



# 2014 State of Utah

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014



Water is precious in Utah. It enhances the stunning backdrop upon which we live our lives.

From a myriad of mountain lakes and reservoirs flow the streams and rivers that have shaped Utah's settlement, agriculture, growth, and development as a state.

Utah's varied recreational opportunities, from snow and water skiing, to fishing, boating and white water rafting, are made possible by her water resources. The transition from agriculture to the growth of developing cities and towns is made possible by the conversion and responsible use of Utah's water resources. Existing and new industry is dependent on the availability of clean water.

From the serenity of a mountain stream to the tap water in our homes, Utahns benefit from the responsible management, conservation, distribution, and use of her water resources.

As Utah moves toward the future, mindful use and development of her water resources will be a necessity so that Utah will remain the place to truly live a life elevated.

**State Of Utah**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For The Fiscal Year Ended June 30, 2014

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**CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH**

Gary R. Herbert ..... Governor  
Spencer J. Cox ..... Lt. Governor  
John Dougall ..... State Auditor  
Richard K. Ellis ..... State Treasurer  
Sean D. Reyes ..... Attorney General  
Wayne L. Niederhauser ..... President of the Senate  
Rebecca D. Lockhart ..... Speaker of the House  
Matthew B. Durrant ..... Chief Justice, Supreme Court

**OTHER STATE OFFICIALS**

Kimberly K. Hood ..... 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

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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.



**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, 2014

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## State of Utah

GARY R. HERBERT  
Governor

SPENCER J. COX  
Lieutenant Governor

## Department of Administrative Services

Kimberly K. Hood  
Executive Director

### Division of Finance

John C. Reidhead, CPA  
Director

November 4, 2014

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

It is our pleasure to present the 2014 Comprehensive Annual Financial Report of the State of Utah in accordance with Section 63A-3-204 of the *Utah Code*. 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 Federal Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. 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 11, 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 2,949,000 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 132.

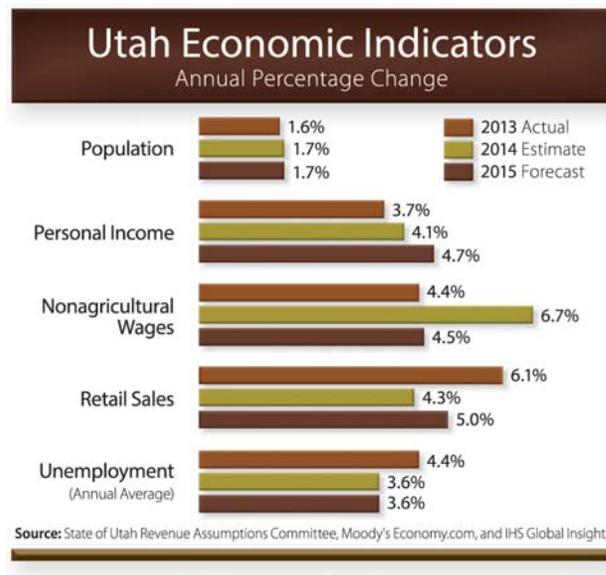
## INFORMATION USEFUL IN ASSESSING A GOVERNMENT’S ECONOMIC CONDITION

**Local Economy.** The Utah economy continued to improve faster than the nation in 2014. Utah’s economic expansion is expected to extend into 2015, with continued broad-based growth throughout the private sector.

Utah’s unemployment rate averaged 4.4 percent in 2013 and is expected to decline to an average of 3.6 percent in 2014 and stay at the 3.6 percent average in 2015. In 2013, personal income increased by 3.7 percent and nonagricultural wages increased by 4.4 percent. In 2014, personal income is expected to increase by 4.1 percent and nonagricultural wages are expected to increase by 6.7 percent. Taxable retail sales increased by 6.1 percent in 2013, and are expected to increase by 4.3 percent in 2014.

Total construction value was \$5.1 billion in 2013, an 18.6 percent increase from the prior year due to an increase in residential permit value. This marked the third year that total construction value has increased as the local economy continues to expand. In 2014, total construction value is expected to decrease by 11.8 percent, due to expected declines in nonresidential permit value and additions, alterations, and repairs. Residential construction was \$3.2 billion in 2013, a 23.1 percent increase from the prior year. Residential permitted value is expected to be unchanged in 2014, as housing continues to play a leading role in the economic expansion.

In 2014, Utah population is estimated at 2,949,000, which is an increase of 1.7 percent over the prior year. Utah had positive net migration of approximately 9,200 people in 2013 and is expected to grow by 10,700 in 2014. Utah has had positive net migration for the past 24 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 percent in 2014, and by 2.5 percent in 2015, which is near the Utah average yearly rate of 3.1 percent (1950 through June 2014). All industrial sectors added jobs to Utah’s employment base. Construction led job growth with 8,700 new jobs, which was the fastest employment growth at 11.2 percent. Trade, transportation, and utilities added 6,800 new jobs, primarily in transportation. Leisure and hospitality provided 6,600 new jobs, with arts, entertainment, and recreation contributing most of this growth adding 3,900 new jobs. Education and health services provided 4,800 new jobs. Manufacturing added 3,500 jobs, primarily in non-durable goods such as food, paper, and textiles. The professional and business category added 3,200 new jobs, with growth in the high-paying professional and technical industries. The results for August 2013 to August 2014 are presented in the following table.

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

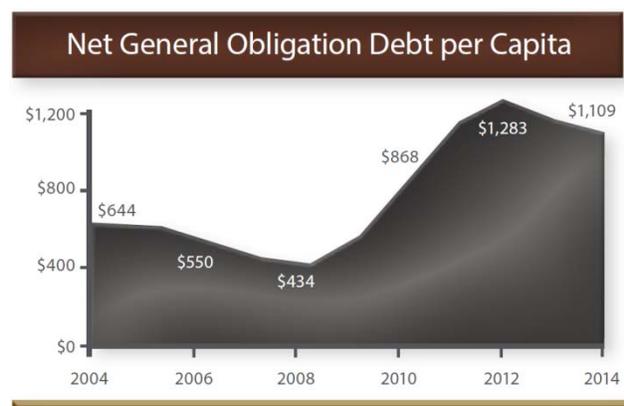
	Number of Jobs		Numerical Change		Percentage Change		Components of Labor Force	
	2014 (est.)	2013	2013 to 2014	2013 to 2014	2013 to 2014	2014 (est.)		
Trade, Transportation, and Utilities .....	255.2	248.4	6.8		2.7 %	19.2 %		
Professional and Business .....	182.6	179.4	3.2		1.8 %	13.7 %		
Education and Health Services .....	171.3	166.5	4.8		2.9 %	12.9 %		
Government (Local/Federal) .....	145.9	143.5	2.4		1.7 %	10.9 %		
Leisure and Hospitality .....	134.0	127.4	6.6		5.2 %	10.1 %		
Manufacturing .....	123.1	119.6	3.5		2.9 %	9.2 %		
Construction .....	86.7	78.0	8.7		11.2 %	6.5 %		
Financial Activities .....	74.6	74.2	0.4		0.5 %	5.6 %		
Government (State/Higher Ed.) .....	72.3	69.0	3.3		4.8 %	5.4 %		
Other Services .....	39.2	37.1	2.1		5.7 %	2.9 %		
Information .....	35.2	32.8	2.4		7.3 %	2.6 %		
Natural Resources and Mining .....	12.8	12.3	0.5		4.1 %	1.0 %		
<b>Total .....</b>	<b>1,332.9</b>	<b>1,288.2</b>	<b>44.7</b>			<b>100.0 %</b>		

Source: Utah Department of Workforce Services and the U.S Bureau of Labor Statistics, August 2014.

**Outlook.** The national economy is expected to expand moderately in the last half of 2014, and continue to expand in 2015. As in prior recoveries, Utah continues to grow more rapidly than the nation. Steady demand in the construction industry, robust investment in high tech and the aerospace industry, and trade with Asia are a few of the reasons why Utah continues to do well. Although Utah is well-positioned for continued economic expansion, there are downside risks to the outlook. These risks include: 1) mounting uncertainty related to federal fiscal policy, 2) slowdown in growth in China, 3) geopolitical risks, and 4) the burden of unpaid student loans. Overall, the economic outlook for Utah remains strong due to its diverse economy, which has allowed it to weather some of the potential uncertainty.

**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 2004 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 2013, 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. In fiscal year 2014, the State continued its prudent fiscal management by paying cash for buildings, as detailed on page 9 in the Infrastructure section. As to highway debt, the State authorized no new general



obligation bonds, but issued \$226.2 million for highway construction projects from a prior authorization. As of June 30, 2014, the State's general obligation debt per capita was \$1,109. 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 100.

**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 2014 consensus revenue forecast projected a small decline of 1.3 percent in fiscal year 2014 from 2013 actual revenue for combined General and Education Fund and 4.4 percent growth in fiscal year 2015. The long-term average annual revenue growth rate, adjusted for inflation, was approximately 4.0 percent for fiscal periods 1971 through 2013. (See the Budgetary Highlights – General Fund in the MD&A on page 25 for a comparison of budgeted to actual results for fiscal year 2014.)

**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 114.

**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 114.

**Public Education Growth.** Projections indicate that an additional 10,261 new students will enroll in fall 2014. 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.

During the 2013 General Session, 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 a bill 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, 2014, the State was \$786 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 2014 General Session of the Legislature, before accounting for growth in costs or

revenues, the State was facing a structural imbalance of \$2 million for the 2015 fiscal year budget. A structural imbalance occurs when ongoing programs are funded with one-time revenue. This imbalance was associated with the cost of a new defined contribution benefits program for state employees that replaced an existing postemployment program in January 2014 related to sick leave benefits. The first \$2 million of ongoing revenue growth in the 2014 General Session eliminated the structural imbalance.

**Operating/Capital Expenditure Accountability.** During the 2014 General Session, the Legislature passed House Bill 311, *Budgeting Amendments*, House Bill 357, *Budgetary Amendments*, and House Joint Rules Resolution 11, *Budget Process Amendments* to implement budget policy changes. These budget bills are 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. In addition, House Bill 357, *Budgetary Amendments* makes the in-depth budget reviews part of the regular budget process. House Bill 311 requires the Legislative Fiscal Analyst to 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 past nine fiscal years. In keeping with this charge, the Legislative Fiscal Analyst is working to implement a "fiscal health dashboard" by creating a website where legislators and citizens can quickly and easily check Utah's fiscal health.

## MAJOR INITIATIVES

An economic expansion continues in the State of Utah. The consensus revenue forecast adopted during the 2014 General Session anticipates that fiscal year 2015 will mark the fifth consecutive year of growth in unrestricted General Fund and Education Fund revenue collections. The fiscal year 2013 revenue surplus of \$122 million (net of statutory transfers), a \$22 million upward revision to the final fiscal year 2014 revenue forecast, and additional growth of \$253 million projected for fiscal year 2015 resulted in approximately \$397 million in new unrestricted revenue available for the 2014 General Session. This revenue, combined with savings resulting from lower-than-anticipated Medicaid costs, funding reallocations, and other one-time monies allowed Legislators to allocate approximately \$496 million in new discretionary resources to infrastructure needs, growth in public education, and other priorities, as described below:

**Governor's 25 Percent Improvement Initiative.** In his 2013 State of the State Address, Governor Herbert called on state agencies to improve operations and services by 25 percent over the next four years as measured by a combination of quality, cost, and throughput (the rate at which a system can produce a service or product). With the support of the Governor's Office of Management and Budget (GOMB), state agencies are working to achieve this goal by leveraging agency expertise and implementing a set of management principles called the SUCCESS Framework. Further details and progress updates are available online at [governor.utah.gov/gomb](http://governor.utah.gov/gomb).

**Public Education.** Approximately 30 percent of new discretionary resources (\$146 million), were allocated to public education. In addition to \$61.2 million to address expected enrollment growth of 10,261 new students (1.7 percent) in fiscal year 2015, \$62.5 million was appropriated to increase the value of the Weighted Pupil Unit (WPU – the primary funding mechanism for public education) by 2.5 percent. Other major new funding initiatives in public education include an additional \$20 million (\$15 million one-time and \$5 million ongoing) for Science, Technology, Engineering, and Mathematics (STEM) initiatives; \$5 million one-time to reimburse teachers for the purchase of classroom supplies and materials; and an additional \$5 million (\$3 million one-time and \$2 million ongoing) for the Beverley Taylor Sorenson Elementary Arts Learning Program.

**Higher Education.** State funding for higher education increased by approximately \$243 million during the 2014 General Session. Higher education institutions received \$50 million ongoing to improve equity in per-student funding and an additional \$7 million ongoing for distinctive priorities at each institution. The Utah College of Applied Technology (UCAT) system received \$3 million in new ongoing funding to increase capacity across its campuses. Other major new funding initiatives for higher education include \$57.4 million for the a new science laboratory building at Weber State University, \$19.3 million for an allied health and technology building at the Southwest Applied Technology College in Cedar City, and \$26.5 million for new buildings on Utah State University's Brigham City and Eastern Central campuses.

**Social Services.** Lower-than-anticipated costs and higher-than-anticipated collections by the Medicaid Fraud Control Unit resulted in a return of \$52.5 million one-time from the Medicaid and Children's Health Insurance Program (CHIP) budgets to the General Fund. After accounting for other new social services investments, net savings of approximately \$30.8 million was available for appropriation in other areas of the budget. New state funding for social service programs includes \$6.4 million one-time for Medicaid local health authority behavioral health support, \$2 million one-time for the construction of the American Cancer Society's Hope Lodge, \$1.5 million one-time to continue the mental health early intervention program for youth that was initially funded during the last general session, \$1 million one-time for services for approximately 150 people

on the disabilities waiting list, and \$455 thousand one-time to maintain services for youth aging out of Child and Family Services custody.

**Infrastructure.** In addition to \$103.2 million appropriated for new capital development at higher education campuses, the Legislature appropriated \$58.2 million for new inmate housing in Gunnison (\$36 million), the Huntsman Cancer Institute (\$8 million), the American Fork Developmental Center (\$6.5 million), infrastructure improvements at Camp Williams (\$3.9 million), the purchase of land for a Juvenile Justice Services multi-use facility in Weber Valley (\$2.3 million), and a Utah Schools for the Deaf and Blind facility (\$1.5 million). Approximately \$58.5 million in new state funds (\$5 million ongoing and \$53.5 million one-time) were allocated to the capital improvements budget, bringing the total budget to \$100.2 million in fiscal year 2015 (1.1 percent of the replacement value of State buildings).

**State Employee Other Postemployment Benefit Plan and Employee Compensation.** For the State Employee Other Postemployment Benefit (OPEB) plan, the annual required contribution (ARC) of \$30.3 million was used to establish the budget for fiscal years 2014 and 2015. 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. The actual amount collected for fiscal year 2014 was slightly more than the ARC. Legislators passed House Bill 7, *State Agency and Higher Education Compensation Appropriations*, to provide a 1 percent salary increase for state agency employees and 0.25 percent discretionary increase. This increase required additional appropriations to state agencies from the General Fund and the Education Fund of \$8.3 million.

### 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, 2013. This was the twenty-ninth 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 C. Reidhead, CPA  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**State of Utah**

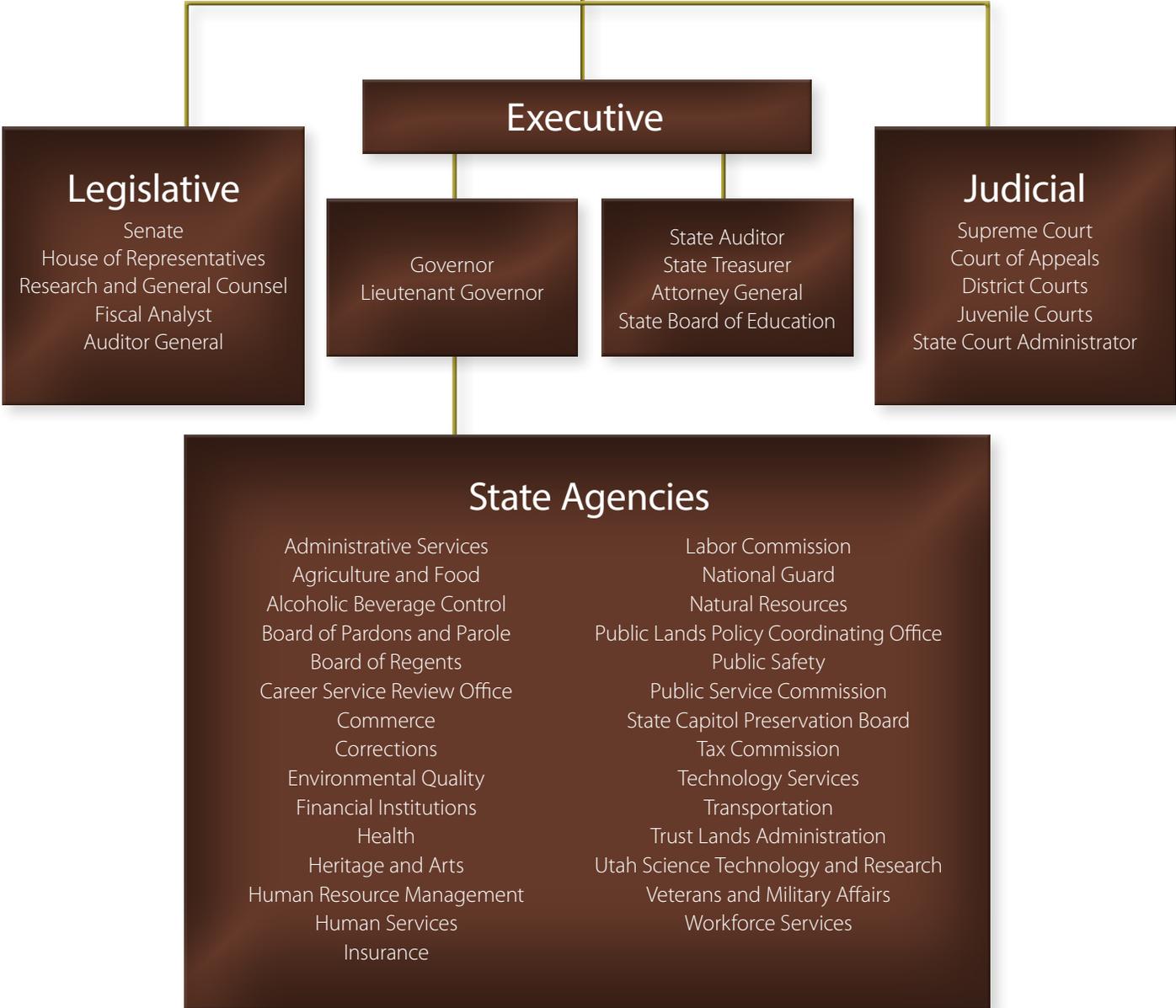
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

Citizens of Utah

# Organization Chart



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# State of Utah

2014  
Comprehensive Annual Financial Report



## FINANCIAL SECTION





OFFICE OF THE  
UTAH 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, 2014, 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 Utah Housing Corporation, Public Employees Health Program, the University of Utah's hospital and component units, or the Utah State University Research Foundation. These entities collectively represent 33 percent of the combined assets and deferred outflows of resources and 37 percent of the revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of Utah State Retirement Systems which represent 66 percent of the combined assets and deferred outflows of resources and 32 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, 2014, 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.

### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, the State adopted Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This action resulted in adjustments to beginning net position as described in the note. Our opinion is not modified with respect to this matter.

As also discussed in Note 2, the Public Employees Health Program (major discrete component unit) changed its fiscal year end from June 30 to December 31. Accordingly, the activity presented is for the six month period from July 1, 2013 to December 31, 2013. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the following information—management’s discussion and analysis on pages 17–29, the budgetary comparison schedules on pages 132–136, and information about the State’s other postemployment benefit plans and about infrastructure assets reported using the modified approach on pages 137–140—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 on pages 143–209 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 on pages 1–11 and 213–251, 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 4, 2014 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 4, 2014

## 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, 2014. 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 \$22.102 billion (reported as net position). Of this amount, \$2.728 billion (unrestricted net position) may be used to meet the government's ongoing obligations while \$19.374 billion is restricted for specific uses or invested in capital assets.
- The State's total net position increased by \$1.47 billion or 7.1 percent over the prior year. Net position of governmental activities increased by \$1.215 billion or 6.8 percent. Net position of business-type activities increased by \$255.5 million or 9.4 percent.

### Fund Level

- The governmental funds reported combined ending fund balances of \$5.124 billion, an increase of \$689.5 million in comparison with the prior year. Approximately 33.3 percent or \$1.707 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 dollar unassigned fund balance. This unassigned fund balance is after statutory transfers of \$17.1 million to the Medicaid Budget Stabilization Account, \$9 million to the General Fund Budget Reserve Account (Rainy Day Fund) and \$4.5 million to the Disaster Recovery Account.
- The Education Fund ended the year with a \$105.5 million "revenue surplus" after a statutory transfer of \$21.1 million to the Education Budget Reserve Account.
- The State's stabilization accounts, the General Fund Budget Reserve Account (Rainy Day Fund), the Medicaid Budget Stabilization Account, and the Education Budget Reserve Account, ended the fiscal year with balances of \$141.2 million, \$17.1 million and \$290.5 million, respectively.
- Overall, sales tax revenues in the governmental funds increased by \$27.1 million or 1.3 percent, compared to \$160.1 million or 8.3 percent increase in the prior year. Tax revenues increased \$41.5 million or 2.1 percent in the General Fund and \$45.1 million or 1.4 percent in the Education Fund.

### Long-term Debt

- The State's long-term bonded debt decreased a net \$101.3 million or 2 percent. General obligation bonds for the primary government decreased \$109.4 million or 3.2 percent, while revenue bonds for the primary government increased \$8.1 million or 0.5 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, deferred outflows of resources, 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 Housing Corporation, 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 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 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, 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 2013 in this discussion and analysis were revised, where practical, to reflect these changes, as if the changes had been made in the prior year.

- \$36.6 million increase in governmental activities – Change in measuring and recording revenues and receivables for various tax types.
- \$104.7 million net increase in governmental activities – Implementation of GASB Statement 65.
- \$34.6 million decrease in business-type activities – Implementation of GASB Statement 65.

## FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

### Net Position

The State's total net position increased \$1.47 billion or 7.1 percent in fiscal year 2014. In comparison, net position in the prior year increased \$1.644 billion or 8.7 percent. This increase in total net position reflects an improving economy 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 \$544.7 million or 4 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 \$597.2 million or 12.6 percent over the prior year:
  - Restricted net position of governmental activities increased \$479.5 million or 15.4 percent. The increase was primarily due to a \$388.6 million or 22.9 percent increase in the net position of nonexpendable public education due in part to a change in investment values because of general market conditions. The balance of the increase was due to revenues generated from land use and sale of trust lands in the permanent Trust Lands Fund. The increase was also due to an increase in investment values because of general market conditions. The net position of expendable public education increased \$74.1 million or 6.3 percent, primarily due to an increase in the unspent balances at the end of fiscal year 2014 and amounts set aside for fiscal year 2015. Miscellaneous changes resulting from other sources account for the remaining change in the net position of expendable public education.
  - Restricted net position of business-type activities increased by \$117.7 million or 7.3 percent, primarily due to a \$151 million increase in the Unemployment Compensation Fund as unemployment compensation revenues exceeded related claims and a \$20.2 million increase in the Transportation Infrastructure Loan Fund as a result of additional capital provided for loans. There was also a \$54.6 million decrease in restricted net position within the

Student Loan Programs as bonds were paid off and the remaining \$61 million in funds were no longer classified as restricted.

- *Unrestricted Net Position* – Total unrestricted net position in governmental activities increased \$190.7 million or 14.6 percent due to an increase in the amount unspent and carried forward in the Transportation Investment Fund and Capital Projects Fund. Total unrestricted net position in business-type activities increased by \$137.6 million or 12.6 percent due in part to a \$61 million increase in the unrestricted Student Assistance Programs as bonds were paid off and remaining funds were classified as unrestricted. The balance of the increase was the result of State providing additional capital for various loan programs, primarily from mineral lease and dedicated sales tax revenues.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and Other Assets .....	\$ 6,644,774	\$ 6,048,041	\$ 4,390,002	\$ 4,155,034	\$ 11,034,776	\$ 10,203,075
Capital Assets .....	17,143,379	16,754,472	93,764	97,224	17,237,143	16,851,696
<b>Total Assets .....</b>	<b>23,788,153</b>	<b>22,802,513</b>	<b>4,483,766</b>	<b>4,252,258</b>	<b>28,271,919</b>	<b>27,054,771</b>
<b>Deferred Outflows of Resources .....</b>	<b>17,194</b>	<b>—</b>	<b>2,167</b>	<b>—</b>	<b>19,361</b>	<b>—</b>
Current and Other Liabilities .....	937,828	1,134,258	38,746	38,215	976,574	1,172,473
Long-term Liabilities .....	3,736,159	3,760,956	1,427,136	1,470,547	5,163,295	5,231,503
<b>Total Liabilities .....</b>	<b>4,673,987</b>	<b>4,895,214</b>	<b>1,465,882</b>	<b>1,508,762</b>	<b>6,139,869</b>	<b>6,403,976</b>
<b>Deferred Inflows of Resources .....</b>	<b>9,312</b>	<b>—</b>	<b>39,718</b>	<b>18,624</b>	<b>49,030</b>	<b>18,624</b>
Net Position:						
Net Investment in Capital Assets .....	14,025,472	13,481,005	14,198	14,012	14,039,670	13,495,017
Restricted .....	3,600,039	3,120,501	1,734,512	1,616,819	5,334,551	4,737,320
Unrestricted .....	1,496,537	1,305,793	1,231,623	1,094,041	2,728,160	2,399,834
<b>Total Net Position .....</b>	<b>\$ 19,122,048</b>	<b>\$ 17,907,299</b>	<b>\$ 2,980,333</b>	<b>\$ 2,724,872</b>	<b>\$ 22,102,381</b>	<b>\$ 20,632,171</b>
Percent change in total Net Position from prior year .....	6.8 %		9.4 %		7.1 %	

The largest component of the State's net position, 63.5 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 24.1 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 motor fuel taxes 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.

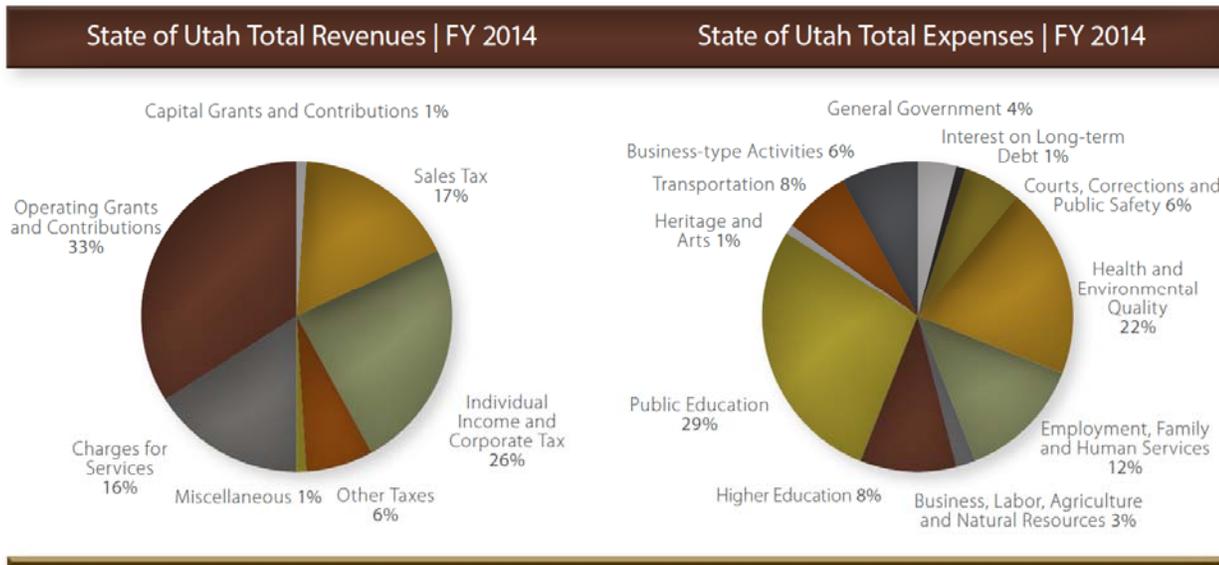
The following schedule and charts summarize the State's total revenues, expenses, and changes in net position for fiscal year 2014:

(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
	2014	2013	2014	2013	2014	2013	2013 to 2014
<b>Revenues</b>							
General Revenues:							
Taxes .....	\$ 6,153,656	\$ 6,142,390	\$ 27,304	\$ 25,891	\$ 6,180,960	\$ 6,168,281	0.2 %
Other General Revenues .....	69,418	84,190	—	425	69,418	84,615	(18.0)%
Program Revenues:							
Charges for Services .....	1,132,030	1,113,403	793,499	805,445	1,925,529	1,918,848	0.3 %
Operating Grants and Contributions .....	3,954,581	3,802,274	95,641	185,150	4,050,222	3,987,424	1.6 %
Capital Grants and Contributions .....	100,481	114,156	—	—	100,481	114,156	(12.0)%
<b>Total Revenues .....</b>	<b>11,410,166</b>	<b>11,256,413</b>	<b>916,444</b>	<b>1,016,911</b>	<b>12,326,610</b>	<b>12,273,324</b>	0.4 %
<b>Expenses</b>							
General Government .....	417,067	406,065	—	—	417,067	406,065	2.7 %
Human Services/Juvenile Justice Services ...	690,117	671,831	—	—	690,117	671,831	2.7 %
Corrections .....	268,346	255,679	—	—	268,346	255,679	5.0 %
Public Safety .....	243,783	254,503	—	—	243,783	254,503	(4.2)%
Courts .....	128,877	124,660	—	—	128,877	124,660	3.4 %
Health and Environmental Quality .....	2,410,760	2,259,695	—	—	2,410,760	2,259,695	6.7 %
Higher Education .....	908,795	884,775	—	—	908,795	884,775	2.7 %
Employment and Family Services .....	693,789	786,221	—	—	693,789	786,221	(11.8)%
Natural Resources .....	189,641	178,670	—	—	189,641	178,670	6.1 %
Heritage and Arts .....	22,447	21,147	—	—	22,447	21,147	6.1 %
Business, Labor, and Agriculture .....	105,987	99,655	—	—	105,987	99,655	6.4 %
Public Education .....	3,202,327	3,096,089	—	—	3,202,327	3,096,089	3.4 %
Transportation .....	847,752	836,488	—	—	847,752	836,488	1.3 %
Interest and Charges on Long-term Debt .....	110,034	112,994	—	—	110,034	112,994	(2.6)%
Student Assistance Programs .....	—	—	79,963	99,379	79,963	99,379	(19.5)%
Unemployment Compensation .....	—	—	233,403	307,444	233,403	307,444	(24.1)%
Water Loan Programs .....	—	—	13,778	12,828	13,778	12,828	7.4 %
Community and Economic Loan Programs ..	—	—	8,603	2,420	8,603	2,420	255.5 %
Liquor Retail Sales .....	—	—	225,948	213,395	225,948	213,395	5.9 %
Other Business-type Activities .....	—	—	54,983	75,361	54,983	75,361	(27.0)%
<b>Total Expenses .....</b>	<b>10,239,722</b>	<b>9,988,472</b>	<b>616,678</b>	<b>710,827</b>	<b>10,856,400</b>	<b>10,699,299</b>	1.5 %
Excess (deficit) Before Transfers .....	1,170,444	1,267,941	299,766	306,084	1,470,210	1,574,025	
Transfers .....	44,305	76,231	(44,305)	(76,231)	—	—	
<b>Change in Net Position .....</b>	<b>1,214,749</b>	<b>1,344,172</b>	<b>255,461</b>	<b>229,853</b>	<b>1,470,210</b>	<b>1,574,025</b>	
Net Position – Beginning as Adjusted .....	17,907,299	16,563,127	2,724,872	2,495,019	20,632,171	19,058,146	
<b>Net Position – Ending .....</b>	<b>\$ 19,122,048</b>	<b>\$ 17,907,299</b>	<b>\$ 2,980,333</b>	<b>\$ 2,724,872</b>	<b>\$ 22,102,381</b>	<b>\$ 20,632,171</b>	7.1 %

(Charts on next page.)



