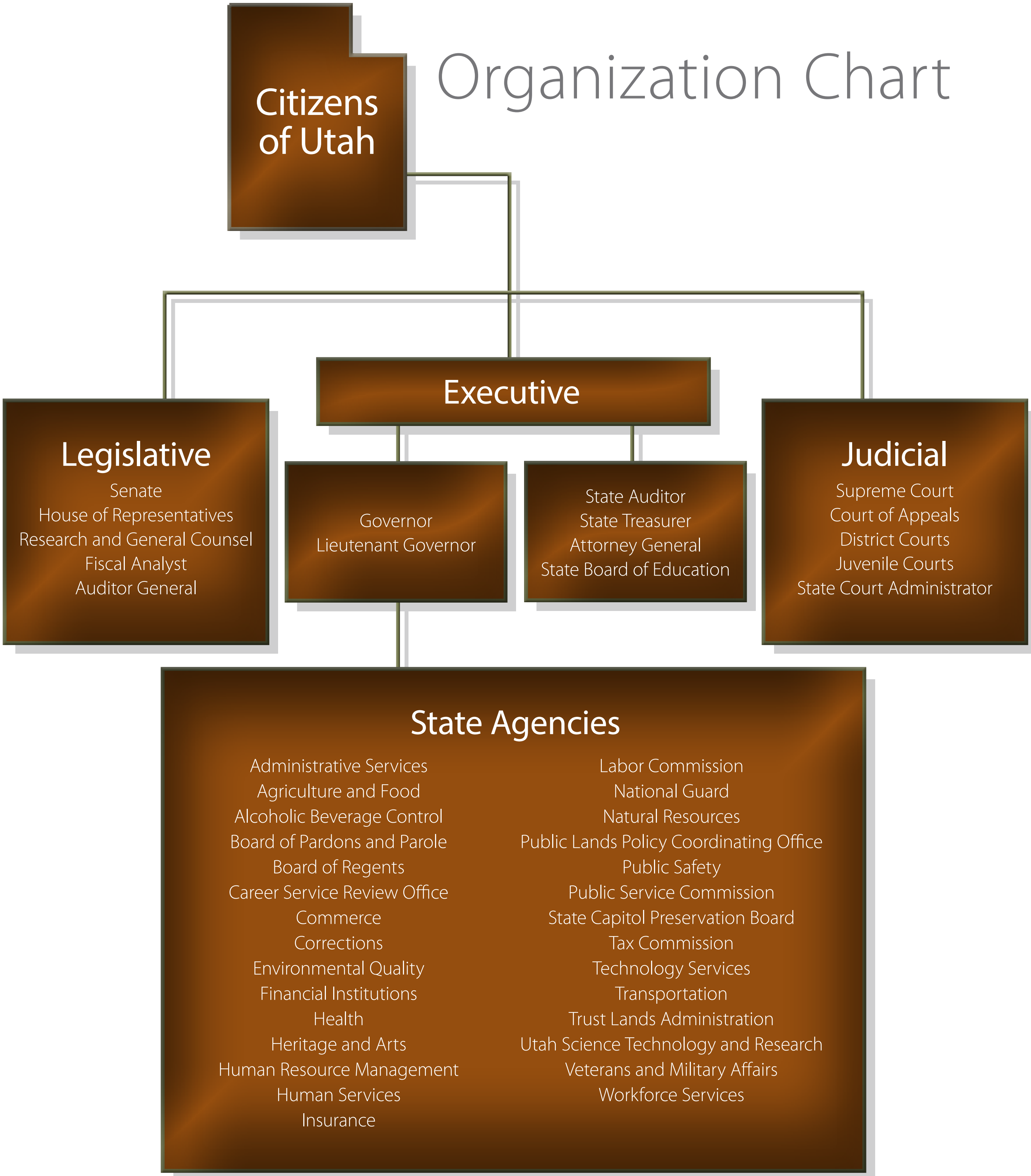
**State of Utah**

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

**June 30, 2015**

Executive Director/CEO

# Organization Chart



# FINANCIAL SECTION

OFFICE OF THE
**STATE AUDITOR**

**INDEPENDENT STATE AUDITOR'S REPORT**

To Members of the Utah State Legislature
and
The Honorable Gary R. Herbert
Governor, State of Utah

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah (State) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Public Employees Health Program, the University of Utah Hospital and Clinics (UUHC) and component units, or the Utah State University Research Foundation. These entities collectively represent 23 percent of the assets, 17 percent of the net position, and 41 percent of the revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of Utah Retirement Systems, which represent 64 percent of the assets, 63 percent of the net position/fund balances, and 15 percent of the revenues/additions of the aggregate remaining fund information. The financial statements for these entities were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these entities, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the following information—1) management's discussion and analysis (pages 17–29) and 2) the budgetary comparison schedules and information about the State's pension plans, other postemployment benefit plans, and infrastructure assets reported using the modified approach (pages 142–163)—be presented to supplement the basic financial statements. Such information, 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The supplementary information, such as the combining and individual fund financial statements and schedules, and the other information, such as the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules (pages 167–233) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections (pages 1–12 and 237–275, respectively) have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 8, 2016, on our consideration of the State'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 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 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 State's internal control over financial reporting and compliance.

Office of the Utah State Auditor

Office of the Utah State Auditor
November 8, 2016

## INTRODUCTION

The following is a discussion and analysis of the State of Utah's financial performance and condition, providing an overview of the State's activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

## HIGHLIGHTS

### Government-wide

- Total assets and deferred outflows of resources of the State exceeded liabilities and deferred inflows of resources by $23.595 billion (reported as net position). Of this amount, $2.180 billion (unrestricted net position) may be used to meet the government's ongoing obligations while $21.415 billion is restricted for specific uses or invested in capital assets.

- The State's total net position increased by $888.9 million or 3.9 percent over the prior year. Net position of governmental activities increased by $783.8 million or 4 percent. Net position of business-type activities increased by $105.1 million or 3.3 percent.

### Fund Level

- The governmental funds reported combined ending fund balances of $5.421 billion, an increase of $55.6 million in comparison with the prior year. Approximately 33 percent or $1.792 billion of the ending fund balance is considered unrestricted (committed, assigned, or unassigned) and is available for spending either at the government's discretion or upon legislative approval.

- The General Fund ended the fiscal year with a $7.2 million unassigned fund balance. This unassigned fund balance is after statutory transfers of $8.8 million to the Medicaid Budget Stabilization Account, $2.4 million to the General Fund Budget Reserve Account (Rainy Day Fund), and $2.4 million to the Wildland Fire Suppression Fund.

- The Education Fund ended the year with zero dollar surplus by using $2.2 million of the $100.5 million Education Fund budgeted revenues set aside for fiscal year 2017. Because there was no revenue surplus, there were no statutory transfers from the Education Fund to the Education Budget Reserve Account.

- The State's stabilization accounts, the General Fund Budget Reserve Account (Rainy Day Fund), Medicaid Budget Stabilization Account, and Education Budget Reserve Account, ended the fiscal year with balances of $143.6 million, $25.9 million and $349.5 million, respectively.

- Sales tax revenues in the governmental funds increased $98.5 million or 4.5 percent, compared to $83.1 million or 3.9 percent increase in the prior year. Total tax revenues increased $30 million or 1.4 percent in the General Fund and $155.2 million or 4.3 percent in the Education Fund.

### Long-term Debt

- The State's long-term bonded debt decreased a net $547 million or 11.5 percent. General obligation bonds for the primary government decreased $364.5 million or 12.4 percent, while revenue bonds for the primary government decreased $182.5 million or 10.1 percent.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This report includes the State's Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include three components: government-wide financial statements, fund financial statements, and notes to the financial statements.

**Government-wide Statements — Reporting the State as a Whole**
The Statement of Net Position and the Statement of Activities beginning on page 33 together comprise the *government-wide financial statements*. These statements provide a broad overview of the State's finances as a whole with a long-term focus and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term debt, are reported at the entity level. The government-wide statements report the State's *net position* – the difference between assets and deferred outflows of resources, compared to liabilities and deferred inflows of resources – and how it has changed from the prior year. Over time, increases and decreases in net position measure whether the State's overall financial condition is getting better or worse. In evaluating the State's overall condition, however, additional non-financial factors should be considered such as the State's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

- *Governmental Activities* – Most of the State's basic services fall under this activity including education, transportation, public safety, courts, corrections, health, and human services. Taxes and federal grants are the major funding sources for these programs.

- *Business-type Activities* – The State operates certain activities much like private-sector companies by charging fees to customers to cover all or most of the costs of providing the goods and services. Student loans, unemployment compensation, water loan programs, and liquor sales are examples of business-type activities.

- *Component Units* – A number of entities are legally separate from the State, yet the State remains financially accountable for them. Colleges and Universities, Utah Communications Authority, and Utah State Fair Corporation are examples of component units.

**Fund Financial Statements — Reporting the State's Most Significant Funds**
The fund financial statements beginning on page 38 provide detailed information about individual major funds, not the State as a whole. A fund is a group of related accounts that the State uses to keep track of specific resources that are segregated for a specific purpose. Some funds are required by law to exist, while others are established internally to maintain control over a particular activity. All of the State's funds are divided into three types, each of which uses a different accounting approach:

- *Governmental Funds* – Most of the State's basic services are accounted for in governmental funds and are essentially the same functions reported as *governmental activities* in the government-wide statements. Governmental funds use the *modified accrual* basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at yearend that are available for future spending. This *short-term* view of the State's financial position helps determine whether the State has sufficient resources to cover expenditures for its basic services in the near future.

- *Proprietary Funds* – Proprietary funds include enterprise funds and internal service funds and account for state activities that are operated much like private-sector companies. Like the government-wide statements, proprietary fund statements are presented using the *full-accrual* basis of accounting. Activities whose customers are mostly outside of state government (e.g., water loans to local governments) are accounted for in *enterprise funds* and are the same functions reported as *business-type activities.* Thus, the *enterprise fund* financial statements reinforce the information reported for *business-type* activities in the government-wide statements, but provide more detail and additional information, such as cash flows. Activities whose customers are mostly other state agencies (e.g., motor pool) are accounted for in *internal service funds*. The internal service fund activities are consolidated with the governmental activities in the government-wide statements because those services predominantly benefit governmental rather than business-type activities.

- *Fiduciary Funds* – Fiduciary funds account for assets that, because of trust relationships, can be used only for trust beneficiaries. The State is responsible for ensuring these assets are used for their intended purposes. Fiduciary funds use *full-accrual* accounting, but are *not* included in the government-wide statements because their assets are not available to finance the State's own programs.

**Reconciliation between Government-wide and Fund Statements**
The financial statements include schedules on pages 40 and 44 that reconcile and explain the differences between the amounts reported for *governmental activities* on the government-wide statements (full accrual basis of accounting, long-term focus) with amounts reported on the *governmental* fund statements (modified accrual basis of accounting, short-term focus). The following are some of the major differences between the two statements:

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements, but are deferred inflows of resources (unavailable revenue) on the governmental fund statements.

**Notes to the Financial Statements**
The notes beginning on page 64 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

**Required Supplementary Information (RSI)**
Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets and condition assessment data related to infrastructure. In addition, the RSI includes up to ten years of information on the State's pension plans, including schedules on the employer proportionate share of the net pension liability, changes in the net pension liability, and employer contributions. RSI also includes schedules on the funded status and employer contributions for the State's defined benefit Other Postemployment Benefit Plans. RSI further supports the information in the basic financial statements.

**Supplementary Information**
Supplementary Information includes combining statements for the State's nonmajor governmental, nonmajor enterprise, internal service funds, fiduciary funds, and for nonmajor discretely presented component units. This section also includes schedules which compare budgeted expenditures to actual results at the legal level of control, which is generally the line item level of the *Appropriations Acts*.

**Statistical Section**
This section provides up to ten years of financial, economic, and demographic information.

**Adjustments to Beginning Net Position**
As described in Note 2 of the financial statements on page 73, beginning net position was adjusted as noted below. To enhance comparability, all amounts presented for fiscal year 2016 in this discussion and analysis were revised, to reflect these changes as if the changes had been made in the prior year.

- $1.94 million increase in governmental activities – required by legislation and board action as described in Note 2 of the financial statements on page 73.
- $367 thousand decrease in business-type activities – implementation of GASB Statement 68 for the Utah Dairy Commission.

## FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

**Net Position**
The State's total net position increased $888.9 million or 3.9 percent in fiscal year 2016. In comparison, net position in the prior year increased $601.7 million or 2.7 percent. The increase in total net position reflects an economy that continues to improve and the active management of the State's resources. The change in net position is comprised of the following:

- *Net Investment in Capital Assets* – Total invested in capital assets net of related debt increased $692.4 million or 4.7 percent as the State's investment in highways and buildings exceeded depreciation and the net additional debt that was incurred to finance capital-related projects.
- *Restricted Net Position* – Total restricted net position increased $62.1 million or 1.1 percent over the prior year:
  Restricted net position of governmental activities decreased $27.6 million or 0.7 percent. The decrease was due to a $112.1 million or 7.9 percent decrease in the net position of expendable public education as less was set aside for future appropriations. This decrease was partially offset by the following increases. Net assets restricted for transportation increased 61.6 million or 44.2 percent due in part to an increase in unspent restricted revenues from a new 4.9 cent per gallon gas tax and an increase in gallons sold. Nonexpendable public education net assets increased $22.6 million or 1 percent due to revenues generated from land use and gains on the sale of trust lands in the permanent Trust Lands Fund.

Restricted net position of business-type activities increased by $89.7 million or 4.5 percent, primarily due to a $76.6 million increase in the Unemployment Compensation Fund as unemployment compensation revenues exceeded related claims. Restricted net position within Water Loan Programs also increased $13.1 million due to additional loan capital provided from federal grants and investment income.

- *Unrestricted Net Position* – Total unrestricted net position in governmental activities increased $122.7 million or 13.8 percent due to the amount unspent and carried forwarded in capital projects. Unrestricted net position in business-type activities increased $11.7 million or 1 percent because the State provided additional capital for the Water Loan Programs from dedicated sales tax revenues, which was offset by small decreases in other business activities.

**State of Utah**
**Net Position as of June 30**
*(Expressed in Thousands)*

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|---|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** | **2016** | **2015** |
| Current and Other Assets | $ 7,166,486 | $ 7,038,832 | $ 5,571,153 | $ 5,950,516 | $ 12,737,639 | $ 12,989,348 |
| Capital Assets | 18,027,135 | 17,639,960 | 90,715 | 91,945 | 18,117,850 | 17,731,905 |
| **Total Assets** | **$ 25,193,621** | **$ 24,678,792** | **$ 5,661,868** | **$ 6,042,461** | **$ 30,855,489** | **$ 30,721,253** |
| **Deferred Outflows of Resources** | **$ 392,288** | **$ 155,542** | **$ 11,979** | **$ 7,927** | **$ 404,267** | **$ 163,469** |
| Current and Other Liabilities | $ 1,041,096 | $ 1,002,892 | $ 56,342 | $ 59,265 | $ 1,097,438 | $ 1,062,157 |
| Long-term Liabilities | 4,092,443 | 4,188,850 | 2,321,605 | 2,811,033 | 6,414,048 | 6,999,883 |
| **Total Liabilities** | **$ 5,133,539** | **$ 5,191,742** | **$ 2,377,947** | **$ 2,870,298** | **$ 7,511,486** | **$ 8,062,040** |
| **Deferred Inflows of Resources** | **$ 112,915** | **$ 86,967** | **$ 40,802** | **$ 30,075** | **$ 153,717** | **$ 117,042** |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | $ 15,478,397 | $ 14,789,631 | $ 20,384 | $ 16,740 | $ 15,498,781 | $ 14,806,371 |
| Restricted | 3,849,854 | 3,877,468 | 2,065,552 | 1,975,859 | 5,915,406 | 5,853,327 |
| Unrestricted | 1,011,204 | 888,526 | 1,169,162 | 1,157,416 | 2,180,366 | 2,045,942 |
| **Total Net Position** | **$ 20,339,455** | **$ 19,555,625** | **$ 3,255,098** | **$ 3,150,015** | **$ 23,594,553** | **$ 22,705,640** |
| Percent change in total Net Position from prior year | 4.0 % | | 3.3 % | | 3.9 % | |

The largest component of the State's net position, 65.7 percent, reflects investments in capital assets (e.g., land, buildings, equipment, intangible assets, roads, and other infrastructure) less the outstanding debt issued to finance those assets. These types of assets are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

Restricted net position comprises 25.1 percent of total net position and is subject to constitutional, legal, or external constraints on use. Net position that is restricted by the *Constitution of Utah* includes individual income and corporate income taxes that can be used only for public and higher education costs and proceeds from fees, taxes, and other charges related to motor vehicles that can be used only for transportation expenses.

The remaining balance of unrestricted net position may be used to meet the State's ongoing obligations, though certain laws and internally imposed commitments or assignments of resources further limit the purposes for which much of the net position may be used.

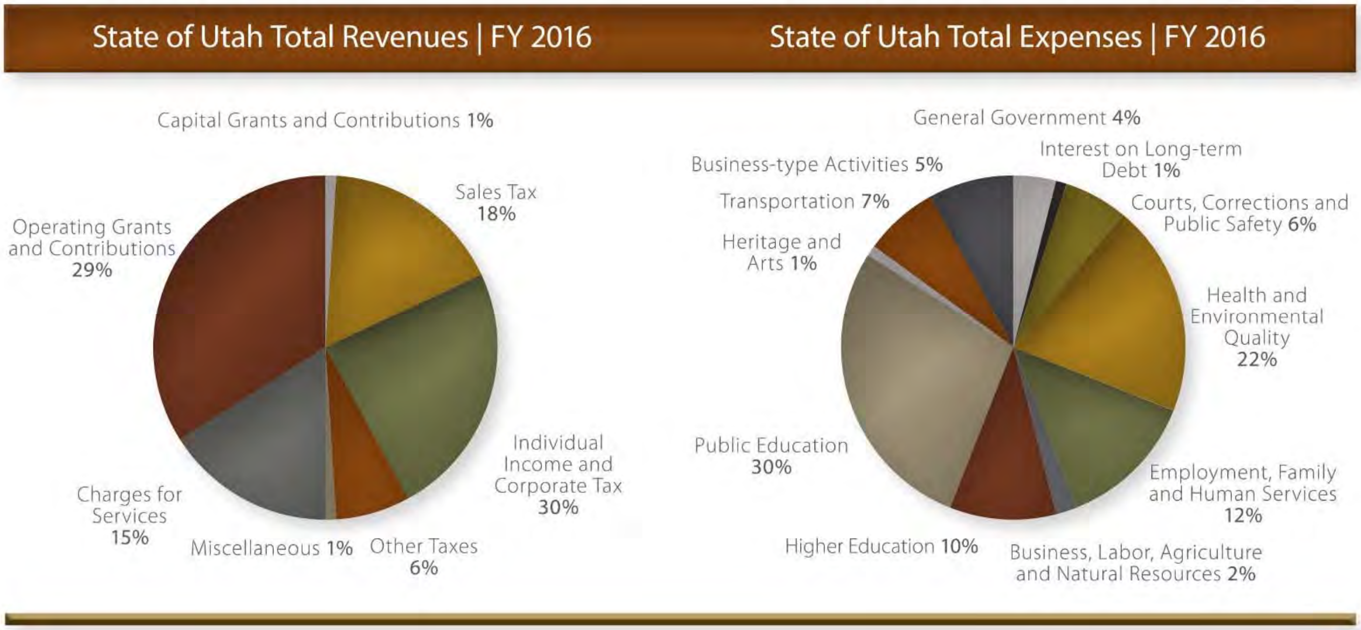
The following schedule and charts summarize the State's total revenues, expenses, and changes in net position for fiscal year 2016:

*(Table on next page)*

**State of Utah**
**Changes in Net Position**
**for the Fiscal Year Ended June 30**
*(Expressed in Thousands)*

| | Governmental Activities | | Business-type Activities | | Total Primary Government | | Total Percentage Change |
|---|---|---|---|---|---|---|---|
| | **2016** | **2015** | **2016** | **2015** | **2016** | **2015** | **2015 to 2016** |
| **Revenues** | | | | | | | |
| General Revenues: | | | | | | | |
| Taxes | $ 6,856,498 | $ 6,614,150 | $ 29,841 | $ 28,384 | $ 6,886,339 | $ 6,642,534 | 3.7 % |
| Other General Revenues | 119,295 | 130,551 | 45,318 | — | 164,613 | 130,551 | 26.1 % |
| Program Revenues: | | | | | | | |
| Charges for Services | 1,113,067 | 1,133,690 | 767,487 | 766,938 | 1,880,554 | 1,900,628 | (1.1)% |
| Operating Grants and Contributions | 3,632,735 | 3,717,276 | 46,118 | 89,903 | 3,678,853 | 3,807,179 | (3.4)% |
| Capital Grants and Contributions | 87,942 | 114,490 | — | — | 87,942 | 114,490 | (23.2)% |
| **Total Revenues** | **11,809,537** | **11,710,157** | **888,764** | **885,225** | **12,698,301** | **12,595,382** | 0.8 % |
| **Expenses** | | | | | | | |
| General Government | 457,564 | 442,340 | — | — | 457,564 | 442,340 | 3.4 % |
| Human Services/Juvenile Justice Services | 765,027 | 718,731 | — | — | 765,027 | 718,731 | 6.4 % |
| Corrections | 282,538 | 273,695 | — | — | 282,538 | 273,695 | 3.2 % |
| Public Safety | 245,598 | 231,250 | — | — | 245,598 | 231,250 | 6.2 % |
| Courts | 142,913 | 129,951 | — | — | 142,913 | 129,951 | 10.0 % |
| Health and Environmental Quality | 2,600,928 | 2,503,794 | — | — | 2,600,928 | 2,503,794 | 3.9 % |
| Higher Education | 1,137,364 | 1,004,382 | — | — | 1,137,364 | 1,004,382 | 13.2 % |
| Employment and Family Services | 710,018 | 724,477 | — | — | 710,018 | 724,477 | (2.0)% |
| Natural Resources | 198,190 | 194,026 | — | — | 198,190 | 194,026 | 2.1 % |
| Heritage and Arts | 27,048 | 23,207 | — | — | 27,048 | 23,207 | 16.6 % |
| Business, Labor, and Agriculture | 112,809 | 100,566 | — | — | 112,809 | 100,566 | 12.2 % |
| Public Education | 3,554,337 | 3,338,653 | — | — | 3,554,337 | 3,338,653 | 6.5 % |
| Transportation | 825,923 | 797,392 | — | — | 825,923 | 797,392 | 3.6 % |
| Interest and Charges on Long-term Debt | 93,598 | 98,442 | — | — | 93,598 | 98,442 | (4.9)% |
| Student Assistance Programs | — | — | 154,247 | 111,437 | 154,247 | 111,437 | 38.4 % |
| Unemployment Compensation | — | — | 182,516 | 177,105 | 182,516 | 177,105 | 3.1 % |
| Water Loan Programs | — | — | 14,913 | 18,276 | 14,913 | 18,276 | (18.4)% |
| Community and Economic Loan Programs | — | — | 5,253 | 2,967 | 5,253 | 2,967 | 77.0 % |
| Liquor Retail Sales | — | — | 260,755 | 242,933 | 260,755 | 242,933 | 7.3 % |
| Other Business-type Activities | — | — | 37,849 | 36,720 | 37,849 | 36,720 | 3.1 % |
| **Total Expenses** | **11,153,855** | **10,580,906** | **655,533** | **589,438** | **11,809,388** | **11,170,344** | 5.7 % |
| Excess (deficit) Before Transfers | 655,682 | 1,129,251 | 233,231 | 295,787 | 888,913 | 1,425,038 | |
| Transfers | 128,148 | 109,028 | (128,148) | (109,028) | — | — | |
| Special Item: | | | | | | | |
| Comprehensive Health Ins. Pool Transfer | — | 16,288 | — | — | — | 16,288 | |
| **Change in Net Position** | **783,830** | **1,254,567** | **105,083** | **186,759** | **888,913** | **1,441,326** | |
| Net Position – Beginning | 19,555,625 | 19,122,048 | 3,150,015 | 2,980,333 | 22,705,640 | 22,102,381 | |
| Adjustment to Beginning Net position | — | (820,990) | — | (17,077) | — | (838,067) | |
| Net Position – Beginning as Adjusted | 19,555,625 | 18,301,058 | 3,150,015 | 2,963,256 | 22,705,640 | 21,264,314 | |
| **Net Position – Ending** | **$ 20,339,455** | **$ 19,555,625** | **$ 3,255,098** | **$ 3,150,015** | **$ 23,594,553** | **$ 22,705,640** | 3.9 % |

(*Charts on next page*.)




**Changes in Net Position**

This year the State received 54.2 percent of its revenues from state taxes and 29.7 percent of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 52.7 percent and grants and contributions were 31.1 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park fees, and court fees, combined with other miscellaneous collections, comprised 16.1 percent of total revenues in fiscal year 2016, and the same percentage in fiscal year 2015.

**Governmental Activities**

The State's total governmental revenues from all sources increased $99.4 million or 0.9 percent. Tax revenues increased $242.3 million or 3.7 percent due to continued improvement in the economy. These increases are similar to the increase at the fund level. However, due to differences in measurement focus and timing of collections, the increase at the government-wide level should not be used to predict future increases at the fund statement or budget level. With the exception of Higher Education and Transportation, as discussed below, other significant changes in governmental activities' revenues and expenses mirror the changes in the governmental funds. For further discussion, see the section entitled "Financial Analysis of the State's Governmental Funds" on page 23.

- *Higher Education* – Expenses increased $133 million, as compared to the prior year, due to an increase in the amount spent by the primary government for building projects completed and transferred to colleges and universities. When these buildings are completed, ownership is transferred to the colleges and universities and reported as expenses on the government-wide statements. However, there is no impact on the governmental fund statements.
- *Transportation* – Expenses increased $28.5 million, as compared to the prior year, due to a decrease in the amount spent for capital outlay (i.e. land, state roads, and bridges). In the prior year, expenses were lower because the amount expended for capital outlay was higher. The amount expended for capital outlay is not reported as expenses but as an asset on the government-wide statements.

The following table shows to what extent program revenues (charges for services and grants) covered program expenses. For fiscal year 2016, program revenues covered $4.834 billion, or 43.3 percent of $11.154 billion total program expenses. For the remaining $6.320 billion or 56.7 percent of program expenses, the State relied on state taxes and other general revenues.

*(Table on next page)*

**State of Utah**
**Net Cost of Governmental Activities**

*(Expressed in Thousands)*

| | Program Expenses | Less Program Revenues | Net Program (Expenses) / Revenues | | Program Revenues as a Percentage of Program Expenses | |
|---|---|---|---|---|---|---|
| | 2016 | 2016 | 2016 | 2015 | 2016 | 2015 |
| General Government | $ 457,564 | $ 276,688 | $ (180,876) | $ (76,510) | 60.5 % | 82.7 % |
| Human Services/Juvenile Justice Services | 765,027 | 330,160 | (434,867) | (409,939) | 43.2 % | 43.0 % |
| Corrections | 282,538 | 4,168 | (278,370) | (268,251) | 1.5 % | 2.0 % |
| Public Safety | 245,598 | 145,951 | (99,647) | (62,020) | 59.4 % | 73.2 % |
| Courts | 142,913 | 54,486 | (88,427) | (72,061) | 38.1 % | 44.5 % |
| Health and Environmental Quality | 2,600,928 | 2,125,447 | (475,481) | (480,286) | 81.7 % | 80.8 % |
| Higher Education | 1,137,364 | 1,163 | (1,136,201) | (1,002,717) | 0.1 % | 0.2 % |
| Employment and Family Services | 710,018 | 586,703 | (123,315) | (150,139) | 82.6 % | 79.3 % |
| Natural Resources | 198,190 | 131,815 | (66,375) | (62,742) | 66.5 % | 67.7 % |
| Heritage and Arts | 27,048 | 10,830 | (16,218) | (13,629) | 40.0 % | 41.3 % |
| Business, Labor, and Agriculture | 112,809 | 108,947 | (3,862) | 1,965 | 96.6 % | 102.0 % |
| Public Education | 3,554,337 | 536,483 | (3,017,854) | (2,684,824) | 15.1 % | 19.6 % |
| Transportation | 825,923 | 520,903 | (305,020) | (235,855) | 63.1 % | 70.4 % |
| Interest and Charges on Long-term Debt | 93,598 | — | (93,598) | (98,442) | 0.0 % | 0.0 % |
| **Total Governmental Activities** | **$ 11,153,855** | **$ 4,833,744** | **$ (6,320,111)** | **$ (5,615,450)** | 43.3 % | 46.9 % |

### Business-type Activities

Changes in the State's business-type activities mirror the changes noted in the State's proprietary funds, except that the State's proprietary funds provide detail summarized by program or fund, while the business-type activity is presented overall. The changes in the State's proprietary funds are detailed in the section entitled "Financial Analysis of the State's Proprietary Funds" on page 27. Overall, revenues from the State's business-type activities increased $3.5 million or 0.4 percent from the prior year. Other general revenues increased $45.3 million due to a reclassification of investment income to other general revenues from operating grants and contributions. This change was made to comply with applicable accounting standards. Charges for services increased slightly by $546 thousand. These increases were offset by a $43.8 million decrease in operating grants and contributions mainly due to the reclassification of investment income, as described above. Total expenses for the State's business-type activities increased $66.1 million or 11.2 percent. This increase was primarily due to a $42.8 million increase in expenses in the Student Assistance Programs related to an increase in interest expense as a result of a significant increase in student loans receivable in the prior year and corresponding increase in student loan revenue bonds and notes payable. Expenses related to liquor retail sales also increased $17.8 million.

All of the State's business-type activities operate primarily from program revenues, except for the Water Loan Programs and the Agriculture Loan Fund that by law receive dedicated sales tax revenues and the Community Impact Loan Fund that receives federal mineral lease revenues transferred from the General Fund to provide additional capital for loans. Accounting standards require unemployment taxes that are collected from employers and deposited in the Unemployment Compensation Fund to be reported as charges for services rather than taxes. Therefore, taxes in the business-type activities are comprised entirely of sales tax revenues in the water and agriculture loan programs.

## FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

### Adjustments to Beginning Fund Balances

As described in Note 2 of the financial statements on page 73, beginning fund balances of governmental funds were adjusted as noted below. To enhance comparability, all amounts presented for fiscal year 2015 in this discussion and analysis were restated to reflect these changes, as if the changes had been made in the prior year.

- $3.472 million increase in General Fund – required by legislation and board action.
- $506 thousand increase in Education Fund (major special revenue fund) – required by legislation and board action.
- $2.952 million decrease in Transportation Fund (major special revenue fund) – required by legislation and board action.
- $914 thousand increase in Miscellaneous Special Revenue (nonmajor special revenue fund) – reclassification of the Water Commissioner Fund from a fiduciary fund to a nonmajor special revenue fund, as required by legislation.

### Fund Balances

At June 30, 2016, the State's governmental funds reported combined ending fund balances of $5.421 billion. Of this amount, $2.415 billion or 44.6 percent is nonspendable, either due to its form or legal constraints, and $1.214 billion or 22.4 percent is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds, revenue restricted for public education, revenue that derives from the operation of motor vehicles on public highways, and mineral lease revenues are included in restricted fund balance. An additional $1.305 billion or 24.1 percent of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An additional $479 million or 8.8 percent of total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining $7.2 million or 0.1 percent of fund balance is unassigned and available for future appropriations.

**State of Utah**
**Governmental Fund Balances as of June 30, 2016**
*(Expressed in Thousands)*

| | General Fund | Education Fund | Transportation Fund | Transportation Investment Fund | Trust Lands Fund | Nonmajor Funds | Total |
|---|---|---|---|---|---|---|---|
| Nonspendable | $ 133,926 | $ — | $ 13,990 | $ — | $ 2,267,538 | $ — | $ 2,415,454 |
| Restricted | 38,124 | 848,157 | 206,811 | 2,393 | — | 118,080 | 1,213,565 |
| Committed | 546,782 | — | 51,959 | 480,070 | — | 226,501 | 1,305,312 |
| Assigned | 132,126 | — | — | — | — | 347,321 | 479,447 |
| Unassigned | 7,196 | — | — | — | — | — | 7,196 |
| **Total** | **$ 858,154** | **$ 848,157** | **$ 272,760** | **$ 482,463** | **$ 2,267,538** | **$ 691,902** | **$ 5,420,974** |
| Percent change from prior year | (5.8)% | (15.4)% | 30.8 % | (15.3)% | 1.0 % | 61.6 % | 1.0 % |

### General Fund

The General Fund's total fund balance decreased by $53.3 million or 5.8 percent in fiscal year 2016. The General Fund ended the year with a $7.2 million surplus, or unassigned fund balance due to the lapsing of unspent budgeted dollars. In the prior year, the General Fund ended the year with a zero dollar surplus, or unassigned fund balance.

Specific changes in the General Fund balance included the following:

- Nonspendable fund balance increased by $9.3 million or 7.5 percent. Prepaid items increased $9.8 million due to increases in payments for accountable care organization (ACO), substance abuse, mental health, Children's Health Insurance Plan (CHIP), and dental programs – all within the Medicaid program that require payments in advance. This increase was offset by slight decreases in the long-term portion of loans receivable and inventory.
- Restricted fund balance increased by $3.8 million or 11.2 percent due to increases in revenues set aside for specific purposes due to constraints that are imposed externally or by law.
- Committed fund balance increased by $50 million or 10.1 percent due in part to a $23.3 million increase in agency carry-forward monies. Monies set aside for specific purposes increased $15.5 million. The remaining increase was due to yearend statutory transfers to the Medicaid Budget Stabilization Account ($8.8 million) and the General Fund Budget Reserve Account ($2.4 million). The General Fund Budget Reserve Account ended the year with a balance of $143.6 million.
- Assigned fund balance decreased by $123.7 million or 48.4 percent. The decrease was primarily due to a $116.5 million decrease in the amount set aside for next year's budget, in addition to small decreases in various assigned sources.

Total tax collections in the General Fund increased $30 million or 1.4 percent. Sales and use tax increased $59 million, or 3.4 percent. Other taxes decreased $29 million or 8.1 percent primarily due to a $40.6 million decrease in severance tax as a result of lower energy prices and a decline in production. This decrease was offset by a $13.1 million increase in insurance premium tax. Overall, sales tax revenue in all governmental funds increased $98.5 million or 4.5 percent due to moderate growth in the Utah economy.

Total General Fund non-tax revenues increased $32.6 million or 0.9 percent, explained as follows: Federal contracts and grants increased $97.2 million or 3.7 percent primarily due to a $90.5 million increase in federal funding for the CHIP and Medicaid Programs and a $6.2 million increase in federal funds provided for family health and preparedness. Additional details regarding the change in federal contracts and grants are provided below in terms of the corresponding changes in expenditures. Charges for services increased $16.7 million, or 3.7 percent driven by demand for government services. These increases were offset by the decreases in other non-tax revenue as follows. Federal mineral lease revenue decreased $69.4 million or 50.1 percent due to lower energy prices and a decline in production. Miscellaneous and other revenue decreased $13.1 million or 5.1 percent primarily due to $15.1 million in one-time health insurance rebates received in the prior year, offset by small increases in various other miscellaneous revenues.

Overall, total General Fund expenditures increased by $249 million or 4 percent as the State responded to an improving economy and an increase in the public's demand for some government services. Significant changes in expenditures occurred in the following areas:

- *Health and Environmental Quality* – Total expenditures increased $105 million or 4.2 percent due to growth in both Medicaid and CHIP programs. These increases were primarily due to: 1) caseload growth; 2) authorized rate increases, including managed health care; and 3) the costs of federal programs, including Disproportionate Share Hospitals (hospitals that serve a low-income and uninsured patients) and Medicare Parts B and D.
- *Higher Education* – Total expenditures increased $53.9 million or 5.9 percent due to an increase in state appropriations. Funding was provided for higher education employee compensation and benefit increases. Major new state-funded system-wide initiatives included: 1) $9 million for performance-based funding; 2) $4.5 million for the Engineering Initiative; 3) $4 million for Research and Graduate programs; and 4) $3 million for the Board of Regents' Scholarship. Other initiatives included: 1) $4.9 million for operations and maintenance of new state-funded buildings; 2) $3 million for UCAT campus equity funding; and 3) $1.9 million for the Math Competency Initiative. The Utah Education and Telehealth Network was provided an additional $9.8 million. The balance of the increase resulted from smaller increases at the institution level.
- *Human Services and Juvenile Justice Services* – Total expenditures increased $41.8 million or 5.8 percent due in part to a $27.1 million increase in services for people with disabilities, as additional funding was provided for an increase in salaries for direct care service workers. Expenditures also increased $5.7 million for substance abuse and mental health treatment programs, which included $4.5 million for the Justice Reinvestment Initiative. This initiative holds offenders accountable while securing our communities in a way that takes into account individual risks and treatment needs. The balance of the increase was due to additional funding provided for services and cost items across all programs.
- *General Government* – Total expenditures increased $30.4 million or 8.7 percent primarily due to a $21.5 million increase to provide funding for the Hill Air Force Base Falcon Hill Software building (a non-state project). An additional $2 million was spent to increase payments to local jails housing state offenders. Attorney General expenditures increased $5 million, including $2 million to expand staff and provide salary equity adjustments, $1.1 million for a new information technology case management system, and $1 million for litigation related to the protection of the sage grouse. The balance of the increase in general government expenditures resulted from smaller increases in various other programs.

In addition to the significant changes in expenditures described above, the increase in overall expenditures is also due to a $25.4 million increase as a result of a 2.25 percent salary increase for most state employees, a 0.75 percent market comparability adjustment, and increases in health insurance costs.

**Budgetary Highlights — General Fund**

The Legislature adopted the initial fiscal year 2016 budget during the 2015 General Session (January to March 2015). The original consensus revenue estimates in the General Fund budget at the start of fiscal year 2016, excluding department-specific revenue sources such as federal grants and departmental collections, and miscellaneous transfers, were 2.7 percent higher than the final fiscal year 2015 budget. The increase was primarily due to growth in the sales and use tax due to the improving economy. Budgeted expenditures were 10.9 percent higher than the final fiscal year 2015 budget. The Governor and Legislature were able to balance the original fiscal year 2016 budget with revenue growth, one-time monies, legislative changes to revenue, and targeted base budget reductions.

The fiscal year 2016 budget was again addressed during the 2016 General Session of the Legislature (January to March 2016). General revenue estimates had decreased $63.8 million from the original consensus estimates adopted during the 2015 General Session due to projected decreases in sales tax, severance tax, and insurance premium tax. Despite the projected decreases, revenue estimates and base budget resources allowed the Legislature to set aside $47.7 million for fiscal year 2017 appropriations. The Governor called the Legislature into a Third Special Session in July 2016, during which an additional $10 million was set aside for fiscal 2017 appropriations. In the end, taxes and other general revenues ended the year $14.2 million above final budgeted amounts.

Final budgets of department-specific revenue sources decreased from original budgets primarily due to a decrease in expected federal contracts and grants. Actual department-specific revenues decreased from final budgets due to a decrease in the state mineral lease revenue. Final budgets for many of the departmental-specific revenue sources and related expenditures such as federal grants, departmental collections, and miscellaneous revenues, are generally revised based on actual collections. The difference between final budgeted expenditures and actual expenditures is primarily due to nonlapsing and unspent restricted funds that will be carried forward to the next year.

**Education Fund**
Restricted fund balance in the Education Fund decreased by $154.5 million or 15.4 percent from the prior year as expenditures and transfers out exceeded revenues. The amount unspent and carried forward for education decreased by $7.1 million. Amounts set aside for fiscal year 2017 appropriations decreased by $107.9 million. Tax accruals restricted by law for education increased by $14.1 million.

In addition, the Education Fund ended the year with a zero dollar surplus by using $2.2 million restricted and budgeted to be used for fiscal year 2017 to cover revenue shortfalls that occurred in fiscal year 2016. There were no statutory transfers to the Education Fund Budget Reserve Account, a budget stabilization account, which ended the year with a balance of $349.5 million.

Overall, total revenue in the Education Fund increased by $177.5 million or 4.3 percent. Individual income tax increased by $181.6 million or 5.7 percent primarily due to an economy that is growing steadily and sustainably. Corporate income tax decreased $26.4 million or 7.2 percent largely due to weaker corporate profits caused by the stronger dollar and diminished revenue growth. Charges for services increased by $8.9 million due to an increase in reimbursements that were previously recorded as a reduction of expenditures, but were re-evaluated. Investment income increased by $5.9 million. Federal contracts and grants increased by $5.4 million. Miscellaneous other revenue increased by $1.8 million due to an increase in liquor sales allocated by law for school lunch.

Overall, expenditures increased by $215.3 million or 6.4 percent in the Education Fund. The increase was primarily due to a $170.7 million increase in the Minimum School Program to provide for student enrollment growth and to increase the weighted pupil unit value, which is the primary funding mechanism for public education. Expenditures also increased by $18.8 million for the School Building Program. Expenditures for Initiative Programs increased by $8.7 million as grants were provided to low performing schools. Expenditures for Child Nutrition also increased $7.2 million.

**Transportation Fund**
Total fund balance in the Transportation Fund increased $64.2 million or 30.8 percent from the prior year. Restricted fund balance increased by $61.4 million or 42.3 percent primarily due to an increase in the unspent balance of restricted revenues, mainly an increase in motor and special fuels tax, as explained below. Committed fund balance increased $2.5 million or 5.1 percent due to an increase in unspent sales and use tax collections for highway projects at yearend. Assigned fund balance decreased by $150 thousand or 100 percent as unspent general revenues from the prior year were utilized. Nonspendable inventory increased by $385 thousand or 2.8 percent.

Overall, transportation revenues increased by $24.5 million or 2.6 percent. The increase resulted from the following changes in revenue as compared to the prior year:

- Motor and special fuels tax increased $53.9 million or 14.5 percent due in part to a new 4.9 cent per gallon gas tax and also due to an increase in gallons sold as consumers took advantage of lower gas prices.
- Miscellaneous and other revenues increased $18 million or 51 percent due to an increase in revenue from local governments provided for construction projects.
- Sales and use tax revenues statutorily designated for transportation projects increased $2.6 million or 6 percent as a result of an improving economy.
- Charges for services decreased by $44.2 million or 49.2 percent, primarily due to $30 million of internal transactions between divisions that were re-evaluated and eliminated. The remaining decrease was due to certain revenue related to local governments that was re-evaluated and is no longer reported in the Transportation Fund, but was moved to an agency fund.
- Federal contracts and grants decreased by $8.4 million or 2.6 percent as a result of timing differences related to highway construction projects.

Expenditures for the Transportation Fund decreased by $68.4 million or 7.6 percent in part due to $30 million elimination of transactions between divisions, as described above in terms of the decrease in revenue. The balance of the decrease was due to timing differences related to highway construction projects, as explained below. Net other financing sources (uses) increased by $8.6 million or 9.9 percent due to a decrease in transfers out for bond payments.

Authorized federal funding for highway construction remains relatively stable from year to year. However, the spending of state and federal revenue reflects the timing of highway construction projects, which is impacted by a variety of circumstances such as environmental studies or existing weather conditions. In addition, the Department of Transportation has discretion on allocating federal funds among projects, which impacts the amount of federal revenue reported in the Transportation Fund.

**Transportation Investment Fund**

Fund balance in the Transportation Investment Fund decreased by $87.1 million or 15.3 percent from the prior year. Restricted fund balance decreased a slight $430 thousand or 15.2 percent due to a change in the fair value of investments. Committed fund balance decreased by $86.7 million or 15.3 percent due to the increase in expenditures which utilized sales and use tax revenue that was unspent in the prior year.

Overall, revenues increased $39.8 million or 7.8 percent. Sales and use tax revenues, statutorily reallocated from use in the General Fund to use for highway projects, increased $36.7 million or 8.6 percent. License, permits and fees increased $3.3 million or 4.3 percent as the result of an increase in motor vehicle registration fees. Other financing sources (uses) decreased by $47.8 million or 14.3 percent due to an increase in transfers out for bond payments. Expenditures increased by $21.8 million or 6.8 percent from the prior year due to increased spending on highway construction projects.

**Trust Lands Fund**

The fund balance of the permanent Trust Lands Fund increased by $22.6 million or 1 percent from the prior year. The increase resulted from revenue of $32 million generated from land use and $23.3 million from gains on the sale of land. This revenue was offset by a $34.5 million decrease in investment values because of general market conditions. The permanent fund also generated $49.9 million of cash investment earnings that is earmarked for distribution to local school districts. The principal in the fund is held in perpetuity (nonspendable) with earnings restricted primarily to support public education.

## FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

**Student Assistance Programs**

The net position of the Student Assistance Programs decreased $3.4 million or 0.93 percent from the prior year due to changes in total assets, liabilities and deferred inflows of resources. Total assets decreased $479.8 million primarily due to a decrease in student loans receivable and interest receivable. These programs received $507 million in principal payments on student loans during the fiscal year. Total liabilities decreased $486.6 million primarily due to decreases in revenue bonds payable and line of credit because the programs paid $483.7 million in principal on student loan revenue bonds and notes, and line of credit during the fiscal year. These decreases were offset by a $10.2 million increase in deferred inflows of resources as a result of an increase in the fair value of interest rate swap agreements. Of total net position of $364.7 million, $320.8 million is restricted for use within the programs by bond covenants or federal law.

**Unemployment Compensation Fund**

The State's average unemployment rate for the fiscal year 2016 increased slightly from the prior year. Employer tax revenue decreased $55 million or 18.6 percent due to an overall contribution rate decrease from the prior year. Expenses increased $5.4 million or 3.1 percent due to a slight increase in claims volume. Employer taxes and other revenues exceeded benefit payments resulting in the increase of net position of $76.6 million or 7.4 percent. The entire net position of $1 billion is restricted for use within the programs by state and federal law.

**Water Loan Programs**

The net position of the Water Loan Programs increased $35.9 million or 3.9 percent from the prior year. Additional capital for loans was provided from $29.3 million in dedicated sales tax revenues, $14 million in investment income, and $11.3 million in federal grants. These increases were offset by program grant expenses of $9 million, other operating expenses of $4.2 million, and interest expense of $1.7 million. Of total net position of $949.6 million, $435.7 million is restricted for use within the Water Loan Programs by federal grant requirements and $160.6 million is restricted pursuant to bond agreements within the programs.

**Community Impact Loan Fund**

The net position of the community Impact Loan fund decreased $4.6 million or 0.7 percent from the prior year, primarily due to investment income of $8.6 million and federal contracts and grants of $5.1 million offset by $17.5 million transferred out of the fund for community development programs. There is no restriction on the fund's net position.

## CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

### Capital Assets

The State's capital assets increased a net $385.9 million during the year. The change consisted of net increases in infrastructure (i.e., state roads and bridges) of $234.6 million; land and related assets of $66.2 million; construction in progress of $56.6 million; building and improvements of $21.1 million; and machinery and equipment of $9.8 million. There was a net decrease in software of $2.4 million. Several buildings financed by the State are actually owned by the colleges and universities, which are discrete component units of the State. Therefore, while the capital assets are on the component unit's financial statements, any outstanding debt issued by the State to finance construction of those assets is reported as a liability of the State's governmental activities. This in turn reduces unrestricted net position. As of June 30, 2016, the State had $196.9 million of outstanding debt related to capital assets of component units.

At June 30, 2016, the State had commitments in capital projects funds of $284.9 million for building projects and $217.6 million for highway construction and improvement projects. The State also had commitments of $404.9 million for road construction and other contract commitments in the Transportation Fund. Funding for the commitments will come from existing resources in these funds and from future appropriations and bond proceeds.

The State has adopted an allowable alternative to reporting depreciation for state roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). Under this alternative method, referred to as the "modified approach," UDOT must maintain an asset management system and demonstrate that the infrastructure is being preserved at or above established condition levels. Infrastructure assets accounted for under the modified approach are not depreciated, and maintenance and preservation costs are expensed.

The State's established condition level for state roads is to maintain a certain percentage of mileage at a "fair" or better condition. The Interstate system has a target of 95 percent rated as "fair" or better, Level 1 roads (over 1,000 Average Annual Daily Traffic) at 90 percent, and Level 2 roads (under 1,000 Average Annual Daily Traffic) at 80 percent. The most recent biannual condition assessment completed in 2015 indicated that 99.5 percent of Interstate and 92.7 percent of Level 1 roads were in "fair" or better condition. These results reflect maintaining Interstate and Level 1 roads above target percentages and are consistent with calendar year 2014, when 99.7 percent of Interstate and 91.7 percent of Level 1 were assessed as "fair" or better condition. In 2013 Level 2 roads were redefined to a 1,000 Average Annual Daily Traffic threshold (previously 2,000), resulting in the Level 2 percentage of roads at a "fair" or better condition dropping below the target in 2014. The 2015 assessment of Level 2 roads indicate that 79.2 percent were in "fair" or better condition, compared to 75.3 percent in 2014. The State has corrective processes in place to meet the Level 2 condition target by the next assessment.

The State's established condition level for bridges is to maintain 50 percent with a rating of "good" and no more than 10 percent of bridges with a "poor" rating. The most recent condition assessment, completed in April 2016, indicated that 70.9 percent and 1.4 percent of bridges were in "good" and "poor" condition, respectively. These results reflect maintaining bridges at a consistent condition level as 2015 when 73 percent of the bridges were assessed as "good" or better, and 1 percent assessed were in "poor" condition.

During fiscal year 2016, the State spent $343.3 million to maintain and preserve roads and bridges. This amount is 44.1 percent above the estimated amount of $238.3 million needed to maintain these assets at established condition levels.

More information about capital assets is included in Note 8 on page 106, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on pages 162 and 163.

### Long-term Debt

The *Constitution of Utah* allows the State to contract debts not exceeding 1.5 percent of the value of the total taxable property of the State (i.e. constitutional debt limit). The Legislature authorizes general obligation indebtedness within this limit. The *State Appropriation and Tax Limitation Act* (i.e., statutory debt limit) further limits the outstanding general obligation debt of the State to not exceed 45 percent of the maximum allowable state budget appropriation limit. As of June 30, 2016, the general obligation indebtedness of the State was $2.266 billion below the constitutional debt limit and $1.378 billion below the statutory debt limit.

Revenue bonds of the State Building Ownership Authority are not backed by the general taxing authority of the State, but are payable from revenue provided through appropriations of the Legislature or other operating revenues. Revenue bonds of the Student Assistance Programs and Water Loan Programs are not backed by the general taxing authority of the State, but are payable solely from specific fees or loan repayments as pledged in the bond indentures.

**State of Utah**
**Net Outstanding Bonded Debt as of June 30**
*(Expressed in Millions)*

| | Governmental Activities | | Business-type Activities | | Total Primary Government | | Total Percentage Change |
|---|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2015 to 2016 |
| General Obligation Bonds | $ 2,585.2 | $ 2,949.7 | $ — | $ — | $ 2,585.2 | $ 2,949.7 | (12.4)% |
| Revenue Bonds: | | | | | | | |
| State Building Ownership Auth. | 249.5 | 169.6 | 78.7 | 80.0 | 328.2 | 249.6 | 31.5 % |
| Student Assistance Programs | — | — | 1,255.2 | 1,511.1 | 1,255.2 | 1,511.1 | (16.9)% |
| Water Loan Programs | — | — | 42.0 | 47.2 | 42.0 | 47.2 | (11.0)% |
| **Total Bonds Payable** | **$ 2,834.7** | **$ 3,119.3** | **$ 1,375.9** | **$ 1,638.3** | **$ 4,210.6** | **$ 4,757.6** | (11.5)% |

Total general obligation bonds payable net of premiums and discounts decreased $364.5 million. Revenue bonds payable net of premiums and discounts decreased $182.5 million for an overall net decrease of $547 million during the fiscal year. The State did not issue general obligation bonds during the fiscal year. The State issued a total of $98.15 million of revenue bonds to fund capital facility projects.

The State's active management of its resources has helped the State maintain its triple-A rating on general obligation bonds from all three national rating agencies, and double-A rating on lease revenue bonds from two national rating agencies from which ratings were sought. These ratings are the best available and save millions of dollars in interest costs each year because the State is able to obtain very favorable interest rates on new debt. Note 10 beginning on page 109 contains more information about the State's outstanding debt.

## ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Original general revenue estimates of the General Fund for fiscal year 2017 are 3.2 percent higher than actual fiscal year 2016 revenues. Original estimates of the Education Fund for fiscal year 2017 are 5.2 percent higher than actual fiscal year 2016 revenues. The Legislature balanced the 2017 budget through projected revenue growth, prior year reserves, and funding reallocations.

Preliminary data for fiscal year 2017 show tax revenues to be in line with estimates. The overall unemployment rate is expected to be 3.7 percent in 2016, a slight increase from the average 2015 rate of 3.5 percent. Taxable retail sales are expected to increase 5 percent in 2016 and increase 5.1 percent in 2017. Personal income is expected to increase 5.7 percent in 2016, and 5.1 percent in 2017. Because these indicators are measured on a calendar year basis, the impact on the State budget will not be fully realized until well into fiscal year 2017. The Governor and Legislature will review the fiscal year 2017 budget again during the upcoming 2017 General Session and take action as necessary to ensure a balanced budget.

## CONTACTING THE STATE'S DIVISION OF FINANCE

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Department of Administrative Services: Division of Finance, Financial Reporting Section at 2110 State Office Building, Salt Lake City, UT, 84114, phone (801) 538-3082 or by email to utahcafr@utah.gov. You may also visit our website at: www.finance.utah.gov.

The preceding discussion and analysis focuses on the State's primary government operations. With the exception of a few nonmajor component units, the State's component units each issue separate audited financial statements that include their respective management's discussion and analysis. Component unit statements may be obtained from their respective administrative offices or from the Office of the Utah State Auditor, Utah State Capitol Complex, East Office Building, Suite E310, Salt Lake City, UT 84114 or online at auditor.utah.gov.

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# BASIC FINANCIAL STATEMENTS

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## Statement of Net Position

June 30, 2016 (Expressed in Thousands)

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Component Units |
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 1,513,105 | $ 1,583,673 | $ 3,096,778 | $ 857,497 |
| Investments | 1,324,789 | 28,964 | 1,353,753 | 2,970,495 |
| Taxes Receivable, net | 1,183,200 | 3,142 | 1,186,342 | — |
| Accounts and Interest Receivable, net | 538,616 | 159,372 | 697,988 | 552,676 |
| Amounts Due From: | | | | |
| Component Units | 79,719 | — | 79,719 | — |
| Primary Government | — | — | — | 697 |
| Prepaid Items | 112,662 | 395 | 113,057 | 19,784 |
| Inventories | 19,048 | 39,013 | 58,061 | 83,243 |
| Internal Balances | 16,628 | (16,628) | — | — |
| Restricted Investments | 2,174,319 | 115,586 | 2,289,905 | 942,932 |
| Restricted Receivables | — | — | — | 70,730 |
| Notes/Loans/Mortgages/Pledges Receivable, net | 9,700 | 3,532,435 | 3,542,135 | 74,918 |
| Capital Lease Payments Receivable, net | 94,665 | — | 94,665 | — |
| Pledged Loans Receivables | — | 125,198 | 125,198 | — |
| Other Assets | 100,035 | 3 | 100,038 | 67,186 |
| Capital Assets: | | | | |
| Land and Other Non-depreciable Assets | 1,855,935 | 23,652 | 1,879,587 | 337,815 |
| Infrastructure | 13,788,115 | — | 13,788,115 | — |
| Construction in Progress | 847,479 | 189 | 847,668 | 333,760 |
| Buildings, Equipment, and Other Depreciable Assets | 2,944,265 | 114,324 | 3,058,589 | 8,083,855 |
| Less Accumulated Depreciation | (1,408,659) | (47,450) | (1,456,109) | (3,711,361) |
| Total Capital Assets | 18,027,135 | 90,715 | 18,117,850 | 5,044,069 |
| Total Assets | $ 25,193,621 | $ 5,661,868 | $ 30,855,489 | $ 10,684,227 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Total Deferred Outflows of Resources | $ 392,288 | $ 11,979 | $ 404,267 | $ 143,567 |
| **LIABILITIES** | | | | |
| Accounts Payable and Accrued Liabilities | $ 954,652 | $ 52,200 | $ 1,006,852 | $ 387,704 |
| Amounts Due to: | | | | |
| Component Units | 671 | 26 | 697 | — |
| Primary Government | — | — | — | 79,719 |
| Securities Lending | — | — | — | 18,398 |
| Unearned Revenue | 85,773 | 4,064 | 89,837 | 148,183 |
| Deposits | — | 52 | 52 | 149,437 |
| Long-term Liabilities: | | | | |
| Due Within One Year | 481,907 | 1,186,257 | 1,668,164 | 299,107 |
| Due in More Than One Year | 3,610,536 | 1,135,348 | 4,745,884 | 1,772,715 |
| Total Liabilities | $ 5,133,539 | $ 2,377,947 | $ 7,511,486 | $ 2,855,263 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Total Deferred Inflows of Resources | $ 112,915 | $ 40,802 | $ 153,717 | $ 34,441 |
| **NET POSITION** | | | | |
| Net Investment in Capital Assets | $ 15,478,397 | $ 20,384 | $ 15,498,781 | $ 3,793,134 |
| Restricted for: | | | | |
| Transportation | 201,030 | — | 201,030 | — |
| Public Education – Expendable | 1,303,833 | — | 1,303,833 | — |
| Public Education – Nonexpendable | 2,267,538 | — | 2,267,538 | — |
| Higher Education – Expendable | — | — | — | 882,868 |
| Higher Education – Nonexpendable | — | — | — | 814,339 |
| Capital Projects | — | — | — | — |
| Debt Service | — | 160,619 | 160,619 | — |
| Unemployment Compensation and Insurance Programs | 6,530 | 1,035,887 | 1,042,417 | 189,344 |
| Loan Programs | — | 869,046 | 869,046 | — |
| Other Purposes – Expendable | 70,923 | — | 70,923 | 24,043 |
| Unrestricted | 1,011,204 | 1,169,162 | 2,180,366 | 2,234,362 |
| Total Net Position | $ 20,339,455 | $ 3,255,098 | $ 23,594,553 | $ 7,938,090 |

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

# Statement of Activities

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | | Program Revenues | | |
|---|---|---|---|---|
| **Activities** | **Expenses** | **Charges for Services** | **Operating Grants and Contributions** | **Capital Grants and Contributions** |
| **Primary Government:** | | | | |
| Governmental: | | | | |
| General Government | $ 457,564 | $ 166,386 | $ 110,302 | $ — |
| Human Services and Juvenile Justice Services | 765,027 | 10,725 | 319,435 | — |
| Corrections | 282,538 | 3,836 | 332 | — |
| Public Safety | 245,598 | 61,395 | 84,556 | — |
| Courts | 142,913 | 51,868 | 2,618 | — |
| Health and Environmental Quality | 2,600,928 | 325,024 | 1,800,423 | — |
| Higher Education | 1,137,364 | — | 1,163 | — |
| Employment and Family Services | 710,018 | 8,082 | 578,621 | — |
| Natural Resources | 198,190 | 90,561 | 41,254 | — |
| Heritage and Arts | 27,048 | 3,443 | 7,387 | — |
| Business, Labor, and Agriculture | 112,809 | 94,924 | 14,023 | — |
| Public Education | 3,554,337 | 89,269 | 447,214 | — |
| Transportation | 825,923 | 207,554 | 225,407 | 87,942 |
| Interest and Other Charges on Long-term Debt | 93,598 | — | — | — |
| Total Governmental Activities | 11,153,855 | 1,113,067 | 3,632,735 | 87,942 |
| Business-type: | | | | |
| Student Assistance Programs | 154,247 | 123,218 | 26,513 | — |
| Unemployment Compensation | 182,516 | 240,709 | (369) | — |
| Water Loan Programs | 14,913 | 902 | 11,263 | — |
| Community and Economic Loan Programs | 5,253 | 3,208 | 8,408 | — |
| Liquor Retail Sales | 260,755 | 364,482 | 303 | — |
| Other Business-type Activities | 37,849 | 34,968 | — | — |
| Total Business-type Activities | 655,533 | 767,487 | 46,118 | 0 |
| Total Primary Government | $ 11,809,388 | $ 1,880,554 | $ 3,678,853 | $ 87,942 |
| **Component Units:** | | | | |
| Public Employees Health Program | $ 617,044 | $ 580,477 | $ 10,661 | $ — |
| University of Utah | 4,006,287 | 3,393,079 | 520,374 | 46,876 |
| Utah State University | 660,891 | 217,663 | 273,214 | 66,249 |
| Nonmajor Colleges and Universities | 1,147,975 | 485,791 | 248,791 | 101,720 |
| Nonmajor Component Units | 54,287 | 27,600 | 2,049 | 25,315 |
| Total Component Units | $ 6,486,484 | $ 4,704,610 | $ 1,055,089 | $ 240,160 |

General Revenues:
- Taxes:
  - Sales and Use Tax
  - Individual Income Tax Imposed for Education
  - Corporate Tax Imposed for Education
  - Motor and Special Fuel Taxes Imposed for Transportation
  - Other Taxes
    - Total Taxes
- Investment Income
- State Funding for Colleges and Universities
- State Funding for Other Component Units
- Gain on Sale of Capital Assets
- Miscellaneous

Permanent Endowments Contributions

Transfers—Internal Activities

Total General Revenues, Contributions and Transfers

Change in Net Position

Net Position—Beginning

Adjustment to Beginning Net Position

Net Position—Beginning as Adjusted

Net Position—Ending

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

| Net (Expense) Revenue and Changes in Net Position | | | |
|---|---|---|---|
| Primary Government | | | |
| Governmental Activities | Business-type Activities | Total | Component Units |
| $ (180,876) | $ — | $ (180,876) | $ — |
| (434,867) | — | (434,867) | — |
| (278,370) | — | (278,370) | — |
| (99,647) | — | (99,647) | — |
| (88,427) | — | (88,427) | — |
| (475,481) | — | (475,481) | — |
| (1,136,201) | — | (1,136,201) | — |
| (123,315) | — | (123,315) | — |
| (66,375) | — | (66,375) | — |
| (16,218) | — | (16,218) | — |
| (3,862) | — | (3,862) | — |
| (3,017,854) | — | (3,017,854) | — |
| (305,020) | — | (305,020) | — |
| (93,598) | — | (93,598) | — |
| (6,320,111) | 0 | (6,320,111) | 0 |
| — | (4,516) | (4,516) | — |
| — | 57,824 | 57,824 | — |
| — | (2,748) | (2,748) | — |
| — | 6,363 | 6,363 | — |
| — | 104,030 | 104,030 | — |
| — | (2,881) | (2,881) | — |
| 0 | 158,072 | 158,072 | 0 |
| (6,320,111) | 158,072 | (6,162,039) | 0 |
| — | — | — | (25,906) |
| — | — | — | (45,958) |
| — | — | — | (103,765) |
| — | — | — | (311,673) |
| — | — | — | 677 |
| 0 | 0 | 0 | (486,625) |
| 2,300,368 | 29,841 | 2,330,209 | — |
| 3,435,425 | — | 3,435,425 | — |
| 340,539 | — | 340,539 | — |
| 425,366 | — | 425,366 | — |
| 354,800 | — | 354,800 | — |
| 6,856,498 | 29,841 | 6,886,339 | 0 |
| 9,365 | 45,318 | 54,683 | 11 |
| — | — | — | 934,320 |
| — | — | — | 35,943 |
| 27,048 | — | 27,048 | (1,328) |
| 82,882 | — | 82,882 | 165 |
| — | — | — | 32,541 |
| 128,148 | (128,148) | — | — |
| 7,103,941 | (52,989) | 7,050,952 | 1,001,652 |
| 783,830 | 105,083 | 888,913 | 515,027 |
| 19,553,685 | 3,150,382 | 22,704,067 | 7,433,124 |
| 1,940 | (367) | 1,573 | (10,061) |
| 19,555,625 | 3,150,015 | 22,705,640 | 7,423,063 |
| $ 20,339,455 | $ 3,255,098 | $ 23,594,553 | $ 7,938,090 |

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# Governmental Fund Financial Statements

## General Fund

This fund is the principal operating fund of the State. It accounts for all financial resources not accounted for and reported in another fund.

## Education Fund

This fund accounts for all corporate and income taxes that support public and higher education in the State. This fund is also used to account for specific revenues and expenditures that support the public elementary and secondary schools.

## Transportation Fund

This fund is maintained to account for revenues and expenditures associated with highway construction and maintenance. Principal funding is provided from dedicated highway user taxes, fees, and federal funds.

## Transportation Investment Fund

This capital projects fund is used to account for revenues and expenditures associated with the construction and reconstruction of specific state and federal highways. Projects designated for the Transportation Investment Capacity program are accounted for within this fund. Funding is provided from highway general obligation bonds, federal funds, vehicle registration fees, sales and use taxes, and appropriations.

## Trust Lands

This permanent fund accounts for land grants and the sale of lands received from the federal Enabling Act. The principal in the fund is perpetual with the earnings used primarily to support public education.

## Nonmajor Funds

Nonmajor governmental funds are presented by fund type beginning on page 168.

## Balance Sheet
## Governmental Funds

June 30, 2016 (Expressed in Thousands)

| | | Special Revenue | | Capital Projects |
|---|---|---|---|---|
| | General | Education | Transportation | Transportation Investment |
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 628,573 | $ 155,359 | $ 248,875 | $ — |
| Investments | 64,182 | 404,727 | 55,667 | 446,176 |
| Receivables: | | | | |
| Accounts, net | 318,050 | 117,110 | 72,473 | — |
| Accrued Interest | 77 | — | — | — |
| Accrued Taxes, net | 253,915 | 828,543 | 62,660 | 38,082 |
| Notes/Mortgages, net | 1,143 | 6,706 | — | — |
| Capital Lease Payments, net | — | — | — | — |
| Due From Other Funds | 42,981 | 1,184 | 202 | — |
| Due From Component Units | 162 | — | — | — |
| Prepaid Items | 106,745 | — | — | — |
| Inventories | 434 | — | 13,990 | — |
| Interfund Loans Receivable | 54,258 | — | — | — |
| Other Assets | — | — | — | — |
| Total Assets | $ 1,470,520 | $ 1,513,629 | $ 453,867 | $ 484,258 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | | |
| Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | $ 437,261 | $ 198,240 | $ 166,936 | $ — |
| Due To Other Funds | 25,844 | 713 | 4,869 | — |
| Due To Component Units | 118 | 238 | — | — |
| Unearned Revenue | 63,238 | 2,287 | 7,704 | — |
| Total Liabilities | 526,461 | 201,478 | 179,509 | 0 |
| Deferred Inflows of Resources: | | | | |
| Unavailable Revenue | 85,905 | 463,994 | 1,598 | 1,795 |
| Total Deferred Inflows of Resources | 85,905 | 463,994 | 1,598 | 1,795 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Long-term Portion of Interfund Loans Receivable | 26,747 | — | — | — |
| Prepaid Items | 106,745 | — | — | — |
| Inventories | 434 | — | 13,990 | — |
| Permanent Fund Principal | — | — | — | — |
| Restricted | 38,124 | 848,157 | 206,811 | 2,393 |
| Committed | 546,782 | — | 51,959 | 480,070 |
| Assigned | 132,126 | — | — | — |
| Unassigned | 7,196 | — | — | — |
| Total Fund Balances | 858,154 | 848,157 | 272,760 | 482,463 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 1,470,520 | $ 1,513,629 | $ 453,867 | $ 484,258 |

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

| Permanent Trust Lands | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|
| $ 4,722 | $ 405,490 | $ 1,443,019 |
| 2,174,319 | 354,037 | 3,499,108 |
| | | |
| 5,941 | 17,364 | 530,938 |
| 1,158 | 313 | 1,548 |
| — | — | 1,183,200 |
| 1,851 | — | 9,700 |
| — | 94,665 | 94,665 |
| — | 2,189 | 46,556 |
| — | 79,156 | 79,318 |
| — | — | 106,745 |
| — | — | 14,424 |
| — | — | 54,258 |
| 87,762 | — | 87,762 |
| $ 2,275,753 | $ 953,214 | $ 7,151,241 |
| | | |
| $ — | $ 129,774 | $ 932,211 |
| 287 | 24,934 | 56,647 |
| 6 | 306 | 668 |
| — | 11,633 | 84,862 |
| 293 | 166,647 | 1,074,388 |
| | | |
| 7,922 | 94,665 | 655,879 |
| 7,922 | 94,665 | 655,879 |
| | | |
| — | — | 26,747 |
| — | — | 106,745 |
| — | — | 14,424 |
| 2,267,538 | — | 2,267,538 |
| — | 118,080 | 1,213,565 |
| — | 226,501 | 1,305,312 |
| — | 347,321 | 479,447 |
| — | — | 7,196 |
| 2,267,538 | 691,902 | 5,420,974 |
| $ 2,275,753 | $ 953,214 | $ 7,151,241 |

# Reconciliation of the Balance Sheet — Governmental Funds
# To the Statement of Net Position

June 30, 2016 (Expressed in Thousands)

| | | |
|---|---|---|
| Total Fund Balances – Governmental Funds…………………………………..… | | $ 5,420,974 |
| The total net position reported for governmental activities in the Statement of Net Position is different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds: (See Note 8) | | |
| Land and Related Non-depreciable Assets .................................................. | $ 1,855,935 | |
| Infrastructure, Non-depreciable .................................................................. | 13,788,115 | |
| Construction in Progress ............................................................................ | 847,479 | |
| Buildings, Equipment, and Other Depreciable Assets ................................. | 2,709,940 | |
| Accumulated Depreciation ......................................................................... | (1,265,122) | 17,936,347 |
| Deferred inflows of resources are not reported in the governmental funds: | | |
| Revenues are not available soon enough after yearend to pay for the current period's expenditures ……………………………………………………….. | 645,852 | |
| Related to pensions ……………………………………………………… | (95,877) | 549,975 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations to individual governmental funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position. ........................................ | | 31,362 |
| Deferred outflows of resources are not reported in the governmental funds: | | |
| Amount on refunding of bonded debt ......................................................... | 27,299 | |
| Related to pensions ..................................................................................... | 340,454 | 367,753 |
| Other assets not available in the current period and therefore are not reported in the governmental funds: | | |
| Other Postemployment Benefit Asset, net ................................................... | 11,789 | |
| Net Pension Asset ....................................................................................... | 475 | 12,264 |
| Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the governmental funds: (See Note 10) | | |
| General Obligation and Revenue Bonds Payable ........................................ | (2,741,623) | |
| Unamortized Bond Premiums ..................................................................... | (92,827) | |
| Accrued Interest on Bonds Payable ............................................................ | (1,454) | |
| Pollution Remediation Obligation ............................................................... | (6,401) | |
| Settlement Obligation .................................................................................. | (365) | |
| Compensated Absences ............................................................................... | (182,707) | |
| Capital Leases .............................................................................................. | (23,498) | |
| Other Postemployment Benefit Obligation, net .......................................... | (3,848) | |
| Net Pension Liability .................................................................................. | (926,497) | (3,979,220) |
| Total Net Position – Governmental Activities…………………………………..… | | $ 20,339,455 |

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

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*State of Utah*

## Statement Of Revenues, Expenditures, And Changes In Fund Balances Governmental Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | | Special Revenue | | Capital Projects |
|---|---|---|---|---|
| | General | Education | Transportation | Transportation Investment |
| **REVENUES** | | | | |
| Taxes: | | | | |
| Sales and Use Tax | $ 1,788,507 | $ — | $ 46,293 | $ 463,334 |
| Individual Income Tax | — | 3,393,087 | — | — |
| Corporate Tax | — | 340,175 | — | — |
| Motor and Special Fuels Tax | — | — | 425,343 | — |
| Other Taxes | 328,321 | 5,173 | 11,460 | — |
| Total Taxes | 2,116,828 | 3,738,435 | 483,096 | 463,334 |
| Other Revenues: | | | | |
| Federal Contracts and Grants | 2,753,249 | 473,726 | 307,016 | — |
| Charges for Services/Royalties | 469,412 | 10,331 | 45,604 | — |
| Licenses, Permits, and Fees | 27,610 | 5,744 | 86,000 | 80,394 |
| Federal Mineral Lease | 69,245 | — | — | — |
| Intergovernmental | — | — | — | — |
| Investment Income | 8,347 | 53,283 | 1,084 | 2,503 |
| Miscellaneous Other: | | | | |
| Liquor Sales Allocated for School Lunch | — | 40,640 | — | — |
| Miscellaneous and Other | 244,653 | 22,859 | 53,337 | — |
| Total Revenues | 5,689,344 | 4,345,018 | 976,137 | 546,231 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General Government | 380,670 | — | — | — |
| Human Services and Juvenile Justice Services | 759,766 | — | — | — |
| Corrections | 285,831 | — | — | — |
| Public Safety | 237,631 | — | — | — |
| Courts | 143,405 | — | — | — |
| Health and Environmental Quality | 2,617,746 | — | — | — |
| Higher Education – State Administration | 79,567 | — | — | — |
| Higher Education – Colleges and Universities | 885,482 | — | — | — |
| Employment and Family Services | 700,610 | — | — | — |
| Natural Resources | 194,397 | — | — | — |
| Heritage and Arts | 27,770 | — | — | — |
| Business, Labor, and Agriculture | 96,725 | — | — | — |
| Public Education | — | 3,555,001 | — | — |
| Transportation | — | — | 833,944 | — |
| Capital Outlay | — | — | — | 341,737 |
| Debt Service: | | | | |
| Principal Retirement | — | — | — | — |
| Interest and Other Charges | — | — | — | — |
| Total Expenditures | 6,409,600 | 3,555,001 | 833,944 | 341,737 |
| Excess Revenues Over (Under) Expenditures | (720,256) | 790,017 | 142,193 | 204,494 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Revenue Bonds Issued | — | — | — | — |
| Premium on Bonds Issued | — | — | — | — |
| Capital Leases Acquisition | — | — | — | — |
| Sale of Capital Assets | 2,283 | — | 5,104 | — |
| Transfers In | 990,793 | 7,863 | 62,871 | 89,903 |
| Transfers Out | (326,140) | (952,392) | (145,968) | (381,524) |
| Total Other Financing Sources (Uses) | 666,936 | (944,529) | (77,993) | (291,621) |
| Net Change in Fund Balances | (53,320) | (154,512) | 64,200 | (87,127) |
| Fund Balances – Beginning | 908,002 | 1,002,163 | 211,512 | 569,590 |
| Adjustment to Beginning Fund Balances | 3,472 | 506 | (2,952) | — |
| Fund Balances – Beginning As Adjusted | 911,474 | 1,002,669 | 208,560 | 569,590 |
| Fund Balances – Ending | $ 858,154 | $ 848,157 | $ 272,760 | $ 482,463 |

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

| Permanent Trust Lands | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|
| $ — | $ 4,752 | $ 2,302,886 |
| — | — | 3,393,087 |
| — | — | 340,175 |
| — | — | 425,343 |
| — | 10,275 | 355,229 |
| 0 | 15,027 | 6,816,720 |
| — | 39,708 | 3,573,699 |
| 31,996 | 72,957 | 630,300 |
| — | — | 199,748 |
| — | — | 69,245 |
| — | 11,264 | 11,264 |
| (34,512) | 3,463 | 34,168 |
| — | — | 40,640 |
| — | 26,806 | 347,655 |
| (2,516) | 169,225 | 11,723,439 |
| — | 31,534 | 412,204 |
| — | 6,420 | 766,186 |
| — | 4,386 | 290,217 |
| — | 25,786 | 263,417 |
| — | 3,105 | 146,510 |
| — | 5,051 | 2,622,797 |
| — | — | 79,567 |
| — | 29,950 | 915,432 |
| — | 7,574 | 708,184 |
| — | 1,791 | 196,188 |
| — | 56 | 27,826 |
| — | 14,461 | 111,186 |
| — | 1,896 | 3,556,897 |
| — | 1,167 | 835,111 |
| — | 182,200 | 523,937 |
| — | 348,576 | 348,576 |
| — | 118,805 | 118,805 |
| 0 | 782,758 | 11,923,040 |
| (2,516) | (613,533) | (199,601) |
| — | 93,625 | 93,625 |
| — | 4,405 | 4,405 |
| — | 5,100 | 5,100 |
| 23,301 | — | 30,688 |
| 1,851 | 844,738 | 1,998,019 |
| — | (70,568) | (1,876,592) |
| 25,152 | 877,300 | 255,245 |
| 22,636 | 263,767 | 55,644 |
| 2,244,902 | 427,221 | 5,363,390 |
| — | 914 | 1,940 |
| 2,244,902 | 428,135 | 5,365,330 |
| $ 2,267,538 | $ 691,902 | $ 5,420,974 |

***State of Utah***

# Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds To the Statement of Activities

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | | |
|---|---|---|
| Net Change in Fund Balances – Governmental Funds……………………………..… | | $ 55,644 |
| The change in net position reported for governmental activities in the Statement of Activities is different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for component units. When the buildings are completed they are "transferred" to component units and are reported as expenses in the Statement of Activities. This is the amount by which capital outlays of $724,357 exceeded depreciation expense of $(99,569) and buildings "transferred" to component units of $(142,310) in the current period. (See Note 8) ………………………………..… | | 482,478 |
| In the Statement of Activities only the gain/loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus the change in net position differs from the change in governmental fund balance by the cost of the assets sold. ............................................................ | | (97,970) |
| Net effect of revenues reported on the accrual basis in the Statement of Activities that are reported as deferred inflows of resources in the governmental funds, as they are unavailable and do not provide current financial resources. …………………… | | 20,504 |
| Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations to individual governmental funds. The net revenue (expense) of the internal service funds is reported with governmental activities. ...................................................................... | | 10,759 |
| Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Position. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Position: (See Note 10) | | |
| Bonds Issued ................................................................................................ | $ (93,625) | |
| Premiums on Bonds Issued .......................................................................... | (4,405) | |
| Capital Lease Additions ................................................................................ | (5,100) | |
| Payment of Bond Principal ......................................................................... | 348,576 | |
| Capital Lease Payments ................................................................................ | 1,889 | 247,335 |
| Expenditures are recognized in the governmental funds when paid or due for: items not normally paid with available financial resources; and interest on long-term debt unless certain conditions are met. However, the Statement of Activities is presented on the accrual basis and expenses are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances: | | |
| Pollution Remediation Obligation Costs ..................................................... | (1,315) | |
| Settlement Obligation Costs ......................................................................... | 4,106 | |
| Compensated Absences Expenses ............................................................... | 3,085 | |
| Accrued Interest on Bonds Payable ............................................................. | (395) | |
| Amortization of Bond Premiums ................................................................. | 33,899 | |
| Amortization of Deferred Amount on Refunding of Bonded Debt ............. | (7,383) | |
| Other Postemployment Benefit Obligation Costs, net ................................. | 6,399 | |
| Pension Costs, net ........................................................................................ | 26,684 | 65,080 |
| Change in Net Position – Governmental | | $ 783,830 |

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

# Proprietary Fund Financial Statements

## Student Assistance Programs

These programs are administered by the State Board of Regents and are comprised of the Utah Higher Education Assistance Authority Student Loan Guarantee Program and the Student Loan Purchase Program. The purpose of these programs is to guarantee the repayment of student loans made by participating lenders to eligible borrowers and service outstanding student loans. Funds are acquired from the sale of bonds, lines-of-credit, and funding notes.

## Unemployment Compensation Fund

This fund pays claims for unemployment to eligible recipients and is funded through employer contributions and reimbursements, and federal grants.

## Water Loan Programs

These programs provide loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures. Capital for this fund was provided from the General Fund and from general obligation bonds that were repaid with general tax revenues. Additional funds have been generated by issuing water loan recapitalization revenue bonds that are secured by pledged principal and interest payments of specific revolving water resources loan funds.

## Community Impact Loan Fund

This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources. Working capital for this fund is provided from federal mineral lease funds transferred from the General Fund. This fund also administers loans and loan guarantees from federal funds to small businesses under the Small Business Credit Initiative.

## Nonmajor Funds

Nonmajor enterprise funds are presented beginning on page 192.

## Governmental Activities – Internal Service Funds

These funds are maintained to account for the operation of state agencies that provide goods or services to other state agencies and other governmental units on a cost-reimbursement basis. These funds are presented in more detail beginning on page 204.

## Statement Of Net Position
## Proprietary Funds

June 30, 2016 (Expressed in Thousands)

| | Business-type Activities – Enterprise Funds | | | |
|---|---|---|---|---|
| | Student Assistance Programs | Unemployment Compensation Fund | Water Loan Programs | Community Impact Loan Fund |
| **ASSETS** | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | $ 91,448 | $ 974,436 | $ 276,905 | $ 189,042 |
| Restricted Investments | 115,586 | — | — | — |
| Receivables: | | | | |
| Accounts, net | 7,070 | 73,046 | 558 | — |
| Accrued Interest | 48,884 | — | 5,698 | 4,640 |
| Accrued Taxes, net | — | — | 3,142 | — |
| Notes/Loans/Mortgages, net | 413,983 | — | 46,742 | 19,617 |
| Due From Other Funds | — | — | 12,259 | — |
| Due From Component Units | — | — | — | — |
| Prepaid Items | 366 | — | 26 | — |
| Inventories | — | — | — | — |
| Total Current Assets | 677,337 | 1,047,482 | 345,330 | 213,299 |
| Noncurrent Assets: | | | | |
| Accounts Receivables | — | 5,841 | — | — |
| Investments | 28,730 | — | — | — |
| Prepaid Items | — | — | — | — |
| Accrued Interest Receivable | — | — | 3,894 | 70 |
| Notes/Loans/Mortgages Receivables, net | 1,901,822 | — | 518,177 | 461,891 |
| Pledged Loans Receivables | — | — | 125,198 | — |
| Other Assets | — | — | — | — |
| Capital Assets: | | | | |
| Land | — | — | — | — |
| Infrastructure | — | — | — | — |
| Buildings and Improvements | 12,929 | — | — | — |
| Machinery and Equipment | 2,501 | — | — | — |
| Intangible Assets–Software | 1,174 | — | — | — |
| Construction in Progress | — | — | — | — |
| Less Accumulated Depreciation | (6,794) | — | — | — |
| Total Capital Assets | 9,810 | 0 | 0 | 0 |
| Total Noncurrent Assets | 1,940,362 | 5,841 | 647,269 | 461,961 |
| Total Assets | $ 2,617,699 | $ 1,053,323 | $ 992,599 | $ 675,260 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Deferred Amount on Refundings of Bonded Debt | $ — | $ — | $ — | $ — |
| Deferred Amount of Federal Default Fee | 350 | — | — | — |
| Deferred Outflows Relating to Pensions | 1,035 | — | — | — |
| Total Deferred Outflows of Resources | $ 1,385 | $ 0 | $ 0 | $ 0 |
| **LIABILITIES** | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | $ 33,967 | $ 2,279 | $ 965 | $ — |
| Deposits | — | 50 | 1 | — |
| Due To Other Funds | — | 9,381 | 45 | — |
| Due To Component Units | — | — | — | — |
| Interfund Loans Payable | — | — | — | — |
| Unearned Revenue | 123 | — | — | — |
| Policy Claims and Uninsured Liabilities | — | 5,726 | — | — |
| Notes Payable | 921,995 | — | — | — |
| Revenue Bonds Payable | 248,374 | — | 5,235 | — |
| Total Current Liabilities | 1,204,459 | 17,436 | 6,246 | 0 |
| Noncurrent Liabilities: | | | | |
| Accrued Liabilities | 467 | — | — | — |
| Interfund Loans Payable | — | — | — | — |
| Policy Claims and Uninsured Liabilities | — | — | — | — |
| Notes Payable | — | — | — | — |
| Revenue Bonds Payable | 1,006,914 | — | 36,793 | — |
| Net Pension Liability | 3,236 | — | — | — |
| Total Noncurrent Liabilities | 1,010,617 | 0 | 36,793 | 0 |
| Total Liabilities | $ 2,215,076 | $ 17,436 | $ 43,039 | $ 0 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Deferred Amount on Refundings of Bonded Debt | $ 10,146 | $ — | $ — | $ — |
| Fair Value of Interest Rate Swap Agreements | 28,730 | — | — | — |
| Deferred Inflows Relating to Pensions | 418 | — | — | — |
| Total Deferred Inflows of Resources | $ 39,294 | $ 0 | $ 0 | $ 0 |
| **NET POSITION** | | | | |
| Net Investment in Capital Assets | $ 4,822 | $ — | $ — | $ — |
| Restricted for: | | | | |
| Unemployment Compensation and Insurance Programs | — | 1,035,887 | — | — |
| Loan Programs | 320,771 | — | 435,719 | — |
| Debt Service | — | — | 160,619 | — |
| Unrestricted (Deficit) | 39,121 | — | 353,222 | 675,260 |
| Total Net Position | $ 364,714 | $ 1,035,887 | $ 949,560 | $ 675,260 |

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

| Business-type Activities – Enterprise Funds: Nonmajor Enterprise Funds | Business-type Activities – Enterprise Funds: Total | Governmental Activities – Internal Service Funds |
|---|---|---|
| $ 51,842 | $ 1,583,673 | $ 70,086 |
| — | 115,586 | — |
| | | |
| 6,553 | 87,227 | 6,031 |
| 1,759 | 60,981 | — |
| — | 3,142 | — |
| 12,029 | 492,371 | — |
| 10,076 | 22,335 | 27,767 |
| — | 0 | 401 |
| 3 | 395 | 3,096 |
| 39,013 | 39,013 | 4,624 |
| 121,275 | 2,404,723 | 112,005 |
| | | |
| — | 5,841 | — |
| 234 | 28,964 | — |
| — | 0 | 2,821 |
| 1,359 | 5,323 | — |
| 158,174 | 3,040,064 | — |
| — | 125,198 | — |
| 3 | 3 | 9 |
| | | |
| 23,652 | 23,652 | — |
| 430 | 430 | 130 |
| 79,675 | 92,604 | 5,455 |
| 14,884 | 17,385 | 213,559 |
| 2,731 | 3,905 | 15,181 |
| 189 | 189 | — |
| (40,656) | (47,450) | (143,537) |
| 80,905 | 90,715 | 90,788 |
| 240,675 | 3,296,108 | 93,618 |
| $ 361,950 | $ 5,700,831 | $ 205,623 |
| | | |
| $ 4,403 | $ 4,403 | $ 9 |
| — | 350 | — |
| 6,191 | 7,226 | 24,526 |
| $ 10,594 | $ 11,979 | $ 24,535 |
| | | |
| $ 14,522 | $ 51,733 | $ 20,003 |
| 1 | 52 | — |
| 29,537 | 38,963 | 1,933 |
| 26 | 26 | 3 |
| — | 0 | 27,511 |
| 3,941 | 4,064 | 911 |
| — | 5,726 | 20,565 |
| — | 921,995 | 34 |
| 4,927 | 258,536 | 101 |
| 52,954 | 1,281,095 | 71,061 |
| | | |
| — | 467 | — |
| — | 0 | 26,747 |
| — | 0 | 27,527 |
| — | 0 | 305 |
| 73,796 | 1,117,503 | 147 |
| 14,609 | 17,845 | 65,998 |
| 88,405 | 1,135,815 | 120,724 |
| $ 141,359 | $ 2,416,910 | $ 191,785 |
| | | |
| $ — | $ 10,146 | $ — |
| — | 28,730 | — |
| 1,508 | 1,926 | 7,011 |
| $ 1,508 | $ 40,802 | $ 7,011 |
| | | |
| $ 15,562 | $ 20,384 | $ 90,545 |
| | | |
| — | 1,035,887 | 6,530 |
| 112,556 | 869,046 | — |
| — | 160,619 | — |
| 101,559 | 1,169,162 | (65,713) |
| $ 229,677 | $ 3,255,098 | $ 31,362 |

## Statement Of Revenues, Expenses, And Changes In Fund Net Position
## Proprietary Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Business-type Activities – Enterprise Funds | | | |
|---|---|---|---|---|
| | Student Assistance Programs | Unemployment Compensation Fund | Water Loan Programs | Community Impact Loan Fund |
| **OPERATING REVENUES** | | | | |
| Sales and Charges for Services/Premiums | $ 8,511 | $ 240,167 | $ 155 | $ — |
| Fees and Assessments | 847 | 542 | 747 | — |
| Interest on Notes/Mortgages | 109,550 | — | — | — |
| Federal Reinsurance and Allowances/Reimbursements | 26,513 | (369) | — | — |
| Miscellaneous | 4,310 | — | — | 32 |
| Total Operating Revenues | 149,731 | 240,340 | 902 | 32 |
| **OPERATING EXPENSES** | | | | |
| Administration | 7,194 | — | — | 14 |
| Purchases, Materials, and Services for Resale | — | — | — | — |
| Grants | — | — | 9,019 | — |
| Rentals and Leases | — | — | 11 | — |
| Maintenance | — | — | — | — |
| Interest | 25,338 | — | — | — |
| Depreciation/Amortization | 859 | — | — | — |
| Student Loan Servicing and Related Expenses | 90,640 | — | — | — |
| Payment to Lenders for Guaranteed Claims | 24,312 | — | — | — |
| Benefit Claims and Unemployment Compensation | — | 182,516 | — | — |
| Supplies and Other Miscellaneous | 5,554 | — | 4,221 | 799 |
| Total Operating Expenses | 153,897 | 182,516 | 13,251 | 813 |
| Operating Income (Loss) | (4,166) | 57,824 | (12,349) | (781) |
| **NONOPERATING REVENUES (EXPENSES)** | | | | |
| Investment Income | 1,110 | 21,200 | 13,982 | 8,629 |
| Federal Contracts and Grants | — | — | 11,263 | 5,057 |
| Disposal of Capital Assets | — | — | — | — |
| Tax Revenues | — | — | 29,316 | — |
| Interest Expense | — | — | (1,662) | — |
| Refunds Paid to Federal Government | (100) | — | — | — |
| Other Revenues (Expenses) | (250) | — | — | — |
| Total Nonoperating Revenues (Expenses) | 760 | 21,200 | 52,899 | 13,686 |
| Income (Loss) before Transfers | (3,406) | 79,024 | 40,550 | 12,905 |
| Transfers In | — | — | — | — |
| Transfers Out | — | (2,454) | (4,695) | (17,534) |
| Change in Net Position | (3,406) | 76,570 | 35,855 | (4,629) |
| Net Position – Beginning | 368,120 | 959,317 | 913,705 | 679,889 |
| Adjustment to Beginning Net Position | — | — | — | — |
| Net Position – Beginning as Adjusted | 368,120 | 959,317 | 913,705 | 679,889 |
| Net Position – Ending | $ 364,714 | $ 1,035,887 | $ 949,560 | $ 675,260 |

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

| Business-type Activities – Enterprise Funds: Nonmajor Enterprise Funds | Business-type Activities – Enterprise Funds: Total | Governmental Activities – Internal Service Funds |
|---|---|---|
| $ 393,359 | $ 642,192 | $ 274,676 |
| 5,565 | 7,701 | — |
| 3,134 | 112,684 | — |
| — | 26,144 | — |
| 568 | 4,910 | 301 |
| 402,626 | 793,631 | 274,977 |
| | | |
| 33,538 | 40,746 | 109,975 |
| 235,799 | 235,799 | 71,308 |
| 3,759 | 12,778 | — |
| 2,262 | 2,273 | 1,078 |
| 3,453 | 3,453 | 20,560 |
| — | 25,338 | — |
| 3,539 | 4,398 | 18,748 |
| — | 90,640 | — |
| — | 24,312 | — |
| — | 182,516 | 17,003 |
| 17,560 | 28,134 | 32,778 |
| 299,910 | 650,387 | 271,450 |
| 102,716 | 143,244 | 3,527 |
| | | |
| 397 | 45,318 | 413 |
| 3,654 | 19,974 | — |
| — | 0 | (11) |
| 525 | 29,841 | — |
| (3,134) | (4,796) | (23) |
| — | (100) | (113) |
| — | (250) | 245 |
| 1,442 | 89,987 | 511 |
| 104,158 | 233,231 | 4,038 |
| 3,243 | 3,243 | 6,721 |
| (106,708) | (131,391) | — |
| 693 | 105,083 | 10,759 |
| 229,351 | 3,150,382 | 20,603 |
| (367) | (367) | — |
| 228,984 | 3,150,015 | 20,603 |
| $ 229,677 | $ 3,255,098 | $ 31,362 |

# Statement Of Cash Flows
# Proprietary Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Business-type Activities – Enterprise Funds | | | |
|---|---|---|---|---|
| | **Student Assistance Programs** | **Unemployment Compensation Fund** | **Water Loan Programs** | **Community Impact Loan Fund** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from Customers/Loan Interest/Fees/Premiums ... | $ 96,025 | $ 253,838 | $ 995 | $ 32 |
| Receipts from Loan Maturities .......................................... | 507,021 | — | — | — |
| Receipts Federal Reinsurance and Allowances/Reimbursements ........................................ | (32,816) | (336) | — | — |
| Receipts from State Customers ........................................ | — | — | — | — |
| Payments to Suppliers/Claims/Grants .............................. | (21,518) | (181,381) | (13,227) | (280) |
| Disbursements for Loans Receivable ............................... | (19,080) | — | — | — |
| Payments on Loan Guarantees .......................................... | (26,843) | — | — | — |
| Payments for Employee Services and Benefits ................ | (17,873) | — | — | (14) |
| Payments to State Suppliers and Grants ........................... | — | — | — | (519) |
| Payments of Sales Tax and School Lunch Collections ..... | — | — | — | — |
| Net Cash Provided (Used) by Operating Activities ............................................. | 484,916 | 72,121 | (12,232) | (781) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | |
| Borrowings Under Interfund Loans ................................. | — | — | — | — |
| Repayments Under Interfund Loans ................................. | — | — | — | — |
| Receipts from Bonds, Notes, and Deposits ...................... | — | 17 | 1 | — |
| Payments of Bonds, Notes, Deposits, and Refunds ........... | (483,729) | (10) | (5,214) | — |
| Interest Paid on Bonds, Notes, and Financing Costs ......... | (29,409) | — | (1,650) | — |
| Federal Contracts and Grants and Other Revenues ........... | — | — | 11,263 | 5,057 |
| Restricted Sales Tax .......................................................... | — | — | 29,290 | — |
| Transfers In from Other Funds .......................................... | — | — | — | — |
| Transfers Out to Other Funds ............................................ | — | (2,454) | (4,695) | (17,534) |
| Net Cash Provided (Used) by Noncapital Financing Activities ........................... | (513,138) | (2,447) | 28,995 | (12,477) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Borrowings Under Interfund Loans ................................. | — | — | — | — |
| Repayments Under Interfund Loans ................................. | — | — | — | — |
| Proceeds from Bond and Note Debt Issuance .................. | — | — | — | — |
| Proceeds from Disposition of Capital Assets ................... | — | — | — | — |
| Federal Grants and Other Revenues ................................. | — | — | — | — |
| Principal Paid on Debt and Contract Maturities ................ | — | — | — | — |
| Acquisition and Construction of Capital Assets ................ | (1,078) | — | — | — |
| Interest Paid on Bonds, Notes, and Capital Leases ........... | — | — | — | — |
| Transfers In from Other Funds .......................................... | — | — | — | — |
| Net Cash Provided (Used) by Capital and Related Financing Activities ............. | (1,078) | 0 | 0 | 0 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Proceeds from the Sale and Maturity of Investments ........ | 624,133 | — | — | — |
| Receipts of Interest and Dividends from Investments ....... | 1,122 | 21,200 | 13,894 | 8,629 |
| Receipts from Loan Maturities .......................................... | — | — | 42,292 | 40,675 |
| Receipts of Interest from Loans ....................................... | — | — | — | — |
| Payments to Purchase Investments ................................... | (609,525) | — | — | — |
| Disbursements for Loans Receivable ............................... | — | — | (34,848) | (30,473) |
| Net Cash Provided (Used) by Investing Activities .............................................. | 15,730 | 21,200 | 21,338 | 18,831 |
| Net Cash Provided (Used) – All Activities ............ | (13,570) | 90,874 | 38,101 | 5,573 |
| Cash and Cash Equivalents – Beginning ............................. | 105,018 | 883,562 | 238,804 | 183,469 |
| Cash and Cash Equivalents – Ending .................................. | $ 91,448 | $ 974,436 | $ 276,905 | $ 189,042 |

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

| Business-type Activities – Enterprise Funds: Nonmajor Enterprise Funds | Business-type Activities – Enterprise Funds: Total | Governmental Activities – Internal Service Funds |
|---|---|---|
| $ 458,135 | $ 809,025 | $ 51,420 |
| 13,734 | 520,755 | — |
| — | (33,152) | — |
| 14,243 | 14,243 | 316,428 |
| (263,394) | (479,800) | (201,353) |
| (16,076) | (35,156) | — |
| — | (26,843) | — |
| (33,138) | (51,025) | (113,533) |
| (12,560) | (13,079) | (46,133) |
| (66,456) | (66,456) | — |
| 94,488 | 638,512 | 6,829 |
| 28,749 | 28,749 | — |
| (16,108) | (16,108) | (521) |
| — | 18 | — |
| — | (488,953) | (31) |
| — | (31,059) | (13) |
| 3,349 | 19,669 | — |
| 525 | 29,815 | — |
| 3,243 | 3,243 | 5,650 |
| (106,708) | (131,391) | — |
| (86,950) | (586,017) | 5,085 |
| — | 0 | 23,166 |
| — | 0 | (17,116) |
| 4,839 | 4,839 | — |
| 1,344 | 1,344 | 2,909 |
| — | 0 | 340 |
| (5,236) | (5,236) | (81) |
| (6,754) | (7,832) | (24,335) |
| (3,731) | (3,731) | (6) |
| — | 0 | 1,071 |
| (9,538) | (10,616) | (14,052) |
| (86) | 624,047 | — |
| 172 | 45,017 | 413 |
| 3,557 | 86,524 | — |
| 79 | 79 | — |
| — | (609,525) | — |
| (16,150) | (81,471) | — |
| (12,428) | 64,671 | 413 |
| (14,428) | 106,550 | (1,725) |
| 66,270 | 1,477,123 | 71,811 |
| $ 51,842 | $ 1,583,673 | $ 70,086 |

**Continues**

## Statement Of Cash Flows
## Proprietary Funds

**Continued**

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Business-type Activities – Enterprise Funds | | | |
|---|---|---|---|---|
| | **Student Assistance Programs** | **Unemployment Compensation Fund** | **Water Loan Programs** | **Community Impact Loan Fund** |
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | | | | |
| Operating Income (Loss) | $ (4,166) | $ 57,824 | $ (12,349) | $ (781) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation/Amortization Expense | 859 | — | — | — |
| Interest Expense for Noncapital and Capital Financing | 27,664 | — | — | — |
| Pension Expense Accrual | 800 | — | — | — |
| Miscellaneous Gains, Losses, and Other Items | (1,926) | — | — | — |
| Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources: | | | | |
| Accounts Receivable/Due From Other Funds | 3,468 | 14,877 | 93 | — |
| Notes/Accrued Interest Receivables | 462,078 | — | — | — |
| Inventories | — | — | — | — |
| Prepaid Items/Deferred Charges | (64) | — | 9 | — |
| Accrued Liabilities/Due to Other Funds | (1,490) | (1,012) | 15 | — |
| Unearned Revenue/Deposits | — | — | — | — |
| Policy Claims Liabilities | (2,307) | 432 | — | — |
| Net Cash Provided (Used) by Operating Activities | $ 484,916 | $ 72,121 | $ (12,232) | $ (781) |
| **SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES** | | | | |
| Increase (Decrease) in Fair Value of Investments | $ — | $ — | $ 43 | $ (920) |
| Total Noncash Investing, Capital, and Financing Activities | $ 0 | $ 0 | $ 43 | $ (920) |

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

| Business-type Activities – Enterprise Funds | | Governmental Activities – |
| --- | --- | --- |
| Nonmajor Enterprise Funds | Total | Internal Service Funds |
| $ 102,716 | $ 143,244 | $ 3,527 |
| 3,539 | 4,398 | 18,748 |
| — | 27,664 | — |
| (591) | 209 | (1,636) |
| — | (1,926) | (208) |
| 3,686 | 22,124 | 2,196 |
| (2,027) | 460,051 | — |
| (5,727) | (5,727) | 581 |
| 19 | (36) | (1,742) |
| (6,885) | (9,372) | (15,849) |
| (242) | (242) | 51 |
| — | (1,875) | 1,161 |
| $ 94,488 | $ 638,512 | $ 6,829 |
| $ (106) | $ (983) | $ (15) |
| $ (106) | $ (983) | $ (15) |

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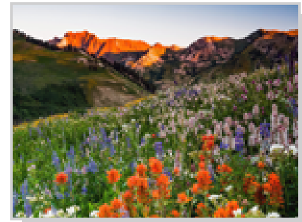
# Fiduciary Fund Financial Statements



## Pension and Other Employee Benefit Trust Funds

These funds are used to account for the defined benefit pension plans and defined contribution plans administered by the Utah Retirement Systems,  and the Post-Retirement Benefits Trust Funds, defined benefit other postemployment benefit plans (OPEB Plans), and other employee benefit plans administered by the State.

## Investment Trust Fund

This fund is used to account for the investments related to external participants in the Utah State Public Treasurers' Investment Fund.

## Private Purpose Trust Funds

These funds are used to report resources of all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

## Agency Funds

Agency funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals.

Individual funds are presented by fund type beginning on page 214.

## Statement Of Fiduciary Net Position
## Fiduciary Funds

June 30, 2016 (Expressed in Thousands)

| | Pension and Other Employee Benefit Trust Funds | Investment Trust Fund | Private Purpose Trust Funds | Agency Funds |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 2,240,303 | $ 1,073,463 | $ 21,535 | $ 185,773 |
| Receivables: | | | | |
| Accounts | 470 | — | 5,131 | 15,968 |
| Contributions | 38,111 | — | — | — |
| Investments | 383,462 | — | — | — |
| Accrued Interest | — | — | 1 | — |
| Accrued Assessments | — | — | 5,374 | — |
| Loans | — | — | 1,064 | — |
| Due From Other Funds | — | — | 645 | 339 |
| Investments: | | | | |
| Debt Securities | 6,089,048 | 6,439,584 | 2,770,777 | 599 |
| Equity Investments | 11,960,084 | — | 6,751,077 | — |
| Absolute Return | 4,141,321 | — | — | — |
| Private Equity | 3,214,680 | — | — | — |
| Real Assets | 4,176,577 | — | — | — |
| Invested Securities Lending Collateral | 2,017,935 | — | — | — |
| Total Investments | 31,599,645 | 6,439,584 | 9,521,854 | 599 |
| Other Assets | — | — | 4,859 | 52,245 |
| Capital Assets: | | | | |
| Land | 1,781 | — | 271 | — |
| Buildings and Improvements | 17,827 | — | 10,715 | — |
| Machinery and Equipment | 6,146 | — | 2,250 | — |
| Less Accumulated Depreciation | (22,621) | — | (5,628) | — |
| Total Capital Assets | 3,133 | 0 | 7,608 | 0 |
| Total Assets | $ 34,265,124 | $ 7,513,047 | $ 9,568,071 | $ 254,924 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Deferred Outflows Relating to Pensions | $ 0 | $ 0 | $ 282 | $ 0 |
| **LIABILITIES** | | | | |
| Accounts Payable | $ 394,672 | $ 10,207 | $ 3,630 | $ — |
| Securities Lending Liability | 2,017,935 | — | — | — |
| Due To Other Funds | — | — | 99 | — |
| Due To Individuals, Organizations, and Other Governments | — | — | — | 254,924 |
| Unearned Revenue | — | — | 481 | — |
| Leave/Postemployment Benefits | 15,079 | — | — | — |
| Policy Claims Liabilities/Insurance Reserves | 5,000 | — | 218,349 | — |
| Real Estate Liabilities | 292,172 | — | — | — |
| Net Pension Obligation | — | — | 621 | — |
| Total Liabilities | $ 2,724,858 | $ 10,207 | $ 223,180 | $ 254,924 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Deferred Inflows Relating to Pensions | $ 0 | $ 0 | $ 90 | $ 0 |
| **NET POSITION** | | | | |
| Restricted for: | | | | |
| Pension Benefits | $ 26,686,840 | $ — | $ — | |
| Other Postemployment Benefits | 246,756 | — | — | |
| Other Employee Benefits | 9,934 | — | — | |
| Defined Contribution | 4,596,736 | — | — | |
| Pool Participants | — | 7,502,840 | — | |
| Individuals, Organizations, and Other Governments | — | — | 9,345,083 | |
| Total Net Position | $ 31,540,266 | $ 7,502,840 | $ 9,345,083 | |
| Participant Account Balance Net Position Valuation Factor | | 1.00455704 | | |

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

# Statement Of Changes In Fiduciary Net Position
# Fiduciary Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Pension and Other Employee Benefit Trust Funds | Investment Trust Fund | Private Purpose Trust Funds |
|---|---|---|---|
| **ADDITIONS** | | | |
| Contributions: | | | |
| Member | $ 370,215 | $ — | $ 1,034,054 |
| Employer | 1,100,204 | — | — |
| Court Fees and Fire Insurance Premiums | 18,871 | — | — |
| Total Contributions | 1,489,290 | 0 | 1,034,054 |
| Pool Participant Deposits | — | 8,786,860 | — |
| Investment Income: | | | |
| Net Increase (Decrease) in Fair Value of Investments | 67,930 | (1,892) | (60,145) |
| Interest, Dividends, and Other Investment Income | 462,576 | 62,064 | 178,147 |
| Total Income From Investment Activity | 530,506 | 60,172 | 118,002 |
| Less Investment Expenses | (57,883) | (393) | — |
| Net Income from Investment Activity | 472,623 | 59,779 | 118,002 |
| Income from Security Lending Activity | 10,464 | — | — |
| Less Security Lending Expenses | (1,360) | — | — |
| Net Income from Security Lending Activity | 9,104 | 0 | 0 |
| Net Investment Income | 481,727 | 59,779 | 118,002 |
| Transfers From Affiliated Systems | 49,373 | — | — |
| Other Additions: | | | |
| Escheats | — | — | 26,765 |
| Royalties and Rents | — | — | 3,552 |
| Fees, Assessments, and Revenues | — | — | 60,741 |
| Miscellaneous | — | — | 7,112 |
| Total Other | 0 | 0 | 98,170 |
| Total Additions | 2,020,390 | 8,846,639 | 1,250,226 |
| **DEDUCTIONS** | | | |
| Pension Benefits | 1,423,762 | — | — |
| Retiree Healthcare Benefits | 25,876 | — | — |
| Refunds/Plan Distributions | 312,038 | — | — |
| Earnings Distribution | — | 61,659 | — |
| Pool Participant Withdrawals | — | 8,560,897 | — |
| Transfers To Affiliated Systems | 49,373 | — | — |
| Trust Operating Expenses | — | — | 34,255 |
| Distributions and Benefit Payments | — | — | 378,258 |
| Administrative and General Expenses | 18,667 | — | 19,604 |
| Total Deductions | 1,829,716 | 8,622,556 | 432,117 |
| Change in Net Position Restricted for: | | | |
| Pension Benefits | 117,716 | — | — |
| Other Postemployment Benefits | 27,798 | — | — |
| Other Employee Benefits | (5,307) | — | — |
| Defined Contributions | 50,467 | — | — |
| Pool Participants | — | 224,083 | — |
| Individuals, Organizations, and Other Governments | — | — | 818,109 |
| Net Position – Beginning | 31,350,618 | 7,278,757 | 8,527,888 |
| Adjustment to Beginning Net Position | (1,026) | — | (914) |
| Net Position – Beginning as Adjusted | 31,349,592 | 7,278,757 | 8,526,974 |
| Net Position – Ending | $ 31,540,266 | $ 7,502,840 | $ 9,345,083 |

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

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# Component Unit Financial Statements

## Public Employees Health Program

This program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for local governments and other public entities within Utah.

## University of Utah and Utah State University

These universities are funded through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

## Nonmajor Component Units

Nonmajor component units are presented beginning on page 230.

## Combining Statement Of Net Position
## Component Units

June 30, 2016 (Expressed in Thousands)

| | Public Employees Health Program | University of Utah | Utah State University | Nonmajor Component Units |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | $ 68,627 | $ 422,488 | $ 61,650 | $ 304,732 |
| Investments | 22,317 | 791,343 | 66,659 | 90,273 |
| Receivables: | | | | |
| Accounts, net | 33,533 | 365,794 | 54,619 | 45,089 |
| Notes/Loans/Mortgages/Pledges, net | — | 13,078 | 1,144 | 5,752 |
| Accrued Interest | 1,984 | 2,870 | — | 110 |
| Due From Primary Government | — | — | — | 697 |
| Prepaid Items | 9,010 | — | 3,289 | 7,485 |
| Inventories | — | 65,819 | 4,052 | 13,372 |
| Other Assets | — | 26,601 | — | 1,136 |
| Total Current Assets | 135,471 | 1,687,993 | 191,413 | 468,646 |
| Noncurrent Assets: | | | | |
| Restricted Investments | — | 635,006 | 226,853 | 81,073 |
| Restricted Receivables, net | — | 52,377 | 18,353 | — |
| Accounts Receivables, net | — | — | 19,790 | 28,887 |
| Investments | 245,930 | 1,165,695 | 245,466 | 342,812 |
| Notes/Loans/Mortgages/Pledges Receivables, net | — | — | 10,682 | 44,262 |
| Other Assets | 9 | 34,132 | 186 | 5,122 |
| Capital Assets (net of Accumulated Depreciation) | 163 | 2,718,265 | 810,655 | 1,514,986 |
| Total Noncurrent Assets | 246,102 | 4,605,475 | 1,331,985 | 2,017,142 |
| Total Assets | $ 381,573 | $ 6,293,468 | $ 1,523,398 | $ 2,485,788 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Deferred Amount on Refundings of Bonded Debt | $ — | $ 7,314 | $ 3,370 | $ 1,615 |
| Deferred Outflows Relating to Pensions | 3,097 | 68,643 | 18,891 | 40,637 |
| Total Deferred Outflows of Resources | $ 3,097 | $ 75,957 | $ 22,261 | $ 42,252 |
| **LIABILITIES** | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | $ 17,001 | $ 261,570 | $ 51,688 | $ 48,433 |
| Securities Lending Liability | 18,398 | — | — | — |
| Deposits | — | 122,772 | 76 | 2,713 |
| Due To Primary Government | — | 45,885 | 17,374 | 16,460 |
| Unearned Revenue | 2,934 | 87,860 | 21,749 | 34,662 |
| Current Portion of Long-term Liabilities | 65,306 | 180,269 | 26,617 | 26,915 |
| Total Current Liabilities | 103,639 | 698,356 | 117,504 | 129,183 |
| Noncurrent Liabilities: | | | | |
| Accrued Liabilities | 7,155 | — | 1,857 | — |
| Unearned Revenue | — | — | — | 978 |
| Deposits | — | 23,876 | — | — |
| Net Pension Liability | 10,859 | 174,600 | 48,305 | 112,931 |
| Long-term Liabilities | 72,486 | 933,089 | 203,438 | 217,007 |
| Total Noncurrent Liabilities | 90,500 | 1,131,565 | 253,600 | 330,916 |
| Total Liabilities | $ 194,139 | $ 1,829,921 | $ 371,104 | $ 460,099 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Deferred Amount on Refundings of Bonded Debt | $ — | $ 211 | $ — | $ — |
| Deferred Inflows Relating to Pensions | 1,024 | 17,587 | 4,746 | 10,873 |
| Total Deferred Inflows of Resources | $ 1,024 | $ 17,798 | $ 4,746 | $ 10,873 |
| **NET POSITION** | | | | |
| Net Investment in Capital Assets | $ 163 | $ 1,784,592 | $ 682,638 | $ 1,325,741 |
| Restricted for: | | | | |
| Nonexpendable: | | | | |
| Higher Education | — | 524,471 | 129,588 | 160,280 |
| Expendable: | | | | |
| Higher Education | — | 510,895 | 200,417 | 171,556 |
| Insurance Plans | 189,344 | — | — | — |
| Other | — | — | — | 24,043 |
| Unrestricted | — | 1,701,748 | 157,166 | 375,448 |
| Total Net Position | $ 189,507 | $ 4,521,706 | $ 1,169,809 | $ 2,057,068 |

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

| Total |
| --- |
| $ 857,497 |
| 970,592 |
| |
| 499,035 |
| 19,974 |
| 4,964 |
| 697 |
| 19,784 |
| 83,243 |
| 27,737 |
| 2,483,523 |
| |
| 942,932 |
| 70,730 |
| 48,677 |
| 1,999,903 |
| 54,944 |
| 39,449 |
| 5,044,069 |
| 8,200,704 |
| $ 10,684,227 |
| |
| $ 12,299 |
| 131,268 |
| $ 143,567 |
| |
| $ 378,692 |
| 18,398 |
| 125,561 |
| 79,719 |
| 147,205 |
| 299,107 |
| 1,048,682 |
| |
| 9,012 |
| 978 |
| 23,876 |
| 346,695 |
| 1,426,020 |
| 1,806,581 |
| $ 2,855,263 |
| |
| $ 211 |
| 34,230 |
| $ 34,441 |
| |
| $ 3,793,134 |
| |
| 814,339 |
| |
| 882,868 |
| 189,344 |
| 24,043 |
| 2,234,362 |
| $ 7,938,090 |

# Combining Statement Of Activities
## Component Units

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Public Employees Health Program | University of Utah | Utah State University | Nonmajor Component Units |
|---|---|---|---|---|
| Expenses | $ 617,044 | $ 4,006,287 | $ 660,891 | $ 1,202,262 |
| Program Revenues: | | | | |
| Charges for Services: | | | | |
| Tuition and Fees | — | 382,237 | 211,944 | 516,640 |
| Scholarship Allowances | — | (65,864) | (83,921) | (133,328) |
| Sales, Services, and Other Revenues (net of University of Utah patient services allowance of $67,363) | 580,477 | 3,076,706 | 89,640 | 130,079 |
| Operating Grants and Contributions | 10,661 | 520,374 | 273,214 | 250,840 |
| Capital Grants and Contributions | — | 46,876 | 66,249 | 127,035 |
| Total Program Revenues | 591,138 | 3,960,329 | 557,126 | 891,266 |
| Net (Expenses) Revenues | (25,906) | (45,958) | (103,765) | (310,996) |
| General Revenues: | | | | |
| State Appropriations | — | 313,518 | 188,064 | 468,681 |
| Unrestricted Investment Income | — | — | — | 11 |
| Gain (Loss) on Sale of Capital Assets | — | — | — | (1,328) |
| Miscellaneous | — | — | — | 165 |
| Permanent Endowments Contributions | — | 20,731 | 4,646 | 7,164 |
| Total General Revenues and Contributions | 0 | 334,249 | 192,710 | 474,693 |
| Change in Net Position | (25,906) | 288,291 | 88,945 | 163,697 |
| Net Position – Beginning | 225,159 | 4,233,415 | 1,080,864 | 1,893,686 |
| Adjustment to Beginning Net Position | (9,746) | — | — | (315) |
| Net Position – Beginning as Adjusted | 215,413 | 4,233,415 | 1,080,864 | 1,893,371 |
| Net Position – Ending | $ 189,507 | $ 4,521,706 | $ 1,169,809 | $ 2,057,068 |

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

| Total |
| --- |
| $ 6,486,484 |
| |
| 1,110,821 |
| (283,113) |
| |
| 3,876,902 |
| 1,055,089 |
| 240,160 |
| 5,999,859 |
| (486,625) |
| |
| 970,263 |
| 11 |
| (1,328) |
| 165 |
| 32,541 |
| 1,001,652 |
| 515,027 |
| |
| 7,433,124 |
| (10,061) |
| 7,423,063 |
| $ 7,938,090 |

**Index to the Notes to the Financial Statements** **Page**

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the State of Utah conform in all material respects with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

### A. Reporting Entity

For financial reporting purposes, the State of Utah's reporting entity includes the "primary government" and its "discrete component units." The primary government includes all funds, agencies, boards, commissions, and authorities that are considered an integral part of the State's activities. The State's discrete component units are legally separate organizations for which the State's elected officials are financially accountable.

The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and either: (***1***) the ability of the State to impose its will on that organization; or (***2***) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State.

Where the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the reporting entity if: (***1***) an organization is fiscally dependent on the State because its resources are held for the direct benefit of the State or can be accessed by the State; and (***2***) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State. In addition, discrete component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading.

Except where noted below, the State's discrete component units issue their own separately audited financial statements as special-purpose governments engaged only in business-type activities. These financial statements can be obtained from their respective administrative offices or from the Office of the Utah State Auditor, Utah State Capitol Complex, East Office Building, Suite E310, Salt Lake City, UT 84114 or online at auditor.utah.gov.

Entities such as the local school districts, charter schools, and other local authorities of various kinds that may only partially meet the criteria for inclusion in this report have not been included. The State's support of the public education system is reported in the Education Fund (special revenue fund).

#### Blended Component Units

A component unit should be reported as part of the primary government and blended into the appropriate funds if: (***1***) services are provided entirely or almost entirely to the primary government; (***2***) the governing body is substantively the same as the governing body of the primary government; or (***3***) the component unit's total debt outstanding is expected to be repaid entirely or almost entirely by the primary government.

Utah State Building Ownership Authority (blended with the primary government's debt service and capital projects funds) — The Authority was created by the Legislature as a body politic and corporate for the sole purpose of financing, owning, leasing, and operating facilities to meet the needs of state government. In addition, any debt is paid entirely with resources of the State. The Board is comprised of three members: the Governor or designee, the State Treasurer, and the Chair of the State Building Board. Separate financial statements are not required or issued for the Authority.

#### Discrete Component Units

Discretely presented component units are reported in a separate column and/or rows in each of the government-wide statements to emphasize that they are legally separate from the State.

Except for the Utah Communications Authority, Utah Schools for the Deaf and Blind, and the Utah College of Applied Technology, the State appoints at least a majority of the governing board members of each of the State's discrete component units, subject in most cases with consent from the Senate. The Utah Communications Authority, Utah Schools for the Deaf and Blind, and the Utah College of Applied Technology are included in the reporting entity because they meet both the fiscal dependency and financial benefit and burden relationship. The State provides financial support and approves the issuance of debt by Utah Communications Authority. The State approves and modifies the budgets and provides financial support for the Utah Schools for the Deaf and Blind and the Utah College of Applied Technology.

The State has the ability to impose its will on the colleges and universities and the Public Employees Health Program due to the level of budget or day-to-day oversight. The State appointed board members of the Military Installation Development Authority, Heber Valley Historic Railroad Authority, and Utah State Fair Corporation can be replaced at will.

The determination that a discrete component unit is "major" is based on the nature and significance of its relationship to the primary government. The State's major discrete component units are:

Public Employees Health Program — This Program provides employee medical and other insurance services predominantly for agencies of the State. It also provides claims processing and insurance services for local governments and other public entities within Utah. The Program is administered by the Utah State Retirement Board.

University of Utah and Utah State University — These universities are funded primarily through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include its hospital and clinics.

The State's nonmajor discrete component units are:

Utah Communications Authority — This Authority was established by the Utah State Legislature as a quasi-governmental entity. Its purpose is to provide public safety communication services and facilities on a regional or statewide basis for the benefit and use of all state and local governmental agencies.

Utah Schools for the Deaf and the Blind — These Schools provide practical education to individuals with hearing and/or vision impairments. Although not required, these Schools issue separate but unaudited financial statements.

Utah State Fair Corporation — This Corporation is a nonprofit public corporation that operates the State Fair Park and conducts the Utah State Fair and other various expositions and entertainment events.

Colleges and Universities — Weber State University, Southern Utah University, Salt Lake Community College, Utah Valley University, Dixie State University, Snow College, and the Utah College of Applied Technology. Separate audited financial statements are issued for the applied technology colleges within the Utah College of Applied Technology.

Utah Charter School Finance Authority — This Authority was created to provide an efficient and cost-effective method of issuing conduit debt on behalf of charter schools to acquire or construct charter school facilities. The debt is the responsibility of the charter schools, and neither the State nor any political subdivision of the State is obligated for repayment of the debt. Accordingly, this debt is not included as part of the State's reporting entity. No financial statements are required or issued.

Military Installation Development Authority — This Authority is an independent, nonprofit entity whose purpose is to provide for the development and improvement of project areas near military installations throughout the State.

Heber Valley Historic Railroad Authority — This Authority is an independent state agency that maintains and operates a scenic and historic railroad in and around the Heber Valley. The Authority issues a separate publicly available compilation report.

**Fiduciary Component Units**

Utah Retirement Systems (URS) (pension trust and defined contribution plans) — URS administers pension funds for various public employee retirement systems and plans of the State and its political subdivisions. URS is an independent state agency subject to legislative and executive department budgetary examination and comment. The Utah State Retirement Board, a seven-member board, is established by statute to administer the systems and plans, and to serve as investment trustees of the funds. Six members are appointed by the State with the advice and consent of the Senate, while the State Treasurer serves as the seventh member. Because of the State's trustee responsibilities for these systems and plans, GAAP requires them to be reported as pension trust funds of the primary government rather than discrete component units.

Utah Educational Savings Plan Trust (Private Purpose Trust Fund) — This trust is a non-profit, self-supporting entity that was created as a means to encourage investment in a public trust to pay for future higher education costs. It is administered by the Utah State Board of Regents acting in its capacity as the Utah Higher Education Assistance Authority. Because of the State's trustee responsibilities for this plan, GAAP requires it to be reported as a private purpose trust fund of the primary government rather than a discrete component unit.

In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements.

**Related Organization** (Excluded from Financial Statements)

Utah Housing Corporation — Utah Housing Corporation (UHC) is a statutorily created public corporation. UHC issues bonds to provide capital for housing and home mortgages, especially for low and moderate-income families. Although the Governor appoints eight of the nine members of the governing board, there is no financial accountability. The State does not have the ability to impose its will on UHC and UHC does not provide specific financial benefits to, or impose specific financial burdens on the State.

## B. Government-wide and Fund Financial Statements

### Government-wide Financial Statements

The Statement of Net Position and Statement of Activities report information on all nonfiduciary activities of the primary government and its component units. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the reporting entity's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is restricted when there are constraints either externally imposed or imposed by constitutional provisions or enabling legislation.

The Statement of Activities demonstrates the degree to which the direct expenses of a given activity or segment is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific activity. The State does not allocate general government (indirect) expenses to other activities. Program revenues include: (***1***) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given activity; and (***2***) grants and contributions that are restricted to meeting the operational or capital requirements of a particular activity. Taxes and other revenues not meeting the definition of program revenues are reported as general revenues.

### Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. For governmental and proprietary fund financial statements, the emphasis is on major individual governmental and enterprise funds, with each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary fund financial statements.

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

### Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of the cash flows. Nonexchange transactions in which the State receives value without directly giving equal value in exchange, include taxes, grants, and donations. Tax revenue is recognized in the fiscal year in which the related sales, wages, or activity being taxed occurred. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been met.

### Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 45 days after yearend. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after yearend.

Expenditures are generally recorded when the related liability is incurred, as under the accrual basis of accounting. However, expenditures for principal and interest on long-term debt are recorded when due or when amounts have been accumulated in the debt service fund for payment of interest to be made early in the following year. Also, expenditures and related liabilities for compensated absences, pension benefits, postemployment benefits, and claims and judgments are recorded only to the extent they have matured (i.e., come due for payment).

**Major Governmental Fun**ds — The State reports the following major governmental funds:

- **General Fund**. This fund is the principal operating fund of the State. It accounts for all financial resources not accounted for and reported in another fund.
- **Education Fund**. This special revenue fund accounts for all corporate taxes, income taxes, and revenues from taxes on intangible property that support public and higher education. Specific revenues that support public elementary and secondary schools in the State are also reported in the Education Fund.
- **Transportation Fund**. This special revenue fund accounts for dedicated highway user taxes, fees, and federal funds associated with construction, maintenance, and repair of state highways and local roads.
- **Transportation Investment Fund**. This capital projects fund accounts for vehicle registration fees, sales and use taxes, bond proceeds, and federal funds used in the construction and reconstruction of specific highway projects. Projects designated for the Transportation Investment Capacity program are accounted for in this fund.
- **Trust Lands Fund**. This is a permanent fund that accounts for land grants and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education.

**Nonmajor Governmental Funds** — The State's nonmajor governmental funds include special revenue funds, capital projects funds, and debt service funds. The nonmajor special revenue funds account for specific revenue sources that are restricted or committed to expenditures for specific purposes. Examples include tobacco settlement monies, environmental activities, crime victim reparations, debt collections, and rural development programs. The capital projects funds account for resources used for capital outlays including the acquisition, construction, or improvement of capital facilities other than those financed by the Transportation Investment Fund, proprietary funds or assets held in trust. The debt service funds account for resources used for the payment of principal and interest on general long-term debt obligations.

### Proprietary Fund Financial Statements

The financial statements of the proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide financial statements described previously. Proprietary funds include both enterprise and internal service fund types. Enterprise funds report the activities for which fees are charged to external users for goods or services. Internal service funds account for goods and services provided primarily to other agencies or funds of the State, rather than to the general public.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services, producing, and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as subsidies and investment earnings, are reported as non-operating.

**Major Enterprise Funds** — The State reports the following major enterprise funds in its proprietary fund statements:

- **Student Assistance Programs**. These programs guarantee the repayment of student loans made by participating lenders to eligible borrowers and service outstanding student loans.
- **Unemployment Compensation Fund**. This fund pays claims for unemployment to eligible recipients.
- **Water Loan Programs**. These programs provide loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures.
- **Community Impact Loan Fund**. This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources. This fund also administers loans to small businesses under the Small Business Credit Initiative.

**Nonmajor Enterprise Funds** — The State's nonmajor enterprise funds include loan programs for low-income housing, agricultural, energy efficiency, transportation infrastructure, and other purposes; Alcoholic Beverage Control (state liquor stores); Utah

Correctional Industries; State Trust Lands Administration; and the Utah Dairy Commission.

**Internal Service Funds** — The State reports the internal service fund type in the proprietary funds statements. The activities accounted for in internal service funds include technology services, general services, fleet operations, risk management, property management, and human resource management. In the government-wide financial statements, internal service funds are included with governmental activities.

### Fiduciary Fund Financial Statements

The fiduciary funds account for assets held by the State in a trustee capacity or as an agent for other individuals or organizations. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The following fiduciary fund types are reported:

**Pension and Other Employee Benefit Trust Funds** — These funds account for the plan assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and changes in net position of: (***1***) defined benefit pension plans and defined contribution plans administered by Utah Retirement Systems; (***2***) the Post-Retirement Benefits Trust Funds, defined benefit other postemployment health care plans administered by the State for state employees and elected officials; and (***3***) Other Employee Benefits Trust Fund, used to separately account and report assets dedicated for employee benefits other than postemployment healthcare benefits, that are administered through the Post-Retirement Benefits Trust Funds.

**Investment Trust Fund** — This fund is used to account for the investments related to external participants in the Utah State Public Treasurers' Investment Fund.

**Private Purpose Trust Funds** — These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations or other governments. Examples include the Navajo Trust Fund, Unclaimed Property Trust, Employers' Reinsurance Trust, Petroleum Storage Tank Trust, and the Utah Educational Savings Plan Trust.

**Agency Funds** — These funds account for assets held by the State as an agent for other governmental units, other organizations, or individuals. These funds include fines, forfeitures, tax collections, and withholding taxes for employees.

### Discrete Component Unit Financial Statements

The combining discrete component unit financial statements are presented in order to provide information on each of the major discrete component units included in the discrete component unit's column of the government-wide statements. The discrete component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each discrete component unit's separately issued financial statements.

## D. Fiscal Yearends

All funds and discretely presented component units are reported using fiscal years which end on June 30, except the defined benefit pension plans and defined contribution plans (fiduciary funds), administered by Utah Retirement Systems, Public Employees Health Program (major discrete component unit), Utah State Fair Corporation (nonmajor discrete component unit), and Utah Dairy Commission, which have fiscal years ending December 31.

## E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balances

### Cash and Cash Equivalents and Investments

Cash equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date. The Student Assistance Programs (major enterprise fund) use a trustee for their long-term investing needs, and they consider any cash and cash equivalents held by their trustee as investments.

All cash deposited with the State Treasurer by state entities is maintained by the Treasurer in various pooled investment funds. The State Treasurer invests the deposited cash, including the cash float, in short-term securities and other investments. All interest revenue is allocated to the General Fund unless state law or trust agreements require allocations of interest to other funds. Funds authorized to receive interest earnings are segregated into separate investment pools, and interest is allocated based on cash balances in the pool.

Investments (including cash equivalents) are under the control of the State Treasurer or other administrative bodies as determined by law. In certain instances, investments may be restricted by law or other legal instruments. Investments are presented at fair value. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income. The fair value measurements of investments is based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Also certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The Trust Lands Fund (permanent fund) invests in both open and closed end real estate funds that issue quarterly account statements and the fair value of the investments is based upon the Fund's ownership interest in partners' capital.

The State's Unemployment Compensation Fund (major enterprise fund) monies are required by the Social Security Act to be invested in the U.S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

Utah Retirement Systems (pension trust and defined contribution plans) had five types of derivative financial instruments at yearend: futures, currency forwards, options, swaps, and Synthetic

Guaranteed Investment Contracts. Futures contracts are traded on organized exchanges to minimize credit risk. Currency forwards are entered into in order to hedge the exposure to changes in foreign currency exchange rates on foreign currency denominated portfolio holdings. Options give the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. Interest rate swap agreements are entered into in an attempt to manage their exposure to interest rate risk. Interest rate risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Synthetic Guaranteed Investment Contracts are available to members in the Utah Retirement Systems Defined Contribution Plans. The Student Assistance Program (major enterprise fund) entered into an interest rate exchange (swap) agreement relating to some of its student loan revenue bonds. The Board accounts for the swap agreement as a fair value hedging derivative instrument to create a variable rate cost of funds that will be lower than the variable rate cost achievable in the cash bond market. See Note 3 for additional information about derivatives.

**Receivables**

Accounts receivables in the governmental and business-type activities consist mainly of amounts due from the Federal Government, customers, and others. Receivables from the Federal Government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

Notes/mortgages receivables in the governmental and business-type activities are primarily long-term loans for local governments and agricultural development, home mortgages, and individual student loans. The interest rates on the loans vary but are generally lower than market rates and, in some cases, are noninterest bearing. Student loans in the Student Assistance Programs (business-type activities) are fixed and variable rate federally insured loans. Student loans are insured at 95 to 100 percent of their principal balance depending on the date disbursed.

Receivables for capital lease payments, as reported in the governmental activities, are direct financing capital lease arrangements between State Building Ownership Authority (blended component unit) and certain College and Universities (discrete component units). The capital lease receivable is reported net and represents the sum of the future minimum lease payments to be received, less any executory costs and any unearned interest revenue on the capital lease. Receivables from the discrete component unit are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

Accrued taxes include receivables for taxpayer-assessed taxes where the underlying exchange has occurred in the period ending June 30 or prior, net of applicable estimated refunds and allowances.

Note 5 provides a disaggregation of governmental and business-type receivables, including a breakout of current/noncurrent balances and established allowances.

**Inventories, Prepaid Items, and Other Assets**

Proprietary funds and component units' inventories are valued at the lower of cost or market. Cost evaluation methods include first-in-first-out (FIFO), last-in-first-out (LIFO), average cost, weighted average, weighted moving average, and retail inventory method.

Governmental fund consumable items are recorded as expenditures when purchased except for General Fund state park merchandise inventories and Transportation Fund road material inventories. State park inventories are valued at lower of cost or market and Transportation Fund inventories are valued using a weighted average cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Other Assets, as reported on the Statement of Net Position, governmental activities column, include assets of the Trust Lands Fund (Permanent Fund) acquired under the *1894 Utah Enabling Act* that are not considered investments. The net pension asset and the net other postemployment benefit (OPEB) asset are also reported as Other Assets.

**Capital Assets**

Capital assets, which include land and related assets, buildings, equipment, intangible assets (software), and infrastructure (roads, bridges, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Position. Capital assets of proprietary funds and fiduciary funds are also recorded in their respective fund statements. Capital assets, with the exception of infrastructure and internally generated software (funded with nonfederal resources), are defined by the State as assets, which cost $5 thousand or more when acquired and have an estimated useful life greater than one year. Infrastructure assets are capitalized if the cost is over $1 million. Internally generated software, funded with nonfederal resources, is capitalized if the cost is over $500 thousand. Purchased or constructed capital assets are recorded at cost or at estimated historical cost where historical cost is not available. Donated capital assets are valued at their estimated fair value at the date of donation.

Capital assets purchased by governmental funds are recorded as expenditures in the governmental fund financial statements. Interest expense for capital asset construction related to governmental activities is not capitalized. Interest expense incurred during construction of capital facilities related to business-type activities and discrete component units is immaterial and is not capitalized in all cases.

Buildings, equipment, and other assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

| Asset Class | Years |
|---|---|
| Equipment/Software | 3–15 |
| Aircraft and Heavy Equipment | 5–30 |
| Buildings and Improvements | 30–40 |
| Land Improvements | 5–20 |
| Infrastructure | 15–80 |

As provided by GASB standards, the State has elected to use the "modified approach" to account for infrastructure assets (i.e., roads and bridges) maintained by the State's Department of Transportation. This includes infrastructure acquired prior to fiscal year 1981. Under this approach, depreciation expense is not recorded and only improvements that increase the capacity or efficiency of an infrastructure asset are capitalized. Using this approach requires the State to: (***1***) maintain an inventory of the assets and perform periodic condition assessments; (***2***) estimate each year the annual amount to maintain and preserve the assets at the condition level set by the State; and (***3***) document that the assets are being preserved approximately at or above the condition level set by the State. Other infrastructure, which is primarily maintained by the Department of Natural Resources, is capitalized and depreciated.

Most works of art and historical treasures of the primary government are not capitalized or depreciated. These assets are held for public exhibition, education, or research rather than financial gain. These assets are also protected, unencumbered, and preserved; and subject to policies requiring the proceeds from sales of collection items to be used to acquire other collection items. The State's assets of this nature include the State Fine Art Collection, photographs, prints, paintings, historical documents and artifacts, monuments, statues, and paleontological and archaeological collections.

**Deferred Outflows of Resources**

Deferred outflow of resources represents a consumption of net position by the government that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. Deferred outflows of resources are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Position. See Note 11 for a disaggregation of deferred outflows. Deferred outflows of resources of governmental funds, proprietary funds, and discrete component units are reported in detail in their respective fund statements.

**Accrued Liabilities**

Accrued liabilities include the liability for employee payrolls and liabilities accruing over time where demand for payment is due shortly after fiscal yearend. See Note 6 for additional information about accrued liabilities.

**Unearned Revenue**

In the government-wide statements, governmental fund statements, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned.

**Policy Claims Liabilities**

Policy claims liabilities are for insurance claims incurred prior to the reporting date and are based on actuarial estimates; however, policy claims liabilities for Unemployment Insurance are for claims filed as of the reporting date. A substantial portion of policy claims liabilities is long-term in nature. Therefore, claims liabilities are reported as long-term liabilities on the Statement of Net Position. See Note 10 for additional information about policy claims liabilities.

**Long-term Debt**

Long-term debt such as the net pension liability, revenue bonds, claims, contracts and notes payable directly related to and intended to be paid from proprietary funds or discretely presented component units are included in the accounts of such funds. All other long-term debt, such as the compensated absences, claim or settlement obligations, pollution remediation obligations, general obligation bonds, net pension liability, and lease revenue bonds are reported in the government-wide financial statements. Bond premiums and discounts are amortized over the life of the bonds using the bonds outstanding method or straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized during the current period.

In the governmental fund financial statements, long-term debt is recognized when due or expected to be financed from current expendable available financial resources. Amortization of bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The *Tax Reform Act of 1986* requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. Federal regulations also require the Student Assistance Programs (major enterprise fund) to keep the yield on student loans within a designated percentage of the interest cost of the related tax-exempt borrowing. One method of reducing this yield is to make yield reduction payments to the United States Treasury. Estimated yield reduction payments may be made by the end of the tenth year and every fifth year thereafter during the life of the bonds. Some State of Utah bonds may be exempt from the rebate requirements if they meet certain statutory exceptions per the regulations. At June 30, 2016, there was no liability for yield reduction payments or for non-purpose interest arbitrage rebate in Student Assistance Programs' or State of Utah bonds.

Arbitrage liability is treated as an expense in the government-wide Statement of Net Position and the proprietary fund financial statements when the liability is recognized. Arbitrage liability is recorded as an expenditure in the governmental fund financial statements when the liability is due. Other arbitrage liabilities are immaterial.

**Compensated Absences and Postemployment Benefits**

For most employees vacation leave is accrued at a rate of four hours every two weeks for the first five years of employment, and grows to a rate of seven hours every two weeks after 20 years of employment. There is no requirement to use vacation leave, but a maximum of 320 hours may be carried forward at the beginning of each calendar year. The State established the State Employees' Annual Leave Trust Fund (other employee benefit trust funds) where any unused vacation leave is paid to employees upon termination. The ongoing termination payments from the Trust Fund are provided by charges to agency budgets as benefits are earned. Vacation leave taken as time off is paid from current budgets when used.

Prior to January 1, 2014, employees had the option under certain circumstances to “convert” sick leave. Employees may use converted sick leave in place of vacation leave. Any unused converted sick is paid to employees upon termination.

Most employees earn sick leave at a rate of four hours for each two-week period, with no limit to the amount that can be accumulated. The State does not reimburse employees for unused sick leave upon termination unless the leave was earned prior to January 4, 2014, and the employees are eligible for retirement or the sick leave was “converted”. Sick leave is expended when used.

At retirement, for participating agencies, an employee receives 25 percent of the value of all unused accumulated sick leave, earned prior to January 4, 2014, as a mandatory employer contribution into a 401(k) account. Each day of remaining sick leave earned prior to January 1, 2006, may be used to participate in the State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan), a single-employer defined benefit healthcare plan) to purchase health and life insurance coverage or Medicare supplemental insurance. The Annual Required Contribution (ARC) is funded by charges to agency budgets. The ARC is deposited and payments of postemployment health and life insurance benefits to retirees are made from the State Post-Retirement Benefits Trust Fund. See Note 18 for additional information about the State Employee OPEB Plan administered as an irrevocable trust.

Any remaining sick leave earned on or after January 1, 2006, but before January 4, 2014, is converted to a value (based on the higher of the employee’s rate of pay at retirement or the average pay rate of retirees in the previous year) and placed in a Health Reimbursement Arrangement administered by Utah Retirement Systems. Any payouts by the State of converted sick leave upon termination, contributions into a 401(k) account or Health Reimbursement Arrangement upon retirement, are paid from the Other Employee Benefits Trust Fund. The ongoing termination payments from the Trust Fund are provided by charges to agency budgets.

Proprietary funds, Utah Schools for the Deaf and the Blind, and private purpose trust funds of the primary government also participate in the compensated absences and the State Employee OPEB Plan; and have no liability for leave or postemployment benefits once their contributions have been made. The total liability of the governmental activities for compensated absences is recorded in the government-wide Statement of Net Position as part of long-term liabilities. However, in accordance with GAAP, the liability is not recorded in the governmental fund financial statements. See Note 10 for additional information about the liability.

The State of Utah also administers the Elected Official OPEB Plan, a single-employer defined benefit healthcare plan as an irrevocable trust. Only governors and legislators who retire after January 1, 1998 and have four or more years of service can elect to receive and apply for this benefit. To qualify for health coverage, an elected official must be between 62 and 65 years of age and either be an active member at the time of retirement or have continued health coverage with the program until the date of eligibility. In addition, to qualify for health coverage, an elected official must have service prior to January 1, 2012. To qualify for Medicare supplemental coverage an elected official must be at least 65 years of age. In addition, the elected official must retire under Chapter 19, *Utah Governors’ and Legislators’ Retirement Act*, and have service prior to July 1, 2013. The State will pay a portion or all the health benefit costs for the elected official and spouse based on years of service. See Note 18 for additional information.

Compensatory time for overtime worked may be earned up to a maximum of 80 hours. Any overtime exceeding 80 hours is paid when earned. In accordance with GAAP, compensatory time is expended when the leave is taken in governmental funds, but is expensed when earned for budgetary purposes.

Vacation earnings, sick leave earnings, and termination policies vary among discrete component units and from the primary government’s policies, but usually vacation leave is expended when earned and sick leave is expended when used.

**Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS’s fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government’s proportionate share of pension amounts were further allocated to proprietary funds (business-type activities) based on the amount of employer contributions paid by each proprietary fund. Pension investments are reported at fair value.

**Deferred Inflows of Resources**

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the applicable governmental or business-type activities columns or in the component units column on the government-wide Statement of Net Position. See Note 11 for a disaggregation of deferred inflows. Deferred inflows of resources of governmental funds, proprietary funds, and discrete component units are reported in detail in their respective fund statements.

**Net Position/Fund Balances**

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is “Net Position” on the government-wide, proprietary fund, and fiduciary fund financial statements and “Fund Balance” on the governmental fund financial statements.

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted balances represent those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature, such as dedicated revenues or legislation. Assigned fund balance is constrained by the Legislature's intent to be used for specific purposes, by directive of the Executive Appropriations Committee of the Legislature or in some cases by legislation. See Note 12 for additional information about fund balances.

The State maintains three stabilization accounts: (***1***) the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") reported as committed fund balance; (***2***) the Medicaid Growth Reduction and Budget Stabilization Restricted Account in the General Fund ("the Medicaid Budget Stabilization Account") reported as committed fund balance; and (***3***) the Education Budget Reserve Account in the Education Fund (the "Education Reserve") reported as restricted fund balance. The resources of these accounts may only be expended when specific non-routine budget shortfalls occur and upon appropriation by the Legislature.

Statutorily, the State established a minimum fund balance policy for the Disaster Recovery Restricted Account and the Local Government Emergency Response Loan Fund. Both these funds may issue loans for specific emergencies as long as a minimum fund balance is maintained in the funds. See Note 12 for additional information about the stabilization accounts and funds with a statutory minimum fund balance requirement.

### F. Restricted and Unrestricted Resources

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's general policy to spend committed resources first. However, the State has some programs that are funded by appropriations from both unrestricted resources and resources required by law to be deposited in a specific subfund for a specific purpose (which may include restricted resources and unrestricted-committed resources). In those instances, it is the State's policy to expend those resources proportionally based on the amounts appropriated from each source.

#### Grants

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs. All federal reimbursement-type grants are recorded as revenues when the related allowable expenditures are incurred and all applicable eligibility requirements are met.

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodity revenues and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2016, the State reported revenues and expenditures of $25.512 million for commodities in the General Fund, and $17.746 million for commodities in the Education Fund (special revenue fund).

#### Investment Income

Investment income includes interest, dividends and other earnings, and the change in fair value of investments. Negative investment income is reported where the decrease in the fair value of investments due to market conditions exceeded the other components of investment income.

In accordance with state law, interest and dividend income from investments in the Trust Lands Fund (permanent fund) and the State Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the Education Fund and the General Fund, respectively. A portion of the applicable income reported in the General Fund is then transferred into the State Endowment Fund to increase the principal in the fund as required by state law. The Trust Lands Fund generated $49.935 million of cash investment earnings that was reported directly in the Education Fund. The State Endowment Fund generated $3.871 million of cash investment earnings, of which $2.342 million was reported in the General Fund and $1.529 million was reported in the State Endowment Fund.

### G. Interfund Transactions

#### Government-wide Financial Statements

**Interfund Activity** — In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Transfers between governmental and business-type activities are reported at the net amount.

**Interfund Balances** — Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for the residual amounts due between governmental and business-type activities.

#### Governmental Fund Financial Statements

**Interfund Activity** — Interfund transactions for goods sold or services rendered for a price approximating their external exchange value, and employee benefit contributions are accounted for as revenues and expenditures/expenses in the funds involved.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. The State's transfers are based on legislative appropriations or other legal authority. Transfers are presented in Note 14.

### H. Future Changes in Accounting Standards

The governmental Accounting Standards Board (GASB) issued Statements No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* These new accounting and reporting standards will require additional reporting requirements and will impact the State's measurement and recognition of liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures in government-wide and fund financial statements. GASB Statement No. 75 will require the State to record a liability in the government-wide statements equal to the State's other postemployment benefits (OPEB), less the amount of the OPEB plan's fiduciary net position (NPL).

The State administers two single-employer OPEB plans, the State Employee OPEB Plan and the Elected Official OPEB Plan. The total NPL for both Plans will reduce the State's unrestricted net position in the government-wide statements by less than $200 million. The State intends to implement both Statements for fiscal year 2017. See Note 18 for additional information about the Plans.

## NOTE 2. BEGINNING NET POSITION ADJUSTMENTS AND OTHER CHANGES

For the fiscal year ended June 30, 2016, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement 72, *Fair Value Measurement and Application.*

GASB Statement 82, *Pension Issues.*

**GASB Statement 72 –** This Statement addresses accounting and financial reporting issues related to fair value measurements. It provides guidance for determining a fair value measurement and requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. There was no impact to beginning net position as a result of implementing this Statement.

See Notes 3 and 4 for further information on fair value measurement reporting.

**GASB Statement 82 –** This Statement clarifies that the measure of payroll that is required to be presented in pension-related schedules of Required Supplementary Information (RSI) should be *covered payroll. Covered payroll* is the payroll on which contributions to a pension plan are based. In addition, this Statement clarifies that payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions should be classified as plan member contributions. As a result of implementing the Statement changes were made to RSI and other disclosures that reflect the new requirements of this Statement.

In addition, GASB Statement 68, *Accounting and Financial Reporting for Pensions,* and Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date,* were implemented for Utah Dairy Commission (nonmajor enterprise fund), Public Employees Health Program (major discrete component unit) and Utah State Fair Corporation (nonmajor discrete component unit). These entities have fiscal years ending December 31. Other than noted above, the State of Utah's reporting entity implemented these Statements in the prior fiscal year.

As a result of implementing GASB Statements 68 and 71 for Utah Dairy Commission, beginning net position for business-type activities on the Statement of Activities was reduced by $367 thousand. This reduction is also reported on the Statement of Revenues, Expenses, And Changes in Fund Net Position – Proprietary Funds (Utah Dairy Commission – nonmajor enterprise fund). This reduction reflects a $467 thousand share of the beginning net pension liability and $100 thousand of contributions made to URS between January 1 and December 31, 2014.

As a result of implementing GASB Statement 68 and 71 for Public Employees Health Plan and Utah State Fair Corporation, the beginning net position for discrete component units was reduced by $10.061 million on the Statement of Activities. This reduction is also reported on the Combining Statement of Activities – Component Units. This reduction reflects the component units' share of the beginning net pension liability of $12.92 million and $2.859 million of contributions made to URS between January 1 and December 31, 2014.

See Note 17 for further information on pension reporting.

### Other Adjustments and Changes

During the 2015 General Session, the Legislature passed Senate Bill 247, *State Employees' Annual Leave Trust Fund Amendments.* This statute creates the *State Employees' Annual Leave Trust Fund* (other employee benefit trust funds) and allows for the cost of annual leave to be paid from the Trust Fund upon an employees' termination or retirement. As a result of this statute and direction from the trust fund board, *all* leave benefits (annual leave, converted sick leave, and sick leave vested upon retirement), are now paid from either the Other Employee Benefits Trust Fund or from the State Employees' Annual Leave Trust Fund depending on the type of benefit being paid. These benefits were previously paid from termination pool accounts operated out of the General Fund, Education Fund, and Transportation Fund. A prior period adjustment was made on the Statement of Revenues, Expenditures, and Changes in Fund Balances to adjust beginning fund balance in the General Fund (major governmental fund) by $3.472 million, Education Fund (major governmental fund) by $506 thousand, and Transportation Fund (major governmental fund) by ($2.952) million. The beginning net position of governmental activities increased $1.026 million on the Statement of Activities. The beginning net position on the Combining Statement of Changes in Fiduciary Net Position for the Other Employee Benefits Trust Fund and for the State Employees' Annual Leave Trust Fund (other employee benefit trust funds) decreased $459 thousand and $567 thousand respectively.

During the 2015 General Session, the Legislature passed House Bill 258, *Employee Classification Amendments,* which in part reclassifies the Water Commissioner Fund from a fiduciary fund to a nonmajor special revenue fund. As a result of this change a prior period adjustment of $914 thousand was made to increase beginning net position of governmental activities on the Statement of Activities This increase is also reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds (miscellaneous special revenue). A reclassification of $914 thousand was made to reduce beginning net position on the Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds.

During the 2015 General Session, the Legislature passed Senate Bill 90, *Utah Navajo Royalties Amendments.* This statute created the Utah Navajo Trust Fund which replaces the Utah Navajo Royalties Fund. In addition, the statute created a board of trustees to administer the fund comprised of the State Treasurer, the Director of the Division of Finance, and the Director of the Governor's Office of Management and Budget, or the director's designee. Finally, Senate Bill 90 exempts the Navajo Trust Fund from the State Money Management Act.

## NOTE 3. DEPOSITS AND INVESTMENTS

Deposits and investments for the primary government and its discrete component units are governed by the Utah Money Management Act (*Utah Code* Title 51, Chapter 7) and rules of the State Money Management Council. However, the Act also permits certain funds that have a long time horizon to make investments of a long-term nature, such as equities and bond mutual funds. In the primary government these are the State Endowment (special revenue fund), Trust Lands (permanent fund), Utah Educational Savings Plan Trust (private purpose trust), Employers' Reinsurance Trust (private purpose trust), Navajo Trust (private purpose trust), and Utah Retirement Systems and Other Benefits Trust Funds (fiduciary funds). The discrete component units exempt from the Act are Public Employees Health Program and the college and universities' endowment funds.

### A. Primary Government

#### Custodial Credit Risk — Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. The Money Management Act requires that deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and that has been certified by the State Commissioner of Financial Institutions as having met the requirements of the Act and adhering to the rules of the State Money Management Council.

Deposits with qualified depository institutions in excess of FDIC insurance limits are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by State statute. The deposits for the primary government at June 30, 2016, including those of the Utah Retirement Systems (URS) (pension trust and defined contribution plans), were $1.785 billion. These deposits are exposed to custodial credit risk as follows:

- $641.318 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for $1.076 billion of the primary government deposits which are in FDIC-insured accounts that are held in trust by UESP at two banks. Funds in the FDIC-insured accounts are insured on a pass-through basis to each account owner at each bank up to $250,000. The amount of FDIC insurance provided to an account owner is based on the total of (***1***) the value of an account owner's investment in the FDIC-insured account at each bank plus, (***2***) the value of other accounts held (if any) at each bank, as determined by the banks and by FDIC regulations. It is the account owner's responsibility to determine how investments in the FDIC-insured accounts would be aggregated with other investments at the banks for purposes of FDIC insurance coverage.

#### Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

The Act authorizes investments in negotiable or nonnegotiable deposits of qualified depositories and permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government-sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed-rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; the Utah Public Treasurers' Investment Fund; and reciprocal deposits subject to rules of the State Money Management Council.

The Utah Educational Savings Plan Trust is permitted to invest in the Utah Public Treasurers' Investment Fund; mutual funds, securities, or other investments registered with the United States Securities and Exchange Commission; federally insured depository institutions; stable value products, including guaranteed investment contracts, guaranteed interest contracts, and guaranteed insurance contracts; and any investments that are determined by the board of directors of the Utah Educational Savings Plan to be appropriate and that would be authorized under the provisions of the Money Management Act or Rule 2 of the State Money Management Council.

The primary government's investments at June 30, 2016, are presented below except those of the Utah Retirement Systems (URS) (pension trust and defined contribution plans). The investments are presented at fair value and by investment type with debt securities presented by maturity.

Note 3.B. presents the investments of the Utah Retirement Systems (URS) (pension trust and defined contribution plans). URS investments are presented consistent with their separately issued financial statements by investment type.

#### Fair Value Measurements

The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Inputs are quoted prices for identical investments in active markets.
- Level 2: Observable inputs other than quoted market prices.
- Level 3: Unobservable inputs.

The following table presents the recurring fair value measurements at June 30, 2016, for the primary government, with the exception of URS.

(*Table on next page*.)

**Primary Government**
**Investments and Derivative Instruments Measured at Fair Value**
(except pension trust and defined contribution plans)
**At June 30, 2016**
(*Expressed in Thousands*)

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | Fair Value | Level 1 | Level 2 | Level 3 |
| **Investments by Fair Value Level** | | | | |
| **Debt Securities** | | | | |
| U.S. Agencies | $ 963 | $ 963 | $ — | $ — |
| Corporate Debt | 9,392,341 | — | 9,392,341 | — |
| Money Market Mutual Funds | 1,050,000 | 1,050,000 | — | — |
| Commercial Paper | 983,950 | — | 983,950 | — |
| Bond Mutual Funds | 3,213,937 | 3,213,937 | — | — |
| Total Debt Securities | 14,641,191 | $ 4,264,900 | 10,376,291 | 0 |
| **Equity Securities** | | | | |
| Domestic Equity | 5,767,320 | 5,767,320 | — | — |
| International Equity | 1,489,939 | 1,489,939 | — | — |
| Equity Securities | 147 | 147 | — | — |
| Total Equity Securities | 7,257,406 | 7,257,406 | 0 | 0 |
| Total Investments by Fair Value Level | 21,898,597 | $ 11,522,306 | $ 10,376,291 | $ 0 |
| **Investments Measured at the Net Asset Value (NAV)** | | | | |
| Real Estate | 284,694 | | | |
| Total Investments Measured at the NAV | 284,694 | | | |
| Total Investments Measured at Fair Value | $ 22,183,291 | | | |
| **Investment Derivative Instruments** | | | | |
| Interest Rate Exchange (swap) | $ 28,730 | $ 0 | $ 0 | $ 28,730 |

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Other debt securities classified in Level 2 are valued using the following approaches:

- Corporate Bonds and Notes are valued using quoted prices for identical securities in markets that are not active;
- Commercial Paper is valued using quoted prices for identical or similar securities in markets that are not active.

Mutual funds classified in Level 1 are valued using prices provided by the fund company.

Investments Measured at the Net Asset Value (NAV)

Trust Lands Fund (permanent fund) has real estate investments measured at the net asset value (NAV). The Fund invests in commercial real estate, located in the United States, primarily through funds structured as limited partnerships or real estate investment trusts. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Fund's ownership interest in partners' capital. The fair value of the ten real estate investments totals $284.694 million. The Fund invests in both open-end and closed-end type structures as described below.

The two investments in the open-end real estate funds invest in high quality core assets, diversified by geographic region and property type. The investments in one fund are equity-oriented, while the other fund invests in participating mortgages. The open-end funds allow for quarterly purchases depending on the funds' cash needs and redemptions with sixty days written notice at the next quarterly valuation, subject to available cash. If redemption requests are greater than available cash, the redemptions are fulfilled on a pro rata basis each quarter, until all redemption requests have been fulfilled. The fair value of investments in open-end funds totals $133.188 million.

The eight investments in closed-end real estate funds have a total fair value of $151.506 million. There are four investments that have remaining commitments of $41.9 million out of the original commitments totaling $134.8 million. The predominant investment strategy is to invest in near core properties with short-term challenges and sell the properties to core funds when the challenges are addressed. A limited amount of the investments employ an opportunistic approach. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying assets of the funds are liquidated. It is expected that the underlying assets will be liquidated between 2016 and 2024.

Investment Derivative Instruments

The Student Loan Purchase Program (major enterprise fund – student assistance programs) has an interest rate exchange (swap) investment derivative instrument. This investment fair value classification is Level 3. The fair value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies.

**Interest Rate Risk**

The following table presents the investments at June 30, 2016, for the primary government, with the exception of URS.

**Primary Government Investments**
(except pension trust and defined contribution plans)
**Investments at Fair Value**
**At June 30, 2016**
(*Expressed in Thousands*)

| Investment Type | Fair Value | Investment Maturities (in years): Less Than 1 | 1–5 | 6–10 |
|---|---|---|---|---|
| **Debt Securities** | | | | |
| U.S. Agencies | $ 963 | $ — | $ — | $ 963 |
| Corporate Debt | 9,392,341 | 9,392,341 | — | — |
| Money Market Mutual Funds | 1,050,000 | 1,050,000 | — | — |
| Commercial Paper | 983,950 | 983,950 | — | — |
| Bond Mutual Funds | 3,213,937 | 10,165 | 2,001,302 | 1,202,470 |
| Total Debt Securities Investments | 14,641,191 | $ 11,436,456 | $ 2,001,302 | $ 1,203,433 |
| **Other Investments** | | | | |
| Equity Securities | 147 | | | |
| Equity Mutual Funds Securities: | | | | |
| Domestic | 5,767,320 | | | |
| International | 1,489,939 | | | |
| Real Estate Held for Investment Purposes | 284,694 | | | |
| Discrete Component Units–Investment in Primary Government's Investment Pool | (691,622) | | | |
| Total Investments | $ 21,491,669 | | | |

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The primary government's policy for managing interest rate risk, with the exception of URS, is to comply with the Money Management Act. Section 51–7–11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed-rate negotiable deposits, and fixed-rate corporate obligations to 270 days – 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government-sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to five years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years.

The majority of the primary government's corporate debt securities are variable-rate securities, which adjust periodically to the prevailing market interest rates. Because these securities frequently reprice, interest rate risk is substantially reduced at each periodic reset date. In the table above, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

In addition, significant funds with a long-term investment perspective have the following mix of investments (percentages are of the fund's total investments):

- Utah Educational Savings Plan Trust (private purpose trust) – \$4.595 billion, 56.7 percent, in domestic equity mutual fund securities; \$2.346 billion, 28.9 percent, in bond mutual funds; \$1.09 billion, 13.5 percent, in international equity mutual fund securities; and \$74.923 million, 0.9 percent, in the Utah Public Treasurers' Investment Fund.
- Trust Lands (permanent fund) – \$927.19 million, 43.6 percent, in domestic equity mutual fund securities; \$488.105 million, 23.0 percent, in bond mutual funds; \$366.27 million, 17.2 percent, in international equity mutual fund securities; \$284.694 million, 13.4 percent in real estate; and \$59.041 million, 2.8 percent, in the Utah Public Treasurers' Investment Fund.
- State Post-Retirement Benefits Trusts for State Employee and Elected Official (pension and other employee benefit trust funds) – \$162.622 million, 66.3 percent, in bond mutual funds; \$50.088 million, 20.4 percent, in domestic equity mutual fund securities; \$24.973 million, 10.2 percent, in

international equity mutual fund securities; and $7.582 million, 3.1 percent, in the Utah Public Treasurers' Investment Fund.

- State Endowment Fund (special revenue fund) – $107.714 million, 62.9 percent, in domestic equity mutual fund securities; $57.051 million, 33.3 percent, in bond mutual funds; $5.583 million, 3.3 percent, in international equity mutual fund securities; and $904 thousand, 0.5 percent, in the Utah Public Treasurers' Investment Fund.
- Student Assistance Programs (major enterprise fund) – $82.844 million, 40.9 percent, in domestic equity mutual fund securities; $118.819 million, 58.6 percent, in the Utah Public Treasurers' Investment Fund; and $963 thousand, 0.5 percent, in the U.S. Government securities.
- Employers' Reinsurance Trust (private purpose trust) – $151.257 million, 85.7 percent, in bond mutual funds; $4.316 million, 2.4 percent, in domestic equity mutual fund securities; $3.051 million, 1.7 percent, in international equity mutual fund securities; and $17.885 million, 10.1 percent, in the Utah Public Treasurers' Investment Fund.

**Credit Risk of Debt Securities**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government, with the exception of URS, follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The primary government's rated debt investments as of June 30, 2016, with the exception of URS, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale. Securities rated less than "A" met the investment criteria at the time of purchase.

**Primary Government Rated Debt Investments**
(except pension trust and defined contribution plans)
**At June 30, 2016**
(*Expressed in Thousands*)

| | Fair | Quality Ratings | | | |
|---|---|---|---|---|---|
| **Debt Investments** | **Value** | **AAA** | **AA** | **A** | **BBB** |
| U.S. Agencies | $ 963 | $ 963 | $ — | $ — | $ — |
| Corporate Debt | $ 9,392,341 | $ 39,960 | $ 1,388,999 | $ 5,970,184 | $1,993,198 |
| Money Market Mutual Funds | $ 1,050,000 | $ — | $ — | $ — | $ — |
| Commercial Paper | $ 983,950 | $ — | $ — | $ — | $ — |
| Bond Mutual Funds | $ 3,213,937 | $ — | $ — | $ — | $ — |

Continues Below

| | Quality Ratings | | |
|---|---|---|---|
| **Debt Investments** | **A1 *** | **A2 *** | **Not Rated** |
| U.S. Agencies | $ — | $ — | $ — |
| Corporate Debt | $ — | $ — | $ — |
| Money Market Mutual Funds | $ — | $ — | $ 1,050,000 |
| Commercial Paper | $ 893,963 | $ 89,987 | $ — |
| Bond Mutual Funds | $ — | $ — | $ 3,213,937 |

***** A1 and A2 are Commercial Paper ratings

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The primary government does not have a formal policy for custodial credit risk.

The primary government's investments at June 30, 2016, with the exception of URS, were held by the State or in the State's name by the State's custodial banks.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Except for URS, the primary government's policy for reducing this risk of loss is to comply with the Rules of the State Money Management Council. Rule 17 of the State Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. Such limitations do not apply to securities issued by the U.S. government and its agencies.

The primary government had no debt securities investments at June 30, 2016, with more than 5 percent of the total investments in a single issuer.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The primary government, with the exception of URS, does not have a formal policy to limit foreign currency risk.

The following funds have investments in international equity funds, and as such, no foreign currency risk is presented: Utah Educational Savings Plan Trust (private purpose trust) $1.09 billion, Trust Lands (permanent fund) $366.27 million, State Post-Retirement Benefits Trusts for State Employee and Elected Official (pension and other employee benefit trust funds) $24.973 million, State Endowment Fund (special revenue fund) $5.583 million, and Employers' Reinsurance Trust (private purpose trust) $3.051 million.

## B. Primary Government — Utah Retirement Systems

### Investments

The Utah Retirement Systems' and Plans' (URS) (pension trust and defined contribution plans) investments by type are presented below.

**Utah Retirement Systems**
(pension trust and defined contribution plans)
**Investments at Fair Value**
**At December 31, 2015**
(*Expressed in Thousands*)

| Investment Type | Defined Benefit | Defined Contribution | Total All Systems and Plans |
|---|---|---|---|
| Short-term Securities Pools | $ 2,229,799 | $ 23,156 | $ 2,252,955 |
| Debt Securities | 3,640,548 | 1,636,773 | 5,277,321 |
| Equity Securities | 7,893,471 | 2,691,513 | 10,584,984 |
| Absolute Return | 4,141,321 | — | 4,141,321 |
| Private Equity | 3,214,680 | — | 3,214,680 |
| Real Assets | 4,025,398 | 151,179 | 4,176,577 |
| Investments Held by Broker-dealers under Securities Lending Program: | | | |
| Debt Securities | 641,058 | — | 641,058 |
| Equity Securities | 1,300,039 | — | 1,300,039 |
| Total | 27,086,314 | 4,502,621 | 31,588,935 |
| Securities Lending Collateral Pool | 2,017,935 | — | 2,017,935 |
| Total Investments | $ 29,104,249 | $ 4,502,621 | $ 33,606,870 |

The Systems and Plans value these investments in good faith at the Systems' and Plans' pro-rata interest in the net assets of these investments based upon audited financial statements or other information provided to the Systems and Plans by the underlying investment managers. The estimated fair value of these investments may differ significantly from values that would have been used had a ready market existed.

### Fair Value Measurements

The Systems and Plans categorize the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1 Unadjusted quoted prices for identical instruments in active markets.
Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
Level 3 Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Systems and Plans assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The following table shows the fair value leveling of the investments for the Systems and Plans.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest, which approximates fair value.

Equity and derivative securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt and debt derivative securities classified in Level 2 and Level 3 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Index-linked debt securities are valued by multiplying the external market price feed by the applicable day's Index Ratio. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. Level 3 debt securities use proprietary information or single-source pricing. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

Real assets classified in Level 1 are valued using prices quoted in active markets for those securities. Real assets classified in Level 3 are real estate investments generally valued using the income approach by internal manager reviews or independent external appraisers. The Systems and Plans policy is to obtain an external appraisal a minimum of every three years for properties or portfolios that the Systems and Plans have some degree of control or discretion. In practice, some investments are appraised annually. Appraisals are performed by an independent appraiser with preference for Member Appraisal Institute (MAI) designated appraisers. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

(*Table on next page.*)

**Utah Retirement Systems**
(pension trust and defined contribution plans)
**Investments and Derivative Instruments Measured at Fair Value**
**At December 31, 2015**
(*Expressed in Thousands*)

| | Defined Benefit | | | | Defined Contribution | | | |
|---|---|---|---|---|---|---|---|---|
| | | Fair Value Measures Using | | | | Fair Value Measures Using | | |
| | 12/31/15 | Quoted Prices in Active Markets for Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Significant Unobservable Inputs Level 3 | 12/31/15 | Quoted Prices in Active Markets in Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Significant Unobservable Inputs Level3 |
| **Investments by Fair Value Level** | | | | | | | | |
| Short-term Securities | $ 2,228,843 | $ — | $ 2,228,843 | $ — | $ 23,156 | $ — | $ 23,156 | $ — |
| **Debt Securities** | | | | | | | | |
| Asset Backed Securities | 320,466 | — | 237,282 | 83,184 | 20,453 | — | 17,229 | 3,224 |
| Commercial Mortgage-backed | 218,411 | — | 137,239 | 81,172 | 6,810 | — | 964 | 5,846 |
| Corporate Bonds | 758,206 | — | 751,923 | 6,283 | 284,126 | — | 280,587 | 3,539 |
| Corporate Convertible Bonds | 870 | — | — | 870 | — | — | — | — |
| Fixed Income Other | — | — | — | — | 43,886 | — | 43,826 | 60 |
| Government Agencies | 68,375 | — | 68,357 | 18 | 86,920 | — | 86,920 | — |
| Government Bonds | 1,049,900 | — | 1,049,522 | 378 | 183,715 | — | 179,697 | 4,018 |
| Government Mortgage Backed Securities | 719,295 | — | 701,163 | 18,132 | — | — | — | — |
| Gov't-issued Commercial Mortgage-Backed | 41,953 | — | 41,953 | — | 72,550 | — | 72,097 | 453 |
| Index Linked Government Bonds | 1,029,226 | — | 1,017,836 | 11,390 | 25,867 | — | 25,867 | — |
| Municipal/Provincial Bonds | 18,972 | — | 14,891 | 4,081 | 21,787 | — | 21,787 | — |
| Non-government Backed C.M.O.s | 60,319 | — | 16,519 | 43,800 | 612 | — | 380 | 232 |
| Total Debt Securities | 4,285,993 | — | 4,036,685 | 249,308 | 746,726 | — | 729,354 | 17,372 |
| **Equity Investments** | | | | | | | | |
| Basic Materials | 46 | — | 46 | — | — | — | — | — |
| Consumer Goods | 1,901,389 | 1,899,245 | 281 | 1,863 | 321,563 | 321,563 | — | — |
| Energy | 498,176 | 498,153 | 23 | — | 55,768 | 55,768 | — | — |
| Equity Other | 1,946 | 1,804 | — | 142 | 44,477 | 849 | 43,620 | 8 |
| Financials | 1,708,220 | 1,702,404 | 4,015 | 1,801 | 163,642 | 163,642 | — | — |
| Health Care | 928,712 | 928,629 | 28 | 55 | 214,368 | 214,368 | — | — |
| Industrials | 1,076,773 | 1,076,538 | 165 | 70 | 107,342 | 107,342 | — | — |
| Information Technology | 1,360,656 | 1,360,304 | 51 | 301 | 335,285 | 335,285 | — | — |
| Materials | 451,026 | 450,346 | 7 | 673 | 28,572 | 28,572 | — | — |
| Real Estate Investment Trusts | — | — | — | — | 31,334 | 31,334 | — | — |
| Self Directed Brokerage Window | — | — | — | — | 139,380 | 137,853 | 1,527 | — |
| Technology | 6 | — | 6 | — | — | — | — | — |
| Telecommunication Services | 207,776 | 206,689 | 1,087 | — | 20,142 | 20,142 | — | — |
| Utilities | 229,000 | 228,960 | 19 | 21 | 23,882 | 23,882 | — | — |
| Total Equity Investments | 8,363,726 | 8,353,072 | 5,728 | 4,926 | 1,485,755 | 1,440,600 | 45,147 | 8 |
| **Real Assets** | | | | | | | | |
| Agriculture | 17,314 | — | — | 17,314 | — | — | — | — |
| Commodities | 24,907 | 24,907 | — | — | — | — | — | — |
| Real Estate | 2,029,257 | — | — | 2,029,257 | — | — | — | — |
| Total Real Assets | 2,071,478 | 24,907 | — | 2,046,571 | — | — | — | — |
| Total Investments by Fair Value Level | $ 16,950,040 | $ 8,377,979 | $ 6,271,256 | $ 2,300,805 | $ 2,255,637 | $ 1,440,600 | $ 797,657 | $ 17,380 |

**Investments and Derivative Instruments Measured at Fair Value**
(Continued)

| | Defined Benefit | | | | Defined Contribution | | | |
|---|---|---|---|---|---|---|---|---|
| | | Fair Value Measures Using | | | | Fair Value Measures Using | | |
| | 12/31/15 | Quoted Prices in Active Markets for Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Significant Unobservable Inputs Level 3 | 12/31/15 | Quoted Prices in Active Markets in Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Significant Unobservable Inputs Level3 |
| **Investments Measured at the Net Asset Value (NAV)** | | | | | | | | |
| **Equity Investments** | | | | | | | | |
| Co-mingled International Equity Fund ...... | $ 575,484 | | | | $ 426,275 | | | |
| Co-mingled U.S. Small Cap Equity Fund ... | 253,993 | | | | 431,824 | | | |
| Co-mingled Large Cap Equity Fund .......... | — | | | | 332,519 | | | |
| Co-mingled Russell 1000 Growth Equity F. | — | | | | 15,140 | | | |
| Total Equity Investments Measured at the NAV ....................... | 829,477 | | | | 1,205,758 | | | |
| **Absolute Return** | | | | | | | | |
| Directional ........................................... | 772,744 | | | | — | | | |
| Equity Long/Short ................................ | 271,203 | | | | — | | | |
| Event Driven......................................... | 1,004,565 | | | | — | | | |
| Multistrategy ........................................ | 1,011,413 | | | | — | | | |
| Relative Value....................................... | 1,081,396 | | | | — | | | |
| Total Absolute Return Measured at the NAV ....................... | 4,141,321 | | | | — | | | |
| Private Equity – Private Equity Partnerships | 3,214,680 | | | | — | | | |
| **Real Assets** | | | | | | | | |
| Co-mingled Commodities Fund ................ | — | | | | 42,905 | | | |
| Co-mingled Real Estate Fund .................. | — | | | | 108,274 | | | |
| Energy ................................................. | 742,935 | | | | — | | | |
| Minerals................................................ | 188,200 | | | | — | | | |
| Real Estate ........................................... | 854,885 | | | | — | | | |
| Royalty ................................................ | 7,519 | | | | — | | | |
| Timber ................................................. | 187,292 | | | | — | | | |
| Total Real Assets Measured at the NAV.. | 1,980,831 | | | | 151,179 | | | |
| Total Investments Measured at the NAV | 10,166,309 | | | | 1,356,937 | | | |
| Total Investments Measured at Fair Value.................. | $ 27,116,349 | | | | $ 3,612,574 | | | |
| Synthetic Guaranteed Investments Contracts Measured at Contract Value ....... | — | | | | $ 890,128 | | | |
| **Investment Derivative Instruments** | | | | | | | | |
| Short-term Securities – Options .................. | $ 956 | $ — | $ 629 | $ 327 | $ — | $ — | $ — | $ — |
| **Debt Securities** | | | | | | | | |
| Options ................................................ | 554 | — | 554 | — | 38 | — | 38 | — |
| Swaptions............................................. | (3,098) | — | (3,098) | — | (83) | — | (83) | — |
| Swap Liabilities..................................... | (3,977) | — | (3,977) | — | (338) | — | (338) | — |
| Swap Assets .......................................... | 2,134 | — | 2,134 | — | 302 | — | 302 | — |
| Total Debt Security Derivatives ............ | (4,387) | — | (4,387) | — | (81) | — | (81) | — |
| Equity Investments – Options ..................... | 307 | 307 | — | — | — | — | — | — |
| Real Assets – Swap Liabilities..................... | (26,911) | — | (26,911) | — | — | — | — | — |
| Total Investment Derivative Investments.................. | $ (30,035) | $ 307 | $ (30,669) | $ 327 | $ (81) | $ — | $ (81) | $ — |
| **Invested Securities Lending Collateral** | | | | | | | | |
| Debt Securities ...................................... | $ 943,548 | $ — | $ 943,548 | $ — | $ — | $ — | $ — | $ — |
| Equity Investments................................. | 1,074,387 | 1,074,387 | — | — | — | — | — | — |
| Total Invested Securities Lending Collateral........................... | $ 2,017,935 | $ 1,074,387 | $ 943,548 | $ — | $ — | $ — | $ — | $ — |

**Utah Retirement Systems**
(pension trust and defined contribution plans)
**Investments Measured at the NAV — Defined Benefit**
**At December 31, 2015**
(*Expressed in Thousands*)

| | Fair Value | Unfunded Commitments | Redemption Frequency (if currently eligible) | Redemption Notice Period |
|---|---|---|---|---|
| **Equity Investments** | | | | |
| Co-mingled International Equity Fund | $ 575,484 | $ — | Daily | None |
| Co-mingled U.S. Small Cap Equity Fund | 253,993 | — | Daily | None |
| Total Equity Investments | 829,477 | — | | |
| **Absolute Return** | | | | |
| Directional | 772,744 | 47,585 | Monthly, Quarterly | 3–60 days |
| Equity Long/Short | 271,203 | — | Monthly, Quarterly, Annually | 30–90 days |
| Event Driven | 1,004,565 | — | Monthly, Quarterly, Semi-annually, Annually, Bi-Annually | 60–120 days |
| Multistrategy | 1,011,413 | — | Monthly, Quarterly, Semi-annually, Annually | 45–90 days |
| Relative Value | 1,081,396 | 8,378 | Weekly, Monthly, Quarterly | 5–90 days |
| Total Absolute Return | 4,141,321 | 55,963 | | |
| **Private Equity – Partnerships** | 3,214,680 | 1,463,144 | Not eligible | N/A |
| **Real Assets** | | | | |
| Energy | 742,935 | 671,779 | Not eligible | N/A |
| Minerals | 188,200 | 106,127 | Not eligible | N/A |
| Real Estate * | 854,885 | 183,162 | Not eligible | N/A |
| Royalty | 7,519 | — | Not eligible | N/A |
| Timber * | 187,292 | — | Not eligible | N/A |
| Total Real Assets | 1,980,831 | 961,068 | | |
| Total Investments Measured at the NAV | $ 10,166,309 | $ 2,480,175 | | |

* *See redemption descriptions for these investments under Real Estate and Timber Funds.*

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the table above and on the following page. Synthetic guaranteed investment contracts that are fully benefit-responsive are measured at contract value and do not participate in fair value changes.

**Defined Benefit**

- **Co-Mingled International Equity Fund and Co-Mingled Small Cap Fund**. This type consists of one institutional investment fund that invests in international equities diversified across all sectors and one fund that invests in U.S. small cap equities. The fair values of the investments in these types have been determined using the NAV per share of the investments.