**Changes in Net Position**

This year the State received 50.1 percent of its revenues from state taxes and 33.7 percent of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 50.3 percent and grants and contributions were 33.4 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 16.2 percent of total revenues in fiscal year 2014, compared to 16.3 percent in fiscal year 2013.

**Governmental Activities**

The State’s total governmental revenues from all sources increased \$153.8 million or 1.4 percent. Tax revenues increased \$11.3 million or 0.2 percent. 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. 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.

The following table shows to what extent program revenues (charges for services and grants) covered program expenses. For fiscal year 2014, program revenues covered \$5.187 billion, or 50.7 percent of \$10.24 billion total program expenses. For the remaining \$5.053 billion or 49.3 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 2014	Less Program Revenues 2014	Net Program (Expenses) / Revenues		Program Revenues as a Percentage of Program Expenses	
			2014	2013	2014	2013
General Government .....	\$ 417,067	\$ 386,459	\$ (30,608)	\$ (4,596)	92.7 %	98.9 %
Human Services/Juvenile Justice Services .....	690,117	290,401	(399,716)	(383,668)	42.1 %	42.9 %
Corrections .....	268,346	5,907	(262,439)	(250,405)	2.2 %	2.1 %
Public Safety .....	243,783	164,597	(79,186)	(117,353)	67.5 %	53.9 %
Courts .....	128,877	53,872	(75,005)	(69,206)	41.8 %	44.5 %
Health and Environmental Quality .....	2,410,760	1,980,251	(430,509)	(444,053)	82.1 %	80.3 %
Higher Education .....	908,795	1,679	(907,116)	(882,852)	0.2 %	0.2 %
Employment and Family Services .....	693,789	577,952	(115,837)	(133,841)	83.3 %	83.0 %
Natural Resources .....	189,641	131,957	(57,684)	(51,516)	69.6 %	71.2 %
Heritage and Arts .....	22,447	8,471	(13,976)	(12,971)	37.7 %	38.7 %
Business, Labor, and Agriculture .....	105,987	102,036	(3,951)	(2,252)	96.3 %	97.7 %
Public Education .....	3,202,327	881,289	(2,321,038)	(2,306,717)	27.5 %	25.5 %
Transportation .....	847,752	602,221	(245,531)	(186,215)	71.0 %	77.7 %
Interest and Charges on Long-term Debt .....	110,034	—	(110,034)	(112,994)	0.0 %	0.0 %
<b>Total Governmental Activities .....</b>	<b>\$ 10,239,722</b>	<b>\$ 5,187,092</b>	<b>\$ (5,052,630)</b>	<b>\$ (4,958,639)</b>	50.7 %	50.4 %

### Business-type Activities

Changes in the State's business-type activities mirror the changes noted in the State's proprietary funds, except as described below. 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. Revenues from the State's business-type activities decreased \$100.5 million or 9.9 percent from the prior year. This decrease was primarily due to an \$89.5 million decrease in operating grants as a result of decreases in the Unemployment Compensation Fund (\$55.8 million) and Student Assistance Programs (\$15.2 million). Operating grants in the Federal Health Insurance Pool also decreased by \$20.1 million as the Pool discontinues operations and enrollees transition from this temporary program to coverage under Section 1101 of the Patient Protection and Affordable Care Act. Charges for services accounted for the balance of the decrease as a result of a \$27.1 million decrease in the Unemployment Compensation Fund, offset by a \$19.5 million increase in liquor sales due to higher sales volume. Total expenses for the State's business-type activities decreased \$94.1 million or 13.2 percent, reflected in the Unemployment Compensation Fund (\$74 million) and Student Assistance Programs (\$19.4 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 by \$36.6 million as noted below. To enhance comparability, all amounts presented for fiscal year 2013 in this discussion and analysis were restated, where applicable, to reflect these changes, as if the changes had been made in the prior year.

Adjustments (increases) to beginning fund balances due to a change in measuring and recording revenues and receivables for various tax types:

- \$30.7 million – General Fund.
- \$951 thousand – Transportation Fund (major special revenue fund).

- \$4.9 million – Transportation Investment Fund (major special revenue fund).

### Fund Balances

At June 30, 2014, the State's governmental funds reported combined ending fund balances of \$5.124 billion. Of this amount, \$2.216 billion or 43.2 percent is nonspendable, either due to its form or legal constraints, and \$1.201 billion or 23.5 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 \$1.373 billion or 26.8 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 \$326.5 million or 6.4 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 appropriations.

**State of Utah**  
**Governmental Fund Balances as of June 30, 2014**  
*(Expressed in Thousands)*

	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Funds	Total
Nonspendable .....	\$ 112,791	\$ —	\$ 14,018	\$ —	\$ 2,089,334	\$ —	\$ 2,216,143
Restricted .....	40,898	905,135	185,981	26,545	—	42,920	1,201,479
Committed .....	507,380	—	47,234	604,872	—	213,680	1,373,166
Assigned .....	197,842	—	1,570	—	—	127,061	326,473
Unassigned .....	7,224	—	—	—	—	—	7,224
<b>Total .....</b>	<b>\$ 866,135</b>	<b>\$ 905,135</b>	<b>\$ 248,803</b>	<b>\$ 631,417</b>	<b>\$ 2,089,334</b>	<b>\$ 383,661</b>	<b>\$ 5,124,485</b>
Percent change from prior year ...	(1.1)%	8.7 %	8.1 %	36.0 %	23.6 %	12.4 %	15.5 %

### General Fund

The General Fund's total fund balance decreased by \$10 million or 1.1 percent in fiscal year 2014. The General Fund ended the year with a \$7.2 million surplus, or unassigned fund balance, primarily 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 balance.

Specific changes in the General Fund balance included the following:

- Nonspendable fund balance decreased by only \$159 thousand or 0.1 percent. Prepaid items increased \$5.2 million due to increases in the substance abuse, mental health, and dental programs within the Medicaid program that require payments in advance. This increase was offset by a \$5.5 million decrease in the long-term portion of interfund loans receivable with Internal Services Funds due to a reduction of the loan balances.
- Restricted fund balance decreased by \$1 million or 2.5 percent due to decreases in revenues set aside for specific purposes due to constraints that are imposed externally or by law.
- Committed fund balance increased by \$10.6 million or 2.1 percent, primarily due to a \$62.7 million increase in monies set aside for committed purposes, offset by a \$52.1 million decrease in agency carry-forward monies. Of the \$62.7 million increase in monies set aside for committed purposes, \$21.6 million was due to yearend statutory transfers to the Medicaid Budget Stabilization Account (\$17.1 million) and the Disaster Recovery Account (\$4.5 million). In addition, \$9 million was transferred to the General Fund Budget Reserve Account (Rainy Day Fund), which ended the year with a balance of \$141.2 million. The balance of the \$62.7 million increase was due to a \$20.7 million increase in funds set aside for the Medicaid program, and small increases in various other committed sources.
- Assigned fund balance decreased \$26.6 million or 11.9 percent. The decrease was primarily due to a \$28 million decrease in the amount set aside for next year's budget, offset by a \$1.4 million increase in other assigned sources.

Total tax collections in the General Fund increased \$41.5 million or 2.1 percent due to an improving economy. Sales and use tax increased \$11.7 million, or 0.7 percent. Other taxes increased \$29.8 million or 8.8 percent due to an increase in severance tax as a result of higher energy prices. Overall, sales tax revenue in all governmental funds increased \$27.1 million or 1.3 percent.

Total General Fund non-tax revenues increased \$148.4 million or 4.4 percent, explained as follows: Federal contracts and grants increased \$97.8 million or 3.9 percent primarily due to a \$161.9 million increase in federal funding for the Medicaid Program and a \$25.3 million increase due to federal funds provided for Utah National Guard buildings. These increases were offset by an \$80.3 million decrease in federal funding for food stamps. Additional details regarding the change in federal contracts and grants are provided below in terms of the corresponding changes in expenditures. Miscellaneous and other revenue increased \$26 million or 12.1 percent primarily due to a \$20.1 million increase in collections from global settlements within the Medicaid Program. Federal mineral lease revenue increased \$20.1 million or 14.5 percent due to higher energy prices.

Overall, total General Fund expenditures increased by \$244.8 million or 4.3 percent due in part to a 1 percent salary increase for state employees and increases in retirement and health insurance costs. Expenditures also increased 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 \$182.8 million or 8.1 percent due to overall growth in the Medicaid program costs. Specifically, the increase was due to caseload growth of 2.8 percent, resulting in part from the January 1, 2014 implementation of the Patient Protection and Affordable Care Act. Expenditures also increased for nursing homes, intermediate care facilities for persons with intellectual disabilities, home and community based waivers, and project expenditures related to the replacement of the Medicaid Management Information System.
- *Employment and Family Services* – Total expenditures decreased \$87.1 million or 11.2 percent, primarily due to a \$58.6 million decrease in expenditures for Supplemental Nutrition Assistance Payments (known as SNAP, formerly known as food stamps). SNAP expenditures decreased due to a decline in the number of individuals receiving benefits. SNAP expenditures also decreased because the temporary boost provided by the American Recovery and Reinvestment Act (ARRA) ended mid-year, resulting in a benefits reduction for nearly every SNAP household. The decrease in total expenditures in fiscal year 2014 was also due to an \$11.5 million one-time insurance payment in the prior year and a \$5.2 million decrease in spending within housing programs as a result of the improving economy and a decrease in federal funding.
- *Higher Education* – Total expenditures increased \$49.7 million or 6.5 percent due to additional state appropriations. Major new state-funded initiatives included: 1) \$18 million to improve funding equity and address specific priorities among the higher education institutions; 2) \$5 million for the Utah College of Applied Technology to increase capacity for career and technical education; 3) \$6.5 million for the medical school admission fund to increase the number of medical students; and 4) \$10 million for various one-time higher education initiatives.
- *Public Safety* – Total expenditures increased \$30.7 million or 13.9 percent primarily due to \$25.3 million spent for Utah National Guard buildings funded with federal revenue, as explained above.
- *Corrections* – Total expenditures increased \$14.7 million or 5.9 percent due to the use of carry-over funds for significant purchases of operating equipment and other items along with increased operating costs.

### **Budgetary Highlights — General Fund**

The Legislature adopted the initial fiscal year 2014 budget during the 2013 General Session (January to March 2013). The original consensus revenue estimates in the General Fund budget at the start of fiscal year 2014, excluding department-specific revenue sources such as federal grants and departmental collections, and miscellaneous transfers, were 3.6 percent higher than the final fiscal year 2013 budget. The increase was primarily due to growth in the sales and use tax due to the improving economy. Budgeted expenditures were 13.7 percent higher than the final fiscal year 2013 budget. The Governor and Legislature were able to balance the original fiscal year 2014 budget with revenue growth, savings from lower-than-anticipated Medicaid costs, funding reallocations, and other one-time monies.

The fiscal year 2014 budget was again addressed during the 2014 General Session of the Legislature (January to March 2014). General revenue estimates, primarily sales and use tax, decreased \$34.9 million from the original consensus estimates adopted during the 2013 General Session. Despite the decrease in projected sales and use tax, revenue estimates and base budget resources allowed the Legislature to set aside \$110.5 million for fiscal year 2015 appropriations. In the end, taxes and other unrestricted revenues ended the year \$40.5 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 increased from final budgets due to an increase in federal 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. However, \$10.7 million of unspent budgeted dollars were lapsed back to the General Fund by agencies.

**Education Fund**

Restricted fund balance in the Education Fund increased by \$72.4 million or 8.7 percent from the prior year as revenues exceeded expenditures and transfers out. The amount unspent and carried forward for education increased by \$33.7 million. Amounts set aside for fiscal year 2015 appropriations increased by \$22.7 million. Tax accruals restricted by law for education increased by \$9.1 million.

In addition, the Education Fund ended the year with a \$105.5 million "revenue surplus" after a statutory transfer to the Education Fund Budget Reserve Account, a budget stabilization account. In the event of a "revenue surplus" in the Education Fund, state law requires 25 percent of the surplus to be transferred to the Education Fund Budget Reserve Account, plus an additional 25 percent to repay prior year transfers out of the fund. However, state law limits these transfers to 9 percent of Education Fund appropriations. Because of the statutory limit, only \$21.1 million was transferred to the Education Fund Budget Reserve Account at the 2014 fiscal yearend. The account ended the fiscal year with the statutory maximum balance of \$290.5 million, which is 9 percent of Education Fund appropriations.

Overall, total revenue in the Education Fund decreased by \$12 million or 0.3 percent. Individual income tax increased by \$50.8 million or 1.8 percent and corporate income tax decreased \$7 million or 2.1 percent. The increase in individual income tax is primarily due to higher than anticipated gross final payments as a result of federal tax changes which caused taxpayers to shift gains into tax year 2012 and pay the tax due in fiscal years 2013 and 2014. The final payments in fiscal 2014 were stronger than projected. The increase in individual income tax was offset by a decline of \$7 million in corporate income taxes due to the timing of tax payments. The increase in individual income tax was also offset by \$57.2 million decrease in federal contracts and grants.

Overall, expenditures increased by \$104.7 million or 3.4 percent in the Education Fund. The increase was due to a \$148.3 million increase in the Minimum School Program, primarily to provide for student enrollment growth. This increase was offset by decreases in expenditures outside of the Minimum School Program. The significant decreases included the following programs: Special Education of \$18.6 million; Elementary and Secondary Education of \$4.4 million; Public Education Initiative Programs of \$7.4 million; and Rehabilitation Services of \$2 million. The remaining decrease is attributable to distributions to local school districts accrued at yearend.

**Transportation Fund**

Total fund balance in the Transportation Fund increased \$18.7 million or 8.1 percent from the prior year. Restricted fund balance increased by \$15.1 million or 8.8 percent primarily due to an increase in unspent balances of restricted fees. Committed fund balance increased \$1.5 million or 3.3 percent due to an increase in unspent sales and use tax collections for highway projects at yearend. Assigned fund balance increased slightly by \$70 thousand or 4.7 percent due to an increase in unspent general revenues appropriated to the Transportation Fund. Nonspendable inventory increased by \$2 million or 17 percent.

Overall, transportation revenues decreased by \$55.8 million or 5.3 percent. The decrease resulted from the following changes in revenue as compared to the prior year:

- Federal contracts and grants decreased by \$53.8 million or 13.5 percent as a result of timing differences related to highway construction projects, as explained below.
- Motor and special fuels tax increased \$8 million or 2.3 percent as a result of an increase in collections.
- Sales and use tax revenues statutorily designated for transportation projects increased \$1.3 million or 1.8 percent due to an improving economy.
- Miscellaneous and other revenues decreased \$14.5 million or 41.3 percent due to a decrease in revenue received from cooperative agreements with local governments for construction projects.

Expenditures for the Transportation Fund decreased by \$48.6 million or 5.1 percent, in part due to timing differences related to highway construction projects, as explained below. Other financing sources increased by \$17.2 million or 20.7 percent, primarily because of a \$12.5 million increase in federal mineral lease revenue transferred into the fund.

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 increased by \$167 million or 36 percent from the prior year. Restricted

fund balance increased \$24.8 million or 1,433.5 percent due to funding provided from general obligation bond proceeds. Committed fund balance increased \$142.2 million or 30.7 percent due to unspent sales tax revenue at yearend.

Overall, revenues increased \$31.6 million or 7.2 percent. Sales and use tax revenues statutorily reallocated from use in the General Fund to use for highway projects increased \$13.8 million or 3.8 percent. Miscellaneous and other revenue increased \$15.2 million as a result of a court settlement. Other financing sources increased by \$203.9 million or 81.5 percent primarily due to a \$250 million general obligation bond issuance in the current year compared to no bonds being issued in the prior year. This increase was reduced by a \$47.4 million decrease in transfers out of the fund. Expenditures decreased by \$91.9 million or 26.3 percent from the prior year due to decreased spending on highway construction projects.

#### **Trust Lands Fund**

The fund balance of the permanent Trust Lands Fund increased by \$399.1 million or 23.6 percent from the prior year. The increase was due in large part to a \$272.8 million change in investment values because of general market conditions. Revenue generated from land use and sales of trust lands contributed \$123.5 million to the increase in fund balance. The permanent fund also generated \$40.5 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 \$28.4 million or 7.2 percent from the prior year, primarily due to the implementation of Statement 65 of the Governmental Accounting Standard Board, as described in Note 2. The implementation resulted in a \$34.6 million decrease to the beginning net position due to the immediate recognition (expense) of unamortized loan origination fees, transfer fees, and deferred bond issuance costs from the Programs' assets. After the adjustment to the beginning net position, the net position increased by \$6.2 million, primarily due to a decrease in interest expense in fiscal year 2014 as a result of favorable interest rates. Of total net position of \$364 million, \$235.1 million is restricted for use within the programs by bond covenants or federal law.

#### **Unemployment Compensation Fund**

The State's average unemployment rate for fiscal year 2014 decreased from the prior year. Federal grant revenue decreased \$55.8 million or 75.9 percent due to a reduction in Emergency Unemployment Compensation (EUC) benefits. Employer tax revenue decreased \$27.7 million or 7.2 percent due to overall contribution rate decreases from the prior year. Expenses decreased \$74 million or 24.1 percent due to fewer claims paid and an improving economy. Employer taxes and other revenues exceeded benefit payments resulting in the increase of net position of \$151 million or 22.4 percent. The entire net position of \$826.5 million is restricted for use within the programs by state and federal law.

#### **Water Loan Programs**

The net position of the Water Loan Programs increased \$32 million or 3.8 percent from the prior year. Additional capital for loans was provided from \$26.8 million in dedicated sales tax revenues, \$9.2 million in federal grants, and \$12 million interest on loans. These increases were offset by program grant expenses of \$9.9 million, interest expense of \$1.9 million, and other operating expenses of \$2 million. Of total net position of \$880.6 million, \$409.5 million is restricted for use within the Water Loan Programs by federal grant requirements and \$160 million is restricted as pledged receivables for outstanding revenue bonds.

#### **Community Impact Loan Fund**

The net position of the Community Impact Loan Fund increased \$46.1 million or 7.3 percent from the prior year, primarily due to transfers into the fund of \$36.2 million from federal mineral lease revenues to provide capital for loans, \$6.9 million from interest on notes and mortgages, \$4.5 million in federal grants, and \$1.1 million from investment income. 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 \$385.5 million during the year. The change consisted of net increases in infrastructure (i.e., state roads and bridges) of \$377.2 million; land and related assets of \$45.7 million; software of \$16.9 million; and machinery and equipment of \$6.5 million. There were net decreases in buildings and improvements of \$42.6 million and construction in progress of \$18.2 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, 2014, the State had \$319.2 million of outstanding debt related to capital assets of component units.

At June 30, 2014, the State had commitments in capital projects funds of \$231.4 million for building projects and \$340.8 million for highway construction and improvement projects. The State also had commitments of \$269.4 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 2,000 Average Annual Daily Traffic) at 90 percent, and Level 2 roads (under 2,000 Average Annual Daily Traffic) at 80 percent. The most recent condition assessment completed in 2012 (every other calendar year starting in 2013), indicated that 99.5 percent of Interstate, 93.5 percent of Level 1 and 82.1 percent of Level 2 roads were in "fair" or better condition. These results reflect an improvement in conditions compared to calendar year 2011, when 98.3 percent of Interstate, 93.2 percent of Level 1 and 82.7 percent of Level 2 roads were assessed as "fair" or better condition. The next condition assessment will be completed in calendar year 2014.

The State's established condition level for bridges is to maintain 50 percent with a rating of "good" and no more than 15 percent of bridges with a "poor" rating. The most recent condition assessment, completed in April 2014, indicated that 73.4 percent and 1 percent of bridges were in "good" and "poor" condition, respectively. These results reflect a slight improvement in conditions from 2013 when 72.4 percent of the bridges were assessed as "good" or better, and 1 percent assessed were in "poor" condition.

During fiscal year 2014, the State spent \$351 million to maintain and preserve roads and bridges. This amount is 55 percent above the estimated amount of \$227 million needed to maintain these assets at established condition levels.

More information about capital assets is included in Note 8 on page 97, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on pages 139 and 140.

### **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, 2014, the general obligation indebtedness of the State was \$966 million below the constitutional debt limit and \$1.051 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.

(Table on next page)

**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
	2014	2013*	2014	2013*	2014	2013*	2013 to 2014
General Obligation Bonds .....	\$ 3,271.3	\$ 3,380.7	\$ —	\$ —	\$ 3,271.3	\$ 3,380.7	(3.2)%
Revenue Bonds:							
State Building Ownership Auth. ....	187.2	203.1	81.4	86.7	268.6	289.8	(7.3)%
Student Assistance Programs .....	—	—	1,284.1	1,249.7	1,284.1	1,249.7	2.8 %
Water Loan Programs .....	—	—	52.4	57.5	52.4	57.5	(8.9)%
<b>Total Bonds Payable .....</b>	<b>\$ 3,458.5</b>	<b>\$ 3,583.8</b>	<b>\$ 1,417.9</b>	<b>\$ 1,393.9</b>	<b>\$ 4,876.4</b>	<b>\$ 4,977.7</b>	(2.0)%

\*For comparability purposes, fiscal year 2013 amounts have been restated to exclude deferred amounts on refunding, which are now reported as Deferred Outflows or Inflows of Resources with the implementation of GASB Statement 65.

Total general obligation bonds payable net of premiums and discounts decreased \$109.4 million (offset by an \$8.1 million increase in revenue bonds payable for an overall net decrease of \$101.3 million during the fiscal year). The State issued \$226.2 million of general obligation bonds during the fiscal year as the State sought to take advantage of lower interest rates to fund highway projects. In addition, the State issued a total of \$208.4 million of revenue bonds to advance refund outstanding bonds payable in the Student Assistance Programs.

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 100 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 2015 are 2 percent higher than actual fiscal year 2014 revenues. Original estimates of the Education Fund for fiscal year 2015 are 2 percent lower than actual fiscal year 2014 revenues. The Legislature balanced the 2015 budget through increased projected revenue collections, prior year reserves, Medicaid program savings and fund transfers.

Preliminary data for fiscal year 2015 show tax revenues to be in line with estimates. The overall unemployment rate is expected to be 3.6 percent in 2014, down from the average 2013 rate of 4.4 percent. Taxable retail sales are expected to increase 4.3 percent in 2014 and increase 5 percent in 2015. Personal income is expected to increase 4.1 percent in 2014, and 4.7 percent in 2015. 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 2015. The Governor and Legislature will review the fiscal year 2015 budget again during the upcoming 2015 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 visit our Web site at: [www.finance.utah.gov](http://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](http://auditor.utah.gov).

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2014  
State of Utah  
Comprehensive Annual Financial Report



BASIC FINANCIAL STATEMENTS



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**State of Utah**

**Statement of Net Position**

June 30, 2014

(Expressed in Thousands)

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 1,476,055	\$ 1,363,040	\$ 2,839,095	\$ 983,790
Investments .....	1,215,649	19,647	1,235,296	2,817,091
Taxes Receivable, net .....	969,870	2,828	972,698	—
Accounts and Interest Receivable, net .....	620,585	174,539	795,124	501,358
Amounts Due From:				
Component Units .....	38,053	19	38,072	—
Primary Government .....	—	—	—	121
Prepaid Items .....	85,031	289	85,320	19,458
Inventories .....	21,739	32,514	54,253	72,527
Internal Balances .....	14,742	(14,742)	—	—
Restricted Investments .....	2,002,912	71,713	2,074,625	876,084
Restricted Receivables .....	—	—	—	28,313
Notes/Loans/Mortgages/Pledges Receivable, net .....	17,520	2,599,212	2,616,732	1,078,661
Capital Lease Payments Receivable, net .....	102,110	—	102,110	—
Pledged Loans Receivables .....	—	140,943	140,943	—
Other Assets .....	80,508	—	80,508	78,197
Capital Assets (Note 8):				
Land and Other Non-depreciable Assets .....	1,742,078	22,687	1,764,765	334,355
Infrastructure .....	13,392,928	—	13,392,928	—
Construction in Progress .....	549,008	—	549,008	241,026
Buildings, Equipment, and Other Depreciable Assets .....	2,692,836	111,873	2,804,709	7,102,061
Less Accumulated Depreciation .....	(1,233,471)	(40,796)	(1,274,267)	(3,192,507)
Total Capital Assets .....	<u>17,143,379</u>	<u>93,764</u>	<u>17,237,143</u>	<u>4,484,935</u>
Total Assets .....	<u>23,788,153</u>	<u>4,483,766</u>	<u>28,271,919</u>	<u>10,940,535</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Total Deferred Outflows of Resources (Note 11) .....	<u>17,194</u>	<u>2,167</u>	<u>19,361</u>	<u>82,527</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities .....	860,091	33,153	893,244	416,027
Amounts Due to:				
Component Units .....	47	74	121	—
Primary Government .....	—	—	—	38,072
Securities Lending .....	—	—	—	24,611
Unearned Revenue .....	77,690	5,362	83,052	115,457
Deposits .....	—	157	157	110,153
Long-term Liabilities (Note 10):				
Due Within One Year .....	476,475	171,009	647,484	419,471
Due in More Than One Year .....	3,259,684	1,256,127	4,515,811	2,395,916
Total Liabilities .....	<u>4,673,987</u>	<u>1,465,882</u>	<u>6,139,869</u>	<u>3,519,707</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Total Deferred Inflows of Resources (Note 11) .....	<u>9,312</u>	<u>39,718</u>	<u>49,030</u>	<u>9,804</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets .....	14,025,472	14,198	14,039,670	3,380,757
Restricted for:				
Transportation .....	178,468	—	178,468	—
Public Education – Expendable .....	1,246,574	—	1,246,574	—
Public Education – Nonexpendable .....	2,089,334	—	2,089,334	—
Higher Education – Expendable .....	—	—	—	913,268
Higher Education – Nonexpendable .....	—	—	—	773,339
Capital Projects .....	1,493	—	1,493	—
Debt Service .....	—	160,038	160,038	161,835
Unemployment Compensation and Insurance Programs ..	3,985	826,502	830,487	215,519
Loan Programs .....	—	747,972	747,972	—
Other Purposes – Expendable .....	80,185	—	80,185	705
Unrestricted .....	<u>1,496,537</u>	<u>1,231,623</u>	<u>2,728,160</u>	<u>2,048,128</u>
Total Net Position .....	<u>\$ 19,122,048</u>	<u>\$ 2,980,333</u>	<u>\$ 22,102,381</u>	<u>\$ 7,493,551</u>

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

**Statement of Activities**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental:				
General Government .....	\$ 417,067	\$ 148,213	\$ 238,246	\$ —
Human Services and Juvenile Justice Services .....	690,117	12,529	277,872	—
Corrections .....	268,346	5,463	444	—
Public Safety .....	243,783	63,831	100,766	—
Courts .....	128,877	52,390	1,482	—
Health and Environmental Quality .....	2,410,760	289,198	1,691,053	—
Higher Education .....	908,795	—	1,679	—
Employment and Family Services .....	693,789	12,659	565,293	—
Natural Resources .....	189,641	91,967	39,990	—
Heritage and Arts .....	22,447	2,696	5,775	—
Business, Labor, and Agriculture .....	105,987	89,426	12,610	—
Public Education .....	3,202,327	110,564	770,725	—
Transportation .....	847,752	253,094	248,646	100,481
Interest and Other Charges on Long-term Debt .....	110,034	—	—	—
Total Governmental Activities .....	<u>10,239,722</u>	<u>1,132,030</u>	<u>3,954,581</u>	<u>100,481</u>
Business-type:				
Student Assistance Programs .....	79,963	59,784	26,368	—
Unemployment Compensation .....	233,403	357,059	33,684	—
Water Loan Programs .....	13,778	12,329	11,122	—
Community and Economic Loan Programs .....	8,603	10,051	8,277	—
Liquor Retail Sales .....	225,948	313,444	312	—
Other Business-type Activities .....	54,983	40,832	15,878	—
Total Business-type Activities .....	<u>616,678</u>	<u>793,499</u>	<u>95,641</u>	<u>0</u>
Total Primary Government .....	<u>\$ 10,856,400</u>	<u>\$ 1,925,529</u>	<u>\$ 4,050,222</u>	<u>\$ 100,481</u>
<b>Component Units:</b>				
Utah Housing Corporation .....	\$ 72,160	\$ 86,413	\$ —	\$ —
Public Employees Health Program .....	255,111	265,290	10,559	—
University of Utah .....	3,451,261	2,758,676	583,145	33,291
Utah State University .....	598,879	193,151	270,154	25,845
Nonmajor Colleges and Universities .....	1,048,179	446,504	283,590	82,861
Nonmajor Component Units .....	62,925	26,256	2,442	—
Total Component Units .....	<u>\$ 5,488,515</u>	<u>\$ 3,776,290</u>	<u>\$ 1,149,890</u>	<u>\$ 141,997</u>
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 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.

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (30,608)	\$ —	\$ (30,608)	\$ —
(399,716)	—	(399,716)	—
(262,439)	—	(262,439)	—
(79,186)	—	(79,186)	—
(75,005)	—	(75,005)	—
(430,509)	—	(430,509)	—
(907,116)	—	(907,116)	—
(115,837)	—	(115,837)	—
(57,684)	—	(57,684)	—
(13,976)	—	(13,976)	—
(3,951)	—	(3,951)	—
(2,321,038)	—	(2,321,038)	—
(245,531)	—	(245,531)	—
(110,034)	—	(110,034)	—
<u>(5,052,630)</u>	<u>0</u>	<u>(5,052,630)</u>	<u>0</u>
—	6,189	6,189	—
—	157,340	157,340	—
—	9,673	9,673	—
—	9,725	9,725	—
—	87,808	87,808	—
—	1,727	1,727	—
<u>0</u>	<u>272,462</u>	<u>272,462</u>	<u>0</u>
<u>(5,052,630)</u>	<u>272,462</u>	<u>(4,780,168)</u>	<u>0</u>
—	—	—	14,253
—	—	—	20,738
—	—	—	(76,149)
—	—	—	(109,729)
—	—	—	(235,224)
—	—	—	(34,227)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(420,338)</u>
2,121,518	27,304	2,148,822	—
2,918,991	—	2,918,991	—
321,424	—	321,424	—
359,822	—	359,822	—
431,901	—	431,901	—
<u>6,153,656</u>	<u>27,304</u>	<u>6,180,960</u>	<u>0</u>
8,829	—	8,829	89
—	—	—	788,682
—	—	—	32,211
20,012	—	20,012	—
40,577	—	40,577	—
—	—	—	26,197
44,305	(44,305)	—	—
<u>6,267,379</u>	<u>(17,001)</u>	<u>6,250,378</u>	<u>847,179</u>
<u>1,214,749</u>	<u>255,461</u>	<u>1,470,210</u>	<u>426,841</u>
<u>17,766,079</u>	<u>2,759,422</u>	<u>20,525,501</u>	<u>7,097,400</u>
<u>141,220</u>	<u>(34,550)</u>	<u>106,670</u>	<u>(30,690)</u>
<u>17,907,299</u>	<u>2,724,872</u>	<u>20,632,171</u>	<u>7,066,710</u>
<u>\$ 19,122,048</u>	<u>\$ 2,980,333</u>	<u>\$ 22,102,381</u>	<u>\$ 7,493,551</u>

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## Governmental Fund Financial Statements



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### 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 public elementary and secondary schools and the State Office of Education.

### 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 144.

**State of Utah**

**Balance Sheet  
Governmental Funds**

June 30, 2014

(Expressed in Thousands)

	<b>Special Revenue</b>			<b>Capital Projects</b>
	<b>General</b>	<b>Education</b>	<b>Transportation</b>	<b>Transportation Investment</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 580,112	\$ 322,669	\$ 172,606	\$ 112,101
Investments .....	73,293	325,957	86,010	477,729
Receivables:				
Accounts, net .....	391,845	116,942	71,863	15,000
Accrued Interest .....	56	—	—	—
Accrued Taxes, net .....	238,357	660,589	41,603	29,321
Notes/Mortgages, net .....	770	8,942	158	—
Capital Lease Payments, net .....	—	—	—	—
Due From Other Funds .....	33,411	526	1,160	—
Due From Component Units .....	258	—	—	—
Prepaid Items .....	73,033	—	—	—
Inventories .....	926	—	14,018	—
Interfund Loans Receivable .....	61,195	—	—	—
Other Assets .....	—	—	—	—
Total Assets .....	<u>\$ 1,453,256</u>	<u>\$ 1,435,625</u>	<u>\$ 387,418</u>	<u>\$ 634,151</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities .....	\$ 403,054	\$ 179,392	\$ 119,825	\$ 1,014
Due To Other Funds .....	30,752	618	7,627	—
Due To Component Units .....	25	15	—	—
Unearned Revenue .....	65,293	1,500	7,918	—
Total Liabilities .....	<u>499,124</u>	<u>181,525</u>	<u>135,370</u>	<u>1,014</u>
Deferred Inflows of Resources:				
Unavailable Revenue .....	87,997	348,965	3,245	1,720
Total Deferred Inflows of Resources .....	<u>87,997</u>	<u>348,965</u>	<u>3,245</u>	<u>1,720</u>
Fund Balances:				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable .....	38,832	—	—	—
Prepaid Items .....	73,033	—	—	—
Inventories .....	926	—	14,018	—
Permanent Fund Principal .....	—	—	—	—
Restricted .....	40,898	905,135	185,981	26,545
Committed .....	507,380	—	47,234	604,872
Assigned .....	197,842	—	1,570	—
Unassigned .....	7,224	—	—	—
Total Fund Balances .....	<u>866,135</u>	<u>905,135</u>	<u>248,803</u>	<u>631,417</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances .....	<u>\$ 1,453,256</u>	<u>\$ 1,435,625</u>	<u>\$ 387,418</u>	<u>\$ 634,151</u>

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

<u>Permanent</u>		
<u>Trust</u>	<u>Nonmajor</u>	<u>Total</u>
<u>Lands</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Funds</u>	<u>Funds</u>
\$ —	\$ 224,156	\$ 1,411,644
2,002,912	252,660	3,218,561
3,650	15,407	614,707
988	6	1,050
—	—	969,870
6,650	—	16,520
—	102,110	102,110
6,424	1,750	43,271
—	36,231	36,489
—	—	73,033
—	—	14,944
—	—	61,195
80,508	—	80,508
<u>\$ 2,101,132</u>	<u>\$ 632,320</u>	<u>\$ 6,643,902</u>
\$ —	\$ 118,540	\$ 821,825
23	25,029	64,049
7	—	47
—	2,979	77,690
<u>30</u>	<u>146,548</u>	<u>963,611</u>
11,768	102,111	555,806
<u>11,768</u>	<u>102,111</u>	<u>555,806</u>
—	—	38,832
—	—	73,033
—	—	14,944
2,089,334	—	2,089,334
—	42,920	1,201,479
—	213,680	1,373,166
—	127,061	326,473
—	—	7,224
<u>2,089,334</u>	<u>383,661</u>	<u>5,124,485</u>
<u>\$ 2,101,132</u>	<u>\$ 632,320</u>	<u>\$ 6,643,902</u>

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

June 30, 2014

(Expressed in Thousands)

Total Fund Balances – Governmental Funds..... \$ 5,124,485

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 .....	\$ 1,742,061	
Infrastructure, Non-depreciable .....	13,392,928	
Construction in Progress .....	548,660	
Buildings, Equipment, and Other Depreciable Assets .....	2,457,062	
Accumulated Depreciation .....	<u>(1,091,805)</u>	17,048,906

Some of the State’s revenues are not available soon enough after yearend to pay for the current period’s expenditures and therefore are unavailable deferred inflows of resources in the governmental funds. .... 546,494

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. .... 67,023

Deferred outflows of resources for the amount on refunding of bonded debt are not reported in the governmental funds. .... 17,173

Prepaid item not available in the current period and therefore is not reported in the governmental funds:  
Other Postemployment Benefit Asset, net ..... 5,854

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 .....	(3,319,903)	
Unamortized Bond Premiums .....	(138,179)	
Accrued Interest on Bonds Payable .....	(1,161)	
Pollution Remediation Obligation .....	(5,327)	
Settlement Obligation .....	(6,928)	
Compensated Absences .....	(184,679)	
Capital Leases .....	(21,794)	
Contracts Payable .....	(5,585)	
Other Postemployment Benefit Obligation, net .....	<u>(4,331)</u>	<u>(3,687,887)</u>

Total Net Position – Governmental Activities..... \$ 19,122,048

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, 2014

(Expressed in Thousands)

	<u>Special Revenue</u>			<u>Capital Projects</u>
	<u>General</u>	<u>Education</u>	<u>Transportation</u>	<u>Transportation Investment</u>
<b>REVENUES</b>				
Taxes:				
Sales and Use Tax .....	\$ 1,661,913	\$ —	\$ 76,565	\$ 378,389
Individual Income Tax .....	—	2,916,015	—	—
Corporate Tax .....	—	322,748	—	—
Motor and Special Fuels Tax .....	—	—	359,176	—
Other Taxes .....	368,292	40,695	10,359	—
Total Taxes .....	<u>2,030,205</u>	<u>3,279,458</u>	<u>446,100</u>	<u>378,389</u>
Other Revenues:				
Federal Contracts and Grants .....	2,630,161	455,255	345,350	—
Charges for Services/Royalties .....	438,279	1,122	92,317	—
Licenses, Permits, and Fees .....	26,832	5,367	81,397	75,057
Federal Mineral Lease .....	158,193	—	—	—
Intergovernmental .....	—	—	—	—
Investment Income .....	8,165	42,798	1,180	2,441
Miscellaneous and Other .....	240,080	25,407	20,586	15,159
Total Revenues .....	<u>5,531,915</u>	<u>3,809,407</u>	<u>986,930</u>	<u>471,046</u>
<b>EXPENDITURES</b>				
Current:				
General Government .....	340,503	—	—	—
Human Services and Juvenile Justice Services .....	687,646	—	—	—
Corrections .....	263,195	—	—	—
Public Safety .....	252,226	—	—	—
Courts .....	132,886	—	—	—
Health and Environmental Quality .....	2,428,911	—	—	—
Higher Education – State Administration .....	48,920	—	—	—
Higher Education – Colleges and Universities .....	768,602	—	—	—
Employment and Family Services .....	693,186	—	—	—
Natural Resources .....	180,963	—	—	—
Heritage and Arts .....	24,224	—	—	—
Business, Labor, and Agriculture .....	94,681	—	—	—
Public Education .....	—	3,201,314	—	—
Transportation .....	—	—	902,110	—
Capital Outlay .....	—	—	—	257,759
Debt Service:				
Principal Retirement .....	—	—	—	—
Interest and Other Charges .....	—	—	—	—
Total Expenditures .....	<u>5,915,943</u>	<u>3,201,314</u>	<u>902,110</u>	<u>257,759</u>
Excess Revenues Over (Under) Expenditures .....	<u>(384,028)</u>	<u>608,093</u>	<u>84,820</u>	<u>213,287</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
General Obligation Bonds Issued .....	—	—	—	226,175
Premium on Bonds Issued .....	—	—	—	23,825
Sale of Capital Assets .....	—	—	1,994	—
Transfers In .....	665,976	8,788	85,033	83,878
Transfers Out .....	(291,941)	(544,516)	(153,134)	(380,156)
Total Other Financing Sources (Uses) .....	<u>374,035</u>	<u>(535,728)</u>	<u>(66,107)</u>	<u>(46,278)</u>
Net Change in Fund Balances .....	(9,993)	72,365	18,713	167,009
Fund Balances – Beginning .....	845,446	832,770	229,139	459,490
Adjustment to Beginning Fund Balances .....	30,682	—	951	4,918
Fund Balances – Beginning As Adjusted .....	<u>876,128</u>	<u>832,770</u>	<u>230,090</u>	<u>464,408</u>
Fund Balances – Ending .....	<u>\$ 866,135</u>	<u>\$ 905,135</u>	<u>\$ 248,803</u>	<u>\$ 631,417</u>

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

<u>Permanent</u>		
<u>Trust</u>	<u>Nonmajor</u>	<u>Total</u>
<u>Lands</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Funds</u>	<u>Funds</u>
\$ —	\$ 4,382	\$ 2,121,249
—	—	2,916,015
—	—	322,748
—	—	359,176
—	12,832	432,178
0	17,214	6,151,366
—	32,279	3,463,045
98,839	75,568	706,125
—	—	188,653
—	—	158,193
—	7,211	7,211
275,592	23,477	353,653
—	26,648	327,880
374,431	182,397	11,356,126
—	33,631	374,134
—	4,631	692,277
—	3,051	266,246
—	19,490	271,716
—	—	132,886
—	5,499	2,434,410
—	—	48,920
—	13,396	781,998
—	10,255	703,441
—	3,502	184,465
—	7	24,231
—	11,234	105,915
—	693	3,202,007
—	678	902,788
—	123,171	380,930
—	329,659	329,659
—	150,101	150,101
0	708,998	10,986,124
374,431	(526,601)	370,002
—	—	226,175
—	831	24,656
22,602	—	24,596
2,040	643,557	1,489,272
—	(75,442)	(1,445,189)
24,642	568,946	319,510
399,073	42,345	689,512
1,690,261	341,316	4,398,422
—	—	36,551
1,690,261	341,316	4,434,973
\$ 2,089,334	\$ 383,661	\$ 5,124,485

**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, 2014

(Expressed in Thousands)

Net Change in Fund Balances – Governmental Funds..... \$ 689,512

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 \$553,237 exceeded depreciation expense of \$(87,668) and buildings “transferred” to component units of \$(77,897) in the current period. (See Note 8) ..... 387,672

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. .... (2,156)

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. .... (3,209)

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. .... 1,134

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 .....	\$ (226,175)	
Premiums on Bonds Issued .....	(24,656)	
Payment of Bond Principal .....	329,659	
Capital Lease Payments .....	<u>1,419</u>	80,247

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 .....	895	
Settlement Obligation Costs, net .....	14,092	
Compensated Absences Expenses .....	1,032	
Accrued Interest on Bonds Payable .....	95	
Amortization of Bond Premiums .....	46,346	
Amortization of Deferred Amount on Refunding of Bonded Debt .....	(5,343)	
Contracts Payable Payments .....	3,750	
Other Postemployment Benefit Obligation Costs, net .....	<u>682</u>	<u>61,549</u>

Change in Net Position – Governmental Activities..... \$ 1,214,749

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

## Proprietary Fund Financial Statements



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### 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 168.

### 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 180.

Statement Of Net Position  
Proprietary Funds

June 30, 2014

(Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents .....	\$ 140,449	\$ 730,716	\$ 220,148	\$ 211,432
Restricted Investments .....	71,713	—	—	—
Receivables:				
Accounts, net .....	6,424	106,818	305	—
Accrued Interest .....	18,579	—	6,475	4,571
Accrued Taxes, net .....	—	—	2,828	—
Notes/Loans/Mortgages, net .....	200,113	—	35,492	18,967
Due From Other Funds .....	—	—	11,951	—
Due From Component Units .....	—	—	—	—
Prepaid Items .....	238	—	—	—
Inventories .....	—	—	—	—
Total Current Assets .....	<u>437,516</u>	<u>837,534</u>	<u>277,199</u>	<u>234,970</u>
Noncurrent Assets:				
Accounts Receivables .....	—	10,027	—	—
Investments .....	18,308	—	—	—
Prepaid Items .....	—	—	—	—
Accrued Interest Receivable .....	—	—	3,909	70
Notes/Loans/Mortgages Receivables, net .....	1,241,419	—	511,791	442,535
Pledged Loans Receivables .....	—	—	140,943	—
Capital Assets:				
Land .....	—	—	—	—
Infrastructure .....	—	—	—	—
Buildings and Improvements .....	12,778	—	—	—
Machinery and Equipment .....	2,142	—	—	—
Intangible Assets–Software .....	1,174	—	—	—
Construction in Progress .....	—	—	—	—
Less Accumulated Depreciation .....	(6,223)	—	—	—
Total Capital Assets .....	<u>9,871</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Noncurrent Assets .....	<u>1,269,598</u>	<u>10,027</u>	<u>656,643</u>	<u>442,605</u>
Total Assets .....	<u>1,707,114</u>	<u>847,561</u>	<u>933,842</u>	<u>677,575</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Amount on Refundings of Bonded Debt .....	—	—	—	—
Deferred Amount of Federal Default Fee .....	1,136	—	—	—
Total Deferred Outflows of Resources .....	<u>1,136</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities .....	17,179	2,342	844	—
Deposits .....	—	60	—	—
Due To Other Funds .....	—	12,486	11	—
Due To Component Units .....	—	—	—	—
Interfund Loans Payable .....	—	—	—	—
Unearned Revenue .....	98	—	9	—
Policy Claims and Uninsured Liabilities .....	403	6,171	—	—
Contracts/Notes Payable .....	—	—	—	—
Revenue Bonds Payable .....	153,550	—	5,169	—
Total Current Liabilities .....	<u>171,230</u>	<u>21,059</u>	<u>6,033</u>	<u>0</u>
Noncurrent Liabilities:				
Accrued Liabilities .....	388	—	—	—
Interfund Loans Payable .....	—	—	—	—
Policy Claims and Uninsured Liabilities .....	2,351	—	—	—
Contracts/Notes Payable .....	—	—	—	—
Revenue Bonds Payable .....	1,130,519	—	47,241	—
Total Noncurrent Liabilities .....	<u>1,133,258</u>	<u>0</u>	<u>47,241</u>	<u>0</u>
Total Liabilities .....	<u>1,304,488</u>	<u>21,059</u>	<u>53,274</u>	<u>0</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Amount on Refundings of Bonded Debt .....	21,410	—	—	—
Fair Value of Interest Rate Swap Agreements .....	18,308	—	—	—
Total Deferred Inflows of Resources .....	<u>39,718</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets .....	3,535	—	—	—
Restricted for:				
Unemployment Compensation and Insurance Programs .....	—	826,502	—	—
Loan Programs .....	235,080	—	409,525	—
Debt Service .....	—	—	160,038	—
Unrestricted (Deficit) .....	125,429	—	311,005	677,575
Total Net Position .....	<u>\$ 364,044</u>	<u>\$ 826,502</u>	<u>\$ 880,568</u>	<u>\$ 677,575</u>

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

<b>Business-type Activities – Enterprise Funds</b>		<b>Governmental Activities –</b>
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
\$ 60,295	\$ 1,363,040	\$ 64,411
—	71,713	—
14,785	128,332	4,698
1,384	31,009	—
—	2,828	—
10,300	264,872	—
8,532	20,483	31,570
19	19	1,564
51	289	5,494
32,514	32,514	6,795
<u>127,880</u>	<u>1,915,099</u>	<u>114,532</u>
—	10,027	—
1,339	19,647	—
—	0	650
1,192	5,171	—
138,595	2,334,340	1,000
—	140,943	—
22,687	22,687	17
304	304	303
79,672	92,450	6,183
15,406	17,548	217,724
397	1,571	11,564
—	0	348
(34,573)	(40,796)	(141,666)
<u>83,893</u>	<u>93,764</u>	<u>94,473</u>
<u>225,019</u>	<u>2,603,892</u>	<u>96,123</u>
<u>352,899</u>	<u>4,518,991</u>	<u>210,655</u>
1,031	1,031	21
—	1,136	—
<u>1,031</u>	<u>2,167</u>	<u>21</u>
12,400	32,765	31,820
97	157	—
22,728	35,225	1,205
74	74	—
—	0	22,363
5,255	5,362	—
358	6,932	18,293
—	0	28
5,358	164,077	97
<u>46,270</u>	<u>244,592</u>	<u>73,806</u>
—	388	—
—	0	38,832
—	2,351	30,292
—	0	370
76,016	1,253,776	353
<u>76,016</u>	<u>1,256,515</u>	<u>69,847</u>
<u>122,286</u>	<u>1,501,107</u>	<u>143,653</u>
—	21,410	—
—	18,308	—
<u>0</u>	<u>39,718</u>	<u>0</u>
10,663	14,198	94,078
—	826,502	3,985
103,367	747,972	—
—	160,038	—
117,614	1,231,623	(31,040)
<u>\$ 231,644</u>	<u>\$ 2,980,333</u>	<u>\$ 67,023</u>

**State of Utah**

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

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Business-type Activities – Enterprise Funds</b>			
	<b>Student Assistance Programs</b>	<b>Unemployment Compensation Fund</b>	<b>Water Loan Programs</b>	<b>Community Impact Loan Fund</b>
<b>OPERATING REVENUES</b>				
Sales and Charges for Services/Premiums .....	\$ 8,429	\$ 356,396	\$ 247	\$ —
Fees and Assessments .....	1,119	663	131	—
Interest on Notes/Mortgages .....	49,175	—	11,951	6,910
Federal Reinsurance and Allowances/Reimbursements ....	25,602	17,751	—	—
Miscellaneous .....	1,061	—	—	65
Total Operating Revenues .....	<u>85,386</u>	<u>374,810</u>	<u>12,329</u>	<u>6,975</u>
<b>OPERATING EXPENSES</b>				
Administration .....	3,684	—	—	25
Purchases, Materials, and Services for Resale .....	—	—	—	—
Grants .....	—	—	9,928	—
Rentals and Leases .....	—	—	1	—
Maintenance .....	—	—	—	—
Interest .....	8,203	—	—	—
Depreciation/Amortization .....	716	—	—	—
Student Loan Servicing and Related Expenses .....	38,921	—	—	—
Payment to Lenders for Guaranteed Claims .....	26,352	—	—	—
Benefit Claims and Unemployment Compensation .....	—	233,403	—	—
Supplies and Other Miscellaneous .....	1,795	—	1,964	1,395
Total Operating Expenses .....	<u>79,671</u>	<u>233,403</u>	<u>11,893</u>	<u>1,420</u>
Operating Income (Loss) .....	<u>5,715</u>	<u>141,407</u>	<u>436</u>	<u>5,555</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income .....	766	15,933	1,874	1,138
Federal Contracts and Grants .....	—	—	9,248	4,469
Disposal of Capital Assets .....	—	—	—	—
Tax Revenues .....	—	—	26,780	—
Interest Expense .....	—	—	(1,885)	—
Refunds Paid to Federal Government .....	—	—	—	—
Other Revenues (Expenses) .....	(292)	—	—	—
Total Nonoperating Revenues (Expenses) .....	<u>474</u>	<u>15,933</u>	<u>36,017</u>	<u>5,607</u>
Income (Loss) before Transfers .....	<u>6,189</u>	<u>157,340</u>	<u>36,453</u>	<u>11,162</u>
Transfers In .....	—	—	—	36,200
Transfers Out .....	—	(6,359)	(4,434)	(1,284)
Change in Net Position .....	<u>6,189</u>	<u>150,981</u>	<u>32,019</u>	<u>46,078</u>
Net Position – Beginning .....	<u>392,405</u>	<u>675,521</u>	<u>848,549</u>	<u>631,497</u>
Adjustment to Beginning Net Position .....	<u>(34,550)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Position – Beginning as Adjusted .....	<u>357,855</u>	<u>675,521</u>	<u>848,549</u>	<u>631,497</u>
Net Position – Ending .....	<u>\$ 364,044</u>	<u>\$ 826,502</u>	<u>\$ 880,568</u>	<u>\$ 677,575</u>

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

<b>Business-type Activities – Enterprise Funds</b>		<b>Governmental Activities – Internal Service Funds</b>
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
\$ 348,294	\$ 713,366	\$ 340,790
5,331	7,244	—
3,038	71,074	—
—	43,353	—
689	1,815	223
<u>357,352</u>	<u>836,852</u>	<u>341,013</u>
32,398	36,107	106,800
207,988	207,988	84,985
694	10,622	—
2,229	2,230	1,619
4,613	4,613	24,812
—	8,203	—
3,611	4,327	19,388
—	38,921	—
—	26,352	—
16,090	249,493	15,261
11,390	16,544	88,466
<u>279,013</u>	<u>605,400</u>	<u>341,331</u>
<u>78,339</u>	<u>231,452</u>	<u>(318)</u>
362	20,073	271
18,498	32,215	—
—	0	754
524	27,304	—
(3,550)	(5,435)	(38)
—	0	(132)
(5,551)	(5,843)	375
<u>10,283</u>	<u>68,314</u>	<u>1,230</u>
88,622	299,766	912
22,243	58,443	467
(90,671)	(102,748)	(245)
20,194	255,461	1,134
211,450	2,759,422	65,889
—	(34,550)	—
<u>211,450</u>	<u>2,724,872</u>	<u>65,889</u>
<u>\$ 231,644</u>	<u>\$ 2,980,333</u>	<u>\$ 67,023</u>

**State of Utah**

**Statement Of Cash Flows  
Proprietary Funds**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Business-type Activities – Enterprise Funds</b>			
	<b>Student Assistance Programs</b>	<b>Unemployment Compensation Fund</b>	<b>Water Loan Programs</b>	<b>Community Impact Loan Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 46,606	\$ 369,724	\$ 12,850	\$ 6,473
Receipts from Loan Maturities .....	187,991	—	40,313	28,909
Receipts Federal Reinsurance and Allowances/Reimbursements .....	7,299	20,198	—	—
Receipts from State Customers .....	—	—	—	—
Payments to Suppliers/Claims/Grants .....	(16,398)	(238,586)	(11,743)	(1,325)
Disbursements for Loans Receivable .....	(226,923)	—	(38,409)	(41,814)
Payments on Loan Guarantees .....	(26,048)	—	—	—
Payments for Employee Services and Benefits .....	(12,359)	—	—	(26)
Payments to State Suppliers and Grants .....	—	—	—	(72)
Payments of Sales, School Lunch, and Premium Taxes ....	—	—	—	—
Net Cash Provided (Used) by Operating Activities .....	<u>(39,832)</u>	<u>151,336</u>	<u>3,011</u>	<u>(7,855)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Borrowings Under Interfund Loans .....	—	—	—	—
Repayments Under Interfund Loans .....	—	—	—	—
Receipts from Bonds, Notes, and Deposits .....	208,430	57	—	—
Payments of Bonds, Notes, Deposits, and Refunds .....	(171,000)	(68)	(5,058)	—
Interest Paid on Bonds, Notes, and Financing Costs .....	(16,404)	—	—	—
Federal Contracts and Grants and Other Revenues and Expenses .....	—	—	7,331	4,469
Restricted Sales Tax .....	—	—	26,581	—
Transfers In from Other Funds .....	—	—	—	36,200
Transfers Out to Other Funds .....	—	(6,359)	(4,434)	(1,284)
Net Cash Provided (Used) by Noncapital Financing Activities .....	<u>21,026</u>	<u>(6,370)</u>	<u>24,420</u>	<u>39,385</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Borrowings Under Interfund Loans .....	—	—	—	—
Repayments Under Interfund Loans .....	—	—	—	—
Proceeds from Disposition of Capital Assets .....	—	—	—	—
Federal Grants and Other Revenues .....	300	—	—	—
Principal Paid on Debt and Contract Maturities .....	—	—	—	—
Acquisition and Construction of Capital Assets .....	(123)	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases .....	—	—	—	—
Transfers In from Other Funds .....	—	—	—	—
Transfers Out to Other Funds .....	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities .....	<u>177</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from the Sale and Maturity of Investments .....	489,777	—	—	—
Receipts of Interest and Dividends from Investments .....	777	15,933	1,814	1,138
Payments to Purchase Investments .....	(438,732)	—	—	—
Net Cash Provided (Used) by Investing Activities .....	<u>51,822</u>	<u>15,933</u>	<u>1,814</u>	<u>1,138</u>
Net Cash Provided (Used) – All Activities .....	33,193	160,899	29,245	32,668
Cash and Cash Equivalents – Beginning .....	107,256	569,817	190,903	178,764
Cash and Cash Equivalents – Ending .....	<u>\$ 140,449</u>	<u>\$ 730,716</u>	<u>\$ 220,148</u>	<u>\$ 211,432</u>

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

<b>Business-type Activities – Enterprise Funds</b>		<b>Governmental Activities – Internal Service Funds</b>
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
\$ 401,370	\$ 837,023	\$ 53,593
14,203	271,416	—
—	27,497	—
15,064	15,064	282,713
(240,473)	(508,525)	(145,252)
(17,115)	(324,261)	—
—	(26,048)	—
(29,860)	(42,245)	(106,544)
(7,769)	(7,841)	(64,691)
(60,930)	(60,930)	—
<u>74,490</u>	<u>181,150</u>	<u>19,819</u>
15,683	15,683	1,259
(16,077)	(16,077)	—
—	208,487	—
—	(176,126)	(25)
—	(16,404)	(20)
18,256	30,056	—
524	27,105	—
22,243	58,443	—
(90,671)	(102,748)	(180)
<u>(50,042)</u>	<u>28,419</u>	<u>1,034</u>
—	0	3,287
—	0	(2,586)
—	0	3,714
—	300	530
(4,861)	(4,861)	(84)
(957)	(1,080)	(25,742)
(1,854)	(1,854)	—
—	0	467
—	0	(65)
<u>(7,672)</u>	<u>(7,495)</u>	<u>(20,479)</u>
5	489,782	—
362	20,024	271
—	(438,732)	—
<u>367</u>	<u>71,074</u>	<u>271</u>
17,143	273,148	645
43,152	1,089,892	63,766
<u>\$ 60,295</u>	<u>\$ 1,363,040</u>	<u>\$ 64,411</u>

Continues

**Statement Of Cash Flows  
Proprietary Funds**

Continued

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Business-type Activities – Enterprise Funds</b>			
	<b>Student Assistance Programs</b>	<b>Unemployment Compensation Fund</b>	<b>Water Loan Programs</b>	<b>Community Impact Loan Fund</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss) .....	\$ 5,715	\$ 141,407	\$ 436	\$ 5,555
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense .....	716	—	—	—
Interest Expense for Noncapital and Capital Financing .....	11,242	—	—	—
Miscellaneous Gains, Losses, and Other Items .....	(1,004)	—	—	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds .....	459	13,406	216	—
Notes/Accrued Interest Receivables .....	(56,319)	—	2,209	(13,407)
Inventories .....	—	—	—	—
Prepaid Items/Deferred Charges .....	55	—	6	—
Deferred Outflows of Resources .....	—	—	144	—
Accrued Liabilities/Due to Other Funds .....	(774)	418	—	(3)
Unearned Revenue/Deposits .....	—	—	—	—
Policy Claims Liabilities .....	78	(3,895)	—	—
Net Cash Provided (Used) by Operating Activities .....	<u>\$ (39,832)</u>	<u>\$ 151,336</u>	<u>\$ 3,011</u>	<u>\$ (7,855)</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Increase (Decrease) in Fair Value of Investments .....	\$ —	\$ —	\$ 321	\$ 138
Total Noncash Investing, Capital, and Financing Activities .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 321</u>	<u>\$ 138</u>

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

<b>Business-type Activities – Enterprise Funds</b>		<b>Governmental Activities – Internal Service Funds</b>
<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	
\$ 78,339	\$ 231,452	\$ (318)
3,611	4,327	19,388
—	11,242	—
—	(1,004)	(287)
(2,496)	11,585	(6,475)
(3,041)	(70,558)	1,700
382	382	(23)
(38)	23	(2,850)
—	144	—
2,814	2,455	8,289
696	696	—
(5,777)	(9,594)	395
<u>\$ 74,490</u>	<u>\$ 181,150</u>	<u>\$ 19,819</u>
\$ 119	\$ 578	\$ 24
<u>\$ 119</u>	<u>\$ 578</u>	<u>\$ 24</u>

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## Fiduciary Fund Financial Statements

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### 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 Treasurer's 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 190.