- **Absolute Return Funds**. The fair values of the investments in this type have been determined using the NAV per share of the investments. *Directional funds* include investments in six funds whose investments are more directional in nature, although they can shift opportunistically between having a directional bias and a non-directional bias. One fund, which represents 3 percent of the portfolio, is restricted from redemption for 2.5 years. *Equity long/short funds* include investments in four funds in which the equity securities maintain some level of market exposure (either net long or net short); however the level of market exposure may vary through time. *Event driven funds* include investments in 12 funds whose investments focus on identifying and analyzing securities that can benefit from the occurrence of an extraordinary corporate transaction or event (e.g., restructurings, takeovers, mergers, spin-offs, bankruptcy, etc.). Two funds are in the process of redemption totaling $25.3 million or 3 percent over the next 2 to 10 years. *Multi-strategy funds* include investments in 10 funds. Investments in these funds represent a mix of the other absolute return strategies. *Relative value funds* include investments in 13 funds. These funds seek returns by capitalizing on the mispricing of related securities or financial instruments. It is anticipated five of these funds representing $161.8 million or 15 percent will be redeemed over the next 1 to 10 years. One fund, which represents 4 percent of the value in this type, is restricted from redemption for 6 months as of December 31, 2015. All other funds currently have no redemption restrictions other than the restrictions noted above.

**Utah Retirement Systems**
(pension trust and defined contribution plans)
**Investments Measured at the NAV — Defined Contribution**
**At December 31, 2015**
(*Expressed in Thousands*)

| | Fair Value | Unfunded Commitments | Redemption Frequency (if currently eligible) | Redemption Notice Period |
|---|---|---|---|---|
| **Equity Securities** | | | | |
| Co-mingled Large Cap Equity Fund | $ 426,275 | $ — | Daily | None |
| Co-mingled International Equity Fund | 431,824 | — | Daily | None |
| Co-mingled U.S. Small Cap Equity Fund | 332,519 | — | Daily | None |
| Co-mingled Russell 1000 Growth Equity Fund | 15,140 | — | Daily | None |
| Total Equity Securities | 1,205,758 | — | | |
| **Real Assets** | | | | |
| Co-mingled Real Estate Equity Fund | 108,274 | — | Quarterly | 90 days |
| Co-mingled Commodities Fund | 42,905 | — | Daily | None |
| Total Real Assets | 151,179 | — | | |
| Total Investments Measured at the NAV | $ 1,356,937 | $ — | | |

- **Private Equity Partnerships**. This type includes investments in limited partnerships. Generally speaking, the types of partnership strategies included in this portfolio: venture capital, growth equity, buyouts, special situations, mezzanine, and distressed debt. These investments have an approximate life of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. The majority of the private equity partnership investments are managed by two gatekeepers. Both gatekeepers manage discretionary accounts for URS. The gatekeepers are required to manage the private equity portfolio in accordance with guidelines established by URS. The Systems and Plans have no plans to liquidate the total portfolio. As of December 31, 2015, it is probable all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the Systems and Plans ownership interest in partners' capital.

- **Energy, Mineral, and Royalty Funds**. Investments in Energy funds consist of 16 private equity partnerships that invest primarily in oil and gas related investments. Mineral funds include four private equity partnerships that invest 74 percent equity securities related to mineral mining, 12 percent in commodities, and 14 percent in other mining investments. Royalty funds include one private equity partnership that invests primarily in drug royalties. These investments have an approximate life of 10 years and are considered illiquid. Redemption restrictions are in place over the life of the partnership. During the life of the partnerships distributions are received as underlying partnership investments are realized. As of December 31, 2015, it is probable that all of the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the Systems and Plans ownership interest in partners' capital. The fair values of these investments have been determined using estimates provided by the underlying partnerships using recent observable transactions information for similar investments.

- **Real Estate and Timber Funds**. *Real estate funds* include 15 investments that are invested primarily in apartments and retail space in the United States. *Timber funds* include two funds that invest in timber related resources. Investments in these types can never be redeemed with the funds. Instead, the nature of these investments are that distributions from each investment will be received as the underlying investments are liquidated. Because it is probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Systems and Plans ownership interest in partners' capital.

**Defined Contribution**

- **Co-Mingled Funds**. The fair values of the investments of this type have been determined using the NAV per share of the investments. The *co-mingled real estate equity fund* is comprised of institutional quality commercial real estate across a broad range of real estate asset types. The *co-mingled commodities fund* invests mainly in bulk goods and raw materials. The other funds invest in securities indicative of their name.

**Interest Rate Risk**

Utah Retirement Systems (URS) (pension trust and defined contribution plans) manage their exposure to fair value loss arising from increasing interest rates by complying with the following policy:

- For domestic debt securities managers, an individual debt securities investment manager's portfolio will have an effective duration between 75 and 125 percent of the effective duration of the appropriate index.
- The international debt securities investment managers will maintain an effective duration of their portfolio between 80 and 120 percent of the appropriate index.
- The global debt securities investment managers will maintain an effective duration of their portfolio between 75 and 125 percent of the appropriate index.
- The global debt inflation-linked debt securities investment managers will maintain an effective duration of their portfolio between 80 and 120 percent of the appropriate index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

URS compares an investment's effective duration against the Barclays Capital U.S. Aggregate Index for domestic debt securities, the Barclays Capital Global Aggregate Index (USD hedged) for global debt securities and the Barclays Capital World Government Inflation-Linked Investment Bond Index (USD hedged) for inflation-linked debt securities. The index range at December 31, 2015, was 4.26 – 7.10 for domestic debt securities, 4.92 – 8.20 for global debt securities, and 9.46 – 14.20 for inflation-linked debt securities. URS compares an investment's effective duration against the Barclays Capital U.S. Aggregate Index for domestic debt securities, the Barclays Capital Global Aggregate Index ex-U.S. (unhedged) for international debt securities and the Barclays Capital Global Inflation Linked Bond Index 1-10 Year (USD hedged) for inflation-linked debt securities. The index range as of December 31, 2015, was 4.26 – 7.10 for domestic debt securities, 6.12 – 9.18 for international debt securities and 3.89 – 5.83 for inflation-linked debt securities. At December 31, 2015, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2015, the following tables show the investments by investment type, amount, and the effective weighted duration.

**Utah Retirement Systems**
(pension trust and defined contribution plans)
**Debt Securities Investments**
**At December 31, 2015**
(*Expressed in Thousands*)

| Investment | Defined Benefit Plans: Fair Value | Defined Benefit Plans: Effective Weighted Duration | Defined Contribution Plans: Fair Value | Defined Contribution Plans: Effective Weighted Duration | Total: All Systems and Plans |
|---|---|---|---|---|---|
| Asset-backed Securities | $ 320,466 | 1.58 | $ 20,453 | 1.65 | $ 340,919 |
| Commercial Mortgage-backed | 218,411 | 3.07 | 6,810 | 7.09 | 225,221 |
| Corporate Bonds | 758,206 | 5.79 | 284,126 | 9.25 | 1,042,332 |
| Corporate Convertible Bonds | 870 | — | — | — | 870 |
| Fixed Income Derivatives | (2,544) | — | (45) | — | (2,589) |
| Fixed Income Other | — | — | 43,886 | — | 43,886 |
| Government Agencies | 68,375 | 5.67 | 86,920 | 7.36 | 155,295 |
| Government Bonds | 1,049,900 | 7.45 | 183,715 | 10.87 | 1,233,615 |
| Government Mortgage-backed Securities | 719,295 | 3.62 | — | — | 719,295 |
| Gov't Issued Commercial Mortgage-backed | 41,953 | 6.31 | 72,550 | 4.90 | 114,503 |
| Index Linked Government Bonds | 1,029,226 | 11.68 | 25,867 | 5.23 | 1,055,093 |
| Municipal/Provincial Bonds | 18,972 | 12.99 | 21,787 | 5.27 | 40,759 |
| Non-government Backed C.M.O.s | 60,319 | 2.38 | 612 | 1.31 | 60,931 |
| Swaps | (1,843) | — | (36) | — | (1,879) |
| Synthetic Guaranteed Investment Contracts measured at contract value | — | — | 890,128 | — | 890,128 |
| Total Debt Securities Investments | $ 4,281,606 | 6.91 | $ 1,636,773 | 7.35 | $ 5,918,379 |

**Credit Risk of Debt Securities**

URS expects their domestic debt securities investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- U.S. Government and Agency Securities — no restriction.
- Total portfolio quality will maintain a minimum overall rating of "A" (S&P) or equivalent rating.
- Securities with a quality rating of below BBB– are considered below investment grade. No more than 5 percent of an investment manager's assets at market with a single issuer of 1 percent of the total portfolio can be below investment grade.
- Upon approval, a domestic debt securities investment manager may invest up to 10 percent of the portfolio in non-U.S. dollar-denominated bonds.
- The international debt securities investment managers may hold up to 25 percent of the market value of their portfolios in securities rated below investment grade (S&P index BBB– or Moody's index Baa3). The remaining assets will have on average an investment grade rating.

The weighted quality rating average of the domestic debt securities, excluding pooled investments, at December 31, 2015, is AAA and the fair value of below grade investments is $431.284 million or 7.29 percent.

The following table presents the URS credit risk ratings as of December 31, 2015:

**Utah Retirement Systems**
(pension trust and defined contribution plans)
**Debt Securities Investments at Fair Value**
**At December 31, 2015**
(*Expressed in Thousands*)

| | Quality Rating | Defined Benefit Plans | Defined Contribution Plans | Total All Systems and Plans |
|---|---|---|---|---|
| | AAA | $ 769,507 | $ 187,534 | $ 957,041 |
| | AA+ | 395,671 | 27,745 | 423,416 |
| | AA | 93,191 | 43,062 | 136,253 |
| | AA– | 86,161 | — | 86,161 |
| | A+ | 114,322 | 32,234 | 146,556 |
| | A | 237,445 | 43,290 | 280,735 |
| | A– | 119,211 | 55,553 | 174,764 |
| | BBB+ | 328,839 | 167,108 | 495,947 |
| | BBB | 180,227 | 103,574 | 283,801 |
| | BBB– | 267,190 | 57,817 | 325,007 |
| | BB+ | 9,191 | 19,752 | 28,943 |
| | BB | 21,266 | 16,830 | 38,096 |
| | BB– | 2,482 | 10,834 | 13,316 |
| | B+ | 3,034 | 12,770 | 15,804 |
| | B | 24,639 | 6,591 | 31,230 |
| | B– | 9,807 | 3,341 | 13,148 |
| | CCC+ | 4,312 | — | 4,312 |
| | CCC | 6,020 | 4,749 | 10,769 |
| | CCC– | 699 | — | 699 |
| | CC | 1,008 | — | 1,008 |
| | D | 6,372 | — | 6,372 |
| | NR | 65,709 | 201,878 | 267,587 |
| Total Credit Risk Debt Securities...... | | 2,746,303 | 994,662 | 3,740,965 |
| U.S. Government and Agencies: | | | | |
| Fed Home Loan Mortgage Corp . | NR | 179,304 | 227,452 | 406,756 |
| Fed National Mortgage Corp....... | NR | 428,744 | 118,756 | 547,500 |
| Gov't National Mortgage Assoc . | NR | 166,137 | 89,256 | 255,393 |
| United States Treasury ................ | NR | 728,309 | 178,610 | 906,919 |
| Other Government & Agencies... | NR | 32,809 | 28,037 | 60,846 |
| Total Unrated Government and Agencies.............................. | | 1,535,303 | 642,111 | 2,177,414 |
| Total Debt Securities Investments..... | | $ 4,281,606 | $ 1,636,773 | $ 5,918,379 |

**Custodial Credit Risk**

URS does not have an investment policy regarding custodial credit risk. At December 31, 2015, URS has $54.338 million frictional cash and cash equivalents subject to custodial credit risk in foreign banks in URS's name. Because it is in foreign banks, it is subject to custodial risk. URS does not have an investment policy regarding custodial credit risk for frictional cash in foreign banks. URS also has other investments of $130.149 million with exposure to custodial credit which has not been determined.

**Concentration of Credit Risk**

URS expects their investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- AAA/Aaa Debt Securities — no more than 5 percent of an investment manager's assets at market with a single issuer.
- AA–/Aa3 Debt Securities or higher — no more than 4 percent of an investment manager's assets at market with a single issuer.
- A–/A3 Debt Securities or higher — no more than 3 percent of an investment manager's assets at market with a single issuer.
- BBB–/Baa3 Debt Securities or higher — no more than 2 percent of an investment manager's assets at market with a single issuer.
- For Debt Securities — no individual holding shall constitute more than 10 percent of the market value of outstanding debt of a single issuer with the exception of the U.S. Government or its agencies, or collateralized mortgage obligations.
- For Domestic Equity Securities — no individual holdings shall constitute more than 4 percent of the securities of any single issuer. Also, no more than 8 percent of an investment manager's assets shall be invested in the equity or Real Estate Investment Trust (REIT) securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.
- For International Equity Securities — no more than 8 percent of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.

As of December 31, 2015, URS had no single issuer investments that exceeded the above guidelines.

**Foreign Currency Risk**

URS expects the International Securities Investment Managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- International investment managers invest in fixed income instruments and equity instruments of corporations headquartered outside of the United States unless specifically authorized within the investment manager's contract.
- Domestic investment managers are allowed to invest in international corporations traded in American Depository Receipts (ADR).
- Portfolios should be adequately diversified to limit foreign currency and security risk.

Risk of loss arises from changes in currency exchange rates. URS' exposure to foreign currency risk is shown in the table below.

(*Table on next page*.)

**Utah Retirement Systems**
(pension trust and defined contribution plans)
**Foreign Currency Risk**
**International Investment Securities at Fair Value**
**At December 31, 2015**
**(***Expressed in Thousands***)**

| Currency | Defined Benefit Plans | | | | Defined Contribution Plans | | | | Total All Systems and Plans |
|---|---|---|---|---|---|---|---|---|---|
| | Short-term | Debt | Equity | Total | Short-term | Debt | Equity | Total | |
| Argentine peso | $ — | $ — | $ 12,602 | $ 12,602 | $ — | $ — | $ — | $ — | $ 12,602 |
| Australian dollar | 2,734 | 145,416 | 148,672 | 296,822 | 102 | 21,993 | — | 22,095 | 318,917 |
| Bermudian dollar | — | 880 | 2,077 | 2,957 | — | — | — | — | 2,957 |
| Brazilian real | 1,000 | 5,155 | 50,249 | 56,404 | — | 12,949 | — | 12,949 | 69,353 |
| British pound | 6,957 | 293,716 | 603,440 | 904,113 | 270 | 36,317 | 11,104 | 47,691 | 951,804 |
| Cambodian riel | — | — | 58 | 58 | — | — | — | — | 58 |
| Canadian dollar | 769 | 89,913 | 213,624 | 304,306 | 167 | 6,816 | 4,658 | 11,641 | 315,947 |
| Cayman Islands dollar | — | 21,682 | 125 | 21,807 | — | — | — | — | 21,807 |
| Chilean peso | 264 | 2,119 | 13,299 | 15,682 | — | 1,361 | — | 1,361 | 17,043 |
| Chinese renminbi | — | 1,461 | 199,792 | 201,253 | — | — | 6,924 | 6,924 | 208,177 |
| Columbian peso | 175 | 4,756 | 4,113 | 9,044 | — | — | — | — | 9,044 |
| Czech koruna | 68 | — | 1,033 | 1,101 | — | — | — | — | 1,101 |
| Danish krone | 32 | 1,946 | 81,563 | 83,541 | — | 264 | 3,838 | 4,102 | 87,643 |
| Egyptian pound | 363 | — | — | 363 | — | — | — | — | 363 |
| European Euro | 22,253 | 471,055 | 883,934 | 1,377,242 | 180 | 81,206 | 13,006 | 94,392 | 1,471,634 |
| Georgian lari | — | — | 32 | 32 | — | — | — | — | 32 |
| Gibraltarian pound | — | — | 198 | 198 | — | — | — | — | 198 |
| Hong Kong dollar | 2,396 | — | 99,752 | 102,148 | — | — | — | — | 102,148 |
| Hungarian forint | 138 | — | 4,747 | 4,885 | — | 223 | — | 223 | 5,108 |
| Icelandic krona | — | 2,478 | — | 2,478 | — | 922 | — | 922 | 3,400 |
| Indian rupee | 1,019 | 865 | 102,851 | 104,735 | — | — | — | — | 104,735 |
| Indonesian rupiah | 266 | — | 12,550 | 12,816 | — | — | — | — | 12,816 |
| International region | — | — | 461,926 | 461,926 | — | — | 431,824 | 431,824 | 893,750 |
| Israeli new shekel | 223 | 1,862 | 17,890 | 19,975 | — | — | — | — | 19,975 |
| Jamaican dollar | — | 969 | — | 969 | — | 299 | — | 299 | 1,268 |
| Japanese yen | 10,880 | (3,992) | 635,051 | 641,939 | 797 | 7,281 | — | 8,078 | 650,017 |
| Macanese pataca | — | — | 612 | 612 | — | — | — | — | 612 |
| Malaysian ringgit | 400 | — | 27,246 | 27,646 | — | — | — | — | 27,646 |
| Mexican peso | 280 | 12,110 | 36,862 | 49,252 | 424 | 14,506 | — | 14,930 | 64,182 |
| Moroccan dirham | 21 | 11,938 | — | 11,959 | — | 1,954 | — | 1,954 | 13,913 |
| Multi-National agencies region | — | 8,123 | — | 8,123 | — | 226 | — | 226 | 8,349 |
| New Zealand dollar | 184 | 11,214 | 6,117 | 17,515 | — | 653 | — | 653 | 18,168 |
| Norwegian krone | 170 | 12,174 | 13,284 | 25,628 | 21 | 606 | 104 | 731 | 26,359 |
| Panamanian balboa | — | 875 | — | 875 | — | — | — | — | 875 |
| Papua New Guinean kina | — | — | 180 | 180 | — | — | — | — | 180 |
| Peruvian nuevo sol | 26 | 5,111 | 1,716 | 6,853 | — | 163 | 114 | 277 | 7,130 |
| Philippines peso | 23 | — | 10,310 | 10,333 | — | — | — | — | 10,333 |
| Polish zloty | 282 | 350 | 6,674 | 7,306 | 17 | — | — | 17 | 7,323 |
| Russian ruble | — | — | 23,972 | 23,972 | — | — | — | — | 23,972 |
| Serbian dinar | — | 1,639 | — | 1,639 | — | 230 | — | 230 | 1,869 |
| Singaporean dollar | 785 | 25,140 | 31,677 | 57,602 | 24 | 1,383 | — | 1,407 | 59,009 |
| South African rand | 454 | 3,569 | 41,079 | 45,102 | — | — | — | — | 45,102 |
| South Korean won | 520 | 14,910 | 113,718 | 129,148 | — | 2,047 | — | 2,047 | 131,195 |
| Swedish krona | 1,525 | 11,749 | 74,089 | 87,363 | 29 | 972 | — | 1,001 | 88,364 |
| Swiss franc | 1,067 | 11,051 | 250,948 | 263,066 | 4 | — | — | 4 | 263,070 |
| New Taiwan dollar | 1,830 | — | 79,283 | 81,113 | — | — | — | — | 81,113 |
| Thai baht | 444 | — | 13,991 | 14,435 | — | — | — | — | 14,435 |
| Turkish new lira | 79 | 1,984 | 11,019 | 13,082 | — | — | — | — | 13,082 |
| United Arab Emirates dirham | 30 | — | 6,747 | 6,777 | — | — | — | — | 6,777 |
| Uruguayan peso | — | 663 | — | 663 | — | — | — | — | 663 |
| Vietnamese dong | — | — | — | — | — | 266 | — | 266 | 266 |
| Total Securities Subject to Foreign Currency Risk | $ 57,657 | $ 1,172,881 | $ 4,299,102 | $ 5,529,640 | $ 2,035 | $ 192,637 | $ 471,572 | $ 666,244 | $ 6,195,884 |

### C. Discrete Component Units

**Custodial Credit Risk — Deposits**

The custodial credit risk for deposits is the risk that in the event of a bank failure, the discrete component unit's deposits may not be recovered.

The discrete component units follow the Utah Money Management Act by making deposits only in qualified depository institutions or in foreign depository institutions in accordance with rules of the State Money Management Council. Deposits with qualified depository institutions in excess of FDIC insurance limits amount are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by state statute. The deposits for the discrete component units at June 30, 2016, were $221.471 million. Of these, $184.525 million were exposed to custodial credit risk as uninsured and uncollateralized and $26.611 million were exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the discrete component units' names.

**Investments**

The discrete component units follow the applicable investing criteria described above for the primary government, with the exception of Public Employees Health Program which is exempt from the Money Management Act.

College and university funds from gifts, private grants, and the corpus of funds functioning as endowments are invested according to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541) or separate endowment investment policies which have been approved by their Board of Trustees and by the Board of Regents. The UPMIFA and Rule 541 allow the colleges and universities to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any investments allowed by the Money Management Act or any of the following subject to satisfying certain criteria: mutual funds registered with the Securities and Exchange Commission, investments sponsored by the Common Fund; any investment made in accordance with the donor's directions in a written instrument; investments in corporate stock listed on a major exchange (direct ownership); and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital and private equity), natural resources, and private real estate assets or absolute return and long/short hedge funds.

The discrete component units' investments at June 30, 2016, are presented below. The investments are presented at fair value and by investment type with debt securities presented by maturity.

**Fair Value Measurements**

The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Inputs are quoted prices for identical investments in active markets.
- Level 2: Observable inputs other than quoted market prices.
- Level 3: Unobservable inputs.

The following table presents the recurring fair value measurements at June 30, 2016, for the discrete component units.

(*Table on next page*.)

**Discrete Component Units Debt Securities Investments**
**Investments and Derivative Instruments Measured at Fair Value**
**At June 30, 2016**
(*Expressed in Thousands*)

| | Fair Value | Fair Value Measurements Using Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **Investments by Fair Value Level** | | | | |
| **Debt Securities** | | | | |
| U.S. Treasuries | $ 149,710 | $ 1,520 | $ 148,190 | $ — |
| U.S. Agencies | 1,580,254 | 2,909 | 1,576,860 | 485 |
| Corporate Debt | 593,074 | 49,927 | 538,673 | 4,474 |
| Negotiable Certificates of Deposit | 6,676 | 210 | 6,466 | — |
| Money Market Mutual Funds | 175,667 | 29,775 | 145,892 | — |
| Municipal/Public Bonds | 45,117 | 1,918 | 43,199 | — |
| Asset Backed Securities | 21,698 | — | 20,552 | 1,146 |
| Bond Mutual Funds | 306,489 | 18,330 | 276,759 | 11,400 |
| Collateralized Debt Obligations | 1,887 | — | — | 1,887 |
| Foreign Government Bonds | 626 | — | 626 | — |
| Utah Public Treasurers' Investment Fund | 691,622 | — | 691,622 | — |
| Total Debt Securities | 3,572,820 | $ 104,589 | 3,448,839 | 19,392 |
| **Equity Securities** | | | | |
| Domestic Equity | 578,519 | 59,200 | 519,319 | — |
| International Equity | 1,823 | 1,823 | — | — |
| Equity Securities | 66,704 | 42,631 | 23,778 | 295 |
| Total Equity Securities | 647,046 | 103,654 | 543,097 | 295 |
| **Alternative Investments** | | | | |
| Private Equity | 59,938 | — | — | 59,938 |
| Credit Sensitive Fixed Income | 34,159 | — | — | 34,159 |
| Real Estate | 12,966 | — | — | 12,966 |
| Private Natural Resources | 7,523 | — | — | 7,523 |
| Diversifying Strategies | 138,195 | — | — | 138,195 |
| Hedged Equity | 40,446 | — | — | 40,446 |
| Total Alternative Investments | 293,227 | 0 | 0 | 293,227 |
| Total Investments by Fair Value Level | 4,513,093 | $ 208,243 | $ 3,991,936 | $ 312,914 |
| **Investments Measured at the Net Asset Value (NAV)** | | | | |
| Flexible Premium Deferred Annuity | 257 | | | |
| Global Distressed | 149 | | | |
| Hedge Funds | 3,944 | | | |
| International Equity | 7,532 | | | |
| Natural Resource Partners | 4,217 | | | |
| Private Equity Partnerships | 12,463 | | | |
| Private Equity Real Estate Partnerships | 14,501 | | | |
| Real Estate | 1,327 | | | |
| Venture Capital Funds | 1,651 | | | |
| Total Investments Measured at the NAV | 46,041 | | | |
| Total Investments Measured at Fair Value | $ 4,559,134 | | | |
| **Invested Securities Lending Collateral** | | | | |
| Debt Securities | $ 18,399 | $ 0 | $ 18,399 | $ 0 |

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. The Domestic Equity securities in Level 1 are valued using prices provided by the fund company.

Other debt securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries are valued using quoted prices for identical securities in markets that are not active and using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.
- U.S. Agencies are valued using quoted prices for identical or similar securities in markets that are not active.
- Corporate Debt is valued using quoted prices for similar securities in markets that are not active.
- Negotiable Certificates of Deposit are valued using quoted prices for similar securities in active markets and using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.
- Money Market Mutual Funds are valued using published fair value per share (unit) for each fund.
- Municipal/Public Bonds are valued using quoted prices for similar securities in active markets, using quoted prices for similar securities in markets that are not active, and using various sources such as issuer, investment manager, client, etc. or default price if price is not provided.
- Asset Backed Securities are valued using quoted prices for similar securities in markets that are not active.
- Bond Mutual Funds are valued using published fair value per share (unit) for each fund.
- Foreign Government Bonds are valued using quoted prices for similar securities in markets that are not active.
- Utah Public Treasurers' Investment Fund is valued using the application of the June 30, 2016, fair value factor, as calculated by the Utah State Treasurer, to the average daily balance in the Fund.

Other debt securities classified in Level 3 are valued using the following approaches:

- U.S. Agencies are valued using various sources such as issuer, investment manager, client, etc. or default price if price is not provided.
- Corporate Debt is valued using various sources such as issuer, investment manager, client, etc. or default price if price is not provided.
- Asset Backed Securities are valued using consensus pricing.
- Bond Mutual Funds are valued using various sources such as issuer, investment manager, client, etc. or default price if price is not provided.
- Collateralized Debt Obligations are valued using consensus pricing.

Other equity securities classified in Level 2 are valued using the following approaches:

- Domestic Equity securities are valued using published fair value per share (unit) for each fund.
- Equity securities are valued using quoted prices for identical securities in markets that are not active.

Other equity securities classified in Level 3 are valued using the following approaches:

- Equity securities are valued using various sources such as issuer, investment manager, client, etc. or default price if price is not provided.

Alternative investments classified in Level 3 may include common and preferred equity securities, partnership interests and ownership in similar entities, and other privately issued securities. Many of these investments are considered "alternative investments" and, unlike more traditional investments, generally do not have readily obtainable fair values and may be limited partnerships. When observable prices are not available for these securities or identical assets, the discrete component unit and a third-party investment consultant use one or more valuation techniques, for which sufficient and reliable data is available. The selection of appropriate valuation techniques may be affected by the availability of relevant inputs, as well as the relative reliability of the inputs. In some cases, one valuation technique may provide the best indication of fair value, which in other circumstances multiple valuation techniques may be appropriate. The results provided by these various valuation methods may not be equally representative of fair value, due to changes in assumptions made during the valuation. When multiple valuation techniques are used, the discrete component unit evaluates the reasonableness of the range of possible values and uses a fair value measurement based on the discrete component unit's and the investment consultant's assessment of the most representative point within the range.

Debt Securities Lending Collateral classified in Level 2 are valued using quoted prices for similar securities in markets that are not active.

Investments Measured at the Net Asset Value (NAV)

The State's colleges and universities discrete component units administer endowment portfolios of a long-term nature. The strategy, within the constraints of the asset allocation model, is to add assets with higher return expectations in order to outweigh their short-term volatility risk. As a result, endowment investments will typically be invested in equity or equity-like securities, including real assets (real estate, natural resources, and infrastructure). Real assets also are expected to provide the added benefit of inflation protection. The fair values of these types of investments are measured at the net asset value (NAV) per share (or its equivalent) as they generally do not have readily obtainable fair values and take the form of limited partnerships. The NAV is based on the values provided by the partnerships as well as their audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent capital calls and distributions. The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the alternative investments measured at NAV:

**Discrete Component Units Debt Securities**
**Investments Measured at the Net Asset Value (NAV)**
**At June 30, 2016**
(*Expressed in Thousands*)

| Investments Measured at NAV | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|---|---|---|---|---|
| Flexible Premium Deferred Annuity | $ 257 | $ — | N/A | N/A |
| Global Distressed | 149 | 76 | N/A | N/A |
| Hedge Funds | 3,944 | — | Quarterly | 100 Days |
| International Equity | 7,532 | — | Quarterly | 100 Days |
| Natural Resource Partners | 4,217 | 4,388 | N/A | N/A |
| Private Equity Partnerships | 394 | — | Quarterly | 45 – 60 Days |
| Private Equity Partnerships | 12,069 | 8,255 | N/A | N/A |
| Private Equity Real Estate Partnerships | 7,258 | — | Quarterly | 30 – 60 Days |
| Private Equity Real Estate Partnerships | 7,243 | 5,646 | N/A | N/A |
| Real Estate | 1,327 | — | N/A | N/A |
| Venture Capital Funds | 1,651 | 2,288 | N/A | N/A |
| Total Investments Measured at NAV | $ 46,041 | $ 20,653 | | |

**Interest Rate Risk**

The following table presents the investments at June 30, 2016, for the discrete component units.

**Discrete Component Units Debt Securities Investments**
**At June 30, 2016**
(*Expressed in Thousands*)

| | | Investment Maturities (in years) | | | | |
|---|---|---|---|---|---|---|
| Investment Type | Fair Value | Less Than 1 | 1–5 | 6–10 | 11–20 | More Than 20 |
| **Debt Securities** | | | | | | |
| U.S. Treasuries | $ 149,710 | $ 75,416 | $ 65,829 | $ 8,394 | $ 71 | $ — |
| U.S. Agencies | 1,483,754 | 657,127 | 647,616 | 68,834 | 61,010 | 49,167 |
| Corporate Debt | 593,074 | 193,013 | 308,251 | 63,403 | 27,591 | 816 |
| Negotiable Certificates of Deposit | 6,676 | 2,211 | 4,465 | — | — | — |
| Money Market Mutual Funds | 175,667 | 175,667 | — | — | — | — |
| Municipal/Public Bonds | 45,117 | 1,754 | 27,048 | 5,956 | 10,359 | — |
| Asset Backed Securities | 21,698 | — | 17,834 | 1,721 | 2,143 | — |
| Bond Mutual Funds | 306,489 | 408 | 39,293 | 263,901 | 2,887 | — |
| Collateralized Debt Obligations | 1,887 | — | 1,887 | — | — | — |
| Foreign Government Bonds | 626 | — | 626 | — | — | — |
| Repurchase Agreements | 96,500 | 96,500 | — | — | — | — |
| Securities Lending Cash Collateral Pool | 18,399 | 18,399 | — | — | — | — |
| Utah Public Treasurers' Investment Fund | 691,622 | 691,622 | — | — | — | — |
| Total Debt Securities Investments | 3,591,219 | $ 1,912,117 | $ 1,112,849 | $ 412,209 | $ 104,061 | $ 49,983 |
| **Other Investments** | | | | | | |
| Equity Mutual Funds Securities: | | | | | | |
| Domestic | 578,519 | | | | | |
| International | 1,823 | | | | | |
| Equity Securities | 66,704 | | | | | |
| Alternatives | 339,268 | | | | | |
| Total Investments | $ 4,577,533 | | | | | |

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The discrete component units' policy for managing interest rate risk is the same as described above for the primary government and endowment funds complying with the State's Money Management Act or the UPMIFA and Rule 541, as applicable. For non-endowment funds, Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed-rate negotiable deposits, and fixed-rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government-sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 10 years for institutions of higher education. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years. For endowment funds, Rule 541 is more general, requiring only that investments be made as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the endowments and by exercising reasonable care, skill, and caution.

**Credit Risk of Debt Securities**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The discrete component units' policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, the UPMIFA, and Rule 541, as previously discussed. The discrete component units' debt investments as of June 30, 2016, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

**Discrete Component Units Rated Debt Investments**
**At June 30, 2016**
(*Expressed in Thousands*)

| | **Fair** | **Quality Ratings** | | | |
|---|---|---|---|---|---|
| **Debt Investments** | **Value** | **AAA** | **AA** | **A** | **BBB** |
| U.S. Agencies | $ 1,483,754 | $ 637,113 | $ 805,936 | $ — | $ — |
| Corporate Debt | $ 593,074 | $ 1,975 | $ 13,404 | $ 297,756 | $ 257,243 |
| Negotiable Certificates of Deposit | $ 6,676 | $ 2,495 | $ 1,014 | $ — | $ — |
| Money Market Mutual Funds | $ 175,667 | $ 50,991 | $ — | $ — | $ — |
| Municipal/Public Bonds | $ 45,117 | $ 10,418 | $ 25,332 | $ 6,949 | $ 1,024 |
| Asset Backed Securities | $ 21,698 | $ 15,786 | $ 438 | $ 273 | $ — |
| Bond Mutual Funds | $ 306,489 | $ — | $ 84,715 | $ — | $ — |
| Collateralized Debt Obligations | $ 1,887 | $ — | $ — | $ — | $ — |
| Foreign Government Bonds | $ 626 | $ — | $ — | $ — | $ 626 |
| Securities Lending Cash Collateral Pool | $ 18,399 | $ — | $ — | $ — | $ — |
| Utah Public Treasurers' Investment Fund | $ 691,622 | $ — | $ — | $ — | $ — |
| Repurchase Agreements – Underlying: | | | | | |
| U.S. Agencies | $ 96,500 | $ — | $ 96,500 | $ — | $ — |

Continues Below

| | **Quality Ratings** | | | |
|---|---|---|---|---|
| **Debt Investments** | **BB** | **B** | **CCC** | **Not Rated** |
| U.S. Agencies | $ — | $ — | $ — | $ 40,705 |
| Corporate Debt | $ 15,835 | $ 725 | $ — | $ 6,136 |
| Negotiable Certificates of Deposit | $ — | $ — | $ — | $ 3,167 |
| Money Market Mutual Funds | $ — | $ — | $ — | $ 124,676 |
| Municipal/Public Bonds | $ — | $ 1,394 | $ — | $ — |
| Asset Backed Securities | $ — | $ — | $ 436 | $ 4,765 |
| Bond Mutual Funds | $ — | $ — | $ — | $ 221,774 |
| Collateralized Debt Obligations | $ — | $ — | $ — | $ 1,887 |
| Foreign Government Bonds | $ — | $ — | $ — | $ — |
| Securities Lending Cash Collateral Pool | $ — | $ — | $ — | $ 18,399 |
| Utah Public Treasurers' Investment Fund | $ — | $ — | $ — | $ 691,622 |
| Repurchase Agreements – Underlying: | | | | |
| U.S. Agencies | $ — | $ — | $ — | $ — |

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the discrete component units will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The discrete component units do not have a formal policy for custodial credit risk.

The various discrete component units' investments at June 30, 2016, were held by the discrete component unit or in the name of the discrete component unit by the discrete component unit's custodial bank or trustee, except the following which were uninsured, were not registered in the name of the discrete component unit, and were held by (expressed in thousands):

| | | |
|---|---|---|
| Counterparty | | |
| U.S. Treasuries | $ | 126,269 |
| U.S. Agencies | $ | 1,375,024 |
| Corporate Debt | $ | 282,287 |
| Municipal/Public Bonds | $ | 27,555 |
| Equity Securities | $ | 1,230 |
| Alternatives | $ | 300 |
| Counterparty's Trust Department or Agent | | |
| U.S. Treasuries | $ | 4,412 |
| U.S. Agencies | $ | 20,017 |
| Corporate Debt | $ | 69,852 |
| Municipal/Public Bonds | $ | 1,918 |

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Except for Public Employees Health Program (PEHP) (major discrete component unit), the discrete component units' policy for reducing this risk of loss is the same as described above for the primary government funds complying with the State's Money Management Act or as applicable for endowments the UPMIFA, Rule 541, or separate endowment investment policies which have been approved by their boards of trustees and by the Board of Regents. Rule 17 of the Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to 5-10 percent depending upon the total dollar amount held in the portfolio. For endowment funds, Rule 541 requires that a minimum of 25 percent of the overall endowment portfolio be invested in fixed income or cash equivalents. Also, the overall endowment portfolio cannot consist of more than 75 percent equity investments. Rule 541 also limits investments in alternative investment funds to between 0 percent and 30 percent based on the size of the endowment fund.

PEHP's policy limits the amount that may be invested in any one issuer to between 2 and 5 percent, depending on the credit rating of the security. There is no limit to investments in U.S. Government Securities. All investments are within policy limits.

University of Utah held more than 5 percent of its total investments in the Federal Home Loan Bank, the Federal Farm Credit Bank, and the Federal Home Loan Mortgage Corporation. These investments represent 12.2, 16.4 and 6.0 percent, respectively, of the University's total investments.

Salt Lake Community College held more than 5 percent of its total investments in the Federal Farm Credit Bank, which represents 8.0 percent of the College's total investments.

Snow College held more than 5 percent of its total investments in Municipal/Public Bonds, which represents 5.5 percent of the College's total investments.

**Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The discrete component units do not have a formal policy to limit foreign currency risk.

**D. Securities Lending**

The Utah Retirement Systems (URS) (pension trust and defined contribution plans) and the Public Employees Health Program (PEHP) (major discrete component unit) participate in security lending programs as authorized by their Boards. Under these programs, securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities, and irrevocable bank letters of credit equal to approximately 103 percent of the market value of the domestic securities on loan and 107 percent of the market value of the international securities on loan for URS and 102 percent of the market value of the domestic securities on loan for PEHP, with a simultaneous agreement to return the collateral for the same securities in the future. For both state entities, their custodial bank is the agent for its securities lending program. Securities under loan are maintained in the financial records, and corresponding liabilities are recorded for market value of the collateral received.

At yearend, neither URS nor PEHP had any credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were $1.941 billion and $17.973 million, and the collateral received for those securities on loan was $2.018 billion and $18.399 million, respectively for URS and PEHP. Under the terms of the lending agreement, both state entities are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the creditworthiness of the borrower. In addition, they are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the state entity or the borrower. Cash collateral is invested in the lending agent's short-term investment pool.

The short-term investment pool guidelines specify that a minimum of 20 percent of the invested cash collateral is to be available each business day and that the dollar-weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short-term investment pool and each of the state entities' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the state entities cannot determine. Since the securities lending collateral is in a pool maintained by the custodial bank, the state entities do not have the ability to pledge or sell the securities, and it is not necessary to report the total income and expenses of securities lending.

### E. Derivative Financial Instruments

**Utah Retirement Systems**

The Utah Retirement Systems (URS) (pension trust and defined contribution plans) invests in derivative financial investments as authorized by Board policy. Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed-upon benchmark. All derivatives are considered investments. The fair value of all derivative financial instruments is reported in the Statements of Fiduciary Net Position–Pension and Other Employee Benefit Trust Funds. Within the investment asset class, swaptions are recorded in debt securities. By policy, portfolio liabilities associated with investments shall be backed by cash equivalents or deliverable securities. URS does not have a policy regarding master netting arrangements. At December 31, 2015, URS had five types of derivative financial instruments: futures, currency forwards, options, swaps, and Synthetic Guaranteed Investment Contracts (SGIC).

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing URS' credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains in the Statement of Changes in Fiduciary Net Position. At December 31, 2015, and December 31, 2014, URS' investments had the following notional futures balances as shown in the table below.

**Utah Retirement Systems**
(pension trust and defined contribution plans)
**Futures — Notional Market Value**
**At December 31**
*(Expressed in Thousands)*

| | Defined Benefit Plans | | Defined Contribution Plans | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| Cash and Cash Equivalent | | | | |
| Long | $ 242,960 | $ 218,339 | $ 13,644 | $ — |
| Short | (383,018) | (790,191) | (19,734) | — |
| Equity | | | | |
| Long | 374,599 | 235,072 | 34,536 | 31,921 |
| Short | (24,667) | (1,043) | — | — |
| Fixed Income | | | | |
| Long | 206,812 | 280,211 | 16,733 | 33,572 |
| Short | (359,225) | (372,928) | (31,533) | (50,701) |
| Total Futures | $ 57,461 | $ (430,540) | $ 13,646 | $ 14,792 |

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, URS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At December 31, 2015, and December 31, 2014, URS investments had the following option balances as shown in the table below.

(*Table on next page.*)

**Utah Retirement Systems**
(pension trust and defined contribution plans)
**Options — Market Value**
**At December 31**
*(Expressed in Thousands)*

| | Defined Benefit Plans | | Defined Contribution Plans | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| Cash and Cash Equivalent | | | | |
| Call | $ 118 | $ 500 | $ 3 | $ 58 |
| Put | 838 | 148 | 60 | — |
| Equity | | | | |
| Call | — | — | 38 | — |
| Put | 307 | — | — | — |
| Debt Securities | | | | |
| Call | 554 | (202) | — | (11) |
| Put | — | 270 | — | 15 |
| Swaptions | | | | |
| Call | (1,581) | (2,526) | (59) | (35) |
| Put | (1,517) | 770 | (24) | 6 |
| Total Options | $ (1,281) | $ (1,040) | $ 18 | $ 33 |

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in net realized gains or losses on foreign currency related transactions.

At December 31, 2015, and December 31, 2014, URS investments included the following currency forwards balances (expressed in thousands):

| **Currency Forwards** | **2015 Fair Value** | **2014 Fair Value** |
|---|---|---|
| Forwards Subject to Foreign Currency Risk (pending foreign exchange sales): | | |
| Defined Benefit Plans | $ (1,807) | $ 24,944 |
| Defined Contribution Plans | (271) | 2,451 |
| Total Currency Forwards | $ (2,078) | $ 27,395 |

URS has entered into various inflation, credit default, and interest rate swap agreements in an attempt to manage their exposure to inflation, credit, and interest rate risk. Interest rate and inflation risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Credit risk is an investor's risk of loss arising from a borrower who does not make payments as promised. Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counter party who, in turn, agrees to make return interest payments that float with some reference rate. The real estate interest rate swaps allowed URS to effectively convert most of their long-term variable interest rate credit facility loans into fixed interest rate loans, thereby mitigating some of their interest rate risk. All swap instruments contain collateral clauses. As of December 31, 2015, Barclays Bank PLC swaps had collateral held for $845 thousand, Goldman Sachs Bank had collateral held for $2.116 million, Royal Bank of Canada had collateral held for $942 thousand, and UBS Securities had collateral held for $508 thousand. Gains and losses on swaps are determined based on fair values and are recorded in the Statement of Changes in Fiduciary Net Position. Swap fair values are determined by an independent third party. At December 31, 2015, and December 31, 2014, URS investments had the swap fair value balances as shown in the following table:

(*Table on next page*.)

**Utah Retirement Systems**
(pension trust and defined contribution plans)
**Interest Rate Swaps**
**At December 31, 2015**
(*Expressed in Thousands*)

| | Outstanding Notional Amount* | URS Rate | Counterparty Rate | Maturity Date | 2015 Fair Value | 2014 Fair Value |
|---|---|---|---|---|---|---|
| Real Estate Portfolio Interest Rate Swaps:^^^ | $ 441,392 | 4.69 % – 5.46 % | One Month LIBOR** | 2016 – 2021 | $ (26,911) | $ (40,967) |
| Fixed Income Portfolio Interest Rate Swaps: | $1,119,400 | 4.42 % – 4.74 % | TIIE*** | 2017 | $ — | $ (52) |
| | 780,565 | Six Month LIBOR** | 1.50 % – 2.50 % | 2044 – 2045 | 478 | 915 |
| | 768,830 | 1.31 % | Six Month LIBOR** | 2045 | (175) | — |
| | 385,750 | TIIE*** | 6.16 % – 6.74 % | 2024 | — | 661 |
| | 267,567 | 0.66 % – 3.06 % | Three Month LIBOR** | 2016 – 2043 | (1,199) | (2,275) |
| | 90,000 | JPYLIBOR***** | 1.68 % | 2043 | 95 | 70 |
| | 56,790 | Three Month LIBOR** | 1.69 % – 2.96 % | 2018 – 2045 | 126 | 402 |
| | 39,500 | US CPI^ | 1.85 % | 2016 | 431 | 500 |
| | 22,032 | 1.00 % – 5.00 % | N/A | 2020 – 2047 | (1,105) | — |
| | 20,260 | 2.07 % | US CPI^ | 2018 | (811) | (673) |
| | 20,200 | BRL^^ | 11.98 % | 2017 | (258) | (110) |
| | 14,652 | N/A | 5.00 % | 2020 | 566 | — |
| | 6,200 | BRL^^ | Three Month LIBOR** | 2017 | (39) | (17) |
| | 2,100 | EURIBOR**** | 1.91 % | 2016 | 44 | 81 |
| Total Fixed Income Interest Rate Swaps | $3,593,846 | | | | $ (1,847) | $ (498) |

* Base used to calculate interest
** London Interbank Offered Rate (LIBOR)
*** Banco de Mexico Interbank Rate (TIIE)
**** Euro Interbank Offered Rate (EURIBOR)
***** Japanese London Interbank Offered Rate (JPYLIBOR)
^ United States Consumer Price Index (US CPI)
^^ Brazilian Interbank Offered Rate (BRL)
^^^ The $441.392 million includes $67.909 million of Real Estate Portfolio Swaps that expired in 2015

Derivatives which are exchange traded are not subject to credit risk. No derivatives held are subject to custodial credit risk. The maximum loss that would be recognized as of December 31, 2015, if all counterparties fail to perform as contracted was $15.487 million. The maximum exposure is reduced by $19.969 million of liabilities, resulting in no net exposure to credit risk. At December 31, 2015, the counterparties' credit ratings for currency forwards, options, and swaps are subject to credit risk. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts are shown in the table below.

(*Table on next page*.)

**Utah Retirement Systems**
(pension trust and defined contribution plans)
**Credit Risk Derivatives at Fair Value**
**At December 31, 2015**
(*Expressed in Thousands*)

| Quality Rating | Forwards | Options | Swaps | Total |
|---|---|---|---|---|
| AA+ | $ 20 | $ — | $ — | $ 20 |
| AA | 573 | 137 | — | 710 |
| AA- | (270) | (441) | (826) | (1,537) |
| A+ | (695) | — | — | (695) |
| A | 4,889 | 455 | — | 5,344 |
| A– | 317 | — | (72) | 245 |
| BBB+ | (7,219) | (1,903) | (26,644) | (35,766) |
| BBB | 86 | 182 | (380) | (112) |
| BBB– | — | — | (65) | (65) |
| BB+ | 221 | — | — | 221 |
| N/A | — | 307 | — | 307 |
| Total | $ (2,078) | $ (1,263) | $ (27,987) | $ (31,328) |

In the URS Defined Contribution Plans, members are able to participate in Synthetic Guaranteed Investment Contracts (SGICs). The SGICs are fully benefit responsive which means that URS is prohibited from assigning and selling the contract or its proceeds to a third party without the consent of the issuer. Prospective interest crediting rate adjustments are provided to plan participants. The SGICs provide assurance that the probability of future rate adjustments resulting in an interest crediting rate less than zero is remote. The underlying investments are high credit quality averaging AA- and therefore credit loss is remote. The terms of the SGICs require all plan participants to initiate transactions within the fund at contract value. The contract value is the fair value (cost plus accrued interest). The fair value of these contracts at December 31, 2015, is $890 million and the market value is $900 million. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts are also noted below.

**Utah Retirement Systems**
(pension trust and defined contribution plans)
**Synthetic Guaranteed Investment Contracts Underlying Investments**
**At December 31, 2015**
(*Expressed in Thousands*)

| | 1-5 Yr. Government/Credit | | Intermediate Government/Credit Bond | | Met Life Separate Account | | Total Underlying Investments | |
|---|---|---|---|---|---|---|---|---|
| | Fair Value | Market Value | Fair Value | Market Value | Fair Value | Market Value | Fair Value | Market Value |
| Asset Backed Securities | $ 48,396 | $ 48,283 | $ 16,145 | $ 16,388 | $ 41,303 | $ 41,184 | $ 105,844 | $ 105,855 |
| Agencies | 45,326 | 45,193 | 26,487 | 26,971 | 17,080 | 17,312 | 88,893 | 89,476 |
| Corporates | 121,626 | 120,514 | 89,564 | 90,582 | 79,681 | 80,388 | 290,871 | 291,484 |
| Gov't Mortgage Backed Securities | 104,831 | 104,533 | 50,525 | 51,483 | 31,364 | 31,913 | 186,720 | 187,929 |
| U.S. Treasuries | 53,616 | 53,448 | 52,709 | 53,450 | 25,765 | 25,944 | 132,090 | 132,842 |
| Commercial Mortgage Backed Securities | 29,621 | 31,230 | 22,287 | 24,140 | 18,077 | 21,142 | 69,985 | 76,512 |
| Cash | 9,014 | 9,014 | 6,094 | 6,094 | 617 | 617 | 15,725 | 15,725 |
| Total | $ 412,430 | $ 412,215 | $ 263,811 | $ 269,108 | $ 213,887 | $ 218,500 | $ 890,128 | $ 899,823 |

**Utah Retirement Systems**
(pension trust and defined contribution plans)
**Wrap Contracts**
**At December 31, 2015**
(*Expressed in Thousands*)

| | Fair Value | Market Value | Rate | Duration | Quality Ratings |
|---|---|---|---|---|---|
| Issued Wrap Contracts | $ 890,128 | $ 899,823 | 1.3% – 2.9 % | 1.58 – 3.67 | A+ – AA- |
| Repurchase | 42,900 | 42,900 | | | |
| Total | $ 933,028 | $ 942,723 | | | |

**E. Derivative Financial Instruments** (continued)

**Student Assistance Program**

The following are disclosures for derivative financial instruments held by Student Assistance Program (major enterprise fund).

Objective — In order to protect against the potential of rising interest rates on its variable rate debt, the Student Assistance Program Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds, Series 2010 EE ("Series 2010 Bonds") on December 21, 2010. The purpose of the swap is to create a variable rate cost of funds for the Series 2010 Bonds that will be lower than the variable rate cost achievable in the cash bond market. The Board accounts for the swap agreement as a fair value hedging derivative instrument and recognizes changes in fair values on the statement of Net Position as an asset or liability with a related deferred inflow or outflow of resources respectively. The terms of the swap agreement include:

| | |
|---|---|
| Trade Date: .......................... | December 21, 2010 |
| Effective Date ...................... | December 30, 2010 |
| Termination Date ................. | November 1, 2030 |
| Initial Notional Amount........ | $364,150,000 |
| Board Pays Floating............. | 3 Month LIBOR + 1.64905 % |
| Counterparty Pays Fixed....... | Stepped fixed-rates ranging from 4.664 % to 5.000 % |
| Payment Dates ..................... | The 1st day of May and November |

Changes in the fair value of the swap agreement and the ending fair value of the swap agreement are summarized below:

**Student Assistance Program**
**Change in Fair Value**
**For Fiscal Years Ending June 30**
(*Expressed in Thousands*)

| Derivative | Fair Value at June 30, 2016 | Fair Value at June 30, 2015 | Change in Fair Value |
|---|---|---|---|
| Interest Rate Exchange ................ | $ 28,730 | $ 18,068 | $ 10,662 |

The projected net cash flows of the swap agreement are summarized below (expressed in thousands):

| Fiscal Year | Counterparty Swap Payment To | Counterparty Swap Payment From | Counterparty Swap Payment Net | Interest Payments to Bondholders | Total Payments |
|---|---|---|---|---|---|
| 2017 | $ (7,273) | $ 15,426 | $ 8,153 | $ (15,426) | $ (7,273) |
| 2018 | (5,196) | 11,225 | 6,029 | (11,225) | (5,196) |
| 2019 | (4,370) | 9,466 | 5,096 | (9,466) | (4,370) |
| 2020 | (3,621) | 7,845 | 4,224 | (7,845) | (3,621) |
| 2021 | (2,964) | 6,422 | 3,458 | (6,422) | (2,964) |
| 2022–2025 | (5,539) | 12,001 | 6,462 | (12,001) | (5,539) |
| Total | $ (28,963) | $ 62,385 | $ 33,422 | $ (62,385) | $ (28,963) |

Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies. The swap agreement is considered to be Level 3 for GASB 72 purposes (the different levels are discussed in Note 3.A.

**Credit Risk** — The risk of a change in the credit quality or credit rating of the Board and/or its counterparty. The counterparty's long-term ratings are "Aa3/Aa2", "AA-" and "AA" by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively.

The Board is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Board's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparties' short-term and long-term credit ratings fall below "A-1" and "A," respectively, as issued by Standard & Poor's or below "Prime-1" and "A2," respectively, as issued by Moody's Investors Service. Collateral posted is to be in the form of cash, U.S. Treasury securities or agency securities held by a third-party custodian. The Board has never failed to access collateral when required.

It is the Board's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

**Interest Rate Risk** — The risk that the debt service costs associated with variable rate debt increases and negatively affects coverage ratios and cash flow margins. The Board is exposed to interest rate risk; as the 3-month LIBOR rate increases, the net payment on the swap agreement increases.

**Basis Risk** — The risk that arises when variable rates or prices of a swap agreement and a hedged item are based on different interest rate indexes. Because the swap agreement requires the Board to pay a variable rate to the counterparty and is receiving a fixed-rate payment in return, basis risk is not applicable.

**Termination Risk** — The risk that the swap must be terminated prior to its stated final cash flow date. Purposes for termination include the deterioration of the Board's own credit, and the inability of the Board to obtain a replacement transaction with substantially similar terms. In such a circumstance, the Board would owe, or be owed, a termination payment. No termination events related to the swap agreement have occurred as of June 30, 2016.

**Rollover Risk** — The risk that the maturity of the swap contract is not coterminous with the maturity of the related bonds. The swap agreement and the underlying bonds have a final maturity date of November 1, 2030.

## NOTE 4. INVESTMENT POOL

The Utah State Treasurer's Office operates the Utah Public Treasurers' Investment Fund (PTIF) investment fund. The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and no minimum balance or minimum/maximum transaction is required. State agencies and funds that are authorized to earn interest also invest in the PTIF as an internal investment pool. No separate report as an external investment pool has been issued for the PTIF.

The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (*Utah Code* Title 51, Chapter 7). The Act establishes the State Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities and, therefore, minimizes credit risk except in the most unusual and unforeseen circumstances.

Deposits in the PTIF are neither insured nor otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants monthly on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pool's investments. The total difference between the fair values of the investments in the pool and the values distributed to the pool participants using the amortized cost method described above is reported in the net position section of the following table as unrealized gains/losses. The PTIF may maintain an interest reserve to stabilize the monthly apportionment of interest. Any balance maintained in the interest reserve is reflected in the fair value valuation factor discussed below. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value and participants are informed of the fair value valuation factor that enables them to adjust their statement balances to fair value.

The PTIF condensed financial statements, inclusive of external and internal participants along with the portfolio statistics for the fiscal year ended June 30, 2016, are as follows:

(*Statements on next page.*)

**Utah Public Treasurers' Investment Fund**
**Statement of Net Position**
**June 30, 2016**
(*Expressed in Thousands*)

| | |
|---|---|
| **Assets** | |
| Cash and Cash Equivalents | $ 1,882,153 |
| Investments | 9,646,322 |
| Total Assets | 11,528,475 |
| **Liabilities** | |
| Accounts Payable | 10,207 |
| **Net Position** | |
| External Participant Account Balances | 7,502,840 |
| Internal Participant Account Balances: | |
| Primary Government | 3,315,962 |
| Discrete Component Units | 695,946 |
| Unrealized Gains/Losses | 3,520 |
| Total Net Position | $ 11,518,268 |
| Participant Account Balance Net Position Valuation Factor | 1.00455704 |

**Utah Public Treasurers' Investment Fund**
**Statement of Changes in Net Position**
**For the Fiscal Year Ended June 30, 2016**
(*Expressed in Thousands*)

| | |
|---|---|
| **Additions** | |
| Pool Participant Deposits | $ 11,622,086 |
| Investment Income: | |
| Investment Earnings | 88,093 |
| Fair Value Increases (Decreases) | (6,236) |
| Total Investment Income | 81,857 |
| Less Administrative Expenses | (526) |
| Net Investment Income | 81,331 |
| Total Additions | 11,703,417 |
| **Deductions** | |
| Pool Participant Withdrawals | 11,301,868 |
| Earnings Distributions | 87,567 |
| Total Deductions | 11,389,435 |
| Net Increase/(Decrease) From Operations | 313,982 |
| **Net Position** | |
| Beginning of Year | 11,204,286 |
| Net Position – End of Year | $ 11,518,268 |

**Utah Public Treasurers' Investment Fund**
**Portfolio Statistics**
**At June 30, 2016**

| | Range of Yields | Weighted Average Maturity |
|---|---|---|
| Money Market Mutual Funds | 0.35 % – 0.42 % | 1.0 days |
| Certificates of Deposit – Nonnegotiable | 0.70 % – 0.75 % | 76.44 days |
| Corporate Bonds and Notes | 0.10 % – 3.25 % | 63.13 days |
| Commercial Paper | 0.46 % – 0.68 % | 16.32 days |

| | Weighted Average Yield | Average Adjusted Maturity |
|---|---|---|
| Total Investment Fund | 0.96 % | 53.47 days |

**Deposits and Investments**

The following disclosure of deposits and investments is for the PTIF, which includes external and internal participants. These assets are also included in the Note 3 disclosures of deposits and investments for the primary government. To avoid duplication, some of the detailed information in Note 3 has not been repeated in this note.

**Custodial Credit Risk — Deposits**

The custodial credit risk for deposits is the risk that in the event of a bank failure, the PTIF's deposits may not be recovered. The PTIF follows the Money Management Act by making deposits only in qualified financial institutions in accordance with the Act.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by state statute. The deposits for the PTIF at June 30, 2016, were $43.26 million. Of those, $42.01 million were exposed to custodial credit risk as uninsured and uncollateralized.

**Investments**

**Fair Value Measurements**

The PTIF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Inputs are quoted prices for identical investments in active markets.
- Level 2: Observable inputs other than quoted market prices.
- Level 3: Unobservable inputs.

The following table presents the recurring fair value measurements at June 30, 2016, for the PTIF.

**Utah Public Treasurers' Investment Fund**
**Investments Measured at Fair Value**
**At June 30, 2016**
(*Expressed in Thousands*)

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| **Investments by Fair Value Level** | **Fair Value** | **Level 1** | **Level 2** | **Level 3** |
| **Debt Securities** | | | | |
| Corporate Bonds and Notes | $ 9,392,341 | $ — | $ 9,392,341 | $ — |
| Money Market Mutual Funds | 1,050,000 | 1,050,000 | — | — |
| Commercial Paper | 983,950 | — | 983,950 | — |
| Total Debt Securities | 11,426,291 | $ 1,050,000 | $ 10,376,291 | $ 0 |

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Other debt and securities classified in Level 2 are valued using the following approaches:

- Corporate Bonds and Notes are valued using quoted prices for identical securities in markets that are not active;
- Commercial Paper are valued using quoted prices for identical or similar securities in markets that are not active.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The PTIF's policy for managing interest rate risk is to comply with the State's Money Management Act. See Note 3 for information on requirements of the Act related to interest rate risk.

The majority of the PTIF's corporate debt securities are variable-rate securities, most of which reset every three months to the market interest rate. Because these securities frequently re-price to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date. In the table below, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

The PTIF follows the Money Management Act by investing only in securities authorized in the Act. See Note 3 for information on authorized investments.

The PTIF investments at June 30, 2016, are presented below.

**Utah Public Treasurers' Investment Fund**
**At June 30, 2016**
(*Expressed in Thousands*)

| Investment Type | Fair Value | Investment Maturities (in years) Less Than 1 |
|---|---|---|
| **Debt Securities** | | |
| Corporate Bonds and Notes | $ 9,392,341 | $ 9,392,341 |
| Money Market Mutual Funds | 1,050,000 | 1,050,000 |
| Commercial Paper | 983,950 | 983,950 |
| Total Debt Securities Investments | $ 11,426,291 | $ 11,426,291 |

**Credit Risk of Debt Securities**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The PTIF follows the Money Management Act as its policy for reducing exposure to investment credit risk. The PTIF's rated debt investments as of June 30, 2016, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

**Utah Public Treasurers' Investment Fund**
**Rated Debt Investments**
**At June 30, 2016**
(*Expressed in Thousands*)

| Debt Investments | Fair Value | Quality Ratings AAA | AA | A | BBB |
|---|---|---|---|---|---|
| Corporate Debt | $ 9,392,341 | $ 39,960 | $ 1,388,999 | $ 5,970,184 | $1,993,198 |
| Money Market Mutual Funds | $ 1,050,000 | $ — | $ — | $ — | $ — |
| Commercial Paper | $ 983,950 | $ — | $ — | $ — | $ — |

Continues Below

| Debt Investments | Quality Ratings A1 * | A2 * | Not Rated |
|---|---|---|---|
| Corporate Debt | $ — | $ — | $ — |
| Money Market Mutual Funds | $ — | $ — | $ 1,050,000 |
| Commercial Paper | $ 893,963 | $ 89,987 | $ — |

***** A1 and A2 are Commercial Paper ratings

**Custodial Credit Risk**

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the PTIF will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The PTIF does not have a formal policy for custodial credit risk.

The PTIF's investments at June 30, 2016, were held by the State or in the State's name by the State's custodial bank.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The PTIF's policy for reducing this risk of loss is to comply with the Rules of the State Money Management Council. Rule 17 of the State Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5 percent of the total dollar amount held in the portfolio. The State Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies. The PTIF had no debt securities investments at June 30, 2016, with more than 5 percent of the total investments in a single issuer.

## NOTE 5. RECEIVABLES

Receivables as of June 30, 2016, consisted of the following (in thousands):

| | Accounts Receivable | | | | | Notes/ |
|---|---|---|---|---|---|---|
| | Federal | Customer | Other | Interest | Taxes | Mortgages |
| **Governmental Activities:** | | | | | | |
| General Fund | $ 108,895 | $ 255,387 | $ 20,264 | $ 77 | $ 268,869 | $ 2,556 |
| Education Fund | 109,570 | 7,241 | 299 | — | 1,022,495 | 6,706 |
| Transportation Fund | 63,413 | 9,190 | 643 | — | 63,409 | — |
| Transportation Investment Fund | — | — | — | — | 40,661 | — |
| Trust Lands | — | — | 5,941 | 1,158 | — | 1,851 |
| Nonmajor Funds | 2,052 | 15,312 | — | 313 | — | — |
| Internal Service Funds | — | 6,031 | — | — | — | — |
| Adjustments: | | | | | | |
| Fiduciary Funds | — | — | 99 | — | — | — |
| Total Receivables | 283,930 | 293,161 | 27,246 | 1,548 | 1,395,434 | 11,113 |
| Less Allowance for Uncollectibles: | | | | | | |
| General Fund | — | (66,496) | — | — | (14,954) | (1,413) |
| Education Fund | — | — | — | — | (193,952) | — |
| Transportation Fund | — | — | (773) | — | (749) | — |
| Transportation Investment Fund | — | — | — | — | (2,579) | — |
| Receivables, net | $ 283,930 | $ 226,665 | $ 26,473 | $ 1,548 | $ 1,183,200 | $ 9,700 |
| Current Receivables | $ 283,930 | $ 192,664 | $ 20,874 | $ 1,548 | $ 1,034,497 | $ 2,617 |
| Noncurrent Receivables | — | 34,001 | 5,599 | — | 148,703 | 7,083 |
| Total Receivables, net | $ 283,930 | $ 226,665 | $ 26,473 | $ 1,548 | $ 1,183,200 | $ 9,700 |
| **Business-type Activities:** | | | | | | |
| Student Assistance Programs | $ 2,752 | $ 3,099 | $ 1,219 | $ 48,884 | $ — | $ 2,325,278 |
| Unemployment Compensation | 115 | 129,520 | — | — | — | — |
| Water Loan Programs | 363 | 195 | — | 9,592 | 3,142 | 690,117 |
| Community Impact Loan Fund | — | — | — | 4,710 | — | 481,508 |
| Nonmajor Funds | — | 6,553 | — | 3,118 | — | 170,203 |
| Total Receivables | 3,230 | 139,367 | 1,219 | 66,304 | 3,142 | 3,667,106 |
| Less Allowance for Uncollectibles: | | | | | | |
| Student Assistance Programs | — | — | — | — | — | (9,473) |
| Unemployment Compensation | — | (50,748) | — | — | — | — |
| Receivables, net | $ 3,230 | $ 88,619 | $ 1,219 | $ 66,304 | $ 3,142 | $ 3,657,633 |

Accounts receivable balances are an aggregation of amounts due from the federal government, customers, and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, and receivables as a result of overpayments to individuals receiving state assistance.

Receivables for fiduciary funds listed above represent amounts due from fiduciary funds that were reclassified as external receivables on the government-wide Statement of Net Position. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Position.

Aggregated receivables for major and nonmajor discrete component units at June 30, 2016, were $574.224 million and $124.1 million, respectively. These receivables are net of an allowance for doubtful accounts of $279.157 million and $12.999 million, respectively.

## NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2016, consisted of the following (in thousands):

| | Salaries/ Benefits | Service Providers | Vendors/ Other | Government | Tax Refunds/ Credits | Interest | Total |
|---|---|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | | | |
| General Fund | $ 91,203 | $ 201,337 | $ 38,441 | $ 92,098 | $ 14,182 | $ — | $ 437,261 |
| Education Fund | 4,510 | 751 | 16,038 | 120,152 | 56,789 | — | 198,240 |
| Transportation Fund | 10,001 | 131 | 104,086 | 50,066 | 2,652 | — | 166,936 |
| Nonmajor Funds | 281 | — | 73,734 | 34 | 187 | 55,538 | 129,774 |
| Internal Service Funds | 7,167 | 19 | 12,816 | — | — | 1 | 20,003 |
| Adjustments: | | | | | | | |
| Fiduciary Funds | — | — | — | 984 | — | — | 984 |
| Other | — | — | — | — | — | 1,454 | 1,454 |
| Total Governmental Activities | $ 113,162 | $ 202,238 | $ 245,115 | $ 263,334 | $ 73,810 | $ 56,993 | $ 954,652 |
| **Business-type Activities:** | | | | | | | |
| Student Assistance Programs | $ 1,932 | $ — | $ 4,124 | $ 25,202 | $ — | $ 3,176 | $ 34,434 |
| Unemployment Compensation | — | 2,118 | — | 161 | — | — | 2,279 |
| Water Loan Programs | — | — | 965 | — | — | — | 965 |
| Nonmajor Funds | 2,574 | — | 11,465 | — | 45 | 438 | 14,522 |
| Total Business-type Activities | $ 4,506 | $ 2,118 | $ 16,554 | $ 25,363 | $ 45 | $ 3,614 | $ 52,200 |

Accounts payable and accrued liability balances are an aggregation of amounts due to: (***1***) state employees for salaries/benefits; (***2***) service providers for childcare, job services and health services; (***3***) vendors and miscellaneous suppliers; (***4***) local and federal governments for services; (***5***) individuals and others as a result of tax overpayments or credits issued; and (***6***) interest due on bonds and other obligations.

Adjustments for fiduciary funds listed above represent amounts due to fiduciary funds that were reclassified as external payables on the government-wide Statement of Net Position. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Position.

(*Notes continue on next page*.)

## NOTE 7. INTERFUND BALANCES AND LOANS

### Interfund Balances

Interfund balances at June 30, 2016, consisted of the following (in thousands):

| | |
|---|---|
| **Due to General Fund from:** | |
| Education Fund | $ 550 |
| Transportation Fund | 1,247 |
| Trust Lands Fund | 8 |
| Nonmajor Governmental Funds | 1,577 |
| Unemployment Compensation Fund | 8,975 |
| Water Loan Programs | 11 |
| Nonmajor Enterprise Funds | 28,971 |
| Internal Service Funds | 1,560 |
| Fiduciary Funds | 82 |
| Total due to General Fund from other funds | $ 42,981 |
| **Due to Education Fund from:** | |
| General Fund | $ 579 |
| Unemployment Compensation Fund | 406 |
| Nonmajor Enterprise Funds | 1 |
| Internal Service Funds | 198 |
| Total due to Education Fund from other funds | $ 1,184 |
| **Due to Transportation Fund from:** | |
| General Fund | $ 150 |
| Internal Service Funds | 50 |
| Fiduciary Funds | 2 |
| Total due to Transportation Fund from other funds | $ 202 |
| **Due to Nonmajor Governmental Funds from:** | |
| General Fund | $ 2,000 |
| Transportation Fund | 117 |
| Internal Service Funds | 72 |
| Total due to Nonmajor Governmental Funds from other funds | $ 2,189 |
| **Due to Water Loan Programs from:** | |
| General Fund | $ 242 |
| Trust Lands Fund | 8 |
| Nonmajor Governmental Funds | 12,009 |
| Total due to Water Loan Programs from other funds | $ 12,259 |
| **Due to Nonmajor Enterprise Funds from:** | |
| General Fund | $ 132 |
| Education Fund | 7 |
| Transportation Fund | 94 |
| Trust Lands Fund | 271 |
| Nonmajor Governmental Funds | 9,524 |
| Water Loan Programs | 34 |
| Internal Service Funds | 14 |
| Total due to Nonmajor Enterprise Funds from other funds | $ 10,076 |
| **Due to Internal Service Funds from:** | |
| General Fund | $ 22,395 |
| Education Fund | 156 |
| Transportation Fund | 3,411 |
| Nonmajor Governmental Funds | 1,186 |
| Nonmajor Enterprise Funds | 565 |
| Internal Service Funds | 39 |
| Fiduciary Funds | 15 |
| Total due to Internal Service Funds from other funds | $ 27,767 |
| **Due to Fiduciary Funds from:** | |
| General Fund | $ 346 |
| Nonmajor Governmental Funds | 638 |
| Total due to Fiduciary Funds from other funds | $ 984 |
| Total Due to/Due froms | $ 97,642 |

These balances resulted from the time lags between the dates that: (***1***) interfund goods and services are provided or reimbursable expenditures occur; (***2***) transactions are recorded in the accounting system; and (***3***) payments between funds are made.

### Interfund Loans

At June 30, 2016, interfund loans receivable/payable balances consist of $54.258 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of $54.258 million includes $26.747 million that is not expected to be repaid within one year and is classified as nonspendable fund balance.

(*Notes continue on next page*.)

## NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows (in thousands):

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Capital Assets Not Depreciated/Amortized: | | | | |
| Land and Related Assets | $ 1,790,751 | $ 75,098 | $ (9,914) | $ 1,855,935 |
| Infrastructure | 13,550,863 | 322,257 | (85,005) | 13,788,115 |
| Construction in Progress | 789,698 | 578,423 | (520,642) | 847,479 |
| Total Capital Assets Not Depreciated/Amortized | 16,131,312 | 975,778 | (615,561) | 16,491,529 |
| Capital Assets Depreciated/Amortized: | | | | |
| Buildings and Improvements | 1,964,831 | 83,598 | (1,134) | 2,047,295 |
| Infrastructure | 69,685 | — | (116) | 69,569 |
| Machinery and Equipment | 533,542 | 46,169 | (21,145) | 558,566 |
| Intangible Assets–Software | 248,095 | 21,481 | (741) | 268,835 |
| Total Capital Assets Depreciated/Amortized | 2,816,153 | 151,248 | (23,136) | 2,944,265 |
| Less Accumulated Depreciation/Amortization for: | | | | |
| Buildings and Improvements | (781,599) | (58,991) | 653 | (839,937) |
| Infrastructure | (29,392) | (2,483) | — | (31,875) |
| Machinery and Equipment | (363,522) | (31,456) | 15,841 | (379,137) |
| Intangible Assets–Software | (132,992) | (25,387) | 669 | (157,710) |
| Total Accumulated Depreciation/Amortization | (1,307,505) | (118,317) | 17,163 | (1,408,659) |
| Total Capital Assets Depreciated/Amortized, Net | 1,508,648 | 32,931 | (5,973) | 1,535,606 |
| Capital Assets, Net | $17,639,960 | $1,008,709 | $ (621,534) | $18,027,135 |
| **Business-type Activities:** | | | | |
| Capital Assets Not Depreciated/Amortized: | | | | |
| Land and Related Assets | $ 22,689 | $ 965 | $ (2) | $ 23,652 |
| Construction in Progress | 1,334 | 199 | (1,344) | 189 |
| Total Capital Assets Not Depreciated/Amortized | 24,023 | 1,164 | (1,346) | 23,841 |
| Capital Assets Depreciated/Amortized: | | | | |
| Buildings and Improvements | 92,552 | 52 | — | 92,604 |
| Infrastructure | 430 | — | — | 430 |
| Machinery and Equipment | 17,111 | 1,135 | (861) | 17,385 |
| Intangible Assets–Software | 1,741 | 2,164 | — | 3,905 |
| Total Capital Assets Depreciated/Amortized | 111,834 | 3,351 | (861) | 114,324 |
| Less Accumulated Depreciation/Amortization for: | | | | |
| Buildings and Improvements | (29,285) | (3,117) | — | (32,402) |
| Infrastructure | (111) | (12) | — | (123) |
| Machinery and Equipment | (13,255) | (725) | 860 | (13,120) |
| Intangible Assets–Software | (1,261) | (544) | — | (1,805) |
| Total Accumulated Depreciation/Amortization | (43,912) | (4,398) | 860 | (47,450) |
| Total Capital Assets Depreciated/Amortized, Net | 67,922 | (1,047) | (1) | 66,874 |
| Capital Assets, Net | $ 91,945 | $ 117 | $ (1,347) | $ 90,715 |

Construction in progress of governmental activities includes amounts for buildings the State is constructing for colleges and universities and other discrete component units that are funded by state appropriations or state bond proceeds. As the buildings are completed, the applicable amounts are deleted from construction in progress of governmental activities and "transferred" to the colleges and universities and other discrete component units. For fiscal year 2016, $142.31 million of buildings were completed for colleges and universities. On the government-wide statement of activities, the building "transfers" are reported as higher education expenses of governmental activities and as program revenues of discrete component units.

Depreciation expense of governmental activities was charged to functions as follows (in thousands):

| | |
|---|---|
| General Government | $ 18,072 |
| Human Services and Juvenile Justice Services | 8,394 |
| Corrections | 6,015 |
| Public Safety | 18,154 |
| Courts | 6,952 |
| Health and Environmental Quality | 4,527 |
| Employment and Family Services | 12,109 |
| Natural Resources | 9,921 |
| Heritage and Arts | 584 |
| Business, Labor, and Agriculture | 1,014 |
| Public Education | 1,607 |
| Transportation | 12,220 |
| Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided | 18,748 |
| Total Depreciation Expense | $ 118,317 |

**Discrete Component Units**

The following table summarizes net capital assets reported by the discrete component units (in thousands):

| | Public Employees Health Program | University of Utah | Utah State University | Nonmajor Component Units | Total |
|---|---|---|---|---|---|
| Capital Assets Not Depreciated/Amortized: | | | | | |
| Land and Related Assets | $ — | $ 44,130 | $ 37,863 | $ 146,734 | $ 228,727 |
| Art and Special Collections | — | 72,494 | 29,287 | 7,307 | 109,088 |
| Construction in Progress | — | 275,692 | 48,622 | 9,446 | 333,760 |
| Total Capital Assets Not Depreciated/Amortized | 0 | 392,316 | 115,772 | 163,487 | 671,575 |
| Capital Assets Depreciated/Amortized: | | | | | |
| Building and Improvements | — | 3,039,146 | 1,020,876 | 1,840,588 | 5,900,610 |
| Infrastructure | — | 340,465 | — | 110,260 | 450,725 |
| Machinery and Equipment | 1,659 | 1,198,846 | 251,900 | 280,115 | 1,732,520 |
| Total Capital Assets Depreciated/Amortized | 1,659 | 4,578,457 | 1,272,776 | 2,230,963 | 8,083,855 |
| Less Accumulated Depreciation/Amortization | (1,496) | (2,252,508) | (577,893) | (879,464) | (3,711,361) |
| Total Capital Assets Depreciated/Amortized, Net | 163 | 2,325,949 | 694,883 | 1,351,499 | 4,372,494 |
| Discrete Component Units – Capital Assets, Net | $ 163 | $ 2,718,265 | $ 810,655 | $ 1,514,986 | $ 5,044,069 |

## NOTE 9. LEASE COMMITMENTS

The State leases office buildings along with office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the State Legislature to continue the lease obligations. If an appropriation is reasonably assured, leases are considered noncancellable for financial reporting purposes.

Leases, that in substance are purchases, are reported as capital lease obligations. In the government-wide financial statements and proprietary fund financial statements, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of the future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed.

On the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.

The primary government's capital lease payments and adjustments were $1.889 million in principal and $892 thousand in interest for fiscal year 2016. As of June 30, 2016, the historical cost of the primary government's assets acquired through capital leases was $42.128 million of which $41.359 million was buildings and land and $769 thousand was equipment and other depreciable assets. As of June 30, 2016, the accumulated depreciation of the primary government's assets acquired through capital leases was $15.053 million of which $14.284 million was buildings and $769 thousand was equipment and other depreciable assets. Of the $220.756 million in discrete component unit present value of future minimum lease payments noted below, $94.665 million relates to capital lease arrangements between the primary government and certain colleges and universities (discrete component units).

Operating leases contain various renewal options, as well as some purchase options. However, due to the nature of the leases, they do not qualify as capital leases and the related assets and liabilities are not recorded. Any escalation clauses, sublease rentals, and contingent rents were considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

Operating lease expenditures for fiscal year 2016 were $27.673 million for the primary government and $35.498 million for discrete component units. For fiscal year 2015, the operating lease expenditures were $26.118 million for the primary government and $28.302 million for discrete component units. Future minimum lease commitments for non-cancellable operating leases and capital leases as of June 30, 2016, were as follows:

**Future Minimum Lease Commitments**
(*Expressed in Thousands*)

**Operating Leases**

| Fiscal Year | Primary Government | Discrete Component Units |
|---|---|---|
| 2017 | $ 19,704 | $ 35,533 |
| 2018 | 17,260 | 28,915 |
| 2019 | 12,196 | 27,757 |
| 2020 | 10,126 | 19,330 |
| 2021 | 5,207 | 17,405 |
| 2022–2026 | 10,873 | 60,221 |
| 2027–2031 | 230 | 14,910 |
| 2032–2036 | 11 | 1,475 |
| 2037–2041 | 11 | 1,394 |
| 2042–2046 | 10 | 1,369 |
| 2047–2051 | 10 | 795 |
| 2052–2056 | 10 | — |
| 2057–2061 | 2 | — |
| Total Future Minimum Lease Payments | $ 75,650 | $ 209,104 |

**Future Minimum Lease Commitments**
(*Expressed in Thousands*)

**Capital Leases**

| | Primary Government | | | Discrete Component Units | | |
|---|---|---|---|---|---|---|
| Fiscal Year | Total Future Minimum Lease Payments | Less Amounts Representing Interest | Present Value of Future Minimum Lease Payments | Total Future Minimum Lease Payments | Less Amounts Representing Interest | Present Value of Future Minimum Lease Payments |
| 2017 | $ 2,689 | $ 825 | $ 1,864 | $ 34,477 | $ 5,856 | $ 28,621 |
| 2018 | 2,724 | 752 | 1,972 | 28,299 | 5,254 | 23,045 |
| 2019 | 2,760 | 675 | 2,085 | 22,018 | 4,815 | 17,203 |
| 2020 | 2,798 | 592 | 2,206 | 27,204 | 4,456 | 22,748 |
| 2021 | 2,836 | 504 | 2,332 | 25,929 | 3,862 | 22,067 |
| 2022–2026 | 10,217 | 1,244 | 8,973 | 74,921 | 12,780 | 62,141 |
| 2027–2031 | 2,992 | 192 | 2,800 | 48,940 | 4,099 | 44,841 |
| 2032–2036 | 1,319 | 53 | 1,266 | 94 | 4 | 90 |
| Total | $ 28,335 | $ 4,837 | $ 23,498 | $ 261,882 | $ 41,126 | $ 220,756 |

## NOTE 10. LONG-TERM LIABILITIES

### A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2016, are presented in the following table. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

**Long-term Liabilities**
(*Expressed in Thousands*)

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities** | | | | | |
| General Obligation Bonds | $ 2,830,150 | $ — | $ (331,255) | $ 2,498,895 | $ 324,910 |
| State Building Ownership Authority Lease Revenue Bonds | 166,773 | 93,625 | (17,422) | 242,976 | 17,813 |
| Net Unamortized Premiums | 122,321 | 4,405 | (33,899) | 92,827 | 26,305 |
| Capital Leases (Note 9) | 20,287 | 5,100 | (1,889) | 23,498 | 1,864 |
| Notes Payable | 370 | — | (31) | 339 | 34 |
| Compensated Absences (Note 1) ** | 185,792 | 86,398 | (89,483) | 182,707 | 89,800 |
| Claims ** | 46,931 | 17,003 | (15,842) | 48,092 | 20,565 |
| Pollution Remediation Obligation | 5,086 | 2,296 | (981) | 6,401 | 570 |
| Net OPEB Obligation (Note 18) ** | 4,126 | 1,110 | (1,388) | 3,848 | — |
| Settlement Obligations | 4,471 | — | (4,106) | 365 | 46 |
| Net Pension Liability (Note 17) * | 802,543 | 189,952 | — | 992,495 | — |
| Total Governmental Long-term Liabilities | $ 4,188,850 | $ 399,889 | $ (496,296) | $ 4,092,443 | $ 481,907 |
| **Business-type Activities** | | | | | |
| Student Assistance Revenue Bonds | $ 1,509,543 | $ — | $ (253,517) | $ 1,256,026 | $ 246,498 |
| State Building Ownership Authority Lease Revenue Bonds | 73,207 | 4,525 | (5,057) | 72,675 | 5,237 |
| Water Loan Recapitalization Revenue Bonds | 46,940 | — | (5,025) | 41,915 | 5,235 |
| Net Unamortized Premiums | 8,696 | 230 | (3,503) | 5,423 | 1,566 |
| Claims and Uninsured Liabilities | 7,587 | 182,949 | (184,810) | 5,726 | 5,726 |
| Notes Payable | 1,152,207 | — | (230,212) | 921,995 | 921,995 |
| Net Pension Liability (Note 17) * | 13,320 | 4,525 | — | 17,845 | — |
| Total Business-type Long-term Liabilities | $ 2,811,500 | $ 192,229 | $ (682,124) | $ 2,321,605 | $ 1,186,257 |
| **Discrete Component Units** | | | | | |
| Revenue Bonds | $ 984,043 | $ 172,282 | $ (91,724) | $ 1,064,601 | $ 45,729 |
| Net Unamortized Premiums / (Discounts) | 13,161 | 4,130 | (1,519) | 15,772 | 596 |
| Capital Leases/Contracts Payable (Notes 9 and 10) | 165,328 | 89,099 | (26,219) | 228,208 | 30,485 |
| Notes Payable | 180,167 | 226 | (58,060) | 122,333 | 65,817 |
| Claims | 131,005 | 554,729 | (547,942) | 137,792 | 65,306 |
| Leave/Termination Benefits (Note 1) | 133,595 | 106,539 | (97,443) | 142,691 | 90,771 |
| Capital Assets Held for Others | 14,135 | — | (405) | 13,730 | 403 |
| Net Pension Liability (Note 17) * | 271,955 | 74,740 | — | 346,695 | — |
| Total Discrete Component Long-term Liabilities | $ 1,893,389 | $ 1,001,745 | $ (823,312) | $ 2,071,822 | $ 299,107 |

Amounts in the beginning balance column for Business-type Activities and Discrete Component Units have been adjusted as follows: for Utah Dairy Commission (nonmajor enterprise fund) net pension liability increased $467 thousand and; for Public Employees Health Program (major component unit) net pension liability increased by $12.487 million and Utah State Fairpark Corporation (nonmajor component unit) net pension liability increased by $433 thousand for a total of $12.920 million. See Note 2 for further explanation.

* The net pension liability of governmental activities is liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. The net pension liability of business-type activities is liquidated in the specific funds that pay the employer contributions and includes Student Assistance Program, the Internal Service Funds, Alcoholic Beverage Control, Utah Correctional Industries, and State Trust Lands Administration. The changes in the liability are netted as additions for the governmental activities and business-type activities since that information is not readily available for inclusion. See Note 17 for additional pension information.

** Compensated absences of governmental activities are liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. Claims liabilities of governmental activities are liquidated in the Risk Management Internal Service Fund. Net OPEB obligation of governmental activities is liquidated in the General Fund.

**Differences in Net Pension Liability**

The Net Pension Liability (NPL) ending balances for governmental activities of $992.495 million and for business-type activities of $17.845 million differ from the NPL for the Primary Government of $1.017 billion as reported in Note 17 due to the following: the NPL for Student Assistance Programs of $3.236 million and Utah Dairy Commission of $406 thousand are included in business-type activities, but are excluded from the Primary Government NPL reported in Note 17 and; the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of $10.559 million is excluded from the business-type and governmental activities reported above, but is included in the NPL for the Primary Government in Note 17.

These differences are due to the way Utah Retirement Systems (pension trust and defined contribution plans) combine and report the State's retirement plans for Note 17 which is different than how the State reports the NPL by fund type in accordance with generally accepted accounting principles.

**B. General Obligation Bonds**

The State issues general obligation bonds to provide funds for acquisition, construction, and renovation of major capital facilities and for highway construction. In addition, general obligation bonds have been issued to refund general obligation bonds, revenue bonds, and capitalized leases. General obligation bonds are secured by the full faith and credit of the State. Debt service requirements are provided by legislative appropriation from the State's general tax revenues. As of June 30, 2016, the State had $63.652 million of unissued general obligation highway bond authorizations remaining, and $474.7 million of unissued general obligation building bond authorizations remaining.

During fiscal year 2016, no general obligation or general obligation refunding bonds were issued.

General obligation bonds payable information is presented below.

**General Obligation Bonds Payable**
(*Expressed in Thousands*)

| Bond Issue | Date Issued | Maturity Date | Interest Rate | Original Issue | Balance June 30, 2016 |
|---|---|---|---|---|---|
| 2004 A Refunding Issue | 03/02/04 | 2010 – 2016 | 4.00 % – 5.00 % | $ 314,775 | $ 57,405 |
| 2009 A Highway Issue | 03/17/09 | 2010 – 2018 | 2.00 % – 5.00 % | $ 394,360 | 75,795 |
| 2009 C Highway/Capital Facility Issue | 09/29/09 | 2011 – 2018 | 2.00 % – 5.00 % | $ 490,410 | 207,525 |
| 2009 D Highway Issue | 09/29/09 | 2019, 2024 | 4.15 %, 4.55 % | $ 491,760 | 491,760 |
| 2010 A Highway/Capital Facility Issue | 09/30/10 | 2011 – 2017 | 1.75 % – 5.00 % | $ 412,990 | 120,040 |
| 2010 B Highway Issue | 09/30/10 | 2019 – 2025 | 3.19 % – 3.54 % | $ 621,980 | 621,980 |
| 2010 C Refunding Issue | 10/21/10 | 2016 – 2019 | 4.00 % – 5.00 % | $ 172,055 | 172,055 |
| 2011 A Highway/Capital Facility Issue | 07/06/11 | 2012 – 2021 | 2.00 % – 5.00 % | $ 609,920 | 295,585 |
| 2012 A Capital Facility/Refunding Issue | 10/03/12 | 2014 – 2017 | 4.00 % – 5.00 % | $ 37,350 | 31,195 |
| 2013 Highway Issue | 07/30/13 | 2014 – 2028 | 3.00 % – 5.00 % | $ 226,175 | 204,575 |
| 2015 Refunding Issue | 04/29/15 | 2019 – 2026 | 3.50 % – 5.00 % | $ 220,980 | 220,980 |
| Total General Obligation Bonds Outstanding | | | | | 2,498,895 |
| Plus Unamortized Bond Premium | | | | | 86,329 |
| Total General Obligation Bonds Payable | | | | | $ 2,585,224 |

(*Notes continue on next page*.)