**State of Utah**

**Statement Of Fiduciary Net Position  
Fiduciary Funds**

June 30, 2014

(Expressed in Thousands)

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Private Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 1,712,655	\$ 305,308	\$ 29,127	\$ 188,408
Receivables:				
Accounts .....	1,030	—	5,042	28,566
Contributions .....	52,209	—	—	—
Investments .....	339,059	—	—	—
Accrued Interest .....	—	—	2	—
Accrued Assessments .....	—	—	3,750	—
Loans .....	—	—	628	—
Due From Other Funds .....	4,438	—	2,112	768
Investments:				
Debt Securities .....	5,820,759	6,864,253	2,078,160	19,424
Equity Investments .....	12,274,661	—	5,693,345	—
Absolute Return .....	4,298,264	—	—	—
Private Equity .....	2,839,908	—	—	—
Real Assets .....	3,204,304	—	—	—
Invested Securities Lending Collateral .....	2,005,347	—	—	—
Total Investments .....	<u>30,443,243</u>	<u>6,864,253</u>	<u>7,771,505</u>	<u>19,424</u>
Capital Assets:				
Land .....	1,780	—	271	—
Buildings and Improvements .....	17,607	—	10,715	—
Machinery and Equipment .....	5,845	—	1,554	—
Less Accumulated Depreciation .....	(19,521)	—	(4,590)	—
Total Capital Assets .....	<u>5,711</u>	<u>0</u>	<u>7,950</u>	<u>0</u>
Total Assets .....	<u>32,558,345</u>	<u>7,169,561</u>	<u>7,820,116</u>	<u>\$ 237,166</u>
<b>LIABILITIES</b>				
Accounts Payable .....	438,838	236,424	1,963	\$ —
Securities Lending Liability .....	2,005,347	—	—	—
Due To Other Funds .....	2,033	—	130	—
Due To Individuals, Organizations, and Other Governments .....	—	—	—	237,166
Unearned Revenue .....	—	—	421	—
Leave/Postemployment Benefits .....	14,544	—	—	—
Policy Claims Liabilities/Insurance Reserves .....	5,000	—	245,697	—
Real Estate Liabilities .....	497,674	—	—	—
Total Liabilities .....	<u>2,963,436</u>	<u>236,424</u>	<u>248,211</u>	<u>\$ 237,166</u>
<b>NET POSITION</b>				
Restricted for:				
Pension Benefits .....	25,096,072	—	—	—
Other Postemployment Benefits .....	214,189	—	—	—
Defined Contribution .....	4,284,648	—	—	—
Pool Participants .....	—	6,933,137	—	—
Individuals, Organizations, and Other Governments .....	—	—	7,571,905	—
Total Net Position .....	<u>\$ 29,594,909</u>	<u>\$ 6,933,137</u>	<u>\$ 7,571,905</u>	—
Participant Account Balance				
Net Position Valuation Factor .....		<u>1.0055062</u>		

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

State of Utah**Statement Of Changes In Fiduciary Net Position  
Fiduciary Funds**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Private Purpose Trust Funds</b>
<b>ADDITIONS</b>			
Contributions:			
Member .....	\$ 316,275	\$ —	\$ 867,142
Employer .....	937,000	—	—
Court Fees and Fire Insurance Premiums .....	12,783	—	—
Total Contributions .....	<u>1,266,058</u>	<u>0</u>	<u>867,142</u>
Pool Participant Deposits .....	—	8,089,711	—
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments .....	3,444,692	5,991	867,028
Interest, Dividends, and Other Investment Income .....	505,362	36,327	141,487
Less Investment Expenses .....	(61,474)	(352)	—
Net Investment Income .....	<u>3,888,580</u>	<u>41,966</u>	<u>1,008,515</u>
Transfers From Affiliated Systems .....	42,280	—	—
Other Additions:			
Escheats .....	—	—	13,767
Royalties and Rents .....	—	—	7,699
Fees, Assessments, and Revenues .....	—	—	45,908
Miscellaneous .....	—	—	16,382
Total Other .....	<u>0</u>	<u>0</u>	<u>83,756</u>
Total Additions .....	<u>5,196,918</u>	<u>8,131,677</u>	<u>1,959,413</u>
<b>DEDUCTIONS</b>			
Pension Benefits .....	1,242,156	—	—
Retiree Healthcare Benefits .....	27,706	—	—
Refunds/Plan Distributions .....	258,675	—	—
Earnings Distribution .....	—	35,975	—
Pool Participant Withdrawals .....	—	7,561,967	—
Transfers To Affiliated Systems .....	42,280	—	—
Trust Operating Expenses .....	—	—	35,302
Distributions and Benefit Payments .....	—	—	281,570
Administrative and General Expenses .....	16,541	—	20,579
Total Deductions .....	<u>1,587,358</u>	<u>7,597,942</u>	<u>337,451</u>
Change in Net Postion Restricted for:			
Pension Benefits .....	2,945,473	—	—
Other Postemployment Benefits .....	36,508	—	—
Defined Contributions .....	627,579	—	—
Pool Participants .....	—	533,735	—
Individuals, Organizations, and Other Governments .....	—	—	1,621,962
Net Position – Beginning .....	<u>25,985,349</u>	<u>6,399,402</u>	<u>5,949,943</u>
Net Postion – Ending .....	<u>\$ 29,594,909</u>	<u>\$ 6,933,137</u>	<u>\$ 7,571,905</u>

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

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## Component Unit Financial Statements



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### Utah Housing Corporation

The Corporation was created to provide an alternative source of funding for home mortgages, particularly for lower income families. It is funded entirely through the issuance of bonds that are repaid from the interest and principal payments made on mortgages.

### 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 206.

**State of Utah**

**Combining Statement Of Net Position  
Component Units**

June 30, 2014

(Expressed in Thousands)

	<b>Utah Housing Corporation</b>	<b>Public Employees Health Program</b>	<b>University of Utah</b>	<b>Utah State University</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents .....	\$ 81,227	\$ 65,974	\$ 536,959	\$ 57,195
Investments .....	321,809	25,828	602,423	25,505
Receivables:				
Accounts, net .....	—	35,571	328,829	52,937
Notes/Loans/Mortgages/Pledges, net .....	21,067	—	10,147	1,321
Accrued Interest .....	4,793	2,077	2,424	—
Due From Primary Government .....	—	—	—	—
Prepaid Items .....	—	11,737	—	2,195
Inventories .....	—	—	53,795	4,872
Other Assets .....	1,110	—	20,280	—
Total Current Assets .....	<u>430,006</u>	<u>141,187</u>	<u>1,554,857</u>	<u>144,025</u>
Noncurrent Assets:				
Restricted Investments .....	—	—	630,666	160,954
Restricted Receivables, net .....	—	—	—	28,313
Accounts Receivables, net .....	—	—	—	17,943
Investments .....	196,611	236,670	774,986	268,106
Notes/Loans/Mortgages/Pledges Receivables, net .....	940,157	—	54,775	11,192
Other Assets .....	10,827	—	39,623	222
Capital Assets (net of Accumulated Depreciation) .....	6,031	346	2,412,729	681,471
Total Noncurrent Assets .....	<u>1,153,626</u>	<u>237,016</u>	<u>3,912,779</u>	<u>1,168,201</u>
Total Assets .....	<u>1,583,632</u>	<u>378,203</u>	<u>5,467,636</u>	<u>1,312,226</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Amount on Refundings of Bonded Debt .....	68,771	—	3,310	2,287
Fair Value of Interest Rate Swap Agreements .....	7,477	—	—	—
Total Deferred Outflows of Resources .....	<u>76,248</u>	<u>0</u>	<u>3,310</u>	<u>2,287</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities .....	27,200	6,898	210,591	44,444
Securities Lending Liability .....	—	24,611	—	—
Deposits .....	—	—	90,888	1,021
Due To Primary Government .....	—	—	26,473	7,251
Unearned Revenue .....	—	2,150	54,310	17,795
Current Portion of Long-term Liabilities (Note 10) .....	107,490	58,614	199,930	27,058
Total Current Liabilities .....	<u>134,690</u>	<u>92,273</u>	<u>582,192</u>	<u>97,569</u>
Noncurrent Liabilities:				
Accrued Liabilities .....	66,951	3,916	—	2,241
Unearned Revenue .....	5,138	—	—	—
Deposits .....	—	—	14,740	—
Long-term Liabilities (Note 10) .....	1,198,810	66,149	759,699	153,828
Total Noncurrent Liabilities .....	<u>1,270,899</u>	<u>70,065</u>	<u>774,439</u>	<u>156,069</u>
Total Liabilities .....	<u>1,405,589</u>	<u>162,338</u>	<u>1,356,631</u>	<u>253,638</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Fair Value of Interest Rate Swap Agreements .....	9,804	—	—	—
Total Deferred Inflows of Resources .....	<u>9,804</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets .....	6,031	346	1,633,385	560,711
Restricted for:				
Nonexpendable:				
Higher Education .....	—	—	501,907	118,222
Expendable:				
Higher Education .....	—	—	520,822	235,684
Debt Service .....	161,835	—	—	—
Insurance Plans .....	—	215,519	—	—
Other .....	—	—	—	—
Unrestricted .....	76,621	—	1,458,201	146,258
Total Net Position .....	<u>\$ 244,487</u>	<u>\$ 215,865</u>	<u>\$ 4,114,315</u>	<u>\$ 1,060,875</u>

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

<b>Nonmajor Component Units</b>	<b>Total</b>
\$ 242,435	\$ 983,790
37,402	1,012,967
39,745	457,082
9,090	41,625
219	9,513
121	121
5,526	19,458
13,860	72,527
498	21,888
<u>348,896</u>	<u>2,618,971</u>
84,464	876,084
—	28,313
16,820	34,763
327,751	1,804,124
30,912	1,037,036
5,637	56,309
1,384,358	4,484,935
<u>1,849,942</u>	<u>8,321,564</u>
<u>2,198,838</u>	<u>10,940,535</u>
682	75,050
—	7,477
<u>682</u>	<u>82,527</u>
53,786	342,919
—	24,611
3,454	95,363
4,348	38,072
34,545	108,800
26,379	419,471
<u>122,512</u>	<u>1,029,236</u>
—	73,108
1,519	6,657
50	14,790
<u>217,430</u>	<u>2,395,916</u>
<u>218,999</u>	<u>2,490,471</u>
<u>341,511</u>	<u>3,519,707</u>
—	9,804
<u>0</u>	<u>9,804</u>
1,180,284	3,380,757
153,210	773,339
156,762	913,268
—	161,835
—	215,519
705	705
367,048	2,048,128
<u>\$ 1,858,009</u>	<u>\$ 7,493,551</u>

**State of Utah****Combining Statement Of Activities  
Component Units**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Utah Housing Corporation</b>	<b>Public Employees Health Program</b>	<b>University of Utah</b>	<b>Utah State University</b>
Expenses .....	\$ 72,160	\$ 255,111	\$ 3,451,261	\$ 598,879
Program Revenues:				
Charges for Services:				
Tuition and Fees .....	—	—	343,569	174,517
Scholarship Allowances .....	—	—	(52,385)	(64,753)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of \$87,387)	86,413	265,290	2,467,492	83,387
Operating Grants and Contributions .....	—	10,559	583,145	270,154
Capital Grants and Contributions .....	—	—	33,291	25,845
Total Program Revenues .....	<u>86,413</u>	<u>275,849</u>	<u>3,375,112</u>	<u>489,150</u>
Net (Expenses) Revenues .....	<u>14,253</u>	<u>20,738</u>	<u>(76,149)</u>	<u>(109,729)</u>
General Revenues:				
State Appropriations .....	—	—	273,839	172,237
Unrestricted Investment Income .....	—	—	—	—
Permanent Endowments Contributions .....	—	—	16,901	4,252
Total General Revenues .....	<u>0</u>	<u>0</u>	<u>290,740</u>	<u>176,489</u>
Change in Net Position .....	<u>14,253</u>	<u>20,738</u>	<u>214,591</u>	<u>66,760</u>
Net Position – Beginning .....	241,651	195,127	3,899,724	1,013,388
Adjustment to Beginning Net Position .....	(11,417)	—	—	(19,273)
Net Position – Beginning as Adjusted .....	<u>230,234</u>	<u>195,127</u>	<u>3,899,724</u>	<u>994,115</u>
Net Position – Ending .....	<u>\$ 244,487</u>	<u>\$ 215,865</u>	<u>\$ 4,114,315</u>	<u>\$ 1,060,875</u>

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

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<b>Nonmajor Component Units</b>	<b>Total</b>
<u>\$ 1,111,104</u>	<u>\$ 5,488,515</u>
452,703 (108,711)	970,789 (225,849)
128,768 286,032 82,861	3,031,350 1,149,890 141,997
<u>841,653</u> <u>(269,451)</u>	<u>5,068,177</u> <u>(420,338)</u>
374,817 89 5,044	820,893 89 26,197
<u>379,950</u> <u>110,499</u>	<u>847,179</u> <u>426,841</u>
1,747,510 —	7,097,400 (30,690)
<u>1,747,510</u> <u>\$ 1,858,009</u>	<u>7,066,710</u> <u>\$ 7,493,551</u>

Notes to the Financial Statements

Fiscal Year Ended June 30, 2014

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**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. 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 reporting entity includes the “primary government” and its “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 component units are legally separate organizations for which the State’s elected officials are financially accountable.

The Governmental Accounting Standards Board (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, 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 component units issue their own separate 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](http://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, a 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 Schools for the Deaf and Blind and the Utah College of Applied Technology, the Governor appoints at least a majority of the governing board members of each of the State’s component units, subject in most cases with consent from the Senate. The Utah Housing Corporation is included in the reporting entity because of its ability to provide specific financial benefits or impose financial burdens on the State; by statute it may issue debt enhanced by the State and issue low-income housing tax credits. The other component units are included in the reporting entity because, under the criteria established by GASB, the State has the ability to impose its will on these organizations.

The State has the ability to impose its will on the colleges and universities, the Public Employees Health Program, and the Comprehensive Health Insurance Pool due to the level of budget or day-to-day oversight. The Governor-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 State does not appoint a voting majority of the governing board members of the Utah Schools for the Deaf and Blind and Utah College of Applied Technology. However, they are included in the reporting entity because they meet both the fiscal dependency and financial benefit and burden relationship; the State approves and modifies their budgets and provides financial support.

The determination that a 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:

Utah Housing Corporation — The Corporation issues bonds to provide capital for housing and home mortgages, especially for low and moderate-income families. Operations are financed from bond proceeds and from mortgage and investment interest and fees.

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. The reporting period for this program was changed from a fiscal year ending June 30 to a calendar year. The

accompanying financial statements include a 6 month time period for the program from July 1, 2013 to December 31, 2013, in order to transition to the new reporting period. Their report, dated May 6, 2014, has been previously issued under separate cover.

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:

Comprehensive Health Insurance Pool — The Pool is a nonprofit quasi-governmental entity established within the State Insurance Department. It provides access to health insurance coverage for residents of the State who are considered uninsurable. Enrollment in and coverage provided by the Pool terminated December 31, 2013 as all enrollees transitioned to the Utah Federal Facilitated Marketplace effective January 1, 2014. All benefit claims must be submitted no later than December 31, 2014, with all claims paid by January 31, 2015. It is anticipated that the 2015 Utah Legislature will pass legislation to authorize the dissolution of the Comprehensive Health Insurance Pool.

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 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 branch campuses of the Utah College of Applied Technology.

Utah Charter School Finance Authority — The 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 — The 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 — The 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 Governor 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 fund is a non-profit, self-supporting agency 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)

Workers' Compensation Fund — This Fund is a nonprofit quasi-public corporation created by the Legislature for a public purpose that provides workers' compensation insurance to private and public employers. Although the Governor appoints six of the seven board of directors for the Fund, there is no financial accountability. The State does not have the ability to impose its will on the Fund and the Fund 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 non-exchange 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 non-fiduciary 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 payments of interest to be made early in the following year. Also, expenditures and related liabilities for compensated absences, postemployment benefits, and claims and judgments are recorded only to the extent they have matured (come due for payment).

**Major Governmental Funds** — 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 within 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 interest and principal 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 nonoperating. Operating revenues and expenses generally result from providing services and 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 nonoperating.

**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.** This fund provides 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; Utah Dairy Commission; and the Federal Health Insurance Pool.

The Federal Health Insurance Pool (nonmajor enterprise fund) is discontinuing operations since enrollees in this temporary high-risk health insurance pool program transitioned under Section 1101 of the Patient Protection and Affordable Care Act. The Pool will continue to reimburse claims incurred by June 30, 2013 and received by June 30, 2014 as well as for any administrative costs incurred during the contract close-out period.

**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 Treasurer's 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 Utah Navajo Royalties Holding Trust, 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.

#### Component Unit Financial Statements

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component unit's column of the government-wide statements. The 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 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), Utah Dairy Commission, and the Federal Health Insurance Pool (nonmajor enterprise fund), 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. The fair value of investments is based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments. Investments held as security deposits which are not held for investment purposes are carried at cost. The Utah Retirement Systems' (pension trust and defined contribution plans) mortgages are valued on an amortized cost basis which approximates fair value, and the fair value of real estate investments has been estimated based on independent appraisals and/or property cash flow.

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 proprietary 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. Utah Housing Corporation (major discrete component unit) enters into various rate swap contracts as part of its overall funding strategy. The Corporation sells variable rate bonds, although to manage the inherent interest rate risk associated with variable rate debt, it enters into pay fixed, receive variable interest rate swap contracts. 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 non-interest 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 and Prepaid Items

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 inventories are recorded as expenditures when purchased except for Transportation Fund inventories and state park inventories (reported in the General Fund), that are recorded as expenditures when consumed. Both Transportation Fund inventories and state park 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.

### 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, 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 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 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

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 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 compensated absences, claim or settlement obligations, pollution remediation obligations, general obligation bonds, and lease revenue bonds, which have been incurred but not financed, 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. 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, 2014, there was no liability for yield reduction payments or for non-purpose interest arbitrage rebate in the Student Assistance Programs (major enterprise fund).

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

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. Employees who have a sick leave balance in excess of 144 hours at the beginning of a calendar year are eligible to "convert" up to 40 hours of sick leave if less than that amount is used during the year. Employees may use converted sick leave in place of vacation leave. Any unused vacation leave and converted sick is paid to employees upon termination. Beginning January 1, 2014, excess sick leave balances can no longer be converted. 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.

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. 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. 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.

The State of Utah also administers the Elected Official OPEB Plan, a single-employer defined benefit healthcare plan from an irrevocable trust. Only governors and legislators (elected official) that 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.

For administrative purposes, the State maintains compensated absences pools within the General Fund, Education Fund, and Transportation Fund. The ongoing payments from the pools are provided by charges to agency budgets as benefits are earned. Vacation leave taken as time off is paid from current budgets when used. Payment of leave balances at termination is made from the compensated absences pools. Proprietary funds, Utah Schools for the Deaf and the Blind, and private purpose trust funds of the primary government also participate in the pools and the State Employee OPEB Plan, and have no liability for leave or postemployment benefits once their contributions have been made.

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 expended when earned for budgetary purposes.

Vacation earnings, sick leave earnings, and termination policies vary among component units and from the primary government's policies, but usually vacation leave is expended when earned and sick leave is expended when used.

### 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 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. See Note 12 for additional information about the stabilization accounts.

#### F. Revenues and Expenditures/Expenses

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. Commodities revenue and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2014, the State reported revenue and expenditures of \$24.265 million for commodities in the General Fund, and \$18.247 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 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. One half 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.

#### Retirement and Employee Benefit Costs

Most state employees participate in a defined benefit pension plan and/or defined contribution plan administered by Utah Retirement Systems. Contributions collected for the pension plans and contribution plans and the retirement benefits paid are accounted for in the Pension and Other Employee Benefit Trust Funds. All costs for pension, health, and federal social security contributions are reported as expenditures in the appropriate function in governmental fund types or as expenses in applicable proprietary fund types. Pension and other benefit costs are recognized in the fiscal year in which the underlying payroll cost is incurred.

#### 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 Statement No. 68, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27*, effective for fiscal year 2015. This new accounting and reporting standard 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.

This new accounting standard will require the State to record a liability in the government-wide statements equal to the State's total Net Pension Liability (NPL) for the State's Public Safety agent system, the Judges Retirement System, and the Governors' and Legislative Pension plan in addition to the State's proportionate share of the following cost-sharing retirement systems; the Noncontributory Retirement System, the Contributory Retirement System, the Firefighters Retirement System, the Tier 2 Public Employees System, and the Tier 2 Public Safety and Firefighters System. It is difficult to estimate the fiscal year 2015 NPL. The NPL can be volatile due to changes in actuarial estimates and the actual investment returns. The State's combined unaudited NPL for the applicable plans at December 31, 2013 was \$941.655 million based on a discount rate of 7.5 percent. The recording of the NPL in fiscal year 2015 will reduce the State's unrestricted net position in the government-wide statements when the liability is recorded.

### NOTE 2. BEGINNING NET POSITION ADJUSTMENTS AND OTHER CHANGES

For the fiscal year ended June 30, 2014, the State implemented the following new accounting standards issued by the Governmental Account Standards Board (GASB):

GASB Statement 65, *Items Previously Reported as Assets and Liabilities*.

GASB Statement 67, *Financial Reporting for Pension Plans*.

GASB Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

**GASB Statement 65** – This statement establishes accounting and financial reporting standards that reclassify certain items previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, this Statement amended the financial statement element classification of certain items previously reported as assets and liabilities. As a result of implementing this Statement, presentation and terminology changes were made to the fund financial statements and government-wide statements as necessary in addition to the immediate recognition of certain elements.

In implementing Statement 65, \$9.47 million in debt issuance costs, previously reported as assets and amortized, were immediately recognized in the current reporting period. In addition, \$114.139 million, previously reported as liabilities, was reclassified in the current year as deferred inflows of resources on the fund financial statements and immediately recognized on the government-wide statements. As a result, a net prior period adjustment of \$104.669 million was made to beginning net

position to increase governmental activities on the government-wide Statement of Activities.

The Student Assistance Programs (major enterprise fund) implemented Statement 65 resulting in the immediate recognition (expense) of \$10.2 million of unamortized loan origination fees, \$6.7 million of transfer fees, and \$17.6 million of debt issuance costs. As a result, a prior period adjustment of \$34.55 million was made to beginning net position to decrease business-type activities on the government-wide Statement of Activities and on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

Utah Housing Corporation (major discrete component unit) implemented Statement 65 resulting in the immediate recognition (expense) of debt issuance costs. As a result, a prior period adjustment of \$11.417 million was made to reduce the beginning net position of component unit activities reported on the government-wide Statement of Activities and the Combining Statement of Activities – Component Units.

Utah State University (major discrete component unit) implemented Statement 65 resulting in the immediate recognition (expense) of debt issuance costs. As a result, a prior period adjustment of \$1.055 million was made to reduce the beginning net position of component unit activities reported on the government-wide Statement of Activities and the Combining Statement of Activities – Component Units.

The disclosures related to deferred outflows and deferred inflows of resources are reflected in the fund financial statements and in Note 11 for government-wide financial statements.

**GASB Statement 67** – This statement was implemented by Utah Retirement Systems (pension trust and defined contribution plans) for their year ended December 31, 2013. This Statement requires changes in presentation of the financial statements, notes to the financial statements, and required supplementary information for pension plans. It also requires more comprehensive footnote disclosure regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures. The implementation of this Statement did not significantly impact the accounting for accounts receivable and investment balances for pension plans. The total pension liability, determined in accordance with GASB Statement 67 (for groups of systems and plans covering substantially all employees of the State, public education, and other political subdivisions of the State), is presented in Note 17.

**GASB Statement 70** – This statement requires additional disclosures concerning a government's obligations and risk exposure from extending nonexchange financial guarantees. In part, this Statement requires a government (guarantor) to recognize a liability when qualitative factors and historical data indicate that it is more likely than not the guarantor will be required to make a payment on the nonexchange financial guarantee. Under the Utah School Bond Guaranty Act, the State of Utah is the guarantor on behalf of bonds issued by qualifying local school boards. To date, the State has not made any payments on behalf of the local school boards and does not anticipate any payments in the future. See Note 15 for additional information on the Utah School Bond Guaranty Act.

All applicable provisions of these new statements have been incorporated into the financial statements and notes.

## Other Adjustments and Changes

In evaluating and refining the process used for measuring and recording revenues and receivables for various tax types, a prior period adjustment was made on the Statement of Revenues, Expenditures, and Changes in Fund Balances to increase beginning fund balance in the General Fund (major governmental fund) by \$30.682 million, Transportation Fund (major governmental fund) by \$951 thousand, and the Transportation Investment Fund (major governmental fund) by \$4.918 million. In addition, a related prior period adjustment was made to increase beginning net position of governmental activities by \$36.551 million on the Statement of Activities.

As a result of legislation, cash and receivable balances, related to loans were moved (expended) from the Combining Statement of Net Position – Petroleum Storage Tank Loan Fund (nonmajor enterprise fund), and recorded in the Combining Statement of Fiduciary Net Position – Petroleum Storage Tank Trust Fund (private purpose trust fund) on June 30, 2014. The Petroleum Storage Tank Loan Fund will be dissolved July 1, 2014.

The Public Employees Health Program (major discrete component unit) changed fiscal year ends from June 30 to December 31. Accordingly, the activity presented is for the six months from July 1, 2013 to December 31, 2013.

Utah State University (major discrete component unit) increased the minimum capitalization levels of various capital assets. Capital assets recorded in prior years that were capitalized below the increased minimum capitalization levels were written off. The beginning balance of capital asset costs decreased along with the beginning balance of associated accumulated depreciation. The net effect of this restatement reduced the beginning net position by \$16.315 million. In addition, the University had recorded funds held in trust by others in prior years. Funds held in trust by external fiscal agents are currently neither in the possession of nor under the management of the University. As a result, a prior period adjustment of \$1.903 million was made to reduce the beginning net position. A total net prior period adjustment of \$18.218 million was made to reduce the beginning net position of component unit activities reported on the government-wide Statement of Activities and the Combining Statement of Activities – Component Units.

### 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), Utah Retirement Systems, and employee benefit trust funds. The discrete component units exempt from the Act are Utah Housing Corporation, 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 not collateralized nor are they required to be by state statute. The deposits for the primary government at June 30, 2014, were \$1.127 billion. These deposits are exposed to custodial credit risk as follows:

- \$374.773 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for \$738.26 million of the primary government deposits which are in FDIC-insured accounts are held in trust by UESP at Sallie Mae Bank and U.S. Bank (collectively "Banks"). Contributions to and earnings on the FDIC-Insured accounts are allocated between the Banks according to the following percentages: Sallie Mae Bank (90 percent) and U.S. Bank (10 percent). 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, 2014, are presented below. All investments, except those of the Utah Retirement Systems (URS) (pension trust and defined contribution plans), are presented by investment type and debt securities are presented by maturity. The URS' investments are presented consistent with their separately issued financial statements by investment type.

**Primary Government Investments**  
(except pension trust and defined contribution plans)  
**At June 30, 2014**  
(Expressed in Thousands)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
<u>Debt Securities</u>					
U.S. Treasuries .....	\$ 8,490	\$ 8,490	\$ —	\$ —	\$ —
U.S. Agencies.....	15,890	—	14,605	1,285	—
Corporate Debt.....	9,264,052	9,088,069	175,983	—	—
Negotiable Certificates of Deposit .....	461,097	461,097	—	—	—
Money Market Mutual Funds.....	577,040	577,040	—	—	—
Municipal/Public Bonds.....	2,750	—	—	750	2,000
Commercial Paper.....	947,139	947,139	—	—	—
Bond Mutual Funds.....	2,357,814	—	1,395,337	962,477	—
Total Debt Securities Investments	13,634,272	\$11,081,835	\$ 1,585,925	\$ 964,512	\$ 2,000
<u>Other Investments</u>					
Equity Securities .....	1,068				
Equity Mutual Funds Securities:					
Domestic .....	5,199,378				
International .....	1,329,903				
U.S. Unemployment Trust Pool .....	730,359				
Real Estate Held for Investment Purposes ..	225,502				
Real Estate Joint Ventures .....	7,482				
Component Units Investment in Primary Government's Investment Pool .....	(693,547)				
Total Investments .....	\$20,434,417				

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) – \$4.006 billion, 59.5 percent, in domestic equity mutual fund securities; \$1.687 billion, 25.1 percent, in bond mutual funds; \$947.694 million, 14.1 percent, in international equity

mutual fund securities; and \$90.016 million, 1.3 percent, in the Utah Public Treasurers' Investment Fund.

- Trust Lands (permanent fund) – \$941.553 million, 47 percent, in domestic equity mutual fund securities; \$426.507 million, 21.3 percent, in bond mutual funds; \$382.209 million, 19.1 percent, in international equity mutual fund securities; \$231.792 million, 11.5 percent in real estate; and \$23.373 million, 1.1 percent, in the Utah Public Treasurers' Investment Fund.
- State Post-Retirement Benefits Trusts (pension and other employee benefit trust funds) – \$124.42 million, 60 percent, in bond mutual funds; \$80.052 million, 38.5 percent, in domestic equity mutual fund securities; and \$3.26 million, 1.5 percent, in the Utah Public Treasurers' Investment Fund.

- State Endowment Fund (special revenue fund) – \$101.311 million, 63.5 percent, in domestic equity mutual fund securities; \$53.856 million, 33.8 percent, in bond mutual funds; and \$4.259 million, 2.7 percent, in the Utah Public Treasurers' Investment Fund.
- Student Assistance Programs (major enterprise fund) – \$70.102 million, 33.7 percent, in domestic equity mutual fund securities; and \$138.018 million, 66.3 percent, in the Utah Public Treasurers' Investment Fund.

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Investments at Fair Value**  
**At December 31, 2013**  
(Expressed in Thousands)

Investment Type	Defined Benefit	Defined Contribution	Total All Systems and Plans
Short-term Securities Pools .....	\$ 1,711,194	\$ 14,662	\$ 1,725,856
Debt Securities – Domestic .....	2,161,114	1,491,035	3,652,149
Debt Securities – International .....	1,002,595	111,185	1,113,780
Equity Securities – Domestic .....	4,218,554	2,085,555	6,304,109
Equity Securities – International .....	4,446,334	434,434	4,880,768
Absolute Return.....	4,298,264	—	4,298,264
Alternative Investments (Venture Capital) .....	2,839,908	—	2,839,908
Real Assets .....	3,147,036	57,268	3,204,304
Investments Held by Broker-dealers under Securities Lending Program:			
Debt Securities – Domestic .....	836,470	—	836,470
Debt Securities – International .....	93,940	—	93,940
Equity Securities – Domestic .....	500,314	—	500,314
Equity Securities – International.....	509,419	—	509,419
Total Investments.....	25,765,142	4,194,139	29,959,281
Securities Lending Collateral Pool.....	2,005,347	—	2,005,347
Total Investments.....	<u>\$ 27,770,489</u>	<u>\$ 4,194,139</u>	<u>\$ 31,964,628</u>

### Interest Rate Risk — Investments

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 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 15 months or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years.

The 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.

The URS compares an investment's effective duration against the Barclays Capital US 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 Grade Custom Index (USD hedged) for inflation-linked debt securities. The index range at December 31, 2013, was 4.16 – 6.94 for domestic debt securities, 4.64 – 7.74 for global debt securities, and 8.67 – 13.01 for inflation-linked debt securities. The URS compares an investment's effective duration against the Barclays Capital Global Aggregate Index ex-U.S. (unhedged) for international debt securities and the Barclays Capital US Intermediate Government/Credit Index for domestic debt securities. The index range as of December 31, 2013, was 5.33 – 8.00 for international

debt securities and 2.93 – 4.88 for domestic debt securities. At December 31, 2013, no individual debt security investment manager's portfolio was outside of the policy guidelines. At

December 31, 2013, 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, Domestic**  
**At December 31, 2013**  
(Expressed in Thousands)

Investment	Defined Benefit Plans		Defined Contribution Plans		Total All Systems and Plans
	Fair Value	Effective Weighted Duration	Fair Value	Effective Weighted Duration	
Asset-backed Securities .....	\$ 213,553	1.37	\$ 75,862	0.56	\$ 289,415
Collateral Held Elsewhere .....	1,075	NA	5,646	—	6,721
Commercial Mortgage-backed.....	124,322	3.17	126,897	1.82	251,219
Corporate Bonds .....	512,716	5.28	476,975	4.82	989,691
Corporate Convertible Bonds .....	4,977	2.25	—	—	4,977
Fixed Income Derivatives – Options .....	218	NA	—	—	218
Government Agencies .....	61,620	5.65	130,712	3.29	192,332
Government Bonds .....	800,952	5.81	40,421	0.75	841,373
Government Mortgage-backed Securities.....	919,819	4.59	356,287	3.03	1,276,106
Gov't Issued Commercial Mortgage-backed ....	14,026	5.86	—	—	14,026
Index Linked Government Bonds .....	280,725	10.53	—	—	280,725
Municipal/Provincial Bonds .....	3,732	14.77	36,385	9.85	40,117
Non-government Backed C.M.O.s.....	58,517	3.98	—	—	58,517
Obligation to return cash collateral held .....	(4,155)	NA	—	—	(4,155)
Other Fixed Income .....	3,848	NA	241,850	NA	245,698
Other Options .....	5,174	NA	—	—	5,174
Swap Liabilities .....	(3,535)	NA	—	—	(3,535)
Total Debt Securities Investments, Domestic .....	<u>\$ 2,997,584</u>	5.47	<u>\$ 1,491,035</u>	3.00	<u>\$ 4,488,619</u>

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Debt Securities Investments, International**  
**At December 31, 2013**  
(Expressed in Thousands)

	Defined Benefit Plans		Defined Contribution Plans		All Systems and Plans
	Fair Value	Effective Weighted Duration	Fair Value	Effective Weighted Duration	
Asset Backed Securities.....	\$ 3,181	6.82	\$ 2,630	1.12	\$ 5,811
Cash and cash equivalent futures .....	—	—	3,437	—	3,437
Commercial Mortgage-backed.....	608	NA	3,239	4.67	3,847
Corporate Bonds .....	274,706	3.85	23,906	4.91	298,612
Corporate Convertible Bonds .....	1,458	NA	—	—	1,458
Fixed Income Derivative – Options .....	16	NA	11	—	27
Government Agencies .....	30,069	3.31	1,766	4.90	31,835
Government Bonds .....	260,810	5.07	31,276	7.88	292,086
Index Linked Government Bonds .....	507,411	11.00	40,481	10.42	547,892
Municipal/Provincial Bonds .....	9,975	7.27	3,439	6.20	13,414
Non-government Backed C.M.O.s.....	8,301	NA	386	—	8,687
Other Options .....	—	—	42	—	42
Short Term Bills and Notes.....	—	—	810	—	810
Other Liabilities .....	—	—	(238)	—	(238)
Total.....	<u>\$ 1,096,535</u>	7.53	<u>\$ 111,185</u>	7.81	<u>\$ 1,207,720</u>

**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 the Utah Retirement Systems (URS) (pension trust and defined contribution plans), 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, 2014, 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, 2014**  
(Expressed in Thousands)

<u>Debt Investments</u>	Fair Value	Quality Ratings			
		AAA	AA	A	BBB
U.S. Agencies .....	\$ 15,890	\$ —	\$ 15,890	\$ —	\$ —
Corporate Debt .....	\$ 9,264,052	\$ 25,020	\$ 1,336,144	\$ 6,056,909	\$ 1,845,979
Negotiable Certificates of Deposit.....	\$ 461,097	\$ —	\$ 116,063	\$ 344,767	\$ —
Money Market Mutual Funds .....	\$ 577,040	\$ 2,040	\$ —	\$ —	\$ —
Municipal/Public Bonds .....	\$ 2,750	\$ 2,750	\$ —	\$ —	\$ —
Commercial Paper .....	\$ 947,139	\$ —	\$ —	\$ —	\$ —
Bond Mutual Funds .....	\$ 2,357,814	\$ —	\$ —	\$ —	\$ —

Continues Below

<u>Debt Investments</u>	Quality Ratings		
	A1 *	A2 *	Unrated
U.S. Agencies .....	\$ —	\$ —	\$ —
Corporate Debt .....	\$ —	\$ —	\$ —
Negotiable Certificates of Deposit.....	\$ —	\$ —	\$ 267
Money Market Mutual Funds .....	\$ —	\$ —	\$ 575,000
Municipal/Public Bonds .....	\$ —	\$ —	\$ —
Commercial Paper .....	\$ 571,431	\$ 375,708	\$ —
Bond Mutual Funds .....	\$ —	\$ —	\$ 2,357,814

\* A1 and A2 are Commercial Paper ratings

The 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.
- Upon approval, 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 shall have on average an investment grade rating.

The weighted quality rating average of the domestic debt securities, excluding pooled investments, at December 31, 2013, is AAA and the fair value of below grade investments is \$59.919 million or 1.99 percent of the domestic portfolio. The weighted quality rating average of the international debt securities investments, at December 31, 2013, is AA and the fair value of below grade investments is \$55.27 million or 5.04 percent of the international portfolio.

The following table presents the URS credit risk ratings as of December 31, 2013:

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Debt Securities Investments at Fair Value**  
**At December 31, 2013**  
(Expressed in Thousands)

Quality Rating	Defined Benefit Plans			Defined Contribution Plans			Total All Systems and Plans
	Domestic	International	Total	Domestic	International	Total	
AAA	\$ 1,107,239	\$ 306,343	\$ 1,413,582	\$ 61,988	\$ 23,743	\$ 85,731	\$ 1,499,313
AA+	84,949	308,755	393,704	184,637	14,972	199,609	593,313
AA	28,443	5,819	34,262	208,703	5,962	214,665	248,927
AA-	26,130	56,890	83,020	—	6,780	6,780	89,800
A+	39,097	10,614	49,711	11,080	2,006	13,086	62,797
A	103,188	58,820	162,008	9,273	3,117	12,390	174,398
A-	148,281	33,406	181,687	247,454	6,757	254,211	435,898
BBB+	89,682	22,778	112,460	34,713	1,763	36,476	148,936
BBB	58,815	180,144	238,959	72,059	17,420	89,479	328,438
BBB-	50,023	46,565	96,588	24,394	6,630	31,024	127,612
BB+	3,629	27,124	30,753	8,611	1,372	9,983	40,736
BB	10,926	8,211	19,137	16,208	1,639	17,847	36,984
BB-	14,414	15,553	29,967	3,262	910	4,172	34,139
B+	7,063	1,311	8,374	14,391	165	14,556	22,930
B	431	327	758	—	286	286	1,044
B-	9,966	—	9,966	—	—	—	9,966
CCC+	1,164	—	1,164	—	—	—	1,164
CCC	6,691	—	6,691	—	—	—	6,691
CCC-	2,841	—	2,841	—	—	—	2,841
CC	2,616	2,018	4,634	—	—	—	4,634
C	—	726	726	—	—	—	726
D	177	—	177	—	—	—	177
NR/NA	79,157	11,131	90,288	108,178	17,663	125,841	216,129
Total Credit Risk							
Debt Securities.....	1,874,922	1,096,535	2,971,457	1,004,951	111,185	1,116,136	4,087,593
<b>U.S. Government and Agencies:</b>							
Reconstruction Finance Corp..... Not rated	21,962	—	21,962	—	—	—	21,962
Fed National Mortgage Assoc..... Not rated	559,047	—	559,047	150,841	—	150,841	709,888
Fed Home Loan Mortgage Corp Not rated	204,272	—	204,272	180,793	—	180,793	385,065
Gov't National Mortgage Assoc. Not rated	166,181	—	166,181	559	—	559	166,740
Other Government & Agencies.. Not rated	171,200	—	171,200	153,891	—	153,891	325,091
Total Rated Government and Agencies.....	1,122,662	—	1,122,662	486,084	—	486,084	1,608,746
Total Debt Securities Investments.....	\$ 2,997,584	\$ 1,096,535	\$ 4,094,119	\$ 1,491,035	\$ 111,185	\$ 1,602,220	\$ 5,696,339

**Custodial Credit Risk — Investments**

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, 2014, except those of the Utah Retirement Systems (URS) (pension trust and defined contribution plans), were held by the State or in the State's name by the State's custodial banks.

At December 31, 2013, the URS investments were registered in the name of URS and held by their custodians; however, there is \$29.936 million frictional cash and cash equivalents subject to

custodial risk in foreign banks held in URS' name, but 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 \$15.72 million of investments for which exposure to custodial credit risk could not be determined.

**Concentration of Credit Risk — Investments**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Except for the Utah Retirement Systems (URS) (pension trust and defined contribution plans), 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, 2014, with more than 5 percent of the total investments in a single issuer.

The URS' debt securities investments had no single issuer investments at December 31, 2013, that exceed their diversified portfolio 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.

#### Foreign Currency Risk — Investments

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, except the Utah Retirement Systems (URS) (pension trust and defined contribution plans), does not have a formal policy to limit foreign currency risk.

The Utah Educational Savings Plan Trust (private purpose trust) has \$947.694 million and the Trust Lands (permanent fund) has \$382.209 million invested in international equity funds. As such, no foreign currency risk is presented.

The 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 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, 2013**  
(Expressed in Thousands)

Currency	Defined Benefit Plans				Defined Contribution Plans			Total All Systems and Plans
	Short-Term	Equity	Debt	Total	Equity	Debt	Total	
ADR* US dollar .....	\$ —	\$ 709,067	\$ 265,590	\$ 974,657	\$ 4,971	\$ 49,927	\$ 54,898	\$ 1,029,555
Australian dollar .....	2,526	172,333	15,120	189,979	23,010	(829)	22,181	212,160
Bahamian dollar .....	—	—	—	—	9	—	9	9
Bermuda – US dollar .....	—	—	—	—	1,597	—	1,597	1,597
Brazilian real .....	557	71,655	19,911	92,123	8,954	(83)	8,871	100,994
British pound sterling .....	4,957	763,632	250,762	1,019,351	65,329	7,678	73,007	1,092,358
Canadian dollar .....	2,185	252,341	29,874	284,400	30,846	1,210	32,056	316,456
Cayman Islands dollar .....	—	—	—	—	3,570	—	3,570	3,570
Chilean peso .....	63	12,567	717	13,347	1,350	(26)	1,324	14,671
Chinese yuan renminbi .....	—	—	—	—	11,724	—	11,724	11,724
Columbian peso .....	7	8,474	1,479	9,960	803	—	803	10,763
Congolese franc .....	—	—	—	—	8	—	8	8
Czech koruna .....	51	1,584	—	1,635	199	—	199	1,834
Danish krone .....	307	27,437	8,783	36,527	4,093	594	4,687	41,214
Egyptian pound .....	446	6,436	—	6,882	271	—	271	7,153
Euro .....	3,980	969,082	416,665	1,389,727	96,274	26,001	122,275	1,512,002
Gibraltar pounds .....	—	—	—	—	35	—	35	35
Hong Kong dollar .....	637	251,862	4,402	256,901	10,600	—	10,600	267,501
Hungarian forint .....	11	8,068	—	8,079	220	1,543	1,763	9,842
Indian rupee .....	488	75,094	—	75,582	5,450	—	5,450	81,032
Indonesian rupiah .....	279	15,479	—	15,758	2,066	—	2,066	17,824
Isle of Man pound .....	—	—	—	—	152	—	152	152
Japanese yen .....	4,923	698,065	24,404	727,392	66,699	16,415	83,114	810,506
Korean won .....	—	—	—	—	5	—	5	5
Malaysian ringgit .....	309	42,307	—	42,616	3,544	247	3,791	46,407
Mauritian rupee .....	—	—	—	—	62	—	62	62
Mexican peso .....	531	58,903	12,183	71,617	4,407	1,257	5,664	77,281
Moroccan dirham .....	13	1,638	—	1,651	—	—	—	1,651
New Israeli shekel .....	266	7,633	—	7,899	1,619	—	1,619	9,518
New Taiwan dollar .....	347	82,281	—	82,628	715	1,687	2,402	85,030
New Zealand dollar .....	920	3,977	2,771	7,668	—	(1,176)	(1,176)	6,492
Norwegian krone .....	52	24,854	4,450	29,356	2,584	439	3,023	32,379
Peruvian nuevo sol .....	10	700	—	710	59	—	59	769
Philippines peso .....	6	8,206	—	8,212	798	—	798	9,010
Polish zloty .....	683	10,599	—	11,282	1,501	4,246	5,747	17,029
Russian Federation ruble .....	31	—	—	31	4,816	—	4,816	4,847
Singaporean dollar .....	412	48,255	24,822	73,489	4,707	222	4,929	78,418
South African rand .....	229	50,280	—	50,509	6,568	429	6,997	57,506
South Korean won .....	117	131,452	—	131,569	14,124	—	14,124	145,693
Swedish krona .....	1,187	81,226	14,602	97,015	10,118	691	10,809	107,824
Swiss franc .....	654	323,420	—	324,074	25,939	713	26,652	350,726
Taiwanese new dollar .....	—	—	—	—	11,106	—	11,106	11,106
Thai baht .....	691	15,321	—	16,012	2,153	—	2,153	18,165
Turkish lira .....	50	15,238	—	15,288	1,379	—	1,379	16,667
United Arab Emirates dirham .....	31	6,287	—	6,318	—	—	—	6,318
Total Securities Subject to Foreign Currency Risk .....	\$ 27,956	\$ 4,955,753	\$ 1,096,535	\$ 6,080,244	\$ 434,434	\$ 111,185	\$ 545,619	\$ 6,625,863

\* American Depository Receipts

**B. 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 component unit's deposits may not be recovered.

The 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 not collateralized nor are they required to be by state statute. The deposits for the component units at June 30, 2014, were \$129.178 million. Of these, \$120.155 million were exposed to custodial credit risk as uninsured and uncollateralized.

**Investments**

The component units follow the applicable investing criteria described above for the primary government, with the exception of Utah Housing Corporation and Public Employees Health Program which are 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 Entity 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: professionally managed pooled or commingled investment funds registered with the Securities and Exchange Commission or the Comptroller of the Currency (e.g., mutual funds); professionally managed pooled or commingled investment funds created under 501(f) of the Internal Revenue Code which satisfy the conditions for exemption from registration under Section 3(c) of the Investment Company Act of 1940; any investment made in accordance with the donor's directions in a written instrument; and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital, private equity, both domestic and international), natural resources, and private real estate assets or absolute return and long/short hedge funds.

The component units' debt investments at June 30, 2014, are presented below:

**Component Units Debt Securities Investments**  
**At June 30, 2014**  
*(Expressed in Thousands)*

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in years)</b>				
		<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>11-20</b>	<b>More Than 20</b>
<b>Debt Securities</b>						
U.S. Treasuries .....	\$ 152,980	\$ 85,358	\$ 66,502	\$ 1,048	\$ 72	\$ —
U.S. Agencies .....	1,433,829	520,764	488,809	150,854	216,499	56,903
Corporate Debt .....	340,458	73,164	197,031	49,975	18,614	1,674
Money Market Mutual Funds .....	619,416	619,416	—	—	—	—
Negotiable Certificates of Deposit .....	5,675	55	2,059	—	3,561	—
Municipal/Public Bonds .....	57,545	—	26,728	12,276	18,541	—
Repurchase Agreements .....	41,782	41,782	—	—	—	—
Guaranteed Investment Contracts .....	102,279	—	15,773	—	86,506	—
Bond Mutual Funds .....	273,959	43	55,466	216,092	2,358	—
Securities Lending Cash Collateral Pool .....	24,610	24,610	—	—	—	—
Utah Public Treasurers' Investment Fund .....	693,547	693,547	—	—	—	—
<b>Total Debt Securities Investments</b>	<b>3,746,080</b>	<b>\$ 2,058,739</b>	<b>\$ 852,368</b>	<b>\$ 430,245</b>	<b>\$ 346,151</b>	<b>\$ 58,577</b>
<b>Other Investments</b>						
Equity Securities .....	39,049					
Equity Mutual Funds Securities:						
Domestic .....	106,911					
International .....	2,192					
Alternatives .....	17,140					
<b>Total Investments .....</b>	<b>\$ 3,911,372</b>					

**Interest Rate Risk — Investments**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The component units' policy for managing interest rate risk is the same as described above for the primary government.

**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 component units' policy for reducing exposure to investment credit risk is the same as described above for the primary government. The component units' debt investments as of June 30, 2014, 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.

**Component Units Rated Debt Investments  
At June 30, 2014  
(Expressed in Thousands)**

<u>Debt Investments</u>	Fair Value	Quality Ratings			
		AAA	AA	A	BBB
U.S. Agencies.....	\$1,433,829	\$ 624,782	\$ 797,328	\$ 1,347	\$ —
Corporate Debt.....	\$ 340,458	\$ 2,654	\$ 30,302	\$ 176,321	\$ 117,333
Money Market Mutual Funds .....	\$ 619,416	\$ 350,681	\$ —	\$ —	\$ —
Negotiable Certificates of Deposit .....	\$ 5,675	\$ —	\$ —	\$ —	\$ —
Municipal/Public Bonds.....	\$ 57,545	\$ 14,668	\$ 18,352	\$ 16,094	\$ —
Guaranteed Investment Contracts .....	\$ 102,279	\$ —	\$ —	\$ —	\$ —
Bond Mutual Funds.....	\$ 273,959	\$ —	\$ 83,633	\$ —	\$ 888
Securities Lending Cash Collateral Pool.....	\$ 24,610	\$ —	\$ —	\$ —	\$ —
Utah Public Treasurers' Investment Fund .....	\$ 693,547	\$ —	\$ —	\$ —	\$ —
Repurchase Agreements – Underlying:					
U.S. Agencies.....	\$ 41,782	\$ —	\$ 38,400	\$ —	\$ —

Continues Below

<u>Debt Investments</u>	Quality Ratings			
	BB	B	CCC	Unrated
U.S. Agencies.....	\$ —	\$ —	\$ —	\$ 10,372
Corporate Debt.....	\$ 7,946	\$ 19	\$ —	\$ 5,883
Money Market Mutual Funds .....	\$ —	\$ —	\$ —	\$ 268,735
Negotiable Certificates of Deposit .....	\$ —	\$ —	\$ —	\$ 5,675
Municipal/Public Bonds.....	\$ —	\$ —	\$ 572	\$ 7,859
Guaranteed Investment Contracts .....	\$ —	\$ —	\$ —	\$ 102,279
Bond Mutual Funds.....	\$ 1,058	\$ 684	\$ —	\$ 187,696
Securities Lending Cash Collateral Pool.....	\$ —	\$ —	\$ —	\$ 24,610
Utah Public Treasurers' Investment Fund .....	\$ —	\$ —	\$ —	\$ 693,547
Repurchase Agreements – Underlying:				
U.S. Agencies.....	\$ —	\$ —	\$ —	\$ 3,382

**Custodial Credit Risk — Investments**

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the 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 component units do not have a formal policy for custodial credit risk.

The various component units' investments at June 30, 2014, were held by the component unit or in the name of the component unit by the component unit's custodial bank or trustee, except the following which were uninsured, were not registered in the name of the component unit, and were held by (expressed in thousands):

<u>Counterparty</u>	
U.S. Treasuries .....	\$ 135,146
Equity Securities – Domestic.....	\$ 13,490
U.S. Agencies .....	\$ 1,221,851
Corporate Debt .....	\$ 90,970
Money Market Mutual Fund.....	\$ 4,773
Negotiable Certificate of Deposit .....	\$ 3,561
Municipal/Public Bonds .....	\$ 23,767
Repurchase Agreements .....	\$ 3,382
<u>Counterparty's Trust Department or Agent</u>	
U.S. Treasuries .....	\$ 4,822
U.S. Agencies .....	\$ 20,042
Corporate Debt .....	\$ 57,162
Municipal/Public Bonds .....	\$ 4,428
Bond Mutual Funds .....	\$ 3,747

### Concentration of Credit Risk — Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Except for Utah Housing Corporation and Public Employees Health Program, the component units' policy for reducing this risk of loss is the same as described above for the primary government for non-endowment funds. For college and university endowments funds, their policy for reducing this risk of loss is to follow 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 Utah Housing Corporation places no limit on the amount the Corporation may invest in any one issuer. More than 5 percent of the Corporation's investments are in the Nataxis (CDC) Guaranteed Investment Contracts (GICs), and Trinity investments GICs and Ginnie Mae (GNMA) investments. These investments are 8.7 percent, 8 percent, and 11.8 percent, respectively, of the Corporation's total investments at yearend.

Public Employees Health Program'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.

The University of Utah held more than 5 percent in the Federal Home Loan Bank, the Federal Farm Credit Bank, and the Wells Fargo Cash Investment Select Management Fund. These investments represent 28.5 percent, 6.1 percent, and 10.2 percent, respectively; of the University's total investments.

Utah State University held more than 5 percent of total investments in securities of the Federal Farm Credit Bank, Federal Home Loan Bank, and the Federal Home Loan Mortgage Corporation. These investments represent 13.95 percent, 11.8 percent, and 11.57 percent, respectively; of the University's total investments.

### Foreign Currency Risk — Investments

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The component units do not have a formal policy to limit foreign currency risk.

### C. 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 102 percent of the market value of the domestic securities on loan (respectively for URS and PEHP) and 106 percent of the market value of the international securities on loan (URS only), 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 the 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 \$1.94 billion and \$24.086 million, respectively, and the collateral received for those securities on loan was \$2.005 billion and \$24.611 million, respectively. 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.

### D. 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. 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, 2013, 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 or losses in the Statement of Changes in Fiduciary Net Position. At December 31, 2013, and December 31, 2012, 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	
	2013	2012	2013	2012
Cash and Cash Equivalent				
Long .....	\$ 202,857	\$ —	\$ —	\$ —
Short .....	(200,839)	—	(96)	—
Equity				
Long .....	27,778	664,243	—	24,189
Short .....	(85,035)	—	—	—
Fixed Income				
Long .....	273,121	299,658	—	23,449
Short .....	(155,524)	(511,298)	(2,122)	(22,234)
Total Futures .....	<u>\$ 62,358</u>	<u>\$ 452,603</u>	<u>\$ (2,218)</u>	<u>\$ 25,404</u>

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, 2013, and December 31, 2012, URS investments had the following notional futures balances as shown in the table below.

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Options — Notional Market Value**  
**At December 31**  
(Expressed in Thousands)

	Defined Benefit Plans		Defined Contribution Plans	
	2013	2012	2013	2012
Cash and Cash Equivalent				
Call .....	\$ (87)	\$ —	\$ (7)	\$ 95
Put .....	(276)	—	6	50
Equity				
Call .....	—	—	—	—
Put .....	(78)	—	—	—
Fixed Income				
Call .....	—	13	1	1
Put .....	234	315	10	2
Swaptions				
Call .....	1,062	(2,514)	13	39
Put .....	4,112	77	29	120
Total Options .....	<u>\$ 4,967</u>	<u>\$ (2,109)</u>	<u>\$ 52</u>	<u>\$ 307</u>

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, 2013, and December 31, 2012, URS investments included the following currency forwards balances (expressed in thousands):

Currency Forwards	2013 Fair Value	2012 Fair Value
Forwards Subject to Foreign Currency Risk (pending foreign exchange sales):		
Defined Benefit Plans.....	\$ (11,049)	\$ (5,054)
Defined Contribution Plans .....	(776)	(442)
Total Currency Forwards .....	<u>\$ (11,825)</u>	<u>\$ (5,496)</u>

URS has entered into various credit default and interest rate swap agreements in an attempt to manage their exposure to inflation, credit and interest rate risk. Interest rate 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. Most of the interest rate swaps were purchased in connection with variable real estate debt. Those 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, 2013, Credit Suisse International swaps had collateral held for \$500 thousand. Deutsche Bank securities swaps had collateral held for \$1.6 million, and Goldman Sachs Bank had collateral held for \$2.42 million. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Fiduciary Net Position. Swap market values are determined by an independent third party. At December 31, 2013, and December 31, 2012, URS investments had the swap market value balances as shown in the following table:

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Interest Rate Swaps**  
**At December 31, 2013**  
(Expressed in Thousands)

	Outstanding Notional Amount*	URS Rate	Counterparty Rate	Maturity Date	2013 Fair Value	2012 Fair Value
Real Estate Portfolio Interest Rate Swaps:****	<u>\$ 573,602</u>	4.31 % – 5.46 %	One Month LIBOR**	2014 – 2021	<u>\$ (56,839)</u>	<u>\$ (89,265)</u>
Fixed Income Portfolio	\$ 708,839	0.38 % – 4.56 %	Three Month LIBOR**	2014 – 2043	\$ 213	\$ (230)
Interest Rate Swaps:	258,800	Three Month LIBOR**	0.65 % – 4.56 %	2016 – 2043	690	(75)
	92,100	Six Month EURIBOR***	1.67 % – 1.91 % (EUR)	2016 – 2043	52	140
	7,720	BBR	3.55 %	2015	(10)	—
	<u>3,500</u>	NA	5.00 %	2017 – 2018	<u>(2)</u>	<u>(4)</u>
Total Fixed Income Interest Rate Swaps	<u>\$1,070,959</u>				<u>\$ 943</u>	<u>\$ (169)</u>

\* Base used to calculate interest

\*\* London Interbank Offered Rate (LIBOR)

\*\*\* Euro Interbank Offered Rate (EURIBOR)

\*\*\*\* The \$573.602 million includes \$75.14 million of Real Estate Portfolio Swaps that expired in 2013

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 at December 31, 2013, if all counterparties fail to perform as contracted is \$26.435 million. The maximum exposure is reduced by \$89.092 million of liabilities, resulting in no net exposure to credit risk. Credit

ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts are noted below. At December 31, 2013, the counterparties' credit ratings for currency forwards, options, and swaps are subject to credit risk as shown in the table below.