**General Obligation Bond Issues**
**Debt Service Requirements to Maturity**
**For Fiscal Years Ended June 30**
(*Expressed in Thousands*)

| | Principal | | | | | | |
|---|---|---|---|---|---|---|---|
| **Fiscal Year** | **2004A Refunding Bonds** | **2009A Highway Bonds** | **2009C Highway/ Capital Bonds** | **2009D Highway Bonds** | **2010A Highway/ Capital Bonds** | **2010B Highway Facility** | **2010C Refunding Bonds** |
| 2017 | $ 57,405 | $ 25,265 | $ 69,165 | $ — | $ 81,125 | $ — | $ 28,510 |
| 2018 | — | 25,265 | 67,495 | — | 38,915 | — | 28,635 |
| 2019 | — | 25,265 | 70,865 | — | — | — | 70,435 |
| 2020 | — | — | — | 74,145 | — | 29,470 | 44,475 |
| 2021 | — | — | — | 87,715 | — | 101,775 | — |
| 2022–2026 | — | — | — | 329,900 | — | 490,735 | — |
| 2027–2031 | — | — | — | — | — | — | — |
| Total | $ 57,405 | $ 75,795 | $ 207,525 | $ 491,760 | $ 120,040 | $ 621,980 | $ 172,055 |

Continues Below

| | Principal | | | |
|---|---|---|---|---|
| **Fiscal Year** | **2011A Highway/ Capital Bonds** | **2012A Building/ Refunding Bonds** | **2013 Highway Bonds** | **2015 Refunding Bonds** |
| 2017 | $ 48,765 | $ 3,050 | $ 11,625 | $ — |
| 2018 | 70,855 | 28,145 | 12,225 | — |
| 2019 | 43,995 | — | 12,850 | — |
| 2020 | 43,990 | — | 13,525 | 24,765 |
| 2021 | 43,990 | — | 14,200 | — |
| 2022–2026 | 43,990 | — | 82,300 | 156,990 |
| 2027–2031 | — | — | 57,850 | 39,225 |
| Total | $ 295,585 | $ 31,195 | $ 204,575 | $ 220,980 |

Continues Below

| **Fiscal Year** | **Total Principal Required** | **Total Interest Required** | **Total Amount Required** |
|---|---|---|---|
| 2017 | $ 324,910 | $ 93,614 | $ 418,524 |
| 2018 | 271,535 | 80,688 | 352,223 |
| 2019 | 223,410 | 69,723 | 293,133 |
| 2020 | 230,370 | 59,508 | 289,878 |
| 2021 | 247,680 | 49,269 | 296,949 |
| 2022–2026 | 1,103,915 | 99,650 | 1,203,565 |
| 2027–2031 | 97,075 | 2,375 | 99,450 |
| Total | $ 2,498,895 | $ 454,827 | $ 2,953,722 |

### C. Revenue Bonds

Revenue bonds payable consists of those issued by the Utah State Building Ownership Authority, the Utah State Board of Regents Student Loan Purchase Programs, the State's Water Loan Programs, and various colleges and universities. These bonds are not considered general obligations of the State.

#### Governmental Activities

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies and other organizations. The bonds are secured by the facilities and repayment is made from lease income appropriated by the Legislature and is not considered pledged revenue of the State. The outstanding bonds payable at June 30, 2016, are reported as a long-term liability of the governmental activities, except for $77.291 million and $1.442 million, which are reported in the Alcoholic Beverage Control Fund and the Utah Correctional Industries Fund (nonmajor enterprise funds), respectively. These portions are reported as liabilities of the business-type activities on the government-wide Statement of Net Position.

**Business-type Activities**

The Utah State Board of Regents Student Loan Purchase Programs' (Student Assistance Programs) bonds were issued to provide funds for student loans and are secured by all assets of the Board of Regents Revenue Bond Funds and by the revenues and receipts derived from such assets. The Board of Regents has also issued a revenue bond for an office facility secured by funds within the Board of Regents budget that would otherwise be expended for rent.

The Student Assistance Programs include $299.15 million of fixed-rate bonds, $125.5 million of bonds at a rate set at the 3-month LIBOR plus spread, and $792.27 million of bonds at a rate set at the 1-month LIBOR plus rates from 0.55 - 1.5 percent. The Programs' bonds also include adjustable rate bonds that are set by an auction procedure every 28 days in the amount of $39.1 million.

The Student Assistance Programs' bonds issued under the 1993 Trust Estate are limited obligations of the Board secured by and payable solely from the Trust Estate established by the indenture. The bonds and notes were issued to finance eligible student loans. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds and notes, and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $459.012 million of outstanding student loan revenue bonds and student loan backed notes which are payable through 2046. Principal and interest paid for the current year and total net revenues before interest expense were $74.041 million and $4.914 million, respectively.

The Student Assistance Programs' notes issued under the 2012 Trust Estate are special limited obligations of the Board secured by the payable solely from the Trust Estate established by the indenture. The notes were issued to refinance eligible student loans and retire outstanding funding notes of the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $266.492 million of outstanding student loan backed notes which are payable through 2032. Principal and interest paid for the current year and total net revenue before interest expense were $62.489 million and $3.244 million, respectively.

The notes issued under the 2014 Trust Estate are special limited obligations of the Board secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire outstanding student loan revenue bonds of the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $197.286 million of outstanding student loan backed notes which are payable through 2039. Principal and interest paid for the current year and total net revenues before interest expense were $43.251 million and $3.857 million, respectively.

The notes issued under the 2015 Trust Estate are special limited obligations of the Board secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $328.486 million of outstanding student loan backed notes which are payable through 2043. Principal and interest paid for the current year and total net revenue before interest expense were $90.72 million and $2.923 million, respectively.

The bonds issued under the Office Facility Bond fund are limited obligations of the board secured solely by a pledge of the proceeds from the sale of the bonds and the monies and revenues in the fund and accounts held by the Trustee under the indenture. No other money, revenue or income of the Board is pledged to the repayment of the Office Facility Bonds. The bonds were issued to refund the Series 2002 and Series 2004 Bonds. The Board has pledged these assets and net revenues to repay $4.75 million of outstanding Office Facility Bonds which are payable through 2024. Principal and interest paid for the current fiscal year and total net revenues before interest expense were $807 thousand and $466 thousand, respectively.

The State's Water Loan Programs have issued recapitalization revenue bonds to provide additional capital for the State's revolving water resources loan programs. The bonds are secured by and repayments are made from the pledged principal and interest payments (pledged revenues) of specific revolving water resources loan funds. These pledged revenues will not be available for other purposes until the end of fiscal year 2023 when the bonds are completely paid off. Pledged revenues were projected to produce 150 percent of debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is $48.234 million. For the current year, principal and interest paid and total repayments from pledged revenues were $6.876 million and $9.982 million, respectively. Of the bonds payable outstanding at June 30, 2016, $42.028 million are reported in the Water Loan Programs Fund (major enterprise fund). These portions are reported as liabilities of the business-type activities on the government-wide Statement of Net Position.

**Discrete Component Units**

The University of Utah, Utah State University and nonmajor discrete component units issued revenue bonds for various capital purposes including student housing, special events centers, student union centers, and hospital and research facilities. The bonds are secured by pledged student building fees and other income of certain college activities.

Information on pledged revenues for discrete component units for the fiscal year ended June 30, 2016, is presented below.

**Pledged Revenue — Discrete Component Units**
(*Expressed in Thousands*)

| | University of Utah | Utah State University | Nonmajor Component Units |
|---|---|---|---|
| Type of Revenue Pledged * | A, B, C | A, B | A |
| Amount of Pledged Revenue | $ 1,085,330 | $ 284,807 | $ 221,535 |
| Term of Commitment | Thru 2043 | Thru 2047 | Thru 2046 |
| Percent of Revenue Pledged | 100.00 % | 100.00 % | 100.00 % |
| Current Year Pledged Revenue | $ 268,356 | $ 45,087 | $ 15,942 |
| Current Year Principal and Interest Paid | $ 53,673 | $ 11,550 | $ 12,901 |

***** Type of Revenue Pledged:

A = Student and housing fees, auxiliary net revenues from bookstores, parking, stadium and event centers, and other campus generated charges and fees.

B = Research net revenue generated from the recovery of allocated facilities and administrative rates to grants and contracts.

C = Hospital and clinic net revenues from providing various health and psychiatric services to the community.

**Revenue Bonds Payable — Primary Government**
**Governmental Activities**
(*Expressed in Thousands*)

| Bond Issue | Date Issued | Maturity Date | Interest Rate | Original Issue | Balance June 30, 2016 |
|---|---|---|---|---|---|
| **SBOA Lease Revenue Bonds:** | | | | | |
| Series 1998 C | 08/15/98 | 2000 – 2019 | 3.80 % – 5.50 % | $ 101,557 | $ 18,815 |
| Series 2009 D | 09/09/09 | 2014 – 2017 | 5.00 % | $ 12,125 | 3,795 |
| Series 2009 E | 09/09/09 | 2018 – 2030 | 4.62 % – 5.77 % | $ 89,470 | 89,470 |
| Series 2010 | 11/30/10 | 2011 – 2024 | 2.00 % – 5.00 % | $ 24,555 | 16,739 |
| Series 2011 | 10/25/11 | 2012 – 2031 | 2.13 % – 4.00 % | $ 5,250 | 3,560 |
| Series 2012 A | 11/20/12 | 2017 – 2027 | 1.50 % – 5.00 % | $ 11,755 | 11,755 |
| Series 2012 B | 11/20/12 | 2013 – 2022 | 1.50 % – 2.25 % | $ 9,100 | 5,142 |
| Series 2015 | 04/29/15 | 2016 – 2030 | 3.00 % – 5.00 % | $ 785 | 75 |
| Series 2016 | 04/05/16 | 2016 – 2038 | 2.25 % – 5.00 % | $ 98,150 | 93,625 |
| Total Lease Revenue Bonds Outstanding | | | | | 242,976 |
| Plus Unamortized Bond Premium | | | | | 6,498 |
| Total Lease Revenue Bonds Payable | | | | | $ 249,474 |

Continues Below

(*Table continues on next page*.)

**Revenue Bonds Payable — Primary Government**
**Business-type Activities**
(*Expressed in Thousands*)
(Continued)

| Bond Issue | Date Issued | Maturity Date | Interest Rate | Original Issue | Balance June 30, 2016 |
|---|---|---|---|---|---|
| **Student Assistance Programs:** | | | | | |
| 1993 Trust Estate Student Loan Indentures | 1999 – 2011 | 2030 – 2046 | Variable and Fixed | $ 1,337,655 | $ 459,012 |
| 2012 Trust Estate Student Loan Indentures | 2012 | 2032 | Variable | $ 518,700 | 266,492 |
| 2014 Trust Estate Student Loan Indentures | 2014 | 2039 | Variable | $ 277,000 | 197,286 |
| 2015 Trust Estate Student Loan Indentures | 2015 | 2043 | Variable | $ 415,500 | 328,486 |
| Office Facility Bond Fund | 2012 | 2014 – 2024 | 2.00 % – 5.00 % | $ 7,295 | 4,750 |
| Total Revenue Bonds Outstanding | | | | | 1,256,026 |
| Plus Unamortized Bond Premium | | | | | (738) |
| Total Revenue Bonds Payable | | | | | $ 1,255,288 |
| **SBOA Lease Revenue Bonds:** | | | | | |
| Series 1998 C | 08/15/98 | 2000 – 2019 | 3.80 % – 5.50 % | $ 3,543 | $ 720 |
| Series 2007 A | 07/10/07 | 2009 – 2017 | 4.25 % – 5.00 % | $ 15,380 | 695 |
| Series 2009 A | 03/25/09 | 2011 – 2019 | 3.00 % – 5.00 % | $ 25,505 | 3,225 |
| Series 2009 B | 09/09/09 | 2012 – 2019 | 3.00 % – 5.00 % | $ 8,455 | 3,550 |
| Series 2009 C | 09/09/09 | 2024, 2029 | 5.29 %, 5.77 % | $ 16,715 | 16,715 |
| Series 2010 | 11/30/10 | 2011 – 2024 | 2.00 % – 5.00 % | $ 12,180 | 8,841 |
| Series 2012 A | 11/20/12 | 2017 – 2027 | 1.50 % – 5.00 % | $ 3,855 | 3,855 |
| Series 2012 B | 11/20/12 | 2013 – 2022 | 1.50 % – 2.25 % | $ 2,600 | 1,414 |
| Series 2015 | 04/29/15 | 2016 – 2030 | 3.00 % – 5.00 % | $ 29,230 | 29,135 |
| Series 2016 | 04/05/16 | 2016 – 2038 | 2.25 % – 5.00 % | $ 4,525 | 4,525 |
| Total Lease Revenue Bonds Outstanding | | | | | 72,675 |
| Plus Unamortized Bond Premium | | | | | 6,048 |
| Total Lease Revenue Bonds Payable | | | | | $ 78,723 |
| **Water Loan Programs:** | | | | | |
| Series 2010 B Revolving Loan Recapitalization Revenue Bonds | 02/23/10 | 2014 – 2017 | 2.25 % – 5.00 % | $ 16,125 | $ 10,690 |
| Series 2010 C Revolving Loan Recapitalization Revenue Bonds | 02/23/10 | 2018 – 2022 | 4.19 % – 4.79 % | $ 31,225 | 31,225 |
| Total Recapitalization Revenue Bonds Outstanding | | | | | 41,915 |
| Plus Unamortized Bond Premium | | | | | 113 |
| Total Recapitalization Revenue Bonds Payable | | | | | $ 42,028 |
| Total Revenue/Lease Revenue/ Recapitalization Revenue Bonds Payable | | | | | $ 1,625,513 |

**Revenue Bond Issues — Primary Government**
**Debt Service Requirements to Maturity**
**For Fiscal Years Ended June 30**
(*Expressed in Thousands*)

| | Principal | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | 1993 Trust Estate Student Loan Indentures | 2012 Trust Estate Student Loan Indentures | 2014 Trust Estate Student Loan Indentures | 2015 Trust Estate Student Loan Indentures | Office Facility Bond Fund | 1998 C Utah State Building Ownership Authority | 2007 A Utah State Building Ownership Authority | 2009 A Utah State Building Ownership Authority |
| 2017 | $ 106,623 | $ 48,181 | $ 25,474 | $ 65,550 | $ 670 | $ 9,130 | $ 695 | $ 1025 |
| 2018 | 53,114 | 42,202 | 23,771 | 57,668 | 685 | 8,295 | — | 1075 |
| 2019 | 49,773 | 41,519 | 23,593 | 53,186 | 700 | 2,110 | — | 1125 |
| 2020 | 45,756 | 29,668 | 17,804 | 37,120 | 715 | — | — | — |
| 2021 | 41,966 | 27,528 | 17,404 | 33,968 | 725 | — | — | — |
| 2022–2026 | 158,221 | 75,006 | 59,091 | 75,518 | 1,255 | — | — | — |
| 2027–2031 | 3,559 | 2,388 | 20,770 | 5,476 | — | — | — | — |
| 2032–2036 | — | — | 9,379 | — | — | — | — | — |
| 2037–2041 | — | — | — | — | — | — | — | — |
| Total | $ 459,012 | $ 266,492 | $ 197,286 | $ 328,486 | $ 4,750 | $ 19,535 | $ 695 | $ 3,225 |

Continues Below

| | Principal | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | 2009 B Utah State Building Ownership Authority | 2009 C Utah State Building Ownership Authority | 2009 D Utah State Building Ownership Authority | 2009 E Utah State Building Ownership Authority | 2010 Utah State Building Ownership Authority | 2011 Utah State Building Ownership Authority | 2012 A Utah State Building Ownership Authority | 2012 B Utah State Building Ownership Authority |
| 2017 | $ 1,125 | $ — | $ 3,795 | $ — | $ 3,175 | $ 385 | $ 990 | $ 2,380 |
| 2018 | 1,185 | — | — | 4,010 | 3,330 | 395 | 1,005 | 1,305 |
| 2019 | 1,240 | — | — | — | 3,510 | 405 | 1,445 | 985 |
| 2020 | — | 1,305 | — | 5,295 | 2,995 | 415 | 1,490 | 1,005 |
| 2021 | — | 1,370 | — | 5,555 | 3,145 | 430 | 1,555 | 665 |
| 2022–2026 | — | 8,040 | — | 31,570 | 9,425 | 1,110 | 8,555 | 215 |
| 2027–2031 | — | 6,000 | — | 43,040 | — | 420 | 570 | — |
| 2032–2036 | — | — | — | — | — | — | — | — |
| 2037–2041 | — | — | — | — | — | — | — | — |
| Total | $ 3,550 | $ 16,715 | $ 3,795 | $ 89,470 | $ 25,580 | $ 3,560 | $ 15,610 | $ 6,555 |

Continues Below

(*Table continues on next page*.)

**Revenue Bond Issues — Primary Government**
**Debt Service Requirements to Maturity**
**For Fiscal Years Ended June 30**
(*Expressed in Thousands*)
(Continued)

| | Principal | | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | 2015 Utah State Building Ownership Authority | 2016 Utah State Building Ownership Authority | 2010 B Revolving Loan Recap Program | 2010 C Revolving Loan Recap Program | Total Principal Required | Interest Required | Total Amount Required |
| 2017 | $ 350 | $ — | $ 5,235 | $ — | $ 274,783 | $ 33,722 | $ 308,505 |
| 2018 | 1,095 | 150 | 5,455 | — | 204,740 | 28,628 | 233,368 |
| 2019 | 705 | 3,300 | — | 5,705 | 189,301 | 24,897 | 214,198 |
| 2020 | 1,910 | 3,475 | — | 5,955 | 154,908 | 21,811 | 176,719 |
| 2021 | 2,020 | 3,625 | — | 6,220 | 146,176 | 18,842 | 165,018 |
| 2022–2026 | 13,365 | 21,075 | — | 13,345 | 475,791 | 56,192 | 531,983 |
| 2027–2031 | 9,765 | 25,050 | — | — | 117,038 | 17,692 | 134,730 |
| 2032–2036 | — | 28,950 | — | — | 38,329 | 4,856 | 43,185 |
| 2037–2041 | — | 12,525 | — | — | 12,525 | 601 | 13,126 |
| Total | $ 29,210 | $ 98,150 | $ 10,690 | $ 31,225 | $ 1,613,591 | $ 207,241 | $ 1,820,832 |

**Revenue Bonds Payable — Discrete Component Units**
(*Expressed in Thousands*)

| Bond Issue | Date Issued | Maturity Date | Interest Rate | Original Issue | Balance June 30, 2016 |
|---|---|---|---|---|---|
| University of Utah Revenue Bonds | 1998 – 2016 | 2017 – 2043 | 1.50 % – 6.28 % | $ 1,034,015 | $ 733,749 |
| Utah State University Revenue Bonds | 2007 – 2015 | 2005 – 2047 | 1.17 % – 5.00 % | $ 204,940 | 175,975 |
| Nonmajor Component Units Revenue Bonds | 2004 – 2016 | 2008 – 2046 | 1.63 % – 6.00 % | $ 193,210 | 154,877 |
| Total Revenue Bonds Outstanding | | | | | 1,064,601 |
| Plus Unamortized Bond Premium | | | | | 15,772 |
| Total Revenue Bonds Payable | | | | | $ 1,080,373 |

(*Notes continue on next page*.)

**Revenue Bond Issues — Discrete Component Units**
**Debt Service Requirements to Maturity**
**For Fiscal Years Ended June 30**
(*Expressed in Thousands*)

| | Principal | | | | | |
|---|---|---|---|---|---|---|
| Fiscal Year | University of Utah | Utah State University | Nonmajor Component Units | Total Principal Required | Interest Required | Total Amount Required |
| 2017 .............. | $ 32,940 | $ 6,110 | $ 6,679 | $ 45,729 | $ 45,836 | $ 91,565 |
| 2018 .............. | 40,778 | 7,490 | 7,356 | 55,624 | 44,529 | 100,153 |
| 2019 .............. | 38,841 | 5,410 | 7,658 | 51,909 | 42,499 | 94,408 |
| 2020 .............. | 44,836 | 5,510 | 7,911 | 58,257 | 40,152 | 98,409 |
| 2021 .............. | 42,687 | 5,755 | 7,793 | 56,235 | 37,707 | 93,942 |
| 2022–2026 ..... | 224,534 | 32,825 | 38,588 | 295,947 | 148,693 | 444,640 |
| 2027–2031 ..... | 138,981 | 35,440 | 42,446 | 216,867 | 87,513 | 304,380 |
| 2032–2036 ..... | 48,619 | 33,315 | 19,627 | 101,561 | 53,588 | 155,149 |
| 2037–2041 ..... | 51,137 | 22,025 | 10,414 | 83,576 | 35,381 | 118,957 |
| 2042–2046 ..... | 70,396 | 20,930 | 5,230 | 96,556 | 9,076 | 105,632 |
| 2047–2051 ..... | — | 1,165 | 1,175 | 2,340 | 70 | 2,410 |
| Total......... | $ 733,749 | $ 175,975 | $ 154,877 | $1,064,601 | $ 545,044 | $ 1,609,645 |

### D. Conduit Debt Obligations

The Utah Charter School Finance Authority (nonmajor discrete component unit) issued conduit debt obligations on behalf of various charter schools. The debt is the responsibility of the charter schools, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the debt. Accordingly, this debt has not been reported in the accompanying financial statements. The outstanding balance at June 30, 2016, is $230.321 million in tax-exempt conduit debt.

### E. Defeased Bonds and Bond Refunding

In prior years, the State defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other monies available for debt service in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Position. At June 30, 2016, the total amount outstanding of defeased general obligation bonds was $374.195 million. At June 30, 2016, the total amount outstanding of defeased revenue bonds was $28.59 million.

During fiscal year 2016, the University of Utah (major discrete component unit) issued General Revenue Refunding Bonds Series 2016A during the fiscal year to partially refund $21.2 million of the Auxiliary and Campus Facilities System Series 2012A bonds. The refunding activity had limited impact on the retirement period but did result in a decrease of aggregate debt service payments of $3.5 million and a present value economic gain of approximately $3.3 million.

In prior years, discrete component units defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the discrete component unit column on the Statement of Net Position. At June 30, 2016, $238.081 million of college and university bonds outstanding are considered defeased.

### F. Contracts Payable

Discrete component units capital leases/contracts payable include $5.91 million in life annuity contracts.

### G. Pollution Remediation Obligations

Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the Environmental Protection Agency expends Superfund trust monies for cleanup. Currently there are six sites in various stages of cleanup, from initial assessment to cleanup activities. The pollution remediation liabilities associated with these sites were measured using the actual contract cost, where no changes in cost are expected, or the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. As of June 30, 2016, the liability is $6.401 million. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

### H. Notes Payable

The Student Assistance Programs has a line of credit under the Warehouse Loan, Security and Servicing Agreement. The line of credit is a limited obligation of the Board secured by and payable solely from the pledged collateral. The line of credit was issued to acquire federally guaranteed student loans. The fund consists of student loans acquired under the agreement, all proceeds of the line of credit and net revenues in the funds and accounts, and any other property pledged to the fund. The Board has pledged these assets and net revenues to repay $921.995 million of outstanding principal which is payable through 2017. During fiscal year 2017,

$921.995 million in principal and $7.554 million in interest will be paid. Principal and interest paid for the current year and total net revenue before interest expense was $241.076 million and $7.26 million, respectively.

The notes payable balance consists of notes issued by discrete component units for the purchase of buildings and equipment. The notes bear various interest rates and will be repaid over the next 18 years. They are secured by the related assets.

Payment information on notes payable is presented below:

**Notes Payable Debt Service Requirements to Maturity**
**Discrete Component Units**
**For Fiscal Years Ending June 30**
(*Expressed in Thousands*)

| | Principal | | | | | |
|---|---|---|---|---|---|---|
| Fiscal Year | University of Utah | Utah State University | Nonmajor Component Units | Total Principal Required | Interest Required | Total Amount Required |
| 2017 | $ 62,504 | $ 2,263 | $ 1,050 | $ 65,817 | $ 3,661 | $ 69,478 |
| 2018 | 2,670 | 2,418 | 928 | 6,016 | 3,228 | 9,244 |
| 2019 | 2,848 | 2,030 | 959 | 5,837 | 2,830 | 8,667 |
| 2020 | 2,907 | 1,879 | 982 | 5,768 | 2,501 | 8,269 |
| 2021 | 2,410 | 1,871 | 1,017 | 5,298 | 2,158 | 7,456 |
| 2022–2026 | 12,486 | 4,233 | 6,283 | 23,002 | 7,092 | 30,094 |
| 2027–2031 | 6,794 | 251 | 2,157 | 9,202 | 1,653 | 10,855 |
| 2032–2036 | — | — | 1,393 | 1,393 | 137 | 1,530 |
| Total | $ 92,619 | $ 14,945 | $ 14,769 | $ 122,333 | $ 23,260 | $ 145,593 |

**I. Debt Service Requirements for Derivatives**

**Business-type Activities**

As explained in Note 3.E., the Student Assistance Programs (major proprietary fund) Board had issued on December 30, 2010, the Series 2010 EE bonds for the purpose of refinancing certain outstanding bonds in the 1993 indentures. As part of this issuance, the Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds. The projected net cash flows of the swap agreement are summarized below.

.

**Student Assistance Programs**
**Swap Payments and Associated Debt**
**For Fiscal Years Ending June 30**
(*Expressed in Thousands*)

| Fiscal Year | Counterparty Swap Payment To | Counterparty Swap Payment From | Counterparty Swap Payment Net | Interest Payments to Bondholders | Total Payments |
|---|---|---|---|---|---|
| 2017 | $ (7,273) | $ 15,426 | $ 8,153 | $ (15,426) | $ (7,273) |
| 2018 | (5,196) | 11,224 | 6,028 | (11,224) | (5,196) |
| 2019 | (4,370) | 9,467 | 5,097 | (9,467) | (4,370) |
| 2020 | (3,621) | 7,845 | 4,224 | (7,845) | (3,621) |
| 2021 | (2,964) | 6,422 | 3,458 | (6,422) | (2,964) |
| 2022–2025 | (5,539) | 12,001 | 6,462 | (12,001) | (5,539) |
| Total | $ (28,963) | $ 62,385 | $ 33,422 | $ (62,385) | $ (28,963) |

## NOTE 11. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred Outflows and Inflows of Resources reported on the Statement of Net Position as of June 30, 2016, consisted of the following:

**Deferred Outflows and Inflows of Resources**
(*Expressed in Thousands*)

| | Primary Government | | |
|---|---|---|---|
| | **Governmental Activities** | **Business-type Activities** | **Discrete Component Units** |
| **Deferred Outflows:** | | | |
| Deferred Amount on Refundings of Bonded Debt | $ 27,308 | $ 4,403 | $ 12,299 |
| Deferred Amount of Federal Default Fee | — | 350 | — |
| Deferred Outflows Relating to Pensions | 364,980 | 7,226 | 131,268 |
| Total Deferred Outflows | $ 392,288 | $ 11,979 | $ 143,567 |
| **Deferred Inflows:** | | | |
| Unavailable Revenue | $ 10,027 | $ — | $ — |
| Deferred Amount on Refundings of Bonded Debt | — | 10,146 | 211 |
| Fair Value of Interest Rate Swap Agreements | — | 28,730 | — |
| Deferred Inflows Relating to Pensions | 102,888 | 1,926 | 34,230 |
| Total Deferred Inflows | $ 112,915 | $ 40,802 | $ 34,441 |

Of the $392.288 million deferred outflows of resources reported in the governmental activities column, $364.98 million represent deferred outflows relating to pensions, of which $24.526 million are reported in the Internal Service Funds. The remaining $27.308 million represent deferred amount on refundings of bonded debt, of which $9 thousand are reported in the Internal Service Funds.

Of the $112.915 million deferred inflows of resources reported in the governmental activities column, $102.888 million represent deferred inflows relating to pensions, of which $7.011 million are reported in the Internal Service Funds. The remaining $10.027 million in unavailable revenue represent imposed fees received before the period when those resources are permitted to be used.

Deferred outflows and inflows of resources for governmental funds, proprietary funds, and discrete component units are reported in detail in their respective fund statements.

Under the modified accrual basis of accounting, governmental funds reported $655.879 million in unavailable revenue consisting of $480.968 million from various taxes and $174.911 million from other sources.

The deferred outflows of resources relating to pensions for governmental activities of $364.98 million and for business-type activities of $7.226 million differ from the deferred outflows of resources for the Primary Government of $375.668 million as reported in Note 17 due to the following: Student Assistance Programs of $1.035 million and Utah Dairy Commission of $110 thousand are included in business-type activities, but are excluded in the deferred outflows of resources reported for the Primary Government in Note 17; the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of $4.607 million is excluded from presentation in the governmental and business-type activities reported above, but is included in the deferred outflows of resources reported for the Primary Government in Note 17.

The deferred inflows of resources relating to pensions for governmental activities of $102.888 million and for business-type activities of $1.926 million differ from the deferred inflows of resources for the Primary Government of $105.501 million in Note 17 due to the following: Student Assistance Programs of $418 thousand and Utah Dairy Commission of $38 thousand are included in business-type activities, but are excluded in the deferred inflows of resources reported for the Primary Government in Note 17; the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of $1.143 million is excluded from presentation in the governmental and business-type activities reported above, but is included in the deferred inflows of resources reported for the Primary Government reported in Note 17.

These differences are due to the way Utah Retirement Systems (pension trust and defined contribution plans) combine and report the State's retirement plans for Note 17 which is different than how the State reports the deferred outflows and inflows of resources by fund type in accordance with generally accepted accounting principles.

## NOTE 12. GOVERNMENTAL FUND BALANCES, BUDGET STABILIZATION ACCOUNTS, AND NET POSITION RESTRICTED BY ENABLING LEGISLATION

### A. Governmental Fund Balances – Restricted, Committed and Assigned

The State's fund balances represent: (***1***) **Restricted Purposes**, which include balances that are legally restricted for specific purposes due to constraints that are imposed by law through constitutional provisions or are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (*2*) **Committed Purposes**, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; (***3***) **Assigned Purposes**, which includes balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2016, follows:

**Governmental Fund Balances**
(*Expressed in Thousands*)

| | Restricted Purposes | Committed Purposes | Assigned Purposes |
|---|---|---|---|
| **General Fund:** | | | |
| General Government: | | | |
| Legislature | $ — | $ 10,467 | $ — |
| Elected Officials | 191 | 12,586 | — |
| Governor's Office | 1,494 | 27,347 | — |
| Administrative Services | — | 5,425 | — |
| Revenue Assessments and Collections | — | 10,570 | — |
| Human Services | 25 | 7,325 | — |
| Corrections | — | 15,846 | — |
| Public Safety | 8,839 | 20,546 | — |
| Courts | — | 8,116 | — |
| Health | 94 | 36,938 | — |
| Environmental Quality | — | 12,231 | — |
| Employment and Family Services | — | 20,057 | — |
| Natural Resources | 17,400 | 76,472 | — |
| Heritage and Arts | 28 | 3,566 | — |
| Business, Labor, and Agriculture | 110 | 50,265 | — |
| Budget Reserve (Rainy Day) Account | — | 143,614 | — |
| Medicaid Budget Stabilization Account | — | 25,909 | — |
| Industrial Assistance | — | 23,474 | — |
| Tax Accruals and Other Liabilities | — | — | 74,405 |
| Fiscal Year 2017 Appropriations: | | | |
| Line Item Appropriations | — | — | 57,721 |
| Other Purposes | 9,943 | 36,028 | — |
| Total | $ 38,124 | $ 546,782 | $ 132,126 |
| **Education Fund:** | | | |
| Minimum School Program | $ 30,348 | $ — | $ — |
| State Office of Education | 43,241 | — | — |
| School Building Program | 23,532 | — | — |
| School Land Interest | 50,360 | — | — |
| Education Budget Reserve Account | 349,465 | — | — |
| Tax Accruals and Other Purposes * | 249,116 | — | — |
| Fiscal Year 2017 Appropriations: | | | |
| Line Item Appropriations | 100,445 | — | — |
| Available for Appropriation | — | — | — |
| Other Purposes | 1,650 | — | — |
| Total | $ 848,157 | $ 0 | $ 0 |
| **Transportation Fund:** | | | |
| Transportation – Construction/Maintenance | $ 130,208 | $ 45,966 | $ — |
| Public Safety | 15,939 | — | — |
| Corridor Preservation | 14,661 | — | — |
| Aeronautical Programs | 6,032 | — | — |
| Tax Accruals and Other Purposes * | 39,971 | 5,993 | — |
| Total | $ 206,811 | $ 51,959 | $ 0 |

(*Table continues on next page.*)

**Governmental Fund Balances**
(*Expressed in Thousands*)
(Continued)

| | Restricted Purposes | Committed Purposes | Assigned Purposes |
|---|---|---|---|
| **Transportation Investment Fund:** | | | |
| Transportation Investment Capacity Projects | $ — | $ 444,877 | $ — |
| Other Purposes | 2,393 | 35,193 | — |
| Total | $ 2,393 | $ 480,070 | $ 0 |
| **Nonmajor Governmental Funds:** | | | |
| Capital Projects | $ 85,281 | $ — | $ 328,136 |
| Debt Service | — | — | 19,023 |
| State Endowment Fund | — | 171,369 | — |
| Environmental Reclamation | 15,130 | 2,763 | — |
| Rural Development | — | 36,372 | — |
| Other Purposes | 17,669 | 15,997 | 162 |
| Total | $ 118,080 | $ 226,501 | $ 347,321 |

***** Resources restricted through constitutional provisions.

### B. Budget Stabilization Accounts

In accordance with Sections 63J–1–312 and 313 of the *Utah Code*, the State maintains the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") and an Education Fund Budget Reserve Account in the Education Fund (the "Education Reserve"). These stabilization balances can only be used to cover budget shortfalls when appropriated by the Legislature. State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund after any required Medicaid growth savings transfer is made (see Medicaid Budget Sustainability Account discussion below) and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve to 9 percent and 11 percent of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred.

Historically, resources from the Rainy Day Fund or Education Reserve have only been expended during recessionary periods to cover overall budget shortfalls after other budgetary measures have been exhausted. Section 63J–1–217 of the *Utah Code* requires the State to maintain a balanced budget. If a revenue shortfall is expected, the Governor is required to direct state agencies to reduce commitments and expenditures by an amount proportionate to any revenue shortfall until the Legislature takes action to rectify the deficit. The Rainy Day Fund and the Education Reserve ended the year with balances of $143.614 million and $349.465 million, respectively. For the fiscal year ended June 30, 2016, $2.443 million was transferred into the Rainy Day Fund. There was no transfer into the Education Reserve because there was no revenue surplus, as defined by law.

In accordance with Section 63J–1–315 of the *Utah Code*, the State maintains the Medicaid Growth Reduction and Budget Stabilization Restricted Account ("Medicaid Budget Stabilization Account"). The Legislature may appropriate money from the account only if Medicaid program expenditures are estimated to be 108 percent or more of Medicaid program expenditures for the previous year. The account is funded in a fiscal year when there are savings in the Medicaid Program and a General Fund revenue surplus. For the fiscal year ended June 30, 2016, $8.761 million was transferred into the Medicaid Budget Stabilization Account.

### C. Minimum Fund Balance Policies

Statutorily, the State established a minimum fund balance policy for two funds, the Disaster Recovery Restricted Account and the Local Government Emergency Response Loan Fund. In accordance with Section 53–2a–603 of the *Utah Code*, under certain circumstances, the Disaster Recovery Restricted Account may be used to provide short-term loans to a member state of the Emergency Management Assistance Compact. Loans may be issued from the account as long as the fund maintains a minimum fund balance of $10 million. Section 53–2a–607 of the *Utah Code*, requires the Local Government Emergency Response Loan Fund to provide short-term, low-interest loans to local government entities. The amount loaned may not be more than 50 percent of the total fund balance available, or an amount that will leave the fund balance at less than $10 million.

### D. Net Position Restricted by Enabling Legislation

The State's net position restricted by enabling legislation represents resources which a party external to a government—such as citizens, public interest groups, or the judiciary—can compel the government to use only for the purpose specified by the legislation. The government-wide Statement of Net Position reports $5.915 billion of restricted net position, of which $15.4 million is restricted by enabling legislation.

## NOTE 13. DEFICIT NET POSITION AND FUND BALANCE

Funds reporting a deficit total net position at June 30, 2016, are (*in thousands*):

| | | |
|---|---|---|
| Private Purpose Trust Funds: | | |
| Employers' Reinsurance | $ | (6,130) |
| Petroleum Storage Tank | $ | (3,474) |
| Internal Service Funds: | | |
| Technology Services | $ | (25,400) |
| Human Resource Management | $ | (2,729) |
| Enterprise Funds: | | |
| State Trust Lands Administration | $ | (764) |

The deficit in the Employers' Reinsurance Trust represents the unfunded portion of the actuarial estimate of claims incurred. The Employers' Reinsurance Trust claims are funded from assessments on all workers' compensation insurance issued to employers within the State. The Utah Labor Commission sets the rate up to the maximum established by the Legislature to keep current revenues at a level sufficient to cover current cash disbursements. State law limits the State's liability to the cash or assets in the Employers' Reinsurance Trust only. State law also limits the Trust's liability to claims resulting from industrial accidents or occupational diseases occurring on or before June 30, 1994. For claims resulting from accidents or diseases on or after July 1, 1994, the employer or its insurance carrier is liable for resulting liabilities. Unfunded future claims are payable solely from future trust revenues.

The Petroleum Storage Tank Trust covers the cleanup costs of leaks from state-approved underground petroleum storage tanks. The assets in the fund are more than adequate to pay current claims. Unfunded future claims will be funded solely by future trust revenues.

The deficit net positions in the Technology Services Fund and in the Human Resource Management Fund are the result of implementing GASB Statement 68, *Accounting and Financial Reporting for Pensions*. This Statement requires the recognition and reporting of the net pension liability and related transactions, including a restatement of beginning net position, resulting in a deficit net position. The Technology Services Fund also reported a $35.934 million deficit in the unrestricted portion of their net position at June 30, 2016, primarily as a result of implementing this Statement. See Note 2 for additional information.

The Enterprise Fund deficit net position in State Trust Lands Administration is a result of a decrease in the royalty accruals because of general market conditions.

Other than noted above, funds reporting a deficit position in the unrestricted portion of their net position at June 30, 2016, are *(in thousands*):

| | | |
|---|---|---|
| Internal Service Funds: | | |
| Fleet Operations | $ | (30,394) |
| General Services | $ | (1,552) |
| Enterprise Funds: | | |
| Alcoholic Beverage Control | $ | (5,779) |
| Utah Correctional Industries | $ | (694) |
| State Trust Lands Administration | $ | (1,341) |

The Internal Service Fund deficit in Fleet Operations is mainly due to the significant investment in capital assets required for these operations. The deficit will be covered by future charges for services. Management may also seek rate increases to help reduce this deficit.

The Internal Service Fund deficit in General Services and the Enterprise Fund deficits in Alcoholic Beverage Control and Utah Correctional Industries are primarily the result of implementing GASB Statement 68. The Enterprise Fund deficit in State Trust Lands Administration is the result of changes in accruals due to general market condition changes.

(*Notes continue on next page*.)

## NOTE 14. INTERFUND TRANSFERS

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital to another fund. All transfers must be legally authorized by the Legislature through statute or an *Appropriation Act*. Interfund transfers for the fiscal year ended June 30, 2016, are as follows (*in thousands*):

| | **Transferred To** | | | | | |
|---|---|---|---|---|---|---|
| | **Governmental Funds** | | | | | |
| **Transferred From** | **General Fund** | **Education Fund** | **Transportation Fund** | **Transportation Investment Fund** | **Trust Lands** | **Nonmajor Governmental Funds** |
| General Fund | $ — | $ 7,861 | $ 29,767 | $ — | $ 12 | $ 278,663 |
| Education Fund | 742,481 | — | — | — | — | 209,911 |
| Transportation Fund | 48,546 | — | — | 89,903 | — | 7,519 |
| Transportation Investment Fund | — | — | 33,104 | — | — | 348,420 |
| Nonmajor Governmental Funds | 70,216 | — | — | — | — | 225 |
| Unemployment Compensation | 2,454 | — | — | — | — | — |
| Water Loan Programs | 4,695 | — | — | — | — | — |
| Community Impact Loan Fund | 17,534 | — | — | — | — | — |
| Nonmajor Enterprise Funds | 104,867 | 2 | — | — | 1,839 | — |
| Total | $ 990,793 | $ 7,863 | $ 62,871 | $ 89,903 | $ 1,851 | $ 844,738 |

Continues Below

| | **Transferred To** | | |
|---|---|---|---|
| | **Enterprise Funds** | | |
| **Transferred From** | **Nonmajor Enterprise Funds** | **Internal Service Funds** | **Total** |
| General Fund | $ 3,243 | $ 6,594 | $ 326,140 |
| Education Fund | — | — | 952,392 |
| Transportation Fund | — | — | 145,968 |
| Transportation Investment Fund | — | — | 381,524 |
| Nonmajor Governmental Funds | — | 127 | 70,568 |
| Unemployment Compensation | — | — | 2,454 |
| Water Loan Programs | — | — | 4,695 |
| Community Impact Loan Fund | — | — | 17,534 |
| Nonmajor Enterprise Funds | — | — | 106,708 |
| Total | $ 3,243 | $ 6,721 | $ 2,007,983 |

Transfers from major governmental funds to nonmajor governmental funds are primarily for debt service expenditures and capital facility construction. Transfers from nonmajor enterprise funds to the General Fund are mostly liquor profits from the Alcoholic Beverage Control Fund that are required by statute to be deposited in the General Fund. All other transfers are made to finance various programs as authorized by the Legislature.

In addition, the Legislature authorized payments of $970.263 million to discrete component units. Payments to discrete component units are reported as expenditures in both the General Fund governmental fund statements and the Governmental Activities column of the Statement of Activities. They are also reported as revenues in the Component Units column of the Statement of Activities.

## NOTE 15. LITIGATION, CONTINGENCIES, AND COMMITMENTS

### A. Litigation

- The State is involved in various legal actions arising in the ordinary course of business. The State is vigorously contesting all of these matters, but as of this date it is not possible to determine the outcome of these proceedings. In the opinion of the Attorney General and management, the ultimate disposition of these matters will not have a material adverse effect on the State's financial position.

- A lawsuit was filed by the Tobacco Companies against the settling states participating in a master settlement agreement in an effort to recoup tobacco settlement payments made in prior years. The plaintiffs allege that they are entitled to a non-participating manufacturer (NPM) adjustment that will allow them to take a credit against future payment obligations. The dispute is currently in the early stages of arbitration for the tobacco settlement payment made to Utah in fiscal year 2005. An adverse ruling may impact future state tobacco receipts of up to approximately $28 million plus interest.

- In addition to the items above, the State is contesting other legal actions totaling over $14.497 million plus attorneys' fees and interest and other cases where the amount of potential loss is undeterminable. Some portions of the amounts sought have been paid by the State or placed in escrow.

**B. Contingencies**

- The State receives a significant amount of funding from the federal government. Funds flowing from the federal government to the State are subject to changes to federal laws and appropriations. Based on the financial position of the federal government it is reasonably possible that events will occur in the near term that will significantly affect the flow of federal funds to the State. The State is taking action to identify and address the impact a significant reduction of federal funds will have on the programs and operations of the State including requiring contingency plans from state agencies.

- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, identified questioned costs are immaterial. In addition, program compliance audits by the federal government are conducted periodically; however, an estimate of any potential disallowances on these audits and findings on other audits on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2016, will be available in December 2016.

- Management's estimated liability for the Petroleum Storage Tank Trust (private purpose trust fund) is highly sensitive to change based on the short period of historical data and the uncertainty in estimating costs. Since it is not possible to determine the occurrence date of a leak in an underground storage tank, it is not possible to estimate the number or the associated costs of leaks that have not been detected.

- The Utah Fund of Funds (UFOF – legally separate entity) was created by the passage of the Utah Venture Capital Enhancement Act in fiscal year 2003 to mobilize private investments and enhance the venture capital culture and infrastructure within the State. The State's involvement in this program is limited to public oversight of the UFOF primarily in the form of approving the issuance of contingent tax credit certificates, ensuring that the UFOF is achieving its statutory purposes of spurring economic development, and protecting against the redemption of contingent tax credits. The aggregate outstanding tax certificates available to the program cannot exceed: (***1***) $130 million of contingent tax credits used as collateral or a guarantee on loans for the debt-based financing of investments initiated before July 1, 2014; or (**2**) $120 million of contingent tax credits for a loan refinanced using debt-based or equity-based financing; and (***3***) $100 million used as an incentive for equity investments in the UFOF. The tax certificates are structured so that not more than $20 million of contingent tax credits for each $100 million increment of contingent tax liability may be redeemable in any fiscal year. At December 31, 2015, $89.999 million in loans were outstanding and invested in venture capital and private equity funds. The loans will mature in 2017. Under certain circumstances, the holder of a certificate is entitled to a refundable tax credit against tax liabilities imposed by *Utah Code* Section 59–7, "Corporate Franchise and Income Taxes," or Section 59–10, "Individual Income Tax Act." To date, the State has not had to place any contingent tax credits into the program and does not anticipate the use of tax credits anytime in the near future.

- The State is self-insured for liability claims up to $1 million and beyond the excess insurance policy limit of $10 million. The State is self-insured for individual property and casualty claims up to $1 million and up to $3.5 million in aggregate claims and beyond the excess insurance policy limit of $1 billion per occurrence. According to an actuarial study and other known factors, $48.092 million exists as either incurred but unfiled or unpaid claims. This amount is reported as a liability of the Department of Administrative Services' Risk Management Fund (internal service fund).

- The Utah School Bond Guaranty Act (*Utah Code* Sections 53A–28–101 to 402), which took effect on January 1, 1997, pledges the full faith, credit, and unlimited taxing power of the State to guaranty full and timely payment of the principal and interest on general obligation bonds issued by qualifying local school boards. The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guaranteed Bonds. The local school boards do not meet the criteria for inclusion as part of the State's reporting entity.

  In the event a school board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may use any available monies, may use short-term borrowing from the State Permanent School Fund (part of the permanent Trust Lands Fund), or may issue short-term general obligation notes. The local school board remains liable to the State for any such payments on Guaranteed Bonds. Reimbursements to the State may be obtained by intercepting payment of state funds intended for the local school board. The State may also compel the local school board to levy a tax sufficient to reimburse the State for any guaranty payments.

  The State Superintendent of Public Instruction is charged with monitoring the financial condition of local school boards and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately any circumstances which suggest a local school board may not be able to pay its debt service obligations when due. The State has not advanced any monies for the payment of debt service on Guaranteed Bonds and does not expect that it will be required to advance monies for any significant period of time.

Local school boards have $2.917 billion principal amount of Guaranteed Bonds outstanding at June 30, 2016, with the last maturity date being 2036. The State cannot predict the amount of bonds that may be guaranteed in future years, but no limitation is currently imposed by the Guaranty Act.

- The Charter School Credit Enhancement Program (Program) (*Utah Code* Sections 53A–20b–201 to 204), was established to reduce borrowing costs for qualifying charter schools by providing credit enhancement on bonds issued on behalf of those schools. Bonds issued under this Program are not legal obligations of the State, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the bonds. If a charter school with bonds issued under the Program draws on its debt service reserve fund, state law requires the Governor to request an appropriation from the Legislature to restore the school's debt service reserve fund to its required level or to meet any principal or interest payment deficiency. However, the Legislature is not required to make any such appropriations. A charter school is required to repay the State any appropriations it receives to restore its debt service reserves at the time and in the manner required by the Utah Charter School Finance Authority (Authority) (nonmajor discrete component unit).

  When bonds are issued under the Program, the qualifying school pays up-front and ongoing fees at rates determined by the Authority. These fees are deposited into a restricted reserve account that was funded initially with a $3 million appropriation. These monies may be appropriated by the Legislature to replenish any deficiency in the debt service reserve fund of a charter school under the Program.

  The Authority is the conduit issuer of Credit Enhancement Program bonds, and is responsible for developing criteria by which a charter school qualifies to participate in the Program. The Authority is also charged with monitoring the financial condition of qualifying charter schools and certifying, at least annually, the amount required to restore amounts on deposit in the debt service reserve funds of charter schools participating in the Program. The total amount of charter school debt enhanced by the Program is limited by formula. As of June 30, 2016, $224.145 million of debt was outstanding under the Program.

- At June 30, 2016, the Utah Higher Education Assistance Authority Student Loan Guarantee Program (Student Assistance Programs, major enterprise fund) had guaranteed student loans outstanding with a current principal and interest balance of $985.902 million.

- The Attorney General of the State sued the tobacco industry for medical costs related to smoking. The State of Utah has signed on to a master settlement agreement along with 45 other states. The major tobacco manufacturers and most of the smaller manufacturers have joined the agreement. The State received $36.932 million from tobacco companies in fiscal year 2016 and expects to receive approximately $36.923 million in fiscal year 2017. Annual payments will be adjusted for factors such as inflation, decreased sales volume, previously settled lawsuits, disputed payments, and legal fees.

- The Utah School Readiness Initiative (*Utah Code* Sections 53A-1b-101 to 111), created the School Readiness Board (Board) and enabled the Board to provide grants and enter into contracts with private entities in order to improve early childhood education for at-risk students. Under the terms of the contract, private investors fund the program using a social impact bond. This bond offers the issuers a return on investment only if students in the program meet specific education benchmarks. The program was capped at 750 students for the first two years. Enrollment will increase in the 2016-2017 school year to 1,000 students and enrollment in the 2017-2018 school year will be 1,000 students. As of June 30, 2016, the State of Utah committed almost $5 million that will cover student evaluations and any repayment of the social impact bond. It is anticipated the State of Utah will commit additional funds in future years.

### C. Commitments

- At June 30, 2016, the Industrial Assistance Program of the General Fund had grant commitments of $9.947 million, contingent on participating companies meeting certain performance criteria.

- At June 30, 2016, the Economic Development Tax Increment Financing Incentive program (EDTIF) had outstanding long-term contract commitments for General Fund cash rebates of $90.264 million and Education Fund tax credits of $634.351 million. These cash rebates and tax credits are contingent on participating companies meeting certain economic development performance criteria.

- At June 30, 2016, the Motion Picture Incentive Program had outstanding contract commitments for General Fund cash rebates of $43 thousand and Education Fund tax credits of $19.557 million. These cash rebates and credits are contingent upon participating motion picture companies meeting certain within-the-state production criteria.

- At June 30, 2016, the Utah Department of Transportation had construction and other contract commitments of $622.492 million, of which $404.859 million is for Transportation Fund (major special revenue fund) and $217.633 million is for projects within the Transportation Investment Fund (major capital projects fund) highway projects. These commitments will be funded with future appropriations in the Transportation Fund and through proceeds of general obligation bonds and future appropriations in the Transportation Investment Fund.

- At June 30, 2016, the permanent Trust Lands Fund (permanent fund) had real estate commitments of $134.778 million, of which $92.873 million have been called, leaving a remaining commitment of $41.905 million.

- At June 30, 2016, the State's capital projects funds (nonmajor capital projects funds) had construction commitments of $284.903 million. These commitments will be funded with legislative appropriations, intergovernmental revenues, and proceeds of general obligation and lease revenue bonds.

- At June 30, 2016, the enterprise funds had loan commitments of approximately $208.699 million and grant commitments of approximately $58.277 million.

- Utah Retirement Systems (pension trust and defined contribution plans) has at its yearend December 31, 2015, committed to fund certain private equity partnerships, absolute return, and real asset funds projects for an amount of $8.75 billion. Funding of $6.27 billion has been provided by December 31, 2015, leaving an unfunded commitment of $2.48 billion.

- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the University of Utah (major discrete component unit) officers, the University is obligated to make periodic payments for advance commitments to venture capital and private equity investments. As of June 30, 2016, the University had committed, but not paid, a total of $38.233 million in funding for these alternative investments.
- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the Utah State University (major discrete component unit) officers, the University is obligated to make periodic payments for advance commitments to venture capital, natural resource, and private equity investments. As of June 30, 2016, the University had committed, but not paid, a total of $13.679 million in funding for these alternative investments.
- At June 30, 2016, Utah State University (major discrete component unit) had outstanding commitments for the construction and remodeling of its buildings of appropriately $87.7 million.

## NOTE 16. JOINT VENTURES

### Utah Education Network

The Utah Education Network (UEN) is a publicly funded consortium administered by the University of Utah supporting educational technology needs for Utah's public and higher education institutions, public libraries, and state agencies. UEN provides internet access for all Utah public middle schools, high schools, and higher education institutions. UEN also operates a fully interactive distance learning network interconnecting public schools and higher education institutions statewide. State appropriation support of UEN amounted to $32.316 million for the year ended June 30, 2016. UEN is not separately audited, but is included in the audited financial statements of KUEN, a public broadcasting television station operated by the University. Copies of those statements can be obtained from KUEN's administrative offices.

## NOTE 17. PENSION PLANS

Utah Retirement Systems (URS) (pension trust and defined contribution plans) was established by Title 49 of the *Utah Code*. URS administers the pension systems and plans under the direction of the URS Board whose members are appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans it administers. URS maintains records and prepares financial statements using fund accounting principles and the accrual basis of accounting under which benefits and expenses are recognized when due and payable and revenues are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2015, financial report has been included in this Comprehensive Annual Financial Report as a pension trust fund for URS within the fiduciary funds. Copies of the separately issued financial report that include financial statements and required supplemental information may be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102-2044, or visiting the website online at www.urs.org.

The URS operations are comprised of the following groups of systems/plans covering employees of the State and participating local government and public education entities:

- The Public Employees Noncontributory Retirement System (Noncontributory System); the Public Employees Contributory Retirement System (Contributory System); and the Firefighters Retirement System (Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- The Public Safety Retirement System (Public Safety System), which is a defined-benefit mixed agent and cost-sharing, multiple-employer retirement system;
- The Judges Retirement System (Judges System) and the Utah Governors and Legislators Retirement Plan, which are single-employer service-employee retirement systems;
- The Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighters Contributory System (Tier 2 Public Safety and Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- Five defined contribution plans comprised of the 401(k) Plan, 457(b) Plan, Roth and Traditional IRAs, and Health Reimbursement Arrangement (HRA).

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

### A. Defined Benefit Plans

Retirement benefits are specified by Title 49 of the *Utah Code*. The retirement systems are defined-benefit plans wherein the benefits are based on age and/or years of service and highest average salary. Various plan options within the systems may be selected by retiring members. Some of the options require actuarial reductions based on attained age, age of spouse, and similar actuarial factors. A brief summary of eligibility for and benefits of the systems is provided in the following table:

(*Table on next page*.)

**Summary of Benefits by System**

| | Noncontributory System | Contributory System | Public Safety System | Firefighters System | Judges System | Tier 2 Public Employees System | Tier 2 Public Safety and Firefighters System |
|---|---|---|---|---|---|---|---|
| Final Average Salary.... | Highest 3 Years | Highest 5 Years | Highest 3 Years | | Highest 2 Years | Highest 5 Years | Highest 5 Years |
| Years of Service Required and/or Age Eligible for Benefit.... | 30 years any age<br>25 years any age*<br>20 years age 60*<br>10 years age 62*<br>4 years age 65 | 30 years any age<br>20 years age 60*<br>10 years age 62*<br>4 years age 65 | 20 years any age<br>10 years age 60<br>4 years age 65 | | 25 years any age<br>20 years age 55*<br>10 years age 62<br>6 years age 70 | 35 years any age<br>20 years age 60*<br>10 years age 62*<br>4 years age 65 | 25 years any age<br>20 years age 60*<br>10 years age 62*<br>4 years age 65 |
| Benefit Percent per Year of Service**...... | 2.00 % per year all years | 1.25 % per year to June 1975<br>2.00 % per year July 1975 to present | 2.50 % per year up to 20 years<br>2.00 % per year over 20 years | | 5.00 % first 10 years<br>2.25 % second 10 years<br>1.00 % over 20 years | 1.50 % per year all years | 1.50 % per year all years |
| COLA***..................... | Up to 4.00 % | Up to 4.00 % | Up to 4.00 % depending on the employer | | Up to 4.00 % compounded | Up to 2.50 % | Up to 2.50 % |

Note: The Utah Governors and Legislators Retirement Plan benefits are explained below.

* With actuarial reductions.
** For members and retirees in the systems, prior to January 1, 1989, there may be a 3 percent benefit enhancement
*** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding 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.

Former governors at age 65 receive $1,340 per month per term. Legislators receive a benefit at age 65 with four or more years of service at the rate of $29.20 per month per year of service. Retirement at age 62 with ten or more years of service will receive an actuarial reduction. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment, members of the Systems may leave their retirement account intact for future benefits based on vesting qualification, or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

At December 31, 2015, the following number of employees were covered by the State's (primary government's) single-employer plans:

**Single-employer Plans Covered Employees**
**December 31, 2015**

| | Judges System | Governors and Legislators Retirement Plan |
|---|---|---|
| Inactive Employees or Beneficiaries Currently Receiving Benefits.................. | 140 | 241 |
| Inactive Employees Entitled to But Not Yet Receiving Benefits ...................... | 4 | 81 |
| Active Employees ................................................................................ | 112 | 93 |
| Total Single-employer Plans Covered Employees.................................... | 256 | 415 |

(*Notes continue on next page*.)

**Contribution Rates**

As a condition of participation in the Defined Benefit Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS 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 Utah Governors and Legislators plan, an annual appropriation is statutorily required to maintain this plan on a financially and actuarially sound basis. The State paid 100 percent of the contractually and statutorily required contributions. Contribution rates and contributions for the fiscal year ended June 30, 2016, are presented in the following table (*dollars expressed in thousands*):

**Contributions**

| Systems/Plan | Employee Paid | Paid by Employer for Employee | Employer Paid | Primary Government | Discrete Component Units |
|---|---|---|---|---|---|
| Noncontributory Public Employees | — | — | 22.19 % | $ 136,246 | $ 56,990 |
| Contributory | | | | | |
| Contributory Public Employees | — | 6.00 % | 17.70 % | $ 1,623 | $ 1,496 |
| Tier 2 Public Employees* | — | — | 18.24 % | $ 24,358 | $ 13,759 |
| Public Safety | | | | | |
| Contributory Public Safety | — | 12.29 % | 29.70 % | $ 1 | $ — |
| Noncontributory Public Safety | — | — | 41.35 % | $ 43,849 | $ 1,042 |
| Tier 2 Public Safety* | — | — | 29.21 % | $ 5,325 | $ 112 |
| Firefighters | | | | | |
| Contributory Firefighters | — | 15.05 % | 3.99 % | $ 46 | $ — |
| Tier 2 Firefighters* | — | — | 10.75 % | $ 24 | $ — |
| Judges | — | — | 41.58 % | $ 7,154 | $ — |
| Utah Governors and Legislators | | Annual Appropriation | | $ 421 | $ — |

Note: * Tier 2 plans provide a statutory required contribution (.08 to 18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 plans.

In addition to the contributions noted above, the Primary government and discrete component units also paid $726 thousand and $507 thousand respectively to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements.

(*Notes continue on next page*.)

Below are the changes in net pension liability for the State's (primary government's) single-employer system and plan:

**Single-employer Plans**
**Changes in Net Pension Liability**
**Increases (Decreases)**
**For the Year Ended December 31, 2015**
(*Expressed in Thousands*)

| | | Judges System | Utah Governors and Legislators Retirement Plan |
|---|---|---|---|
| **Total Pension Liability** | | | |
| Service Cost | | $ 4,794 | $ 99 |
| Interest | | 14,136 | 890 |
| Difference between Actual and Expected Experience | | 171 | (105) |
| Assumption Changes | | — | — |
| Benefit Payments | | (12,400) | (904) |
| Net Change in Total Pension Liability | | 6,701 | (20) |
| Total Pension Liability – Beginning | | 192,285 | 12,267 |
| Total Pension Liability – Ending | *A* | $ 198,986 | $ 12,247 |
| **Plan Fiduciary Net Position** | | | |
| Contributions – Employee | | $ — | $ — |
| Contributions – Employer | | 6,555 | 421 |
| Court Fees | | 1,653 * | — |
| Net Investment Income | | 2,842 | 181 |
| Benefit Payments | | (12,400) | (904) |
| Administrative Expense | | (71) | (5) |
| Net Transfers with Affiliated Systems | | 1,334 | (20) |
| Net Change in Plan Fiduciary Net Position | | (87) | (327) |
| Plan Fiduciary Net Position – Beginning | | 163,834 | 10,366 |
| Plan Fiduciary Net Position – Ending | *B* | $ 163,747 | $ 10,039 |
| **Net Pension Liability / (Asset) – Ending (*A* – *B*)** | | $ 35,239 | $ 2,208 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | 82.3 % | 82.0 % |
| Covered Payroll | | $ 16,372 | $ 946 |
| Net Pension Liability as a Percentage of Covered Payroll | | 215.24 % | 233.40 % |

***** These court fees were recognized as revenue for support provided by non-employer contributing entities.

(*Notes continue on next page*.)

**Proportionate Share of Net Pension Asset and Liability**

Utah Retirement Systems (URS) (pension trust and defined contribution plans) provides retirement benefits to employees of the primary government and its discrete component units as well as to public education and other political subdivisions of the State. At December 31, 2015, the net pension asset and the net pension liability for all URS systems is $3.491 million and $4.467 billion respectively. The plan's fiduciary net position as a percent of the total pension liability is 85.7 percent. At December 31, 2015, the primary government's net pension asset and net pension liability is $487 thousand and $1.017 billion, respectively. The following table summarizes the State's (primary government's) net pension asset and liability by plan.

**Primary Government**
**Net Pension Asset and Liability**
**December 31, 2015**
(*Dollars Expressed in Thousands*)

| System | Net Pension Asset | Net Pension Liability | Proportionate Share 2015 | Proportionate Share 2014 | Proportionate Share Change |
|---|---|---|---|---|---|
| Noncontributory System | $ — | $ 748,863 | 23.84 % | 24.07 % | (0.23)% |
| Contributory System | — | 20,378 | 32.52 % | 34.02 % | (1.50)% |
| Public Safety System | — | 210,570 | 97.81 % | 98.11 % | (0.30)% |
| Firefighters System | 71 | — | 3.90 % | 2.59 % | 1.31 % |
| Judges System | — | 35,239 | 100.00 % | 100.00 % | — |
| Utah Governors and Legislators Retirement Plan | — | 2,208 | 100.00 % | 100.00 % | — |
| Tier 2 Public Employees System | 39 | — | 17.66 % | 17.95 % | (0.29)% |
| Tier 2 Public Safety and Firefighters System | 377 | — | 25.84 % | 26.64 % | (0.80)% |
| Total Net Pension Asset / Liability | $ 487 | $ 1,017,258 | | | |

At December 31, 2015, the net pension asset and the net pension liability for the discrete component units is $56 thousand and $346.695 million respectively. The following table summarizes the discrete component unit's net pension asset and liability by system.

**Discrete Component Units**
**Net Pension Asset and Liability**
**December 31, 2015**
(*Dollars Expressed in Thousands*)

| System | Net Pension Asset | Net Pension Liability | Proportionate Share 2015 | Proportionate Share 2014 | Proportionate Share Change |
|---|---|---|---|---|---|
| Noncontributory System | $ — | $ 325,134 | 10.67 % | 9.70 % | 0.97% |
| Contributory System | — | 16,952 | 27.82 % | 25.75 % | 2.07% |
| Public Safety System | — | 4,609 | 2.17 % | 1.89 % | 0.28% |
| Tier 2 Public Employees System | 49 | — | 11.49 % | 10.90 % | 0.59% |
| Tier 2 Public Safety and Firefighters System | 7 | — | 0.47 % | 0.43 % | 0.04% |
| Total Net Pension Asset / Liability | $ 56 | $ 346,695 | | | |

**Deferred Outflows and Inflows of Resources**

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

At December 31, 2015, the State (primary government) recognized pension expense of $194.251 million. The State's discrete component units recognized pension expense of $71.102 million. Deferred outflows of resources and deferred inflows of resources related to the recognition of pension expense are from the following sources (*in thousands*):

(*Table on next page*.)

**State of Utah**
**Deferred Outflows and Inflows of Resources ***
**Related to Pensions**
**December 31, 2015**
(*Expressed in Thousands*)

| Source | Primary Government: Deferred Outflows of Resources | Primary Government: Deferred Inflows of Resources | Discrete Component Units: Deferred Outflows of Resources | Discrete Component Units: Deferred Inflows of Resources |
|---|---|---|---|---|
| Differences between Expected and Actual Experience | $ 1,373 | $ 75,565 | $ 1 | $ 26,013 |
| Changes in Assumptions | — | 23,936 | — | 7,015 |
| Net Differences between Projected and Actual Earnings on Pension Plan Investments | 262,284 | — | 89,142 | — |
| Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 837 | 6,000 | 3,841 | 1,202 |
| Contributions Subsequent to the Measurement Date | 111,174 | — | 38,284 | — |
| Total | $ 375,668 | $ 105,501 | $ 131,268 | $ 34,230 |

***** Before amounts allocated for financial statement presentation.

The $111.174 million and $38.284 million reported as deferred outflows of resources by the primary government and discrete component units are the result of contributions subsequent to the measurement date of December 31, 2015. These contributions will be recognized as a reduction of net pension liability in the upcoming fiscal year.

Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (*in thousands*):

**Recognition of Remaining Deferred Outflows and (Inflows) of Resources**

| Year Ended December 31 | Primary Government | Discrete Component Units |
|---|---|---|
| 2016 | $ 31,225 | $ 12,251 |
| 2017 | $ 30,995 | $ 12,251 |
| 2018 | $ 39,901 | $ 13,112 |
| 2019 | $ 57,457 | $ 18,050 |
| 2020 | $ (136) | $ (68) |
| Thereafter | $ (449) | $ (304) |

(*Notes continue on next page*.)

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**Summary of Actuarial Assumptions**

| | Non-contributory System | Contributory System | Public Safety System | Firefighters System | Judges System | Utah Governors and Legislators Retirement Plan | Tier 2 Public Employees System | Tier 2 Public Safety and Firefighters System |
|---|---|---|---|---|---|---|---|---|
| Valuation Date .............. | 1/1/15 | 1/1/15 | 1/1/15 | 1/1/15 | 1/1/15 | 1/1/15 | 1/1/15 | 1/1/15 |
| Measurement Date ......... | 12/31/15 | 12/31/15 | 12/31/15 | 12/31/15 | 12/31/15 | 12/31/15 | 12/31/15 | 12/31/15 |
| Actuarial Cost Method... | Entry Age | Entry Age | Entry Age | Entry Age | Entry Age | Entry Age | Entry Age | Entry Age |
| Actuarial Assumptions: | | | | | | | | |
| Investment Rate of Return .............. | 7.50 % | 7.50 % | 7.50 % | 7.50 % | 7.50 % | 7.50 % | 7.50 % | 7.50 % |
| Projected Salary Increases................ | 3.50–10.50 % | 3.50–10.50 % | 3.50–8.00 % | 3.50–9.25 % | 3.50 % | None | 3.50–10.50 % | 3.50–9.25 % |
| Inflation Rate............ | 2.75 % | 2.75 % | 2.75 % | 2.75 % | 2.75 % | 2.75 % | 2.75 % | 2.75 % |
| Post-retirement Cost-of-living Adjustment........... | 2.75 % | 2.75 % | 2.50 % or 2.75 % Depending on employer | 2.75 % | 2.75 % | 2.75 % | 2.50 % | 2.50 % |

Note: All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual CPI increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

The actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below:

**Retired Member Mortality**

| Class of Member | Men | Women |
|---|---|---|
| Educators ......................................................... | EDUM (90%) | EDUF (100%) |
| Public Safety and Firefighters........................... | RP 2000mWC (100%) | EDUF (120%) |
| Local Government, Public Employees............. | RP 2000mWC (100%) | EDUF (120%) |

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage.
EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage.
RP 2000mWC = RP 2000 combined mortality table for males with white collar adjustments multiplied by given percentage.

**Target Allocations**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates 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. 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. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2015, are summarized in the table below:

(*Table on next page*.)

**Target Allocations**
**Expected Return Arithmetic Basis**

| Asset Class | Target Asset Allocation | Real Return Arithmetic Basis | Long-term Expected Portfolio Real Rate of Return * |
|---|---|---|---|
| Equity Securities | 40 % | 7.06 % | 2.82 % |
| Debt Securities | 20 % | 0.80 % | 0.16 % |
| Real Assets | 13 % | 5.10 % | 0.66 % |
| Private Equity | 9 % | 11.30 % | 1.02 % |
| Absolute Return | 18 % | 3.15 % | 0.57 % |
| Cash and Cash Equivalents | 0 % | 0.00 % | 0.00 % |
| Total Asset Classes | 100 % | | 5.23 % |
| Inflation | | | 2.75 % |
| Expected Arithmetic Nominal Return | | | 7.98 % |

* The total URS Defined Benefit long-term expected rate of return is 7.5 percent. It is comprised of a 2.75 percent inflation rate, 0.35 percent for administrative and investment expenses, and a real long-term expected rate of return of 5.10 percent.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.5 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 URS 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. Therefore, 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.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the State's (primary government's) net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5 percent) or 1 percentage-point higher (8.5 percent) than the current rate:

**Primary Government**
**Changes in Discount Rate**
**Net Pension Liability / (Asset)**
(*Expressed in Thousands*)

| System | 1 % Decrease (6.5 %) | Current Discount Rate (7.5 %) | 1 % Increase (8.5 %) |
|---|---|---|---|
| Noncontributory System | $ 1,355,415 | $ 748,863 | $ 240,269 |
| Contributory System | 46,075 | 20,378 | (1,420) |
| Public Safety System | 368,625 | 210,570 | 80,235 |
| Firefighters System | 962 | (71) | (910) |
| Judges System | 55,879 | 35,239 | 17,503 |
| Utah Governors and Legislators Retirement Plan | 3,434 | 2,208 | 1,256 |
| Tier 2 Public Employees System | 7,070 | (39) | (5,426) |
| Tier 2 Public Safety and Firefighters System | 642 | (377) | (1,160) |
| Total Net Pension Liability / (Asset) | $ 1,838,102 | $ 1,016,771 | $ 330,347 |

(*Notes continue on next page*.)

### B. Defined Contribution Plans

The 401(k), 457(b), Roth and Traditional IRA Plans, and Health Reimbursement Arrangement (HRA) administered by URS, in which the State participates, are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the Retirement Systems and a primary retirement plan for some Tier 2 participants. Contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the 401(k) and 457(b) plans at rates determined by the employers and according to *Utah Code* Title 49. There are 381 employers participating in the 401(k) Plan and 162 employers participating in the 457(b) Plan. There are 161,398 plan participants in the 401(k) Plan, 17,004 participants in the 457(b) Plan, 7,359 participants in the Roth IRA Plan, 1,584 participants in the Traditional IRA Plan, and 2,701 participants in the HRA.

After termination of employment, benefits are paid out to individuals in lump sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The Defined Contribution Plans account balances are fully vested to the participants at the time of deposit except for Tier 2 required employer contributions and associated earnings during the first four years of employment. Investments in the vested portion of the Defined Contribution Plans are individually directed and controlled by plan participants. Investments of the plans are reported at fair value.

Employees of the State are eligible to participate in the defined contribution 401(k), 457(b), Roth and Traditional IRA Plans. Employees, who contribute to a 401(k), 457(b), or IRA will get a match from the State of up to $26 per pay period. In addition, the State and participating employers are required to contribute 1.5 percent of an employee's salary into a 401(k) for those employees who participate in the noncontributory system. The amounts contributed to the 401(k) Plan during the year ended June 30, 2016, by employees and employers are as follows: for Primary Government, $35.738 million and $30.735 million; for Component Units, $5.558 million and $8.869 million. The amounts contributed by employees to the 457(b), Roth and Traditional IRA Plans (primary government and component units) are $6.919 million, $3.665 million, and $192 thousand, respectively.

For the Tier 2 Public Employee System, Tier 2 Public Safety System, and the Tier 2 Firefighters System, the State and participating employers are required to contribute varying amounts into a 401(k). The amounts range from 1.33 to 1.78 percent of an employee's salary for the hybrid defined benefit systems and 10 to 12 percent of an employee's salary for the defined contribution systems. These contributions vest immediately, except for the Tier 2 401(k) required contributions that are subject to a 4-year vesting period. The primary government and discrete component units paid $4.598 million and $1.336 million, respectively, in 401(k) defined contributions required by statute. In addition to these contributions, the Tier 2 plans provide a statutory required contribution (.08 to 18.54 amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 (defined benefit) plans.

#### Teachers Insurance and Annuity Association–College Retirement Equities Fund

Teachers Insurance and Annuity Association–College Retirement Equities Fund (TIAA–CREF) and Fidelity Investments, privately administered defined-contribution retirement plans, provide individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and staff. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.2 percent of the employee's annual salary. The State has no further liability once annual contributions are made.

The total contribution made by the colleges and universities (discrete component units) to the TIAA–CREF retirement system for June 30, 2016 and 2015, were $204.78 million and $188.29 million, respectively.

## NOTE 18. OTHER POSTEMPLOYMENT BENEFITS

### A. Other Postemployment Benefit Plans

The State administers the State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan) through the State Post-Retirement Benefits Trust Fund as set forth in *Utah Code* Section 67–19d–201. A separate Elected Official Other Postemployment Benefit Plan (Elected Official OPEB Plan) is provided for governors and legislators, and this Plan is administered through the Elected Official Post-Retirement Benefits Trust Fund as set forth in *Utah Code* Section 67–19d–201.5. Both trust funds are irrevocable and legally protected from creditors. Both are also administered under the direction of a board of trustees, which consists of the State Treasurer, the Director of the Division of Finance, and the Director of the Governor's Office of Management and Budget or a designee.

Neither the State Post-Retirement Benefits Trust Fund, nor the Elected Official Post-Retirement Benefits Trust Fund issues a publicly available financial report, but are included in this report of the primary government using the economic resources measurement focus and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable.

The State Legislature currently plans to contribute amounts to each trust fund that, at a minimum, is sufficient to fully fund the Annual Required Contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. There are no long-term contracts for contributions to the plans.

**B. State Employee Other Postemployment Benefit Plan**

At the option of individual state agencies, employees may participate in the State Employee OPEB Plan, a single-employer defined benefit healthcare plan, as set forth in *Utah Code* Section 67–19–14.2. Only state employees entitled to receive retirement benefits are eligible to receive postemployment health and life insurance benefits, and in some situations dental coverage, from the State Employee OPEB Plan. Upon retirement, an employee receives up to 25 percent of the value of their unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. The employee may exchange eight hours of remaining unused accumulated sick leave, earned prior to January 1, 2006, for one month of paid health and life insurance coverage up to age 65. After age 65, the employee may use any remaining unused accumulated sick leave, earned prior to January 1, 2006, to exchange for spouse health insurance to age 65, or Medicare supplemental insurance for the employee or spouse. In addition, any full-time employee of the Utah State Board of Education hired before July 1, 2012, who has attained at least five consecutive years of service with the agency, has the option of receiving postemployment health, dental, and life insurance coverage for up to five years or until the employee reaches age 65 regardless of their unused sick leave balance. Also, judges have their own retiree health coverage that is part of the State Employee OPEB Plan. As of December 31, 2014, the date of the latest actuarial valuation, approximately 5,843 retirees and their beneficiaries were receiving postemployment health and life insurance benefits, and an estimated 9,150 active state employees are eligible to receive future benefits under the State Employee OPEB Plan.

The contribution requirements of employees and the State are established and may be amended by the State Legislature. For retirees that participate in the State Employee OPEB Plan, health insurance premiums are paid 100 percent by the State for individuals that retired before July 1, 2000. Individuals retiring thereafter are required to contribute specified amounts monthly, ranging from 0 percent to 31.62 percent, toward the cost of health insurance premiums. For the fiscal year ended June 30, 2016, retirees contributed $1.345 million, or approximately 3.63 percent of total premiums, through their required contributions of $0 to $708.91 per month depending on the coverage (single, double, or family) and health plan selected.

The Annual Required Contribution (ARC) of $29.100 million, from the December 31, 2014, actuarial valuation, is 6.61 percent of annual covered payroll. Although the ARC is used to establish the annual budget for a fiscal year, in fiscal year 2016, the State Legislature contributed more than the ARC. This overfunding of the ARC contributed to a net OPEB asset of $11.789 million. This net OPEB asset will be taken into consideration when the next actuarial valuation is performed. The net OPEB asset is reported on the Statement of Net Position (governmental activities) within Other Assets.

**C. Elected Official Other Postemployment Benefit Plan**

The Elected Official Other Postemployment Benefit Plan (Elected Official OPEB Plan) is a single-employer defined benefit healthcare plan, as set forth in *Utah Code* Section 49–20–404. Only governors and legislators (elected officials) that retire after January 1, 1998 and have four or more years of service can elect to receive and apply for health coverage or Medicare supplemental coverage. The State will pay 40 percent of the benefit cost for four years of service and up to 100 percent for ten or more years of service, for elected officials, and their spouses.

To qualify for health coverage, an elected official must be between 62 and 65 years of age and either be an active member at the time of retirement or have continued coverage with the program until the date of eligibility. In addition, to qualify for health coverage an elected official must have service as a legislator or governor prior to January 1, 2012.

To qualify for Medicare supplemental coverage an elected official must be at least 65 years of age. In addition, the elected official must retire under Chapter 19, *Utah Governors' and Legislators' Retirement Act,* and have service as an elected official prior to July 1, 2013.

As of December 31, 2014, the date of the latest actuarial valuation, approximately 90 retirees and their beneficiaries were receiving health or Medicare supplemental coverage, and an estimated 206 active and former elected officials may receive future benefits for themselves and qualifying dependents under the Elected Official Other Postemployment Benefit Plan. For the fiscal year ended June 30, 2016, elected officials that participated in the Elected Official OPEB Plan contributed $32 thousand, or approximately 10.17 percent of total premiums, through their required contributions of $0 (for ten or more years of service) to $790.94 per month (for four years of service) depending on the coverage (single or double) and health plan selected.

The Annual Required Contribution (ARC) of $1.241 million, from the December 31, 2014, actuarial valuation and used to establish the annual budget for fiscal year 2016, is 70.87 percent of annual covered payroll. For the fiscal year 2016, the State Legislature decided to contribute $1.388 million, $147 thousand more than the ARC.

The following table shows the components of the annual OPEB cost for the year, amount actually contributed to the plan, and changes in the net OPEB obligation for both the State Employee and Elected Official OPEB plans for fiscal year 2016 (*in thousands*):

(*Table on next page*.)

| | State Employee OPEB Plan | Elected Official OPEB Plan |
|---|---|---|
| Annual required contribution | $ 29,100 | $ 1,241 |
| Interest on net OPEB obligation | (255) | 186 |
| Adjustment to annual required contribution | 717 | (317) |
| Annual OPEB cost (expense) | 29,562 | 1,110 |
| Contributions made | (35,683) | (1,388) |
| Increase (decrease) in net OPEB obligation | (6,121) | (278) |
| Net OPEB obligation (asset) – Beginning of year | (5,668) | 4,126 |
| Net OPEB obligation (asset) – End of year | $ (11,789) | $ 3,848 |

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for fiscal year 2016 and the two preceding years for both the State Employee and Elected Official OPEB plans were as follows (*dollar amount in thousands*):

| | Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation (Asset) |
|---|---|---|---|---|
| State Employee OPEB Plan | 6/30/2014 | $ 30,535 | 99.37 % | $ (5,854) |
| | 6/30/2015 | $ 30,528 | 99.39 % | $ (5,668) |
| | 6/30/2016 | $ 29,562 | 120.71 % | $ (11,789) |
| Elected Official OPEB Plan | 6/30/2014 | $ 1,155 | 175.76 % | $ 4,331 |
| | 6/30/2015 | $ 1,183 | 117.34 % | $ 4,126 |
| | 6/30/2016 | $ 1,110 | 125.05 % | $ 3,848 |

The funded status of both the State Employee and Elected Official OPEB plans as of December 31, 2014, was as follows (*dollar amount in thousands*):

| | State Employee OPEB Plan | Elected Official OPEB Plan |
|---|---|---|
| Actuarial accrued liability | $ 386,532 | $ 12,694 |
| Actuarial value of plan assets | 205,498 | 8,863 |
| Unfunded actuarial accrued liability (funding excess) | $ 181,034 | $ 3,831 |
| Funded ratio | 53.2 % | 69.8 % |
| Covered payroll | $ 440,029 | $ 1,751 |
| Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll | 41.14 % | 218.79 % |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial methods and assumptions of both the State Employee and Elected Official OPEB plans as of December 31, 2014, were as follows:

| | State Employee OPEB Plan | Elected Official OPEB Plan |
|---|---|---|
| Actuarial valuation date | 12/31/2014 | 12/31/2014 |
| Actuarial cost method | Entry Age Normal | |
| Amortization method | Level Dollar Amount; Open | |
| Remaining amortization period | 10 years | 20 years |
| Asset valuation method | Fair Value | Fair Value |
| Actuarial assumptions: | | |
| Investment rate of return * | 4.5 % | 4.5 % |
| Healthcare inflation rate | 5.2 % initial<br>4.2 % ultimate | |

***** Includes an inflation assumption of 2.5 percent.

## NOTE 19. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to periodically assess the proper combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management Fund (internal service fund) and the Public Employees Health Program (PEHP) (major discrete component unit). The State is a major participant in these programs. All funds, departments, component units, public schools, and public authorities of the State may also participate in these programs.

The Risk Management Fund manages the general property, auto/physical damage, and general liability risks of the State. PEHP manages the group health, dental, and life insurance and long-term disability programs of the State. The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University (major and nonmajor discrete component units) each maintain self-insurance funds to manage health/dental care. The University of Utah also maintains a self-insurance fund to manage medical malpractice liabilities.

The State has determined that the Risk Management Fund and PEHP can economically and effectively manage the State's risks internally and have set aside assets for claim settlements through reserves. Risks are also covered through commercial insurance for excessive losses. The State is self-insured for liability claims up to $1 million and beyond the excess insurance policy limit of $10 million. The State is self-insured for individual property and casualty claims up to $1 million and up to $3.5 million in aggregate claims and beyond the excess insurance policy limit of $1 billion per occurrence. The Risk Management Fund had a liability loss that exceeded the State's self-insured claim limit of $1 million for the fiscal year ended June 30, 2016. This claim for $805 thousand has been submitted to the State's commercial excess insurance carrier. Otherwise, the Risk Management Fund did not have any losses or settlements that exceeded the State's self-insured aggregate claim limit or commercial excess insurance coverage for the fiscal years ended June 30, 2014 through June 30, 2016.

PEHP has reinsurance coverage for a life catastrophic occurrence in excess of $7.5 million, not to exceed $80 million per year. PEHP also has excess medical reinsurance for medical losses that exceed $1.25 million on a person per year to a maximum of $2 to $5 million during the person's lifetime, depending on the participating group's lifetime maximum.

The Risk Management Fund and PEHP allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a "premium" to each participating public entity or employee, based on each organization's estimated current year liability and property values. Public entities participating in PEHP's medical and dental programs are grouped into various risk pools for purposes of establishing rates and retaining risk of loss. The primary government and the discrete component units of the State paid premiums to PEHP of $278.744 million and $38.743 million, respectively, for health and life insurance coverage in fiscal year 2016.

Risk Management and PEHP claims liabilities are reported when it is probable that a claim has occurred and the ultimate cost of settling that claim can be reasonably estimated and includes an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines and insurance benefits, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically by actuaries who take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Inflation and other appropriate modifiers are included in this calculation because reliance is based on historical data. The Risk Management general liability reserves are reported using a discount rate of 1 percent. The PEHP long-term disability benefit reserves are reported using discount rates between 2 and 6.25 percent.

All employers who participate in the Utah Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program per *Utah Code* Section 49–21–201.

Employees of those state departments who participate in the program and meet long-term disability eligibility receive benefits for the duration of their disability up to the time they are eligible for retirement or until age 65. Benefits begin after a three-month waiting period and are paid 100 percent by the program. As of June 30, 2016, there were 196 state employees receiving benefits. The program is funded by paying premiums to PEHP where assets are set aside for future payments. For the fiscal year ended June 30, 2016, the primary government and the discrete component units of the State paid premiums of $5.645 million and $264 thousand, respectively, for the Long-term Disability Program.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University report claims liabilities if it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The University of Utah and the University of Utah Hospital and Clinics have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by its respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances. Amounts for the current year are included below.

The following table presents the changes in claims liabilities balances (short and long-term combined). The Risk Management and College and University Self-Insurance balances are for the fiscal years ended June 30, 2015 and June 30, 2016. The PEHP balances are for the calendar years ended December 31, 2014 and December 31, 2015:

**Changes in Claims Liabilities**
(*Expressed in Thousands*)

| | Beginning Balance | Current Year Claims and Changes in Estimates | Claims Payments | Ending Balance |
|---|---|---|---|---|
| Risk Management: | | | | |
| 2015 | $ 48,585 | $ 11,144 | $ (12,798) | $ 46,931 |
| 2016 | $ 46,931 | $ 17,003 | $ (15,842) | $ 48,092 |
| Public Employees Health Program: | | | | |
| December 31, 2014 | $ 124,763 | $ 510,828 | $ (504,586) | $ 131,005 |
| December 31, 2015 | $ 131,005 | $ 554,729 | $ (547,942) | $ 137,792 |
| College and University Self-Insurance: | | | | |
| 2015 | $ 60,976 | $ 294,799 | $ (278,783) | $ 76,992 |
| 2016 | $ 76,992 | $ 264,973 | $ (246,587) | $ 95,378 |

## NOTE 20. SUBSEQUENT EVENTS

Subsequent to June 30, 2016, the Governor's Office of Economic Development Board recommended and the director approved $11.725 million of additional commitments to be credited over the next several years for the Economic Development Tax Increment Financing Incentive program (EDTIF) and the Motion Picture Incentive program. These commitments are contingent on participating companies meeting certain economic development performance criteria and within-the-state production criteria.

Subsequent to June 30, 2016, and during the 2016 Third Special Session, the Legislature appropriated $10 million to the Utah State Fair Corporation (nonmajor discrete component unit) for the fiscal year ended June 30, 2017. The Legislature designated the $10 million to be used for the design and construction of a new fair park arena.

In July 2016, ARUP (blended component unit) of the University of Utah (major discrete component unit) negotiated the purchase of its main facility for $75.8 million with the settlement to be no later than January 15, 2017. The purchase of the property will eliminate future minimum lease payments and the related property tax obligation will cease due to ARUP's tax exempt status.

On July 6, 2016, Utah State University (major discrete component unit) issued 2 Series 2016 Bonds. The first was $19.54 million of Student Fee and Housing System Revenue Bonds. Principal on the bonds is due annually commencing April 1, 2017 through April 1, 2046. Bond interest is due semiannually commencing October 1, 2016, at rates ranging from 2.5 percent to 5 percent. Proceeds from these bonds are to be used to finance the cost of acquisition of three, four-story modern apartment buildings and associated land within the main campus of the University. The second was $10.135 million of Federally Taxable Research Revenue Bonds. Principal on the bonds is due annually commencing December 1, 2017 through December 1, 2046. Bond interest is due semiannually commencing December 1, 2016, at rates ranging from 1.025 percent to 4.049 percent. Proceeds from these bonds are to be used to finance the costs of construction and equipping of Phase II of a new Space Dynamics Laboratory facility at the Innovation campus of the University.

In August 2016, the Utah Retirement Board lowered the pension systems discount rate from 7.5 percent to 7.2 percent effective January 1, 2016. The effect of this change in assumption will be reflected at the Utah Retirement Systems (pension trust and defined contribution plans) next measurement date of December 31, 2016. This change in assumption does not change the current required actuarial contribution rate or effect the State's proportionate share of the collective net pension liability.

In November 2016, the University of Utah intends to issue $131.7 million of General Revenue and Refunding Bonds, Series 2016B. Principal on the bonds is due annually commencing August 1, 2017 through June 30, 2037. Bond interest is due semi-annually commencing February 1, 2017, at rates ranging from 2 percent to 5 percent. Proceeds from these bonds are to be used to construct an ambulatory care facility and a School of Business Executive Education building, to refund certain outstanding obligations of the University, and to pay costs of issuance.

On October 20, 2016, the Student Loan Purchase Program issued $452.25 million of Student Loan Backed Notes, Series 2016-1. Principal on the notes is due monthly commencing December 26, 2016 through September 25, 2056. Interest is due monthly commencing December 26, 2016, at rates ranging from 30 day LIBOR + .75 percent to 30 day LIBOR + 1.50 percent. Proceeds from these notes are to be used to refinance a temporary warehouse line of credit.

On October 25, 2016, a Partial Consent Decree was signed in relation to the Volkswagen diesel emissions settlement which set in motion a process wherein the State will receive $32 million beginning most likely in fiscal year 2018.

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# REQUIRED SUPPLEMENTARY INFORMATION

# Budgetary Comparison Schedule
# General Fund

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| General Revenues | | | | |
| Sales Tax | $ 1,800,212 | $ 1,774,596 | $ 1,778,544 | $ 3,948 |
| Licenses, Permits, and Fees: | | | | |
| Court Fees | 18,895 | 20,650 | 12,682 | (7,968) |
| Other Licenses, Permits, and Fees | 9,760 | 14,169 | 14,958 | 789 |
| Investment Income | 6,158 | 7,867 | 7,933 | 66 |
| Miscellaneous Taxes and Other: | | | | |
| Beer Tax | 6,678 | 7,726 | 8,677 | 951 |
| Cigarette and Tobacco Tax | 105,652 | 107,119 | 109,651 | 2,532 |
| Insurance Premium Tax | 96,473 | 91,536 | 111,658 | 20,122 |
| Oil, Gas, and Mining Severance Tax | 79,939 | 28,685 | 27,737 | (948) |
| Taxpayer Rebates | (6,197) | (5,965) | (5,965) | — |
| Court Collections | 4,896 | 4,813 | 3,627 | (1,186) |
| Other Taxes | 39,058 | 41,127 | 38,445 | (2,682) |
| Miscellaneous Other | 22,250 | 20,152 | 18,733 | (1,419) |
| Total General Revenues | 2,183,774 | 2,112,475 | 2,126,680 | 14,205 |
| Department Specific Revenues | | | | |
| Sales Tax | 4,151 | 4,224 | 4,224 | — |
| Federal Contracts and Grants | 3,003,046 | 2,754,554 | 2,754,554 | — |
| Departmental Collections | 489,950 | 493,935 | 494,652 | 717 |
| Higher Education Collections | 765,253 | 755,151 | 755,151 | — |
| Federal Mineral Lease | 138,658 | 68,400 | 69,245 | 845 |
| Investment Income | 3,566 | 2,725 | 2,973 | 248 |
| Miscellaneous | 586,131 | 626,292 | 623,385 | (2,907) |
| Total Department Specific Revenues | 4,990,755 | 4,705,281 | 4,704,184 | (1,097) |
| Total Revenues | 7,174,529 | 6,817,756 | 6,830,864 | 13,108 |
| **Expenditures** | | | | |
| General Government | 449,057 | 456,171 | 380,756 | 75,415 |
| Human Services and Juvenile Justice Services | 788,078 | 777,588 | 770,489 | 7,099 |
| Corrections | 306,026 | 303,408 | 287,106 | 16,302 |
| Public Safety | 292,186 | 269,962 | 239,211 | 30,751 |
| Courts | 152,791 | 151,026 | 143,666 | 7,360 |
| Health and Environmental Quality | 2,951,829 | 3,007,827 | 2,959,452 | 48,375 |
| Higher Education – State Administration | 100,413 | 79,566 | 79,566 | — |
| Higher Education – Colleges and Universities | 1,651,138 | 1,646,806 | 1,646,759 | 47 |
| Employment and Family Services | 972,174 | 727,080 | 719,835 | 7,245 |
| Natural Resources | 261,066 | 249,768 | 200,924 | 48,844 |
| Heritage and Arts | 28,691 | 31,392 | 27,792 | 3,600 |
| Business, Labor, and Agriculture | 127,821 | 122,483 | 98,129 | 24,354 |
| Total Expenditures | 8,081,270 | 7,823,077 | 7,553,685 | 269,392 |
| Excess Revenues Over (Under) Expenditures | (906,741) | (1,005,321) | (722,821) | 282,500 |
| **Other Financing Sources (Uses)** | | | | |
| Sale of Capital Assets | — | 2,283 | 2,283 | — |
| Transfers In | 743,130 | 994,362 | 994,362 | — |
| Transfers Out | (303,932) | (329,220) | (329,220) | — |
| Total Other Financing Sources (Uses) | 439,198 | 667,425 | 667,425 | 0 |
| Net Change in Fund Balance | (467,543) | (337,896) | (55,396) | 282,500 |
| Budgetary Fund Balance – Beginning | 693,806 | 693,806 | 693,806 | — |
| Budgetary Fund Balance – Ending | $ 226,263 | $ 355,910 | $ 638,410 | $ 282,500 |

The Information About Budgetary Reporting is an integral part of this schedule.

*State of Utah*

# Budgetary Comparison Schedule
# Education Fund

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| General Revenues | | | | |
| Individual Income Tax | $ 3,179,512 | $ 3,370,636 | $ 3,380,452 | $ 9,816 |
| Corporate Tax | 383,623 | 351,900 | 338,658 | (13,242) |
| Miscellaneous Other | 28,529 | 28,605 | 30,483 | 1,878 |
| Total General Revenues | 3,591,664 | 3,751,141 | 3,749,593 | (1,548) |
| Department Specific Revenues | | | | |
| Federal Contracts and Grants | 542,539 | 471,560 | 471,560 | — |
| Departmental Collections | 10,811 | 18,845 | 18,845 | — |
| Investment Income | 39,780 | 54,213 | 50,644 | (3,569) |
| Miscellaneous: | | | | |
| Liquor Sales Allocated for School Lunch | 39,262 | 40,640 | 40,640 | — |
| Driver Education Fee | 5,505 | 5,744 | 5,744 | — |
| Other | 2,337 | 1,660 | 1,692 | 32 |
| Total Department Specific Revenues | 640,234 | 592,662 | 589,125 | (3,537) |
| Total Revenues | 4,231,898 | 4,343,803 | 4,338,718 | (5,085) |
| **Expenditures** | | | | |
| Public Education | 4,418,823 | 3,636,623 | 3,562,767 | 73,856 |
| Total Expenditures | 4,418,823 | 3,636,623 | 3,562,767 | 73,856 |
| Excess Revenues Over (Under) Expenditures | (186,925) | 707,180 | 775,951 | 68,771 |
| **Other Financing Sources (Uses)** | | | | |
| Transfers In | 10,939 | 7,863 | 7,863 | — |
| Transfers Out | (823,694) | (952,392) | (952,392) | — |
| Total Other Financing Sources (Uses) | (812,755) | (944,529) | (944,529) | 0 |
| Net Change in Fund Balance | (999,680) | (237,349) | (168,578) | 68,771 |
| Budgetary Fund Balance – Beginning | 767,622 | 767,622 | 767,622 | — |
| Budgetary Fund Balance – Ending | $ (232,058) | $ 530,273 | $ 599,044 | $ 68,771 |

The Information About Budgetary Reporting is an integral part of this schedule.

## Budgetary Comparison Schedule
## Transportation Fund

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues** | | | | |
| General Revenues | | | | |
| Motor Fuel Tax | $ 283,739 | $ 289,385 | $ 305,232 | $ 15,847 |
| Special Fuel Tax | 115,051 | 109,742 | 115,531 | 5,789 |
| Licenses, Permits, and Fees: | | | | |
| Motor Vehicle Registration Fees | 40,398 | 43,666 | 42,885 | (781) |
| Proportional Registration Fees | 15,667 | 15,734 | 15,830 | 96 |
| Temporary Permits | 356 | 252 | 243 | (9) |
| Special Transportation Permits | 9,889 | 10,106 | 9,906 | (200) |
| Highway Use Permits | 11,483 | 11,252 | 11,216 | (36) |
| Motor Vehicle Control Fees | 5,463 | 5,884 | 5,757 | (127) |
| Investment Income | 500 | 500 | 708 | 208 |
| Miscellaneous Other | — | — | 7 | 7 |
| Total General Revenues | 482,546 | 486,521 | 507,315 | 20,794 |
| Department Specific Revenues | | | | |
| Sales and Aviation Fuel Taxes | 51,862 | 51,011 | 51,540 | 529 |
| Federal Contracts and Grants | 182,726 | 307,016 | 307,016 | — |
| Departmental Collections | 66,835 | 77,314 | 77,765 | 451 |
| Investment Income | 106 | 105 | 369 | 264 |
| Miscellaneous | 31,547 | 57,405 | 59,111 | 1,706 |
| Total Department Specific Revenues | 333,076 | 492,851 | 495,801 | 2,950 |
| Total Revenues | 815,622 | 979,372 | 1,003,116 | 23,744 |
| **Expenditures** | | | | |
| Transportation | 710,689 | 923,226 | 866,316 | 56,910 |
| Total Expenditures | 710,689 | 923,226 | 866,316 | 56,910 |
| Excess Revenues Over (Under) Expenditures | 104,933 | 56,146 | 136,800 | 80,654 |
| **Other Financing Sources (Uses)** | | | | |
| Sale of Capital Assets | 500 | 5,104 | 5,104 | — |
| Transfers In | 89,701 | 62,871 | 62,871 | — |
| Transfers Out | (130,672) | (145,968) | (145,968) | — |
| Total Other Financing Sources (Uses) | (40,471) | (77,993) | (77,993) | 0 |
| Net Change in Fund Balance | 64,462 | (21,847) | 58,807 | 80,654 |
| Budgetary Fund Balance – Beginning | 167,985 | 167,985 | 167,985 | — |
| Budgetary Fund Balance – Ending | $ 232,447 | $ 146,138 | $ 226,792 | $ 80,654 |

The Information About Budgetary Reporting is an integral part of this schedule.

# Budgetary Comparison Schedule
# Budget To GAAP Reconciliation

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | General Fund | Education Fund | Transportation Fund |
|---|---|---|---|
| **Revenues** | | | |
| Actual total revenues (budgetary basis) | $ 6,830,864 | $ 4,338,718 | $ 1,003,116 |
| Differences – Budget to GAAP: | | | |
| Intrafund revenues are budgetary revenues but are not revenues for financial reporting | (393,321) | (2,101) | (32,161) |
| Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting | (761,276) | (8,223) | — |
| Change in revenue accrual for nonbudgetary Medicaid claims | 3,687 | — | — |
| Change in tax accruals designated by law and other liabilities are revenues for financial reporting but not for budgetary reporting | 9,390 | 14,361 | 5,182 |
| Change in estimated federal receivables recorded as revenues for financial reporting but not for budgetary reporting | — | 2,263 | — |
| Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | $ 5,689,344 | $ 4,345,018 | $ 976,137 |
| **Expenditures** | | | |
| Actual total expenditures (budgetary basis) | $ 7,553,685 | $ 3,562,767 | $ 866,316 |
| Differences – Budget to GAAP: | | | |
| Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting | (393,321) | (2,101) | (32,161) |
| Expenditures related to higher education and Utah Schools for the Deaf and the Blind collections are budgetary expenditures but are not expenditures for financial reporting | (761,276) | (8,223) | — |
| Certain budgetary transfers and other charges are reported as an increase or reduction of expenditures for financial reporting | (489) | — | — |
| Leave charges budgeted as expenditures when earned rather than when taken or due | (328) | 9 | (211) |
| Change in estimated federal liabilities recorded as expenditures for financial reporting but not for budgetary reporting | — | 2,263 | — |
| Change in accrual for Medicaid (incurred but not reported) claims excluded from the budget by statute | 5,364 | — | — |
| Change in accrual for Rehabilitation (incurred but not reported) claims excluded from the budget by statute | — | 286 | — |
| Taxpayer rebates budgeted as revenue offset but recorded as expenditures for financial reporting | 5,965 | — | — |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | $ 6,409,600 | $ 3,555,001 | $ 833,944 |

The Information About Budgetary Reporting is an integral part of this schedule.

## INFORMATION ABOUT BUDGETARY REPORTING

### Budgetary Presentation

A Budgetary Comparison Schedule is presented for the General Fund and each of the State's major special revenue funds for which the Legislature enacts an annual budget. An annual budget is also adopted for the Transportation Investment Fund, a major capital projects fund, the Debt Service Fund, a nonmajor governmental fund, and the Alcoholic Beverage Control Fund, a nonmajor enterprise fund. The budgets are enacted through passage of *Appropriations Acts.* Budgets for specific general revenues are not adopted through an *Appropriations Act*, but are based on supporting estimates approved by the Executive Appropriations Committee of the Legislature. General revenues are those revenues available for appropriation for any program or purpose as allowed by law. Department-specific revenues are revenues dedicated by an *Appropriations Act* or restricted by other law or external grantor to a specific program or purpose.

Original budgets and related revenue estimates represent the spending authority enacted through *Appropriations Acts* as of June 30, 2016, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: (***1***) lapse to unrestricted balances (committed, assigned, or unassigned) and be available for future appropriation; (***2***) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or (***3***) be nonlapsing, which means balances are reported as either restricted or committed fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act,* or by limited encumbrances.

### Budgetary Control

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of Management and Budget so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January, the Governor recommends a budget to the Legislature. The Legislature considers those recommendations and prepares a series of *Appropriations Acts* that modify the State budget for the current year and constitute the State budget for the following year. The Legislature passes the *Appropriations Acts* by a simple majority vote. The *Appropriations Acts* becomes the State's authorized operating budget upon the Governor's signature. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning balances.

Budgetary control is maintained at the functional or organizational level, as identified by numbered line items in the *Appropriations Acts.* Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Acts*. If funding sources are not sufficient to cover the appropriation, the Governor is required to reduce the budget by the amount of the deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental *Appropriations Act.*

Any department that spends more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. In the General Fund, the State Courts Administrator's budget for juror and witness fees was over expended by $911 thousand. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

### Spending Limitation

The State also has an appropriation limitation statute that limits the growth in state appropriations. The total of the amount appropriated from unrestricted General Fund sources plus the income tax revenues appropriated for higher education is limited to the growth in population and inflation. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for debt service, emergency expenditures, amounts from other than unrestricted revenue sources, transfers to the Budgetary Reserve Account (Rainy Day Fund), Education Budget Reserve Account and the Transportation Investment Fund; or capital developments meeting certain criteria are exempt from the appropriations limitation. For the fiscal year ended June 30, 2016, the State was $510.756 million below the appropriations limitation.

## INFORMATION ABOUT THE STATE'S PENSION PLANS

### A. Single-employer Plans

The State's defined benefit pension systems/plan is administered by the Utah Retirement Systems and is included in this Comprehensive Annual Financial Report as a pension trust fund within the fiduciary funds. The Judges System and the Utah Governors and Legislators Retirement Plan are single-employer service retirement plans.

The following schedules present for the State's (primary government's) single-employer retirement plans the proportionate share of the net pension liability and the changes in net pension liability.

(*Schedules on following pages*.)

# Required Supplementary Information
## Single-employer Plans — Proportionate Share of the Net Pension Liability
Last Ten Calendar Years ending December 31 (Expressed in Thousands)

| | Calendar Year | Proportion of the Net Pension Liability (Asset) | Proportionate Share of the Net Pension Liability (Asset) | Covered Payroll |
|---|---|---|---|---|
| **Judges System** | 2014 | 100.00 % | $ 28,451 | $ 15,264 |
| | 2015 | 100.00 % | $ 35,239 | $ 16,372 |
| **Utah Governors and Legislators Retirement Plan** | 2014 | 100.00 % | $ 1,901 | $ 1,045 |
| | 2015 | 100.00 % | $ 2,208 | $ 946 |

| Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---|---|
| 186.39 % | 85.20 % |
| 215.24 % | 82.29 % |
| | |
| 181.91 % | 84.50 % |
| 233.40 % | 81.97 % |

*State of Utah*

## Required Supplementary Information
## Single-employer Plans – Changes in Net Pension Liability
Last Ten Calendar Years ending December 31 (Expressed in Thousands)

| Judges System | | Calendar Year 2014 | 2015 |
|---|---|---|---|
| **Total Pension Liability** | | | |
| Service Cost | | $ 4,895 | $ 4,794 |
| Interest | | 13,641 | 14,136 |
| Difference between Actual and Expected Experience | | 2,602 | 171 |
| Assumption Changes | | (130) | — |
| Benefit Payments | | (11,361) | (12,400) |
| Net Change in Total Pension Liability | | 9,647 | 6,701 |
| Total Pension Liability – Beginning | | 182,638 | 192,285 |
| Total Pension Liability – Ending | ***A*** | $192,285 | $198,986 |
| **Plan Fiduciary Net Position** | | | |
| Contributions – Employee | | $ 317 | $ — |
| Contributions – Employer | | 5,627 | 6,555 |
| Court Fees [1] | | 1,486 | 1,653 |
| Net Investment Income | | 11,068 | 2,842 |
| Benefit Payments | | (11,361) | (12,400) |
| Administrative Expense | | (71) | (71) |
| Net Transfers with Affiliated Systems | | 1,092 | 1,334 |
| Net Change in Plan Fiduciary Net Position | | 8,158 | (87) |
| Plan Fiduciary Net Position – Beginning | | 155,676 | 163,834 |
| Plan Fiduciary Net Position – Ending | ***B*** | $163,834 | $163,747 |
| **Net Pension Liability (Asset) (A - B)** | | $ 28,451 | $ 35,239 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | 85.20 % | 82.29 % |
| Covered Payroll | | $ 15,264 | $ 16,372 |
| Net Pension Liability as a Percentage of Covered Payroll | | 186.39 % | 215.24 % |

[1] These court fees were recognized as revenue for support provided by nonemployer contributing entities.

| Utah Governors and Legislators Retirement Plan | | 2014 | 2015 |
|---|---|---|---|
| **Total Pension Liability** | | | |
| Service Cost | | $ 106 | $ 99 |
| Interest | | 884 | 890 |
| Difference between Actual and Expected Experience | | 307 | (105) |
| Assumption Changes | | — | — |
| Benefit Payments | | (909) | (904) |
| Net Change in Total Pension Liability | | 388 | (20) |
| Total Pension Liability – Beginning | | 11,879 | 12,267 |
| Total Pension Liability – Ending | ***A*** | $ 12,267 | $ 12,247 |
| **Plan Fiduciary Net Position** | | | |
| Contributions – Employer | | $ 411 | $ 421 |
| Net Investment Income | | 717 | 181 |
| Benefit Payments | | (909) | (904) |
| Administrative Expense | | (5) | (5) |
| Net Transfers with Affiliated Systems | | (14) | (20) |
| Net Change in Plan Fiduciary Net Position | | 200 | (327) |
| Plan Fiduciary Net Position – Beginning | | 10,166 | 10,366 |
| Plan Fiduciary Net Position – Ending | ***B*** | $ 10,366 | $ 10,039 |
| **Net Pension Liability (Asset) (A - B)** | | $ 1,901 | $ 2,208 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | | 84.50 % | 81.97 % |
| Covered Payroll | | $ 1,045 | $ 946 |
| Net Pension Liability as a Percentage of Covered Payroll | | 181.91 % | 233.40 % |

**Contributions**

The following schedule presents a ten year history of the State's (primary government's) contributions to the Utah Retirement Systems for its single-employer plans:

(*Schedule on next page*.)

## Required Supplementary Information
## Single-employer Plans — Employer Contributions
Last Ten Fiscal Years

(Expressed in Thousands)

| | Fiscal Year | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contribution | Contribution Deficiency (Excess) |
|---|---|---|---|---|
| **Judges System** | 2007 | $ 1,238 | $ 1,238 | $ 0 |
| | 2008 | $ 1,737 | $ 1,737 | $ 0 |
| | 2009 | $ 1,980 | $ 1,980 | $ 0 |
| | 2010 | $ 2,427 | $ 2,427 | $ 0 |
| | 2011 | $ 3,475 | $ 3,475 | $ 0 |
| | 2012 | $ 3,839 | $ 3,839 | $ 0 |
| | 2013 | $ 4,910 | $ 4,910 | $ 0 |
| | 2014 | $ 5,335 | $ 5,335 | $ 0 |
| | 2015 | $ 6,179 | $ 6,179 | $ 0 |
| | 2016 | $ 7,154 | $ 7,154 | $ 0 |
| **Utah Governors and Legislators Retirement Plan** [1] | 2007 | — | — | — |
| | 2008 | — | — | — |
| | 2009 | — | — | — |
| | 2010 | — | — | — |
| | 2011 | $ 153 | $ 153 | $ 0 |
| | 2012 | $ 214 | $ 214 | $ 0 |
| | 2013 | $ 252 | $ 252 | $ 0 |
| | 2014 | $ 411 | $ 411 | $ 0 |
| | 2015 | $ 411 | $ 411 | $ 0 |
| | 2016 | $ 421 | $ 421 | $ 0 |

**Notes to Single-employer Plans Schedule of Contributions**

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method..........................Entry Age Normal
Amortization Method ...........................Level Percentage of Payroll
Amortization Period – Judges System ...Open Group 20-year Open Period
Amortization Period – Utah Governors
and Legislators Retirement Plan ........Open Group 20-year Closed Period
Asset Valuation Method........................5-year smoothed market
Investment Rate of Return....................7.5 %
Inflation ................................................2.75 %
Salary Increases ....................................Composed of 2.75 percent inflation, plus 0.75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
Mortality...............................................Male: RP-2000 with white collar adjustments, projected with Scale AA from the year 2000.
Female: 120 percent of constructed mortality table based on actual experience of male educators, projected with Scale AA from the year 2000.

Other Information:

The actuarially determined contribution rates are calculated as of January 1 and become effective on July 1 of the following year, which is 18 months after the valuation date. The Utah Retirement Systems' Board certifies the contribution rates that employers are contractually required to contribute to the Retirement System. According to Section 49-11-301(5) of the *Utah Code*, if the funded ratio of the plan is less than 110 percent, then the Board is permitted to maintain the prior year's contribution rate if the actuarially determined contribution is lower. The Board has historically followed this policy.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

• Investment Rate of Return

In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8.0 to 7.75 percent, and then again in 2011 down to 7.5 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.

• Amortization

Changes implemented in 2009 include: losses in 2008 were amortized over the next 5 years (20 percent per year), and the unfunded actuarial accrued liability (UAAL) amortization period was modified from 20 to 25 years.

[1] Complete information not available prior to fiscal year 2011.

| Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|
| $ 12,644 | 9.79 % |
| $ 14,032 | 12.38 % |
| $ 14,654 | 13.51 % |
| $ 14,203 | 17.09 % |
| $ 14,650 | 23.72 % |
| $ 14,870 | 25.82 % |
| $ 14,937 | 32.87 % |
| $ 14,989 | 35.59 % |
| $ 15,453 | 39.99 % |
| $ 17,204 | 41.58 % |
| | |
| — | — |
| — | — |
| — | — |
| — | — |
| $ 771 | 19.84 % |
| $ 757 | 28.27 % |
| $ 1,431 | 17.61 % |
| $ 1,783 | 23.05 % |
| $ 1,751 | 23.47 % |
| $ 943 | 44.64 % |

**B. Multiple-employer Systems**

The State's defined benefit pension systems are administered by the Utah Retirement Systems and are included in this Comprehensive Annual Financial Report as a pension trust fund within the fiduciary funds. The Noncontributory System, Contributory System, Public Safety System, Firefighters System, Tier 2 Public Employees System, and Tier 2 Public Safety and Firefighters System are defined-benefit multiple-employer, cost-sharing, public employee retirement systems.

The following schedule presents the State's (primary government's) proportionate share of the net pension liability for its multiple-employer, cost-sharing public employee employer retirement systems:

(*Schedule on next page*.)

## Required Supplementary Information
## Multiple-employer Systems – Changes in Net Pension Liability
Last Ten Calendar Years ending December 31

(Expressed in Thousands)

| | Calendar Year | |
|---|---|---|
| **Noncontributory System** | 2014 | 2015 |
| Proportion of the Net Pension Liability (Asset) | 24.07 % | 23.84 % |
| Proportionate Share of the Net Pension Liability (Asset) | $604,765 | $748,863 |
| Covered Payroll | $645,747 | $630,251 |
| Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 93.65 % | 118.82 % |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 87.20 % | 84.50 % |
| **Contributory System** | | |
| Proportion of the Net Pension Liability (Asset) | 34.02 % | 32.52 % |
| Proportionate Share of the Net Pension Liability (Asset) | $ 3,731 | $ 20,378 |
| Covered Payroll | $ 12,280 | $ 10,301 |
| Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 30.38 % | 197.82 % |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 98.70 % | 92.40 % |
| **Public Safety System** | | |
| Proportion of the Net Pension Liability (Asset) | 98.11 % | 97.81 % |
| Proportionate Share of the Net Pension Liability (Asset) | $182,306 | $210,570 |
| Covered Payroll | $111,391 | $109,909 |
| Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | 163.66 % | 191.59 % |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 84.30 % | 82.30 % |
| **Firefighters System** | | |
| Proportion of the Net Pension Liability (Asset) | 2.59 % | 3.90 % |
| Proportionate Share of the Net Pension Liability (Asset) | $ (148) | $ (71) |
| Covered Payroll | $ 851 | $ 1,047 |
| Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | (17.39)% | (6.78)% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 103.50 % | 101.00 % |
| **Tier 2 Public Employees System** | | |
| Proportion of the Net Pension Liability (Asset) | 17.95 % | 17.66 % |
| Proportionate Share of the Net Pension Liability (Asset) | $ (544) | $ (39) |
| Covered Payroll | $ 88,068 | $114,106 |
| Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | (0.62)% | (0.03)% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 103.50 % | 100.20 % |
| **Tier 2 Public Safety and Firefighters System** | | |
| Proportion of the Net Pension Liability (Asset) | 26.64 % | 25.84 % |
| Proportionate Share of the Net Pension Liability (Asset) | $ (394) | $ (377) |
| Covered Payroll | $ 11,011 | $ 15,378 |
| Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | (3.58)% | (2.45)% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 120.50 % | 110.70 % |

**Contributions**

The following schedule presents a ten year history of the State's (primary government's) contributions to the Utah Retirement Systems for its multiple-employer, cost-sharing public employee employer retirement systems:

(*Schedule on following pages.*)

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# Required Supplementary Information
## Multiple-employer Systems — Employer Contributions
Last Ten Fiscal Years

(Expressed in Thousands)

| | Fiscal Year | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contribution | Contribution Deficiency (Excess) |
|---|---|---|---|---|
| **Noncontributory System** | 2007 | $ 94,384 | $ 94,384 | $ 0 |
| | 2008 | $ 101,591 | $ 101,591 | $ 0 |
| | 2009 | $ 106,881 | $ 106,881 | $ 0 |
| | 2010 | $ 103,548 | $ 103,548 | $ 0 |
| | 2011 | $ 117,029 | $ 117,029 | $ 0 |
| | 2012 | $ 116,876 | $ 116,876 | $ 0 |
| | 2013 | $ 129,519 | $ 129,519 | $ 0 |
| | 2014 | $ 139,990 | $ 139,990 | $ 0 |
| | 2015 | $ 139,126 | $ 139,126 | $ 0 |
| | 2016 | $ 136,246 | $ 136,246 | $ 0 |
| **Contributory System** | 2007 | $ 2,396 | $ 2,396 | $ 0 |
| | 2008 | $ 2,346 | $ 2,346 | $ 0 |
| | 2009 | $ 2,284 | $ 2,284 | $ 0 |
| | 2010 | $ 2,062 | $ 2,062 | $ 0 |
| | 2011 | $ 2,154 | $ 2,154 | $ 0 |
| | 2012 | $ 2,012 | $ 2,012 | $ 0 |
| | 2013 | $ 2,129 | $ 2,129 | $ 0 |
| | 2014 | $ 2,114 | $ 2,114 | $ 0 |
| | 2015 | $ 1,985 | $ 1,985 | $ 0 |
| | 2016 | $ 1,623 | $ 1,623 | $ 0 |
| **Public Safety System** | 2007 | $ 27,125 | $ 27,125 | $ 0 |
| | 2008 | $ 29,183 | $ 29,183 | $ 0 |
| | 2009 | $ 33,644 | $ 33,644 | $ 0 |
| | 2010 | $ 34,297 | $ 34,297 | $ 0 |
| | 2011 | $ 36,418 | $ 36,418 | $ 0 |
| | 2012 | $ 38,733 | $ 38,733 | $ 0 |
| | 2013 | $ 42,054 | $ 42,054 | $ 0 |
| | 2014 | $ 44,472 | $ 44,472 | $ 0 |
| | 2015 | $ 43,893 | $ 43,893 | $ 0 |
| | 2016 | $ 43,850 | $ 43,850 | $ 0 |
| **Firefighters System** | 2007 | — | — | — |
| | 2008 | — | — | — |
| | 2009 | — | — | — |
| | 2010 | — | — | — |
| | 2011 | $ 13 | $ 13 | $ 0 |
| | 2012 | $ 5 | $ 5 | $ 0 |
| | 2013 | $ 27 | $ 27 | $ 0 |
| | 2014 | $ 22 | $ 22 | $ 0 |
| | 2015 | $ 34 | $ 34 | $ 0 |
| | 2016 | $ 46 | $ 46 | $ 0 |
| **Tier 2 Public Employees System** | 2007 | — | — | — |
| | 2008 | — | — | — |
| | 2009 | — | — | — |
| | 2010 | — | — | — |
| | 2011 | — | — | — |
| | 2012 | $ 1,492 | $ 1,492 | $ 0 |
| | 2013 | $ 4,395 | $ 4,395 | $ 0 |
| | 2014 | $ 6,390 | $ 6,390 | $ 0 |
| | 2015 | $ 18,280 | $ 18,280 | $ 0 |
| | 2016 | $ 24,358 | $ 24,358 | $ 0 |
| **Tier 2 Public Safety and Firefighters System** | 2007 | — | — | — |
| | 2008 | — | — | — |
| | 2009 | — | — | — |
| | 2010 | — | — | — |
| | 2011 | — | — | — |
| | 2012 | $ 56 | $ 56 | $ 0 |
| | 2013 | $ 506 | $ 506 | $ 0 |
| | 2014 | $ 1,002 | $ 1,002 | $ 0 |
| | 2015 | $ 3,711 | $ 3,711 | $ 0 |
| | 2016 | $ 5,349 | $ 5,349 | $ 0 |

| Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|---|
| $ 663,763 | 14.22 % |
| $ 714,425 | 14.22 % |
| $ 751,161 | 14.23 % |
| $ 728,183 | 14.22 % |
| $ 717,445 | 16.31 % |
| $ 705,969 | 16.56 % |
| $ 681,504 | 19.00 % |
| $ 656,413 | 21.33 % |
| $ 636,665 | 21.85 % |
| $ 623,605 | 21.85 % |
| $ 24,626 | 9.73 % |
| $ 24,109 | 9.73 % |
| $ 23,471 | 9.73 % |
| $ 21,188 | 9.73 % |
| $ 18,204 | 11.83 % |
| $ 16,266 | 12.37 % |
| $ 14,919 | 14.27 % |
| $ 13,238 | 15.97 % |
| $ 11,215 | 17.70 % |
| $ 9,171 | 17.70 % |
| $ 101,688 | 26.67 % |
| $ 109,362 | 26.68 % |
| $ 119,771 | 28.09 % |
| $ 113,776 | 30.14 % |
| $ 111,277 | 32.73 % |
| $ 118,083 | 32.80 % |
| $ 115,261 | 36.49 % |
| $ 112,858 | 39.41 % |
| $ 110,125 | 39.86 % |
| $ 109,288 | 40.12 % |
| — | — |
| — | — |
| — | — |
| — | — |
| $ 777 | 1.67 % |
| $ 1,021 | 0.49 % |
| $ 1,033 | 2.61 % |
| $ 935 | 2.35 % |
| $ 897 | 3.79 % |
| $ 1,164 | 3.95 % |
| — | — |
| — | — |
| — | — |
| — | — |
| — | — |
| $ 19,662 | 7.59 % |
| $ 51,339 | 8.56 % |
| $ 75,172 | 8.50 % |
| $ 100,055 | 18.27 % |
| $ 133,543 | 18.24 % |
| — | — |
| — | — |
| — | — |
| — | — |
| — | — |
| $ 536 | 10.45 % |
| $ 4,558 | 11.10 % |
| $ 9,091 | 11.02 % |
| $ 12,751 | 29.10 % |
| $ 18,448 | 29.00 % |

**Notes to Multiple-employer Systems Schedule of Contributions**

This schedule reflects the legislative authorized rates and contributions for these systems. Tier 2 rates include a statutory required contribution (.08 to 18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 plans.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- Investment Rate of Return

  In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8.0 to 7.75 percent, and then again in 2011 down to 7.5 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.

- Amortization

  Changes implemented in 2009 include: losses in 2008 were amortized over the next 5 years (20 percent per year), and the unfunded actuarial accrued liability (UAAL) amortization period was modified from 20 to 25 years.

New Retirement Plans:

During the 2010 General Session, the Legislature passed Senate Bill 63, *New Public Employees' Tier 2 Contributory Retirement Act.* All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement Systems.

Restatement:

As a result of implementing GASB Statement 82, Pension Issues, payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are no longer reflected in this schedule.

## INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT PLANS

The State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan) is administered through the State Post-Retirement Benefits Trust Fund as an irrevocable trust. Assets of the trust fund are dedicated to providing postemployment health and life insurance coverage to current and eligible future state retirees. Only state employees entitled to receive retirement benefits and meeting other specific eligibility criteria are eligible to receive postemployment benefits.

The following factors contributed to changes in the elements presented below in the Schedule of Funding Progress for the State Employee OPEB Plan from December 31, 2010 to December 31, 2012: (***1***) funding at least the Annual Required Contribution (ARC) over the last two years; (***2***) changing the amortization period from 25 years to 20 years; (***3***) healthcare trend assumptions decreased from a beginning rate of 9.5 percent to 8.5 percent; (***4***) average per capita claims costs are lower; and (***5***) active headcounts decreased 8.5 percent while retiree headcounts increased less than 2 percent.

The following factors contributed to changes in the elements presented below in the Schedule of Funding Progress for the State Employee OPEB Plan from December 31, 2012 to December 31, 2014: (***1***) changing the actuarial cost method from Projected Unit Credit to Entry Age Normal; (***2***) changing the medical trend assumptions to the Society of Actuaries Long-Run Medical Cost Trend Getzen Model: and (***3***) active headcounts decreased 15.8 percent while retiree headcounts increased less than 2.5 percent.

The following schedules present the State of Utah's funding progress and required employer contributions for the State Post-Retirement Benefits Trust Fund from the most recent actuarial valuation and the two preceding valuations:

**State Employee OPEB Plan**
**Schedule of Funding Progress**
**By Valuation Date**
*(Expressed in Thousands)*

| Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Annual Covered Payroll | UAAL as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| December 31, 2010........ | $ 106,605 | $ 481,393 | $ 374,788 | 22.15 % | $ 589,817 | 63.54 % |
| December 31, 2012…… | $ 150,107 | $ 408,661 | $ 258,554 | 36.73 % | $ 496,491 | 52.08 % |
| December 31, 2014…… | $ 205,498 | $ 386,532 | $ 181,034 | 53.16 % | $ 440,029 | 41.14 % |

**State Employee OPEB Plan**
**Schedule of Employer Contributions**
*(Expressed in Thousands)*

| Year Ended | Annual Required Contributions | Percentage Contributed |
|---|---|---|
| June 30, 2008 ................ | $ 53,491 | 98.71 % |
| June 30, 2009 ................ | $ 53,491 | 100.00 % |
| June 30, 2010 ................ | $ 43,819 | 100.00 % |
| June 30, 2011................ | $ 43,819 | 100.00 % |
| June 30, 2012 ................ | $ 37,594 | 115.16 % |
| June 30, 2013 ................ | $ 37,594 | 101.27 % |
| June 30, 2014 ................ | $ 30,342 | 100.00 % |
| June 30, 2015 ................ | $ 30,342 | 100.00 % |
| June 30, 2016 ................ | $ 29,100 | 122.62 % |

The Elected Official Other Postemployment Benefit Plan (Elected Official OPEB Plan) is administered through the Elected Official Post-Retirement Benefits Trust Fund. Only governors and legislators that retire after January 1, 1998 and meet other specific eligibility criteria are eligible for this benefit.

The following factors contributed to the changes in the elements presented below in the Schedule of Funding Progress for the Elected Official OPEB Plan from December 31, 2010 to December 31, 2012: (***1***) creation of a trust and funding more than the Annual Required Contribution (ARC) over the last two years; (***2***) changing the amortization period from 30 years to 20 years; (***3***) changing the discount rate to 4.5 percent from 4 percent; (***4***) healthcare trend assumptions decreased from a beginning rate of 9.5 percent to 8.5 percent; and (***5***) average per capita claims costs are lower.

The following factors contributed to the changes in the elements presented below in the Schedule of Funding Progress for the Elected Official OPEB Plan from December 31, 2012 to December 31, 2014: (***1***) funding more than the Annual Required Contribution (ARC) over the last two years; (***2***) changing the actuarial cost method from Projected Unit Credit to Entry Age Normal; and (***3***) changing the medical trend assumptions to the Society of Actuaries Long-Run Medical Cost Trend Getzen Model.

The following schedules present the State of Utah's funding progress and required contributions for the Elected Official Post-Retirement Benefits Trust Fund from the most recent actuarial valuation and the two preceding valuations (using the projected unit credit method):

**Elected Official OPEB Plan**
**Schedule of Funding Progress**
**By Valuation Date**
*(Expressed in Thousands)*

| Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Annual Covered Payroll | UAAL as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| December 31, 2010 ....... | $ — | $ 21,990 | $ 21,990 | 0.00 % | $ 771 | 2,852.14 % |
| December 31, 2012 ....... | $ 5,302 | $ 14,507 | $ 9,205 | 36.55 % | $ 1,431 | 643.26 % |
| December 31, 2014 ....... | $ 8,863 | $ 12,694 | $ 3,831 | 69.82 % | $ 1,751 | 218.79 % |

**Elected Official OPEB Plan**
**Schedule of Employer Contributions**
*(Expressed in Thousands)*

| Year Ended | Annual Required Contributions | Percentage Contributed |
|---|---|---|
| June 30, 2012................ | $ 1,894 | 183.21 % |
| June 30, 2013................ | $ 1,894 | 107.18 % |
| June 30, 2014................ | $ 1,321 | 153.67 % |
| June 30, 2015................ | $ 1,321 | 105.07 % |
| June 30, 2016................ | $ 1,241 | 111.85 % |

## INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

As allowed by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* the State has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). This includes infrastructure acquired prior to fiscal year 1981. Under this alternative method, referred to as the "modified approach," infrastructure assets are not depreciated, and maintenance and preservation costs are expensed.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the State.
- Document that infrastructure assets are being preserved approximately at, or above the condition level established by the State.

### Roads

UDOT uses the Pavement Management System to determine the condition of 5,825 centerline miles of state roads. The assessment is based on Ride Quality, using the International Roughness Index (IRI) data. This data is also reported to the Federal Highways Administration (FHWA) and used for the National Condition Assessment reported to Congress. Ranges for Good, Fair and Poor condition were established to correlate with the national FHWA ranges. Additional condition measures for age, wheel path rutting and surface cracking are considered in project recommendations.

| Category | IRI Range | Description |
|---|---|---|
| Good | < 95 | Pavements that provide a smooth ride and typically exhibit few signs of visible distress suitable for surface seals and preservation. |
| Fair | 95 to 170 | Pavements with noticeable deterioration beginning to affect the ride in need of resurfacing. |
| Poor | > 170 | Pavements with an unacceptable ride that have deteriorated to such an extent that they are in need of major rehabilitation. |

### Condition Level – Roads

UDOT performs pavement condition assessments at a minimum of every other calendar year. The State has established a three System Level priority (Interstate, Level 1 and Level 2) with individual condition targets for each system. The condition target is to maintain a certain percentage of the mileage at a "fair" or better rating. The Interstate target is 95 percent, Level 1 (with over 1,000 Average Annual Daily Traffic) is 90 percent, and Level 2 (with less than 1,000 Average Annual Daily Traffic) is 80 percent. In 2013 Level 1 and Level 2 roads were redefined to a 1,000 Average Annual Daily Traffic threshold (previously 2,000), resulting in the Level 2 percentage being below target in 2014. The State has corrective processes in place to meet the Level 2 condition target by the next assessment. The 2015 assessment shows that significant progress has been made.

The following table reports the percentage of pavements with ratings of "fair" or better for the last three assessments for each system:

| System | 2015 | 2014 | 2012 |
|---|---|---|---|
| Interstate System... | 99.5 % | 99.7 % | 99.5 % |
| Level 1 System...... | 92.7 % | 91.7 % | 93.5 % |
| Level 2 System...... | 79.2 % | 75.3 % | 82.1 % |

The following table presents the State's estimated amounts needed to maintain and preserve roads at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

| FISCAL YEAR | ESTIMATED SPENDING | ACTUAL SPENDING |
|---|---|---|
| 2016 | $ 202,516 | $ 291,847 |
| 2015 | $ 198,526 | $ 279,878 |
| 2014 | $ 193,282 | $ 298,484 |
| 2013 | $ 194,720 | $ 328,137 |
| 2012 | $ 204,647 | $ 371,133 |

**Bridges**

UDOT uses the Structures Inventory System to monitor the condition of the 1,931 state-owned bridges. A number, ranging from 1 to 100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

| Category | Range | Description |
|---|---|---|
| Good | 80 – 100 | Preventive maintenance requirements include repair leaking deck joints, apply deck overlays and seals, place concrete sealers to splash zones, paint steel surfaces, and minor beam repairs. |
| Fair | 50 – 79 | Corrective repairs include deck, beam, and substructure repairs, fixing settled approaches, and repairing collision damage. |
| Poor | 1 – 49 | Major rehabilitation and replacement includes deck, beam, or substructure replacements or replacement of the entire bridge. |

**Condition Level – Bridges**

The State performs assessments on 50 percent of bridges on an annual basis, each bridge being assessed every other year. The established condition level is to maintain 50 percent of the bridges with a rating of "good" and no more than 10 percent with a rating of "poor." The following table reports the results of the bridges assessed for the past three years:

| Rating | 2016 | 2015 | 2014 |
|---|---|---|---|
| Good...................... | 70.9 % | 73.0 % | 73.4 % |
| Poor...................... | 1.4 % | 1.0 % | 1.0 % |

The following table presents the State's estimated amounts needed to maintain and preserve bridges at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

| FISCAL YEAR | ESTIMATED SPENDING | ACTUAL SPENDING |
|---|---|---|
| 2016 | $ 35,738 | $ 51,502 |
| 2015 | $ 35,034 | $ 49,390 |
| 2014 | $ 34,109 | $ 52,674 |
| 2013 | $ 34,362 | $ 57,907 |
| 2012 | $ 36,114 | $ 65,494 |

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# SUPPLEMENTARY INFORMATION

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# Nonmajor Governmental Funds

## State Endowment Fund
This fund accounts for a portion of proceeds relating to the State's settlement agreement with major tobacco manufacturers, severance tax revenue in excess of statutory base amounts, and money or other assets authorized under any provision of law. The principal of the fund cannot be appropriated except by a three-fourths vote of both houses of the Legislature and with the concurrence of the Governor. One-half of all interest and dividends earned on tobacco settlement proceeds in this fund is deposited in the General Fund.

## Environmental Reclamation
This fund consists of various programs aimed at preserving open land, improving irrigation in the State, funding recycling programs, and funding cleanup and reclamation projects. Funds received are from state appropriations, fees and fines, recovered liens and costs, and voluntary contributions.

## Crime Victim Reparation
This fund accounts for court-ordered restitution and a surcharge on criminal fines, penalties, and forfeitures. Monies deposited in this fund are for victim reparations, other victim services, and, as appropriated, costs of administering the fund.

## Universal Telephone Services
This fund is designed to preserve and promote universal telephone service throughout the State by ensuring that all citizens have access to affordable basic telephone service. Revenues come from surcharges on customers' phone bills and from fines and penalties levied against telephone service providers by the Public Service Commission.

## Consumer Education Fund
This fund accounts for revenues and expenditures associated with educating and training Utah residents in various consumer matters. Funding is provided through the assessment and collection of fines and penalties from various regulated professions.

## Rural Development Fund
This fund promotes various programs in rural areas of the State including construction of communications systems and economic development grants to Native American tribes. Funding comes from oil and gas severance taxes and from royalties on mineral extractions on federal land within the State.

## State Capitol Fund
This fund was created to account for the funding and operations of the State Capitol Preservation Board. Funds are used in part to pay for repairs and maintenance of Capitol Hill facilities and grounds. Funding is provided through fees and private donations.

## Miscellaneous Special Revenue
This fund is made up of individual small funds set up to account for various revenue sources that are legally restricted to expenditures for specific purposes.

## Capital Projects – General Government
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by the State and its component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and intergovernmental revenues.

## Capital Projects – State Building Ownership Authority *(Blended Component Unit)*
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

## Debt Service – General Government
This fund accounts for the payment of principal and interest on the State's general obligation bonds. The fund receives most of its financial resources from appropriations made by the Legislature.

## Debt Service – State Building Ownership Authority *(Blended Component Unit)*
This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority. The fund also receives capital lease payments from certain college and university component units.

***State of Utah***

# Combining Balance Sheet
# Nonmajor Governmental Funds

June 30, 2016 (Expressed in Thousands)

| | Special Revenue | | | |
|---|---|---|---|---|
| | State Endowment | Environmental Reclamation | Crime Victim Reparation | Universal Telephone Services |
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 118 | $ 4,414 | $ 1,071 | $ 3,171 |
| Investments | 171,251 | 17,226 | 2,193 | — |
| Receivables: | | | | |
| Accounts, net | — | — | — | — |
| Accrued Interest | — | — | — | — |
| Capital Lease Payments, net | — | — | — | — |
| Due From Other Funds | — | — | — | — |
| Due From Component Units | — | — | — | — |
| Total Assets | $ 171,369 | $ 21,640 | $ 3,264 | $ 3,171 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | | |
| Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | $ — | $ 3,747 | $ 311 | $ — |
| Due To Other Funds | — | — | — | 79 |
| Due To Component Units | — | — | — | — |
| Unearned Revenue | — | — | — | — |
| Total Liabilities | 0 | 3,747 | 311 | 79 |
| Deferred Inflows of Resources: | | | | |
| Unavailable Revenue | — | — | — | — |
| Total Deferred Inflows of Resources | 0 | 0 | 0 | 0 |
| Fund Balances: | | | | |
| Restricted | — | 15,130 | — | 3,092 |
| Committed | 171,369 | 2,763 | 2,953 | — |
| Assigned | — | — | — | — |
| Total Fund Balances | 171,369 | 17,893 | 2,953 | 3,092 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 171,369 | $ 21,640 | $ 3,264 | $ 3,171 |

| | Special Revenue | | | | Capital Projects | |
|---|---|---|---|---|---|---|
| | Consumer Education | Rural Development | State Capitol | Miscellaneous Special Revenue | General Government | State Building Ownership Authority |
| | $ — | $ — | $ 575 | $ 6,967 | $ 314,229 | $ — |
| | 4,141 | 37,011 | 226 | 14,624 | 1,286 | 88,624 |
| | 15 | — | — | 16,860 | 489 | — |
| | — | — | — | — | — | 68 |
| | — | — | — | — | — | — |
| | — | — | 26 | 8 | 2,155 | — |
| | — | — | — | — | 79,156 | — |
| | $ 4,156 | $ 37,011 | $ 827 | $ 38,459 | $ 397,315 | $ 88,692 |
| | | | | | | |
| | $ 34 | $ 2 | $ 5 | $ 2,728 | $ 67,363 | $ 34 |
| | 40 | 637 | 14 | 1,205 | 1,510 | 3,377 |
| | — | — | — | — | 306 | — |
| | — | — | 66 | 11,567 | — | — |
| | 74 | 639 | 85 | 15,500 | 69,179 | 3,411 |
| | — | — | — | — | — | — |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | — | — | — | 14,577 | — | 85,281 |
| | 4,082 | 36,372 | 742 | 8,220 | — | — |
| | — | — | — | 162 | 328,136 | — |
| | 4,082 | 36,372 | 742 | 22,959 | 328,136 | 85,281 |
| | $ 4,156 | $ 37,011 | $ 827 | $ 38,459 | $ 397,315 | $ 88,692 |

Continues

## Combining Balance Sheet
## Nonmajor Governmental Funds

**Continued**

June 30, 2016 (Expressed in Thousands)

| | Debt Service | | Total |
|---|---|---|---|
| | General Government | State Building Ownership Authority | Nonmajor Governmental Funds |
| **ASSETS** | | | |
| Cash and Cash Equivalents | $ 68,132 | $ 6,813 | $ 405,490 |
| Investments | 7,040 | 10,415 | 354,037 |
| Receivables: | | | |
| Accounts, net | — | — | 17,364 |
| Accrued Interest | 237 | 8 | 313 |
| Capital Lease Payments, net | — | 94,665 | 94,665 |
| Due From Other Funds | — | — | 2,189 |
| Due From Component Units | — | — | 79,156 |
| Total Assets | $ 75,409 | $ 111,901 | $ 953,214 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES** | | | |
| Liabilities: | | | |
| Accounts Payable and Accrued Liabilities | $ 55,547 | $ 3 | $ 129,774 |
| Due To Other Funds | 12,008 | 6,064 | 24,934 |
| Due To Component Units | — | — | 306 |
| Unearned Revenue | — | — | 11,633 |
| Total Liabilities | 67,555 | 6,067 | 166,647 |
| Deferred Inflows of Resources: | | | |
| Unavailable Revenue | — | 94,665 | 94,665 |
| Total Deferred Inflows of Resources | 0 | 94,665 | 94,665 |
| Fund Balances: | | | |
| Restricted | — | — | 118,080 |
| Committed | — | — | 226,501 |
| Assigned | 7,854 | 11,169 | 347,321 |
| Total Fund Balances | 7,854 | 11,169 | 691,902 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | $ 75,409 | $ 111,901 | $ 953,214 |

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# Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Special Revenue | | | |
|---|---|---|---|---|
| | State Endowment | Environmental Reclamation | Crime Victim Reparation | Universal Telephone Services |
| **REVENUES** | | | | |
| Taxes: | | | | |
| Sales and Use Tax | $ — | $ — | $ — | $ — |
| Other Taxes | — | — | — | — |
| Total Taxes | 0 | 0 | 0 | 0 |
| Other Revenues: | | | | |
| Federal Contracts and Grants | — | — | 2,764 | — |
| Charges for Services | — | 3,472 | 7,129 | 8,757 |
| Intergovernmental | — | — | — | — |
| Investment Income | 1,637 | 125 | 14 | — |
| Miscellaneous and Other | — | 1,281 | — | — |
| Total Revenues | 1,637 | 4,878 | 9,907 | 8,757 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General Government | — | 2,627 | 8,002 | — |
| Human Services and Juvenile Justice Services | — | — | — | — |
| Corrections | — | — | — | — |
| Public Safety | — | — | — | — |
| Courts | — | — | — | — |
| Health and Environmental Quality | — | 3,646 | — | — |
| Higher Education – Colleges and Universities | — | — | — | — |
| Employment and Family Services | — | — | — | — |
| Natural Resources | — | 155 | — | — |
| Heritage and Arts | — | — | — | — |
| Business, Labor, and Agriculture | — | 36 | — | 10,974 |
| Public Education | — | — | — | — |
| Transportation | — | — | — | — |
| Capital Outlay | — | — | — | — |
| Debt Service: | | | | |
| Principal Retirement | — | — | — | — |
| Interest and Other Charges | — | — | — | — |
| Total Expenditures | 0 | 6,464 | 8,002 | 10,974 |
| Excess Revenues Over (Under) Expenditures | 1,637 | (1,586) | 1,905 | (2,217) |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Revenue Bonds Issued | — | — | — | — |
| Premium on Bonds Issued | — | — | — | — |
| Capital Leases/Contracts Issued | — | — | — | — |
| Transfers In | 665 | 400 | 118 | — |
| Transfers Out | — | (112) | (1,805) | — |
| Total Other Financing Sources (Uses) | 665 | 288 | (1,687) | 0 |
| Net Change in Fund Balances | 2,302 | (1,298) | 218 | (2,217) |
| Fund Balances – Beginning | 169,067 | 19,191 | 2,735 | 5,309 |
| Adjustment to Beginning Fund Balances | — | — | — | — |
| Fund Balances – Beginning as Adjusted | 169,067 | 19,191 | 2,735 | 5,309 |
| Fund Balances – Ending | $ 171,369 | $ 17,893 | $ 2,953 | $ 3,092 |

| Special Revenue | | | | Capital Projects | |
|---|---|---|---|---|---|
| Consumer Education | Rural Development | State Capitol | Miscellaneous Special Revenue | General Government | State Building Ownership Authority |
| $ — | $ — | $ — | $ 4,752 | $ — | $ — |
| — | 6,213 | — | 4,062 | — | — |
| 0 | 6,213 | 0 | 8,814 | 0 | 0 |
| — | — | — | 20,870 | — | — |
| 2,899 | — | 534 | 50,166 | — | — |
| — | — | — | — | 11,264 | — |
| 33 | 270 | 2 | 458 | 299 | 599 |
| — | — | 30 | 1,446 | 60 | — |
| 2,932 | 6,483 | 566 | 81,754 | 11,623 | 599 |
| — | — | 959 | 6,689 | 13,257 | — |
| — | — | — | 301 | 6,119 | — |
| — | — | — | — | 4,386 | — |
| — | — | — | 24,660 | 1,126 | — |
| — | — | — | — | 3,105 | — |
| — | — | — | 505 | 900 | — |
| — | — | — | — | 29,950 | — |
| — | 6,093 | — | 801 | 680 | — |
| — | — | — | 848 | 788 | — |
| — | — | — | 34 | 22 | — |
| 1,564 | — | — | 404 | 1,483 | — |
| — | — | — | 7 | 1,889 | — |
| — | — | — | 1 | 1,166 | — |
| — | — | — | — | 178,450 | 3,750 |
| — | — | — | — | — | — |
| — | — | — | — | — | — |
| 1,564 | 6,093 | 959 | 34,250 | 243,321 | 3,750 |
| 1,368 | 390 | (393) | 47,504 | (231,698) | (3,151) |
| — | — | — | — | — | 86,935 |
| — | — | — | — | — | — |
| — | — | — | — | 5,100 | — |
| — | — | — | 575 | 402,054 | — |
| (1,464) | — | — | (49,104) | (3,721) | — |
| (1,464) | 0 | 0 | (48,529) | 403,433 | 86,935 |
| (96) | 390 | (393) | (1,025) | 171,735 | 83,784 |
| 4,178 | 35,982 | 1,135 | 23,070 | 156,401 | 1,497 |
| — | — | — | 914 | — | — |
| 4,178 | 35,982 | 1,135 | 23,984 | 156,401 | 1,497 |
| $ 4,082 | $ 36,372 | $ 742 | $ 22,959 | $ 328,136 | $ 85,281 |

**Continues**

# Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances Nonmajor Governmental Funds

**Continued**

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Debt Service | | Total |
|---|---|---|---|
| | General Government | State Building Ownership Authority | Total Nonmajor Governmental Funds |
| **REVENUES** | | | |
| Taxes: | | | |
| Sales and Use Tax | $ — | $ — | $ 4,752 |
| Other Taxes | — | — | 10,275 |
| Total Taxes | 0 | 0 | 15,027 |
| Other Revenues: | | | |
| Federal Contracts and Grants | 14,445 | 1,629 | 39,708 |
| Charges for Services | — | — | 72,957 |
| Intergovernmental | — | — | 11,264 |
| Investment Income | — | 26 | 3,463 |
| Miscellaneous and Other | — | 23,989 | 26,806 |
| Total Revenues | 14,445 | 25,644 | 169,225 |
| **EXPENDITURES** | | | |
| Current: | | | |
| General Government | — | — | 31,534 |
| Human Services and Juvenile Justice Services | — | — | 6,420 |
| Corrections | — | — | 4,386 |
| Public Safety | — | — | 25,786 |
| Courts | — | — | 3,105 |
| Health and Environmental Quality | — | — | 5,051 |
| Higher Education – Colleges and Universities | — | — | 29,950 |
| Employment and Family Services | — | — | 7,574 |
| Natural Resources | — | — | 1,791 |
| Heritage and Arts | — | — | 56 |
| Business, Labor, and Agriculture | — | — | 14,461 |
| Public Education | — | — | 1,896 |
| Transportation | — | — | 1,167 |
| Capital Outlay | — | — | 182,200 |
| Debt Service: | | | |
| Principal Retirement | 331,255 | 17,321 | 348,576 |
| Interest and Other Charges | 109,349 | 9,456 | 118,805 |
| Total Expenditures | 440,604 | 26,777 | 782,758 |
| Excess Revenues Over (Under) Expenditures | (426,159) | (1,133) | (613,533) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Revenue Bonds Issued | — | 6,690 | 93,625 |
| Premium on Bonds Issued | — | 4,405 | 4,405 |
| Capital Leases/Contracts Issued | — | — | 5,100 |
| Transfers In | 440,703 | 223 | 844,738 |
| Transfers Out | (14,362) | — | (70,568) |
| Total Other Financing Sources (Uses) | 426,341 | 11,318 | 877,300 |
| Net Change in Fund Balances | 182 | 10,185 | 263,767 |
| Fund Balances – Beginning | 7,672 | 984 | 427,221 |
| Adjustment to Beginning Fund Balances | — | — | 914 |
| Fund Balances – Beginning as Adjusted | 7,672 | 984 | 428,135 |
| Fund Balances – Ending | $ 7,854 | $ 11,169 | $ 691,902 |

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# Detail Schedule of Expenditures
# Budget and Actual Comparison
# General Fund

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Source of Funding | | | |
|---|---|---|---|---|
| Appropriation Line Item Name | State Funds | Federal Funds | Restricted and Other Funds | Final Budget |
| **GENERAL GOVERNMENT** | | | | |
| **Legislature** | | | | |
| Senate | $ 4,223 | $ — | $ — | $ 4,223 |
| House | 7,343 | — | — | 7,343 |
| Printing | 927 | — | 282 | 1,209 |
| Research and General Counsel | 10,866 | — | — | 10,866 |
| Fiscal Analyst | 4,276 | — | — | 4,276 |
| Auditor General | 4,691 | — | — | 4,691 |
| Legislative Services | 2,192 | — | — | 2,192 |
| Total Legislature | 34,518 | 0 | 282 | 34,800 |
| **Elected Officials** | | | | |
| State Treasurer | $ 2,773 | $ — | $ 531 | $ 3,304 |
| GOV – Administrative Office | 5,860 | 187 | 1,076 | 7,123 |
| GOV – Management and Budget | 6,029 | — | — | 6,029 |
| GOV – School Readiness Initiative | 4,366 | — | — | 4,366 |
| GOV – Lt. Governor Character Education | 501 | — | — | 501 |
| GOV – Criminal and Juvenile Justice | 15,447 | 9,632 | 73 | 25,152 |
| GOV – CCJJ – Factual Innocence | 471 | — | — | 471 |
| GOV – Indigent Defense Commission | 1,500 | — | — | 1,500 |
| GOV – Emergency Fund | 100 | — | — | 100 |
| GOV – LeRay McAllister Program | 1,259 | — | — | 1,259 |
| GOV – CCJJ – Jail Reimbursement | 14,967 | — | — | 14,967 |
| GOV – Pete Suazo Athletic Commission | 307 | — | 52 | 359 |
| GOV – Economic Development Administration | 12,124 | — | 835 | 12,959 |
| GOV – Office of Tourism | 25,220 | — | 273 | 25,493 |
| GOV – Business Development | 12,061 | 960 | 270 | 13,291 |
| GOV – Utah Broadband Outreach Center | 350 | — | — | 350 |
| GOV – STEM Action Center | 20,047 | — | 503 | 20,550 |
| GOV – Pass Through | 21,617 | — | — | 21,617 |
| GOV – Industrial Assistance Fund | 3,888 | — | — | 3,888 |
| GOV – Office of Energy Development | 2,346 | 455 | 301 | 3,102 |
| GOV – Constitutional Defense Council | 283 | — | — | 283 |
| USTAR – Administration | 1,345 | — | — | 1,345 |
| USTAR – University Research Teams | 22,674 | — | — | 22,674 |
| USTAR – Technology Outreach and Innovation | 2,899 | — | 1 | 2,900 |
| Attorney General | 36,211 | 2,412 | 21,086 | 59,709 |
| AG – Contract Attorneys | 49 | — | 1,577 | 1,626 |
| AG – Prosecution Council | 733 | 32 | 369 | 1,134 |
| AG – Domestic Violence | 78 | — | — | 78 |
| AG – Children's Justice Centers | 3,778 | 224 | 254 | 4,256 |
| AG – State Settlement Agreements | 224 | — | — | 224 |
| State Auditor | 3,780 | — | 2,472 | 6,252 |
| Total Elected Officials | 223,287 | 13,902 | 29,673 | 266,862 |
| **Government Operations** | | | | |
| Capitol Preservation Board | $ 4,348 | $ — | $ — | $ 4,348 |
| Department of Administrative Services | 1,260 | — | 36 | 1,296 |
| DAS – Administrative Rules | 618 | — | — | 618 |
| DAS – DFCM Administration | 6,251 | — | 1,657 | 7,908 |
| DAS – State Archives | 3,146 | 28 | 52 | 3,226 |
| DAS – Finance Administration | 10,305 | — | 2,020 | 12,325 |
| DAS – Office of the Inspector General of Medicaid | 1,545 | — | 1,238 | 2,783 |
| DAS – Post Conviction Indigent Defense | 168 | — | — | 168 |
| DAS – Elected Official Post Retirement Benefit | 1,388 | — | — | 1,388 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward |
|---|---|---|---|
| $ 2,433 | $ — | $ — | $ 1,790 |
| 4,356 | — | — | 2,987 |
| 764 | — | — | 445 |
| 9,299 | — | — | 1,567 |
| 2,896 | — | — | 1,380 |
| 3,796 | — | — | 895 |
| 789 | — | — | 1,403 |
| 24,333 | 0 | 0 | 10,467 |
| | | | |
| $ 2,933 | $ — | $ — | $ 371 |
| 6,241 | — | 228 | 654 |
| 4,690 | — | — | 1,339 |
| 1,140 | — | — | 3,226 |
| 176 | — | — | 325 |
| 18,983 | — | 431 | 5,738 |
| 106 | — | — | 365 |
| — | — | — | 1,500 |
| — | — | — | 100 |
| 335 | — | — | 924 |
| 14,967 | — | — | — |
| 266 | — | — | 93 |
| 12,239 | — | — | 720 |
| 22,242 | — | — | 3,251 |
| 10,384 | — | — | 2,907 |
| 326 | — | — | 24 |
| 15,950 | — | — | 4,600 |
| 21,617 | — | — | — |
| 3,888 | — | — | — |
| 2,598 | — | 108 | 396 |
| — | — | — | 283 |
| 1,137 | — | — | 208 |
| 14,031 | — | — | 8,643 |
| 2,603 | — | — | 297 |
| 57,611 | — | 354 | 1,744 |
| 1,576 | — | — | 50 |
| 936 | — | 96 | 102 |
| 78 | — | — | — |
| 3,825 | — | — | 431 |
| 223 | 1 | — | — |
| 5,324 | — | — | 928 |
| 226,425 | 1 | 1,217 | 39,219 |
| | | | |
| $ 4,219 | $ — | $ — | $ 129 |
| 1,158 | — | — | 138 |
| 287 | — | — | 331 |
| 6,321 | — | — | 1,587 |
| 3,061 | — | — | 165 |
| 9,878 | — | — | 2,447 |
| 2,619 | — | — | 164 |
| 4 | — | — | 164 |
| 1,388 | — | — | — |

**Continues**

# Detail Schedule of Expenditures
## Budget and Actual Comparison
## General Fund

**Continued**

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| Appropriation Line Item Name | Source of Funding: State Funds | Source of Funding: Federal Funds | Source of Funding: Restricted and Other Funds | Final Budget |
|---|---|---|---|---|
| **Government Operations (Continued)** | | | | |
| DAS – Finance Mandated | 16,923 | — | — | 16,923 |
| DAS – Judicial Conduct Commission | 280 | — | — | 280 |
| DAS – Executive Branch Ethics Commission | 52 | — | — | 52 |
| DAS – Finance Mandated Parental Defense | 115 | — | 28 | 143 |
| DAS – Purchasing | 654 | — | — | 654 |
| DAS – Building Board Program | 1,573 | — | — | 1,573 |
| Tax Commission | 77,952 | 536 | 6,695 | 85,183 |
| TAX – License Plates Production | 802 | — | 2,363 | 3,165 |
| TAX – Liquor Profit Distribution | 5,392 | — | — | 5,392 |
| TAX – Rural Health Care | 555 | — | — | 555 |
| Human Resource Management | 2,955 | — | 209 | 3,164 |
| Career Service Review Office | 298 | — | — | 298 |
| DTS – Chief Information Officer | 567 | — | — | 567 |
| DTS – Integrated Technology | 1,758 | 10 | 732 | 2,500 |
| Total Government Operations | 138,905 | 574 | 15,030 | 154,509 |
| Total General Government | $ 396,710 | $ 14,476 | $ 44,985 | $ 456,171 |
| **HUMAN SERVICES** | | | | |
| Administration | $ 8,510 | $ 7,015 | $ 2,335 | $ 17,860 |
| Substance Abuse and Mental Health | 110,416 | 24,922 | 17,685 | 153,023 |
| Services for People with Disabilities | 82,513 | 1,227 | 187,578 | 271,318 |
| Recovery Services | 13,441 | 18,686 | 10,519 | 42,646 |
| Child and Family Services | 117,798 | 57,954 | (5,982) | 169,770 |
| Juvenile Justice Services | 93,227 | 3,219 | 2,268 | 98,714 |
| Aging and Adult Services | 14,399 | 10,813 | (955) | 24,257 |
| Total Human Services | $ 440,304 | $ 123,836 | $ 213,448 | $ 777,588 |
| **CORRECTIONS** | | | | |
| **Department of Corrections** | | | | |
| Programs and Operations | $ 224,650 | $ 327 | $ 3,932 | $ 228,909 |
| Medical Services | 34,609 | — | 579 | 35,188 |
| Jail Contracting | 34,612 | — | — | 34,612 |
| Total Department of Corrections | 293,871 | 327 | 4,511 | 298,709 |
| **Board of Pardons and Parole** | | | | |
| Board of Pardons and Parole | $ 4,696 | $ — | $ 3 | $ 4,699 |
| Total Board of Pardons and Parole | 4,696 | 0 | 3 | 4,699 |
| Total Corrections | $ 298,567 | $ 327 | $ 4,514 | $ 303,408 |
| **PUBLIC SAFETY** | | | | |
| **Department of Public Safety** | | | | |
| UCA Administrative Services Division | $ 17,500 | $ — | $ — | $ 17,500 |
| Programs and Operations | 108,321 | 1,586 | 21,998 | 131,905 |
| Emergency Management | 2,174 | 15,505 | 320 | 17,999 |
| Emergency Management – National Guard | 150 | — | — | 150 |
| Emergency and Disaster Management | 3,003 | — | — | 3,003 |
| Peace Officer's Standards and Training | 4,681 | — | 35 | 4,716 |
| Driver License | 36,491 | 156 | 87 | 36,734 |
| Highway Safety | 1,486 | 3,587 | 642 | 5,715 |
| Total Department of Public Safety | 173,806 | 20,834 | 23,082 | 217,722 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward |
|---|---|---|---|
| 5,034 | 85 | 11,804 | — |
| 256 | — | — | 24 |
| 5 | — | — | 47 |
| 115 | — | — | 28 |
| 654 | — | — | — |
| 1,278 | — | 95 | 200 |
| 80,014 | 2,500 | 360 | 2,309 |
| 2,607 | — | — | 558 |
| 5,392 | — | — | — |
| 219 | — | 336 | — |
| 2,667 | 447 | — | 50 |
| 255 | 13 | — | 30 |
| 539 | — | — | 28 |
| 2,028 | — | — | 472 |
| 129,998 | 3,045 | 12,595 | 8,871 |
| $ 380,756 | $ 3,046 | $ 13,812 | $ 58,557 |
| | | | |
| $ 17,804 | $ — | $ — | $ 56 |
| 151,867 | — | 170 | 986 |
| 270,878 | — | — | 440 |
| 42,638 | 8 | — | — |
| 168,487 | — | 64 | 1,219 |
| 94,779 | — | — | 3,935 |
| 24,036 | — | — | 221 |
| $ 770,489 | $ 8 | $ 234 | $ 6,857 |
| | | | |
| $ 219,386 | $ — | $ 457 | $ 9,066 |
| 33,551 | — | — | 1,637 |
| 29,727 | — | — | 4,885 |
| 282,664 | 0 | 457 | 15,588 |
| | | | |
| $ 4,442 | $ — | $ — | $ 257 |
| 4,442 | 0 | 0 | 257 |
| $ 287,106 | $ 0 | $ 457 | $ 15,845 |
| | | | |
| $ 7,500 | $ 10,000 | $ — | $ — |
| 122,600 | — | 1,495 | 7,810 |
| 17,936 | — | — | 63 |
| — | — | — | 150 |
| 723 | — | — | 2,280 |
| 3,970 | — | 680 | 66 |
| 30,010 | — | — | 6,724 |
| 5,068 | — | — | 647 |
| 187,807 | 10,000 | 2,175 | 17,740 |

**Continues**

# Detail Schedule of Expenditures
# Budget and Actual Comparison
# General Fund

**Continued**

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| Appropriation Line Item Name | Source of Funding: State Funds | Source of Funding: Federal Funds | Source of Funding: Restricted and Other Funds | Final Budget |
|---|---|---|---|---|
| **Utah National Guard** | | | | |
| Utah National Guard Administration | $ 6,889 | $ 40,765 | $ 60 | $ 47,714 |
| Total Utah National Guard | 6,889 | 40,765 | 60 | 47,714 |
| **Department of Veteran's and Military Affairs** | | | | |
| Veteran's and Military Affairs | $ 3,669 | $ 561 | $ 296 | $ 4,526 |
| Total Department of Veteran's and Military Affairs | 3,669 | 561 | 296 | 4,526 |
| Total Public Safety | $ 184,364 | $ 62,160 | $ 23,438 | $ 269,962 |
| **STATE COURTS** | | | | |
| Judicial Council | $ 118,615 | $ 561 | $ 2,183 | $ 121,359 |
| Contracts and Leases | 20,218 | — | 201 | 20,419 |
| Jury and Witness Fees | 1,581 | — | 11 | 1,592 |
| Guardian Ad Litem | 7,614 | — | 42 | 7,656 |
| Total State Courts | $ 148,028 | $ 561 | $ 2,437 | $ 151,026 |
| **HEALTH and ENVIRONMENTAL QUALITY** | | | | |
| Department of Health | $ 6,714 | $ 6,556 | $ 3,726 | $ 16,996 |
| DOH – Rural Physicians Loan Repayment Assistance | 299 | — | — | 299 |
| DOH – Disease Control and Prevention | 22,195 | 32,295 | 12,156 | 66,646 |
| DOH – Family Health and Preparedness | 22,260 | 79,583 | 23,365 | 125,208 |
| DOH – Medicaid and Health Financing | 7,168 | 78,789 | 38,586 | 124,543 |
| DOH – Medicaid – Mandatory Services | 413,189 | 1,028,713 | 52,401 | 1,494,303 |
| DOH – Medicaid – Optional Services | 118,225 | 547,531 | 300,930 | 966,686 |
| DOH – Local Health Department | 2,138 | — | — | 2,138 |
| DOH – Children's Health Insurance Program | 7,810 | 115,166 | 6,414 | 129,390 |
| DOH – Workforce Financial Assistance | 602 | — | — | 602 |
| DOH – Medicaid Sanctions | 983 | — | — | 983 |
| DOH – Commodities | — | 25,512 | — | 25,512 |
| Department of Environmental Quality | 3,535 | 284 | 2,797 | 6,616 |
| DEQ – Air Quality | 6,836 | 3,631 | 4,386 | 14,853 |
| DEQ – Environmental Response and Remediation | 3,278 | 3,183 | 267 | 6,728 |
| DEQ – Water Quality | 4,688 | 4,434 | 1,679 | 10,801 |
| DEQ – Drinking Water | 1,474 | 4,387 | (242) | 5,619 |
| DEQ – Clean Air Retrofit, Replacement and Off-road | 700 | — | — | 700 |
| DEQ – Waste Management and Radiation Control | 7,712 | 860 | 632 | 9,204 |
| Total Health and Environmental Quality | $ 629,806 | $ 1,930,924 | $ 447,097 | $ 3,007,827 |
| **HIGHER EDUCATION** | | | | |
| Board of Regents | $ 3,678 | $ 1,163 | $ — | $ 4,841 |
| RGT – Student Support | 1,599 | — | — | 1,599 |
| RGT – Economic Development | 4,861 | — | — | 4,861 |
| RGT – Student Assistance | 16,358 | — | — | 16,358 |
| RGT – Math Competency Initiative | 1,825 | — | — | 1,825 |
| RGT – Technology | 7,184 | — | — | 7,184 |
| RGT – Education Excellence | 10,008 | — | — | 10,008 |
| RGT – Medical Education Council | 574 | — | — | 574 |
| U of U – Education and General | 222,681 | — | 263,386 | 486,067 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward |
|---|---|---|---|
| $ 47,696 | $ — | $ — | $ 18 |
| 47,696 | 0 | 0 | 18 |
| | | | |
| $ 3,708 | $ — | $ — | $ 818 |
| 3,708 | 0 | 0 | 818 |
| $ 239,211 | $ 10,000 | $ 2,175 | $ 18,576 |
| | | | |
| $ 113,803 | $ — | $ 5,388 | $ 2,168 |
| 20,208 | — | — | 211 |
| 2,503 | — | — | (911) |
| 7,152 | — | — | 504 |
| $ 143,666 | $ 0 | $ 5,388 | $ 1,972 |
| | | | |
| $ 16,596 | $ — | $ — | $ 400 |
| 98 | — | — | 201 |
| 65,343 | — | 41 | 1,262 |
| 121,933 | 10 | 155 | 3,110 |
| 124,128 | — | — | 415 |
| 1,468,790 | — | 16,713 | 8,800 |
| 956,050 | — | 7,675 | 2,961 |
| 2,138 | — | — | — |
| 128,114 | — | 635 | 641 |
| 17 | — | — | 585 |
| — | — | — | 983 |
| 25,512 | — | — | — |
| 5,572 | — | — | 1,044 |
| 14,224 | — | 78 | 551 |
| 6,266 | — | 462 | — |
| 10,748 | — | 53 | — |
| 5,533 | — | 86 | — |
| 304 | — | — | 396 |
| 8,086 | — | 1,118 | — |
| $ 2,959,452 | $ 10 | $ 27,016 | $ 21,349 |
| | | | |
| $ 4,841 | $ — | $ — | $ — |
| 1,599 | — | — | — |
| 4,861 | — | — | — |
| 16,358 | — | — | — |
| 1,825 | — | — | — |
| 7,184 | — | — | — |
| 10,008 | — | — | — |
| 574 | — | — | — |
| 486,067 | — | — | — |

Continues

# Detail Schedule of Expenditures
# Budget and Actual Comparison
# General Fund

**Continued**

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| Appropriation Line Item Name | Source of Funding: State Funds | Source of Funding: Federal Funds | Source of Funding: Restricted and Other Funds | Final Budget |
|---|---|---|---|---|
| **HIGHER EDUCATION (Continued)** | | | | |
| U of U – Educationally Disadvantaged | 694 | — | — | 694 |
| U of U – School of Medicine | 31,762 | — | 25,072 | 56,834 |
| U of U – University Hospital | 4,835 | — | — | 4,835 |
| U of U – Regional Dental Education | 569 | — | 3,417 | 3,986 |
| U of U – Public Service | 1,562 | — | — | 1,562 |
| U of U – Statewide TV Administration | 2,499 | — | — | 2,499 |
| U of U – Health Sciences | 10,562 | — | 8,800 | 19,362 |
| U of U – Rocky Mtn Ctr for Occupational Health | 283 | — | — | 283 |
| U of U – Poison Control Center | 2,151 | — | — | 2,151 |
| U of U – Center on Aging | 105 | — | — | 105 |
| USU – Education and General | 127,732 | — | 89,313 | 217,045 |
| USU – Educationally Disadvantaged | 100 | — | 9 | 109 |
| USU – Water Research Laboratory | 3,467 | — | — | 3,467 |
| USU – Agricultural Experiment Station | 12,297 | 2,609 | — | 14,906 |
| USU – Cooperative Extension Service | 13,094 | 2,401 | — | 15,495 |
| USU – Uintah Basin CEC | 3,984 | — | 2,159 | 6,143 |
| USU – Southeastern Utah CEC | 754 | — | 1,468 | 2,222 |
| USU – Eastern Education and General | 12,362 | — | 2,891 | 15,253 |
| USU – Eastern Educationally Disadvantaged | 105 | — | — | 105 |
| USU – Eastern Career and Technical Education | 1,358 | — | — | 1,358 |
| USU – Eastern Prehistoric Museum | 267 | — | — | 267 |
| USU – Blanding Campus | 2,234 | — | 1,274 | 3,508 |
| USU – Brigham City CEC | 6,188 | — | 31,129 | 37,317 |
| USU – Tooele CEC | 4,168 | — | 9,072 | 13,240 |
| Weber – Education and General | 75,061 | — | 69,754 | 144,815 |
| Weber – Educationally Disadvantaged | 362 | — | — | 362 |
| SUU – Education and General | 33,836 | — | 38,545 | 72,381 |
| SUU – Educationally Disadvantaged | 92 | — | — | 92 |
| SUU – Shakespeare Festival | 22 | — | — | 22 |
| SUU – Rural Development | 100 | — | — | 100 |
| Snow College – Education and General | 20,510 | — | 10,372 | 30,882 |
| Snow College – Educationally Disadvantaged | 32 | — | — | 32 |
| Snow College – Career Technology Education | 1,326 | — | — | 1,326 |
| Dixie – Education and General | 32,033 | — | 26,980 | 59,013 |
| Dixie – Educationally Disadvantaged | 26 | — | — | 26 |
| Dixie – Zion Park Amphitheatre | 54 | — | 30 | 84 |
| UVU – Education and General | 96,402 | — | 115,174 | 211,576 |
| UVU – Educationally Disadvantaged | 167 | — | — | 167 |
| SLCC – Education and General | 82,828 | — | 56,628 | 139,456 |
| SLCC – Educationally Disadvantaged | 178 | — | — | 178 |
| SLCC – School of Applied Technology | 6,333 | — | 792 | 7,125 |
| Utah College of Applied Technology | 5,589 | — | — | 5,589 |
| UCAT – Bridgerland | 11,372 | — | — | 11,372 |
| UCAT – Davis | 13,058 | — | — | 13,058 |
| UCAT – Ogden/Weber | 12,816 | — | — | 12,816 |
| UCAT – Uintah Basin | 6,700 | — | — | 6,700 |
| UCAT – Mountainland | 9,795 | — | — | 9,795 |
| UCAT – Southwest | 3,998 | — | — | 3,998 |
| UCAT – Dixie | 3,963 | — | — | 3,963 |
| UCAT – Tooele | 3,065 | — | — | 3,065 |
| Utah Education and Telehealth Network | 32,316 | — | — | 32,316 |
| Total Higher Education | $ 963,934 | $ 6,173 | $ 756,265 | $ 1,726,372 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward |
|---|---|---|---|
| 694 | — | — | — |
| 56,834 | — | — | — |
| 4,835 | — | — | — |
| 3,986 | — | — | — |
| 1,562 | — | — | — |
| 2,499 | — | — | — |
| 19,362 | — | — | — |
| 283 | — | — | — |
| 2,151 | — | — | — |
| 105 | — | — | — |
| 217,045 | — | — | — |
| 109 | — | — | — |
| 3,420 | — | 47 | — |
| 14,906 | — | — | — |
| 15,495 | — | — | — |
| 6,143 | — | — | — |
| 2,222 | — | — | — |
| 15,253 | — | — | — |
| 105 | — | — | — |
| 1,358 | — | — | — |
| 267 | — | — | — |
| 3,508 | — | — | — |
| 37,317 | — | — | — |
| 13,240 | — | — | — |
| 144,815 | — | — | — |
| 362 | — | — | — |
| 72,381 | — | — | — |
| 92 | — | — | — |
| 22 | — | — | — |
| 100 | — | — | — |
| 30,882 | — | — | — |
| 32 | — | — | — |
| 1,326 | — | — | — |
| 59,013 | — | — | — |
| 26 | — | — | — |
| 84 | — | — | — |
| 211,576 | — | — | — |
| 167 | — | — | — |
| 139,456 | — | — | — |
| 178 | — | — | — |
| 7,125 | — | — | — |
| 5,589 | — | — | — |
| 11,372 | — | — | — |
| 13,058 | — | — | — |
| 12,816 | — | — | — |
| 6,700 | — | — | — |
| 9,795 | — | — | — |
| 3,998 | — | — | — |
| 3,963 | — | — | — |
| 3,065 | — | — | — |
| 32,316 | — | — | — |
| $ 1,726,325 | $ 0 | $ 47 | $ 0 |

**Continues**

# Detail Schedule of Expenditures
# Budget and Actual Comparison
# General Fund

**Continued**

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| Appropriation Line Item Name | Source of Funding: State Funds | Source of Funding: Federal Funds | Source of Funding: Restricted and Other Funds | Final Budget |
|---|---|---|---|---|
| **WORKFORCE SERVICES** | | | | |
| Administration | $ 3,386 | $ 6,188 | $ 2,535 | $ 12,109 |
| Operations and Policy | 58,377 | 193,978 | 40,669 | 293,024 |
| Nutritional Assistance – SNAP | — | 305,270 | — | 305,270 |
| General Assistance | 4,880 | — | 250 | 5,130 |
| Unemployment Insurance Administration | 2,085 | 18,142 | 779 | 21,006 |
| Housing and Community Development | 6,525 | 32,404 | 1,225 | 40,154 |
| HCD Capital Development | 47,062 | — | — | 47,062 |
| HCD Special Districts | 3,308 | — | — | 3,308 |
| CDBG Loan Advances | — | — | 17 | 17 |
| Total Workforce Services | $ 125,623 | $ 555,982 | $ 45,475 | $ 727,080 |
| **NATURAL RESOURCES** | | | | |
| Department of Natural Resources | $ 2,844 | $ — | $ — | $ 2,844 |
| Building Operations | 1,789 | — | — | 1,789 |
| Forestry, Fire, and State Lands | 18,686 | 4,138 | 10,837 | 33,661 |
| Oil, Gas, and Mining | 8,259 | 4,141 | 145 | 12,545 |
| Wildlife Resources | 48,471 | 18,121 | (128) | 66,464 |
| Species Protection | 1,335 | — | 2,450 | 3,785 |
| Predator Control | 60 | — | — | 60 |
| Watershed Development | 3,928 | — | 500 | 4,428 |
| Pass Through | 8,015 | — | — | 8,015 |
| Contributed Research | — | — | 1,018 | 1,018 |
| Cooperative Environmental Studies | 2 | 7,912 | 10,651 | 18,565 |
| Parks and Recreation | 30,231 | 1,462 | 1,152 | 32,845 |
| Parks and Recreation – Capital Development | 10,722 | 1,534 | 125 | 12,381 |
| Utah Geological Survey | 5,873 | 851 | 1,037 | 7,761 |
| Water Resources | 17,177 | — | 150 | 17,327 |
| Wildlife Resources – Capital Development | 1,205 | 1,046 | — | 2,251 |
| Water Rights | 8,471 | 119 | 1,883 | 10,473 |
| Public Lands Policy Office | 7,246 | — | — | 7,246 |
| National Parks Operation Contribution | 3,999 | — | — | 3,999 |
| Public Lands Litigation | 2,311 | — | — | 2,311 |
| Total Natural Resources | $ 180,624 | $ 39,324 | $ 29,820 | $ 249,768 |
| **HERITAGE and ARTS** | | | | |
| Heritage and Arts Administration | $ 4,824 | $ 3,569 | $ 59 | $ 8,452 |
| Indian Affairs | 332 | — | 44 | 376 |
| State History | 2,126 | 1,112 | 29 | 3,267 |
| Historical Society | 58 | — | 94 | 152 |
| Arts and Museums | 4,392 | 736 | 1,285 | 6,413 |
| Museum Services | 363 | — | — | 363 |
| State Library | 4,764 | 1,792 | 2,091 | 8,647 |
| DHA Pass Through | 3,722 | — | — | 3,722 |
| Total Heritage and Arts | $ 20,581 | $ 7,209 | $ 3,602 | $ 31,392 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward |
|---|---|---|---|
| $ 10,918 | $ 1,110 | $ 81 | $ — |
| 288,288 | — | 3,301 | 1,435 |
| 305,270 | — | — | — |
| 4,274 | — | — | 856 |
| 20,978 | — | 28 | — |
| 39,720 | 23 | 411 | — |
| 47,062 | — | — | — |
| 3,308 | — | — | — |
| 17 | — | — | — |
| $ 719,835 | $ 1,133 | $ 3,821 | $ 2,291 |
| | | | |
| $ 2,641 | $ — | $ — | $ 203 |
| 1,789 | — | — | — |
| 25,481 | 107 | 798 | 7,275 |
| 9,224 | — | 1,030 | 2,291 |
| 63,282 | 28 | 2,402 | 752 |
| 3,104 | — | 481 | 200 |
| 60 | — | — | — |
| 4,046 | — | 23 | 359 |
| 4,686 | 200 | — | 3,129 |
| 1,018 | — | — | — |
| 18,563 | — | 2 | — |
| 30,688 | — | 1,904 | 253 |
| 4,222 | — | — | 8,159 |
| 7,496 | — | 78 | 187 |
| 7,220 | — | 189 | 9,918 |
| 2,251 | — | — | — |
| 10,303 | — | — | 170 |
| 3,677 | — | 731 | 2,838 |
| 912 | — | — | 3,087 |
| 261 | — | 757 | 1,293 |
| $ 200,924 | $ 335 | $ 8,395 | $ 40,114 |
| | | | |
| $ 7,290 | $ 7 | $ 26 | $ 1,129 |
| 333 | — | — | 43 |
| 3,267 | — | — | — |
| 65 | — | — | 87 |
| 4,292 | — | — | 2,121 |
| 363 | — | — | — |
| 8,460 | — | — | 187 |
| 3,722 | — | — | — |
| $ 27,792 | $ 7 | $ 26 | $ 3,567 |

**Continues**

# Detail Schedule of Expenditures
# Budget and Actual Comparison
# General Fund

**Continued**

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Source of Funding | | | |
|---|---|---|---|---|
| **Appropriation Line Item Name** | **State Funds** | **Federal Funds** | **Restricted and Other Funds** | **Final Budget** |
| **BUSINESS, LABOR, and AGRICULTURE** | | | | |
| Department of Agriculture and Food | $ 3,073 | $ 873 | $ 480 | $ 4,426 |
| AGR – Building Operations | 357 | — | — | 357 |
| AGR – Utah State Fair | 675 | — | — | 675 |
| AGR – Predatory Animal Control | 1,606 | — | 720 | 2,326 |
| AGR – Invasive Species Mitigation | 2,867 | — | — | 2,867 |
| AGR – Rangeland Improvement | 3,391 | — | — | 3,391 |
| AGR – Animal Health | 4,001 | 1,200 | 493 | 5,694 |
| AGR – Plant Industry | 1,768 | 781 | 2,463 | 5,012 |
| AGR – Regulatory Services | 2,214 | 655 | 2,489 | 5,358 |
| AGR – Marketing and Economic Development | 814 | — | — | 814 |
| AGR – Resource Conservation | 2,511 | 6,097 | 1,492 | 10,100 |
| Labor Commission | 10,965 | 2,858 | 114 | 13,937 |
| Department of Commerce | 27,441 | 384 | 747 | 28,572 |
| COM – Building Inspector Training | 1,082 | — | 477 | 1,559 |
| COM – Public Utilities – Professional Services | 3,623 | — | — | 3,623 |
| COM – Consumer Services – Professional Services | 3,851 | — | — | 3,851 |
| Financial Institutions | 7,551 | — | — | 7,551 |
| Insurance Department | 14,284 | 576 | 1 | 14,861 |
| INS – Bail Bond Program | 25 | — | — | 25 |
| INS – Title Insurance Program | 136 | — | — | 136 |
| INS – Health Insurance Actuary | 285 | — | — | 285 |
| Public Service Commission | 3,111 | — | 9 | 3,120 |
| PSC – Speech and Hearing Impaired | 3,232 | — | 711 | 3,943 |
| Total Business, Labor, and Agriculture | $ 98,863 | $ 13,424 | $ 10,196 | $ 122,483 |
| **TOTAL GENERAL FUND** | | | | |
| Total Expenditures | $ 3,487,404 | $ 2,754,396 | $ 1,581,277 | $ 7,823,077 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward |
|---|---|---|---|
| $ 4,320 | $ — | $ 71 | $ 35 |
| 357 | — | — | — |
| 675 | — | — | — |
| 2,045 | 95 | — | 186 |
| 1,267 | — | 701 | 899 |
| 1,340 | — | 1,151 | 900 |
| 5,680 | — | — | 14 |
| 4,331 | — | — | 681 |
| 4,840 | 33 | — | 485 |
| 724 | 22 | — | 68 |
| 10,043 | — | — | 57 |
| 13,431 | 3 | 503 | — |
| 25,894 | 45 | 445 | 2,188 |
| 590 | — | — | 969 |
| 408 | — | — | 3,215 |
| 382 | — | — | 3,469 |
| 7,314 | — | 237 | — |
| 10,922 | 74 | 1,695 | 2,170 |
| 25 | — | — | — |
| 81 | — | 11 | 44 |
| — | — | 147 | 138 |
| 2,404 | — | — | 716 |
| 1,056 | — | — | 2,887 |
| $ 98,129 | $ 272 | $ 4,961 | $ 19,121 |
| $ 7,553,685 | $ 14,811 | $ 66,332 | $ 188,249 |

# Detail Schedule of Expenditures—Budget and Actual Comparison
# Education Fund, Transportation Fund,
# Transportation Investment Fund, and Debt Service Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Source of Funding | | | |
|---|---|---|---|---|
| Appropriation Line Item Name | State Funds | Federal Funds | Restricted and Other Funds | Final Budget |
| **EDUCATION FUND** | | | | |
| **State Board of Education** | | | | |
| State Office of Education | $ 57,711 | $ 255,443 | $ 15,192 | $ 328,346 |
| State Office of Rehabilitation | 23,346 | 40,244 | (40) | 63,550 |
| Child Nutrition | 143 | 158,030 | 40,445 | 198,618 |
| Fine Arts Outreach | 4,190 | — | — | 4,190 |
| Educational Contracts | 3,500 | — | (14) | 3,486 |
| Charter School Board | 5,283 | — | (128) | 5,155 |
| Science Outreach | 4,390 | — | — | 4,390 |
| Educator Licensing | 2,395 | — | (188) | 2,207 |
| Initiative Programs | 44,168 | — | (59) | 44,109 |
| Basic School Program | 2,157,406 | — | (22) | 2,157,384 |
| Related to Basic Programs | 576,402 | — | (97) | 576,305 |
| Voted and Board Leeway Programs | 155,769 | — | — | 155,769 |
| School Building Programs | 33,250 | — | — | 33,250 |
| Teacher Salary Supplement | 7,777 | — | — | 7,777 |
| Charter School Finance Authority | 50 | — | — | 50 |
| Commodities | — | 17,746 | — | 17,746 |
| Total Office of Education | 3,075,780 | 471,463 | 55,089 | 3,602,332 |
| **Schools for the Deaf and the Blind** | | | | |
| Schools for the Deaf and the Blind | $ 26,068 | $ 97 | $ 7,068 | $ 33,233 |
| Institutional Council | — | — | 1,058 | 1,058 |
| Total Schools for the Deaf and the Blind | 26,068 | 97 | 8,126 | 34,291 |
| Total Education Fund | $ 3,101,848 | $ 471,560 | $ 63,215 | $ 3,636,623 |
| **TRANSPORTATION FUND** | | | | |
| Support Services | $ 32,327 | $ 4,147 | $ — | $ 36,474 |
| Engineering Services | 18,009 | 25,963 | 1,517 | 45,489 |
| Maintenance Management | 149,878 | 8,888 | 2,796 | 161,562 |
| Construction Management | 82,916 | 264,125 | 26,757 | 373,798 |
| Region Management | 24,270 | 3,400 | 2,201 | 29,871 |
| Equipment Management | 1,840 | — | 29,959 | 31,799 |
| Aeronautics | 12,492 | 493 | 605 | 13,590 |
| Share the Road | 35 | — | — | 35 |
| B and C Roads | 148,483 | — | — | 148,483 |
| Safe Sidewalk Construction | 882 | — | — | 882 |
| Mineral Lease | 29,739 | — | — | 29,739 |
| Corridor Preservation | 16,913 | — | — | 16,913 |
| Tollway | 1,102 | — | — | 1,102 |
| Counties of the 1st and 2nd Class | 27,986 | — | — | 27,986 |
| Inventory and Miscellaneous | — | — | 5,503 | 5,503 |
| Total Transportation Fund | $ 546,872 | $ 307,016 | $ 69,338 | $ 923,226 |
| **TRANSPORTATION INVESTMENT FUND** | | | | |
| TIF Capacity Program | $ 341,737 | $ — | $ — | $ 341,737 |
| Total Transportation Investment Fund | $ 341,737 | $ 0 | $ 0 | $ 341,737 |
| **DEBT SERVICE FUNDS** | | | | |
| General Government | $ 448,149 | $ 14,445 | $ 1,261 | $ 463,855 |
| State Building Ownership Authority | 1,207 | 1,629 | 34,510 | 37,346 |
| Total Debt Service Funds | $ 449,356 | $ 16,074 | $ 35,771 | $ 501,201 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward |
|---|---|---|---|
| $ 301,929 | $ — | $ 291 | $ 26,126 |
| 63,550 | — | — | — |
| 198,618 | — | — | — |
| 4,135 | — | — | 55 |
| 3,007 | — | — | 479 |
| 3,818 | — | — | 1,337 |
| 4,390 | — | — | — |
| 2,006 | — | 201 | — |
| 30,189 | — | — | 13,920 |
| 2,146,310 | — | — | 11,074 |
| 559,836 | — | 28 | 16,441 |
| 153,240 | — | — | 2,529 |
| 33,250 | — | — | — |
| 6,452 | — | — | 1,325 |
| — | — | 50 | — |
| 17,746 | — | — | — |
| 3,528,476 | 0 | 570 | 73,286 |
| | | | |
| $ 33,233 | $ — | $ — | $ — |
| 1,058 | — | — | — |
| 34,291 | 0 | 0 | 0 |
| $ 3,562,767 | $ 0 | $ 570 | $ 73,286 |
| | | | |
| $ 35,561 | $ 113 | $ — | $ 800 |
| 44,964 | 225 | — | 300 |
| 160,275 | — | — | 1,287 |
| 330,225 | 43,573 | — | — |
| 29,143 | 528 | — | 200 |
| 31,799 | — | — | — |
| 7,954 | — | 1,607 | 4,029 |
| 27 | — | 8 | — |
| 148,483 | — | — | — |
| 608 | — | — | 274 |
| 29,739 | — | — | — |
| 16,913 | — | — | — |
| 1,102 | — | — | — |
| 27,986 | — | — | — |
| 1,537 | 3,966 | — | — |
| $ 866,316 | $ 48,405 | $ 1,615 | $ 6,890 |
| | | | |
| $ 341,737 | $ — | $ — | $ — |
| $ 341,737 | $ 0 | $ 0 | $ 0 |
| | | | |
| $ 441,556 | $ 14,445 | $ — | $ 7,854 |
| 26,177 | — | — | 11,169 |
| $ 467,733 | $ 14,445 | $ 0 | $ 19,023 |

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# Nonmajor Enterprise Funds

## Housing Loan Programs
These programs provide loans or grants to low income or special needs individuals for construction, rehabilitation, or purchase of single or multi-family housing. Funds are provided from federal programs, loan repayments, appropriations, and interest earnings.