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Credit Risk Derivatives at Fair Value**  
**At December 31, 2013**  
(Expressed in Thousands)

Quality Rating	Forwards	Options	Swaps	Total
AA-	\$ 1,067	\$ —	\$ (2,355)	\$ (1,288)
A+	593	—	716	1,309
A	(13,420)	4,879	—	(8,541)
A-	(65)	—	(54,257)	(54,322)
N/A	—	140	—	140
Total	<u>\$ (11,825)</u>	<u>\$ 5,019</u>	<u>\$ (55,896)</u>	<u>\$ (62,702)</u>

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 A+ 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, 2013, is \$882.715 million and the market value is \$900.533 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, 2013**  
(Expressed in Thousands)

	1-5 Yr. Government/Credit		Intermediate Government/Credit		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 .....	\$ 43,099	\$ 43,441	\$ 17,942	\$ 18,552	\$ 18,390	\$ 18,923	\$ 79,431	\$ 80,916
Agencies .....	16,863	16,997	8,847	9,148	10,393	10,694	36,103	36,839
Corporates .....	123,476	124,455	87,269	90,236	69,208	71,217	279,953	285,908
Mortgage Backed								
Securities .....	102,376	66,951	43,154	44,621	46,652	48,007	192,182	159,579
Treasuries .....	46,566	85,544	46,899	48,494	41,300	42,499	134,765	176,537
Commercial Mortgage								
Backed Securities....	86,669	87,356	38,249	39,550	19,994	20,574	144,912	147,480
Cash .....	8,945	9,016	4,091	4,230	2,333	2,401	15,369	15,647
Total .....	<u>\$ 427,994</u>	<u>\$ 433,760</u>	<u>\$ 246,451</u>	<u>\$ 254,831</u>	<u>\$ 208,270</u>	<u>\$ 214,315</u>	<u>\$ 882,715</u>	<u>\$ 902,906</u>

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Wrap Contracts**  
**At December 31, 2013**  
(Expressed in Thousands)

	Fair Value	Market Value	Rate	Duration	Quality Ratings
Issued Wrap Contracts .....	\$ 882,715	\$ 900,533	1.56 % – 2.88 %	1.58 – 3.43	A+ – AA-
Repurchase .....	11,779	11,779			
Total .....	<u>\$ 894,494</u>	<u>\$ 912,312</u>			

**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 4.66 % to 5.00 %
Payment Dates.....	The 1 <sup>st</sup> 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, 2014	Fair Value at June 30, 2013	Change in Fair Value
Interest Rate Exchange	\$ 18,308	\$ 18,625	\$ (317)

Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair market 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.

**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”, “AA-” and “AA/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, 2014.

**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.

**Utah Housing Corporation**

The following are disclosures for derivative financial instruments held by Utah Housing Corporation (major discrete component unit).

**Objective** — In order to protect against the potential of rising interest rates on its variable rate debt, the Corporation has entered into 70 separate pay-fixed, receive-variable interest rate swaps as of June 30, 2014. More detailed information about each swap is included in the Corporation's separately issued financial statements.

**Terms, Fair Values, and Credit Risk** — The terms, including the fair values of the outstanding swaps as of June 30, 2014, are summarized below. The notional amounts of the swaps matched the principal amounts of the associated debt at the time of issuance. Except as discussed under rollover risk, the Corporation's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable category.

**Utah Housing Corporation**  
**Interest Rate Swap Agreements**  
**At June 30, 2014**  
(Expressed in Thousands)

Outstanding Notional Amount	Effective Dates	Fixed Rate Paid by the Corporation	Variable Rate Received from Counterparty	Fair Values	Swap Termination Dates
\$ 289,345	2008	3.94 % – 5.61 %	SIFMA* plus 0.27 %	\$ (30,468)	2022 – 2029
9,235	2008	5.06 % – 7.47 %	LIBOR** plus 0.15 %	(851)	2016 – 2020
8,530	2008	5.31 % – 5.55 %	LIBOR** plus 0.01 %	(775)	2016
218,165	2012	3.48 % – 4.59 %	LIBOR**	(25,713)	2021 – 2030
65,965	2013	4.01 % – 4.35 %	LIBOR**	(7,979)	2026 – 2032
<u>\$ 591,240</u>				<u>\$ (65,786)</u>	

\* Securities Industry and Financial Markets Association

\*\* London Interbank Offered Rate

**Fair Values** — The fair values of swaps are a function of market interest rates and the remaining term on the swap contracts. The fair values of the swap contracts were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. The Corporation has recorded the fair market value of its derivative investments on the financial statements and has evaluated and measured their effectiveness. All of the Corporation's derivative instruments were deemed to be effective, and the Corporation has deferred the changes in fair value for these derivatives and has reported them as deferred outflow and deferred inflow of resources. The derivative instrument swap liability in the amount of \$65.786 million as of June 30, 2014, compared to \$76.733 million in the prior year, resulting in an overall change in fair value of \$10.947 million.

**Credit Risk** — The Corporation's swap contracts do not require it to post collateral at any time. The Corporation believes that the high credit rating of the counter parties will mitigate most credit risk associated with the derivatives' fair value in the event that the derivative instruments have a positive fair value.

**Basis Risk** — The Corporation's tax-exempt variable-rate bond coupon payments have historically been substantially the same as the SIFMA rate. Its taxable variable-rate bond coupon payments have historically been substantially the same as the LIBOR rate. At June 30, 2014, the weighted average interest rate on Corporation's variable-rate hedged debt is 0.53 percent, while the

SIFMA swap index is 0.06 percent and the one month LIBOR is 0.15 percent. As the interest rate swaps pay a variable rate based on the SIFMA rate (tax-exempt debt), or the LIBOR rate (taxable debt), the Corporation therefore has limited exposure to basis risk except as disclosed under the Cross-over Risk.

**Cross-over Risk** — Thirty-one of the Corporation's SIFMA based swaps are exposed to additional basis risk if the LIBOR rate is 3.5 percent or greater and in some cases 4 percent or greater. When the LIBOR rate is greater than 3.5 percent or 4 percent, the counterparty will pay the Corporation 68 percent of the LIBOR rate, rather than the SIFMA rate. Historically, on average, 68 percent of the LIBOR rate has been substantially the same as the Corporation's tax-exempt variable-rate bond coupon payments. However, this relationship has been subject to more basis risk than the relationship between SIFMA and the Corporation's tax-exempt variable-rate bond payments.

**Termination Risk** — The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. In addition, the Corporation has the option to terminate at any time at market rates (i.e., fair value adjusted for the counterparty's transaction costs).

**Rollover Risk** — The Corporation is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, or in the case of the termination option, the Corporation will not realize the synthetic rate offered by the swaps on the underlying debt issues. As of June 30, 2014, the Corporation's swap termination dates ranged from 0 to 20 years prior to the maturity dates of the associated debt.

**Utah Housing Corporation**  
**Forward Sales Contract Derivatives and**  
**Credit Risk at Fair Value for GNMA securities**  
**At June 30, 2014**  
*(Expressed in Thousands)*

	<u>Par</u>	<u>Exposure Percentage</u>	<u>Original Premium</u>	<u>Yearend Premium</u>	<u>Fair Value</u>
	\$ 20,000	26	\$ 20,800	\$ 20,941	\$ (141)
	16,000	20	16,600	16,685	(85)
	6,000	8	6,375	6,414	(39)
	23,500	30	24,415	24,634	(219)
	12,500	16	13,283	13,317	(34)
Total	<u>\$ 78,000</u>	<u>100</u>	<u>\$ 81,473</u>	<u>\$ 81,991</u>	<u>\$ (518)</u>

**Utah Housing Corporation**  
**Forward Sales Contract Derivatives and**  
**Credit Risk at Fair Value for FNMA securities**  
**At June 30, 2014**  
*(Expressed in Thousands)*

	<u>Par</u>	<u>Exposure Percentage</u>	<u>Original Premium</u>	<u>Yearend Premium</u>	<u>Fair Value</u>
	\$ 20,000	100	\$ 20,892	\$ 21,032	\$ (140)

**Forward Sales Contracts** — Forward sales securities commitments and private sales commitments are utilized to hedge changes in fair value of mortgage loan inventory and commitments to originate mortgage loans. At June 30, 2014, the Corporation had executed 24 forward sales transactions with a \$78 million notional amount and a (\$518) thousand fair market value for GNMA securities, and 10 forward sales transactions with a \$20 million notional amount and (\$140) thousand fair market value for FNMA securities. The forward sales settled on September 18, 2014.

**Credit Risk** — Several of the Corporation's forward agreements require it to post collateral in the event that the fair market value of the contract has decreased. No collateral was required to be posted at June 30, 2014.

**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 not insured or 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, 2014, are as follows:

**Utah Public Treasurers' Investment Fund**  
**Statement of Net Position**  
**June 30, 2014**  
*(Expressed in Thousands)*

<b>Assets</b>	
Cash and Cash Equivalents.....	\$ 1,005,713
Investments.....	10,290,042
	<u>11,295,755</u>
<b>Liabilities</b>	
Accounts Payable .....	236,424
	<u>236,424</u>
<b>Net Position</b>	
External Participant Account Balances.....	6,933,137
Internal Participant Account Balances:	
Primary Government .....	3,415,301
Component Units.....	694,810
Unrealized Gains/Losses .....	16,083
	<u>11,059,331</u>
Total Net Position .....	<u>\$ 11,059,331</u>
Participant Account Balance Net Position Valuation Factor ....	<u>1.0055062</u>

**Utah Public Treasurers' Investment Fund**  
**Statement of Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2014**  
*(Expressed in Thousands)*

<b>Additions</b>	
Pool Participant Deposits.....	\$ 11,555,743
Investment Income:	
Investment Earnings .....	53,291
Fair Value Increases (Decreases) .....	10,553
	<u>63,844</u>
Total Investment Income .....	63,844
Less Administrative Expenses .....	(468)
	<u>63,376</u>
Net Investment Income.....	63,376
Total Additions.....	<u>11,619,119</u>
<b>Deductions</b>	
Pool Participant Withdrawals .....	10,601,676
Earnings Distributions .....	52,823
	<u>10,654,499</u>
Total Deductions .....	10,654,499
Net Increase/(Decrease) From Operations	<u>964,620</u>
<b>Net Position</b>	
Beginning of Year.....	10,094,711
Net Position – End of Year .....	<u>\$ 11,059,331</u>

**Utah Public Treasurers' Investment Fund**  
**Portfolio Statistics**  
**At June 30, 2014**

	<b>Range of Yields</b>	<b>Weighted Average Maturity</b>
Money Market Mutual Funds .....	0.05 % – 0.35 %	1.00 days
Certificates of Deposit – Negotiable .....	0.36 % – 0.62 %	44.15 days
Certificates of Deposit – Nonnegotiable .....	0.25 % – 0.45 %	61.84 days
Corporate Bonds and Notes .....	0.12 % – 1.25 %	75.36 days
Commercial Paper.....	0.12 % – 0.32 %	24.63 days
	<b>Weighted Average Yield</b>	<b>Average Adjusted Maturity</b>
Total Investment Fund .....	0.48 %	65.77 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 not collateralized nor are they required to be by state statute. The deposits for the PTIF at June 30, 2014, were \$15.52 million. Of those, \$14.5 million were exposed to custodial credit risk as uninsured and uncollateralized.

#### Investments

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, 2014, are presented below.

**Utah Public Treasurers' Investment Fund**  
**At June 30, 2014**  
*(Expressed in Thousands)*

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in years)</b>	
		<b>Less Than 1</b>	<b>1–5</b>
<b>Debt Securities</b>			
Corporate Bonds and Notes .....	\$ 9,253,017	\$ 9,086,589	\$ 166,428
Negotiable Certificates of Deposit ....	460,830	460,830	—
Money Market Mutual Funds .....	575,000	575,000	—
Commercial Paper .....	947,139	947,139	—
	<u>\$ 11,235,986</u>	<u>\$ 11,069,558</u>	<u>\$ 166,428</u>

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 above, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

**Interest Rate Risk — Investments**

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.

**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, 2014, 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, 2014  
(Expressed in Thousands)**

<u>Debt Investments</u>	<u>Fair Value</u>	<u>Quality Ratings</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>
Corporate Bonds and Notes .....	\$ 9,253,017	\$ 25,019	\$ 1,336,144	\$ 6,056,397	\$ 1,835,457
Negotiable Certificates of Deposit	\$ 460,830	\$ —	\$ 116,063	\$ 344,767	\$ —
Money Market Mutual Funds.....	\$ 575,000	\$ —	\$ —	\$ —	\$ —
Commercial Paper.....	\$ 947,139	\$ —	\$ —	\$ —	\$ —

Continues Below

<u>Debt Investments</u>	<u>Quality Ratings</u>		
	<u>A1 *</u>	<u>A2 *</u>	<u>Not Rated</u>
Corporate Bonds and Notes .....	\$ —	\$ —	\$ —
Negotiable Certificates of Deposit	\$ —	\$ —	\$ —
Money Market Mutual Funds.....	\$ —	\$ —	\$ 575,000
Commercial Paper.....	\$ 571,431	\$ 375,708	\$ —

\* A1 and A2 are Commercial Paper ratings

**Concentration of Credit Risk — Investments**

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, 2014, with more than 5 percent of the total investments in a single issuer.

(Notes continue on next page.)

**NOTE 5. RECEIVABLES**

Receivables as of June 30, 2014, consisted of the following (in thousands):

	Accounts Receivable			Interest	Taxes	Notes/ Mortgages
	Federal	Customer	Other			
<b>Governmental Activities:</b>						
General Fund .....	\$ 193,622	\$ 240,982	\$ 19,947	\$ 56	\$ 253,741	\$ 2,030
Education Fund .....	116,942	—	—	—	839,187	8,942
Transportation Fund .....	65,159	6,369	535	—	42,400	158
Transportation Investment Fund .....	—	15,000	—	—	31,601	—
Trust Lands .....	—	—	3,650	988	—	6,650
Nonmajor Funds .....	1,463	13,944	—	6	—	—
Internal Service Funds .....	—	3,112	1,586	—	—	1,000
Adjustments:						
Fiduciary Funds .....	—	—	130	—	—	—
Total Receivables .....	<u>377,186</u>	<u>279,407</u>	<u>25,848</u>	<u>1,050</u>	<u>1,166,929</u>	<u>18,780</u>
Less Allowance for Uncollectibles:						
General Fund .....	—	(62,706)	—	—	(15,384)	(1,260)
Education Fund .....	—	—	—	—	(178,598)	—
Transportation Fund .....	—	—	(200)	—	(797)	—
Transportation Investment Fund .....	—	—	—	—	(2,280)	—
Receivables, net .....	<u>\$ 377,186</u>	<u>\$ 216,701</u>	<u>\$ 25,648</u>	<u>\$ 1,050</u>	<u>\$ 969,870</u>	<u>\$ 17,520</u>
Current Receivables .....	\$ 377,186	\$ 179,964	\$ 25,648	\$ 1,050	\$ 844,238	\$ 3,456
Noncurrent Receivables .....	—	36,737	—	—	125,632	14,064
Total Receivables, net .....	<u>\$ 377,186</u>	<u>\$ 216,701</u>	<u>\$ 25,648</u>	<u>\$ 1,050</u>	<u>\$ 969,870</u>	<u>\$ 17,520</u>
<b>Business-type Activities:</b>						
Student Assistance Programs .....	\$ 3,715	\$ 1,104	\$ 1,605	\$ 18,579	\$ —	\$ 1,446,312
Unemployment Compensation .....	258	164,510	—	—	—	—
Water Loan Programs .....	169	136	—	10,384	2,828	688,226
Community Impact Loan Fund .....	—	—	—	4,641	—	461,502
Nonmajor Funds .....	—	14,785	—	2,576	—	148,895
Total Receivables .....	<u>4,142</u>	<u>180,535</u>	<u>1,605</u>	<u>36,180</u>	<u>2,828</u>	<u>2,744,935</u>
Less Allowance for Uncollectibles:						
Student Assistance Programs .....	—	—	—	—	—	(4,780)
Unemployment Compensation .....	—	(47,923)	—	—	—	—
Receivables, net .....	<u>\$ 4,142</u>	<u>\$ 132,612</u>	<u>\$ 1,605</u>	<u>\$ 36,180</u>	<u>\$ 2,828</u>	<u>\$ 2,740,155</u>

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 discrete component units at June 30, 2014, were \$1.512 billion for major component units and \$96.786 million for nonmajor component units, net of an allowance for doubtful accounts of \$242.019 million and \$14.638 million, respectively.

**NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities as of June 30, 2014, consisted of the following (in thousands):

	<b>Salaries/ Benefits</b>	<b>Service Providers</b>	<b>Vendors/ Other</b>	<b>Government</b>	<b>Tax Refunds/ Credits</b>	<b>Interest</b>	<b>Total</b>
<b>Governmental Activities:</b>							
General Fund .....	\$ 73,297	\$ 184,355	\$ 52,560	\$ 85,303	\$ 7,539	\$ —	\$ 403,054
Education Fund .....	3,650	1,306	28,919	105,272	40,245	—	179,392
Transportation Fund .....	7,833	—	77,347	33,811	834	—	119,825
Transportation Investment Fund .....	—	—	1,014	—	—	—	1,014
Nonmajor Funds .....	293	—	47,092	65	—	71,090	118,540
Internal Service Funds .....	7,210	23	24,586	—	—	1	31,820
Adjustments:							
Fiduciary Funds .....	—	—	—	5,285	—	—	5,285
Other .....	—	—	—	—	—	1,161	1,161
Total Governmental Activities .....	<u>\$ 92,283</u>	<u>\$ 185,684</u>	<u>\$ 231,518</u>	<u>\$ 229,736</u>	<u>\$ 48,618</u>	<u>\$ 72,252</u>	<u>\$ 860,091</u>
<b>Business-type Activities:</b>							
Student Assistance Programs .....	\$ 1,398	\$ —	\$ 5,514	\$ 7,397	\$ —	\$ 3,258	\$ 17,567
Unemployment Compensation .....	—	2,140	—	202	—	—	2,342
Water Loan Programs .....	—	—	844	—	—	—	844
Nonmajor Funds .....	2,647	16	9,251	4	—	482	12,400
Total Business-type Activities .....	<u>\$ 4,045</u>	<u>\$ 2,156</u>	<u>\$ 15,609</u>	<u>\$ 7,603</u>	<u>\$ 0</u>	<u>\$ 3,740</u>	<u>\$ 33,153</u>

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, 2014, consisted of the following (in thousands):

Due to General Fund from:	
Education Fund .....	\$ 259
Transportation Fund .....	1,059
Trust Lands Fund.....	10
Nonmajor Governmental Funds .....	3,244
Unemployment Compensation Fund .....	12,079
Water Loan Programs .....	11
Nonmajor Enterprise Funds.....	15,770
Internal Service Funds.....	922
Fiduciary Funds.....	57
<b>Total due to General Fund from other funds.....</b>	<b>\$ 33,411</b>
Due to Education Fund from:	
General Fund .....	\$ 78
Unemployment Compensation Fund .....	407
Internal Service Funds.....	41
<b>Total due to Education Fund from other funds.....</b>	<b>\$ 526</b>
Due to Transportation Fund from:	
General Fund .....	\$ 337
Nonmajor Governmental Funds .....	749
Nonmajor Enterprise Funds.....	2
Internal Service Funds.....	72
<b>Total due to Transportation Fund from other funds.....</b>	<b>\$ 1,160</b>
Due to Trust Lands Fund from	
Nonmajor Enterprise Funds.....	\$ 6,424
<b>Total due to Trust Lands Fund from other funds.....</b>	<b>\$ 6,424</b>
Due to Nonmajor Governmental Funds from:	
General Fund .....	\$ 882
Transportation Fund .....	672
Nonmajor Enterprise Funds.....	1
Internal Service Funds.....	135
Fiduciary Funds.....	60
<b>Total due to Nonmajor Governmental Funds from other funds .....</b>	<b>\$ 1,750</b>
Due to Water Loan Programs from:	
General Fund .....	\$ 116
Trust Lands Fund.....	9
Nonmajor Governmental Funds .....	11,826
<b>Total due to Water Loan Programs from other funds .....</b>	<b>\$ 11,951</b>

Due to Nonmajor Enterprise Funds from:	
General Fund.....	\$ 1,021
Education Fund .....	38
Transportation Fund .....	147
Nonmajor Governmental Funds .....	7,326
<b>Total due to Nonmajor Enterprise Funds from other funds .....</b>	<b>\$ 8,532</b>
Due to Internal Service Funds from:	
General Fund.....	\$ 25,081
Education Fund .....	194
Transportation Fund .....	5,427
Nonmajor Governmental Funds .....	289
Nonmajor Enterprise Funds .....	531
Internal Service Funds .....	35
Fiduciary Funds .....	13
<b>Total due to Internal Service Funds from other funds .....</b>	<b>\$ 31,570</b>
Due to Fiduciary Funds from:	
General Fund.....	\$ 3,237
Education Fund .....	127
Transportation Fund .....	322
Trust Lands Fund .....	4
Nonmajor Governmental Funds .....	1,595
Fiduciary Funds .....	2,033
<b>Total due to Fiduciary Funds from other funds .....</b>	<b>\$ 7,318</b>
<b>Total Due to/Due froms .....</b>	<b>\$ 102,642</b>

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, 2014, interfund loans receivable/payable balances consist of \$61.195 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of \$61.195 million includes \$38.832 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, 2014, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets .....	\$ 1,696,373	\$ 47,423	\$ (1,718)	\$ 1,742,078
Infrastructure.....	13,014,337	378,808	(217)	13,392,928
Construction in Progress .....	567,262	436,050	(454,304)	549,008
Total Capital Assets Not Depreciated/Amortized .....	<u>15,277,972</u>	<u>862,281</u>	<u>(456,239)</u>	<u>15,684,014</u>
Capital Assets Depreciated/Amortized:				
Buildings and Improvements .....	1,847,419	12,094	(183)	1,859,330
Infrastructure.....	66,197	1,057	—	67,254
Machinery and Equipment .....	517,042	40,325	(19,557)	537,810
Intangible Assets—Software.....	206,893	39,630	(18,081)	228,442
Total Capital Assets Depreciated/Amortized .....	<u>2,637,551</u>	<u>93,106</u>	<u>(37,821)</u>	<u>2,692,836</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements .....	(680,426)	(51,584)	133	(731,877)
Infrastructure.....	(24,625)	(2,398)	—	(27,023)
Machinery and Equipment .....	(348,573)	(30,611)	16,433	(362,751)
Intangible Assets—Software.....	(107,427)	(22,463)	18,070	(111,820)
Total Accumulated Depreciation/Amortization.....	<u>(1,161,051)</u>	<u>(107,056)</u>	<u>34,636</u>	<u>(1,233,471)</u>
Total Capital Assets Depreciated/Amortized, Net.....	<u>1,476,500</u>	<u>(13,950)</u>	<u>(3,185)</u>	<u>1,459,365</u>
Capital Assets, Net.....	<u>\$16,754,472</u>	<u>\$ 848,331</u>	<u>\$ (459,424)</u>	<u>\$17,143,379</u>
<b>Business-type Activities:</b>				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets .....	\$ 22,687	\$ —	\$ —	\$ 22,687
Capital Assets Depreciated/Amortized:				
Buildings and Improvements .....	92,406	44	—	92,450
Infrastructure .....	304	—	—	304
Machinery and Equipment .....	16,779	1,122	(353)	17,548
Intangible Assets—Software.....	1,571	—	—	1,571
Total Capital Assets Depreciated/Amortized .....	<u>111,060</u>	<u>1,166</u>	<u>(353)</u>	<u>111,873</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements .....	(23,050)	(3,122)	—	(26,172)
Infrastructure .....	(99)	(6)	—	(105)
Machinery and Equipment .....	(12,676)	(910)	54	(13,532)
Intangible Assets—Software.....	(698)	(289)	—	(987)
Total Accumulated Depreciation/Amortization.....	<u>(36,523)</u>	<u>(4,327)</u>	<u>54</u>	<u>(40,796)</u>
Total Capital Assets Depreciated/Amortized, Net.....	<u>74,537</u>	<u>(3,161)</u>	<u>(299)</u>	<u>71,077</u>
Capital Assets, Net.....	<u>\$ 97,224</u>	<u>\$ (3,161)</u>	<u>\$ (299)</u>	<u>\$ 93,764</u>

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 2014, \$77.897 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 component units.

Depreciation expense of governmental activities was charged to functions as follows (in thousands):

General Government .....	\$ 17,220
Human Services and Juvenile Justice Services.....	7,889
Corrections .....	5,703
Public Safety .....	12,519
Courts .....	5,936
Health and Environmental Quality .....	5,626
Employment and Family Services .....	9,988
Natural Resources.....	9,563
Heritage and Arts.....	779
Business, Labor, and Agriculture.....	1,022
Public Education.....	1,384
Transportation.....	10,039
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided.....	19,388
Total Depreciation Expense .....	<u>\$ 107,056</u>

### Discrete Component Units

The following table summarizes net capital assets reported by the discrete component units (in thousands):

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units	Total
Capital Assets Not Depreciated/Amortized:						
Land and Related Assets.....	\$ 1,472	\$ —	\$ 37,733	\$ 37,757	\$ 131,519	\$ 208,481
Art and Special Collections .....	—	—	64,325	23,168	38,381	125,874
Construction in Progress.....	—	—	208,298	22,120	10,608	241,026
Total Capital Assets Not Depreciated/ Amortized.....	<u>1,472</u>	<u>0</u>	<u>310,356</u>	<u>83,045</u>	<u>180,508</u>	<u>575,381</u>
Capital Assets Depreciated/Amortized:						
Building and Improvements .....	5,338	—	2,661,507	863,994	1,676,381	5,207,220
Infrastructure .....	—	—	310,223	—	72,851	383,074
Machinery and Equipment .....	2,054	1,664	1,085,415	244,043	178,591	1,511,767
Total Capital Assets Depreciated/Amortized.	<u>7,392</u>	<u>1,664</u>	<u>4,057,145</u>	<u>1,108,037</u>	<u>1,927,823</u>	<u>7,102,061</u>
Less Total Accumulated Depreciation/ Amortization.....	<u>(2,833)</u>	<u>(1,318)</u>	<u>(1,954,772)</u>	<u>(509,611)</u>	<u>(723,973)</u>	<u>(3,192,507)</u>
Total Capital Assets Depreciated/ Amortized, Net .....	<u>4,559</u>	<u>346</u>	<u>2,102,373</u>	<u>598,426</u>	<u>1,203,850</u>	<u>3,909,554</u>
Discrete Component Units – Capital Assets, Net .....	<u>\$ 6,031</u>	<u>\$ 346</u>	<u>\$ 2,412,729</u>	<u>\$ 681,471</u>	<u>\$ 1,384,358</u>	<u>\$ 4,484,935</u>

(Notes continue on next page)

**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 were \$1.419 million in principal and \$992 thousand in interest for fiscal year 2014. As of June 30, 2014, the historical cost of the primary government's assets acquired through capital leases was \$37.979 million of which \$37.21 million was buildings and land and \$769

thousand was equipment and other depreciable assets. As of June 30, 2014, the accumulated depreciation of the primary government's assets acquired through capital leases was \$13.012 million of which \$12.337 million was buildings and \$675 thousand was equipment and other depreciable assets. Of the \$156.528 million in component unit present value of future minimum lease payments noted below, \$102.11 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 2014 were \$27.738 million for the primary government and \$28.194 million for component units. For fiscal year 2013, the operating lease expenditures were \$24.529 million for the primary government and \$26.182 million for component units. Future minimum lease commitments for noncancellable operating leases and capital leases as of June 30, 2014, were as follows:

**Future Minimum Lease Commitments**  
(Expressed in Thousands)

Fiscal Year	Operating Leases			Capital Leases		
	Primary Government	Component Units	Total	Primary Government	Component Units	Total
2015 .....	\$ 19,072	\$ 30,006	\$ 49,078	\$ 2,436	\$ 18,170	\$ 20,606
2016 .....	16,088	22,564	38,652	2,469	17,672	20,141
2017 .....	12,723	16,965	29,688	2,503	16,716	19,219
2018 .....	9,588	13,163	22,751	2,538	15,507	18,045
2019 .....	4,488	15,068	19,556	2,490	10,322	12,812
2020–2024 .....	4,738	34,601	39,339	11,293	71,408	82,701
2025–2029 .....	11	14,976	14,987	4,128	60,850	64,978
2030–2034 .....	11	4,552	4,563	—	12,915	12,915
2035–2039 .....	11	1,492	1,503	—	—	—
2040–2044 .....	10	1,452	1,462	—	—	—
2045–2049 .....	10	1,428	1,438	—	—	—
2050–2054 .....	10	—	10	—	—	—
2055–2059 .....	6	—	6	—	—	—
Total Future Minimum Lease Payments .....	<u>\$ 66,766</u>	<u>\$ 156,267</u>	<u>\$ 223,033</u>	27,857	223,560	251,417
Less Amounts Representing Interest .....				(6,063)	(67,032)	(73,095)
Present Value of Future Minimum Lease Payments .....				<u>\$ 21,794</u>	<u>\$ 156,528</u>	<u>\$ 178,322</u>

**NOTE 10. LONG-TERM LIABILITIES****A. Changes in Long-term Liabilities**

Changes in long-term liabilities for the year ended June 30, 2014, 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)

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities</b>					
General Obligation Bonds .....	\$ 3,225,435	\$ 226,175	\$ (314,855)	\$ 3,136,755	\$ 303,040
State Building Ownership Authority					
Lease Revenue Bonds .....	198,485	—	(14,895)	183,590	16,796
Net Unamortized Premiums .....	159,882	24,656	(46,351)	138,187	39,132
Capital Leases (Note 9) .....	23,213	—	(1,419)	21,794	1,507
Contracts/Notes Payable .....	9,758	—	(3,775)	5,983	2,358
Compensated Absences (Note 1) * .....	185,711	86,319	(87,351)	184,679	87,820
Claims * .....	48,190	15,261	(14,866)	48,585	18,293
Pollution Remediation Obligation ** .....	6,222	—	(895)	5,327	1,042
Net OPEB Obligation (Note 18) * .....	5,206	1,155	(2,030)	4,331	—
Settlement Obligations *** .....	25,020	2,471	(20,563)	6,928	6,487
<b>Total Governmental Long-term Liabilities .....</b>	<b>\$ 3,887,122</b>	<b>\$ 356,037</b>	<b>\$ (507,000)</b>	<b>\$ 3,736,159</b>	<b>\$ 476,475</b>
<b>Business-type Activities</b>					
Student Assistance Revenue Bonds .....	\$ 1,240,407	\$ 208,430	\$ (171,000)	\$ 1,277,837	\$ 150,849
State Building Ownership Authority					
Lease Revenue Bonds .....	83,795	—	(4,689)	79,106	4,869
Water Loan Recapitalization Revenue Bonds .....	56,545	—	(4,745)	51,800	4,860
Net Unamortized Premiums .....	13,143	476	(4,509)	9,110	3,499
Claims and Uninsured Liabilities .....	18,694	246,308	(255,719)	9,283	6,932
<b>Total Business-type Long-term Liabilities .....</b>	<b>\$ 1,412,584</b>	<b>\$ 455,214</b>	<b>\$ (440,662)</b>	<b>\$ 1,427,136</b>	<b>\$ 171,009</b>
<b>Component Units</b>					
Revenue Bonds .....	\$ 1,920,549	\$ 341,925	\$ (298,874)	\$ 1,963,600	\$ 106,034
Net Unamortized Premiums/(Discounts) .....	9,399	4,514	1,861	15,774	332
Capital Leases/Contracts					
Payable (Notes 9 and 10) .....	138,893	32,497	(8,714)	162,676	12,093
Notes Payable .....	293,996	160,072	(49,689)	404,379	148,333
Claims .....	126,826	256,956	(258,824)	124,958	58,809
Leave/Termination Benefits (Note 1) .....	123,938	91,046	(85,523)	129,461	93,466
Capital Assets Held for Others .....	14,942	—	(403)	14,539	404
<b>Total Component Unit Long-term Liabilities .....</b>	<b>\$ 2,628,543</b>	<b>\$ 887,010</b>	<b>\$ (700,166)</b>	<b>\$ 2,815,387</b>	<b>\$ 419,471</b>

\* 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.