## Agriculture Loan Fund
This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

## Energy Efficiency Fund
This fund provides revolving loans to assist in the conversion of government and private fleet vehicles to clean fuel and for energy efficiency projects in political subdivisions and state facilities. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

## Transportation Infrastructure Loan Fund
This fund was created as a revolving loan fund to provide infrastructure assistance to local governments to expedite construction projects. The fund was capitalized with federal grants and state matching appropriations.

## Alcoholic Beverage Control
The Alcoholic Beverage Control Commission was established to conduct, license, and regulate the sale of alcoholic beverages. Funding is provided through the sale of products. The net profit from the fund is transferred to the State's General Fund and is used for general government purposes.

## Utah Correctional Industries
Utah Correctional Industries (UCI) was established to provide work training opportunities for inmates of the Utah State Prison. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy and meat products, and provides printing and other miscellaneous products and services. Funding comes from charges for products and services.

## State Trust Lands Administration
This agency manages the assets of the Trust Lands permanent fund. Its objective is to maximize the growth of principal and income production for the beneficiaries.

## Utah Dairy Commission
The purpose of the Commission is to promote the use of dairy products. Its operations are comprised of promotion, advertising, research, and nutritional education regarding dairy products. Funding consists primarily of fees from milk producers.

## Combining Statement Of Net Position
## Nonmajor Enterprise Funds

June 30, 2016 (Expressed in Thousands)

| | Housing Loan Programs | Agriculture Loan Fund | Energy Efficiency Fund | Transportation Infrastructure Loan Fund |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | $ 17,118 | $ 19,819 | $ 2,589 | $ 7,836 |
| Receivables: | | | | |
| Accounts, net | — | — | — | — |
| Accrued Interest | 1,036 | 536 | 3 | 184 |
| Notes/Loans/Mortgages, net | 6,067 | 3,790 | 555 | 1,616 |
| Due From Other Funds | — | — | — | — |
| Prepaid Items | — | — | — | — |
| Inventories | 381 | — | — | — |
| Total Current Assets | 24,602 | 24,145 | 3,147 | 9,636 |
| Noncurrent Assets: | | | | |
| Investments | — | — | — | — |
| Accrued Interest Receivable | 1,359 | — | — | — |
| Notes/Loans/Mortgages Receivables, net | 110,956 | 30,773 | 1,462 | 14,983 |
| Other Assets | — | — | — | — |
| Capital Assets: | | | | |
| Land | — | — | — | — |
| Infrastructure | — | — | — | — |
| Buildings and Improvements | — | — | — | — |
| Machinery and Equipment | — | 20 | — | — |
| Intangible Assets–Software | — | — | — | — |
| Construction in Progress | — | — | — | — |
| Less Accumulated Depreciation | — | (20) | — | — |
| Total Capital Assets | 0 | 0 | 0 | 0 |
| Total Noncurrent Assets | 112,315 | 30,773 | 1,462 | 14,983 |
| Total Assets | $ 136,917 | $ 54,918 | $ 4,609 | $ 24,619 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Deferred Amount on Refundings of Bonded Debt | $ — | $ — | $ — | $ — |
| Deferred Outflows Relating to Pensions | — | — | — | — |
| Total Deferred Outflows of Resources | $ 0 | $ 0 | $ 0 | $ 0 |
| **LIABILITIES** | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | $ 15 | $ 13 | $ 123 | $ — |
| Deposits | 1 | — | — | — |
| Due To Other Funds | 2 | 1 | — | — |
| Due To Component Units | — | — | — | — |
| Unearned Revenue | — | — | — | — |
| Revenue Bonds Payable | — | — | — | — |
| Total Current Liabilities | 18 | 14 | 123 | 0 |
| Noncurrent Liabilities: | | | | |
| Revenue Bonds Payable | — | — | — | — |
| Net Pension Liability | — | — | — | — |
| Total Noncurrent Liabilities | 0 | 0 | 0 | 0 |
| Total Liabilities | $ 18 | $ 14 | $ 123 | $ 0 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Deferred Inflows Relating to Pensions | $ — | $ — | $ — | $ — |
| Total Deferred Inflows of Resources | $ 0 | $ 0 | $ 0 | $ 0 |
| **NET POSITION** | | | | |
| Net Investment in Capital Assets | $ — | $ — | $ — | $ — |
| Restricted for: | | | | |
| Loan Programs | 82,932 | 5,005 | — | 24,619 |
| Unrestricted | 53,967 | 49,899 | 4,486 | — |
| Total Net Position | $ 136,899 | $ 54,904 | $ 4,486 | $ 24,619 |

| Alcoholic Beverage Control | Utah Correctional Industries | State Trust Lands Administration | Utah Dairy Commission | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|
| $ 156 | $ 712 | $ 2,655 | $ 957 | $ 51,842 |
| 2,118 | 1,583 | 2,568 | 284 | 6,553 |
| — | — | — | — | 1,759 |
| — | — | 1 | — | 12,029 |
| 9,418 | 335 | 323 | — | 10,076 |
| — | — | — | 3 | 3 |
| 37,435 | 1,178 | — | 19 | 39,013 |
| 49,127 | 3,808 | 5,547 | 1,263 | 121,275 |
| — | — | — | 234 | 234 |
| — | — | — | — | 1,359 |
| — | — | — | — | 158,174 |
| — | 3 | — | — | 3 |
| 23,357 | — | 263 | 32 | 23,652 |
| 126 | 304 | — | — | 430 |
| 75,278 | 4,021 | 233 | 143 | 79,675 |
| 8,986 | 4,474 | 1,321 | 83 | 14,884 |
| 2,087 | 644 | — | — | 2,731 |
| 143 | — | — | 46 | 189 |
| (34,936) | (4,274) | (1,240) | (186) | (40,656) |
| 75,041 | 5,169 | 577 | 118 | 80,905 |
| 75,041 | 5,172 | 577 | 352 | 240,675 |
| $ 124,168 | $ 8,980 | $ 6,124 | $ 1,615 | $ 361,950 |
| $ 4,289 | $ 114 | $ — | $ — | $ 4,403 |
| 2,492 | 1,735 | 1,854 | 110 | 6,191 |
| $ 6,781 | $ 1,849 | $ 1,854 | $ 110 | $ 10,594 |
| $ 11,760 | $ 1,331 | $ 1,138 | $ 142 | $ 14,522 |
| — | — | — | — | 1 |
| 29,050 | 228 | 256 | — | 29,537 |
| — | — | 26 | — | 26 |
| 1,063 | 5 | 2,873 | — | 3,941 |
| 4,728 | 199 | — | — | 4,927 |
| 46,601 | 1,763 | 4,293 | 142 | 52,954 |
| 72,553 | 1,243 | — | — | 73,796 |
| 5,901 | 4,266 | 4,036 | 406 | 14,609 |
| 78,454 | 5,509 | 4,036 | 406 | 88,405 |
| $ 125,055 | $ 7,272 | $ 8,329 | $ 548 | $ 141,359 |
| $ 638 | $ 419 | $ 413 | $ 38 | $ 1,508 |
| $ 638 | $ 419 | $ 413 | $ 38 | $ 1,508 |
| $ 11,035 | $ 3,832 | $ 577 | $ 118 | $ 15,562 |
| — | — | — | — | 112,556 |
| (5,779) | (694) | (1,341) | 1,021 | 101,559 |
| $ 5,256 | $ 3,138 | $ (764) | $ 1,139 | $ 229,677 |

# Combining Statement Of Revenues, Expenses, And Changes In Fund Net Position Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Housing Loan Programs | Agriculture Loan Fund | Energy Efficiency Fund | Transportation Infrastructure Loan Fund |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| Sales and Charges for Services/Premiums | $ — | $ — | $ — | $ — |
| Fees and Assessments | — | — | — | — |
| Interest on Notes/Mortgages | 2,049 | 1,085 | — | — |
| Miscellaneous | 40 | 2 | — | — |
| Total Operating Revenues | 2,089 | 1,087 | 0 | 0 |
| **OPERATING EXPENSES** | | | | |
| Administration | 125 | 259 | — | — |
| Purchases, Materials, and Services for Resale | — | — | — | — |
| Grants | 3,579 | — | 180 | — |
| Rentals and Leases | 1 | 3 | — | — |
| Maintenance | 13 | — | — | — |
| Depreciation/Amortization | — | — | — | — |
| Miscellaneous Other: | | | | |
| Data Processing | — | 7 | — | — |
| Supplies | — | 2 | — | — |
| Utilities | — | 3 | — | — |
| Advertising and Other | 258 | 5 | 5 | — |
| Total Operating Expenses | 3,976 | 279 | 185 | 0 |
| Operating Income (Loss) | (1,887) | 808 | (185) | 0 |
| **NONOPERATING REVENUES (EXPENSES)** | | | | |
| Investment Income | 110 | 115 | 28 | 179 |
| Federal Contracts and Grants | 3,351 | — | — | — |
| Tax Revenues | — | 525 | — | — |
| Interest Expense | — | — | — | — |
| Total Nonoperating Revenues (Expenses) | 3,461 | 640 | 28 | 179 |
| Income (Loss) before Transfers | 1,574 | 1,448 | (157) | 179 |
| Transfers In | 3,243 | — | — | — |
| Transfers Out | — | (788) | (49) | — |
| Change in Net Position | 4,817 | 660 | (206) | 179 |
| Net Position – Beginning | 132,082 | 54,244 | 4,692 | 24,440 |
| Adjustment to Beginning Net Position | — | — | — | — |
| Net Position – Beginning as Adjusted | 132,082 | 54,244 | 4,692 | 24,440 |
| Net Position – Ending | $ 136,899 | $ 54,904 | $ 4,486 | $ 24,619 |

| Alcoholic Beverage Control | Utah Correctional Industries | State Trust Lands Administration | Utah Dairy Commission | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|
| $ 361,199 | $ 23,644 | $ 8,482 | $ 34 | $ 393,359 |
| 2,826 | — | 26 | 2,713 | 5,565 |
| — | — | — | — | 3,134 |
| 457 | 12 | — | 57 | 568 |
| 364,482 | 23,656 | 8,508 | 2,804 | 402,626 |
| 18,513 | 5,792 | 8,227 | 622 | 33,538 |
| 221,088 | 14,614 | — | 97 | 235,799 |
| — | — | — | — | 3,759 |
| 1,068 | 435 | 755 | — | 2,262 |
| 3,121 | 205 | 114 | — | 3,453 |
| 3,167 | 325 | 35 | 12 | 3,539 |
| 2,143 | 287 | 250 | — | 2,687 |
| 239 | 1,067 | 182 | — | 1,490 |
| 185 | 126 | 130 | — | 444 |
| 8,136 | 784 | 1,710 | 2,041 | 12,939 |
| 257,660 | 23,635 | 11,403 | 2,772 | 299,910 |
| 106,822 | 21 | (2,895) | 32 | 102,716 |
| — | — | (32) | (3) | 397 |
| 303 | — | — | — | 3,654 |
| — | — | — | — | 525 |
| (3,095) | (39) | — | — | (3,134) |
| (2,792) | (39) | (32) | (3) | 1,442 |
| 104,030 | (18) | (2,927) | 29 | 104,158 |
| — | — | — | — | 3,243 |
| (104,030) | — | (1,841) | — | (106,708) |
| 0 | (18) | (4,768) | 29 | 693 |
| 5,256 | 3,156 | 4,004 | 1,477 | 229,351 |
| — | — | — | (367) | (367) |
| 5,256 | 3,156 | 4,004 | 1,110 | 228,984 |
| $ 5,256 | $ 3,138 | $ (764) | $ 1,139 | $ 229,677 |

# Combining Statement Of Cash Flows
# Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Housing Loan Programs | Agriculture Loan Fund | Energy Efficiency Fund | Transportation Infrastructure Loan Fund |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from Customers/Loan Interest/Fees/Premiums ... | $ 1,843 | $ 1,088 | $ — | $ — |
| Receipts from Loan Maturities .......................................... | 8,337 | 5,397 | — | — |
| Receipts from State Customers ........................................ | — | — | — | — |
| Payments to Suppliers/Claims/Grants .............................. | (412) | (17) | (60) | — |
| Disbursements for Loans Receivable ............................... | (11,471) | (4,605) | — | — |
| Payments for Employee Services and Benefits ................. | (125) | (267) | — | — |
| Payments to State Suppliers ............................................. | (3,448) | (13) | (5) | — |
| Payments of Sales Tax and School Lunch Collections ..... | — | — | — | — |
| Net Cash Provided (Used) by Operating Activities ............................................. | (5,276) | 1,583 | (65) | 0 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | |
| Borrowings Under Interfund Loans ................................. | — | — | — | — |
| Repayments Under Interfund Loans ................................. | — | — | — | — |
| Federal Contracts and Grants and Other Revenues ........... | 3,349 | — | — | — |
| Restricted Sales Tax ......................................................... | — | 525 | — | — |
| Transfers In from Other Funds .......................................... | 3,243 | — | — | — |
| Transfers Out to Other Funds ............................................ | — | (788) | (49) | — |
| Net Cash Provided (Used) by Noncapital Financing Activities ........................... | 6,592 | (263) | (49) | 0 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Proceeds from Bond and Note Debt Issuance/Grants ........ | — | — | — | — |
| Proceeds from Disposition of Capital Assets .................... | — | — | — | — |
| Principal Paid on Debt and Contract Maturities ................ | — | — | — | — |
| Acquisition and Construction of Capital Assets ................ | — | — | — | — |
| Interest Paid on Bonds, Notes, and Capital Leases ........... | — | — | — | — |
| Net Cash Provided (Used) by Capital and Related Financing Activities ............. | 0 | 0 | 0 | 0 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Proceeds from the Sale and Maturity of Investments ........ | — | — | — | — |
| Receipts of Interest and Dividends from Investments ....... | 110 | 115 | — | (18) |
| Receipts from Loan Maturities .......................................... | — | — | 409 | 3,148 |
| Receipts of Interest from Loans ....................................... | — | — | 28 | 51 |
| Disbursements for Loans Receivable ................................ | — | — | — | (16,150) |
| Net Cash Provided (Used) by Investing Activities .............................................. | 110 | 115 | 437 | (12,969) |
| Net Cash Provided (Used) – All Activities ............ | 1,426 | 1,435 | 323 | (12,969) |
| Cash and Cash Equivalents – Beginning ............................. | 15,692 | 18,384 | 2,266 | 20,805 |
| Cash and Cash Equivalents – Ending .................................. | $ 17,118 | $ 19,819 | $ 2,589 | $ 7,836 |

| Alcoholic Beverage Control | Utah Correctional Industries | State Trust Lands Administration | Utah Dairy Commission | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|
| $ 430,581 | $ 9,859 | $ 11,864 | $ 2,900 | $ 458,135 |
| — | — | — | — | 13,734 |
| — | 14,243 | — | — | 14,243 |
| (241,124) | (14,387) | (5,415) | (1,979) | (263,394) |
| — | — | — | — | (16,076) |
| (17,125) | (6,227) | (8,707) | (687) | (33,138) |
| (5,697) | (3,147) | (250) | — | (12,560) |
| (66,456) | — | — | — | (66,456) |
| 100,179 | 341 | (2,508) | 234 | 94,488 |
| | | | | |
| 28,749 | — | — | — | 28,749 |
| (16,108) | — | — | — | (16,108) |
| — | — | — | — | 3,349 |
| — | — | — | — | 525 |
| — | — | — | — | 3,243 |
| (104,030) | — | (1,841) | — | (106,708) |
| (91,389) | 0 | (1,841) | 0 | (86,950) |
| | | | | |
| 4,839 | — | — | — | 4,839 |
| 1,344 | — | — | — | 1,344 |
| (5,078) | (158) | — | — | (5,236) |
| (6,219) | (501) | — | (34) | (6,754) |
| (3,671) | (60) | — | — | (3,731) |
| (8,785) | (719) | 0 | (34) | (9,538) |
| | | | | |
| — | — | — | (86) | (86) |
| — | — | (32) | (3) | 172 |
| — | — | — | — | 3,557 |
| — | — | — | — | 79 |
| — | — | — | — | (16,150) |
| 0 | 0 | (32) | (89) | (12,428) |
| 5 | (378) | (4,381) | 111 | (14,428) |
| 151 | 1,090 | 7,036 | 846 | 66,270 |
| $ 156 | $ 712 | $ 2,655 | $ 957 | $ 51,842 |

**Continues**

## Combining Statement Of Cash Flows
## Nonmajor Enterprise Funds

**Continued**

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Housing Loan Programs | Agriculture Loan Fund | Energy Efficiency Fund | Transportation Infrastructure Loan Fund |
|---|---|---|---|---|
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | | | | |
| Operating Income (Loss) | $ (1,887) | $ 808 | $ (185) | $ — |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation/Amortization Expense | — | — | — | — |
| Pension Expense Accrual | — | — | — | — |
| Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources: | | | | |
| Accounts Receivable/Due From Other Funds | — | 1 | — | — |
| Notes/Accrued Interest Receivables | (2,820) | 793 | — | — |
| Inventories | (381) | — | — | — |
| Prepaid Items | — | — | — | — |
| Accrued Liabilities/Due to Other Funds | (91) | (19) | 120 | — |
| Unearned Revenue/Deposits | (97) | — | — | — |
| Net Cash Provided (Used) by Operating Activities | $ (5,276) | $ 1,583 | $ (65) | $ 0 |
| **SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES** | | | | |
| Increase (Decrease) in Fair Value of Investments | $ — | $ — | $ — | $ (106) |
| Total Noncash Investing, Capital, and Financing Activities | $ 0 | $ 0 | $ 0 | $ (106) |

| Alcoholic Beverage Control | Utah Correctional Industries | State Trust Lands Administration | Utah Dairy Commission | Total Nonmajor Enterprise Funds |
|---|---|---|---|---|
| $ 106,822 | $ 21 | $ (2,895) | $ 32 | $ 102,716 |
| 3,167 | 325 | 35 | 12 | 3,539 |
| (265) | (305) | 12 | (33) | (591) |
| (385) | 453 | 3,521 | 96 | 3,686 |
| — | — | — | — | (2,027) |
| (5,624) | 275 | — | 3 | (5,727) |
| 1 | 18 | — | — | 19 |
| (3,564) | (439) | (3,016) | 124 | (6,885) |
| 27 | (7) | (165) | — | (242) |
| $ 100,179 | $ 341 | $ (2,508) | $ 234 | $ 94,488 |
| $ — | $ — | $ — | $ — | $ (106) |
| $ 0 | $ 0 | $ 0 | $ 0 | $ (106) |

# Detail Schedule of Expenditures—Budget and Actual Comparison
# Enterprise Funds with Legally Adopted Annual Budgets

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Source of Funding | | | |
|---|---|---|---|---|
| **Appropriation Line Item Name** | **State Funds** | **Federal Funds** | **Restricted and Other Funds** | **Final Budget** |
| **ALCOHOLIC BEVERAGE CONTROL** | | | | |
| Alcoholic Beverage Control Administration | $ 41,870 | $ — | $ — | $ 41,870 |
| ABC – Parents Empowered | 2,312 | — | — | 2,312 |
| Total Alcoholic Beverage Control | $ 44,182 | $ 0 | $ 0 | $ 44,182 |

| Actual Expenditures | Lapse to Unrestricted | Lapse to Restricted and Other | Nonlapse or (Deficit) Carry Forward |
|---|---|---|---|
| | | | |
| $ 41,846 | $ 24 | $ — | $ — |
| 2,186 | — | — | 126 |
| $ 44,032 | $ 24 | $ 0 | $ 126 |

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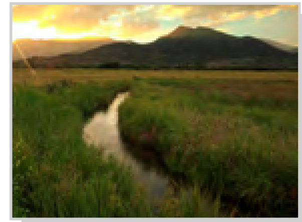

# Internal Service Funds

## Technology Services

This fund is responsible for providing data processing and various other computer services along with voice and data communication services to state agencies.

## General Services

This fund manages cooperative purchasing contracts and provides purchasing card, printing and mailing services, and surplus property services to state agencies. This fund also provides central accounting services for the Department of Administrative Services and warehouse services for the Department of Natural Resources.

## Fleet Operations

This fund provides motor pool, fuel network, and travel services to state agencies.

## Risk Management

This fund provides insurance coverage and loss prevention services to state agencies, institutions of higher education, and participating local school districts. Coverage is provided using a combination of self-insurance and private excess insurance.

## Property Management

This fund is responsible for the operation and maintenance of facilities used by state agencies. This fund is also used to account for the State's facility energy efficiency program.

## Human Resource Management

This fund provides human resource and payroll services to state agencies.

# Combining Statement Of Net Position
# Internal Service Funds

June 30, 2016 (Expressed in Thousands)

| | Technology Services | General Services | Fleet Operations | Risk Management |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Current Assets: | | | | |
| Cash and Cash Equivalents | $ — | $ 2,291 | $ 63 | $ 59,684 |
| Receivables: | | | | |
| Accounts, net | 1,537 | 2,286 | 2,158 | 4 |
| Due From Other Funds | 20,994 | 2,232 | 3,157 | 718 |
| Due From Component Units | — | 15 | 22 | 7 |
| Prepaid Items | 2,411 | — | — | 651 |
| Inventories | 149 | 1,337 | 3,138 | — |
| Total Current Assets | 25,091 | 8,161 | 8,538 | 61,064 |
| Noncurrent Assets: | | | | |
| Prepaid Items | 2,516 | — | — | — |
| Other Assets | 5 | — | 1 | 1 |
| Capital Assets: | | | | |
| Infrastructure | 130 | — | — | — |
| Buildings and Improvements | 3,883 | 1,379 | 193 | — |
| Machinery and Equipment | 66,775 | 12,231 | 133,883 | — |
| Intangible Assets–Software | 12,943 | 1,215 | 206 | 655 |
| Less Accumulated Depreciation | (73,197) | (10,131) | (58,818) | (624) |
| Total Capital Assets | 10,534 | 4,694 | 75,464 | 31 |
| Total Noncurrent Assets | 13,055 | 4,694 | 75,465 | 32 |
| Total Assets | $ 38,146 | $ 12,855 | $ 84,003 | $ 61,096 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Deferred Amount on Refundings of Bonded Debt | $ — | $ 9 | $ — | $ — |
| Deferred Outflows Relating to Pensions | 18,096 | 1,278 | 462 | 798 |
| Total Deferred Outflows of Resources | $ 18,096 | $ 1,287 | $ 462 | $ 798 |
| **LIABILITIES** | | | | |
| Current Liabilities: | | | | |
| Accounts Payable and Accrued Liabilities | $ 12,110 | $ 2,260 | $ 2,731 | $ 190 |
| Due To Other Funds | 431 | 135 | 46 | 890 |
| Due To Component Units | — | 2 | — | 1 |
| Interfund Loans Payable | 11,618 | 802 | 15,091 | — |
| Unearned Revenue | 798 | 113 | — | — |
| Policy Claims Liabilities | — | — | — | 20,565 |
| Contracts/Notes Payable | — | — | — | — |
| Revenue Bonds Payable | — | 101 | — | — |
| Total Current Liabilities | 24,957 | 3,413 | 17,868 | 21,646 |
| Noncurrent Liabilities: | | | | |
| Interfund Loans Payable | 2,769 | 3,773 | 20,205 | — |
| Policy Claims Liabilities | — | — | — | 27,527 |
| Contracts/Notes Payable | — | — | — | — |
| Revenue Bonds Payable | — | 147 | — | — |
| Net Pension Liability | 48,729 | 3,536 | 1,208 | 2,066 |
| Total Noncurrent Liabilities | 51,498 | 7,456 | 21,413 | 29,593 |
| Total Liabilities | $ 76,455 | $ 10,869 | $ 39,281 | $ 51,239 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Deferred Inflows Relating to Pensions | $ 5,187 | $ 374 | $ 114 | $ 222 |
| Total Deferred Inflows of Resources | $ 5,187 | $ 374 | $ 114 | $ 222 |
| **Net Position** | | | | |
| Net Investment in Capital Assets | $ 10,534 | $ 4,451 | $ 75,464 | $ 31 |
| Restricted for: | | | | |
| Insurance Programs | — | — | — | 6,530 |
| Unrestricted (Deficit) | (35,934) | (1,552) | (30,394) | 3,872 |
| Total Net Position | $ (25,400) | $ 2,899 | $ 45,070 | $ 10,433 |

| Property Management | Human Resource Management | Total |
|---|---|---|
| $ 5,609 | $ 2,439 | $ 70,086 |
| 46 | — | 6,031 |
| 375 | 291 | 27,767 |
| 357 | — | 401 |
| 34 | — | 3,096 |
| — | — | 4,624 |
| 6,421 | 2,730 | 112,005 |
| 305 | — | 2,821 |
| — | 2 | 9 |
| — | — | 130 |
| — | — | 5,455 |
| 616 | 54 | 213,559 |
| 120 | 42 | 15,181 |
| (671) | (96) | (143,537) |
| 65 | 0 | 90,788 |
| 370 | 2 | 93,618 |
| $ 6,791 | $ 2,732 | $ 205,623 |
| $ — | $ — | $ 9 |
| 1,552 | 2,340 | 24,526 |
| $ 1,552 | $ 2,340 | $ 24,535 |
| $ 2,174 | $ 538 | $ 20,003 |
| 63 | 368 | 1,933 |
| — | — | 3 |
| — | — | 27,511 |
| — | — | 911 |
| — | — | 20,565 |
| 34 | — | 34 |
| — | — | 101 |
| 2,271 | 906 | 71,061 |
| — | — | 26,747 |
| — | — | 27,527 |
| 305 | — | 305 |
| — | — | 147 |
| 4,229 | 6,230 | 65,998 |
| 4,534 | 6,230 | 120,724 |
| $ 6,805 | $ 7,136 | $ 191,785 |
| $ 449 | $ 665 | $ 7,011 |
| $ 449 | $ 665 | $ 7,011 |
| $ 65 | $ — | $ 90,545 |
| — | — | 6,530 |
| 1,024 | (2,729) | (65,713) |
| $ 1,089 | $ (2,729) | $ 31,362 |

# Combining Statement Of Revenues, Expenses, And Changes In Fund Net Position Internal Service Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Technology Services | General Services | Fleet Operations | Risk Management |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| Charges for Services/Premiums | $ 116,041 | $ 22,122 | $ 52,395 | $ 42,180 |
| Miscellaneous | — | 74 | 215 | 12 |
| Total Operating Revenues | 116,041 | 22,196 | 52,610 | 42,192 |
| **OPERATING EXPENSES** | | | | |
| Administration | 79,341 | 6,536 | 1,977 | 3,382 |
| Materials and Services for Resale | 14,260 | 11,363 | 22,590 | 23,095 |
| Rentals and Leases | 252 | 198 | 131 | 30 |
| Maintenance | 385 | 616 | 10,892 | 2 |
| Depreciation/Amortization | 5,760 | 1,394 | 11,414 | 161 |
| Benefit Claims | — | — | — | 17,003 |
| Miscellaneous Other: | | | | |
| Data Processing | 11,299 | 248 | 490 | 341 |
| Supplies | 110 | 159 | 308 | 149 |
| Utilities | 364 | 53 | 104 | 24 |
| Advertising and Other | 2,371 | 1,145 | 1,879 | 664 |
| Total Operating Expenses | 114,142 | 21,712 | 49,785 | 44,851 |
| Operating Income (Loss) | 1,899 | 484 | 2,825 | (2,659) |
| **NONOPERATING REVENUES (EXPENSES)** | | | | |
| Investment Earnings | — | — | — | 406 |
| Disposal of Capital Assets | — | 10 | (21) | — |
| Interest Expense | — | (10) | — | — |
| Refunds Paid to Federal Government | — | (113) | — | — |
| Other Revenues (Expenses) | 16 | (373) | 324 | 278 |
| Total Nonoperating Revenues (Expenses) | 16 | (486) | 303 | 684 |
| Income (Loss) before Transfers | 1,915 | (2) | 3,128 | (1,975) |
| Transfers In | 5,500 | — | 1,221 | — |
| Transfers Out | — | — | — | — |
| Change in Net Position | 7,415 | (2) | 4,349 | (1,975) |
| Net Position – Beginning | (32,815) | 2,901 | 40,721 | 12,408 |
| Net Position – Ending | $ (25,400) | $ 2,899 | $ 45,070 | $ 10,433 |

| Property Management | Human Resource Management | Total |
|---|---|---|
| $ 30,006 | $ 11,932 | $ 274,676 |
| — | — | 301 |
| 30,006 | 11,932 | 274,977 |
| | | |
| 7,816 | 10,923 | 109,975 |
| — | — | 71,308 |
| 450 | 17 | 1,078 |
| 8,665 | — | 20,560 |
| 19 | — | 18,748 |
| — | — | 17,003 |
| | | |
| 398 | 303 | 13,079 |
| 161 | 46 | 933 |
| 10,065 | 98 | 10,708 |
| 1,486 | 513 | 8,058 |
| 29,060 | 11,900 | 271,450 |
| 946 | 32 | 3,527 |
| | | |
| 7 | — | 413 |
| — | — | (11) |
| (13) | — | (23) |
| — | — | (113) |
| — | — | 245 |
| (6) | 0 | 511 |
| 940 | 32 | 4,038 |
| — | — | 6,721 |
| — | — | — |
| 940 | 32 | 10,759 |
| | | |
| 149 | (2,761) | 20,603 |
| $ 1,089 | $ (2,729) | $ 31,362 |

# Combining Statement Of Cash Flows
# Internal Service Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Technology Services | General Services | Fleet Operations | Risk Management |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Receipts from Customers/Fees/Premiums | $ 1,799 | $ 10,969 | $ 15,305 | $ 21,929 |
| Receipts from State Customers | 178,561 | 39,752 | 37,622 | 19,698 |
| Payments to Suppliers/Claims/Grants | (93,906) | (38,531) | (15,207) | (33,530) |
| Payments for Employee Services and Benefits | (82,045) | (6,786) | (1,984) | (3,485) |
| Payments to State Suppliers and Grants | (9,366) | (4,543) | (23,509) | (6,627) |
| Net Cash Provided (Used) by Operating Activities | (4,957) | 861 | 12,227 | (2,015) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | |
| Repayments Under Interfund Loans | (521) | — | — | — |
| Payments of Bonds, Notes, Deposits, and Refunds | — | — | — | — |
| Interest Paid on Bonds, Notes, and Financing Costs | — | — | — | — |
| Transfers In from Other Funds | 5,500 | — | 150 | — |
| Net Cash Provided (Used) by Noncapital Financing Activities | 4,979 | 0 | 150 | 0 |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | | | |
| Borrowings Under Interfund Loans | 5,251 | 1,232 | 16,683 | — |
| Repayments Under Interfund Loans | (39) | (418) | (16,659) | — |
| Proceeds from Disposition of Capital Assets | 1 | 21 | 2,887 | — |
| Federal Grants and Other Revenues | 16 | — | 324 | — |
| Principal Paid on Debt and Contract Maturities | — | (81) | — | — |
| Acquisition and Construction of Capital Assets | (5,251) | (2,327) | (16,683) | (20) |
| Interest Paid on Bonds, Notes, and Capital Leases | — | (6) | — | — |
| Transfers In from Other Funds | — | — | 1,071 | — |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (22) | (1,579) | (12,377) | (20) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Receipts of Interest and Dividends from Investments | — | — | — | 406 |
| Net Cash Provided (Used) by Investing Activities | 0 | 0 | 0 | 406 |
| Net Cash Provided (Used) – All Activities | 0 | (718) | 0 | (1,629) |
| Cash and Cash Equivalents – Beginning | — | 3,009 | 63 | 61,313 |
| Cash and Cash Equivalents – Ending | $ 0 | $ 2,291 | $ 63 | $ 59,684 |

| Property Management | Human Resource Management | Total |
|---|---|---|
| $ 1,198 | $ 220 | $ 51,420 |
| 29,374 | 11,421 | 316,428 |
| (20,074) | (105) | (201,353) |
| (8,016) | (11,217) | (113,533) |
| (1,083) | (1,005) | (46,133) |
| 1,399 | (686) | 6,829 |
| | | |
| — | — | (521) |
| (31) | — | (31) |
| (13) | — | (13) |
| — | — | 5,650 |
| (44) | 0 | 5,085 |
| | | |
| — | — | 23,166 |
| — | — | (17,116) |
| — | — | 2,909 |
| — | — | 340 |
| — | — | (81) |
| (54) | — | (24,335) |
| — | — | (6) |
| — | — | 1,071 |
| (54) | 0 | (14,052) |
| | | |
| 7 | — | 413 |
| 7 | 0 | 413 |
| 1,308 | (686) | (1,725) |
| 4,301 | 3,125 | 71,811 |
| $ 5,609 | $ 2,439 | $ 70,086 |

**Continues**

# Combining Statement Of Cash Flows
# Internal Service Funds

**Continued**

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Technology Services | General Services | Fleet Operations | Risk Management |
|---|---|---|---|---|
| **RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | | | | |
| Operating Income (Loss) | $ 1,899 | $ 484 | $ 2,825 | $ (2,659) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Depreciation/Amortization Expense | 5,760 | 1,394 | 11,414 | 161 |
| Pension Expense Accrual | (1,231) | (136) | 23 | (43) |
| Miscellaneous Gains, Losses, and Other Items | — | (486) | — | 278 |
| Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources: | | | | |
| Accounts Receivable/Due From Other Funds | 1,761 | (79) | 317 | (78) |
| Inventories | 5 | 279 | 297 | — |
| Prepaid Items/Other Assets | (1,331) | 209 | — | (651) |
| Accrued Liabilities/Due to Other Funds | (11,835) | (840) | (2,649) | (184) |
| Unearned Revenue/Deposits | 15 | 36 | — | — |
| Policy Claims Liabilities | — | — | — | 1,161 |
| Net Cash Provided (Used) by Operating Activities | $ (4,957) | $ 861 | $ 12,227 | $ (2,015) |
| | | | | |
| **SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES** | | | | |
| Increase (Decrease) in Fair Value of Investments | $ — | $ — | $ — | $ (15) |
| Total Noncash Investing, Capital, and Financing Activities | $ 0 | $ 0 | $ 0 | $ (15) |

| Property Management | Human Resource Management | Total |
|---|---|---|
| | | |
| $ 946 | $ 32 | $ 3,527 |
| | | |
| 19 | — | 18,748 |
| (117) | (132) | (1,636) |
| — | — | (208) |
| | | |
| 566 | (291) | 2,196 |
| — | — | 581 |
| 31 | — | (1,742) |
| (46) | (295) | (15,849) |
| — | — | 51 |
| — | — | 1,161 |
| $ 1,399 | $ (686) | $ 6,829 |
| | | |
| $ — | $ — | $ (15) |
| $ 0 | $ 0 | $ (15) |

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# Fiduciary Funds

## PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

### Defined Benefit Pension Plans and Defined Contribution Plans

These funds are used to account for the various pension trust funds and defined contribution plans administered by the Utah Retirement Systems. Funding comes from employee and employer contributions and investment earnings. Contributions in some systems are augmented by fees, insurance premium taxes, or legislative appropriations.

### Post-Retirement Benefits Trust Funds

The State administers the State Employee and the Elected Official Other Postemployment Benefit Plans as irrevocable trusts. These trust funds account for the assets accumulated and the payments made for other postemployment benefits provided to current and future state employee and elected official retirees. Funding comes from employer contributions and investment earnings.

### Other Employee Benefits Trust Funds

These trust funds are used to pay other employee benefits upon retirement or termination.

## PRIVATE PURPOSE TRUST FUNDS

### Utah Navajo Trust

This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of Navajo residents of San Juan County, Utah.

### Unclaimed Property Trust

This fund is used to account for unclaimed property escheated to the State. Proceeds of the fund pay the administrative costs to operate the fund and any claims. The remaining proceeds are deposited in the Education Fund and can only be used to help fund public education.

### Employers' Reinsurance Trust

This fund primarily provides compensation to individuals injured from industrial accidents or occupational diseases occurring on or before June 30, 1994, where the injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on insurance premiums and court-ordered penalties. The net position of the fund is held in trust for injured workers and cannot be used for any other purpose.

### Petroleum Storage Tank Trust

This fund is used to pay the costs of damage caused by petroleum storage tank releases and provide revolving loan capital. Sources of funding include fees from participating companies, recovered costs and settlements from responsible parties, and investment income. The net position of this fund is held in trust for the benefit of participants and cannot be used for any other purpose.

### Utah Educational Savings Plan Trust

This fund was created as a means to encourage investment in a public trust to pay for future higher education costs. Participant contributions are used to pay for future college expenses.

### Miscellaneous Restricted Trust

This is made up of various small individual funds created to receive and disburse funds in accordance with applicable laws and trust agreements.

## AGENCY FUNDS

### Taxes and Social Security

This fund is used to account for federal withholding and social security taxes on the State's payroll.

### County and Local Collections

This fund receives and disburses various taxes collected by the State on behalf of county and local governments.

### State Courts

This fund receives and disburses various fines and forfeitures collected by the state courts on behalf of state and local agencies.

### Deposits, Suspense, and Miscellaneous

This fund is made up of small individual funds established to account for various receipts and disbursements.

# Combining Statement Of Fiduciary Net Position
# Pension And
# Other Employee Benefit Trust Funds

June 30, 2016 (Expressed in Thousands)

| | Pension Trust | | | |
|---|---|---|---|---|
| | Non-Contributory System | Contributory System | Public Safety System | Firefighters System |
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 1,743,358 | $ 97,328 | $ 241,732 | $ 85,784 |
| Receivables: | | | | |
| Member Contributions | — | 94 | 10 | 280 |
| Employer Contributions | 33,259 | 266 | 1,486 | — |
| Court Fees and Fire Insurance Premiums | — | — | — | 340 |
| Investments | 229,238 | 12,813 | 31,823 | 11,294 |
| Total Receivables | 262,497 | 13,173 | 33,319 | 11,914 |
| Investments: | | | | |
| Debt Securities | 3,399,620 | 190,027 | 471,934 | 167,486 |
| Equity Investments | 7,299,702 | 408,028 | 1,013,339 | 359,627 |
| Absolute Return | 3,288,234 | 183,800 | 456,471 | 161,998 |
| Private Equity | 2,552,474 | 142,675 | 354,333 | 125,751 |
| Real Assets | 3,196,190 | 178,656 | 443,692 | 157,464 |
| Invested Securities Lending Collateral | 1,602,253 | 89,560 | 222,424 | 78,936 |
| Total Investments | 21,338,473 | 1,192,746 | 2,962,193 | 1,051,262 |
| Capital Assets: | | | | |
| Land | 1,414 | 79 | 196 | 70 |
| Buildings and Improvements | 14,158 | 791 | 1,963 | 700 |
| Machinery and Equipment | 4,880 | 273 | 677 | 241 |
| Less Accumulated Depreciation | (17,964) | (1,004) | (2,491) | (888) |
| Total Capital Assets | 2,488 | 139 | 345 | 123 |
| Total Assets | $ 23,346,816 | $ 1,303,386 | $ 3,237,589 | $ 1,149,083 |
| **LIABILITIES** | | | | |
| Accounts Payable | $ 304,196 | $ 16,876 | $ 41,910 | $ 14,874 |
| Securities Lending Liability | 1,602,253 | 89,560 | 222,424 | 78,936 |
| Leave/Postemployment Benefits | 11,974 | 669 | 1,662 | 590 |
| Insurance Reserves | 3,970 | 222 | 551 | 195 |
| Real Estate Liabilities | 231,986 | 12,968 | 32,203 | 11,429 |
| Total Liabilities | $ 2,154,379 | $ 120,295 | $ 298,750 | $ 106,024 |
| **NET POSITION** | | | | |
| Restricted for: | | | | |
| Pension Benefits | $ 21,192,437 | $ 1,183,091 | $ 2,938,839 | $ 1,043,059 |
| Other Postemployment Benefits | — | — | — | — |
| Other Employee Benefits | — | — | — | — |
| Defined Contribution | — | — | — | — |
| Total Net Position | $ 21,192,437 | $ 1,183,091 | $ 2,938,839 | $ 1,043,059 |

| Pension Trust | | | | Defined Contribution Plans | | | |
|---|---|---|---|---|---|---|---|
| Judges System | Governors and Legislative Pension Plan | Tier 2 Public Employees | Tier 2 Safety and Firefighters | 401(k) Plan | 457(b) Plan | IRA Plans | Health Reimbursement Arrangement |
| $ 13,465 | $ 853 | $ 11,363 | $ 1,234 | $ 10,251 | $ 351 | $ 235 | $ 23,411 |
| — | — | — | — | — | — | — | — |
| — | 112 | 2,475 | 107 | — | — | — | — |
| 130 | — | — | — | — | — | — | — |
| 1,773 | 112 | 1,496 | 162 | 84,981 | 9,770 | — | — |
| 1,903 | 224 | 3,971 | 269 | 84,981 | 9,770 | 0 | 0 |
| 26,288 | 1,662 | 22,182 | 2,407 | 1,428,541 | 151,112 | 57,120 | — |
| 56,446 | 3,570 | 47,630 | 5,168 | 2,336,417 | 278,856 | 76,240 | — |
| 25,427 | 1,608 | 21,455 | 2,328 | — | — | — | — |
| 19,737 | 1,248 | 16,655 | 1,807 | — | — | — | — |
| 24,715 | 1,563 | 20,855 | 2,263 | 131,067 | 14,700 | 5,412 | — |
| 12,390 | 784 | 10,454 | 1,134 | — | — | — | — |
| 165,003 | 10,435 | 139,231 | 15,107 | 3,896,025 | 444,668 | 138,772 | 0 |
| 11 | 1 | 9 | 1 | — | — | — | — |
| 107 | 6 | 91 | 11 | — | — | — | — |
| 38 | 1 | 32 | 4 | — | — | — | — |
| (137) | (7) | (116) | (14) | — | — | — | — |
| 19 | 1 | 16 | 2 | 0 | 0 | 0 | 0 |
| $ 180,390 | $ 11,513 | $ 154,581 | $ 16,612 | $ 3,991,257 | $ 454,789 | $ 139,007 | $ 23,411 |
| $ 2,335 | $ 569 | $ 1,970 | $ 214 | $ 10,852 | $ 432 | $ 307 | $ 137 |
| 12,390 | 784 | 10,454 | 1,134 | — | — | — | — |
| 92 | 6 | 78 | 8 | — | — | — | — |
| 31 | 2 | 26 | 3 | — | — | — | — |
| 1,795 | 113 | 1,514 | 164 | — | — | — | — |
| $ 16,643 | $ 1,474 | $ 14,042 | $ 1,523 | $ 10,852 | $ 432 | $ 307 | $ 137 |
| $ 163,747 | $ 10,039 | $ 140,539 | $ 15,089 | $ — | $ — | $ — | $ — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | 3,980,405 | 454,357 | 138,700 | 23,274 |
| $ 163,747 | $ 10,039 | $ 140,539 | $ 15,089 | $ 3,980,405 | $ 454,357 | $ 138,700 | $ 23,274 |

**Continues**

# Combining Statement Of Fiduciary Net Position Pension And Other Employee Benefit Trust Funds

**Continued**

June 30, 2016 (Expressed in Thousands)

| | Post-Retirement Benefits Trust | | Other Employee Benefits Trust | |
|---|---|---|---|---|
| | State Employee | Elected Official | Other Employee Benefits | Annual Leave |
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 8,917 | $ 134 | $ — | $ 1,887 |
| Receivables: | | | | |
| Member Contributions | — | — | — | — |
| Employer Contributions | 22 | — | — | — |
| Court Fees and Fire Insurance Premiums | — | — | — | — |
| Investments | — | — | — | — |
| Total Receivables | 22 | 0 | 0 | 0 |
| Investments: | | | | |
| Debt Securities | 158,042 | 4,580 | 8,047 | — |
| Equity Investments | 69,794 | 5,267 | — | — |
| Absolute Return | — | — | — | — |
| Private Equity | — | — | — | — |
| Real Assets | — | — | — | — |
| Invested Securities Lending Collateral | — | — | — | — |
| Total Investments | 227,836 | 9,847 | 8,047 | 0 |
| Capital Assets: | | | | |
| Land | — | — | — | — |
| Buildings and Improvements | — | — | — | — |
| Machinery and Equipment | — | — | — | — |
| Less Accumulated Depreciation | — | — | — | — |
| Total Capital Assets | 0 | 0 | 0 | 0 |
| Total Assets | $ 236,775 | $ 9,981 | $ 8,047 | $ 1,887 |
| **LIABILITIES** | | | | |
| Accounts Payable | $ — | $ — | $ — | $ — |
| Securities Lending Liability | — | — | — | — |
| Leave/Postemployment Benefits | — | — | — | — |
| Insurance Reserves | — | — | — | — |
| Real Estate Liabilities | — | — | — | — |
| Total Liabilities | $ 0 | $ 0 | $ 0 | $ 0 |
| **NET POSITION** | | | | |
| Restricted for: | | | | |
| Pension Benefits | $ — | $ — | $ — | $ — |
| Other Postemployment Benefits | 236,775 | 9,981 | — | — |
| Other Employee Benefits | — | — | 8,047 | 1,887 |
| Defined Contribution | — | — | — | — |
| Total Net Position | $ 236,775 | $ 9,981 | $ 8,047 | $ 1,887 |

| Total |
|---|
| $ 2,240,303 |
| |
| 384 |
| 37,727 |
| 470 |
| 383,462 |
| 422,043 |
| |
| 6,089,048 |
| 11,960,084 |
| 4,141,321 |
| 3,214,680 |
| 4,176,577 |
| 2,017,935 |
| 31,599,645 |
| |
| 1,781 |
| 17,827 |
| 6,146 |
| (22,621) |
| 3,133 |
| $ 34,265,124 |
| |
| $ 394,672 |
| 2,017,935 |
| 15,079 |
| 5,000 |
| 292,172 |
| $ 2,724,858 |
| |
| $ 26,686,840 |
| 246,756 |
| 9,934 |
| 4,596,736 |
| $ 31,540,266 |

## Combining Statement Of Changes In Fiduciary Net Position
## Pension And
## Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Pension Trust | | | |
|---|---|---|---|---|
| | Non-Contributory System | Contributory System | Public Safety System | Firefighters System |
| **ADDITIONS** | | | | |
| Contributions: | | | | |
| Member | $ 17,020 | $ 4,771 | $ 905 | $ 18,175 |
| Employer | 813,449 | 11,719 | 141,024 | 6,690 |
| Court Fees and Fire Insurance Premiums | — | — | — | 17,218 |
| Total Contributions | 830,469 | 16,490 | 141,929 | 42,083 |
| Investment Income: | | | | |
| Net Increase (Decrease) in Fair Value of Investments | 38,208 | 2,213 | 5,276 | 1,869 |
| Interest, Dividends, and Other Investment Income | 364,237 | 21,106 | 50,307 | 17,810 |
| Total Income From Investment Activity | 402,445 | 23,319 | 55,583 | 19,679 |
| Less Investment Expenses | (42,927) | (2,487) | (5,929) | (2,099) |
| Net Income from Investment Activity | 359,518 | 20,832 | 49,654 | 17,580 |
| Income from Security Lending Activity | 8,310 | 481 | 1,149 | 407 |
| Less Security Lending Expenses | (1,080) | (62) | (149) | (53) |
| Net Income from Security Lending Activity | 7,230 | 419 | 1,000 | 354 |
| Net Investment Income | 366,748 | 21,251 | 50,654 | 17,934 |
| Transfers From Affiliated Systems | 33,648 | — | 4,023 | 2,573 |
| Total Additions | 1,230,865 | 37,741 | 196,606 | 62,590 |
| **DEDUCTIONS** | | | | |
| Retirement Benefits | 943,591 | 67,510 | 127,285 | 39,340 |
| Cost of Living Benefits | 180,056 | 13,785 | 27,807 | 10,095 |
| Supplemental Retirement Benefits | — | 95 | 295 | 236 |
| Retiree Healthcare Benefits | — | — | — | — |
| Refunds/Plan Distributions | 2,496 | 1,215 | 533 | 528 |
| Administrative Expenses | 8,797 | 478 | 1,233 | 371 |
| Transfers To Affiliated Systems | — | 41,558 | — | — |
| Total Deductions | 1,134,940 | 124,641 | 157,153 | 50,570 |
| Change in Net Position Restricted for: | | | | |
| Pension Benefits | 95,925 | (86,900) | 39,453 | 12,020 |
| Other Postemployment Benefits | — | — | — | — |
| Other Employee Benefits | — | — | — | — |
| Defined Contribution | — | — | — | — |
| Net Position – Beginning | 21,096,512 | 1,269,991 | 2,899,386 | 1,031,039 |
| Adjustment to Beginning Net Position | — | — | — | — |
| Net Position – Beginning as Adjusted | 21,096,512 | 1,269,991 | 2,899,386 | 1,031,039 |
| Net Position – Ending | $ 21,192,437 | $ 1,183,091 | $ 2,938,839 | $1,043,059 |

| Pension Trust | | | | Defined Contribution Plans | | | |
|---|---|---|---|---|---|---|---|
| Judges System | Governors and Legislative Pension Plan | Tier 2 Public Employees | Tier 2 Safety and Firefighters | 401(k) Plan | 457(b) Plan | IRA Plans | Health Reimbursement Arrangement |
| $ — | $ — | $ — | $ — | $ 271,097 | $ 26,968 | $ 31,279 | $ — |
| 6,555 | 421 | 49,645 | 6,221 | — | — | — | 6,318 |
| 1,653 | — | — | — | — | — | — | — |
| 8,208 | 421 | 49,645 | 6,221 | 271,097 | 26,968 | 31,279 | 6,318 |
| 296 | 19 | 237 | 21 | 10,513 | 226 | 23 | 35 |
| 2,823 | 180 | 1,913 | 197 | 3,494 | 403 | — | — |
| 3,119 | 199 | 2,150 | 218 | 14,007 | 629 | 23 | 35 |
| (333) | (21) | (225) | (23) | (3,349) | (370) | (120) | — |
| 2,786 | 178 | 1,925 | 195 | 10,658 | 259 | (97) | 35 |
| 64 | 4 | 44 | 5 | — | — | — | — |
| (8) | (1) | (6) | (1) | — | — | — | — |
| 56 | 3 | 38 | 4 | 0 | 0 | 0 | 0 |
| 2,842 | 181 | 1,963 | 199 | 10,658 | 259 | (97) | 35 |
| 1,334 | — | 3 | — | — | — | — | — |
| 12,384 | 602 | 51,611 | 6,420 | 281,755 | 27,227 | 31,182 | 6,353 |
| 10,252 | 731 | 333 | 30 | — | — | — | — |
| 2,148 | 173 | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | 251,436 | 23,082 | 10,929 | 2,924 |
| 71 | 5 | 30 | 3 | 6,665 | 762 | 217 | 35 |
| — | 20 | — | 3 | — | — | — | — |
| 12,471 | 929 | 363 | 36 | 258,101 | 23,844 | 11,146 | 2,959 |
| (87) | (327) | 51,248 | 6,384 | — | — | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | — | — | — | — |
| — | — | — | — | 23,654 | 3,383 | 20,036 | 3,394 |
| 163,834 | 10,366 | 89,291 | 8,705 | 3,956,751 | 450,974 | 118,664 | 19,880 |
| — | — | — | — | — | — | — | — |
| 163,834 | 10,366 | 89,291 | 8,705 | 3,956,751 | 450,974 | 118,664 | 19,880 |
| $ 163,747 | $ 10,039 | $ 140,539 | $ 15,089 | $ 3,980,405 | $ 454,357 | $ 138,700 | $ 23,274 |

**Continues**

# Combining Statement Of Changes In Fiduciary Net Position
# Pension And
# Other Employee Benefit Trust Funds

**Continued**

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Post-Retirement Benefits Trust | | Other Employee Benefits Trust | |
|---|---|---|---|---|
| | State Employee | Elected Official | Other Employee Benefits | Annual Leave |
| **ADDITIONS** | | | | |
| Contributions: | | | | |
| Member | $ — | $ — | $ — | $ — |
| Employer | 35,683 | 1,388 | 11,310 | 9,781 |
| Court Fees and Fire Insurance Premiums | — | — | — | — |
| Total Contributions | 35,683 | 1,388 | 11,310 | 9,781 |
| Investment Income: | | | | |
| Net Increase (Decrease) in Fair Value of Investments | 8,498 | 217 | 279 | — |
| Interest, Dividends, and Other Investment Income | 93 | 3 | — | 10 |
| Total Income From Investment Activity | 8,591 | 220 | 279 | 10 |
| Less Investment Expenses | — | — | — | — |
| Net Income from Investment Activity | 8,591 | 220 | 279 | 10 |
| Income from Security Lending Activity | — | — | — | — |
| Less Security Lending Expenses | — | — | — | — |
| Net Income from Security Lending Activity | 0 | 0 | 0 | 0 |
| Net Investment Income | 8,591 | 220 | 279 | 10 |
| Transfers From Affiliated Systems | 7,792 | — | — | — |
| Total Additions | 52,066 | 1,608 | 11,589 | 9,791 |
| **DEDUCTIONS** | | | | |
| Retirement Benefits | — | — | — | — |
| Cost of Living Benefits | — | — | — | — |
| Supplemental Retirement Benefits | — | — | — | — |
| Retiree Healthcare Benefits | 25,597 | 279 | — | — |
| Refunds/Plan Distributions | — | — | 11,558 | 7,337 |
| Administrative Expenses | — | — | — | — |
| Transfers To Affiliated Systems | — | — | 7,792 | — |
| Total Deductions | 25,597 | 279 | 19,350 | 7,337 |
| Change in Net Position Restricted for: | | | | |
| Pension Benefits | — | — | — | — |
| Other Postemployment Benefits | 26,469 | 1,329 | — | — |
| Other Employee Benefits | — | — | (7,761) | 2,454 |
| Defined Contribution | — | — | — | — |
| Net Position – Beginning | 210,306 | 8,652 | 16,267 | — |
| Adjustment to Beginning Net Position | — | — | (459) | (567) |
| Net Position – Beginning as Adjusted | 210,306 | 8,652 | 15,808 | (567) |
| Net Position – Ending | $ 236,775 | $ 9,981 | $ 8,047 | $ 1,887 |

| Total |
| --- |
| $ 370,215 |
| 1,100,204 |
| 18,871 |
| 1,489,290 |
| |
| 67,930 |
| 462,576 |
| 530,506 |
| (57,883) |
| 472,623 |
| |
| 10,464 |
| (1,360) |
| 9,104 |
| 481,727 |
| |
| 49,373 |
| 2,020,390 |
| |
| 1,189,072 |
| 234,064 |
| 626 |
| 25,876 |
| 312,038 |
| 18,667 |
| 49,373 |
| 1,829,716 |
| |
| 117,716 |
| 27,798 |
| (5,307) |
| 50,467 |
| |
| 31,350,618 |
| (1,026) |
| 31,349,592 |
| $ 31,540,266 |

# Combining Statement Of Fiduciary Net Position
# Private Purpose Trust Funds

June 30, 2016 (Expressed in Thousands)

| | Utah Navajo Trust | Unclaimed Property Trust | Employers' Reinsurance Trust | Petroleum Storage Tank Trust |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and Cash Equivalents | $ 1,873 | $ — | $ 960 | $ 362 |
| Receivables: | | | | |
| Accounts | 47 | — | 5,056 | 28 |
| Accrued Interest | — | — | — | 1 |
| Accrued Assessments | — | — | 5,374 | — |
| Loans | — | — | — | 1,064 |
| Due From Other Funds | 638 | — | 7 | — |
| Investments: | | | | |
| Debt Securities | 61,071 | 72,095 | 169,510 | 20,642 |
| Equity Investments | — | | 7,000 | — |
| Total Investments | 61,071 | 72,095 | 176,510 | 20,642 |
| Other Assets | 101 | 4,758 | — | — |
| Capital Assets: | | | | |
| Land | 271 | — | — | — |
| Buildings and Improvements | 10,715 | — | — | — |
| Machinery and Equipment | 321 | — | — | — |
| Less Accumulated Depreciation | (4,106) | — | — | — |
| Total Capital Assets | 7,201 | 0 | 0 | 0 |
| Total Assets | $ 70,931 | $ 76,853 | $ 187,907 | $ 22,097 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Deferred Outflows Relating to Pensions | $ 0 | $ 0 | $ 0 | $ 0 |
| **LIABILITIES** | | | | |
| Accounts Payable | $ 309 | $ 106 | $ 435 | $ 279 |
| Due To Other Funds | 35 | — | 62 | 2 |
| Unearned Revenue | — | — | — | 481 |
| Policy Claims Liabilities | — | — | 193,540 | 24,809 |
| Net Pension Obligation | — | — | — | — |
| Total Liabilities | $ 344 | $ 106 | $ 194,037 | $ 25,571 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Deferred Inflows Relating to Pensions | $ 0 | $ 0 | $ 0 | $ 0 |
| **NET POSITION** | | | | |
| Restricted for: | | | | |
| Individuals, Organizations, and Other Governments | $ 70,587 | $ 76,747 | $ (6,130) | $ (3,474) |
| Total Net Position | $ 70,587 | $ 76,747 | $ (6,130) | $ (3,474) |

| Utah Educational Savings Plan Trust | Miscellaneous Restricted Trust | Total |
|---|---|---|
| $ 4,693 | $ 13,647 | $ 21,535 |
| — | — | 5,131 |
| — | — | 1 |
| — | — | 5,374 |
| — | — | 1,064 |
| — | — | 645 |
| 2,438,217 | 9,242 | 2,770,777 |
| 6,744,077 | — | 6,751,077 |
| 9,182,294 | 9,242 | 9,521,854 |
| — | — | 4,859 |
| — | — | 271 |
| — | — | 10,715 |
| 1,929 | — | 2,250 |
| (1,522) | — | (5,628) |
| 407 | 0 | 7,608 |
| $ 9,187,394 | $ 22,889 | $ 9,568,071 |
| $ 282 | $ 0 | $ 282 |
| $ 951 | $ 1,550 | $ 3,630 |
| — | — | 99 |
| — | — | 481 |
| — | — | 218,349 |
| 621 | — | 621 |
| $ 1,572 | $ 1,550 | $ 223,180 |
| $ 90 | $ 0 | $ 90 |
| $ 9,186,014 | $ 21,339 | $ 9,345,083 |
| $ 9,186,014 | $ 21,339 | $ 9,345,083 |

# Combining Statement Of Changes In Fiduciary Net Position
# Private Purpose Trust Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Utah Navajo Trust | Unclaimed Property Trust | Employers' Reinsurance Trust | Petroleum Storage Tank Trust |
|---|---|---|---|---|
| **ADDITIONS** | | | | |
| Contributions: | | | | |
| Member | $ — | $ — | $ — | $ — |
| Total Contributions | 0 | 0 | 0 | 0 |
| Investment Income: | | | | |
| Net Increase (Decrease) in Fair Value of Investments | (11) | 230 | 5,207 | — |
| Interest, Dividends, and Other Investment Income | 441 | 579 | 121 | 151 |
| Total Income From Investment Activity | 430 | 809 | 5,328 | 151 |
| Other Additions: | | | | |
| Escheats | — | 26,765 | — | — |
| Royalties and Rents | 3,552 | — | — | — |
| Fees, Assessments, and Revenues | 1,700 | — | 25,014 | 6,917 |
| Court Settlement / Miscellaneous | 4 | — | 637 | 75 |
| Total Other | 5,256 | 26,765 | 25,651 | 6,992 |
| Total Additions | 5,686 | 27,574 | 30,979 | 7,143 |
| **DEDUCTIONS** | | | | |
| Trust Operating Expenses | 1,655 | — | — | 5,591 |
| Distributions and Benefit Payments | 489 | 21,461 | 4,420 | — |
| Administrative and General Expenses | 1,356 | 2,177 | 2,612 | 2,404 |
| Total Deductions | 3,500 | 23,638 | 7,032 | 7,995 |
| Change in Net Position Restricted for: | | | | |
| Individuals, Organizations, and Other Governments | 2,186 | 3,936 | 23,947 | (852) |
| Net Position – Beginning | 68,401 | 72,811 | (30,077) | (2,622) |
| Adjustment to Beginning Net Position | — | — | — | — |
| Net Position – Beginning as Adjusted | 68,401 | 72,811 | (30,077) | (2,622) |
| Net Position – Ending | $ 70,587 | $ 76,747 | $ (6,130) | $ (3,474) |

| Utah Educational Savings Plan Trust | Miscellaneous Restricted Trust | Total |
|---|---|---|
| $ 1,026,353 | $ 7,701 | $ 1,034,054 |
| 1,026,353 | 7,701 | 1,034,054 |
| | | |
| (65,571) | — | (60,145) |
| 176,781 | 74 | 178,147 |
| 111,210 | 74 | 118,002 |
| | | |
| — | — | 26,765 |
| — | — | 3,552 |
| — | 27,110 | 60,741 |
| — | 6,396 | 7,112 |
| 0 | 33,506 | 98,170 |
| 1,137,563 | 41,281 | 1,250,226 |
| | | |
| — | 27,009 | 34,255 |
| 343,267 | 8,621 | 378,258 |
| 9,833 | 1,222 | 19,604 |
| 353,100 | 36,852 | 432,117 |
| | | |
| 784,463 | 4,429 | 818,109 |
| | | |
| 8,401,551 | 17,824 | 8,527,888 |
| — | (914) | (914) |
| 8,401,551 | 16,910 | 8,526,974 |
| $ 9,186,014 | $ 21,339 | $ 9,345,083 |

## Combining Statement Of Fiduciary Assets and Liabilities
## Agency Funds

June 30, 2016 (Expressed in Thousands)

| | Taxes and Social Security | County and Local Collections | State Courts | Deposits, Suspense, and Miscellaneous | Total |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and Cash Equivalents | $ 10,026 | $ 144,482 | $ 732 | $ 30,533 | $ 185,773 |
| Accounts Receivable | — | 67 | — | 15,901 | 15,968 |
| Due From Other Funds | — | — | — | 339 | 339 |
| Investments: | | | | | |
| Debt Securities | — | 138 | — | 461 | 599 |
| Other Assets | — | — | 35,515 | 16,730 | 52,245 |
| Total Assets | $ 10,026 | $ 144,687 | $ 36,247 | $ 63,964 | $ 254,924 |
| **LIABILITIES** | | | | | |
| Due To Individuals, Organizations, and Other Governments | $ 10,026 | $ 144,687 | $ 36,247 | $ 63,964 | $ 254,924 |
| Total Liabilities | $ 10,026 | $ 144,687 | $ 36,247 | $ 63,964 | $ 254,924 |

*State of Utah*

# Combining Statement Of Changes In Assets And Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Balance June 30, 2015 | Additions | Deletions | Balance June 30, 2016 |
|---|---|---|---|---|
| **TAXES AND SOCIAL SECURITY** | | | | |
| **Assets** | | | | |
| Cash and Cash Equivalents | $ 58 | $ 254,498 | $ 244,530 | $ 10,026 |
| Total Assets | $ 58 | $ 254,498 | $ 244,530 | $ 10,026 |
| **Liabilities** | | | | |
| Due To Individuals, Organizations, and Other Governments | $ 58 | $ 264,466 | $ 254,498 | $ 10,026 |
| Total Liabilities | $ 58 | $ 264,466 | $ 254,498 | $ 10,026 |
| **COUNTY AND LOCAL COLLECTIONS** | | | | |
| **Assets** | | | | |
| Cash and Cash Equivalents | $ 134,490 | $ 1,619,982 | $ 1,609,990 | $ 144,482 |
| Investments | 145 | 2,901 | 2,908 | 138 |
| Receivables: | | | | |
| Accounts Receivable | 6,883 | 67 | 6,883 | 67 |
| Total Assets | $ 141,518 | $ 1,622,950 | $ 1,619,781 | $ 144,687 |
| **Liabilities** | | | | |
| Due To Individuals, Organizations, and Other Governments | $ 141,518 | $ 1,679,900 | $ 1,676,731 | $ 144,687 |
| Total Liabilities | $ 141,518 | $ 1,679,900 | $ 1,676,731 | $ 144,687 |
| **STATE COURTS** | | | | |
| **Assets** | | | | |
| Cash and Cash Equivalents | $ 1,778 | $ 6,666 | $ 7,712 | $ 732 |
| Other Assets | 30,954 | 47,887 | 43,326 | 35,515 |
| Total Assets | $ 32,732 | $ 54,553 | $ 51,038 | $ 36,247 |
| **Liabilities** | | | | |
| Due To Individuals, Organizations, and Other Governments | $ 32,732 | $ 62,526 | $ 59,011 | $ 36,247 |
| Total Liabilities | $ 32,732 | $ 62,526 | $ 59,011 | $ 36,247 |
| **DEPOSITS, SUSPENSE, AND MISCELLANEOUS** | | | | |
| **Assets** | | | | |
| Cash and Cash Equivalents | $ 38,055 | $ 724,214 | $ 731,736 | $ 30,533 |
| Investments | 480 | 318 | 337 | 461 |
| Receivables: | | | | |
| Accounts Receivable | 13,992 | 2,277 | 368 | 15,901 |
| Due From Other Funds | 335 | 339 | 335 | 339 |
| Other Assets | 13,322 | 3,408 | — | 16,730 |
| Total Assets | $ 66,184 | $ 730,556 | $ 732,776 | $ 63,964 |
| **Liabilities** | | | | |
| Due To Individuals, Organizations, and Other Governments | $ 66,184 | $ 562,267 | $ 564,487 | $ 63,964 |
| Total Liabilities | $ 66,184 | $ 562,267 | $ 564,487 | $ 63,964 |
| **TOTAL — ALL AGENCY FUNDS** | | | | |
| **Assets** | | | | |
| Cash and Cash Equivalents | $ 174,381 | $ 2,605,360 | $ 2,593,968 | $ 185,773 |
| Investments | 625 | 3,219 | 3,245 | 599 |
| Receivables: | | | | |
| Accounts Receivable | 20,875 | 2,344 | 7,251 | 15,968 |
| Due From Other Funds | 335 | 339 | 335 | 339 |
| Other Assets | 44,276 | 51,295 | 43,326 | 52,245 |
| Total Assets | $ 240,492 | $ 2,662,557 | $ 2,648,125 | $ 254,924 |
| **Liabilities** | | | | |
| Due To Individuals, Organizations, and Other Governments | $ 240,492 | $ 2,569,159 | $ 2,554,727 | $ 254,924 |
| Total Liabilities | $ 240,492 | $ 2,569,159 | $ 2,554,727 | $ 254,924 |

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# Nonmajor Component Units

## Utah Communications Authority

The Utah Communications Authority (UCA) provides public safety communications services and facilities on a statewide basis for the benefit and use of state, local, and federal agencies. UCA supports statewide interoperability of emergency communications throughout the State, and manages the 911 funds collected by the State for the benefit of the Public Safety Answering Points within the State. UCA operations are funded through service charges supplemented with federal grants and state fees and appropriations.

## Utah Schools for the Deaf and the Blind

The Schools were created to provide education to individuals with hearing and/or vision impairments, through direct and indirect education services, as well as consultation to their families and service providers.

## Military Installation Development Authority

This Authority is an independent, nonprofit entity whose purpose is to provide for the development and improvement of project areas near military installations throughout the State. Operations are funded through service charges, project revenue, and state appropriations.

## Heber Valley Historic Railroad Authority

The Authority was created to operate, maintain, improve, and provide for a scenic and historic railway in and around the Heber Valley in Wasatch County. Operations are funded primarily through user charges.

## Utah State Fair Corporation

The Corporation was created to operate the State Fair Park and conduct the Utah State Fair and other expositions and entertainment events. Operations are funded by admissions, rentals, donations, and state appropriations.

## Colleges and Universities

The colleges and universities are the State's public institutions of higher education. The nonmajor institutions of higher education are:

*Weber State University* | *Southern Utah University* | *Salt Lake Community College* | *Utah Valley University*
*Dixie State University* | *Snow College* | *Utah College of Applied Technology*

*State of Utah*

# Combining Statement Of Net Position
# Nonmajor Component Units

June 30, 2016 (Expressed in Thousands)

| | Utah Communications Authority | Utah Schools for the Deaf and the Blind | Military Installation Development Authority | Heber Valley Historic Railroad Authority | Utah State Fair Corporation |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | $ 19,070 | $ 5,019 | $ 1,151 | $ 119 | $ 498 |
| Investments | — | — | — | — | — |
| Receivables: | | | | | |
| Accounts, net | 2,707 | 311 | 97 | 39 | 17 |
| Notes/Loans/Mortgages/Pledges, net | — | — | — | — | — |
| Accrued Interest | — | — | — | — | — |
| Due From Primary Government | — | 697 | — | — | — |
| Prepaid Items | 83 | — | — | — | 68 |
| Inventories | 86 | — | — | 8 | — |
| Other Assets | — | — | 747 | — | — |
| Total Current Assets | 21,946 | 6,027 | 1,995 | 166 | 583 |
| Noncurrent Assets: | | | | | |
| Restricted Investments | — | — | 21,500 | — | — |
| Accounts Receivables, net | — | — | — | — | — |
| Investments | — | — | — | — | — |
| Notes/Loans/Mortgages/Pledges Receivables, net | — | — | — | — | — |
| Other Assets | 242 | — | — | 1 | 2 |
| Capital Assets (net of Accumulated Depreciation) | 16,165 | 13,137 | 5,208 | 2,713 | 412 |
| Total Noncurrent Assets | 16,407 | 13,137 | 26,708 | 2,714 | 414 |
| Total Assets | $ 38,353 | $ 19,164 | $ 28,703 | $ 2,880 | $ 997 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | | |
| Deferred Amount on Refundings of Bonded Debt | $ — | $ — | $ — | $ — | $ — |
| Deferred Outflows Relating to Pensions | 180 | 4,607 | 23 | 33 | 124 |
| Total Deferred Outflows of Resources | $ 180 | $ 4,607 | $ 23 | $ 33 | $ 124 |
| **LIABILITIES** | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable and Accrued Liabilities | $ 424 | $ 1,248 | $ 281 | $ 35 | $ 355 |
| Deposits | — | — | — | — | — |
| Due To Primary Government | — | 241 | — | 22 | — |
| Unearned Revenue | 353 | 32 | — | — | 38 |
| Current Portion of Long-term Liabilities | 311 | — | 109 | 83 | — |
| Total Current Liabilities | 1,088 | 1,521 | 390 | 140 | 393 |
| Noncurrent Liabilities: | | | | | |
| Unearned Revenue | 504 | — | — | — | — |
| Net Pension Liability | 869 | 10,559 | 106 | 154 | 376 |
| Long-term Liabilities | 1,874 | — | 3,790 | 627 | — |
| Total Noncurrent Liabilities | 3,247 | 10,559 | 3,896 | 781 | 376 |
| Total Liabilities | $ 4,335 | $ 12,080 | $ 4,286 | $ 921 | $ 769 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Deferred Inflows Relating to Pensions | $ 81 | $ 1,143 | $ 13 | $ 15 | $ 39 |
| Total Deferred Inflows of Resources | $ 81 | $ 1,143 | $ 13 | $ 15 | $ 39 |
| **NET POSITION** | | | | | |
| Net Investment in Capital Assets | $ 14,724 | $ 13,137 | $ 1,406 | $ 2,011 | $ 412 |
| Restricted for: | | | | | |
| Nonexpendable: | | | | | |
| Higher Education | — | — | — | — | — |
| Expendable: | | | | | |
| Higher Education | — | — | — | — | — |
| Other | — | — | 22,185 | — | 16 |
| Unrestricted (Deficit) | 19,393 | (2,589) | 836 | (34) | (115) |
| Total Net Position | $ 34,117 | $ 10,548 | $ 24,427 | $ 1,977 | $ 313 |

| Weber State University | Southern Utah University | Salt Lake Community College | Utah Valley University | Dixie State University | Snow College | Utah College of Applied Technology | Total Nonmajor Component Units |
|---|---|---|---|---|---|---|---|
| $ 57,359 | $ 23,309 | $ 31,084 | $ 113,203 | $ 26,593 | $ 4,411 | $ 22,916 | $ 304,732 |
| 15,367 | 11,301 | 46,183 | 10,500 | 3,900 | 1,541 | 1,481 | 90,273 |
| 9,478 | 12,571 | 7,729 | 5,805 | 1,476 | 1,151 | 3,708 | 45,089 |
| 4,120 | 419 | 514 | 254 | 426 | 18 | 1 | 5,752 |
| 110 | — | — | — | — | — | — | 110 |
| — | — | — | — | — | — | — | 697 |
| 975 | 5,084 | 113 | 706 | 126 | 112 | 218 | 7,485 |
| 4,752 | 988 | 1,496 | 2,733 | 998 | 325 | 1,986 | 13,372 |
| 389 | — | — | — | — | — | — | 1,136 |
| 92,550 | 53,672 | 87,119 | 133,201 | 33,519 | 7,558 | 30,310 | 468,646 |
| 12,215 | 8,773 | 834 | 4,224 | 23,802 | 9,725 | — | 81,073 |
| 4,081 | 17,329 | — | 5,809 | 1,265 | 403 | — | 28,887 |
| 144,398 | 42,214 | 56,230 | 69,707 | 19,393 | 9,874 | 996 | 342,812 |
| 12,322 | — | 3,248 | 27,119 | 858 | 52 | 663 | 44,262 |
| 1 | 1,380 | 179 | 3,208 | 104 | 1 | 4 | 5,122 |
| 343,195 | 137,525 | 228,972 | 368,700 | 130,812 | 93,060 | 175,087 | 1,514,986 |
| 516,212 | 207,221 | 289,463 | 478,767 | 176,234 | 113,115 | 176,750 | 2,017,142 |
| $ 608,762 | $ 260,893 | $ 376,582 | $ 611,968 | $ 209,753 | $ 120,673 | $ 207,060 | $ 2,485,788 |
| $ 611 | $ 711 | $ — | $ 293 | $ — | $ — | $ — | $ 1,615 |
| 7,429 | 4,490 | 8,490 | 11,665 | 727 | 517 | 2,352 | 40,637 |
| $ 8,040 | $ 5,201 | $ 8,490 | $ 11,958 | $ 727 | $ 517 | $ 2,352 | $ 42,252 |
| $ 4,375 | $ 7,816 | $ 12,514 | $ 13,815 | $ 1,410 | $ 2,197 | $ 3,963 | $ 48,433 |
| — | 766 | 424 | 691 | 281 | 531 | 20 | 2,713 |
| 3,623 | 4,007 | — | 836 | 7,443 | 19 | 269 | 16,460 |
| 7,659 | 7,128 | 7,451 | 9,031 | 899 | 412 | 1,659 | 34,662 |
| 5,682 | 3,648 | 4,834 | 6,408 | 2,590 | 1,239 | 2,011 | 26,915 |
| 21,339 | 23,365 | 25,223 | 30,781 | 12,623 | 4,398 | 7,922 | 129,183 |
| — | — | — | 474 | — | — | — | 978 |
| 18,640 | 11,926 | 19,161 | 27,208 | 4,921 | 3,413 | 15,598 | 112,931 |
| 57,175 | 16,869 | 3,969 | 63,764 | 33,746 | 16,298 | 18,895 | 217,007 |
| 75,815 | 28,795 | 23,130 | 91,446 | 38,667 | 19,711 | 34,493 | 330,916 |
| $ 97,154 | $ 52,160 | $ 48,353 | $ 122,227 | $ 51,290 | $ 24,109 | $ 42,415 | $ 460,099 |
| $ 1,761 | $ 1,175 | $ 1,831 | $ 2,564 | $ 470 | $ 318 | $ 1,463 | $ 10,873 |
| $ 1,761 | $ 1,175 | $ 1,831 | $ 2,564 | $ 470 | $ 318 | $ 1,463 | $ 10,873 |
| $ 288,218 | $ 120,943 | $ 228,972 | $ 303,755 | $ 118,477 | $ 76,639 | $ 157,047 | $ 1,325,741 |
| 84,196 | 19,458 | 5,002 | 22,397 | 21,906 | 5,477 | 1,844 | 160,280 |
| 60,894 | 27,613 | 11,392 | 62,049 | 4,264 | 3,538 | 1,806 | 171,556 |
| — | — | — | — | — | 1,842 | — | 24,043 |
| 84,579 | 44,745 | 89,522 | 110,934 | 14,073 | 9,267 | 4,837 | 375,448 |
| $ 517,887 | $ 212,759 | $ 334,888 | $ 499,135 | $ 158,720 | $ 96,763 | $ 165,534 | $ 2,057,068 |

# Combining Statement Of Activities
# Nonmajor Component Units

For the Fiscal Year Ended June 30, 2016 (Expressed in Thousands)

| | Utah Communications Authority | Utah Schools for the Deaf and the Blind | Military Installation Development Authority | Heber Valley Historic Railroad Authority | Utah State Fair Corporation |
|---|---|---|---|---|---|
| Expenses | $ 11,196 | $ 33,378 | $ 4,067 | $ 1,521 | $ 4,125 |
| Program Revenues: | | | | | |
| Charges for Services: | | | | | |
| Tuition and Fees | — | — | — | — | — |
| Scholarship Allowances | — | — | — | — | — |
| Sales, Services, and Other Revenues | 12,071 | 7,062 | 3,422 | 1,477 | 3,568 |
| Operating Grants and Contributions | 14 | 1,738 | — | 297 | — |
| Capital Grants and Contributions | — | 19 | 25,296 | — | — |
| Total Program Revenues | 12,085 | 8,819 | 28,718 | 1,774 | 3,568 |
| Net (Expenses) Revenues | 889 | (24,559) | 24,651 | 253 | (557) |
| General Revenues: | | | | | |
| State Appropriations | 9,200 | 26,068 | — | — | 675 |
| Unrestricted Investment Income | — | 5 | 6 | — | — |
| Gain (Loss) on Sale of Capital Assets | (889) | (439) | — | — | — |
| Miscellaneous | — | — | — | — | — |
| Permanent Endowments Contributions | — | — | — | — | — |
| Total General Revenues and Contributions | 8,311 | 25,634 | 6 | 0 | 675 |
| Change in Net Position | 9,200 | 1,075 | 24,657 | 253 | 118 |
| Net Position – Beginning | 24,917 | 9,473 | (230) | 1,724 | 510 |
| Adjustment to Beginning Net Position | — | — | — | — | (315) |
| Net Position – Beginning as Adjusted | 24,917 | 9,473 | (230) | 1,724 | 195 |
| Net Position – Ending | $ 34,117 | $ 10,548 | $ 24,427 | $ 1,977 | $ 313 |

| Weber State University | Southern Utah University | Salt Lake Community College | Utah Valley University | Dixie State University | Snow College | Utah College of Applied Technology | Total Nonmajor Component Units |
|---|---|---|---|---|---|---|---|
| $ 228,589 | $ 149,628 | $ 211,802 | $ 307,368 | $ 99,819 | $ 50,077 | $ 100,692 | $ 1,202,262 |
| 113,064 | 85,567 | 79,608 | 167,568 | 42,594 | 14,585 | 13,654 | 516,640 |
| (30,787) | (24,334) | (17,541) | (41,492) | (10,157) | (6,044) | (2,973) | (133,328) |
| 22,620 | 19,514 | 13,648 | 22,195 | 9,152 | 4,977 | 10,373 | 130,079 |
| 44,895 | 30,850 | 45,270 | 82,856 | 20,253 | 9,896 | 14,771 | 250,840 |
| 64,243 | 8,027 | 430 | 1,289 | 1,975 | 3,000 | 22,756 | 127,035 |
| 214,035 | 119,624 | 121,415 | 232,416 | 63,817 | 26,414 | 58,581 | 891,266 |
| (14,554) | (30,004) | (90,387) | (74,952) | (36,002) | (23,663) | (42,111) | (310,996) |
| 77,274 | 35,219 | 97,957 | 102,596 | 31,955 | 24,258 | 63,479 | 468,681 |
| — | — | — | — | — | — | — | 11 |
| — | — | — | — | — | — | — | (1,328) |
| — | — | — | — | — | — | 165 | 165 |
| 2,302 | 845 | — | 1,315 | 2,650 | 52 | — | 7,164 |
| 79,576 | 36,064 | 97,957 | 103,911 | 34,605 | 24,310 | 63,644 | 474,693 |
| 65,022 | 6,060 | 7,570 | 28,959 | (1,397) | 647 | 21,533 | 163,697 |
| 452,865 | 206,699 | 327,318 | 470,176 | 160,117 | 96,116 | 144,001 | 1,893,686 |
| — | — | — | — | — | — | — | (315) |
| 452,865 | 206,699 | 327,318 | 470,176 | 160,117 | 96,116 | 144,001 | 1,893,371 |
| $ 517,887 | $ 212,759 | $ 334,888 | $ 499,135 | $ 158,720 | $ 96,763 | $ 165,534 | $ 2,057,068 |

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# STATISTICAL SECTION

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# STATISTICAL SECTION

Fiscal Year Ended June 30, 2016

This section of the State of Utah's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State's overall financial health.

## Financial Trends Information

These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.



## Revenue Capacity Information

These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.



## Debt Capacity Information

These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.



## Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.



## Operating Information

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.



## Other Information

These graphs and schedules offer a historical view of expenditures in constant dollars.



Sources: Unless otherwise noted, the information in the following schedules is derived from the State of Utah Comprehensive Annual Financial Report.

*__State of Utah__*

## Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** |
| **Governmental Activities** | | | | |
| Net Investment in Capital Assets | $ 9,465,667 | $ 10,447,357 | $ 11,306,077 | $ 12,005,321 |
| Restricted [1] | 3,043,599 | 2,618,556 | 2,349,499 | 2,009,168 |
| Unrestricted [1] | 1,163,548 | 1,169,342 | 689,052 | 895,517 |
| Total Governmental Activities Net Position | 13,672,814 | 14,235,255 | 14,344,628 | 14,910,006 |
| **Business-type Activities** | | | | |
| Net Investment in Capital Assets | 13,008 | 13,837 | 13,751 | 13,061 |
| Restricted [2] | 1,334,737 | 1,434,828 | 1,269,006 | 1,272,090 |
| Unrestricted [3] | 971,435 | 1,037,893 | 1,080,231 | 937,452 |
| Total Business-type Activities Net Position | 2,319,180 | 2,486,558 | 2,362,988 | 2,222,603 |
| **Primary Government** | | | | |
| Net Investment in Capital Assets | 9,478,675 | 10,461,194 | 11,319,828 | 12,018,382 |
| Restricted | 4,378,336 | 4,053,384 | 3,618,505 | 3,281,258 |
| Unrestricted | 2,134,983 | 2,207,235 | 1,769,283 | 1,832,969 |
| Total Primary Government Net Position | $ 15,991,994 | $ 16,721,813 | $ 16,707,616 | $ 17,132,609 |

Notes: This schedule has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

[1] In fiscal years 2008 to 2010, governmental activities' restricted net position decreased as the economy slowed and tax revenues declined. In fiscal years 2011 to 2013 restricted net position increased due to slightly higher revenues from a strengthening economy. In fiscal year 2014 restricted net position increased primarily due to an increase in investment values because of general market conditions. In fiscal year 2014, governmental activities' unrestricted net position increased due to an increase in carry-forward balances. In fiscal year 2015, governmental activities' restricted net position increased due to higher tax revenues from an improving economy and an increase in investment values because of general market conditions. In fiscal year 2015, unrestricted net position decreased due to the implementation of Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions* that required the measurement and recognition of the State's net pension liability.

[2] From fiscal years 2007 to 2008, business-type activities' restricted net position increased due to unemployment revenues exceeding related claims. In fiscal year 2009, the weak economy caused an increase in unemployment claims, which in turn caused a decrease in the restricted net position of business-type activities. From 2010 to 2016, restricted net position has continued to steadily increase due to unemployment revenues exceeding related claims.

[3] In fiscal years 2007 to 2009, and again in 2012 to 2014, business-type activities' unrestricted net position increased primarily due to the State providing additional capital to the loan funds from mineral lease revenue and dedicated sales tax revenues.

## Schedule A–1

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| $ 12,358,579 | $ 12,773,959 | $ 13,481,005 | $ 14,025,472 | $ 14,789,631 | $ 15,478,397 |
| 2,337,607 | 2,601,082 | 3,120,501 | 3,600,039 | 3,877,468 | 3,849,854 |
| 1,055,226 | 1,083,417 | 1,305,793 | 1,496,537 | 888,526 | 1,011,204 |
| 15,751,412 | 16,458,458 | 17,907,299 | 19,122,048 | 19,555,625 | 20,339,455 |
| | | | | | |
| 12,862 | 13,293 | 14,012 | 14,198 | 16,740 | 20,384 |
| 1,311,865 | 1,463,006 | 1,616,819 | 1,734,512 | 1,975,859 | 2,065,552 |
| 984,552 | 1,053,270 | 1,094,041 | 1,231,623 | 1,157,416 | 1,169,162 |
| 2,309,279 | 2,529,569 | 2,724,872 | 2,980,333 | 3,150,015 | 3,255,098 |
| | | | | | |
| 12,371,441 | 12,787,252 | 13,495,017 | 14,039,670 | 14,806,371 | 15,498,781 |
| 3,649,472 | 4,064,088 | 4,737,320 | 5,334,551 | 5,853,327 | 5,915,406 |
| 2,039,778 | 2,136,687 | 2,399,834 | 2,728,160 | 2,045,942 | 2,180,366 |
| $ 18,060,691 | $ 18,988,027 | $ 20,632,171 | $ 22,102,381 | $ 22,705,640 | $ 23,594,553 |

## Changes in Net Position
Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** |
| **GOVERNMENTAL ACTIVITIES** | | | | |
| **Expenses** | | | | |
| General Government | $ 328,779 | $ 385,331 | $ 390,373 | $ 383,925 |
| Human Services and Juvenile Justice Services | 634,265 | 679,920 | 700,307 | 669,169 |
| Corrections | 237,305 | 255,319 | 254,980 | 238,902 |
| Public Safety | 172,912 | 191,910 | 189,069 | 184,197 |
| Courts | 115,811 | 125,587 | 123,209 | 118,577 |
| Health and Environmental Quality [1] | 1,620,936 | 1,649,209 | 1,812,067 | 1,875,775 |
| Higher Education | 824,503 | 912,998 | 997,218 | 837,479 |
| Employment and Family Services | 393,938 | 423,122 | 514,915 | 672,852 |
| Natural Resources | 174,711 | 159,955 | 174,730 | 166,749 |
| Heritage and Arts [2] | 108,110 | 132,687 | 139,840 | 177,823 |
| Business, Labor and Agriculture | 92,441 | 95,563 | 101,995 | 96,895 |
| Public Education [3] | 2,548,391 | 2,959,311 | 3,033,574 | 3,007,905 |
| Transportation | 658,759 | 782,194 | 785,692 | 704,886 |
| Interest and Other Charges on Long-Term Debt | 64,019 | 58,851 | 52,070 | 87,393 |
| Total Expenses | 7,974,880 | 8,811,957 | 9,270,039 | 9,222,527 |
| **Program Revenues** | | | | |
| Charges for Services: | | | | |
| General Government | 156,111 | 257,537 | 154,794 | 169,808 |
| Human Services and Juvenile Justice Services | 10,889 | 10,840 | 13,359 | 12,851 |
| Corrections | 4,624 | 5,332 | 5,211 | 6,520 |
| Public Safety | 43,806 | 49,247 | 51,475 | 53,504 |
| Courts | 46,158 | 46,517 | 48,957 | 77,953 |
| Health and Environmental Quality | 84,938 | 65,666 | 64,328 | 88,504 |
| Higher Education | 235 | 31 | 32,981 | 419 |
| Employment and Family Services | 3,532 | 7,413 | 8,067 | (2,715) |
| Natural Resources | 45,367 | 64,407 | 71,266 | 70,780 |
| Heritage and Arts | 4,833 | 5,278 | 3,632 | 5,030 |
| Business, Labor and Agriculture | 63,240 | 68,622 | 65,376 | 74,400 |
| Public Education | 69,471 | 100,919 | 79,462 | 73,962 |
| Transportation | 155,203 | 183,369 | 254,064 | 275,154 |
| Operating Grants and Contributions | 2,769,644 | 2,658,284 | 3,177,737 | 3,865,150 |
| Capital Grants and Contributions | 122,939 | 144,867 | 145,353 | 204,237 |
| Total Program Revenues | 3,580,990 | 3,668,329 | 4,176,062 | 4,975,557 |
| Net Program (Expense) — Governmental Activities | (4,393,890) | (5,143,628) | (5,093,977) | (4,246,970) |
| **General Revenues and Other Changes in Net Position** | | | | |
| Taxes: | | | | |
| Sales Tax and Use Tax [4] | 2,131,958 | 2,006,926 | 1,762,745 | 1,735,023 |
| Individual Income Tax Imposed for Education [4] | 2,667,207 | 2,435,059 | 2,336,528 | 2,027,884 |
| Corporate Tax Imposed for Education [4] | 412,720 | 409,794 | 252,095 | 272,535 |
| Motor and Special Fuel Taxes Imposed for Transportation | 353,107 | 350,426 | 337,395 | 340,568 |
| Other Taxes | 320,204 | 333,545 | 354,982 | 328,703 |
| Investment Income | 89,795 | 63,947 | 29,267 | 5,575 |
| Gain on Sale of Capital Assets | 52,139 | 26,980 | 15,583 | 10,927 |
| Miscellaneous | 37,569 | 41,659 | 46,375 | 35,288 |
| Special Item: | | | | |
| Comprehensive Health Insurance Pool Transfer | — | — | — | — |
| Transfers–Internal Activities | 46,778 | 37,733 | 38,953 | 55,845 |
| Prior Period Adjustments and Restatements | — | — | 28,447 | — |
| Total General Revenues and Other Changes in Net Position | 6,111,477 | 5,706,069 | 5,202,370 | 4,812,348 |
| Change in Net Position — Governmental Activities – Increase (Decrease) | 1,717,587 | 562,441 | 108,393 | 565,378 |

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| $ 402,543 | $ 420,612 | $ 406,065 | $ 417,067 | $ 442,340 | 457,564 |
| 648,456 | 646,565 | 671,831 | 690,117 | 718,731 | 765,027 |
| 243,616 | 249,569 | 255,679 | 268,346 | 273,695 | 282,538 |
| 204,627 | 241,101 | 254,503 | 243,783 | 231,250 | 245,598 |
| 123,604 | 123,405 | 124,660 | 128,877 | 129,951 | 142,913 |
| 2,001,233 | 2,145,929 | 2,259,695 | 2,410,760 | 2,503,794 | 2,600,928 |
| 828,660 | 1,115,301 | 884,775 | 908,795 | 1,004,382 | 1,137,364 |
| 707,019 | 712,388 | 786,221 | 693,789 | 724,477 | 710,018 |
| 187,164 | 157,145 | 178,670 | 189,641 | 194,026 | 198,190 |
| 159,755 | 154,759 | 21,147 | 22,447 | 23,207 | 27,048 |
| 94,397 | 100,385 | 99,655 | 105,987 | 100,566 | 112,809 |
| 3,058,046 | 3,000,117 | 3,096,089 | 3,202,327 | 3,338,653 | 3,554,337 |
| 721,240 | 738,877 | 836,488 | 847,752 | 797,392 | 825,923 |
| 104,887 | 121,192 | 112,994 | 110,034 | 98,442 | 93,598 |
| 9,485,247 | 9,927,345 | 9,988,472 | 10,239,722 | 10,580,906 | 11,153,855 |
| | | | | | |
| 140,794 | 178,354 | 182,731 | 148,213 | 181,907 | 166,386 |
| 12,140 | 11,905 | 18,204 | 12,529 | 11,744 | 10,725 |
| 5,988 | 4,715 | 4,743 | 5,463 | 5,106 | 3,836 |
| 55,394 | 57,257 | 61,543 | 63,831 | 60,528 | 61,395 |
| 57,959 | 56,148 | 53,900 | 52,390 | 54,615 | 51,868 |
| 150,763 | 230,318 | 268,753 | 289,198 | 313,376 | 325,024 |
| 90 | 194 | — | — | — | — |
| 10,476 | 11,802 | 16,602 | 12,659 | 7,440 | 8,082 |
| 73,645 | 79,577 | 85,685 | 91,967 | 88,304 | 90,561 |
| 5,804 | 3,148 | 2,316 | 2,696 | 2,524 | 3,443 |
| 67,582 | 83,758 | 86,962 | 89,426 | 89,722 | 94,924 |
| 71,757 | 80,425 | 82,676 | 110,564 | 75,123 | 89,269 |
| 254,682 | 339,488 | 249,288 | 253,094 | 243,301 | 207,554 |
| 4,079,907 | 3,704,709 | 3,802,274 | 3,954,581 | 3,717,276 | 3,632,735 |
| 109,669 | 157,564 | 114,156 | 100,481 | 114,490 | 87,942 |
| 5,096,650 | 4,999,362 | 5,029,833 | 5,187,092 | 4,965,456 | 4,833,744 |
| (4,388,597) | (4,927,983) | (4,958,639) | (5,052,630) | (5,615,450) | (6,320,111) |
| | | | | | |
| 1,812,271 | 1,931,045 | 2,090,841 | 2,121,518 | 2,206,633 | 2,300,368 |
| 2,384,025 | 2,525,082 | 2,969,128 | 2,918,991 | 3,280,568 | 3,435,425 |
| 226,726 | 284,666 | 331,080 | 321,424 | 369,747 | 340,539 |
| 355,042 | 351,346 | 351,553 | 359,822 | 370,974 | 425,366 |
| 397,908 | 415,190 | 399,788 | 431,901 | 386,228 | 354,800 |
| 7,480 | 8,464 | 6,726 | 8,829 | 7,804 | 9,365 |
| 19,727 | 17,294 | 30,580 | 20,012 | 28,131 | 27,048 |
| 35,403 | 58,851 | 46,884 | 40,577 | 94,616 | 82,882 |
| — | — | — | — | 16,288 | — |
| 47,431 | 43,091 | 76,231 | 44,305 | 109,028 | 128,148 |
| (56,010) | — | 104,669 | — | 1,940 | — |
| 5,230,003 | 5,635,029 | 6,407,480 | 6,267,379 | 6,871,957 | 7,103,941 |
| 841,406 | 707,046 | 1,448,841 | 1,214,749 | 1,256,507 | 783,830 |

**Continues**

*State of Utah*

## Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** |
| **BUSINESS-TYPE ACTIVITIES** | | | | |
| **Expenses** | | | | |
| Student Assistance Programs | $ 174,220 | $ 164,411 | $ 144,007 | $ 156,754 |
| Unemployment Compensation [5] | 97,692 | 148,424 | 489,925 | 872,826 |
| Water Loan Programs | 13,042 | 10,477 | 12,900 | 31,971 |
| Community and Economic Loan Programs | 1,136 | 2,310 | 2,349 | 2,166 |
| Liquor Retail Sales | 143,721 | 160,635 | 168,844 | 180,401 |
| Other Business-type Activities | 31,404 | 33,417 | 35,635 | 30,886 |
| Total Expenses | 461,215 | 519,674 | 853,660 | 1,275,004 |
| **Program Revenues** | | | | |
| Charges for Services: | | | | |
| Student Assistance Programs | 126,498 | 117,246 | 89,805 | 109,804 |
| Unemployment Compensation | 219,690 | 157,624 | 144,383 | 170,224 |
| Water Loan Programs | 10,634 | 12,135 | 12,234 | 13,875 |
| Community and Economic Loan Programs | 5,876 | 6,524 | 7,838 | 9,033 |
| Liquor Retail Sales | 195,276 | 219,801 | 228,474 | 238,767 |
| Other Business-type Activities | 39,753 | 44,140 | 49,437 | 41,527 |
| Operating Grants and Contributions [6 7] | 54,622 | 65,036 | 161,594 | 518,280 |
| Total Program Revenues | 652,349 | 622,506 | 693,765 | 1,101,510 |
| Net Program Revenue (Expense) — Business-type Activities | 191,134 | 102,832 | (159,895) | (173,494) |
| **General Revenues and Other Changes in Net Position** | | | | |
| Taxes: | | | | |
| Sales Tax and Use Tax | 25,440 | 23,462 | 22,976 | 22,206 |
| Investment Income [7] | 83,630 | 78,817 | 53,282 | 28,560 |
| Miscellaneous | 877 | — | — | 38,188 |
| Transfers–Internal Activities | (46,778) | (37,733) | (38,953) | (55,845) |
| Prior Period Adjustments and Restatements | — | — | — | — |
| Total General Revenues and Other Changes in Net Position | 63,169 | 64,546 | 37,305 | 33,109 |
| Change in Net Position — Business-type Activities – Increase (Decrease) | 254,303 | 167,378 | (122,590) | (140,385) |
| Total Primary Government Change in Net Position | $ 1,971,890 | $ 729,819 | $ (14,197) | $ 424,993 |

Notes: This schedule also has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

[1] Expenses for health and environmental quality have increased over the last ten fiscal years due to rising Medicaid program costs.

[2] In fiscal year 2013, Legislative action moved the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

[3] Public education expenses continue to increase for both enrollment growth and benefit-related costs for educators.

[4] In fiscal years 2008 to 2010, general tax revenues declined due to the recessionary economy. In fiscal years 2011 to 2016, general tax revenues increased due to slightly higher revenues from a strengthening economy.

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| $ 93,422 | $ 111,662 | $ 99,379 | $ 79,963 | $ 111,437 | 154,247 |
| 642,023 | 436,880 | 307,444 | 233,403 | 177,105 | 182,516 |
| 38,069 | 19,045 | 12,828 | 13,778 | 18,276 | 14,913 |
| 1,770 | 2,604 | 2,420 | 8,603 | 2,967 | 5,253 |
| 190,373 | 201,976 | 213,395 | 225,948 | 242,933 | 260,755 |
| 33,796 | 47,341 | 75,361 | 54,983 | 36,720 | 37,849 |
| 999,453 | 819,508 | 710,827 | 616,678 | 589,438 | 655,533 |
| | | | | | |
| 71,966 | 66,312 | 63,727 | 59,784 | 88,188 | 123,218 |
| 296,847 | 380,533 | 384,114 | 357,059 | 295,851 | 240,709 |
| 10,584 | 13,710 | 13,464 | 12,329 | 406 | 902 |
| 10,583 | 11,843 | 11,152 | 10,051 | 5,562 | 3,208 |
| 252,225 | 272,363 | 293,978 | 313,444 | 338,039 | 364,482 |
| 44,230 | 33,555 | 39,010 | 40,832 | 38,892 | 34,968 |
| 403,847 | 262,035 | 168,514 | 75,568 | 48,482 | 46,118 |
| 1,090,282 | 1,040,351 | 973,959 | 869,067 | 815,420 | 813,605 |
| 90,829 | 220,843 | 263,132 | 252,389 | 225,982 | 158,072 |
| | | | | | |
| 21,819 | 24,264 | 25,891 | 27,304 | 28,384 | 29,841 |
| 17,169 | 14,727 | 16,636 | 20,073 | 41,421 | 45,318 |
| 4,290 | 3,547 | 425 | — | — | — |
| (47,431) | (43,091) | (76,231) | (44,305) | (109,028) | (128,148) |
| — | — | (34,550) | — | (367) | — |
| (4,153) | (553) | (67,829) | 3,072 | (39,590) | (52,989) |
| 86,676 | 220,290 | 195,303 | 255,461 | 186,392 | 105,083 |
| $ 928,082 | $ 927,336 | $ 1,644,144 | $ 1,470,210 | $ 1,442,899 | $ 888,913 |

[5] Beginning in fiscal year 2008 and continuing in fiscal year 2010, unemployment compensation expenses increased significantly as the economy continued to weaken at a faster pace than in prior years. In fiscal years 2011 to 2015, expenses decreased reflecting Utah's improving economy and employment.

[6] In fiscal years 2010 and 2011, operating grants and contributions increased overall from the preceding and subsequent years, primarily due to increased federal programs funded in part by the *American Recovery and Reinvestment Act* in the Unemployment Compensation Fund and additional operating grants issued for loan related programs.

[7] In fiscal year 2016, investment income for business-type activities was reclassified to other general revenues from operating grants and contributions. This change was made to comply with applicable accounting standards. Prior years have been restated.

*State of Utah*

## Fund Balances — Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting) (Expressed in Thousands)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** |
| **General Fund** | | | | |
| Nonspendable: | | | | |
| Long-term Portion of Interfund Loans Receivable [1] | $ — | $ — | $ — | $ 2,861 |
| Prepaid Items [1] | — | — | — | — |
| Inventories | — | — | — | 411 |
| Restricted | — | — | — | 35,171 |
| Committed | — | — | — | 371,354 |
| Assigned [2] | — | — | — | 222,963 |
| Unassigned | — | — | — | 14,884 |
| Total General Fund | 0 | 0 | 0 | 647,644 |
| **All Other Governmental Funds** | | | | |
| Nonspendable: | | | | |
| Inventories | $ — | $ — | $ — | $ 11,646 |
| Permanent Fund Principal [3] | — | — | — | 1,066,568 |
| Restricted | — | — | — | 1,333,776 |
| Committed [4] | — | — | — | 347,254 |
| Assigned [5] | — | — | — | 92,806 |
| Total All Other Governmental Funds | 0 | 0 | 0 | 2,852,050 |
| Total Fund Balances — Governmental Funds | $ 0 | $ 0 | $ 0 | $ 3,499,694 |
| **General Fund** | | | | |
| Reserved [6] | $ 411,600 | $ 470,800 | $ 305,224 | $ — |
| Unreserved [7] | 667,972 | 394,068 | 327,467 | — |
| Total General Fund | 1,079,572 | 864,868 | 632,691 | 0 |
| **All Other Governmental Funds** | | | | |
| Reserved | 1,558,607 | 1,867,469 | 1,892,734 | — |
| Unreserved reported in: | | | | |
| Special Revenue Funds | 1,473,424 | 975,035 | 807,356 | — |
| Capital Projects [8] | (107,624) | 57,027 | (13,219) | — |
| Debt Service | 17,801 | 20,801 | 5,210 | — |
| Total All Other Governmental Funds | 2,942,208 | 2,920,332 | 2,692,081 | 0 |
| Total Fund Balances — Governmental Funds | $ 4,021,780 | $ 3,785,200 | $ 3,324,772 | $ 0 |

Notes: Beginning fiscal year 2010, the fund balance categories were reclassified as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* Fund balance has not been restated for prior years.

This schedule has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

[1] Beginning in fiscal year 2013, the nonspendable fund balance within the General Fund increased due to prepaid items. Additionally, nonspendable fund balance within the General Fund also increased in fiscal year 2013 due to an increase in the long-term portion of revolving loans within the Internal Service Funds.

[2] In fiscal year 2016, the assigned fund balance within the General Fund decreased due to a reduction in the amount set aside for next year's budget.

[3] In fiscal years 2013 to 2015, the nonspendable fund balance within other governmental funds increased primarily due to a change in investment values as a result of the rebounding economy.

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| | $ 10,134 | $ 13,537 | $ 44,360 | $ 38,832 | $ 26,996 | $ 26,747 |
| | — | 23,450 | 67,790 | 73,033 | 96,939 | 106,745 |
| | 538 | 662 | 800 | 926 | 662 | 434 |
| | 31,523 | 39,745 | 41,931 | 40,898 | 34,278 | 38,124 |
| | 445,540 | 489,487 | 496,795 | 507,380 | 496,758 | 546,782 |
| | 212,002 | 159,082 | 224,452 | 197,842 | 255,841 | 132,126 |
| | 609 | 11,342 | — | 7,224 | — | 7,196 |
| | 700,346 | 737,305 | 876,128 | 866,135 | 911,474 | 858,154 |
| | $ 10,523 | $ 11,583 | $ 11,980 | $ 14,018 | $ 13,605 | $ 13,990 |
| | 1,355,565 | 1,436,623 | 1,690,261 | 2,089,334 | 2,244,902 | 2,267,538 |
| | 1,191,591 | 1,089,030 | 1,094,754 | 1,160,581 | 1,188,672 | 1,175,441 |
| | 390,278 | 631,983 | 698,264 | 865,786 | 843,483 | 758,530 |
| | 174,737 | 112,015 | 63,586 | 128,631 | 163,194 | 347,321 |
| | 3,122,694 | 3,281,234 | 3,558,845 | 4,258,350 | 4,453,856 | 4,562,820 |
| | $ 3,823,040 | $ 4,018,539 | $ 4,434,973 | $ 5,124,485 | $ 5,365,330 | $ 5,420,974 |
| | $ — | $ — | $ — | $ — | $ — | $ — |
| | — | — | — | — | — | — |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | — | — | — | — | — | — |
| | — | — | — | — | — | — |
| | — | — | — | — | — | — |
| | — | — | — | — | — | — |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |

[4] In fiscal years 2012 to 2014, the committed fund balance within other governmental funds increased as a result of sales and use tax diversions for transportation projects. In fiscal year 2016, the committed fund balance decreased as expenditures for transportation projects utilizing sales and use tax revenue increased.

[5] The assigned fund balance within other governmental funds increased in fiscal year 2011, then decreased in fiscal years 2012 and 2013 as less funding was assigned for capital projects. In fiscal years 2014 to 2016, the assigned fund balance increased again as more funding was used for capital projects.

[6] In fiscal year 2009, General Fund reserved fund balance decreased due to less reserves available as a result of the slowing economy.

[7] In fiscal years 2008 and 2009, General Fund unreserved fund balance decreased as the State's economy slowed. Sales and use tax diversions along with reductions in the sales tax rate also contributed to the decrease in tax revenues in the General Fund.

[8] In fiscal year 2007, and again in fiscal year 2009, unreserved fund balance for capital projects reported a deficit balance as a result of outstanding encumbrances on various capital related projects. Appropriations and bond proceeds available in subsequent fiscal years will fund these deficits.

## Changes in Fund Balances — Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting) (Expressed in Thousands)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** |
| **Revenues** | | | | |
| Sales and Use Tax [1] | $ 2,109,732 | $ 2,031,239 | $ 1,761,224 | $ 1,733,412 |
| Individual Income Tax [1] | 2,589,252 | 2,560,394 | 2,340,400 | 2,124,173 |
| Corporate Tax [1] | 411,929 | 410,586 | 249,177 | 266,961 |
| Motor and Special Fuels Tax [2] | 366,446 | 357,664 | 337,529 | 341,196 |
| Other Taxes | 320,204 | 333,542 | 354,713 | 328,753 |
| Federal Contracts and Grants [3] | 2,480,016 | 2,574,585 | 3,207,110 | 3,713,771 |
| Charges for Services/Royalties | 412,411 | 468,451 | 463,248 | 463,436 |
| Licenses, Permits, and Fees | 120,349 | 121,882 | 128,212 | 179,947 |
| Federal Mineral Lease [4] | 145,985 | 134,404 | 172,642 | 129,377 |
| Intergovernmental | 23,332 | 12,884 | 9,446 | 28,659 |
| Investment Income [5] | 240,988 | 46,716 | (132,523) | 118,541 |
| Miscellaneous and Other | 261,617 | 373,047 | 382,614 | 356,004 |
| Total Revenues | 9,482,261 | 9,425,394 | 9,273,792 | 9,784,230 |
| **Expenditures** | | | | |
| General Government | 268,775 | 319,389 | 325,076 | 313,981 |
| Human Services and Juvenile Justice Services | 627,598 | 677,234 | 701,099 | 667,192 |
| Corrections | 229,198 | 251,216 | 255,448 | 235,411 |
| Public Safety | 172,427 | 196,008 | 213,038 | 199,731 |
| Courts | 119,650 | 131,261 | 129,125 | 136,373 |
| Health and Environmental Quality [6] | 1,620,400 | 1,648,841 | 1,812,488 | 1,873,264 |
| Higher Education–State Administration | 49,064 | 64,587 | 60,224 | 52,084 |
| Higher Education–Colleges and Universities | 708,063 | 793,283 | 782,650 | 734,440 |
| Employment and Family Services [7] | 406,532 | 432,955 | 519,741 | 673,329 |
| Natural Resources | 171,014 | 174,120 | 178,306 | 161,640 |
| Heritage and Arts [7] | 108,592 | 132,413 | 140,453 | 178,258 |
| Business, Labor, and Agriculture | 91,162 | 96,072 | 101,966 | 96,579 |
| Public Education [8] | 2,547,421 | 2,960,873 | 3,035,519 | 3,002,318 |
| Transportation [9] [10] | 813,315 | 1,030,793 | 1,249,080 | 1,204,955 |
| Capital Outlay [11] | 560,108 | 566,955 | 607,794 | 1,007,219 |
| Debt Service — Principal Retirement | 159,862 | 193,292 | 180,613 | 189,041 |
| Debt Service — Interest and Other Charges | 75,149 | 139,883 | 64,675 | 113,876 |
| Total Expenditures | 8,728,330 | 9,809,175 | 10,357,295 | 10,839,691 |
| Revenues Over (Under) Expenditures | 753,931 | (383,781) | (1,083,503) | (1,055,461) |
| **Other Financing Sources (Uses)** | | | | |
| General Obligation Bonds Issued [11] | — | 75,000 | 498,810 | 982,170 |
| Revenue Bonds Issued | — | — | — | 101,595 |
| Refunding Bonds Issued | — | — | — | — |
| Premium on Bonds Issued | — | 1,557 | 45,445 | 65,853 |
| Payment to Refunded Bond Escrow Agent | — | — | — | — |
| Capital Leases/Contracts Issued | — | 2,131 | 2,010 | 11,122 |
| Sale of Capital Assets | 47,193 | 30,824 | 28,035 | 13,966 |
| Transfers In | 3,721,041 | 4,550,400 | 3,606,534 | 929,044 |
| Transfers Out | (3,674,615) | (4,512,711) | (3,557,759) | (873,367) |
| **Special Item** | | | | |
| Comprehensive Health Insurance Pool Transfer [12] | — | — | — | — |
| Prior Period Adjustments and Restatements | — | — | — | — |
| Total Other Financing Sources (Uses) | 93,619 | 147,201 | 623,075 | 1,230,383 |
| Net Change in Fund Balances | $ 847,550 | $ (236,580) | $ (460,428) | $ 174,922 |
| Debt Service as a Percentage of Noncapital Expenditures | 2.96 % | 3.75 % | 2.67 % | 3.29 % |

Notes: This schedule also has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

[1] In fiscal years 2009 to 2010, tax revenues decreased significantly as the economy slowed. Sales and use tax diversions along with a reduction in the sales tax rate also contributed to this decrease. In fiscal years 2011 to 2016, tax revenues increased due to a rebounding economy.

[2] In fiscal year 2016, motor and special fuels tax increased due, in part, to a tax increase and also as a result of higher fuel consumption.

[3] In fiscal years 2009 and 2010, federal contracts and grants increased in part due to funding provided by the *American Recovery and Reinvestment Act* .

[4] In fiscal year 2016, federal mineral lease revenue decreased due to lower energy prices and a decline in production.

[5] In fiscal year 2009, the decrease in the fair value of investments for the permanent fund created a negative revenue. In fiscal years 2013 and 2014, investment income increased due to an increase in the fair value of investments as the result of a rebounding economy. In fiscal years 2015 and 2016, investment income decreased due to a change in the fair value of investments.

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| $ 1,812,011 | $ 1,934,035 | $ 2,094,132 | $ 2,121,249 | $ 2,204,389 | $ 2,302,886 |
| 2,332,562 | 2,518,373 | 2,865,195 | 2,916,015 | 3,211,476 | 3,393,087 |
| 230,888 | 285,541 | 329,726 | 322,748 | 366,543 | 340,175 |
| 352,918 | 353,299 | 351,197 | 359,176 | 371,412 | 425,343 |
| 397,248 | 414,744 | 400,111 | 432,178 | 386,066 | 355,229 |
| 3,626,354 | 3,561,512 | 3,489,515 | 3,463,045 | 3,478,563 | 3,573,699 |
| 528,568 | 625,831 | 677,119 | 706,125 | 682,288 | 630,300 |
| 188,998 | 183,630 | 185,976 | 188,653 | 194,648 | 199,748 |
| 135,979 | 183,739 | 138,122 | 158,193 | 138,635 | 69,245 |
| 18,537 | 34,407 | 32,704 | 7,211 | 12,620 | 11,264 |
| 274,797 | 46,133 | 221,139 | 353,653 | 133,092 | 34,168 |
| 332,722 | 393,010 | 305,267 | 327,880 | 384,968 | 388,295 |
| 10,231,582 | 10,534,254 | 11,090,203 | 11,356,126 | 11,564,700 | 11,723,439 |
| | | | | | |
| 316,440 | 356,752 | 362,845 | 374,134 | 386,059 | 412,204 |
| 646,411 | 645,418 | 669,091 | 692,277 | 723,663 | 766,186 |
| 238,090 | 245,829 | 251,118 | 266,246 | 272,053 | 290,217 |
| 207,426 | 239,453 | 255,727 | 271,716 | 266,586 | 263,417 |
| 128,676 | 127,066 | 129,693 | 132,886 | 137,901 | 146,510 |
| 2,008,356 | 2,141,835 | 2,252,166 | 2,434,410 | 2,517,513 | 2,622,797 |
| 48,836 | 49,359 | 51,901 | 48,920 | 56,935 | 79,567 |
| 718,026 | 721,074 | 735,438 | 781,998 | 875,610 | 915,432 |
| 703,786 | 706,181 | 781,178 | 703,441 | 730,972 | 708,184 |
| 189,430 | 153,698 | 178,330 | 184,465 | 190,378 | 196,188 |
| 160,338 | 155,575 | 22,428 | 24,231 | 24,041 | 27,826 |
| 93,149 | 99,689 | 99,828 | 105,915 | 101,331 | 111,186 |
| 3,059,351 | 2,999,706 | 3,097,161 | 3,202,007 | 3,340,290 | 3,556,897 |
| 946,692 | 1,064,449 | 951,277 | 902,788 | 903,700 | 835,111 |
| 1,236,168 | 973,206 | 524,582 | 380,930 | 499,705 | 523,937 |
| 223,952 | 266,300 | 309,268 | 329,659 | 319,739 | 348,576 |
| 142,452 | 168,047 | 154,472 | 150,101 | 135,994 | 118,805 |
| 11,067,579 | 11,113,637 | 10,826,503 | 10,986,124 | 11,482,470 | 11,923,040 |
| (835,997) | (579,383) | 263,700 | 370,002 | 82,230 | (199,601) |
| | | | | | |
| 1,034,970 | 609,920 | 33,240 | 226,175 | — | — |
| — | 5,250 | 1,900 | — | — | 93,625 |
| 196,610 | — | 22,612 | — | 221,765 | — |
| 94,689 | 92,558 | 8,346 | 24,656 | 47,562 | 4,405 |
| (234,873) | — | (24,358) | — | (267,870) | — |
| — | — | 2,824 | — | — | 5,100 |
| 20,256 | 22,158 | 31,243 | 24,596 | 29,274 | 30,688 |
| 1,125,598 | 1,097,387 | 1,360,691 | 1,489,272 | 1,659,616 | 1,998,019 |
| (1,077,907) | (1,052,391) | (1,283,764) | (1,445,189) | (1,549,960) | (1,876,592) |
| | | | | | |
| — | — | — | — | 16,288 | — |
| — | — | — | — | 1,940 | — |
| 1,159,343 | 774,882 | 152,734 | 319,510 | 158,615 | 255,245 |
| $ 323,346 | $ 195,499 | $ 416,434 | $ 689,512 | $ 240,845 | $ 55,644 |
| 3.85 % | 4.45 % | 4.59 % | 4.60 % | 4.22 % | 4.17 % |

6 Expenditures for Health and Environmental Quality have increased over the last ten fiscal years due to rising Medicaid program costs.

7 In fiscal year 2013, Legislative action moved the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

8 Public education expenditures continue to increase for both enrollment growth and benefit-related costs for educators.

9 In fiscal year 2012, the Transportation Investment Fund was reclassified as a capital projects fund. Expenditures relating to this fund have been reclassified from transportation expenditures to capital outlay for prior years.

10 Expenditures for transportation increased in fiscal years 2007 to 2010 as existing fund balances and federal resources were used to address the State's transportation infrastructure needs.

11 Expenditures for capital outlay increased in fiscal years 2010 to 2011 as additional funding through bond proceeds were used to address the State's transportation infrastructure needs.

12 In fiscal year 2015, the Comprehensive Health Insurance Pool (discrete component unit) was dissolved and the remaining cash balance was transferred to the State's general fund.

## Revenue Base
Last Ten Calendar Years

(Expressed in Thousands)

| | Calendar Year 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| **Taxable Sales, Services, and Use Tax Purchases** [1] | | | | |
| Agriculture, Forestry, and Fishing | $ 75,432 | $ 73,621 | $ 10,822 | $ 10,938 |
| Mining | 407,292 | 477,342 | 923,107 | 560,727 |
| Construction | 711,035 | 792,084 | 785,217 | 685,598 |
| Manufacturing | 2,507,326 | 2,678,207 | 2,635,317 | 2,079,294 |
| Transportation | 201,036 | 205,763 | 169,209 | 150,891 |
| Communications and Utilities | 3,557,949 | 3,591,019 | 4,138,623 | 4,060,387 |
| Wholesale Trade | 5,087,766 | 5,318,425 | 4,637,872 | 3,457,754 |
| Retail | 25,784,902 | 27,428,307 | 24,972,519 | 22,613,395 |
| Finance, Insurance, and Real Estate | 412,926 | 429,446 | 1,803,420 | 1,430,640 |
| Services | 5,261,263 | 5,689,281 | 6,889,315 | 6,289,414 |
| Public Administration | 114,007 | 116,614 | 224,402 | 225,935 |
| Prior Period Payments and Refunds | 674,846 | 889,925 | 193,380 | 359,249 |
| Total Taxable Sales, Services and Use Tax Purchases | $ 44,795,780 | $ 47,690,034 | $ 47,383,203 | $ 41,924,222 |
| State Sales Tax Rate | 4.75 % | 4.75 % | 4.65 % | 4.70 % |
| **Personal Income by Industry** | | | | |
| Federal Civilian | $ 3,000,038 | $ 3,136,970 | $ 3,138,234 | $ 3,262,129 |
| Federal Military | 897,529 | 911,267 | 956,758 | 1,059,773 |
| State and Local Government | 7,480,210 | 7,994,668 | 8,619,692 | 8,996,163 |
| Forestry, Fishing, and Related Activities | 60,473 | 68,862 | 64,322 | 56,230 |
| Mining | 991,905 | 1,071,608 | 1,325,928 | 905,190 |
| Utilities | 470,178 | 454,072 | 520,216 | 500,769 |
| Construction | 5,802,670 | 6,366,934 | 5,938,557 | 4,880,333 |
| Manufacturing | 7,094,929 | 7,603,852 | 7,987,992 | 7,243,424 |
| Wholesale Trade | 2,910,463 | 3,219,149 | 3,313,418 | 3,145,582 |
| Retail Trade | 4,991,846 | 5,414,830 | 5,409,252 | 5,248,220 |
| Transportation and Warehousing | 2,727,491 | 3,025,714 | 2,943,658 | 2,818,544 |
| Information | 1,848,632 | 1,855,191 | 1,911,065 | 1,837,118 |
| Financial, Insurance, Real Estate, Rental, and Leasing | 5,085,088 | 5,180,794 | 5,592,421 | 5,432,615 |
| Services | 20,219,576 | 21,817,272 | 22,905,660 | 22,798,279 |
| Farm Earnings | 166,993 | 197,116 | 216,580 | 105,542 |
| Other [2] | 14,630,380 | 16,787,369 | 19,766,570 | 18,640,550 |
| Total Personal Income | $ 78,378,401 | $ 85,105,668 | $ 90,610,323 | $ 86,930,461 |
| Highest Income Tax Rate | 6.98 % | 6.98 % | 5.00 % | 5.00 % |

Sources: Taxable Sales, Services, and Use Tax Purchases — Utah State Tax Commission;
Personal Income by Industry — U.S. Department of Commerce, Bureau of Economic Analysis and the Utah Department of Workforce Services. Prior year information has been updated with the most recent data available.

[1] Taxable Sales, Services, and Use Tax Purchases utilize *American Industrial Classification* codes starting in 2008. Prior to 2008 are based on *Standard Industrial Classification* codes.

[2] Other personal income includes dividends, interest, rents, residence adjustment, government transfers to individuals, and deduction for social insurance contributions.

**Schedule B–1**

| Calendar Year | | | | | |
|---|---|---|---|---|---|
| **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| $ 12,747 | $ 14,082 | $ 13,880 | $ 15,083 | $ 16,721 | $ 15,400 |
| 757,601 | 848,168 | 961,570 | 850,275 | 842,837 | 606,129 |
| 662,141 | 654,043 | 749,572 | 686,116 | 718,877 | 719,199 |
| 2,082,345 | 2,209,327 | 2,283,863 | 2,251,708 | 2,439,019 | 2,394,889 |
| 236,609 | 274,577 | 123,695 | 151,582 | 116,776 | 119,530 |
| 4,147,437 | 4,250,457 | 4,515,800 | 4,609,452 | 4,764,084 | 4,640,315 |
| 3,615,569 | 4,065,152 | 4,647,539 | 4,397,645 | 4,564,362 | 4,544,672 |
| 21,480,510 | 22,794,901 | 24,351,361 | 25,848,614 | 27,160,751 | 28,847,726 |
| 1,328,491 | 1,337,530 | 1,327,864 | 1,378,991 | 1,441,941 | 1,518,729 |
| 6,737,174 | 7,137,503 | 7,670,035 | 8,108,526 | 8,696,364 | 9,383,910 |
| 224,668 | 229,227 | 245,093 | 250,212 | 262,250 | 254,337 |
| 622,276 | 339,856 | 640,908 | 855,842 | 685,181 | 888,441 |
| $ 41,907,568 | $ 44,154,823 | $ 47,531,180 | $ 49,404,046 | $ 51,709,163 | $ 53,933,277 |
| 4.70 % | 4.70 % | 4.70 % | 4.70 % | 4.70 % | 4.70 % |
| | | | | | |
| $ 3,427,143 | $ 3,556,359 | $ 3,201,034 | $ 3,127,049 | $ 3,226,299 | $ 3,361,001 |
| 1,066,165 | 1,023,592 | 782,075 | 758,348 | 732,507 | 709,528 |
| 9,056,491 | 9,440,193 | 10,479,690 | 10,438,482 | 10,932,387 | 11,398,596 |
| 59,568 | 69,173 | 69,036 | 79,070 | 71,162 | 70,873 |
| 939,571 | 1,134,370 | 1,451,372 | 1,488,131 | 1,055,022 | 943,152 |
| 517,919 | 531,434 | 510,476 | 509,579 | 518,729 | 591,816 |
| 4,851,542 | 5,033,034 | 5,310,328 | 5,749,752 | 6,139,119 | 6,867,596 |
| 7,523,277 | 7,787,202 | 8,079,603 | 8,372,774 | 8,607,123 | 9,066,256 |
| 3,142,845 | 3,473,443 | 3,778,828 | 3,920,138 | 4,019,735 | 4,309,728 |
| 5,352,492 | 5,478,538 | 5,817,378 | 6,245,965 | 6,688,936 | 7,009,221 |
| 2,871,728 | 2,977,382 | 2,983,157 | 3,148,136 | 3,319,368 | 3,657,177 |
| 1,931,461 | 2,146,263 | 2,426,304 | 2,527,863 | 2,729,627 | 2,917,820 |
| 5,578,130 | 6,113,185 | 6,281,226 | 7,101,517 | 7,068,780 | 8,090,663 |
| 23,756,996 | 24,676,881 | 26,044,184 | 27,872,193 | 28,810,801 | 30,667,299 |
| 202,854 | 266,260 | 231,074 | 510,235 | 509,130 | 468,774 |
| 19,972,051 | 20,693,761 | 23,716,925 | 24,223,342 | 26,415,095 | 27,634,401 |
| $ 90,250,233 | $ 94,401,070 | $ 101,162,690 | $ 106,072,574 | $ 110,843,820 | $ 117,763,901 |
| 5.00 % | 5.00 % | 5.00 % | 5.00 % | 5.00 % | 5.00 % |

## Revenue Payers by Industry — Taxable Sales, Services, and Use Tax Purchases

**Schedule B–2**

Most Current Calendar Year and Historical Comparison

(Expressed in Thousands)

| | Calendar Year 2006 | | Calendar Year 2015 | |
|---|---|---|---|---|
| | **Taxable Sales and Purchases** | **Percent of Total** | **Taxable Sales and Purchases** | **Percent of Total** |
| Agriculture, Forestry, and Fishing | $ 75,432 | 0.2 % | $ 15,400 | 0.1 % |
| Mining | 407,292 | 0.9 % | 606,129 | 1.1 % |
| Construction | 711,035 | 1.6 % | 719,199 | 1.3 % |
| Manufacturing | 2,507,326 | 5.6 % | 2,394,889 | 4.4 % |
| Transportation | 201,036 | 0.4 % | 119,530 | 0.2 % |
| Communications and Utilities | 3,557,949 | 7.9 % | 4,640,315 | 8.6 % |
| Wholesale Trade | 5,087,766 | 11.4 % | 4,544,672 | 8.4 % |
| Retail | 25,784,902 | 57.6 % | 28,847,726 | 53.5 % |
| Finance, Insurance, and Real Estate | 412,926 | 0.9 % | 1,518,729 | 2.8 % |
| Services | 5,261,263 | 11.7 % | 9,383,910 | 17.4 % |
| Public Administration | 114,007 | 0.3 % | 254,337 | 0.5 % |
| Prior Period Payments, Refunds | 674,846 | 1.5 % | 888,441 | 1.7 % |
| Total Taxable Sales, Services, and Use Tax Purchases | $ 44,795,780 | 100.0 % | $ 53,933,277 | 100.0 % |
| State Sales Tax Rates | 4.75 % except 2.00 % for Communications and Utilities | | 4.70 % except 2.00 % for Communications and Utilities | |

Source: Utah State Tax Commission

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for taxable sales, services, and use tax purchases is calendar year 2015.

## Revenue Payers — Personal Income Tax — Schedule B–3

Most Current Calendar Year and Historical Comparison

(Dollars Expressed in Thousands)

| | Calendar Year 2005 | | | | Calendar Year 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| | **Number of Filers** | **Percent of Total** | **Tax Liability** | **Percent of Total** | **Number of Filers** | **Percent of Total** | **Tax Liability** | **Percent of Total** |
| **Adjusted Gross Income Class** | | | | | | | | |
| $10,000 and under ...... | 172,345 | 18.1% | $ 2,966 | 0.1% | 162,429 | 14.6 % | $ 966 | 0.0 % |
| $10,001–20,000 .......... | 156,705 | 16.5% | 32,930 | 1.7% | 152,551 | 13.7 % | 20,362 | 0.8 % |
| $20,001–30,000 .......... | 131,425 | 13.8% | 72,808 | 3.5% | 138,829 | 12.5 % | 62,286 | 2.3 % |
| $30,001–40,000 .......... | 101,126 | 10.6% | 101,966 | 4.9% | 112,313 | 10.1 % | 97,742 | 3.6 % |
| $40,001–50,000 .......... | 83,313 | 8.7% | 126,544 | 6.1% | 90,794 | 8.1 % | 123,130 | 4.6 % |
| $50,001–75,000 .......... | 146,033 | 15.3% | 352,417 | 17.1% | 172,017 | 15.5 % | 383,133 | 14.3 % |
| $75,001–100,000 ........ | 77,099 | 8.1% | 291,907 | 14.2% | 115,568 | 10.4 % | 401,843 | 15.0 % |
| $100,001–250,000 ...... | 70,982 | 7.5% | 471,324 | 22.9% | 145,799 | 13.1 % | 921,391 | 34.3 % |
| Over $250,000 ............ | 13,488 | 1.4% | 609,171 | 29.5% | 22,868 | 2.0 % | 672,694 | 25.1 % |
| Total ..................... | 952,516 | 100.0 % | $ 2,062,033 | 100.0 % | 1,113,168 | 100.0 % | $ 2,683,547 | 100.0 % |

Source: Utah State Tax Commission, for full-year residents only.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for personal income tax information is calendar year 2014.

## Personal Income Tax Rates — Schedule B–4

Last Ten Calendar Years

| | Calendar Year | |
|---|---|---|
| | **2006 to 2007** [1] | **2008 to 2015** [2] |
| | Single and Married Filing Separately | |
| Tax Rate ................................ | 2.30 % | — |
| Taxable Income Levels ........ | $0–1,000 | — |
| Tax Rate ................................ | 3.30 % | — |
| Taxable Income Levels ........ | $1,001–2,000 | — |
| Tax Rate ................................ | 4.20 % | — |
| Taxable Income Levels ........ | $2,001–3,000 | — |
| Tax Rate ................................ | 5.20 % | — |
| Taxable Income Levels ........ | $3,001–4,000 | — |
| Tax Rate ................................ | 6.00 % | — |
| Taxable Income Levels ........ | $4,001–5,500 | — |
| Tax Rate ................................ | 6.98 % | — |
| Taxable Income Levels ........ | Over $5,500 | — |
| Tax Rate ................................ | 5.35 % | 5.00 % |
| | Married Filing Joint, Head of Household, and Qualifying Widow(er) | |
| Tax Rate ................................ | 2.30 % | — |
| Taxable Income Levels ........ | $0–2,000 | — |
| Tax Rate ................................ | 3.30 % | — |
| Taxable Income Levels ........ | $2,001–4,000 | — |
| Tax Rate ................................ | 4.20 % | — |
| Taxable Income Levels ........ | $4,001–6,000 | — |
| Tax Rate ................................ | 5.20 % | — |
| Taxable Income Levels ........ | $6,001–8,000 | — |
| Tax Rate ................................ | 6.00 % | — |
| Taxable Income Levels ........ | $8,001–11,000 | — |
| Tax Rate ................................ | 6.98 % | — |
| Taxable Income Levels ........ | Over $11,000 | — |
| Tax Rate ................................ | 5.35 % | 5.00 % |

Source: Utah State Tax Commission

Note: The Utah State Legislature can raise the income tax rates by legislation, no vote of the populace is required; *Utah Constitution* , Article XIII, Section 5.

[1] The Legislature passed an option for the taxpayer to use the single rate of 5.35 percent or the tax tables for calendar year 2007.

[2] The Legislature passed a single tax rate for all taxpayers beginning with calendar year 2008.

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## Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

(Expressed in Millions)

| | Fiscal Year 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| General Obligation Bonds | $ 1,284 | $ 1,198 | $ 1,563 | $ 2,410 |
| State Building Ownership Authority Lease Revenue Bonds | 275 | 162 | 149 | 239 |
| Capital Leases | 18 | 19 | 19 | 28 |
| Contracts/Notes Payable | 7 | 1 | 1 | — |
| Total Governmental Activities | 1,584 | 1,380 | 1,732 | 2,677 |
| **Business-type Activities** | | | | |
| Student Assistance Revenue Bonds | 2,138 | 2,165 | 2,235 | 1,389 |
| State Building Ownership Authority Lease Revenue Bonds | 37 | 51 | 75 | 98 |
| Water Loan Recapitalization Revenue Bonds | — | — | — | 68 |
| Contracts/Notes Payable [1] | — | — | 297 | 811 |
| Total Business-type Activities | 2,175 | 2,216 | 2,607 | 2,366 |
| Total Primary Government | $ 3,759 | $ 3,596 | $ 4,339 | $ 5,043 |
| Debt as a Percentage of Personal Income [2] | 4.44 % | 4.04 % | 4.93 % | 5.59 % |
| Amount of Debt Per Capita (expressed in dollars) [2] | $ 1,392 | $ 1,304 | $ 1,586 | $ 1,817 |
| **Net General Obligation Bonded Debt** | | | | |
| General Obligation Bonds | $ 1,284 | $ 1,198 | $ 1,563 | $ 2,410 |
| Net General Obligation Bonded Debt as a Percentage of Taxable Property Value [3] | 0.76 % | 0.59 % | 0.70 % | 1.13 % |
| Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) [2] | $ 476 | $ 434 | $ 571 | $ 868 |

Sources: Utah Department of Administrative Services, Division of Finance; Utah State Tax Commission – Property Tax; and Utah Governor's Office of Management and Budget – Demographics.

Note: Net general obligation and revenue bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amounts on refunding of bonded debt is no longer reported as part of long-term liabilities, but now as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities.*

[1] In 2015 the Student Assistance Programs issued a line of credit to acquire federally guaranteed student loans.

[2] Ratios are calculated using personal income and population data. See Schedule D–1 for personal income and population data. During 2010 to 2012, the State issued just under $1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

[3] The percentage of Net General Obligation Bonded Debt based upon taxable property value is presented for comparative purposes. The State does not presently levy ad valorem property taxes for General Obligation Bonded Debt, but is authorized to do so in accordance with Title 59, Chapter 2, Part 901 of the *Utah Code.* See Schedule C–3 for taxable property value.

## Schedule C–1

| | | | | | |
|---|---|---|---|---|---|
| Fiscal Year | | | | | |
| **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| $ 3,256 | $ 3,660 | $ 3,361 | $ 3,271 | $ 2,950 | $ 2,585 |
| 223 | 213 | 200 | 187 | 170 | 249 |
| 26 | 24 | 23 | 22 | 20 | 23 |
| — | — | 10 | 6 | — | — |
| 3,505 | 3,897 | 3,594 | 3,486 | 3,140 | 2,857 |
| 1,243 | 970 | 1,274 | 1,284 | 1,511 | 1,255 |
| 95 | 90 | 85 | 81 | 80 | 79 |
| 67 | 62 | 58 | 52 | 47 | 42 |
| 648 | 552 | — | — | 1,152 | 922 |
| 2,053 | 1,674 | 1,417 | 1,417 | 2,790 | 2,298 |
| $ 5,558 | $ 5,571 | $ 5,011 | $ 4,903 | $ 5,930 | $ 5,155 |
| 5.89 % | 5.51 % | 4.78 % | 4.42 % | 5.04 % | 4.14 % |
| $ 1,975 | $ 1,951 | $ 1,727 | $ 1,665 | $ 1,979 | $ 1,692 |
| $ 3,256 | $ 3,660 | $ 3,361 | $ 3,271 | $ 2,950 | $ 2,585 |
| 1.59 % | 1.82 % | 1.67 % | 1.58 % | 1.33 % | 1.10 % |
| $ 1,157 | $ 1,282 | $ 1,159 | $ 1,111 | $ 985 | $ 848 |

## Other Long-Term Liabilities
Last Ten Fiscal Years

(Expressed in Thousands)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** |
| **Governmental Activities** | | | | |
| General Obligation Bonds [1] | $ 1,237,170 | $ 1,161,510 | $ 1,492,620 | $ 2,299,300 |
| State Building Ownership Authority Lease Revenue Bonds | 273,538 | 161,614 | 148,654 | 236,629 |
| Net Unamortized Premiums | 66,581 | 51,011 | 80,962 | 119,694 |
| Deferred Amount on Refundings [2] | (17,732) | (13,621) | (10,151) | (7,080) |
| Capital Leases | 18,228 | 18,769 | 19,210 | 27,542 |
| Notes Payable [3] | 6,941 | 559 | 512 | 484 |
| Compensated Absences [4] | 185,630 | 186,581 | 162,689 | 162,120 |
| Claims | 44,755 | 41,285 | 43,650 | 41,897 |
| Pollution Remediation Obligation [3] | — | 7,842 | 7,687 | 7,690 |
| Arbitrage Liability | 109 | — | — | — |
| Net Other Post Employment Benefit Obligation | — | — | 3,918 | 5,693 |
| Settlement Obligation | — | — | — | 39,422 |
| Net Pension Liability | — | — | — | — |
| Total Governmental Activities | 1,815,220 | 1,615,550 | 1,949,751 | 2,933,391 |
| **Business-type Activities** | | | | |
| Student Assistance Revenue Bonds [5] | 2,137,655 | 2,165,180 | 2,235,322 | 1,388,922 |
| State Building Ownership Authority Lease Revenue Bonds | 36,552 | 50,246 | 73,676 | 96,476 |
| Water Loan Recapitalization Revenue Bonds | — | — | — | 65,800 |
| Net Unamortized Premiums | 879 | 1,117 | 1,491 | 4,093 |
| Deferred Amount on Refundings [2] | (365) | (318) | (267) | (221) |
| Notes Payable [6] | — | — | 297,381 | 811,354 |
| Claims and Uninsured Liabilities | 4,678 | 5,786 | 14,941 | 19,105 |
| Arbitrage Liability | 72,487 | 65,945 | 57,782 | 50,214 |
| Net Pension Liability | — | — | — | — |
| Total Business-type Activities | 2,251,886 | 2,287,956 | 2,680,326 | 2,435,743 |
| Total Primary Government Other Long-term Liabilities | $ 4,067,106 | $ 3,903,506 | $ 4,630,077 | $ 5,369,134 |

Note: Details regarding the liabilities listed above can be found in Note 10. Long-term Liabilities in the financial statements.

[1] During 2010 to 2012, the State issued just under $1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

[2] Beginning in 2014, deferred amount on refundings are no longer reported in the financial statements as part of other long-term liabilities under Governmental and Business-type Activities. This obligation is now being reported as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities.*

[3] Beginning in 2008, the Pollution Remediation Obligation is no longer reported in the financial statements as part of Contracts Payable under Governmental Activities. This obligation is now being reported separately as Pollution Remediation Obligation per the implementation of GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.*

[4] During 2009, a new actuary valuation was performed for GASB Statement 16, *Accounting for Compensated Absences* and as a result the total liability decreased.

[5] During 2012, the Student Assistance Programs advance refunded certain outstanding student loan revenue bonds to manage its interest costs.

# Schedule C–2

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| $ 3,128,890 | $ 3,487,680 | $ 3,225,435 | $ 3,136,755 | $ 2,830,150 | $ 2,498,895 |
| 220,380 | 210,384 | 198,485 | 183,590 | 166,773 | 242,976 |
| 162,003 | 200,979 | 159,882 | 138,187 | 122,321 | 92,827 |
| (31,904) | (26,248) | (22,546) | — | — | — |
| 25,799 | 24,270 | 23,213 | 21,794 | 20,287 | 23,498 |
| 466 | 446 | 9,758 | 5,983 | 370 | 339 |
| 182,543 | 185,701 | 185,711 | 184,679 | 185,792 | 182,707 |
| 42,731 | 44,700 | 48,190 | 48,585 | 46,931 | 48,092 |
| 7,083 | 6,640 | 6,222 | 5,327 | 5,086 | 6,401 |
| — | — | — | — | — | — |
| 7,142 | 5,439 | 5,206 | 4,331 | 4,126 | 3,848 |
| 38,926 | 34,007 | 25,020 | 6,928 | 4,471 | 365 |
| — | — | — | — | 802,543 | 992,495 |
| 3,784,059 | 4,173,998 | 3,864,576 | 3,736,159 | 4,188,850 | 4,092,443 |
| 1,218,390 | 930,422 | 1,240,407 | 1,277,837 | 1,509,543 | 1,256,026 |
| 92,445 | 88,161 | 83,795 | 79,106 | 73,207 | 72,674 |
| 65,800 | 61,205 | 56,545 | 51,800 | 46,940 | 41,915 |
| 29,092 | 16,917 | 13,143 | 9,110 | 8,696 | 5,434 |
| (994) | 25,445 | 23,413 | — | — | — |
| 647,842 | 552,423 | — | — | 1,152,207 | 921,995 |
| 16,179 | 17,866 | 18,694 | 9,283 | 7,587 | 5,726 |
| 11,968 | 10,000 | — | — | — | — |
| — | — | — | — | 12,853 | 17,845 |
| 2,080,722 | 1,702,439 | 1,435,997 | 1,427,136 | 2,811,033 | 2,321,615 |
| $ 5,864,781 | $ 5,876,437 | $ 5,300,573 | $ 5,163,295 | $ 6,999,883 | $ 6,414,058 |

[6] During 2010, the Student Assistance Programs began participating in the U.S. Department of Education Loan Participation Purchase Program. The program was created to assist lenders in obtaining financing for student loans during 2008–2010 academic years. In 2015 the Student Assistance Programs issued a line of credit to acquire federally guaranteed student loans.

## Legal Debt Margin
Last Ten Fiscal Years

(Expressed in Millions)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** |
| Taxable Property, Taxable Value [1] | $ 168,812 | $ 201,774 | $ 224,689 | $ 212,423 |
| Taxable Property, Fair Market Value [1] | $ 233,013 | $ 282,176 | $ 311,525 | $ 291,460 |
| Debt Limit (Fair Market Value times 1.5 %) | 1.50% | 1.50% | 1.50% | 1.50% |
| Debt Limit Amount | 3,495 | 4,233 | 4,673 | 4,372 |
| Net General Obligation Bonded Debt [2 3] | 1,284 | 1,198 | 1,563 | 2,410 |
| Legal Debt Margin | $ 2,211 | $ 3,035 | $ 3,110 | $ 1,962 |
| Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount | 36.74 % | 28.30 % | 33.45 % | 55.12 % |

Source: Utah State Tax Commission and the Utah Department of Administrative Services, Division of Finance.

Note: Article XIV, Section 1 of the *Utah Constitution* allows the State to contract debts not exceeding 1.5 percent of the total taxable property in the State. The Legislature authorizes general obligation indebtedness within this limit. The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. The State has other long-term contract liabilities consisting of unused vacation and other vested leave for employees of $102.729 million as of fiscal yearend. These contract liabilities do not affect the State's compliance with the constitutional debt limit.

[1] Taxable property is assessed January 1 of each year. The value used for the fiscal year limitation is from the prior calendar year; assessed values as of January 1, 2015, are used for fiscal year 2016.

## Statutory Debt Limit
Last Ten Fiscal Years

(Expressed in Thousands)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** |
| Appropriations Limitation Amount | $ 2,276,693 | $ 2,477,629 | $ 2,515,576 | $ 2,657,135 |
| Limit (Appropriations Limitation Amount times applicable percentage) | 45.00% | 45.00% | 45.00% | 45.00% |
| Statutory Debt Limit Amount | 1,024,512 | 1,114,933 | 1,132,009 | 1,195,711 |
| Net General Obligation Bonded Debt [1] | 1,284,023 | 1,198,172 | 1,562,815 | 2,409,939 |
| Less: Exempt Highway Construction Bonds | (790,567) | (763,583) | (1,079,270) | (1,860,685) |
| Net General Obligation Bonded Debt Subject to Statutory Debt Limit | 493,456 | 434,589 | 483,545 | 549,254 |
| Additional General Obligation Debt Incurring Capacity | $ 531,056 | $ 680,344 | $ 648,464 | $ 646,457 |

Source: Utah Governor's Office of Management and Budget and the Utah Department of Administrative Services, Division of Finance.

Note: Article XIV, Section 5 of the *Utah Constitution* limits any funds borrowed to be used solely for purposes as authorized by law. In addition, Title 63J-3-402 of the *Utah Code* limits outstanding state general obligation debt to not exceed the applicable percentage (unless approved by more than two-thirds of both houses of the Legislature) of that fiscal year's appropriations limit. The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. The State has other long-term contract liabilities consisting of unused vacation and other vested leave for employees of $102.729 million as of 2016 fiscal yearend. These contract liabilities do not affect the State's compliance with the constitutional debt limit.

## Schedule C–3

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| | $ 205,284 | $ 201,473 | $ 201,294 | $ 207,211 | $ 221,650 | $ 235,273 |
| | $ 280,846 | $ 274,806 | $ 272,954 | $ 282,489 | $ 303,725 | $ 323,367 |
| | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% | 1.50% |
| | 4,213 | 4,122 | 4,094 | 4,237 | 4,556 | 4,851 |
| | 3,256 | 3,660 | 3,361 | 3,271 | 2,950 | 2,585 |
| | $ 957 | $ 462 | $ 733 | $ 966 | $ 1,606 | $ 2,266 |
| | 77.28 % | 88.79 % | 82.10 % | 77.20 % | 64.75 % | 53.29 % |

[2] During 2010 to 2012, the State issued general obligation bonds to take advantage of low interest rates and ease budget constraints.

[3] Net general obligation bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amount on refundings of bonded debt is no longer reported as part of long-term liabilities, but as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

## Schedule C–4

| | Fiscal Year | | | | | |
|---|---|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| | $ 2,849,469 | $ 3,033,826 | $ 3,141,740 | $ 3,250,227 | $ 3,315,101 | $ 3,468,856 |
| | 45.00% | 45.00% | 45.00% | 45.00% | 45.00% | 45.00% |
| | 1,282,261 | 1,365,222 | 1,413,783 | 1,462,602 | 1,491,795 | 1,560,985 |
| | 3,256,114 | 3,660,089 | 3,360,901 | 3,271,302 | 2,949,659 | 2,585,224 |
| | (2,698,330) | (3,131,784) | (2,869,046) | (2,860,178) | (2,621,976) | (2,402,000) |
| | 557,784 | 528,305 | 491,855 | 411,124 | 327,683 | 183,224 |
| | $ 724,477 | $ 836,917 | $ 921,928 | $ 1,051,478 | $ 1,164,112 | $ 1,377,761 |

[1] Net general obligation bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amount on refundings of bonded debt is no longer reported as part of long-term liabilities, but as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

## Pledged Revenue Coverage

Last Ten Fiscal Years

## Schedule C–5

(Expressed in Thousands)

| Fiscal Year | Gross Revenues [1] | Less Operating Expenses [2] | Net Available Revenue | Debt Service Principal | Debt Service Interest | Coverage [3] |
|---|---|---|---|---|---|---|
| **Water Loan Programs** [4] | | | | | | |
| 2007 | $ — | $ — | $ — | $ — | $ — | — |
| 2008 | $ — | $ — | $ — | $ — | $ — | — |
| 2009 | $ — | $ — | $ — | $ — | $ — | — |
| 2010 | $ 1,295 | $ — | $ 1,295 | $ — | $ 862 | 1.50 |
| 2011 | $ 3,742 | $ — | $ 3,742 | $ — | $ 2,424 | 1.54 |
| 2012 | $ 3,860 | $ — | $ 3,860 | $ 4,595 | $ 2,371 | 0.55 |
| 2013 | $ 3,649 | $ — | $ 3,649 | $ 4,660 | $ 2,297 | 0.52 |
| 2014 | $ 3,877 | $ — | $ 3,877 | $ 4,745 | $ 2,197 | 0.56 |
| 2015 | $ 3,920 | $ — | $ 3,920 | $ 4,860 | $ 2,067 | 0.57 |
| 2016 | $ 3,744 | $ — | $ 3,744 | $ 5,025 | $ 1,851 | 0.54 |
| **Student Assistance Programs** [5] | | | | | | |
| 2007 | $ 146,108 | $ 33,211 | $ 112,897 | $ 430 | $ 97,729 | 1.15 |
| 2008 | $ 129,255 | $ 19,682 | $ 109,573 | $ 72,145 | $ 98,154 | 0.64 |
| 2009 | $ 84,465 | $ 25,658 | $ 58,807 | $ 121,358 | $ 62,839 | 0.32 |
| 2010 | $ 70,616 | $ 42,470 | $ 28,146 | $ 966,668 | $ 35,967 | 0.03 |
| 2011 | $ 27,188 | $ (20,137) [6] | $ 47,325 | $ 557,894 | $ 20,655 | 0.08 |
| 2012 | $ 25,404 | $ 14,904 | $ 10,500 | $ 797,350 | $ 10,620 | 0.01 |
| 2013 | $ 44,378 | $ 27,914 | $ 16,464 | $ 208,715 | $ 9,747 | 0.08 |
| 2014 | $ 49,679 | $ 36,697 | $ 12,982 | $ 171,000 | $ 7,631 | 0.07 |
| 2015 | $ 75,796 | $ 59,463 | $ 16,333 | $ 967,584 | $ 6,646 | 0.02 |
| 2016 | $ 110,982 | $ 87,889 | $ 23,093 | $ 483,729 | $ 25,338 | 0.05 |

Note: Details regarding the State's outstanding bonds can be found in Note 10. Long-term Liabilities in the financial statements.

[1] Revenues for Water Loan Programs are primarily interest on revolving loan receivables; principal repayments are not included in gross revenues, but are pledged to cover debt service payments. Revenues for Student Assistance Programs are primarily interest on student loans and federal allowances.

[2] Operating Expenses do not include interest, depreciation, or amortization expenses.

[3] Coverage equals net available revenue divided by debt service.

[4] Between years 2007 and 2009, the State did not issue any water loan recapitalization bonds.

[5] Prior to 2015, only Student Loan Purchase Program bonds were presented. During February 2015, the Warehouse Facility Fund line of credit was issued for $1.6 billion in order to acquire federally guaranteed student loans.

[6] During 2011, the Student Assistance Programs had a substantial decrease in its provision for interest arbitrage rebate of $37.2 million on its 1988 and 1993 revenue bonds.

## Demographic and Economic Indicators — Schedule D–1

Last Ten Calendar Years

| Calendar Year | Population (in Thousands) Utah Number | Utah Change | U.S. Number | U.S. Change | Unemployment Rate Utah | Unemployment Rate U.S. | Utah Net Migration |
|---|---|---|---|---|---|---|---|
| 2007 | 2,700 | 3.3 % | 302,040 | 0.9 % | 2.6 % | 4.6 % | 44,252 |
| 2008 | 2,758 | 2.1 % | 304,992 | 1.0 % | 3.3 % | 5.8 % | 16,648 |
| 2009 | 2,735 | (0.8)% | 307,800 | 0.9 % | 7.8 % | 9.3 % | 3,700 |
| 2010 | 2,775 | 1.5 % | 310,100 | 0.7 % | 8.1 % | 9.6 % | 4,500 |
| 2011 | 2,814 | 1.4 % | 312,300 | 0.7 % | 6.8 % | 8.9 % | 2,300 |
| 2012 | 2,855 | 1.5 % | 314,500 | 0.7 % | 5.4 % | 8.1 % | 3,700 |
| 2013 | 2,901 | 1.6 % | 316,700 | 0.7 % | 4.4 % | 7.4 % | 9,200 |
| 2014 | 2,945 | 1.5 % | 319,500 | 0.9 % | 3.8 % | 6.2 % | 6,000 |
| 2015 | 2,996 | 1.7 % | 322,000 | 0.8 % | 3.5 % | 5.3 % | 17,600 |
| 2016 (est.) | 3,047 | 1.7 % | 324,500 | 0.8 % | 3.7 % | 4.9 % | 17,900 |

| Calendar Year | Personal Income (in Millions) Utah Amount | Utah Change | U.S. Amount | U.S. Change | Per Capita Income (in Dollars) Utah Amount | Utah Change | U.S. Amount | U.S. Change |
|---|---|---|---|---|---|---|---|---|
| 2007 | $ 84,709 | 12.1 % | $ 11,894,000 | 8.2 % | $ 31,374 | 8.5 % | $ 39,379 | 7.2 % |
| 2008 | $ 88,902 | 4.9 % | $ 12,391,000 | 4.2 % | $ 32,234 | 2.7 % | $ 40,627 | 3.2 % |
| 2009 | $ 87,947 | (1.1)% | $ 11,930,000 | (3.7)% | $ 32,156 | (0.2)% | $ 38,759 | (4.6)% |
| 2010 | $ 90,250 | 2.6 % | $ 12,322,000 | 3.3 % | $ 32,523 | 1.1 % | $ 39,736 | 2.5 % |
| 2011 | $ 94,401 | 4.6 % | $ 12,947,000 | 5.1 % | $ 33,547 | 3.1 % | $ 41,457 | 4.3 % |
| 2012 | $ 101,163 | 7.2 % | $ 13,888,000 | 7.3 % | $ 35,434 | 5.6 % | $ 44,159 | 6.5 % |
| 2013 | $ 104,910 | 3.7 % | $ 14,167,000 | 2.0 % | $ 36,163 | 2.1 % | $ 44,733 | 1.3 % |
| 2014 | $ 110,844 | 5.7 % | $ 14,810,000 | 4.5 % | $ 37,638 | 4.1 % | $ 46,354 | 3.6 % |
| 2015 | $ 117,764 | 6.2 % | $ 15,459,000 | 4.4 % | $ 39,307 | 4.4 % | $ 48,009 | 3.6 % |
| 2016 (est.) | $ 124,510 | 5.7 % | $ 15,988,000 | 3.4 % | $ 40,863 | 4.0 % | $ 49,270 | 2.6 % |

Source: Population—Utah Population Estimates Committee at July 1 each year. The 2016 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate—Utah Department of Workforce Services. The 2016 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration—Utah Population Estimates Committee at July 1 each year. The 2016 estimate is from the Utah Revenue Assumption Committee.

Source: Personal Income—U.S. Department of Commerce, Bureau of Economic Analysis, and Utah Department of Workforce Services. The 2016 estimate is from the Utah Revenue Assumption Committee.

Note: Per Capita Income is calculated by dividing total personal income by population. Amounts may not be exact due to rounding.

## Principal Employers

**Schedule D–2**

Most Current Calendar Year and Historical Comparison

| Entity Name | Calendar Year 2006 Number of Employees | Calendar Year 2006 Rank | Calendar Year 2006 Percent of All Employees | Calendar Year 2015 Number of Employees | Calendar Year 2015 Rank | Calendar Year 2015 Percent of All Employees |
|---|---|---|---|---|---|---|
| Intermountain Health Care (IHC) ............. | 20,000 + | 1 | 2.2 % | 20,000 + | 1 | 2.5 % |
| University of Utah (includes Hospital) ...... | 15,000–19,999 | 3 | 1.5 % | 20,000 + | 2 | 2.1 % |
| State of Utah ............................................. | 20,000 + | 2 | 1.9 % | 20,000 + | 3 | 1.5 % |
| Brigham Young University ....................... | 15,000–19,999 | 4 | 1.4 % | 15,000 – 19,999 | 4 | 1.3 % |
| Wal-Mart Stores ........................................ | 10,000–14,999 | 5 | 1.3 % | 15,000 – 19,999 | 5 | 1.2 % |
| Hill Air Force Base ................................... | 10,000–14,999 | 6 | 1.0 % | 10,000 – 14,999 | 6 | 0.8 % |
| Davis County School District .................... | 7,000–9,999 | 9 | 0.7 % | 7,000 – 9,999 | 7 | 0.6 % |
| Granite School District .............................. | 7,000–9,999 | 7 | 0.8 % | 7,000 – 9,999 | 8 | 0.6 % |
| Utah State University ................................ | 7,000–9,999 | 10 | 0.6 % | 7,000 – 9,999 | 9 | 0.6 % |
| Smith's Food and Drug Center .................. | | | | 7,000 – 9,999 | 10 | 0.6 % |
| Jordan School District ............................... | 7,000–9,999 | 8 | 0.7 % | | | |
| Total Employees of Principal Employers ......................... | 145,670 | | 12.1 % | 165,351 | | 11.8 % |

Source: Utah Department of Workforce Services.

Note: Number of employees is based on a calendar year average.

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## Composition of Labor Force
Last Ten Calendar Years

| | Calendar Year | | | |
|---|---|---|---|---|
| | **2006** | **2007** | **2008** | **2009** |
| **Nonagricultural Jobs** | | | | |
| Government | 204,483 | 206,868 | 211,710 | 214,679 |
| Mining | 10,024 | 11,034 | 12,506 | 10,694 |
| Construction | 95,164 | 103,450 | 90,469 | 70,492 |
| Manufacturing | 123,064 | 127,695 | 125,852 | 112,879 |
| Trade, Transportation, and Utilities | 234,797 | 245,672 | 247,978 | 234,098 |
| Information | 32,541 | 32,448 | 30,747 | 29,570 |
| Financial Activity | 71,469 | 74,739 | 74,050 | 71,092 |
| Professional and Business Services | 154,834 | 161,022 | 162,194 | 149,532 |
| Education and Health Services | 134,410 | 139,991 | 146,617 | 150,866 |
| Leisure and Hospitality | 108,477 | 112,821 | 114,813 | 110,859 |
| Other Services | 34,651 | 35,542 | 35,534 | 34,028 |
| Total Nonagricultural Jobs | 1,203,914 | 1,251,282 | 1,252,470 | 1,188,789 |
| Civilian Labor Force | 1,324,436 | 1,364,769 | 1,376,458 | 1,382,861 |
| Total Employed | 1,285,392 | 1,329,174 | 1,330,369 | 1,275,514 |
| Unemployed | 39,044 | 35,595 | 46,089 | 107,347 |
| Unemployment Rate | 2.9 % | 2.6 % | 3.3 % | 7.8 % |

Source: Utah Department of Workforce Services and the Utah Revenue Assumption Committee. Prior year information has been updated with the most recent data available.

| Calendar Year | | | | | |
|---|---|---|---|---|---|
| **2010** | **2011** | **2012** | **2013** | **2014** | **2015** |
| 216,828 | 220,772 | 223,298 | 225,917 | 230,619 | 233,658 |
| 10,442 | 11,659 | 12,553 | 12,107 | 12,160 | 10,372 |
| 65,223 | 65,166 | 69,231 | 73,462 | 78,676 | 84,676 |
| 111,075 | 113,684 | 116,667 | 118,747 | 120,706 | 123,695 |
| 229,108 | 233,251 | 241,815 | 246,900 | 252,574 | 263,158 |
| 29,276 | 29,495 | 31,295 | 32,427 | 33,320 | 34,402 |
| 67,981 | 68,391 | 69,537 | 72,869 | 74,965 | 79,020 |
| 152,335 | 159,420 | 167,268 | 177,462 | 185,121 | 194,127 |
| 155,001 | 159,210 | 163,590 | 170,541 | 174,309 | 182,273 |
| 110,662 | 113,512 | 118,640 | 123,521 | 128,086 | 133,657 |
| 33,625 | 34,090 | 35,054 | 36,425 | 37,604 | 38,689 |
| 1,181,556 | 1,208,650 | 1,248,948 | 1,290,378 | 1,328,140 | 1,377,727 |
| 1,362,489 | 1,353,257 | 1,376,628 | 1,418,522 | 1,431,553 | 1,464,404 |
| 1,252,517 | 1,261,698 | 1,302,641 | 1,355,720 | 1,377,013 | 1,412,473 |
| 109,972 | 91,559 | 73,987 | 62,802 | 54,540 | 51,931 |
| 8.1 % | 6.8 % | 5.4 % | 4.4 % | 3.8 % | 3.5 % |

***State of Utah***

## Public Education Student Enrollment (K–12)
Last Ten Academic Years

| | Academic Year | | | |
|---|---|---|---|---|
| | **2006–07** | **2007–08** | **2008–09** | **2009–10** |
| Elementary | 294,202 | 303,807 | 314,676 | 322,704 |
| Secondary | 229,801 | 233,846 | 236,694 | 240,569 |
| Total All Grades | 524,003 | 537,653 | 551,370 | 563,273 |

Source: State of Utah Office of Education

Note: Public Education Student Enrollment count is based on October 1st counts.

## Public Higher Education Enrollment
Last Ten Academic Years

| | Academic Year | | | |
|---|---|---|---|---|
| | **2007–08** | **2008–09** | **2009–10** | **2010–11** |
| University of Utah | 29,797 | 30,228 | 31,407 | 30,833 |
| Utah State University [1] | 24,421 | 23,925 | 25,065 | 25,767 |
| Weber State University | 18,306 | 21,674 | 23,331 | 24,126 |
| Southern Utah University | 7,057 | 7,516 | 8,066 | 8,024 |
| Salt Lake Community College | 25,144 | 29,866 | 33,774 | 33,983 |
| Utah Valley University | 23,840 | 26,696 | 28,765 | 32,670 |
| Dixie State University | 5,944 | 6,443 | 7,911 | 8,755 |
| College of Eastern Utah [1] | 2,444 | 2,082 | 2,173 | 2,634 |
| Snow College | 3,745 | 3,798 | 4,368 | 4,386 |
| Utah College of Applied Technology | 19,595 | 20,321 | 18,831 | 18,476 |
| Total All Institutions | 160,293 | 172,549 | 183,691 | 189,654 |

Source: Utah State Board of Regents

Note: Utah Higher Education Enrollment count is based on fall semester third week headcounts.

[1] Includes USU-Eastern (formerly College of Eastern Utah) beginning in 2011-12.

## Schedule D–4

| Academic Year | | | | | |
|---|---|---|---|---|---|
| **2010–11** | **2011–12** | **2012–13** | **2013–14** | **2014–15** | **2015–16** |
| 329,111 | 334,110 | 340,443 | 345,967 | 349,382 | 353,050 |
| 247,134 | 253,635 | 260,542 | 266,584 | 272,771 | 280,846 |
| 576,245 | 587,745 | 600,985 | 612,551 | 622,153 | 633,896 |

## Schedule D–5

| Academic Year | | | | | |
|---|---|---|---|---|---|
| **2011–12** | **2012–13** | **2013–14** | **2014–15** | **2015–16** | **2016–17** |
| 31,673 | 32,398 | 32,080 | 31,515 | 31,673 | 32,061 |
| 28,994 | 28,786 | 27,812 | 27,662 | 28,622 | 28,118 |
| 25,483 | 26,680 | 25,301 | 26,266 | 25,955 | 26,809 |
| 7,750 | 8,297 | 7,745 | 7,656 | 8,881 | 9,229 |
| 33,167 | 30,112 | 31,137 | 29,537 | 28,814 | 29,901 |
| 33,395 | 31,556 | 30,564 | 31,332 | 33,211 | 34,978 |
| 9,086 | 8,863 | 8,350 | 8,570 | 8,503 | 8,993 |
| — | — | — | — | — | — |
| 4,465 | 4,599 | 4,605 | 4,779 | 5,111 | 5,350 |
| 15,536 | 15,418 | 14,851 | 14,834 | 16,933 | 17,293 |
| 189,549 | 186,709 | 182,445 | 182,151 | 187,703 | 192,732 |

## Full-Time Equivalent State Employees by Function
Last Ten Fiscal Years

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** |
| General Government | | | | |
| Government Operations | 2,074 | 2,114 | 2,084 | 2,018 |
| Tax Commission | 764 | 777 | 763 | 723 |
| All Other | 152 | 157 | 154 | 157 |
| Human Services and Juvenile Justice Services | 4,521 | 4,546 | 4,464 | 4,155 |
| Corrections | 2,316 | 2,377 | 2,439 | 2,271 |
| Public Safety | | | | |
| Department of Public Safety | 1,151 | 1,153 | 1,202 | 1,218 |
| Utah National Guard | 246 | 237 | 239 | 196 |
| State Courts | 1,077 | 1,112 | 1,096 | 1,068 |
| Health and Environmental Quality | | | | |
| Department of Health | 1,231 | 991 | 988 | 950 |
| Department of Environmental Quality | 382 | 385 | 383 | 384 |
| Employment and Family Services | 1,729 | 2,030 | 2,062 | 2,066 |
| Natural Resources | 1,304 | 1,330 | 1,361 | 1,350 |
| Heritage and Arts [1] | 187 | 188 | 191 | 193 |
| Business, Labor, and Agriculture | 706 | 722 | 715 | 691 |
| Education | | | | |
| Public Education Support | 1,159 | 1,168 | 1,178 | 1,170 |
| Higher Education Support | 230 | 223 | 205 | 171 |
| Transportation | 1,691 | 1,716 | 1,685 | 1,637 |
| Total Full-time Equivalent State Employees | 20,920 | 21,226 | 21,209 | 20,418 |

Source: Utah Department of Administrative Services, Division of Finance

[1] In fiscal year 2013, Legislative action moved the Housing and Community Development Division from the Heritage and Arts to the Employment and Family Services.

**Schedule E–1**

| | | Fiscal Year | | | |
|---|---|---|---|---|---|
| **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| 1,976 | 2,024 | 2,069 | 2,066 | 2,055 | 2,063 |
| 719 | 716 | 718 | 715 | 708 | 697 |
| 152 | 159 | 165 | 166 | 176 | 181 |
| 3,935 | 3,907 | 3,955 | 3,991 | 3,942 | 4,037 |
| 2,243 | 2,244 | 2,265 | 2,295 | 2,307 | 2,392 |
| 1,241 | 1,275 | 1,314 | 1,327 | 1,324 | 1,329 |
| 214 | 226 | 243 | 218 | 210 | 226 |
| 1,042 | 1,038 | 1,031 | 1,009 | 994 | 994 |
| 937 | 923 | 933 | 946 | 946 | 943 |
| 376 | 372 | 376 | 371 | 373 | 367 |
| 2,041 | 1,912 | 1,872 | 1,768 | 1,758 | 1,719 |
| 1,361 | 1,302 | 1,304 | 1,304 | 1,315 | 1,320 |
| 190 | 169 | 117 | 117 | 120 | 125 |
| 686 | 701 | 722 | 728 | 748 | 767 |
| 1,137 | 1,094 | 1,119 | 1,119 | 1,135 | 1,138 |
| 195 | 204 | 213 | 227 | 277 | 236 |
| 1,612 | 1,604 | 1,603 | 1,583 | 1,569 | 1,616 |
| 20,057 | 19,870 | 20,019 | 19,950 | 19,957 | 20,150 |

*State of Utah*

## Operating Indicators by Function

Last Ten Fiscal Years

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** |
| **General Government** | | | | |
| Government Operations | | | | |
| Construction Projects Managed | 909 | 946 | 841 | 847 |
| Tax Commission | | | | |
| Percent of Data Managed Electronically | 58.9 % | 62.9 % | 65.3 % | 70.5 % |
| Number of Returns Filed Electronically | 640,365 | 725,293 | 748,879 | 777,485 |
| Motor Vehicle Registrations (in thousands) | 2,955 | 2,779 | 2,759 | 2,681 |
| **Human Services and Juvenile Justice Services** | | | | |
| Food Stamp Recipients | 214,164 | 224,313 | 293,151 | 363,714 |
| Percent of Population | 7.9 % | 8.1 % | 10.7 % | 13.1 % |
| Juveniles, Daily Average in Justice System Placement | 1,150 | 1,132 | 1,105 | 1,023 |
| Rate of Recommitment to Juvenile Custody | 6.8 % | 7.3 % | 7.2 % | 8.3 % |
| **Corrections** [1] | | | | |
| Incarcerated Offenders | 6,502 | 6,489 | 6,521 | 6,692 |
| Supervised Offenders | 11,521 | 12,519 | 12,423 | 12,702 |
| Utah Incarceration Rate (per 100,000 population) | 246 | 232 | 232 | 232 |
| US Incarceration Rate (per 100,000 population) | 445 | 509 | 504 | 502 |
| **State Courts** [2] | | | | |
| State Court Filings | 275,020 | 270,684 | 369,830 | 367,541 |
| State Court Dispositions | 240,180 | 225,362 | 369,772 | 341,626 |
| **Health** | | | | |
| Children's Health Insurance Program Enrollment | 31,998 | 32,101 | 38,036 | 41,503 |
| Medicaid Eligible (unduplicated) | 274,710 | 267,378 | 298,372 | 325,204 |
| Percent of Population | 10.2 % | 9.7 % | 10.9 % | 11.7 % |
| **Employment and Family Services** | | | | |
| Individuals Registered for Employment | 202,642 | 211,906 | 283,692 | 317,998 |
| Percent Who Entered Employment | 72 % | 74 % | 71 % | 59 % |
| **Natural Resources** | | | | |
| Hatchery Fish, Pounds Raised | 993,323 | 964,630 | 1,106,719 | 1,334,782 |
| Hunting and Fishing Licenses Sold [1 3] | 438,286 | 599,691 | 607,875 | 598,474 |
| State Park Visitations (in thousands) | 4,676 | 4,549 | 4,624 | 4,620 |
| **Business, Labor, and Agriculture** | | | | |
| Department of Commerce | | | | |
| Licenses and Registrations Issued [4] | 309,106 | 314,894 | 321,943 | 308,717 |
| Department of Agriculture and Food [1] | | | | |
| Dairy Farm Inspections | 769 | 718 | 743 | 667 |
| Pounds of Turkey Inspected and Graded (in thousands) | 85,954 | 81,945 | 55,685 | 77,257 |
| Gas Pumps and Scales Inspected | 21,423 | 19,631 | 22,216 | 15,548 |
| **Higher Education** | | | | |
| Number of Certificates and Degrees Awarded | 30,182 | 33,608 | 26,990 | 28,639 |
| **Transportation** | | | | |
| Percent of Roads Which are Deficient (see page 162) [5] | 12.4 % | 13.9 % | 13.1 % | 14.7 % |
| Vehicles Weighed or Inspected (in thousands) | 6,358 | 6,278 | 4,790 | 4,686 |

Source: Various agencies of the State and the Utah State Board of Regents.