\*\* 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 seven 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. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

\*\*\* The State has various claims, some of which need approval by the Governor, and approval and funding by the Legislature.

**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, 2014, the

State had \$63.7 million of authorized, but unissued general obligation State highway bond authorizations remaining.

During fiscal year 2014, the State issued \$226.2 million Series 2013 general obligation bonds. The proceeds were used to provide funds for various highway projects.

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, 2014
2004 A Refunding Issue.....	03/02/04	2010 – 2016	4.00 % – 5.00 %	\$ 314,775	\$ 204,910
2004 B Highway/Capital Facility Issue .....	07/01/04	2005 – 2015	4.75 % – 5.00 %	\$ 140,635	3,950
2007 Highway/Capital Facility Issue .....	07/03/07	2008 – 2014	4.00 % – 5.00 %	\$ 75,000	11,215
2009 A Highway Issue .....	03/17/09	2010 – 2019	2.00 % – 5.00 %	\$ 394,360	150,005
2009 B Capital Facility Issue.....	05/19/09	2010 – 2015	4.00 %	\$ 104,450	44,100
2009 C Highway/Capital Facility Issue .....	09/29/09	2011 – 2018	2.00 % – 5.00 %	\$ 490,410	353,150
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	267,710
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 – 2026	2.00 % – 5.00 %	\$ 609,920	552,395
2012 A Capital Facility/Refunding Issue.....	10/03/12	2014 – 2017	4.00 % – 5.00 %	\$ 37,350	37,350
2013 Highway Issue .....	07/30/13	2015 – 2029	3.00 % – 5.00 %	\$ 226,175	226,175
Total General Obligation Bonds Outstanding.....					3,136,755
Plus Unamortized Bond Premium.....					134,547
Total General Obligation Bonds Payable.....					<u>\$ 3,271,302</u>

(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	2004B Highway/ Capital Facility	2007 Highway/ Capital Facility	2009A Highway Bonds	2009B Capital Facility Bonds	2009C Highway/ Capital Bonds	2009D Highway Bonds
2015.....	\$ 73,595	\$ 3,950	\$ 11,215	\$ 23,680	\$ 21,600	\$ 71,545	\$ —
2016.....	73,910	—	—	25,265	22,500	74,080	—
2017.....	57,405	—	—	25,265	—	69,165	—
2018.....	—	—	—	25,265	—	67,495	—
2019.....	—	—	—	25,265	—	70,865	—
2020–2024.....	—	—	—	25,265	—	—	403,845
2025–2029.....	—	—	—	—	—	—	87,915
Total.....	<u>\$ 204,910</u>	<u>\$ 3,950</u>	<u>\$ 11,215</u>	<u>\$ 150,005</u>	<u>\$ 44,100</u>	<u>\$ 353,150</u>	<u>\$ 491,760</u>

Continues Below

**Principal**

Fiscal Year	2010A Highway/ Capital Facility	2010B Highway Bonds	2010C Refunding Bonds	2011A Highway/ Capital Bonds	2012A Building/ Refunding Bonds	2013 Highway Bonds
2015.....	\$ 58,035	\$ —	\$ —	\$ 28,765	\$ 130	\$ 10,525
2016.....	89,635	—	—	28,765	6,025	11,075
2017.....	81,125	—	28,510	48,765	3,050	11,625
2018.....	38,915	—	28,635	70,855	28,145	12,225
2019.....	—	—	70,435	43,995	—	12,850
2020–2024.....	—	441,135	44,475	211,545	—	74,875
2025–2029.....	—	180,845	—	119,705	—	93,000
Total.....	<u>\$ 267,710</u>	<u>\$ 621,980</u>	<u>\$ 172,055</u>	<u>\$ 552,395</u>	<u>\$ 37,350</u>	<u>\$ 226,175</u>

Continues Below

Fiscal Year	Total Principal Required	Total Interest Required	Total Amount Required
2015.....	\$ 303,040	\$ 125,517	\$ 428,557
2016.....	331,255	109,937	441,192
2017.....	324,910	94,328	419,238
2018.....	271,535	81,402	352,937
2019.....	223,410	70,438	293,848
2020–2024.....	1,201,140	199,484	1,400,624
2025–2029.....	481,465	16,246	497,711
Total.....	<u>\$ 3,136,755</u>	<u>\$ 697,352</u>	<u>\$ 3,834,107</u>

### 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 Program, the State's Water Loan Programs, the Utah Housing Corporation, 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, 2014, are reported as a long-term liability of the governmental activities, except for \$79.669

million and \$1.705 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 Program's (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 \$350.735 million of fixed rate bonds, \$287.01 million of bonds bearing interest at an adjustable rate, which is determined weekly by a remarketing agent, \$204.161 million of bonds at a rate set at the 3-month LIBOR plus spread and \$396.831 million of bonds at a rate set at the 1-month LIBOR plus 0.75 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 Program's 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 were issued to finance eligible student loans. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds 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 \$587.961 million of outstanding student loan revenue bonds which are payable through 2046. The total principal and interest remaining to be paid on the bonds is discussed below. Principal and interest paid for the current year and total net revenues before interest expense were \$74.688 million and \$5.022 million, respectively.

The Student Assistance Program's bonds issued under the 2011 Trust Estate are special limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance eligible student loans and to refund outstanding bonds of the board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds 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 \$287.01 million of outstanding student loan revenue bonds which are payable through 2049. The total principal and interest remaining to be paid on the bonds is discussed below. Principal and interest paid

for the current year and total net revenue before interest expense were \$28.945 million and \$2.304 million, respectively.

The Student Assistance Program's 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 bonds 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 \$396.831 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 \$75.544 million and \$3.853 million, 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 \$61.814 million. For the current year principal and interest paid and total repayments from pledged revenues were \$6.942 million and \$10.59 million, respectively. Of the bonds payable outstanding at June 30, 2014, \$52.41 million are reported in the Water Loan Program 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 Utah Housing Corporation revenue bonds were issued to provide sources of capital for making housing loans to persons of low or moderate income. Bonds repayments are made from the pledged mortgage payments.

The University of Utah, Utah State University and nonmajor 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, 2014, is presented below.

*(Table continues on next page.)*

**Pledged Revenue — Component Units**  
(Expressed in Thousands)

	<b>Utah Housing Corporation</b>	<b>University of Utah</b>	<b>Utah State University</b>	<b>Nonmajor Component Units</b>
Type of Revenue Pledged * .....	D	A, B, C	A, B	A
Amount of Pledged Revenue .....	\$ 1,549,726	\$ 908,897	\$ 195,933	\$ 221,847
Term of Commitment .....	Thru 2044	Thru 2043	Thru 2045	Thru 2040
Percent of Revenue Pledged .....	100.00 %	100.00 %	100.00 %	100.00 %
Current Year Pledged Revenue .....	\$ 86,413	\$ 303,371	\$ 39,276	\$ 17,377
Current Year Principal and Interest Paid .....	\$ 185,125	\$ 39,547	\$ 8,711	\$ 14,151

\* 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.
- D = Principal and interest repayments from issuing and servicing mortgage loans on single family housing.

(Notes continue on next page.)

**Revenue Bonds Payable — Primary Government  
Governmental Activities**  
*(Expressed in Thousands)*

<b>Bond Issue</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance June 30, 2014</b>
<b>SBOA Lease Revenue Bonds:</b>					
Series 1998 C.....	08/15/98	2000 – 2019	3.80 % – 5.50 %	\$ 101,557	\$ 36,240
Series 2003 .....	12/30/03	2005 – 2025	2.00 % – 5.00 %	\$ 20,820	1,585
Series 2009 D.....	09/09/09	2014 – 2017	5.00 %	\$ 12,125	10,825
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	20,768
Series 2011.....	10/25/11	2012 – 2031	2.13 % – 4.00 %	\$ 5,250	4,310
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	8,637
Total Lease Revenue Bonds Outstanding..					183,590
Plus Unamortized Bond Premium.....					3,640
Total Lease Revenue Bonds Payable ....					<u>\$ 187,230</u>

Continues Below

**Revenue Bonds Payable — Primary Government  
Business-type Activities**  
*(Expressed in Thousands)*

<b>Bond Issue</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance June 30, 2014</b>
<b>Student Assistance Programs:</b>					
1993 Trust Estate					
Student Loan Indentures .....	1999 – 2011	2030 – 2046	Variable and Fixed	\$1,337,655	\$ 587,961
2011 Trust Estate					
Student Loan Indentures .....	2011 – 2014	2045 – 2049	Variable	\$ 391,950	287,010
2012 Trust Estate					
Student Loan Indentures .....	2012	2031	Variable	\$ 518,700	396,831
Office Facility Bond Fund .....	2012	2014 – 2024	2.00 % – 5.00 %	\$ 7,295	6,035
Total Revenue Bonds Outstanding.....					1,277,837
Plus Unamortized Bond Premium.....					6,232
Total Revenue Bonds Payable.....					<u>\$ 1,284,069</u>
<b>SBOA Lease Revenue Bonds:</b>					
Series 1998 C.....	08/15/98	2000 – 2019	3.80 % – 5.50 %	\$ 3,543	\$ 1,375
Series 2003 .....	12/30/03	2005 – 2025	2.00 % – 5.00 %	\$ 1,905	190
Series 2006 A.....	01/10/06	2006 – 2027	3.50 % – 5.00 %	\$ 8,355	3,830
Series 2007 A.....	07/10/07	2009 – 2028	4.25 % – 5.00 %	\$ 15,380	12,260
Series 2009 A.....	03/25/09	2011 – 2030	3.00 % – 5.00 %	\$ 25,505	21,975
Series 2009 B.....	09/09/09	2012 – 2019	3.00 % – 5.00 %	\$ 8,455	5,645
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	10,722
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	2,539
Total Lease Revenue Bonds Outstanding..					79,106
Plus Unamortized Bond Premium.....					2,268
Total Lease Revenue Bonds Payable .....					<u>\$ 81,374</u>

Continues Below

**Revenue Bonds Payable — Primary Government  
Business-type Activities  
(Expressed in Thousands)**

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2014
<b>Water Loan Programs:</b>					
Series 2010 A Revolving Loan Recapitalization Revenue Bonds .....	02/23/10	2011 – 2014	1.15 % – 2.57 %	\$ 18,450	\$ 4,450
Series 2010 B Revolving Loan Recapitalization Revenue Bonds .....	02/23/10	2014 – 2017	2.25 % – 5.00 %	\$ 16,125	16,125
Series 2010 C Revolving Loan Recapitalization Revenue Bonds .....	02/23/10	2018 – 2022	4.19 % – 4.79 %	\$ 31,225	<u>31,225</u>
Total Recapitalization Revenue Bonds Outstanding .....					51,800
Plus Unamortized Bond Premium .....					<u>610</u>
Total Recapitalization Revenue Bonds Payable .....					<u>\$ 52,410</u>
Total Revenue/Lease Revenue/ Recapitalization Revenue Bonds Payable .....					<u>\$ 1,605,083</u>

(Notes continue on next page.)

**Revenue Bond Issues — Primary Government  
Debt Service Requirements to Maturity  
For Fiscal Years Ended June 30  
(Expressed in Thousands)**

Fiscal Year	Principal							
	1993 Trust Estate Student Loan Indentures	2011 Trust Estate Student Loan Indentures	2012 Trust Estate Student Loan Indentures	Office Facility Bond Fund	1998 C Utah State Building Ownership Authority	2003 Utah State Building Ownership Authority	2006 A Utah State Building Ownership Authority	2007 A Utah State Building Ownership Authority
2015 .....	\$ 52,694	\$ 36,162	\$ 61,363	\$ 630	\$ 8,850	\$ 875	\$ 365	\$ 645
2016 .....	55,007	31,431	52,652	655	9,230	900	380	665
2017 .....	50,180	27,355	45,128	670	9,130	—	395	695
2018 .....	45,344	23,809	38,668	685	8,295	—	410	735
2019 .....	41,022	20,740	33,147	700	2,110	—	—	760
2020–2024 .....	154,249	36,559	106,832	2,695	—	—	535	4,390
2025–2029 .....	95,605	12,308	59,041	—	—	—	1,745	4,370
2030–2034 .....	60,103	5,382	—	—	—	—	—	—
2035–2039 .....	32,488	2,353	—	—	—	—	—	—
2040–2044 .....	1,269	1,029	—	—	—	—	—	—
2045–2049 .....	—	89,882	—	—	—	—	—	—
Total .....	<u>\$ 587,961</u>	<u>\$ 287,010</u>	<u>\$ 396,831</u>	<u>\$ 6,035</u>	<u>\$ 37,615</u>	<u>\$ 1,775</u>	<u>\$ 3,830</u>	<u>\$ 12,260</u>

Continues Below

Fiscal Year	Principal							
	2009 A Utah State Building Ownership Authority	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
2015 .....	\$ 950	\$ 1,020	\$ —	\$ 3,425	\$ —	\$ 2,880	\$ 370	\$ —
2016 .....	975	1,075	—	3,605	—	3,030	380	—
2017 .....	1,025	1,125	—	3,795	—	3,175	385	990
2018 .....	1,075	1,185	—	—	4,010	3,330	395	1,005
2019 .....	1,125	1,240	—	—	—	3,510	405	1,445
2020–2024 .....	6,550	—	7,245	—	27,770	15,565	1,810	7,615
2025–2029 .....	8,350	—	9,470	—	45,745	—	390	4,555
2030–2034 .....	1,925	—	—	—	11,945	—	175	—
2035–2039 .....	—	—	—	—	—	—	—	—
2040–2044 .....	—	—	—	—	—	—	—	—
2045–2049 .....	—	—	—	—	—	—	—	—
Total .....	<u>\$ 21,975</u>	<u>\$ 5,645</u>	<u>\$ 16,715</u>	<u>\$ 10,825</u>	<u>\$ 89,470</u>	<u>\$ 31,490</u>	<u>\$ 4,310</u>	<u>\$ 15,610</u>

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)**

**Principal**

<b>Fiscal Year</b>	<b>2012 B Utah State Building Ownership Authority</b>	<b>2010 A Revolving Loan Recap Program</b>	<b>2010 B Revolving Loan Recap Program</b>	<b>2010 C Revolving Loan Recap Program</b>	<b>Total Principal Required</b>	<b>Interest Required</b>	<b>Total Amount Required</b>
2015.....	\$ 2,285	\$ 4,450	\$ 410	\$ —	\$ 177,374	\$ 39,923	\$ 217,297
2016.....	2,335	—	5,025	—	167,345	33,665	201,010
2017.....	2,380	—	5,235	—	151,663	30,278	181,941
2018.....	1,305	—	5,455	—	135,706	26,635	162,341
2019.....	985	—	—	5,705	112,894	23,188	136,082
2020–2024.....	1,886	—	—	25,520	399,221	77,100	476,321
2025–2029.....	—	—	—	—	241,579	32,627	274,206
2030–2034.....	—	—	—	—	79,530	4,206	83,736
2035–2039.....	—	—	—	—	34,841	1,498	36,339
2040–2044.....	—	—	—	—	2,298	453	2,751
2045–2049.....	—	—	—	—	89,882	411	90,293
<b>Total .....</b>	<b>\$ 11,176</b>	<b>\$ 4,450</b>	<b>\$ 16,125</b>	<b>\$ 31,225</b>	<b>\$ 1,592,333</b>	<b>\$ 269,984</b>	<b>\$ 1,862,317</b>

**Revenue Bonds Payable — Component Units  
(Expressed in Thousands)**

<b>Bond Issue</b>	<b>Date Issued</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Original Issue</b>	<b>Balance June 30, 2014</b>
Utah Housing Corporation Issues.....	1998 – 2014	2026 – 2044	Variable and 0.15 % – 7.47 %	\$ 2,876,326	\$ 1,108,703
University of Utah Revenue Bonds .....	1998 – 2014	2015 – 2043	1.75 % – 6.28 %	\$ 765,355	580,319
Utah State University Revenue Bonds .....	2003 – 2013	2003 – 2045	1.90 % – 5.00 %	\$ 132,775	120,768
Nonmajor Component Units					
Revenue Bonds.....	2002 – 2012	2014 – 2040	1.63 % – 6.00 %	\$ 183,280	153,810
Total Revenue Bonds Outstanding .....					1,963,600
Plus Unamortized Bond Premium .....					15,774
Total Revenue Bonds Payable .....					<u>\$ 1,979,374</u>

(Notes continue on next page.)

**Revenue Bond Issues — Component Units**  
**Debt Service Requirements to Maturity**  
**For Fiscal Years Ended June 30**  
*(Expressed in Thousands)*

Fiscal Year	Principal				Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
	Utah Housing Corporation	University of Utah	Utah State University					
2015 .....	\$ 77,165	\$ 15,703	\$ 5,235		\$ 7,931	\$ 106,034	\$ 80,884	\$ 186,918
2016 .....	53,722	19,915	5,583		7,867	87,087	78,552	165,639
2017 .....	60,188	20,784	5,680		6,879	93,531	75,001	168,532
2018 .....	63,129	20,719	5,895		7,156	96,899	71,286	168,185
2019 .....	62,951	34,272	3,765		7,443	108,431	67,141	175,572
2020–2024 .....	275,945	169,545	21,625		37,450	504,565	267,852	772,417
2025–2029 .....	221,482	128,804	24,235		37,667	412,188	162,388	574,576
2030–2034 .....	150,718	54,524	22,705		33,672	261,619	82,485	344,104
2035–2039 .....	93,092	25,745	12,000		6,990	137,827	45,718	183,545
2040–2044 .....	50,311	90,307	11,405		755	152,779	19,062	171,841
2045–2049 .....	—	—	2,640		—	2,640	55	2,695
Total .....	<u>\$ 1,108,703</u>	<u>\$ 580,318</u>	<u>\$ 120,768</u>		<u>\$ 153,810</u>	<u>\$ 1,963,600</u>	<u>\$ 950,424</u>	<u>\$ 2,914,024</u>

#### D. Conduit Debt Obligations

Of the Utah Housing Corporation (major discrete component unit) bonds outstanding, \$341.003 million were issued as multi-family purchase bonds. Of those bonds, \$341.003 million are conduit debt obligations issued on behalf of third parties. The Corporation is not obligated in any manner for repayment of the conduit debt and, accordingly, has not reported it in the accompanying financial statements.

In 1985, the State Board of Regents authorized the University of Utah (major discrete component unit) to issue Variable Rate Demand Industrial Development Bonds for the Salt Lake City Marriott University Park Hotel separate from the University. The bonds are payable solely from revenues of the hotel. The bonds do not constitute a debt or pledge of the faith and credit of the University of Utah or the State and, accordingly, have not been reported in the accompanying financial statements. The outstanding balance of the bonds at June 30, 2014, is \$1.84 million.

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, 2014, is \$268.5 million in tax-exempt and \$820 thousand in taxable conduit debt.

#### E. Demand Bonds

- The Student Assistance Programs had \$287.01 million of demand bonds outstanding at June 30, 2014, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on seven days' notice and delivery to the Board's remarketing agent.

Under an irrevocable letter of credit, the trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of bonds delivered to it. The letter of credit is valid through September 19, 2014, and carries an interest rate of LIBOR plus 1.25 percent.

In the event bonds cannot be remarketed within 90 days of the "put" date, the Program has a takeout agreement to pay off the bonds over a five year period bearing an adjustable interest rate equal to the LIBOR rate plus 2.15 percent. The takeout agreement expires September 19, 2014. If the take out agreement were to be exercised because the entire issue of \$287.01 million of demand bonds was "put" and not resold, the Program would be required to pay \$61.533 million a year for five years under the installment loan agreement assuming a 2.68 percent interest rate.

As of June 30, 2014, there were insufficient clearing bids on all of the Student Assistance Program's 1993 Revenue Bond Fund bonds in which interest rates are set by auction procedure (ARCs). Interest on these bonds will be calculated at the maximum rate. In general, the maximum rate is indexed to either the average 30-day T-bill or the 30-day Libor, subject to an 18 percent maximum. The taxable maximum rate during the year ended June 30, 2014, ranged from 0 percent to 13.78 percent.

- The Utah Housing Corporation (major discrete component unit) had \$584.86 million of bonds outstanding at June 30, 2014, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on delivery to the remarketing agent.

In the event the variable rate bonds cannot be remarketed, the Corporation has entered into various irrevocable Standby Bond Purchase Agreements (Liquidity Facility) originally totaling \$141.365 million and an outstanding commitment of \$141.365 million. These Agreements provide funds to purchase the variable rate bonds that have been tendered and not remarketed. These liquidity providers receive a fee

ranging from 32.5 to 42.5 basis points of the outstanding amount of the variable rate bonds paid on a quarterly basis. As of June 30, 2014, none of the original commitments were available for replacement of existing liquidity facilities or to issue new variable rate bonds.

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 component unit column on the Statement of Net Position. At June 30, 2014, \$120.245 million of college and university bonds outstanding are considered defeased.

#### F. 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, 2014, the total amount outstanding of defeased general obligation bonds was \$172.5 million. At June 30, 2014, the total amount outstanding of defeased revenue bonds was \$5.25 million.

During fiscal year 2014, the University of Utah (major discrete component unit) issued the Taxable Commercial Paper General Revenue Refunding Notes Series 2013B in the amount of \$100 million on July 30, 2013 (See Note 10.H.) and the General Revenue Refunding Bonds Series 2014A-1 and Series 2014A-2 in the amount of \$32.785 million issued on April 1, 2014 to partially refund Hospital Revenue and Refunding Bonds Series 2006A; Hospital Revenue Bonds Series 2010 and Series 2011B; Auxiliary and Campus Facilities Revenue Refunding Bonds Series 2010A; Auxiliary and Campus Facilities Revenue Bonds Series 2012A; and to fully refund Hospital Revenue Refunding Bonds Series 2005A; and Auxiliary and Campus Facilities Revenue Refunding Bonds Series 2005A. These refundings had no impact on the retirement period, but did result in a reduction of aggregate debt service payments of \$68.373 million and a present value economic gain of approximately \$62.004 million.

In prior years, discrete component units defeased certain revenue bonds by placing the proceeds of new bonds and various bond

#### G. Contracts Payable

Component unit capital leases/contracts payable include \$6.148 million in life annuity contracts.

#### H. Notes Payable

The notes payable balance consists of notes issued by discrete component units for the purchase of buildings, equipment and to provide a source of capital for the purchase of single family mortgage loans. The notes bear various interest rates and will be repaid over the next 18 years. They are secured by the related assets.

During fiscal year 2014, the University of Utah (major discrete component unit) issued Taxable Commercial Paper General Revenue Refunding Notes Series 2013B in the amount of \$100 million on July 30, 2013. Principal on the notes is due no later than 270 days from the date of issuance and is expected to be paid with the proceeds of additional Series 2013B notes until permanent financing is obtained through issuance of long-term bonds. The balance due at June 30, 2014 is \$100 million and is all due within the next fiscal year. Proceeds from these notes were used to fully or partially refund various bond issues (See Note 10.F.).

Payment information on notes payable is presented below.

**Notes Payable Debt Service Requirements to Maturity**  
**Component Units**  
**For Fiscal Years Ending June 30**  
*(Expressed in Thousands)*

Fiscal Year	Principal				Total Principal Required	Interest Required	Total Amount Required
	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units			
2015.....	\$ 29,350	\$ 114,857	\$ 2,270	\$ 1,856	\$ 148,333	\$ 8,997	\$ 157,330
2016 .....	30,081	12,010	2,201	1,293	45,585	7,803	53,388
2017 .....	30,830	9,693	2,291	2,530	45,344	6,620	51,964
2018.....	31,598	3,901	2,524	1,395	39,418	5,419	44,837
2019.....	32,386	2,992	1,965	1,167	38,510	4,318	42,828
2020–2024.....	39,790	14,081	7,729	7,485	69,085	10,097	79,182
2025–2029.....	—	11,326	435	3,262	15,023	2,956	17,979
2030–2034.....	—	—	—	3,081	3,081	427	3,508
Total.....	<u>\$ 194,035</u>	<u>\$ 168,860</u>	<u>\$ 19,415</u>	<u>\$ 22,069</u>	<u>\$ 404,379</u>	<u>\$ 46,637</u>	<u>\$ 451,016</u>

## I. Debt Service Requirements for Derivatives

**Business-type Activities**

As explained in Note 3.D., the Student Assistance Program (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 1988 and 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. The principal, interest, and net swap interest are included in the debt service schedule presented on page 107 for the Student Assistance Program.

**Student Assistance Program  
Swap Payments and Associated Debt  
For Fiscal Years Ending June 30  
(Expressed in Thousands)**

Fiscal Year	Counterparty Swap Payment			Interest Payments to Bondholders	Total Payments
	To	From	Net		
2015 .....	\$ (7,301)	\$ 18,360	\$ 11,059	\$ (18,360)	\$ (7,301)
2016 .....	(5,720)	14,591	8,871	(14,591)	(5,720)
2017 .....	(5,001)	13,061	8,060	(13,061)	(5,001)
2018 .....	(4,232)	11,225	6,993	(11,225)	(4,232)
2019 .....	(3,558)	9,467	5,909	(9,467)	(3,558)
2020–2024.....	(10,232)	27,222	16,990	(27,222)	(10,232)
2025–2029.....	(3,667)	9,755	6,088	(9,755)	(3,667)
2030-2031.....	(189)	502	313	(502)	(189)
Total .....	<u>\$ (39,900)</u>	<u>\$ 104,183</u>	<u>\$ 64,283</u>	<u>\$ (104,183)</u>	<u>\$ (39,900)</u>

**Discrete Component Units**

As explained in Note 3.D., Utah Housing Corporation (major discrete component unit) had entered into 70 separate pay-fixed, receive-variable interest rate swaps as of June 30, 2014. Using rates as of June 30, 2014, debt service requirements of the

Corporation's outstanding variable-rate debt and net swap payments are presented below. As rates vary, variable-rate bond interest payments and net swap payments (receipts) will vary. The principal, interest, and net swap interest are presented below for Utah Housing Corporation.

**Utah Housing Corporation  
Swap Payments and Associated Debt  
For Fiscal Years Ending June 30  
(Expressed in Thousands)**

Fiscal Year	Variable Rate Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest		
2015.....	\$ 36,305	\$ 3,105	\$ 24,003	\$ 63,413
2016 .....	32,960	2,901	23,031	58,892
2017 .....	38,620	2,695	21,641	62,956
2018.....	40,975	2,453	20,013	63,441
2019.....	41,780	2,197	18,337	62,314
2020–2024.....	186,560	7,374	67,200	261,134
2025–2029.....	141,720	2,567	31,242	175,529
2030–2034.....	62,780	432	7,922	71,134
2035–2039.....	3,160	22	130	3,312
Total .....	<u>\$ 584,860</u>	<u>\$ 23,746</u>	<u>\$ 213,519</u>	<u>\$ 822,125</u>

**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, 2014 consisted of the following:

**Deferred Outflows and Inflows of Resources**  
(Expressed in Thousands)

	<b>Primary Government</b>		<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>Deferred Outflows:</b>			
Deferred Amount on Refundings of Bonded Debt....	\$ 17,194	\$ 1,031	\$ 75,050
Deferred Amount on Federal Default Fee.....	—	1,136	—
Fair Value of Interest Rate Swap Agreements .....	—	—	7,477
Total Deferred Outflows.....	<u>\$ 17,194</u>	<u>\$ 2,167</u>	<u>\$ 82,527</u>
<b>Deferred Inflows:</b>			
Unavailable Revenue.....	\$ 9,312	\$ —	\$ —
Deferred Amount on Refundings of Bonded Debt....	—	21,410	—
Fair Value of Interest Rate Swap Agreements .....	—	18,308	9,804
Total Deferred Inflows .....	<u>\$ 9,312</u>	<u>\$ 39,718</u>	<u>\$ 9,804</u>

Of the \$17.194 million deferred outflows of resources, reported in the governmental activities column, \$21 thousand represents deferred amount on refundings of debt reported in the Internal Service Funds.