Note: N/A = Not Available

[1] Data is provided on a calendar year basis.

[2] State Courts includes filings and dispositions for the appellate, district, and juvenile courts; it does not include the justice courts which are operated by cities and counties.

[3] Includes only licenses for elk, deer, fishing and all other big game. Year 2016 is an estimate.

[4] Includes professional, occupational, real estate, and securities licenses. Does not include corporation and other business registrations or filings.

[5] Assessments are completed at a minimum of every other calendar year.

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| 898 | 849 | 815 | 1,020 | 802 | 645 |
| 77.0 % | 75.5 % | 78.1 % | 79.9 % | 81.8 % | 83.2 % |
| 863,907 | 946,606 | 997,329 | 1,051,940 | 1,103,323 | 1,171,287 |
| 2,583 | 2,725 | 2,759 | 2,863 | 2,846 | 2,961 |
| 394,170 | 404,316 | 389,426 | 363,154 | 348,459 | 338,362 |
| 14.0 % | 14.2 % | 13.4 % | 12.3 % | 11.6 % | 11.1 % |
| 946 | 928 | 923 | 922 | 812 | 686 |
| 6.9 % | 6.4 % | 5.9 % | 6.6 % | 7.8 % | 8.4 % |
| 6,812 | 6,893 | 7,065 | 7,113 | 6,723 | N/A |
| 12,906 | 12,759 | 12,730 | 15,307 | 13,897 | N/A |
| 238 | 242 | 242 | 237 | N/A | N/A |
| 500 | 492 | 477 | 471 | N/A | N/A |
| 348,548 | 329,176 | 324,523 | 311,187 | 305,778 | 288,797 |
| 312,953 | 309,307 | 309,420 | 279,903 | 273,731 | 260,952 |
| 38,498 | 37,872 | 35,446 | 29,953 | 15,775 | 17,058 |
| 340,805 | 361,457 | 366,061 | 391,139 | 415,843 | 418,356 |
| 12.1 % | 12.7 % | 12.6 % | 13.3 % | 13.9 % | 13.7 % |
| 316,703 | 351,629 | 318,008 | 260,138 | 215,861 | 185,347 |
| 56 % | 59 % | 61 % | 65 % | 66 % | 71 % |
| 1,240,499 | 1,058,375 | 1,180,927 | 1,204,984 | 1,212,696 | 1,093,205 |
| 661,239 | 659,534 | 682,594 | 583,460 | 585,666 | 558,893 |
| 4,821 | 5,051 | 5,054 | 3,741 | 4,482 | 5,176 |
| 315,238 | 325,769 | 333,646 | 350,416 | 355,124 | 378,478 |
| 718 | 678 | 672 | 693 | 560 | N/A |
| 106,016 | 45,869 | 33,743 | 107,833 | 79,060 | N/A |
| 21,499 | 20,492 | 20,377 | 26,612 | 32,131 | N/A |
| 30,199 | 31,553 | 31,970 | 32,491 | 32,797 | 33,822 |
| 10.9 % | 10.9 % | — | 12.5 % | 10.7 % | — |
| 4,622 | 4,807 | 6,071 | 7,484 | 6,706 | 5,969 |

## Capital Asset Statistics by Function
Last Ten Fiscal Years

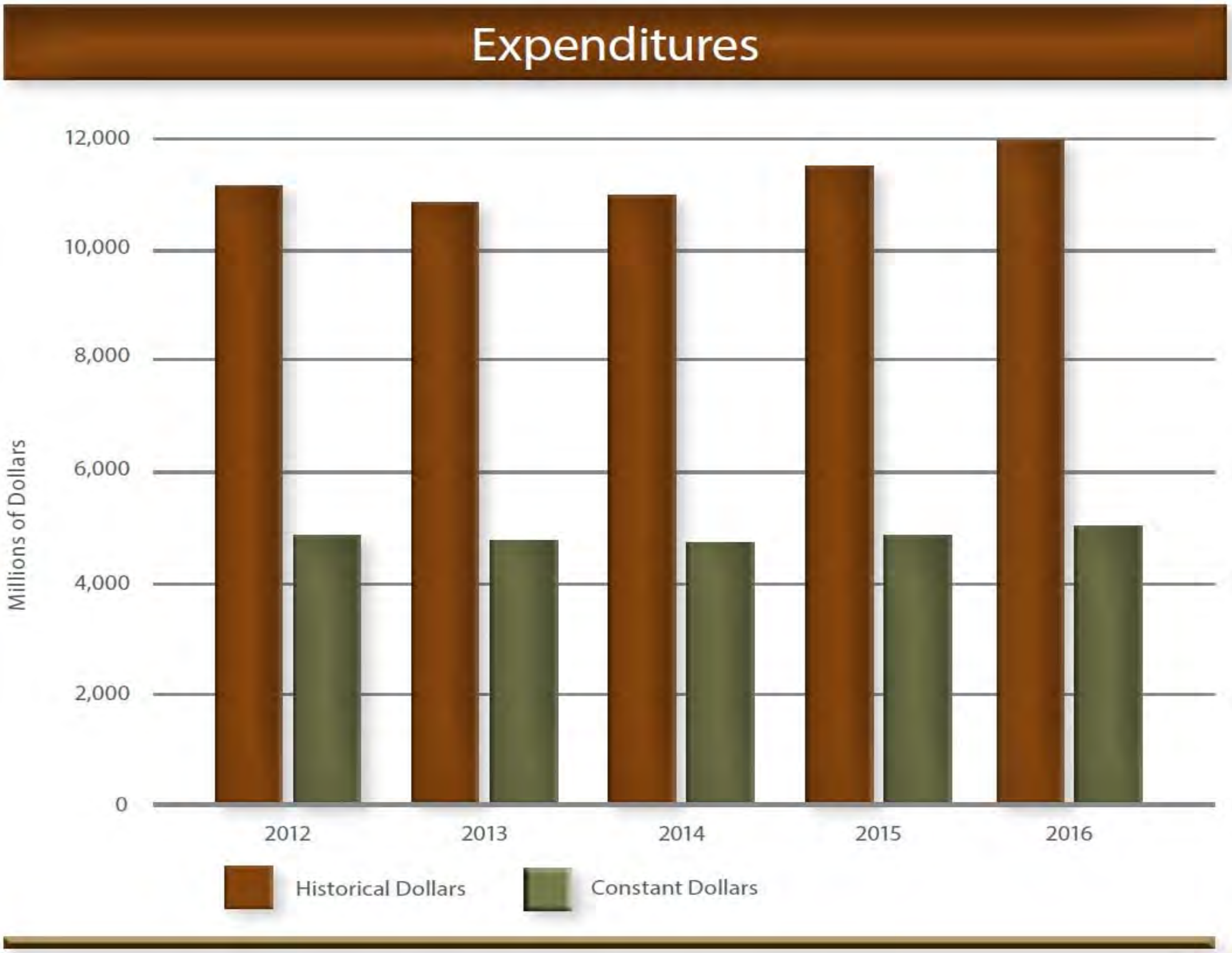
| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** |
| **General Government** | | | | |
| Buildings | 288 | 289 | 290 | 299 |
| Vehicles | 7,376 | 7,437 | 7,256 | 7,266 |
| Data Processing Equipment and Software | 2,156 | 2,302 | 2,448 | 2,437 |
| Reproduction and Printing Equipment | 948 | 1,020 | 994 | 1,003 |
| **Human Services and Juvenile Justice Services** | | | | |
| Data Processing Equipment and Software | 72 | 61 | 45 | 64 |
| **Corrections** | | | | |
| Data Processing Equipment and Software | 189 | 230 | 219 | 226 |
| Security and Surveillance Equipment | 43 | 52 | 55 | 59 |
| **Public Safety** | | | | |
| Department of Public Safety | | | | |
| Vehicles | 28 | 28 | 28 | 34 |
| Data Processing Equipment and Software | 121 | 127 | 182 | 200 |
| Medical and Lab Equipment | 140 | 146 | 147 | 174 |
| Utah National Guard | | | | |
| Buildings | 192 | 192 | 193 | 206 |
| **State Courts** | | | | |
| Data Processing Equipment and Software | 86 | 95 | 95 | 105 |
| Audio Visual Equipment | 190 | 191 | 190 | 192 |
| **Health and Environmental Quality** | | | | |
| Department of Health | | | | |
| Data Processing Equipment and Software | 216 | 211 | 216 | 147 |
| Medical and Lab Equipment | 203 | 228 | 218 | 257 |
| Department of Environmental Quality | | | | |
| Monitoring and Lab Equipment | 304 | 313 | 327 | 316 |
| **Employment and Family Services** | | | | |
| Department of Workforce Services | | | | |
| Data Processing Equipment and Software | 424 | 458 | 464 | 449 |
| **Natural Resources** | | | | |
| Division of Parks and Recreation | | | | |
| State Parks | 42 | 42 | 42 | 42 |
| Buildings | 642 | 667 | 681 | 684 |
| Vehicles | 296 | 292 | 315 | 329 |
| Division of Wildlife Resources | | | | |
| Wildlife Management Areas | 87 | 87 | 92 | 92 |
| Fish Hatcheries | 11 | 11 | 11 | 11 |
| Buildings | 164 | 165 | 163 | 166 |
| Vehicles | 142 | 189 | 193 | 208 |
| **Business, Labor, and Agriculture** | | | | |
| Data Processing Equipment and Software | 94 | 99 | 91 | 94 |
| Monitoring and Lab Equipment | 107 | 106 | 106 | 105 |
| **Transportation** | | | | |
| Highway Center Line Miles | 5,777 | 5,754 | 5,699 | 5,753 |
| Buildings | 343 | 345 | 358 | 361 |
| Vehicles | 812 | 832 | 832 | 824 |
| Heavy Equipment | 2,462 | 2,543 | 2,544 | 2,538 |

Source: Utah Department of Administrative Services, Division of Finance and various agencies of the State.

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| 305 | 311 | 314 | 314 | 315 | 319 |
| 7,323 | 7,309 | 7,360 | 7,524 | 7,781 | 7,886 |
| 2,541 | 2,691 | 2,794 | 2,931 | 2,383 | 2,428 |
| 1,065 | 1,127 | 1,165 | 1,209 | 1,178 | 1,140 |
| 52 | 52 | 59 | 64 | 64 | 64 |
| 218 | 216 | 216 | 216 | 220 | 222 |
| 59 | 67 | 59 | 55 | 69 | 73 |
| 34 | 35 | 35 | 35 | 34 | 35 |
| 222 | 230 | 247 | 249 | 204 | 213 |
| 184 | 187 | 193 | 197 | 207 | 220 |
| 213 | 215 | 221 | 223 | 229 | 235 |
| 64 | 64 | 64 | 52 | 63 | 63 |
| 192 | 145 | 146 | 143 | 151 | 150 |
| 143 | 127 | 131 | 120 | 112 | 89 |
| 287 | 303 | 288 | 302 | 291 | 295 |
| 349 | 376 | 384 | 404 | 433 | 448 |
| 422 | 389 | 396 | 358 | 365 | 370 |
| 43 | 43 | 43 | 43 | 43 | 43 |
| 719 | 722 | 727 | 736 | 756 | 778 |
| 333 | 332 | 332 | 334 | 340 | 344 |
| 92 | 92 | 92 | 92 | 92 | 92 |
| 11 | 11 | 11 | 11 | 12 | 11 |
| 175 | 180 | 181 | 182 | 183 | 190 |
| 212 | 201 | 202 | 203 | 209 | 214 |
| 97 | 102 | 117 | 117 | 114 | 101 |
| 108 | 111 | 111 | 114 | 118 | 122 |
| 5,772 | 5,724 | 5,719 | 5,719 | 5,830 | 5,825 |
| 386 | 387 | 391 | 402 | 423 | 440 |
| 838 | 844 | 861 | 878 | 904 | 931 |
| 2,549 | 2,574 | 2,582 | 2,593 | 2,595 | 2,599 |

*State of Utah*

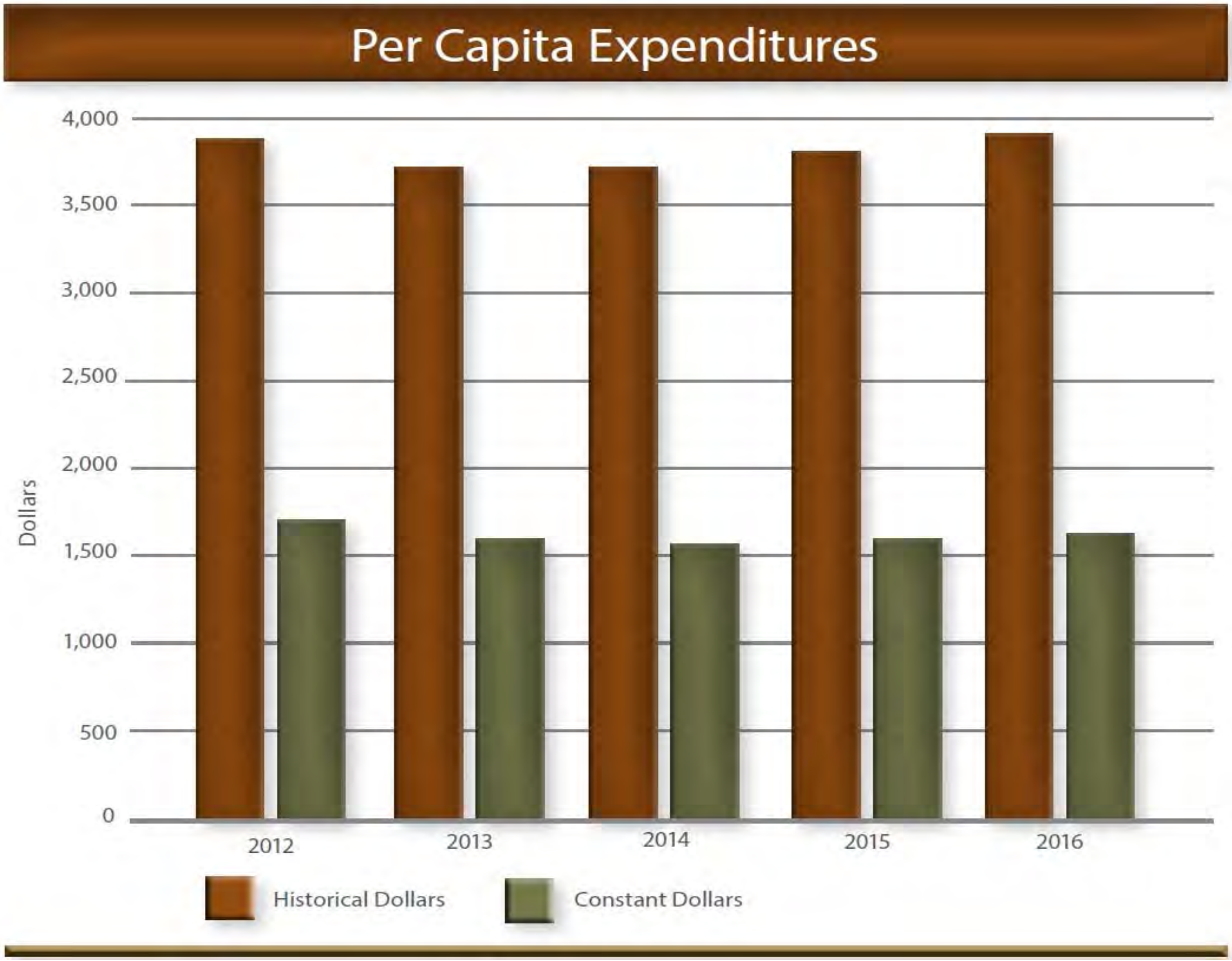
**Expenditures — Historical and Constant Dollars** **Schedule F–1**
**All Governmental Fund Types**
Last Five Fiscal Years




| Fiscal Year | Historical Dollars | | Constant Dollars | |
|---|---|---|---|---|
| | (in Millions) | Change | (in Millions) | Change |
| 2012 | $ 11,114 | 0.4 % | $ 4,884 | (2.4)% |
| 2013 | $ 10,827 | (2.6)% | $ 4,680 | (4.2)% |
| 2014 | $ 10,986 | 1.5 % | $ 4,676 | (0.1)% |
| 2015 | $ 11,482 | 4.5 % | $ 4,851 | 3.7 % |
| 2016 | $ 11,923 | 3.8 % | $ 5,004 | 3.2 % |

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982–84 = 100.

## Per Capita Expenditures — Historical and Constant Dollars — Schedule F–2
**All Governmental Fund Types**
Last Five Fiscal Years




| Fiscal Year | Per Capita Expenditures: Historical Dollars | Historical Dollars Change | Constant Dollars | Constant Dollars Change |
|---|---|---|---|---|
| 2012 | $ 3,893 | (1.0)% | $ 1,711 | (3.8)% |
| 2013 | $ 3,732 | (4.1)% | $ 1,613 | (5.7)% |
| 2014 | $ 3,730 | (0.1)% | $ 1,588 | (1.5)% |
| 2015 | $ 3,832 | 2.7 % | $ 1,619 | 2.0 % |
| 2016 | $ 3,913 | 2.1 % | $ 1,642 | 1.4 % |

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982–84 = 100.

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State of Utah *Comprehensive Annual Financial Report* 2016

Utah Department of Administrative Services

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## APPENDIX B

## ADDITIONAL DEBT AND FINANCIAL INFORMATION REGARDING THE STATE BUILDING OWNERSHIP AUTHORITY

### State Building Ownership Authority

*General*. For a general discussion regarding the Authority see "DEBT STRUCTURE OF THE STATE OF UTAH—State Building Ownership Authority" above.

*Statutory Legal Borrowing Debt Capacity of the Authority*. The Authority may not issue any bonds or other obligations under the Building Ownership Act in an amount which would exceed the difference between (i) the total outstanding indebtedness of the State (exclusive of certain State highway bonds specified under the Building Ownership Act) and (ii) 1.5% of the fair market value of the taxable property of the State (the "Statutory Lease Revenue Debt Limit"). Under this formula, the Authority's debt capacity is reduced as non–excluded State general obligation bonds are issued. As of July 10, 2017, (the anticipated delivery date of the 2017 Bonds), the Statutory Lease Revenue Debt Limit and additional debt incurring capacity of the Authority are calculated as follows:

| | |
|---|---|
| Fair market value of ad valorem taxable property (1) | $311,651,315,372 |
| Fees in lieu of ad valorem taxable property (2) | 11,715,772,601 |
| Total fair market value of taxable property (1) | $323,367,087,973 |
| | |
| Statutory Lease Revenue Debt Limit (1.5%) | $4,850,506,320 |
| Less: currently outstanding general obligation debt (net) (3) | (2,130,850,465)* |
| Less: long–term contract liabilities (4) | (87,845,000)* |
| Less: Authority's outstanding lease revenue bonds (net) (5) | (302,701,785) |
| Plus: statutorily exempt State general obligation highway debt (net) (5) | 1,943,575,000* |
| Estimated Statutory Lease Revenue Debt Limit incurring capacity of the Authority | $4,272,684,070* |

---

(1) Based on 2015 Calendar Year (Fiscal Year 2016) taxable values. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters–Taxable Value Compared with Fair Market Value of All Taxable Property in the State".

(2) Based on 2015 Calendar Year (Fiscal Year 2016) "age based" values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state–assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.

(3) Includes the 2017 Bonds and unamortized original issue bond premium that was treated as principal for purposes of calculating the applicable Constitutional Debt Limit; the Statutory Appropriations General Obligation Debt Limit; and the Statutory 2017 General Obligation Highway Limitation Debt Limit.

(4) In the opinion of the State Auditor, the State has other long–term contract liabilities consisting of unused vacation, notes payable, and certain settlement amounts and other vested leave for employees of approximately $87,846,000 which financial obligations may be considered as general obligation debt of the State. Although no final legal determination has been made, for purposes of this OFFICIAL STATEMENT, this amount will be applied against the Authority's Statutory Lease Revenue Debt Limit.

(5) Includes unamortized original issue bond premium that was treated as principal for purposes of calculating the Constitutional Debt Limit and the Statutory Appropriations General Obligation Debt Limit.

* Preliminary; subject to change.

(Source: Municipal Advisor.)

*Statutory Legal Debt Limit Estimate Using Calendar Year 2016 (Fiscal Year 2017) Estimated Taxable Valuation*. Based on estimated ad valorem property tax reports from the State Tax Commission, the Calendar Year 2016 (Fiscal Year 2017) estimated fair market value of ad valorem taxable property and valuation for fees in lieu property is approximately $347.8 billion, leaving the Authority (after the issuance of the 2017 Bonds) to legally issue an additional approximately $4.64 billion of lease revenue bonds. (Source: Municipal Advisor.)

*The State's Limited Lease Obligation*. The Building Ownership Act provides generally that bonds issued by the Authority are payable only from lease payments received by the Authority for the facilities constructed or acquired thereunder, and that, if the rentals paid by a lessee State agency to the Authority are insufficient to pay the principal and interest on such bonds, the Governor may request the Legislature to appropriate additional funds to that agency for the payment of increased rentals. *The Legislature may, but is not required to, make such an appropriation. Bonds issued pursuant to authorizing legislation of this type are sometimes referred to herein as "State Lease Revenue Bonds."*

*Debt Issuance. Current Lease Revenue Bonds Outstanding.* Under the State Facilities Master Lease Program, no debt service reserve fund is created for any bonds issued under the Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement, dated as of September 1, 1994, as amended and supplemented (the "Authority Indenture") between the Authority and Wells Fargo Bank, N.A., as trustee, and the State Facilities Master Lease Agreement, dated as of September 1, 1994, as amended and supplemented, between the Authority and the State acting through DFCM. *Under this program, all bonds are issued on a parity basis and are cross–collateralized by the facilities subject to the lien of the Authority Indenture and the respective Mortgage, Security Agreement and Assignment of Rent.*

***Bonds issued under the State Facilities Master Lease Program are not classified as State Moral Obligation Bonds as defined in "DEBT STRUCTURE OF THE STATE OF UTAH—State Moral Obligation Bonds" in the body of the OFFICIAL STATEMENT. However, such bonds are State Lease Revenue Bonds.***

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**Outstanding Lease Revenue Bonds Of The Authority**

As of July 10, 2017, the Authority has the following State Lease Revenue Bonds outstanding under the State Facilities Master Lease Program:

| Series (1) | Purpose | Original Principal Amount | Final Maturity Date | Current Principal Outstanding |
|---|---|---|---|---|
| 2016 .................. | Justice/DABC | $ 98,150,000 | May 15, 2038 | $ 98,150,000 |
| 2015 .................. | Refunding | 30,015,000 | May 15, 2030 | 28,860,000 |
| 2012B (2) .......... | Refunding/acquisition | 11,700,000 | May 15, 2022 | 4,175,000 |
| 2012A................ | Refunding | 15,610,000 | May 15, 2027 | 14,620,000 |
| 2011 .................. | Various purposes | 5,250,000 | May 15, 2031 | 3,175,000 |
| 2010 .................. | Refunding | 36,735,000 | May 15, 2024 | 22,405,000 |
| 2009E (3) .......... | Huntsman Hospital (BABs) | 89,470,000 | May 15, 2030 | 89,470,000 |
| 2009C (3) .......... | DABC Warehouse (BABs) | 16,715,000 | May 15, 2029 | 16,715,000 |
| 2009B................ | DABC Warehouse | 8,445,000 | May 15, 2019 | 2,425,000 |
| 2009A (4).......... | DABC Facilities | 25,505,000 | May 15, 2019 (7) | 2,200,000 |
| 1998C (5) (6)..... | Refunding | 105,100,000 | May 15, 2019 | 10,405,000 |
| Total principal amount of outstanding State Lease Revenue Bonds (8).................................. | | | | $292,600,000 |

(1) All bonds rated "Aa1" by Moody's and "AA+" by S&P (unless otherwise indicated), as of the date of this OFFICIAL STATEMENT. No municipal bond rating has been requested from Fitch.

(2) The 2012B Bonds are issued as federally taxable bonds.

(3) Issued as federally taxable, originally 35% issuer subsidy, "Build America Bonds" or "BABs".

(4) Portions of this bond issue have been refunded by the 2015 Bonds.

(5) These bonds are insured by Assured Guaranty Municipal Corp.

(6) Portions of this bond issue (principal amounts maturing in 2018 and 2019 in the total amount of $7,440,000) have been legally defeased by separate irrevocable escrow accounts, which accounts were funded from available cash on hand.

(7) Final maturity date after the refunding effected by the 2015 Bonds.

(8) For accounting purposes, the total unamortized bond premium is $10,101,785 (as of July 10, 2017), which together with current debt outstanding of $292,600,000, results in total outstanding net direct debt of $302,701,785.

*Authorized State Lease Revenue Bonds and Future Bonds Issuance*. Notwithstanding the legal debt issuing capacity of the Authority discussed in this section under "Statutory Legal Borrowing Debt Capacity of the Authority" above, the Authority may only issue State Lease Revenue Bonds for facilities authorized by the Legislature.

The Authority has up to $18,947,000 aggregate principal amount of additional authorized and unissued lease revenue bonds, the proceeds of which will be used by DFCM for various projects. *It is anticipated that the Authority will issue all its authorized bonds in January 2018.*

The authorizations consist of: (i) $10,903,600 for DABC liquor stores in Farmington, Utah and southwest Salt Lake County, Utah (from the 2017 Legislative Session) (i) $3 million for the Fourth District Provo Courthouse parking lot (from the 2016 Legislative Session) and (ii) $5,043,400 for a DABC liquor store in Syracuse, Utah (from the 2016 Legislative Session).

The Legislature may authorize the issuance of lease revenue bonds in future Fiscal Years, but such amounts and issuance dates are not known as of the date of this OFFICIAL STATEMENT.

# Debt Service Schedule of Outstanding Lease Revenue Bonds (State Building Ownership Authority) By Fiscal Year (1)

| Fiscal Year Ending | Series 2016 $98,150,000 | | Series 2015 $30,015,000 | | Series 2012B $11,700,000 | | Series 2012A $15,610,000 | | Series 2011 $5,250,000 | | Series 2010 $36,735,000 | | Series 2009E $89,470,000 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| June 30 | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest (2) |
| 2016.......... | $ 0 | $ 0 | $ 805,000 | $ 1,449,637 | $ 2,335,000 | $ 170,900 | $ 0 | $ 516,975 | $ 380,000 | $ 114,256 | $ 3,030,000 | $ 1,430,500 | $ 0 | $ 4,992,885 |
| 2017.......... | 0 | 3,815,174 | 350,000 | 1,363,800 | 2,380,000 | 124,200 | 990,000 | 516,975 | 385,000 | 105,706 | 3,175,000 | 1,279,000 | 0 | 4,992,885 |
| 2018.......... | 150,000 | 3,433,656 | 1,095,000 | 1,353,300 | 1,305,000 | 76,600 | 1,005,000 | 502,125 | 395,000 | 97,044 | 3,330,000 | 1,120,250 | 4,010,000 | 4,992,885 |
| 2019.......... | 3,300,000 | 3,429,156 | 705,000 | 1,309,500 | 985,000 | 50,500 | 1,445,000 | 487,050 | 405,000 | 87,169 | 3,510,000 | 953,750 | 0 | 4,807,463 |
| 2020.......... | 3,475,000 | 3,264,156 | 1,910,000 | 1,281,300 | 1,005,000 | 35,725 | 1,490,000 | 443,700 | 415,000 | 75,019 | 2,995,000 | 778,250 | 5,295,000 | 4,807,463 |
| 2021.......... | 3,625,000 | 3,090,406 | 2,020,000 | 1,185,800 | 665,000 | 18,138 | 1,555,000 | 384,100 | 430,000 | 64,644 | 3,145,000 | 628,500 | 5,555,000 | 4,539,853 |
| 2022.......... | 3,800,000 | 2,909,156 | 2,115,000 | 1,084,800 | 215,000 | 4,838 | 1,630,000 | 306,350 | 440,000 | 52,819 | 3,275,000 | 471,250 | 5,830,000 | 4,248,549 |
| 2023.......... | 4,025,000 | 2,719,156 | 2,220,000 | 979,050 | – | – | 1,710,000 | 224,850 | 455,000 | 39,619 | 3,445,000 | 307,500 | 5,395,000 | 3,936,994 |
| 2024.......... | 4,200,000 | 2,517,906 | 2,875,000 | 868,050 | – | – | 1,230,000 | 173,550 | 70,000 (3) | 25,400 | 2,705,000 | 135,250 | 5,695,000 | 3,643,290 |
| 2025.......... | 4,400,000 | 2,307,906 | 3,005,000 | 724,300 | – | – | 2,850,000 | 136,650 | 70,000 (3) | 22,600 | – | – | 6,015,000 (4) | 3,327,559 |
| 2026.......... | 4,650,000 | 2,087,906 | 3,150,000 | 574,050 | – | – | 1,135,000 | 51,150 | 75,000 (3) | 19,800 | – | – | 8,635,000 (4) | 2,980,614 |
| 2027.......... | 4,750,000 | 1,983,281 | 3,325,000 | 416,550 | – | – | 570,000 | 17,100 | 80,000 (3) | 16,800 | – | – | 9,145,000 (4) | 2,482,547 |
| 2028.......... | 4,850,000 | 1,864,531 | 2,855,000 | 250,300 | – | – | – | – | 80,000 (3) | 13,600 | – | – | 10,665,000 (4) | 1,955,064 |
| 2029.......... | 5,000,000 | 1,731,156 | 1,775,000 | 107,550 | – | – | – | – | 85,000 (3) | 10,400 | – | – | 11,285,000 (4) | 1,339,906 |
| 2030.......... | 5,150,000 | 1,581,156 | 1,810,000 | 54,300 | – | – | – | – | 85,000 (3) | 7,000 | – | – | 11,945,000 (4) | 688,988 |
| 2031.......... | 5,300,000 | 1,426,656 | – | – | – | – | – | – | 90,000 (3) | 3,600 | – | – | – | – |
| 2032.......... | 5,450,000 | 1,267,656 | – | – | – | – | – | – | – | – | – | – | – | – |
| 2033.......... | 5,625,000 | 1,104,156 | – | – | – | – | – | – | – | – | – | – | – | – |
| 2034.......... | 5,775,000 | 935,406 | – | – | – | – | – | – | – | – | – | – | – | – |
| 2035.......... | 5,950,000 | 762,156 | – | – | – | – | – | – | – | – | – | – | – | – |
| 2036.......... | 6,150,000 | 583,656 | – | – | – | – | – | – | – | – | – | – | – | – |
| 2037.......... | 6,325,000 | 399,156 | – | – | – | – | – | – | – | – | – | – | – | – |
| 2038.......... | 6,200,000 | 201,500 | – | – | – | – | – | – | – | – | – | – | – | – |
| Totals......... | $ 98,150,000 | $ 43,415,049 | $ 30,015,000 | $ 13,002,287 | $ 8,890,000 | $ 480,900 | $ 15,610,000 | $ 3,760,575 | $ 3,940,000 | $ 755,475 | $ 28,610,000 | $ 7,104,250 | $ 89,470,000 | $ 53,736,944 |

| Fiscal Year Ending | Series 2009D (5) $12,125,000 | | Series 2009C $16,715,000 | | Series 2009B $8,445,000 | | Series 2009A $25,505,000 | | Series 2007A (5) $15,380,000 | | Series 2006A (9) $8,355,000 | | Series 1998C $105,100,000 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| June 30 | Principal | Interest | Principal | Interest (2) | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Principal (11) | Interest |
| 2016.......... | $ 3,605,000 | $ 370,000 | $ 0 | $ 929,780 | $ 1,075,000 | $ 231,250 | $ 975,000 | $ 200,250 | $ 665,000 | $ 61,200 | $ 380,000 | $ 15,200 | $ 9,230,000 (12) | $ 1,582,075 |
| 2017.......... | 3,795,000 | 189,750 | 0 | 929,780 | 1,125,000 | 177,500 | 1,025,000 | 161,250 | 695,000 | 31,275 | 0 | 0 (8) | 9,130,000 (12) | 1,074,425 |
| 2018.......... | – | – | 0 | 929,780 | 1,185,000 | 121,250 | 1,075,000 | 110,000 | 0 | 0 (8) | 0 | 0 (8) | 8,295,000 (12) | 572,275 |
| 2019.......... | – | – | 0 | 929,780 | 1,240,000 | 62,000 | 1,125,000 | 56,250 | 0 | 0 (8) | 0 | 0 (10) | 2,110,000 (12) | 116,050 |
| 2020.......... | – | – | 1,305,000 (6) | 929,780 | – | – | 0 | 0 (8) | 0 | 0 (8) | 0 | 0 (10) | – | – |
| 2021.......... | – | – | 1,370,000 (6) | 860,693 | – | – | 0 | 0 (8) | 0 | 0 (8) | 0 | 0 (10) | – | – |
| 2022.......... | – | – | 1,445,000 (6) | 788,165 | – | – | 0 | 0 (8) | 0 | 0 (8) | 0 | 0 (10) | – | – |
| 2023.......... | – | – | 1,520,000 (6) | 711,667 | – | – | 0 | 0 (8) | 0 | 0 (8) | 0 | 0 (10) | – | – |
| 2024.......... | – | – | 1,605,000 (6) | 631,198 | – | – | 0 | 0 (8) | 0 | 0 (8) | 0 | 0 (8) | – | – |
| 2025.......... | – | – | 1,685,000 (7) | 546,230 | – | – | 0 | 0 (8) | 0 | 0 (8) | 0 | 0 (8) | – | – |
| 2026.......... | – | – | 1,785,000 (7) | 449,039 | – | – | 0 | 0 (8) | 0 | 0 (8) | 0 | 0 (8) | – | – |
| 2027.......... | – | – | 1,890,000 (7) | 346,080 | – | – | 0 | 0 (8) | 0 | 0 (8) | 0 | 0 (8) | – | – |
| 2028.......... | – | – | 1,995,000 (7) | 237,065 | – | – | 0 | 0 (8) | 0 | 0 (8) | – | – | – | – |
| 2029.......... | – | – | 2,115,000 (7) | 121,993 | – | – | 0 | 0 (8) | – | – | – | – | – | – |
| 2030.......... | – | – | – | – | – | – | 0 | 0 (8) | – | – | – | – | – | – |
| 2031.......... | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 2032.......... | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 2033.......... | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 2034.......... | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 2035.......... | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 2036.......... | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 2037.......... | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 2038.......... | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| Totals......... | $ 7,400,000 | $ 559,750 | $ 16,715,000 | $ 9,341,030 | $ 4,625,000 | $ 592,000 | $ 4,200,000 | $ 527,750 | $ 1,360,000 | $ 92,475 | $ 380,000 | $ 15,200 | $ 28,765,000 | $ 3,344,825 |

(1) These tables reflect the Authority's debt service schedule for its lease revenue bonds for the Fiscal Year shown. This information is based on payments (cash basis) falling due in that particular Fiscal Year.

(2) Issued as federally taxable "Build America Bonds." **Does not reflect an originally 35% federal interest rate subsidy.** The Authority anticipates that because of the federal sequestration, the subsidy paid by the federal government on these bonds will be reduced by approximately $143,000 for the federal fiscal year ending September 30, 2017.

(3) Mandatory sinking fund payments from a $635,000, 4.00%, term bond due May 15, 2031.

(4) Mandatory sinking fund payments from a $57,690,000, 5.768%, term bond due May 15, 2030.

(5) This bond issues have been included in this table because final principal and interest payment occurred in Fiscal Year 2017.

(6) Mandatory sinking fund payments from a $7,245,000, 5.294%, term bond due May 15, 2024.

(7) Mandatory sinking fund payments from a $9,470,000, 5.768%, term bond due May 15, 2029.

(8) Certain principal maturities and interest have been refunded by the 2015 Bonds.

(9) This bond issue has been included in this table because final principal and interest payment occurred in Fiscal Year 2016.

(10) Certain principal maturities and interest have been refunded by the 2012A Bonds.

(11) Remaining principal after portions of certain principal amounts maturing May 15, 2016 through May 15, 2019 have been legally defeased by separate irrevocable escrow accounts.

(12) Remaining mandatory sinking fund payments from a $28,765,000, 5.50%, term bond due May 15, 2019.

**Debt Service Schedule of Outstanding Lease Revenue Bonds (State Building Ownership Authority) By Fiscal Year (1)–continued**

| Fiscal Year Ending June 30 | Total State Facilities Master Lease Program Total Principal | Total Interest (1) | Total Debt Service |
|---|---|---|---|
| 2016 | $ 22,480,000 | $ 12,064,908 | $ 34,544,908 |
| 2017 | 23,050,000 | 14,761,720 | 37,811,720 |
| 2018 | 21,845,000 | 13,309,165 | 35,154,165 |
| 2019 | 14,825,000 | 12,288,667 | 27,113,667 |
| 2020 | 17,890,000 | 11,615,392 | 29,505,392 |
| 2021 | 18,365,000 | 10,772,134 | 29,137,134 |
| 2022 | 18,750,000 | 9,865,927 | 28,615,927 |
| 2023 | 18,770,000 | 8,918,836 | 27,688,836 |
| 2024 | 18,380,000 | 7,994,645 | 26,374,645 |
| 2025 | 18,025,000 | 7,065,245 | 25,090,245 |
| 2026 | 19,430,000 | 6,162,559 | 25,592,559 |
| 2027 | 19,760,000 | 5,262,358 | 25,022,358 |
| 2028 | 20,445,000 | 4,320,560 | 24,765,560 |
| 2029 | 20,260,000 | 3,311,006 | 23,571,006 |
| 2030 | 18,990,000 | 2,331,444 | 21,321,444 |
| 2031 | 5,390,000 | 1,430,256 | 6,820,256 |
| 2032 | 5,450,000 | 1,267,656 | 6,717,656 |
| 2033 | 5,625,000 | 1,104,156 | 6,729,156 |
| 2034 | 5,775,000 | 935,406 | 6,710,406 |
| 2035 | 5,950,000 | 762,156 | 6,712,156 |
| 2036 | 6,150,000 | 583,656 | 6,733,656 |
| 2037 | 6,325,000 | 399,156 | 6,724,156 |
| 2038 | 6,200,000 | 201,500 | 6,401,500 |
| Totals | $ 338,130,000 | $ 136,728,509 | $ 474,858,509 |

(1) **Does not reflect an originally 35% federal interest subsidy payments on several "Build America Bonds" lease revenue bond issues.**

(Source: Municipal Advisor.)

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## APPENDIX C

## DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE STATE OF UTAH

### General Information

This appendix has been summarized from information which is contained in the *2017 Economic Report to the Governor* (the "2017 Economic Report to the Governor January 2017") and from other reliable sources. Much of the economic data in the 2017 Economic Report to the Governor was generated by members of the Utah Economic Council. A complete copy of the 2017 Economic Report to the Governor may be obtained on the Web or by contacting Governor's Office of Management and Budget ("GOMB"); 801.538.1027 | f 801.538.1547 | http://www.gomb.utah.gov.

*Additionally, GOMB may have updated certain sections contained in this appendix with the latest information available.*

### Geographic Information

On January 4, 1896, the State became the 45th state of the United States of America (the "U.S."). Ranking 13th among the states in total area, the State contains approximately 84,900 square miles. It ranges in elevation from a low of 2,200 feet above sea level in the south, to a high of 13,500 feet above sea level in the northern mountains. The State is in a semi–arid region (precipitation ranks as the 2nd lowest in the nation, behind Nevada). Home to deserts, plateaus, the Great Basin and the Rocky Mountains, the state is known for its scenic beauty and the diversity of its outdoor recreation areas. As of April 2001, land ownership in the State was distributed as 63.9% federal, 10.1% State, and 26% other (American Indian reservation, municipal, state sovereign lands, and private).

### Demographics

*2016 Overview*. The U.S. Census Bureau estimated the 2016 population of the State to be 3,051,217 with a growth rate of 2.0%, the highest in the nation. The State's population surpassed the three million mark in 2016 and is projected to grow by another 2.5 million by 2065.

The Utah Population Committee, whose estimates differ slightly from the U.S. Census Bureau, estimated that 57,402 persons were added in 2016. Annual changes in population are comprised of two components: natural increase and net migration. In 2016, the State had 50,573 births, below the record of 55,357 set in 2008. Deaths in 2016 totaled 17,445. The resulting natural increase of 33,128 persons accounted for 58% of the State's population growth in 2016. Annual fluctuations in natural increase may result from changes in the size, age, structure and vital rates (fertility and mortality of the population). Net–migration (in–migration minus out–migration) increased in 2016 and contributed roughly 24,274, to the population, or 42% of the high growth rate.

The State is an urban state, meaning that population is very spatially concentrated. Per the 2010 Census, the most recent data on the urban population, 90.6% of the State's population lives in an urban setting, an increase from 88.2% in 2000. The State is the ninth most urban state in the nation. Salt Lake County remains the most populous county with 1.1 million residents. Salt Lake, Utah, Davis, and Weber counties are the four most populated counties, home to 2,300,551 or 75.3% of the State's residents.

In comparison to other states, the State's population is younger (30.7 median age), households on average are larger (3.17), and people tend to live longer (80.2 years). This leads to an age structure that is unique to the State. Per U.S. Census Bureau data, in 2015 the State had the highest share of total population in both preschool and school age group in the nation at 8.4% and 22.1%, respectively. The State also had the smallest working–age population share in the nation with 59.3% of State individuals between the ages of 18 and 64. This results in the State having one of the smallest retirement–age population shares, with 10.3% of the total population age 65 and older; only the State of Alaska had a smaller share of retirees (9.9%). A summary measure of the age structure is the dependency ratio, which is the number of non–working–age persons (younger than 18 and older than 65) per 100 persons of working–age (18 to 64). The State's total dependency ratio for 2015 was 68.7, the second highest in the nation behind Idaho (69.1). The national dependency ratio was 60.7.

*2017 Outlook*. The State is expected to experience population growth well above that of the rest of the nation, primarily due to strong natural increase, which is expected to increase slightly, contributing 36,477 people to the State's population. Accelerated net–migration is also expected to add an additional 32,499 people in 2017.

**State Population**

| Year | Population | % Change From Prior Period |
|---|---|---|
| 2016 Census Estimate | 3,051,217 | 10.4% |
| 2010 Census | 2,763,885 | 23.8 |
| 2000 Census | 2,233,169 | 29.6 |
| 1990 Census | 1,722,850 | 17.9 |
| 1980 Census | 1,461,037 | 37.9 |
| 1970 Census | 1,059,273 | 18.9 |
| 1960 Census | 890,627 | 29.3 |
| 1950 Census | 688,862 | 25.2 |
| 1940 Census | 550,310 | 8.4 |
| 1930 Census | 507,847 | 13.0 |
| 1920 Census | 449,396 | 20.4 |
| 1910 Census | 373,351 | 34.9 |

(Source: U.S. Bureau of the Census.)

| Year | Births | Deaths | Natural Increase | Net In-Migration | Population Change |
|---|---|---|---|---|---|
| 2016 | 50,573 | 17,445 | 33,128 | 24,274 | 57,402 |
| 2015 | 50,904 | 17,353 | 33,551 | 21,994 | 55,545 |
| 2014 | 50,807 | 16,167 | 34,640 | 5,088 | 39,727 |
| 2013 | 51,801 | 16,107 | 35,694 | 1,693 | 37,387 |
| 2012 | 50,388 | 15,289 | 35,099 | 903 | 44,131 |
| 2011 | 51,836 | 14,897 | 36,939 | 11,301 | 48,240 |
| 2010 | 52,899 | 14,302 | 38,597 | 2,216 | 40,813 |
| 2009 | 54,548 | 13,785 | 40,763 | (325) | 40,438 |
| 2008 | 55,357 | 13,780 | 41,577 | 13,470 | 55,047 |
| 2007 | 53,953 | 13,780 | 40,173 | 19,673 | 59,846 |

(Source: Source: Utah Population Committee, Kem C. Gardner Policy Institute; 2017 Economic Report to the Governor (data from this table may differ from other tables due to different sources of data or rounding).

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**Significant Characteristics of the State's Population**

| Category | Ranking (1) | Comments |
|---|---|---|
| **Demographic** | | |
| Population growth rate (2015 to 2016) | 1st | 2.03% growth rate |
| State population (July 1, 2016) (2) | 31st | out of 50 states (3,051,217 persons) |
| Pre–school age (under five years old) | 1st | 8.4% |
| School age (five to 17) | 1st | 22.1% |
| Working age (18 to 64) | 50th | 59.3% |
| Retirement age (over age 65) | 50th | 10.3% |
| Birth rate (July 1, 2016) | 1st | 17.4 births per 1,000 population (U.S. 12.4) |
| Life expectancy (2010) | 10th | 80.2 years |
| Death rate (2016) | 51st | 5.4 deaths per 1,000 population (U.S. 8.5) |
| Median age (2015) | 1st | 30.7 years |
| Household size (2015) | 1st | 3.17 persons (U.S. 2.65) |
| Dependency ratios (July 1, 2015): | | |
| Preschool–age (under 5) | 1st | (14.1 per 100 of working age) (U.S. 10.0) |
| School–age (5 to 17) | 1st | (37.3 per 100 of working age) (U.S. 26.9) |
| Retirement–age (65 and over) | 49th | (17.3 per 100 of working age) (U.S. 23.9) |
| Total non–working age | 2nd | (68.7 per 100 of working age) (U.S. 60.2) |
| **Economic** | | |
| Rate of job growth (April 2017) | 1st | 3.3% |
| Private sector job growth (April 2017) | 1st | 3.5% |
| Unemployment rate (April 2017) | 8th | 3.1% |
| Urban status (2010) | 9th | 91% urban |
| Median household income (2015) | 10th | $66,258 |
| Per capita personal income (2016) | 41st | $40,744 |
| **Social indicators** | | |
| Poverty rate (2015) | 12st | 11.3% |
| Educational attainment (2015) | 10th | 91.5% of persons 25+ (with high school degree) |
| Educational attainment (2015) | 36th | 41.0% of persons 25+ (with associates or higher degree) |

(1) Rankings are from most favorable to least favorable, highest to lowest. Rankings differ from other data.
(2) Total population ranking reflects 2016 Census estimates, single year of age rankings reflect 2015 Census estimates.

(Sources: 2017 Economic Report to the Governor; GOMB; U.S. Census Bureau, U.S. Bureau of Economic Analysis.)

## Employment, Wages And Labor Force

*2016 Overview*. The State's labor market ended the year with an average unemployment rate of 3.4% and job growth rate of 3.6%. Population statistics suggest that in–migration is likely the supporting anchor for this sustained growth of 3.6%. In 2015, the labor force, or rate at which adults are employed or seeking work, increased 3.0%. Yet much like the nation, the State has experienced a downward structural shift in the rate of labor force participation. Compared to its pre–recession average, 55–64 year–old individuals participated in the labor force at a higher rate, 20–24 year–old participated at roughly the same, and all other age groups still show lower labor–force participation rates in 2016 than in 2007.

All industries contributed to the notable level of job growth in 2016 except for mining, oil, and gas. Oil prices effectively continued to shed jobs within the industry during the first half of the year, and then some gains occurred, leading to zero change overall. In contrast, some industries made significant gains such as construction, which grew by 6.8%, leisure and hospitality, which grew by 6.1%, and professional and business services, which grew by 5.4%.

**Quarterly Census of Employment and Wages**

**2016 (First Three Quarters—Private Sector Only)**

| | United States | | | | Utah | | | |
|---|---|---|---|---|---|---|---|---|
| | Average Monthly Employment | Average Monthly Wage | Year–Over Employment Growth (%) | Year–Over Average Monthly Wage Growth (%) | Average Monthly Employment | Average Monthly Wage | Year–Over Employment Growth (%) | Year–Over Average Monthly Wage Growth (%) |
| All industries, all ownership………… | 141,238,300 | $ 4,415 | 1.8 | 2.3 | 1,380,868 | $ 3,712 | 3.8 | 3.1 |
| Natural resources and mining……… | 1,885,403 | 4,634 | (7.2) | (4.0) | 14,186 | 5,062 | (11.4) | (2.1) |
| Construction………………………… | 6,638,048 | 4,731 | 4.4 | 4.1 | 90,966 | 3,842 | 9.0 | 3.4 |
| Manufacturing……………………… | 12,299,889 | 5,350 | 0.8 | 2.2 | 124,623 | 4,553 | 1.8 | 2.6 |
| Trade, transportation, utilities………. | 26,791,831 | 3,701 | 1.3 | 2.3 | 267,269 | 3,401 | 3.5 | 3.2 |
| Information………………………… | 2,790,453 | 8,222 | 1.7 | 5.3 | 35,505 | 5,882 | 8.3 | 6.4 |
| Financial activities…………………. | 7,931,264 | 7,406 | 1.6 | 1.5 | 81,202 | 5,079 | 3.5 | 0.8 |
| Professional and business services… | 19,912,525 | 5,723 | 2.3 | 1.9 | 198,895 | 4,416 | 4.5 | 3.8 |
| Education and health services……… | 21,542,339 | 3,934 | 2.8 | 2.8 | 173,304 | 3,418 | 5.2 | 4.2 |
| Leisure and hospitality……………… | 15,578,613 | 1,826 | 3.2 | 4.1 | 138,717 | 1,541 | 3.7 | 4.5 |
| Other services……………………… | 4,376,381 | 2,954 | 1.8 | 3.4 | 34,393 | 2,760 | 2.3 | 2.4 |

(Sources: Bureau of Labor Statistics.)

The State's job growth has not only significantly outpaced the nation, it is experiencing strong job growth within the high paying industries of information, financial activities, and professional and business services. In terms of average wages, the State is also seeing gains in these same high paying industries and is generally outpacing the nation as well (except for the financial activities industry).

Wage growth has shown accelerated gains since the particularly low 1.0% growth posted in 2013. Tight labor markets are typically accompanied by rising compensation as employers bid up wages to obtain scarce workers. In 2016, average annual pay increased by 3.5% over the year, marking the third consecutive year of significant wage gains.

*2017 Outlook.* Labor shortages will naturally plague some employers of high–skilled and specialized work; in–migration and a strong education pipeline will ease those burdens. Key economic indicators that will likely play a role in the 2017 economy include inflation, interest rates, and the value of the dollar. Kept in balance, these indicators will only play out in the background of the State's economy. However, if balance is not achieved, a sharp run for any of those measures could hinder business investment and hiring by Utah employers.

**Current Unemployment Rates (seasonally adjusted)**

| Current Unemployment Rate | State | U.S. |
|---|---|---|
| April 2017…………………………………………………………… | 3.1% | 4.4% |
| April 2016…………………………………………………………… | 3.5 | 4.7 |

(Source: U.S. Bureau of Labor Statistics.)

**Average Annual Employment and Unemployment Rate for Utah and the United States**

| Year | Utah Civilian Labor Force | Utah Total Employed | Unemployment Rate Utah | Unemployment Rate U.S. | Utah Unemployment Rate as % of U.S. Rate |
|---|---|---|---|---|---|
| 2018 (f) .................... | 1,612,565 | 1,556,125 | 3.5% | 4.2% | 83% |
| 2017 (f) .................... | 1,559,331 | 1,507,873 | 3.3 | 4.6 | 72 |
| 2016 .......................... | 1,511,465 | 1,459,703 | 3.4 | 4.9 | 69 |
| 2015 .......................... | 1,465,770 | 1,412,521 | 3.6 | 5.3 | 68 |
| 2014 .......................... | 1,430,503 | 1,375,910 | 3.8 | 6.2 | 61 |
| 2013 .......................... | 1,408,449 | 1,343,805 | 4.6 | 7.4 | 62 |
| 2012 .......................... | 1,376,628 | 1,302,641 | 5.4 | 8.1 | 67 |
| 2011 .......................... | 1,347,409 | 1,257,213 | 6.7 | 8.9 | 75 |
| 2010 .......................... | 1,352,123 | 1,245,849 | 7.9 | 9.6 | 82 |
| 2009 .......................... | 1,365,923 | 1,263,659 | 7.5 | 9.3 | 81 |
| 2008 .......................... | 1,371,778 | 1,322,181 | 3.6 | 5.8 | 62 |
| 2007 .......................... | 1,360,204 | 1,324,648 | 2.6 | 4.6 | 57 |

(f) forecast

(Sources: Utah Department of Workforce Services)

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# Employment

## Utah Labor Force, Nonagricultural Jobs, and Wages

| | 2017 (f) | 2016 (e) | 2015 | 2014 | 2013 | % Change 2016–17 | % Change 2015–16 | % Change 2014–15 | % Change 2013–14 |
|---|---|---|---|---|---|---|---|---|---|
| Civilian labor force | 1,559,331 | 1,511,465 | 1,465,770 | 1,430,503 | 1,408,449 | 3.2 | 3.1 | 2.5 | 1.6 |
| Employed persons | 1,507,873 | 1,459,703 | 1,412,521 | 1,375,910 | 1,343,805 | 3.3 | 3.3 | 2.7 | 2.4 |
| Unemployed persons | 51,458 | 51,762 | 53,249 | 54,593 | 64,644 | (0.6) | (2.8) | (2.5) | (15.5) |
| Unemployment rate (%) | 3.5 | 3.4 | 3.5 | 3.8 | 4.7 | – | – | – | – |
| U.S. unemployment rate (%) | 4.6 | 4.9 | 5.3 | 6.2 | 7.4 | – | – | – | – |
| Total nonfarm jobs | 1,472,100 | 1,427,200 | 1,377,744 | 1,328,055 | 1,290,523 | 3.1 | 3.6 | 3.7 | 2.9 |
| Mining | 10,700 | 10,500 | 10,372 | 12,160 | 12,108 | 1.9 | 1.2 | (14.7) | 0.4 |
| Construction | 92,500 | 90,400 | 84,676 | 78,669 | 73,463 | 2.3 | 6.8 | 7.6 | 7.1 |
| Manufacturing | 130,400 | 127,700 | 123,695 | 120,642 | 118,747 | 2.1 | 3.2 | 2.5 | 1.6 |
| Trade, transportation, utilities | 273,100 | 266,400 | 263,075 | 252,588 | 246,900 | 2.5 | 1.3 | 4.2 | 2.3 |
| Information | 36,600 | 35,500 | 34,402 | 33,338 | 32,427 | 3.1 | 3.2 | 3.2 | 2.8 |
| Financial activity | 84,500 | 81,600 | 79,020 | 74,969 | 72,942 | 3.6 | 3.3 | 5.4 | 2.8 |
| Professional and business services | 214,900 | 204,700 | 194,127 | 185,081 | 177,462 | 5.0 | 5.4 | 4.9 | 4.3 |
| Education and health services | 196,900 | 189,600 | 182,273 | 174,313 | 170,541 | 3.9 | 4.0 | 4.6 | 2.2 |
| Leisure and hospitality | 147,900 | 141,900 | 133,741 | 128,064 | 123,539 | 4.2 | 6.1 | 4.4 | 3.7 |
| Other services | 41,200 | 39,900 | 38,689 | 37,530 | 36,372 | 3.3 | 3.1 | 3.1 | 3.2 |
| Government | 243,400 | 239,000 | 233,674 | 230,623 | 225,920 | 1.8 | 2.3 | 1.3 | 2.1 |
| Goods–producing | 233,600 | 228,600 | 218,743 | 211,471 | 204,317 | 2.2 | 4.5 | 3.4 | 3.5 |
| Service–producing | 1,238,500 | 1,198,600 | 1,159,001 | 1,116,506 | 1,086,103 | 3.3 | 3.4 | 3.8 | 2.8 |
| % Service–producing | 84.0% | 84.0% | 84.0% | 84.0% | 84.0% | – | – | – | – |
| U.S. nonagricultural job growth | 1.2% | 1.7% | 2.1% | 1.9% | 1.6% | – | – | – | – |
| Total nonagricultural wages (millions) | 68,007 | 64,279 | 59,962 | 56,026 | 52,989 | 5.8 | 7.2 | 7.0 | 5.7 |
| Average annual wage | 46,197 | 45,039 | 43,522 | 42,187 | 41,060 | 2.6 | 3.5 | 3.2 | 2.7 |
| Average monthly wage | 3,850 | 3,753 | 3,627 | 3,516 | 3,422 | 2.6 | 3.5 | 3.2 | 2.7 |
| Establishments (first quarter) | 95,500 | 92,900 | 90,443 | 87,551 | 84,914 | 2.8 | 2.7 | 3.3 | 3.1 |

(f) forecast; (e) estimate.

(Sources: Utah Department of Employment Services; GOMB.)

**Largest Nonagricultural Employers–Annual Average Employment**

| Employer | Business | Employee Range |
|---|---|---|
| Intermountain Health Care | Health Care | 20,000+ |
| State of Utah | State government | 20,000+ |
| University of Utah (including Hospital) | Higher education | 20,000+ |
| Brigham Young University | Higher education | 15,000–20,000 |
| Wal–Mart Stores | Warehouse clubs/supercenters | 15,000–20,000 |
| Hill Air Force Base | Federal government | 10,000–15,000 |
| Davis School District | Public education | 7,000–10,000 |
| Granite School District | Public education | 7,000–10,000 |
| Smith's Food and Drug Centers | Grocery stores | 7,000–10,000 |
| Utah State University | Higher education | 7,000–10,000 |
| Alpine School District | Public education | 5,000–7,000 |
| Jordan School District. | Public education | 5,000–7,000 |
| Salt Lake County | Local government | 5,000–7,000 |
| U.S. Department of Treasury | Federal government | 5,000–7,000 |
| Utah Valley University | Higher education | 5,000–7,000 |
| The Canyons School District. | Public education | 4,000–5,000 |
| The Home Depot | Home centers | 4,000–5,000 |
| U.S. Postal Service | Federal government | 4,000–5,000 |
| Zions Bank Management Services | Banking | 4,000–5,000 |
| Autoliv | Motor vehicle manufacturing | 3,000–4,000 |
| Convergys | Telephone call center | 3,000–4,000 |
| Delta Airlines Inc. | Air transportation | 3,000–4,000 |
| Discover Products | Consumer loans | 3,000–4,000 |
| L3 Communications | Electronic manufacturing | 3,000–4,000 |
| Nebo School District | Public education | 3,000–4,000 |
| Salt Lake City | Local government | 3,000–4,000 |
| Salt Lake City School District | Public education | 3,000–4,000 |
| Washington County School District | Public education | 3,000–4,000 |
| Weber County School District | Public education | 3,000–4,000 |
| Weber State University | Higher education | 3,000–4,000 |
| Wells Fargo Bank | Banking | 3,000–4,000 |
| America First Credit Union | Banking | 2,000–3,000 |
| ARUP Laboratories, Inc. | Medical laboratory | 2,000–3,000 |
| Cache School District | Public education | 2,000–3,000 |
| Costco Wholesale | Warehouse clubs/supercenters | 2,000–3,000 |
| Department of Veteran's Affairs (hospital) | Federal government | 2,000–3,000 |
| Harmons | Grocery stores | 2,000–3,000 |
| JetBlue Airways Corporation | Air transportation | 2,000–3,000 |
| Kennecott Utah Copper | Mining/manufacturing | 2,000–3,000 |
| Pacificorp | Electric utility | 2,000–3,000 |
| Salt Lake Community College | Higher education | 2,000–3,000 |
| Sizzling Platter, LLC | Restaurants | 2,000–3,000 |
| SkyWest Airlines | Transportation | 2,000–3,000 |
| Target | Retail stores | 2,000–3,000 |
| United Parcel Service | Courier transportation | 2,000–3,000 |
| Utah Transit Authority | Public transportation | 2,000–3,000 |
| Vivint | Electric contractors | 2,000–3,000 |

(1) Includes those firms with 2,000 to 3,000 and more employees. The Church of Jesus Christ of Latter–day Saints church remains one of the State's largest employers; however, the church does not disclose employment numbers.

(Source: Utah Department of Workforce Services. Updated June 2015.)

For the State's presentation of principal employers as of Calendar Year 2006 and 2015 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2016–Statistical Section–Schedule D–2. Principal Employers" (CAFR page 262).

**Personal Income; Per Capita Income**

*2016 Overview. Total Personal Income.* In 2016, total personal income in the State was an estimated $124.3 billion, a 5.6% increase from $117.8 billion in 2015. Of the State's total personal income in 2015, 77% can be attributed to earnings by place of work. Of this amount, 72% came from wages and salaries, 18% came from supplements to wages and salaries, and 11% came from proprietors' income.

In 2015, income from dividends, interest, and rent increased to $21.96 billion and income from transfer receipts was $16 billion. The State's transfer receipts comprise a much smaller portion of total personal income than the national average (13.6% vs 17.3%). Residents rely more on wage earnings for income than their counterparts do nationally. Moreover, all three subcategories of State total personal income have grown faster than the corresponding national measures.

In 2015, most nonfarm earnings in the State were in the private sector: 82.3% of the earnings by place of work, compared with 82.6% nationally. The State's public sector accounted for 17.3% of nonfarm earnings, also roughly equal to the national proportion 16.7%. Within the private sector, manufacturing was the largest source of earnings (12.2%), followed by professional, scientific, and technical services; and health care and social services (11%), respectively. At the national level, health care accounted for the largest percentage of private sector earnings followed by professional, scientific, and technical services; and manufacturing.

**Total Personal Income** ($ in Millions)

| | Utah | | United States | |
|---|---|---|---|---|
| Year | Amount | % Change | Amount | % Change |
| 2018 (f) | $140,450 | 6.2% | $17,559,000 | 5.1% |
| 2017 (f) | 132,297 | 6.4 | 16,707,000 | 4.3 |
| 2016 | 124,320 | 5.6 | 16,017,781 | 3.6 |
| 2015 | 117,764 | 6.2 | 15,463,981 | 4.5 |
| 2014 | 110,844 | 5.9 | 14,801,624 | 5.2 |
| 2013 | 104,664 | 3.1 | 14,068,960 | 1.2 |
| 2012 | 101,509 | 6.9 | 13,904,485 | 5.1 |
| 2011 | 94,919 | 8.0 | 13,233,436 | 6.2 |
| 2010 | 87,931 | 2.1 | 12,459,613 | 3.2 |
| 2009 | 86,111 | (4.7) | 12,079,444 | (3.3) |
| 2008 | 90,363 | 5.5 | 12,492,705 | 4.2 |
| 2007 | 85,635 | 8.8 | 11,995,419 | 5.4 |
| 2005 | 70,681 | – | 10,610,320 | – |
| 2000 | 54,178 | – | 8,634,847 | – |
| 1995 | 38,230 | – | 6,275,761 | – |

(f) forecast.

(Sources: U.S. Department of Commerce, Bureau of Economic Analysis ("BEA"); Kem C. Gardner Policy Institute; GOMB.)

## Components of the State's Total Personal Income

| | (in thousands) | | | | | % change 2015-16 | % change 2014-15 | % change 2013–14 | % change 2012–13 |
|---|---|---|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2014 | 2013 | 2012 | | | | |
| Personal income | $124,319,657 | $117,763,901 | $110,843,820 | $104,664,413 | $101,508,754 | 5.6 | 6.2 | 5.9 | 3.1 |
| Earnings by place of work | 95,883,292 | 90,129,500 | 84,428,725 | 79,929,962 | 76,389,208 | 6.4 | 6.8 | 5.6 | 4.6 |
| less: Contributions for government social insurance | 10,905,332 | 10,264,363 | 9,821,904 | 9,305,894 | 7,869,800 | 6.2 | 4.5 | 5.5 | 18.2 |
| plus: Adjustment for residence | (87,041) | (71,692) | (53,026) | (49,665) | (33,406) | 21.4 | 35.2 | 6.8 | 48.7 |
| equals: Net earnings by place of residence | 84,890,919 | 79,793,445 | 74,553,795 | 70,574,403 | 68,486,002 | 6.4 | 7.0 | 5.6 | 3.0 |
| plus: Dividends, interest, and rent | 22,515,496 | 21,956,631 | 21,143,410 | 19,450,745 | 18,867,874 | 2.5 | 3.8 | 8.7 | 3.1 |
| plus: Personal current transfer receipts | 16,913,242 | 16,013,825 | 15,146,615 | 14,639,265 | 14,154,878 | 5.6 | 5.7 | 3.5 | 3.4 |
| Components of earnings: | | | | | | | | | |
| Wage and salary disbursements | 69,238,157 | 64,680,161 | 60,595,099 | 57,373,060 | 55,111,673 | 7.0 | 6.7 | 5.6 | 4.1 |
| Supplements to wages and salaries | 16,687,117 | 15,773,531 | 15,065,185 | 14,831,433 | 13,802,923 | 5.8 | 4.7 | 1.6 | 7.5 |
| Proprietors' income | 9,958,018 | 9,675,808 | 8,768,441 | 7,725,469 | 7,474,612 | 2.9 | 10.3 | 13.5 | 3.4 |
| Earnings by industry: | | | | | | | | | |
| Farm earnings | 233,543 | 468,774 | 509,130 | 395,869 | 276,413 | (50.2) | (7.9) | 28.6 | 43.2 |
| Nonfarm earnings | 95,649,749 | 89,660,726 | 83,919,595 | 79,534,093 | 76,112,795 | 6.7 | 6.8 | 5.5 | 4.5 |
| Private earnings | 79,505,365 | 74,191,601 | 69,028,402 | 65,182,044 | 61,814,772 | 7.2 | 7.5 | 5.9 | 5.4 |
| Forestry, fishing, related activities, and other | 79,291 | 70,873 | 71,162 | 67,890 | 52,249 | 11.9 | (0.4) | 4.8 | 29.9 |
| Mining | 791,824 | 943,152 | 1,055,022 | 1,063,662 | 1,134,629 | (16.0) | (10.6) | (0.8) | (6.3) |
| Utilities | 623,691 | 591,816 | 518,729 | 489,998 | 466,311 | 5.4 | 14.1 | 5.9 | 5.1 |
| Construction | 7,635,014 | 6,867,596 | 6,139,119 | 5,391,603 | 5,108,164 | 11.2 | 11.9 | 13.9 | 5.5 |
| Manufacturing | 9,519,260 | 9,066,256 | 8,607,123 | 8,422,613 | 8,057,076 | 5.0 | 5.3 | 2.2 | 4.5 |
| Wholesale trade | 4,439,376 | 4,309,728 | 4,019,735 | 3,845,677 | 3,607,179 | 3.0 | 7.2 | 4.5 | 6.6 |
| Retail trade | 7,545,319 | 7,009,221 | 6,688,936 | 6,410,261 | 6,248,813 | 7.6 | 4.8 | 4.3 | 2.6 |
| Transportation and warehousing | 3,930,310 | 3,657,177 | 3,319,368 | 3,149,263 | 2,913,637 | 7.5 | 10.2 | 5.4 | 8.1 |
| Information | 3,312,547 | 2,917,820 | 2,729,627 | 2,549,112 | 2,386,730 | 13.5 | 6.9 | 7.1 | 6.8 |
| Finance and insurance | 5,997,176 | 5,708,730 | 5,099,740 | 4,763,724 | 4,602,195 | 5.1 | 11.9 | 7.1 | 3.5 |
| Real estate and rental and leasing | 2,523,756 | 2,381,933 | 1,969,040 | 2,015,207 | 2,039,677 | 6.0 | 21.0 | (2.3) | (1.2) |
| Professional, scientific and technical services | 8,731,495 | 8,132,346 | 7,523,661 | 6,822,559 | 6,337,666 | 7.4 | 8.1 | 10.3 | 7.7 |
| Management of companies and enterprises | 1,953,874 | 1,847,121 | 1,807,318 | 1,788,645 | 1,627,488 | 5.8 | 2.2 | 1.0 | 9.9 |
| Administrative and waste services | 4,206,541 | 3,720,311 | 3,509,068 | 3,241,619 | 2,922,943 | 13.1 | 6.0 | 8.3 | 10.9 |
| Educational services | 1,956,014 | 1,842,235 | 1,728,481 | 1,614,787 | 1,543,362 | 6.2 | 6.6 | 7.0 | 4.6 |
| Health care and social assistance | 8,341,317 | 7,611,349 | 7,190,590 | 7,027,783 | 6,581,390 | 9.6 | 5.9 | 2.3 | 6.8 |
| Arts, entertainment and recreation | 914,039 | 824,526 | 746,410 | 685,471 | 604,393 | 10.9 | 10.5 | 8.9 | 13.4 |
| Accommodations and food services | 2,693,501 | 2,545,332 | 2,355,241 | 2,188,413 | 2,070,970 | 5.8 | 8.1 | 7.6 | 5.7 |
| Other services, except public administration | 4,311,020 | 4,144,079 | 3,950,032 | 3,643,757 | 3,509,900 | 4.0 | 4.9 | 8.4 | 3.8 |
| Government and government enterprises | 16,144,384 | 15,469,125 | 14,891,193 | 14,352,049 | 14,298,023 | 4.4 | 3.9 | 3.8 | 0.4 |
| Federal, civilian | 3,532,128 | 3,361,001 | 3,226,299 | 3,118,515 | 3,205,755 | 5.1 | 4.2 | 3.5 | (2.7) |
| Military | 738,142 | 709,528 | 732,507 | 760,335 | 785,046 | 4.0 | (3.1) | (3.7) | (3.1) |
| State and local | 11,874,114 | 11,398,596 | 10,932,387 | 10,473,199 | 10,307,222 | 4.2 | 4.3 | 4.4 | 1.6 |

(Source: Bureau of Economic Analysis.)

*2016 Overview*. *Per Capita Personal Income*. The State's estimated per capita personal income was $40,744, which is 82.2% of the national per capita income of $49,270, and at a growth rate up 3.7% from 2015. Since the 1980's, the State's per capita personal income has averaged about 20% less than the national per capita personal income. The State's per capita personal income remains weak against the national for two reasons: (i) average wages are generally below the national average; and (ii) the State's population is the nation's youngest. The State's low per capita personal income reflects the relatively larger portion of non–wage earners.

**Per Capita Personal Income**

| | Income Per Capita | | Annual % Change | | Utah |
|---|---|---|---|---|---|
| Year | Utah | U.S. | Utah | U.S. | as a % of U.S. |
| 2018 (f) | $44,286 | $53,241 | 4.2% | 4.2% | 83.2% |
| 2017 (f) | 42,516 | 51,076 | 4.3 | 3.0 | 83.2 |
| 2016 | 40,744 | 49,571 | 3.7 | 3.0 | 82.2 |
| 2015 | 39,308 | 48,112 | 4.4 | 3.7 | 81.7 |
| 2014 | 37,644 | 46,414 | 4.4 | 4.4 | 81.1 |
| 2013 | 36,045 | 44,462 | 1.4 | 0.4 | 81.1 |
| 2012 | 35,538 | 44,267 | 5.4 | 4.3 | 80.3 |
| 2011 | 33,702 | 42,453 | 6.4 | 5.4 | 79.4 |
| 2010 | 31,682 | 40,277 | 0.2 | 2.3 | 78.7 |
| 2009 | 31,619 | 39,376 | (6.8) | (4.2) | 80.3 |
| 2008 | 33,932 | 41,082 | 2.9 | 3.2 | 82.6 |
| 2007 | 32,965 | 39,821 | 5.8 | 4.4 | 82.8 |
| 2005 | 28,759 | 35,904 | – | – | 80.1 |
| 2000 | 24,781 | 30,602 | – | – | 81.0 |
| 1995 | 18,981 | 23,568 | – | – | 80.5 |

(f) forecast.

(Sources: BEA and GOMB.)

*2017 Outlook*. *Total Personal Income. Per Capita Personal Income*. The State's total personal income in 2016 is estimated to have grown 5.6%. This represents a stability that matches income growth at the national level. Per capita personal income is estimated to have grown at a 4.0% rate in 2016, which is nearly double the estimated national per capita income growth rate of 2.4%, but slightly slower than last year's State per capita income growth rate of 4.4%. The State's personal income is expected to continue to grow in the next few years, and is expected to surpass the growth of U.S. personal income.

### Taxable Sales

*2016 Overview*. In 2016, the State's total taxable sales continued to show steady growth, increasing by approximately 4.8% to an estimated $56.5 billion. Growth in 2016 retail sales and taxable services increased 5.4% and 4.2%, while business investment purchases declined by 1.7%. Business investment purchases are the only major component of taxable sales to not reach or exceed pre-recession highs by 2016. Growth since the great recession can be attributed to an improving labor market and increasing consumer confidence.

*2017 Outlook*. Steady growth is forecasted to continue in 2017, and total taxable sales are projected to increase 5.2%. Higher forecasted growth in total taxable sales in 2017 can be partially attributed to a forecasted rebound in business investment purchases. After two straight years of decline, 2017 business investment purchases are forecasted to increase by 2.4%. In 2017, retail sales are projected to grow by 5.1% and taxable services are projected to increase by 4.9%. Forecasted growth can be attributed to healthy economic fundamentals. Taxable sales forecasts are sensitive to economic and political conditions and specific conditions with impact to taxable sales include, but are not limited to: monetary policy decisions, commodity prices, national political climate, and geopolitical instability. Any significant changes in these could result in changes to employment, disposable income, and consumer confidence, which will in turn impact the State’s taxable sales.

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**Taxable Sales**

**(in millions of dollars)**

| Calendar Year | Retail Sales | % Change | Business Investment Purchases | % Change | Taxable Services | % Change | All Other | % Change | Total Gross Taxable Sales | % Change |
|---|---|---|---|---|---|---|---|---|---|---|
| 2018 (f)…. | $32,393 | 5.1 % | $8,971 | 6.1 % | $17,754 | 5.1 % | $3,539 | 8.8 % | $62,657 | 5.5 % |
| 2017 (f)…. | 30,808 | 5.1 | 8,455 | 2.4 | 16,899 | 4.9 | 3,253 | 14.5 | 59,415 | 5.2 |
| 2016…….. | 29,303 | 5.4 | 8,255 | (1.7) | 16,102 | 4.2 | 2,842 | 24.5 | 56,502 | 4.8 |
| 2015…….. | 27,801 | 6.1 | 8,400 | (3.4) | 15,449 | 4.4 | 2,283 | 13.2 | 53,933 | 4.3 |
| 2014…….. | 26,193 | 5.0 | 8,699 | 4.2 | 14,802 | 5.7 | 2,016 | (4.0) | 51,710 | 4.7 |
| 2013…….. | 24,944 | 6.1 | 8,352 | (4.9) | 14,008 | 4.2 | 2,100 | 16.7 | 49,404 | 3.9 |
| 2012…….. | 23,512 | 7.8 | 8,780 | 8.9 | 13,439 | 6.0 | 1,800 | 15.7 | 47,531 | 7.8 |
| 2011…….. | 21,801 | 6.5 | 8,063 | 10.0 | 12,676 | 4.6 | 1,556 | 6.2 | 44,096 | 6.5 |
| 2010…….. | 20,475 | 0.7 | 7,333 | 6.8 | 12,114 | 2.7 | 1,465 | (2.3) | 41,387 | 2.2 |
| 2009…….. | 20,329 | (10.3) | 6,864 | (23.6) | 11,790 | (8.0) | 1,499 | 1.1 | 40,482 | (11.9) |
| 2008…….. | 22,659 | (5.6) | 8,981 | (4.8) | 12,811 | 0.7 | 1,483 | (10.0) | 45,934 | (3.9) |

(f) forecast.

(Source: Utah State Tax Commission; Revenue Assumptions working group, GOMB adjusted forecast.)

## Construction

*2016 Overview*. In 2016, the value for all types of permit–authorized construction totaled $8.2 billion, the second–highest value in the State's history (inflation–adjusted dollars). Construction value in 2016 was driven above $8 billion by the issued permit for the redevelopment of the Salt Lake City International Airport. All the major construction indicators were up in 2016. In 2016, the value of residential construction increased to $4 billion, 7% higher than 2015.

*2017 Outlook*. The forecast for permit–authorized construction in the State in 2017 is $7.5 billion, down about 8% from 2016. This forecast assumes there will not be another permit for the Salt Lake City International Airport project in 2017. The value of residential construction is expected to increase by 11% to $4.5 billion. Construction cost increases together with an expected increase in the number of units are projected to increase total residential construction valuations. The number of residential units is projected to increase from 19,900 units in 2016 to 21,000 units in 2017. Most of the increase in residential construction will be concentrated in single–family homes, which is forecast to be up 17% to 12,500 units. Multi–family permits will likely decline 3% to 8,500 units as apartment development activity slows, but will likely be partially offset by town–home and condominium units.

**Permit–Authorized Construction** ($ In Millions)

| | | Construction Value | | | |
|---|---|---|---|---|---|
| Year | Total Units | Residential | Nonresidential | Renovations | Total Valuation |
| 2018 (f) | 22,000 | $4,850.0 | $1,750.0 | $ 900.0 | $7,500.0 |
| 2017 (f) | 21,000 | 4,500.0 | 2,000.0 | 1,000.0 | 7,500.0 |
| 2016 | 19,900 | 4,054.0 | 2,529.0 | 1,622.0 | 8,205.0 |
| 2015 | 17,629 | 3,981.8 | 2,096.0 | 1,062.9 | 7,140.7 |
| 2014 | 18,747 | 3,350.9 | 1,478.9 | 1,034.3 | 5,864.1 |
| 2013 | 14,951 | 3,024.6 | 1,105.9 | 784.9 | 4,915.4 |
| 2012 | 11,246 | 2,196.7 | 1,020.2 | 728.9 | 3,945.8 |
| 2011 | 10,023 | 1,885.4 | 1,236.0 | 652.0 | 3,773.4 |
| 2010 | 9,066 | 1,667.0 | 925.1 | 672.0 | 3,264.1 |
| 2009 | 10,488 | 1,674.0 | 1,054.3 | 660.1 | 3,388.4 |
| 2008 | 10,603 | 1,877.0 | 1,919.1 | 781.2 | 4,577.3 |
| 2007 | 20,539 | 3,963.2 | 2,051.0 | 979.7 | 6,993.9 |
| 2006 | 26,322 | 4,955.5 | 1,588.0 | 865.3 | 7,408.8 |
| 2005 | 28,285 | 4,662.6 | 1,217.8 | 707.6 | 6,588.0 |

(f) forecast

(Sources: 2017 Ivory–Boyer Construction database, Kem C. Gardner Policy Institute. Forecast: Revenue assumptions working group.)

## Energy

In 2016, two events dominated the State's energy scene: (i) the collapse of crude oil prices due to a worldwide oversupply, and (ii) the exponential increase in both utility–scale and residential solar capacity. First, the State's crude oil price dropped from roughly $100 per barrel to about $20 per barrel in early 2016. Consequently, the number of new drilling rigs decreased in the State from about 23 rigs in 2014, down to zero rigs in March 2016. Since new oil wells were not being drilled to make up for production declines at existing wells, crude oil production declined over 25% between 2014 and 2016. Similarly, natural gas prices (down 47% between 2014 and 2016) and production (down 19%) have also decreased due to oversupply from the country's prolific shale reservoirs.

Coal production is at a 30–year low as out–of–state demand, especially in Nevada and California, diminishes as coal–fired power plants convert to natural gas. Production of electricity in the State also decreased slightly in 2016, while the State's 2015 average cost of electricity remained well below the national average, mainly due to the State's reliable, low–cost, coal–fired generation. Consumption of petroleum was estimated to reach a new high of 57 million barrels in 2016, while natural gas and electricity consumption dropped in 2016 due to mild weather. The State will continue to be a net exporter of energy, but will remain reliant on other states and Canada to satisfy State demand for crude oil and petroleum.

**Minerals**

The Utah Geological Survey ("UGS") estimates that gross production value of nonfuel mineral commodities produced in the State in 2016 to total $2.72 billion, an increase of about $95 million (3.5%) from 2015. This modest increase in total value was a result of slightly higher copper production from the Bingham Canyon Mine (located in Salt Lake County, Utah, which suffered a major landslide in April 2013 and negative effects are expected to continue through 2017) accompanied by increased gold and silver prices. UGS reports the 2015 value of the State's nonfuel minerals production to account for 3.7% of total U.S. nonfuel mineral production.

**Tourism**

The State's tourism and travel sector experienced continued economic growth in 2016, including increases in State and local tourism–related tax revenues, leisure and hospitality sales, tourism–related jobs and wages, and a record number of visitors to the State's 14 ski resorts and five national parks. During the first half of 2016, tourism–related jobs in the State's private leisure and hospitality sector experienced a 3.9% increase (consistent with all other sectors) and wages increased 7.1% from the prior year, outpacing all other sectors (5.5%).

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## APPENDIX D

## PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the 2017 Bonds, Chapman and Cutler LLP, Bond Counsel, proposes to issue their final approving opinion in substantially the following form:

**[LETTERHEAD OF CHAPMAN AND CUTLER LLP]**

**[TO BE DATED CLOSING DATE]**

Re: $__________
State of Utah
General Obligation Bonds
Series 2017

We hereby certify that we have examined certified copy of the proceedings of the State Bonding Commission of the State of Utah (the *"Commission"*) taken on April 4, 2017 and on __________, 2017, including the resolutions adopted by the Commission on each of those days (collectively, the *"Bond Resolution"*) authorizing the issuance by the State of Utah (the *"State"*) of its General Obligation Bonds, Series 2017 (the *"2017 Bonds"*), in the amount of $__________, dated as of the date hereof, being in fully-registered form, in denominations of $5,000 and any whole multiple thereof, due on July 1 of each of the years, in the amounts and bearing interest as follows:

| MATURITY (JULY 1) | PRINCIPAL AMOUNT | INTEREST RATES |
|---|---|---|
| | $ | % |

The 2017 Bonds are subject to redemption prior to maturity at the times, in the manner and on the terms and conditions set forth in the 2017 Bonds. We are of the opinion that such proceedings show lawful authority for the issuance of the 2017 Bonds under the laws of the State of Utah now in force.

We further certify that we have examined the form of bond prescribed in the proceedings authorizing the issuance of the 2017 Bonds and find the same in due form of law. In our opinion, the 2017 Bonds, to the amount named, are valid and legally binding upon the State, and all taxable property in the State is subject to the levy of taxes to pay the same without limitation as to rate or amount. It is to be understood that the rights of the owners of the 2017 Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and that enforcement of the rights of the owners of the 2017 Bonds may also be subject to the exercise of judicial discretion in appropriate cases.

It is our opinion that, subject to the State's compliance with certain covenants, under present law, interest on the 2017 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended (the *"Code"*), but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such State covenants could cause interest on the 2017 Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2017 Bonds. Ownership of the 2017 Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the 2017 Bonds.

It is also our opinion that under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2017 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the 2017 Bonds may result in other state and local tax consequences to certain taxpayers; we express no opinion regarding any such collateral consequences arising with respect to the 2017 Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the 2017 Bonds.

In rendering this opinion, we have relied upon certifications of the State with respect to certain material facts within the State's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

## APPENDIX E

## PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the "Agreement") is executed and delivered by the State of Utah (the "State") in connection with the issuance by the State of $__________ aggregate principal amount of its General Obligation Bonds, Series 2017 (the "Series 2017 Bonds"). The Series 2017 Bonds are being issued pursuant to resolutions adopted by the State Bonding Commission on April 4, 2017 and on [June 27, 2017] (collectively, the "Resolutions").

In consideration of the issuance of the Series 2017 Bonds by the State and the purchase of such Series 2017 Bonds by the beneficial owners thereof, the State covenants and agrees as follows:

Section 1. Purpose. This Agreement is executed and delivered by the State as of the date set forth above, for the benefit of the beneficial owners of the Series 2017 Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule (as defined below). The State represents that it will be the only obligated person with respect to the Series 2017 Bonds at the time the Series 2017 Bonds are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after issuance of the Series 2017 Bonds.

Section 2. Definitions. The terms set forth below shall have the following meanings in this Undertaking, unless the context clearly otherwise requires.

"Annual Financial Information" means the financial information and operating data described in Exhibit I.

"Annual Financial Information Disclosure" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the audited financial statements of the State prepared pursuant to the standards and as described in Exhibit I.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by the State and which has filed with the State a written acceptance of such designation, and such agent's successors and assigns.

"EMMA" means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Series 2017 Bonds.

"Reportable Event" means the occurrence of any of the Events with respect to the Series 2017 Bonds set forth in Exhibit II.

"Reportable Events Disclosure" means dissemination of a notice of an Event as set forth in Section 5.

"Rule" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"Undertaking" means the obligations of the State pursuant to Sections 4 and 5.

Section 3. CUSIP Number; Final Official Statement. The CUSIP numbers of the Series 2017 Bonds maturing in each of the following years are as follows:

| Maturity (July 1) | CUSIP |
|---|---|
| | 917542 ___ |

The Final Official Statement relating to the Series 2017 Bonds is dated __________, 2017 (the "Final Official Statement").

Section 4. Annual Financial Information Disclosure. Subject to Section 8 of this Agreement, the State hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in Exhibit I) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the State will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

Section 5. Reportable Events Disclosure. Subject to Section 8 of this Agreement, the State hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Series 2017 Bond or defeasance of any Series 2017 Bond need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the Series 2017 Bonds pursuant to the Resolutions.

Section 6. Consequences of Failure of the State to Provide Information; Remedies. The State shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the State to comply with any provision of this Agreement, the beneficial owner of any Series 2017 Bond may seek mandamus or specific performance by court order, to cause the State to comply with its obligations under this Agreement. The beneficial owners of 25% or more in principal amount of the Series 2017 Bonds outstanding may challenge the adequacy of the information provided under this Agreement and seek specific performance by court order to cause the State to provide the information as required by this Agreement. A default under this Agreement shall not be deemed a default under the Resolutions, and the sole remedy under this Agreement in the event of any failure of the State to comply with this Agreement shall be an action to compel performance.

Section 7. Amendments; Waiver. Notwithstanding any other provision of this Agreement, the State by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the State, or type of business conducted; or

(ii) this Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) the amendment or waiver does not materially impair the interests of the beneficial owners of the Series 2017 Bonds, as determined by parties unaffiliated with the State or any other obligated person (such as bond counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the State shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

Section 8. Termination of Undertaking. The Undertaking of the State shall be terminated hereunder if the State shall no longer have any legal liability for any obligation on or relating to repayment of the Series 2017 Bonds under the Resolutions. The State shall give notice to EMMA in a timely manner if this Section is applicable.

Section 9. Dissemination Agent. The State may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. Additional Information. Nothing in this Agreement shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the State chooses to include any information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the State shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Section 11. Beneficiaries. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; provided, however, this Agreement shall inure solely to the benefit of the State, the Dissemination Agent, if any, and the beneficial owners of the Series 2017 Bonds, and shall create no rights in any other person or entity.

Section 12. Recordkeeping. The State shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 13. Assignment. The State shall not transfer its obligations under the Resolutions unless the transferee agrees to assume all obligations of the State under this Agreement or to execute an Undertaking under the Rule.

Section 14. Governing Law. This Agreement shall be governed by the laws of the State.

DATED as of the day and year first above written.

STATE OF UTAH

By__________________________________
David C. Damschen, State Treasurer

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING
AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means financial information and operating data of the type contained in the tables (except where noted) of the Official Statement under the following captions:

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The State shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to EMMA not later than the January 15th following the end of each fiscal year of the State (presently June 30), beginning January 15, 2018. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared pursuant to generally accepted accounting principles as prescribed by the Government Accounting Standards Board. Audited Financial Statements will be provided to EMMA within 30 days after availability to State.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the State will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE SERIES 2017 BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2017 Bonds, or other material events affecting the tax status of the Series 2017 Bonds
7. Modifications to the rights of security holders, if material
8. Series 2017 Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the Series 2017 Bonds, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the obligated person∗
13. The consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

∗ This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the State in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

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## APPENDIX F

## BOOK–ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited–purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non–U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post–trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book–entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non–U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly–owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non–U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com.

Purchases of 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2017 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered the transaction. Transfers of ownership interests in the 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2017 Bonds, except if use of the book–entry system for the 2017 Bonds is discontinued.

To facilitate subsequent transfers, all 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2017 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2017 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2017 Bonds may wish to ascertain that the nominee holding the 2017 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all the 2017 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2017 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the State or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the State, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2017 Bonds at any time by giving reasonable notice to the State or the Paying Agent. Under such circumstances, if a successor depository is not obtained, 2017 Bond certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book–entry–only transfers through DTC (or a successor securities depository). In that event, 2017 Bond certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book–entry system has been obtained from sources that the State believes to be reliable, but the State takes no responsibility for the accuracy thereof.*

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