The \$9.312 million deferred inflows of resources, reported in the governmental activities column, represents imposed fees received before the period when these 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 \$555.806 million in unavailable revenue from various taxes of \$366.926 million and other sources of \$188.88 million.

**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, 2014, follows:

(Summary on next page.)

**Governmental Fund Balances**  
(Expressed in Thousands)

	<b>Restricted Purposes</b>	<b>Committed Purposes</b>	<b>Assigned Purposes</b>
<b>General Fund:</b>			
General Government:			
Legislature .....	\$ —	\$ 6,074	\$ —
Elected Officials .....	151	7,724	—
Governor's Office.....	2,472	22,645	—
Administrative Services .....	—	9,662	—
Revenue Assessments and Collections .....	—	9,955	—
Human Services .....	—	9,378	—
Corrections .....	—	8,689	—
Public Safety .....	6,208	35,035	—
Courts .....	—	8,168	—
Health .....	141	25,728	—
Environmental Quality .....	—	9,589	—
Employment and Family Services.....	16	25,838	—
Natural Resources .....	16,482	63,274	—
Heritage and Arts.....	15	3,357	—
Business, Labor, and Agriculture .....	112	43,716	—
Budget Reserve (Rainy Day) Account.....	—	141,171	—
Medicaid Budget Stabilization Account .....	—	17,148	—
Industrial Assistance.....	—	32,880	—
Postemployment and Other Liabilities .....	—	—	87,368
Fiscal Year 2015 Appropriations:			
Line Item Appropriations .....	—	—	110,474
Other Purposes .....	15,301	27,349	—
Total .....	<u>\$ 40,898</u>	<u>\$ 507,380</u>	<u>\$ 197,842</u>
<b>Education Fund:</b>			
Minimum School Program .....	\$ 95,390	\$ —	\$ —
State Office of Education .....	28,361	—	—
School Building Program .....	20,254	—	—
School Land Interest .....	40,679	—	—
Education Budget Reserve Account .....	290,454	—	—
Postemployment and Other Purposes * .....	212,148	—	—
Fiscal Year 2015 Appropriations:			
Line Item Appropriations .....	109,430	—	—
Available for Appropriation .....	105,543	—	—
Other Purposes .....	2,876	—	—
Total .....	<u>\$ 905,135</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Transportation Fund:</b>			
Transportation – Construction/Maintenance .	\$ 78,088	\$ 41,773	\$ 1,570
Public Safety .....	17,138	—	—
Corridor Preservation .....	53,732	—	—
Aeronautical Programs .....	6,718	—	—
Postemployment and Other Purposes * .....	30,305	5,461	—
Total .....	<u>\$ 185,981</u>	<u>\$ 47,234</u>	<u>\$ 1,570</u>
<b>Transportation Investment Fund:</b>			
Transportation Investment Capacity Projects	23,929	577,933	—
Other Purposes .....	2,616	26,939	—
Total .....	<u>\$ 26,545</u>	<u>\$ 604,872</u>	<u>\$ 0</u>
<b>Nonmajor Governmental Funds:</b>			
Capital Projects .....	\$ 3,633	\$ —	\$ 119,258
Debt Service .....	—	—	7,652
State Endowment Fund .....	—	159,509	—
Environmental Reclamation .....	18,671	2,027	—
Rural Development .....	—	37,510	—
Other Purposes .....	20,616	14,634	151
Total .....	<u>\$ 42,920</u>	<u>\$ 213,680</u>	<u>\$ 127,061</u>

\* 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 8 percent and 9 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 \$141.171 million and \$290.454 million, respectively. For the fiscal year ended June 30, 2014, \$9.05 million was transferred into the Rainy Day fund and \$21.092 million was transferred into the Education Reserve as a result of a revenue surplus.

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, 2014, \$17.148 million was transferred to the Medicaid Budget Stabilization Account. This was the first time money was transferred to the account since the State initiated Medicaid reforms in fiscal year 2011.

**C. Net Position Restricted by Enabling Legislation**

The State’s net position restricted by enabling legislation represent 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 \$5.335 billion of restricted net position, of which \$17.8 million is restricted by enabling legislation.

**NOTE 13. DEFICIT NET POSITION AND FUND BALANCE**

Funds reporting a deficit total net position at June 30, 2014, are (in thousands):

Private Purpose Trust Funds:	
Employers’ Reinsurance .....	\$ (46,913)
Petroleum Storage Tank .....	\$ (1,970)

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.

Funds/activities reporting a deficit position in the unrestricted portion of their net position at June 30, 2014, are (in thousands):

Internal Service Funds:	
Technology Services .....	\$ (2,030)
Fleet Operations .....	\$ (38,861)

The Internal Service Funds deficits are mainly due to the significant investment in capital assets required for these operations. The deficits will be covered by future charges for services. Management may also seek rate increases to help reduce these deficits.

**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, 2014, are as follows (in thousands):

*(Interfund Transfers on next page.)*

Transferred From	Transferred To					
	Governmental Funds					
	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands	Nonmajor Governmental Funds
General Fund .....	\$ —	\$ 8,788	\$ 68,534	\$ —	\$ 33	\$ 175,999
Education Fund.....	447,215	—	—	—	—	97,301
Transportation Fund.....	43,565	—	—	83,878	—	25,691
Transportation Investment Fund .....	—	—	16,499	—	—	343,657
Nonmajor Governmental Funds.....	74,275	—	—	—	—	909
Unemployment Compensation.....	6,359	—	—	—	—	—
Water Loan Programs .....	4,434	—	—	—	—	—
Community Impact Loan Fund.....	1,284	—	—	—	—	—
Nonmajor Enterprise Funds .....	88,664	—	—	—	2,007	—
Internal Service Funds .....	180	—	—	—	—	—
Total .....	<u>\$ 665,976</u>	<u>\$ 8,788</u>	<u>\$ 85,033</u>	<u>\$ 83,878</u>	<u>\$ 2,040</u>	<u>\$ 643,557</u>

Continues Below

Transferred From	Transferred To			
	Enterprise Funds			
	Community Impact Loan Fund	Nonmajor Enterprise Funds	Internal Service Funds	Total
General Fund .....	\$ 36,200	\$ 2,243	\$ 144	\$ 291,941
Education Fund.....	—	—	—	544,516
Transportation Fund.....	—	—	—	153,134
Transportation Investment Fund .....	—	20,000	—	380,156
Nonmajor Governmental Funds.....	—	—	258	75,442
Unemployment Compensation.....	—	—	—	6,359
Water Loan Programs .....	—	—	—	4,434
Community Impact Loan Fund.....	—	—	—	1,284
Nonmajor Enterprise Funds .....	—	—	—	90,671
Internal Service Funds .....	—	—	65	245
Total .....	<u>\$ 36,200</u>	<u>\$ 22,243</u>	<u>\$ 467</u>	<u>\$ 1,548,182</u>

Transfers from major governmental funds to nonmajor governmental funds are primarily for debt service expenditures and capital facility construction. Transfers from the General Fund to the Community Impact Loan Fund (major enterprise fund) are primarily mineral lease royalties used to make loans and grants to local governments. 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.

During fiscal year 2014, the Legislature authorized transfers of \$180 thousand from the Internal Service Funds to the General Fund to subsidize general fund revenues. In addition, the Legislature authorized payments of \$820.893 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 adjustment that will allow them to take a credit against these payment obligations. The dispute is currently subject to arbitration. It is impossible to determine the potential liability; however, any settlement will be a reduction in future state tobacco receipts.

- In addition to the items above, the State is contesting other legal actions totaling over \$36.04 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.
- The Utah Housing Corporation (major discrete component unit) is involved in a lawsuit with Lehman Brothers related to the termination and replacement of swap counterparties in December 2008. The Corporation disputes the issue and intends to vigorously defend their position. The amount in dispute is \$27.424 million plus accrued interest at June 30, 2014.

## 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 reported 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, 2014, will be available in December 2014.
- 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 were recently reduced from \$300 million to not exceed \$225 million. 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, 2013, \$90.76 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 Annotated*, 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, \$48.585 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 Annotated*, 1953, as amended, 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 \$2.754 billion principal amount of Guaranteed Bonds outstanding at June 30, 2014 with the last maturity date being 2035. 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 Annotated*, Sections 53A–20b–201 to 204), effective July 1, 2012, 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 in 2012 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, 2014, \$74.4 million of debt was issued and outstanding under the Program.
- At June 30, 2014, 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 \$1.264 billion.
- 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 \$39.427 million from tobacco companies in fiscal year 2014 and expects to receive approximately \$37.026 million in fiscal year 2015. Annual payments will be adjusted for factors such as inflation, decreased sales volume, previously settled law suits, disputed payments, and legal fees.
- At June 30, 2014, the Economic Development Tax Increment Financing Incentive program (EDTIF) had outstanding long-term contract commitments for General Fund cash rebates of \$92.974 million and Education Fund tax credits of \$596.304 million. These cash rebates and tax credits are contingent on participating companies meeting certain economic development performance criteria.
- At June 30, 2014, the Motion Picture Incentive Program had outstanding contract commitments for General Fund cash rebates of \$594 thousand and Education Fund tax credits of \$16.647 million. These cash rebates and credits are contingent on participating motion picture companies meeting certain within-the-state production criteria.
- At June 30, 2014, the Utah State Board of Education entered into contract commitments with Utah State University (major discrete component unit) of \$11.151 million for the Technical Assistance for Excellence in Special Education program related to technical assistance and professional development systems.
- At June 30, 2014, the Utah Department of Transportation had construction and other contract commitments of \$610.177 million, of which \$269.373 million is for Transportation Fund (major special revenue fund) and \$340.804 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, 2014, the permanent Trust Lands Fund (permanent fund) had real estate commitments of \$160 million, of which \$93.72 million have been called and \$661 thousand have been released, leaving a remaining commitment of \$65.619 million.
- At June 30, 2014, the State's capital projects funds (nonmajor capital projects funds) had construction commitments of \$231.438 million. These commitments will be funded with legislative appropriations, intergovernmental revenues, and proceeds of general obligation and lease revenue bonds.
- At June 30, 2014, the enterprise funds had loan commitments of approximately \$277.448 million and grant commitments of approximately \$61.399 million.
- Utah Retirement Systems (pension trust and defined contribution plans) has at its yearend December 31, 2013, committed to fund certain private equity partnerships, absolute return, and real estate projects for an amount of \$7.029 billion. Funding of \$4.49 billion has been provided, leaving an unfunded commitment of \$2.539 billion as of December 31, 2013.
- As of June 30, 2014, the Utah Housing Corporation (major discrete component unit) has committed to purchase mortgages under the warehouse loans and the Single-Family Mortgage Purchase Program in the amount of \$77.86 million.

### C. Commitments

- At June 30, 2014, the Industrial Assistance Program of the General Fund had grant commitments of \$7.145 million, contingent on participating companies meeting certain performance criteria.

The Utah Housing Corporation had one revolving credit agreement with \$75 million available during the year

maturing on July 11, 2014. Changes in current year activity resulted in additions of \$144.145 million and deletions of \$144.145 million, resulting in no outstanding balance at June 30, 2014 on this revolving credit agreement. Interest paid on amounts drawn is calculated at 1 month LIBOR plus 0.6 percent with the 1 month LIBOR rate not to be less than 0.25 percent. Subsequent to the year ended June 30, 2014, this revolving line of credit was renewed and extended through July 10, 2015.

- 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, 2014, the University had committed, but not paid, a total of \$31.99 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, 2014, the University had committed, but not paid, a total of \$9.756 million in funding for these alternative investments.
- At June 30, 2014, Utah State University (major discrete component unit) had outstanding commitments for the construction and remodeling of its buildings of appropriately \$37.1 million.

#### NOTE 16. JOINT VENTURES

##### A. Utah Communications Agency Network

The Utah Communications Agency Network (UCAN) was created by the State Legislature in 1997 as an independent agency. Its purpose is to provide public safety communications services and facilities on a regional or statewide basis.

UCAN's governing board consists of fifteen representatives elected by the board, and six state representatives of which five are appointed by the Governor. The State has contracted to purchase communication services from UCAN to meet the needs of law enforcement officers in the Departments of Public Safety, Corrections, Natural Resources, and other smaller state agencies.

In fiscal year 1998 the State provided startup capital and UCAN may also receive legal counsel from the Attorney General's Office at no cost. Contracts with state agencies are estimated to provide over 30 percent of UCAN's operating revenues.

As of June 30, 2014 UCAN had no revenue bonds outstanding. UCAN's debt is not a legal obligation of the State; however, if UCAN cannot meet its debt service requirements, state law allows the Governor to request an appropriation to restore the debt service reserve fund to its required level or to meet any principal or interest payment deficiency. The Legislature is not required to make any such appropriation, but if made, UCAN must repay the State within 18 months. To date, UCAN has not requested any such funding from the State and has had sufficient resources to cover its debt service and debt service reserve requirements.

Effective July 1, 2014, UCAN was renamed the Utah Communications Authority (UCA) and its governing board was restructured and services expanded. See note 20 for additional information.

Copies of the UCAN's financial statements can be obtained from UCAN's administrative office or from the Office of the Utah State Auditor.

##### B. Utah Education Network

The Utah Education Network (UEN) is a publicly funded consortium administered by the University 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 \$18.642 million for the year ended June 30, 2014. 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

Eligible employees of the State are covered by one of the following retirement plans:

##### A. Utah Retirement Systems

Utah Retirement Systems (URS) (pension trust and defined contribution plans) was established by Title 49 of *Utah Code Annotated, 1953*, as amended. URS administers the pension systems and plans under the direction of the URS Board, which consists of the State Treasurer and six members 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 separately issued financial statements using fund accounting principles and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Revenues, including contributions, are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2013, 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, 540 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772, or online at [www.urs.org](http://www.urs.org).

The URS operations are comprised of the following groups of systems and plans covering substantially all employees of the State, public education, and other political subdivisions of the State:

- The Public Employees Noncontributory Retirement System (Noncontributory System); the Public Employees Contributory Retirement System (Contributory System); 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); and the Tier 2 Public Safety and Firefighters Contributory System (Tier 2 Safety

and Firefighters), 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.

Retirement benefits are specified by Title 49 of *Utah Code Annotated, 1953*, as amended. 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:

**Summary of Eligibility and Benefits**

	<u>Noncontributory System</u>	<u>Contributory System</u>	<u>Public Safety System</u>	<u>Firefighters System</u>	<u>Judges System</u>	<u>Tier 2 Public Employees System</u>	<u>Tier 2 Public Safety and Firefighters System</u>
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 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	30 years any age 20 years age 60* 10 years age 62* 4 years age 65		20 years any age 10 years age 60 4 years age 65	25 years any age 20 years age 55* 10 years age 62 6 years age 70	35 years any age 20 years age 60 10 years age 62 4 years age 65	25 years any age 20 years age 60 10 years age 62 4 years age 65
Benefit Percent per Year of Service** ...	2.00 % per year all years	1.25 % per year to June 1975 2.00 % per year July 1975 to present		2.50 % per year up to 20 years 2.00 % per year over 20 years	5.00 % first 10 years 2.25 % second 10 years 1.00 % over 20 years	1.50 % per year all years	1.50 % per year all years

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, 1990, there may be a 3 percent benefit enhancement.

Former governors at age 65 receive \$1,300 per month per term. Legislators receive a benefit at age 65 with four or more years of service at the rate of \$28.40 per month per year of service. Retirement at age 62 with 10 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.

As a condition of participation in the Defined Benefit Systems, employers and/or employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by the Board. Employee contributions may be paid in part or in whole by the employer. Contributions in some systems are also augmented by fees or insurance premium taxes. Below is a summary of system participants.

(Table on next page.)

**Participating Membership by System  
December 31, 2013**

	<b>Non- contributory System</b>	<b>Contributory System</b>	<b>Public Safety System</b>	<b>Firefighters System</b>	<b>Judges System</b>	<b>Utah Governors and Legislators Retirement Plan</b>	<b>Tier 2 Public Employees System</b>	<b>Tier 2 Public Safety and Firefighters System</b>
Employers .....	439	159	130	58	1	1	464	148
Members:								
Active .....	76,845	1,733	7,019	1,845	112	99	13,718	885
Terminated Vested ....	36,942	1,104	3,018	184	4	89	—	—
Retirees and Beneficiaries:								
Service Benefits.....	43,107	4,251	4,473	1,137	124	239	—	—
Disability Benefits.....	—	1	8	93	—	—	—	—

Employer contribution rates consist of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the members during the current year) and (2) an amount for amortization of the unfunded, or excess funded actuarial accrued liability over a closed 21 year amortization period. These rates are determined using the entry age actuarial cost method.

The following table presents the State of Utah's actuarially determined employer contributions required and paid to URS. These amounts are equal to the annual pension costs for each of the stated years and all of these amounts were paid for each year. Accordingly, the net pension obligation (NPO) at the end of each year was zero.

**State of Utah's Employer Contributions  
Required and Paid  
For Fiscal Years Ended June 30  
(Expressed in Thousands)**

	<b>Non- contributory System</b>	<b>Contributory System</b>	<b>Public Safety System</b>	<b>Firefighters System</b>	<b>Judges System</b>	<b>Utah Governors and Legislators Retirement Plan</b>	<b>Tier 2 Public Employees System</b>	<b>Tier 2 Public Safety and Firefighters System</b>
<b>Primary Government:</b>								
2014 .....	\$ 139,990	\$ 2,908	\$ 44,487	\$ 163	\$ 5,335	\$ 411	\$ 6,390	\$ 1,002
2013 .....	\$ 129,519	\$ 3,024	\$ 42,075	\$ 183	\$ 4,910	\$ 252	\$ 4,395	\$ 506
2012 .....	\$ 116,876	\$ 2,988	\$ 38,758	\$ 159	\$ 3,839	\$ 214	\$ 1,492	\$ 56
2011 .....	\$ 117,029	\$ 3,246	\$ 36,439	\$ 130	\$ 3,475	\$ 153	\$ —	\$ —
2010 .....	\$ 103,548	\$ 3,333	\$ 34,342	\$ 81	\$ 2,427	\$ —	\$ —	\$ —
<b>Component Units:</b>								
<b>Colleges and Universities:</b>								
2014 .....	\$ 46,543	\$ 1,458	\$ 838	\$ —	\$ —	\$ —	\$ 3,883	\$ 16
2013 .....	\$ 45,040	\$ 1,539	\$ 769	\$ —	\$ —	\$ —	\$ 2,589	\$ 9
2012 .....	\$ 47,555	\$ 1,993	\$ 699	\$ —	\$ —	\$ —	\$ 967	\$ 4
2011 .....	\$ 45,449	\$ 1,998	\$ 639	\$ —	\$ —	\$ —	\$ —	\$ —
2010 .....	\$ 40,385	\$ 1,905	\$ 639	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Other:</b>								
2014 .....	\$ 5,432	\$ 97	\$ —	\$ —	\$ —	\$ —	\$ 289	\$ —
2013 .....	\$ 4,894	\$ 84	\$ —	\$ —	\$ —	\$ —	\$ 165	\$ —
2012 .....	\$ 4,422	\$ 73	\$ —	\$ —	\$ —	\$ —	\$ 56	\$ —
2011 .....	\$ 4,083	\$ 64	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2010 .....	\$ 3,580	\$ 53	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Total Primary Government and Component Units:</b>								
2014 .....	\$ 191,965	\$ 4,463	\$ 45,325	\$ 163	\$ 5,335	\$ 411	\$ 10,562	\$ 1,018
2013 .....	\$ 179,453	\$ 4,647	\$ 42,844	\$ 183	\$ 4,910	\$ 252	\$ 7,149	\$ 515
2012 .....	\$ 168,853	\$ 5,054	\$ 39,457	\$ 159	\$ 3,839	\$ 214	\$ 2,515	\$ 60
2011 .....	\$ 166,561	\$ 5,308	\$ 37,078	\$ 130	\$ 3,475	\$ 153	\$ —	\$ —
2010 .....	\$ 147,513	\$ 5,291	\$ 34,981	\$ 81	\$ 2,427	\$ —	\$ —	\$ —

The following table summarizes contribution rates in effect at December 31, 2013:

**Contribution Rates as a Percent of Covered Payroll**

System	Member	Employer	Other
Noncontributory .....	—	17.29 % – 20.46 %	—
Contributory .....	6.00 %	13.28 % – 15.97 %	—
Public Safety:			
Contributory .....	10.50 % – 12.29 %	20.83 % – 29.76 %	—
Noncontributory .....	—	32.14 % – 44.98 %	—
Firefighters:			
Division A .....	15.05 %	2.96 %	11.75 %
Division B .....	16.71 %	4.46 %	11.75 %
Judges:			
Noncontributory .....	—	35.66 %	12.74 %
Utah Governors and Legislators....	—	\$411,489	—
Tier 2 Public Employees .....	—	15.58 % – 18.34 %	—
Tier 2 Public Safety and Firefighters.....	—	12.11 % – 34.56 %	—

### 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. 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 Title 49. There are 381 employers participating in the 401(k) Plan and 162 employers participating in the 457(b) Plan. There are 152,339 plan participants in the 401(k) Plan, 16,637 participants in the 457(b) Plan, 4,935 participants in the Roth IRA Plan, 1,113 participants in the Traditional IRA Plan, and 2,146 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. 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), 403(b), Roth and Traditional IRA Plans. For the 401(k) plan, the State and participating employers are required to contribute to employees who participate in the noncontributory retirement plan. The State contributes 1.5 percent of eligible employees' salaries which amount vests immediately. The amounts contributed to the 401(k) Plan during the year ended June 30, 2014, by employees and employers are as follows: for Primary Government, \$33.348 million and \$22.859 million; for Component Units – Colleges and Universities, \$4.322 million and \$6.222 million; for Component Units – Other, \$1.079 million and \$1.109 million; and the combined total for all is \$38.749 million and \$30.19 million, respectively. The amounts contributed by employees to the 457(b), Roth and Traditional IRA Plans

(Primary Government and Component Units) are \$6.827 million, \$2.643 million, and \$158 thousand, respectively.

Employees of the University of Utah (major discrete component unit) may contribute to a 403(b), 457(b), Traditional and Roth IRA, or a 401(k) plan. For employees enrolled in the Hospital Retirement Plan and who contribute to a 403(b) or 457(b) plan, the University matches up to 3 percent of an employee's contribution. For employees who are enrolled, total University employee contributions to the above plans for the fiscal year 2014 was approximately \$51.805 million.

### Pension Receivables and Investments

Investments are presented at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. Corporate debt securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on an amortized cost basis, which approximates market or fair value. The fair value of real estate investments has been estimated based on independent appraisals and/or property cash flow. Short-term securities are reported at market value where published market prices and quotations are available, or at cost plus accrued interest, which approximates market or fair value. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors have determined the fair value for the individual investments. Approximately 8 percent of the investments held in trust for the pension benefits are invested in debt securities of the U.S. Government and its instrumentalities. Of the 8 percent, approximately 4 percent are U.S. Government debt securities and 4 percent are debt securities of the U.S. Government instrumentalities. The Systems and Plans have no investments of any commercial or industrial organization whose market value equals 5 percent or more of the net assets held in trust for pension benefits. The principal components of the receivables and investment categories are presented below.

**Pension Receivables and Investments**  
(Expressed in Thousands)

	Non- contributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan	Tier 2 Public Safety Employees System
<b>Receivables:</b>							
Member Contributions.....	\$ —	\$ 257	\$ 26	\$ 540	\$ —	\$ —	\$ —
Employer Contributions .....	43,714	651	4,413	—	207	189	2,097
Court Fees and Fire Insurance Premium.....	—	—	—	895	135	—	—
Investments .....	196,209	12,648	26,736	9,550	1,534	98	450
Total Receivables .....	<u>\$ 239,923</u>	<u>\$ 13,556</u>	<u>\$ 31,175</u>	<u>\$ 10,985</u>	<u>\$ 1,876</u>	<u>\$ 287</u>	<u>\$ 2,547</u>
<b>Investments:</b>							
Debt Securities.....	\$ 3,248,790	\$ 209,429	\$ 442,670	\$ 158,126	\$ 25,395	\$ 1,631	\$ 7,454
Equity Investments .....	7,677,060	494,893	1,046,056	373,660	60,010	3,854	17,613
Absolute Return .....	3,410,782	219,873	464,745	166,011	26,661	1,712	7,825
Private Equity .....	2,253,541	145,272	307,061	109,685	17,615	1,131	5,170
Real Assets.....	2,497,253	160,982	340,270	121,548	19,520	1,254	5,729
Invested Securities Lending Collateral.....	1,591,294	102,581	216,825	77,452	12,439	799	3,651
Total Investments .....	<u>\$ 20,678,720</u>	<u>\$ 1,333,030</u>	<u>\$ 2,817,627</u>	<u>\$1,006,482</u>	<u>\$ 161,640</u>	<u>\$ 10,381</u>	<u>\$ 47,442</u>

Continues Below

	Tier 2 Public Safety and Firefighters System	401 (k) Plan	457 (b) Plan	IRA Plans	Health Reimbursement Arrangement	Total December 31, 2013
<b>Receivables:</b>						
Member Contributions.....	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 823
Employer Contributions .....	115	—	—	—	—	51,386
Court Fees and Fire Insurance Premium.....	—	—	—	—	—	1,030
Investments .....	38	80,987	9,230	—	1,579	339,059
Total Receivables .....	<u>\$ 153</u>	<u>\$ 80,987</u>	<u>\$ 9,230</u>	<u>\$ 0</u>	<u>\$ 1,579</u>	<u>\$ 392,298</u>
<b>Investments:</b>						
Debt Securities.....	\$ 624	\$ 1,404,127	\$ 156,052	\$ 42,041	\$ —	\$ 5,696,339
Equity Investments .....	1,475	2,212,458	253,715	53,816	—	12,194,610
Absolute Return .....	655	—	—	—	—	4,298,264
Private Equity .....	433	—	—	—	—	2,839,908
Real Assets.....	480	49,773	5,743	1,752	—	3,204,304
Invested Securities Lending Collateral.....	306	—	—	—	—	2,005,347
Total Investments .....	<u>\$ 3,973</u>	<u>\$ 3,666,358</u>	<u>\$ 415,510</u>	<u>\$ 97,609</u>	<u>\$ 0</u>	<u>\$ 30,238,772</u>

**Net Pension Liability of Employers**  
(Expressed in Thousands)

	(1) Total Pension Liability	(2) Plan Fiduciary Net Position	(3) Employers' Net Pension Liability/(Asset) (1) – (2)	(4) Plan Fiduciary Net Position as a % of the Total Pension Liability (2) / (1)	(5) Covered Employee Payroll	(6) Net Pension Liability/(Asset) as a % of Covered Employee Payroll (3) / (5)
<b>System:</b>						
Noncontributory Retirement System.....	\$ 23,344,325	\$ 19,915,815	\$ 3,428,510	85.31%	\$ 3,705,771	92.52%
Contributory Retirement System.....	1,312,921	1,281,945	30,976	97.64	98,023	31.60
Public Safety Retirement System.....	3,269,140	2,712,184	556,956	82.95	365,998	152.17
Firefighters Retirement System.....	999,024	968,661	30,363	96.96	110,741	27.42
Judges Retirement System.....	182,638	155,676	26,962	85.24	15,195	177.44
Utah Governors and Legislative Retirement System..	11,879	10,166	1,713	85.58	390	439.23
Tier 2 Public Employees System.....	48,292	47,690	602	98.75	353,227	0.17
Tier 2 Public Safety and Firefighter System.....	3,345	3,935	(590)	117.64	20,215	(2.92)
Total Net Pension Liability of Employers.....	<u>\$ 29,171,564</u>	<u>\$ 25,096,072</u>	<u>\$ 4,075,492</u>	<u>86.03%</u>	<u>\$ 4,669,560</u>	<u>87.28%</u>

The net pension liability (i.e., the retirement system’s liability determined in accordance with of GASB Statement 67, *A Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* less the fiduciary net position) as of December 31, 2013, is as shown above.

Actuarial valuation of the ongoing Systems involve estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability

are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was performed in 2011 and the next experience study is scheduled to be conducted in 2014. The Total Pension Liability as of December 31, 2013, is based on the results of an actuarial valuation date of January 1, 2013, and rolled-forward using generally accepted actuarial procedures.

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

**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.....	1/1/13	1/1/13	1/1/13	1/1/13	1/1/13	1/1/13	1/1/13	1/1/13
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.....	3.75–10.75 %	3.75–10.75 %	3.75–9.25 %	3.75–9.75 %	3.75 %	None	3.75–10.75 %	3.75–9.25 %
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 %	2.75 %	2.75 %

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.

**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, 2013, are summarized in the table below:

**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 .....	40.00 %	7.06 %	2.82 %
Debt Securities .....	20.00	0.80	0.16
Real Assets .....	13.00	5.10	0.66
Private Equity .....	9.00	11.30	1.02
Absolute Return .....	18.00	3.15	0.57
Cash and Cash Equivalents .....	0.00	0.00	0.00
	<u>100.00 %</u>		<u>5.23 %</u>
Inflation .....			<u>2.75</u>
Expected Arithmetic Nominal Return .....			<u>7.98 %</u>

\* 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 5.1 percent.

**Changes in 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 contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Utah Code. Based on those assumptions, the Systems fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. 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.

In accordance with GASB Statement 67, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the net pension liability of the participating employers calculated using the discount rate of 7.5 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.5 percent) or 1 percent higher (8.5 percent) than the current and are summarized in the table below.

**Changes in Discount Rate**  
(Expressed in Thousands)

System:	1 % Decrease (6.5 %)	Current Discount Rate (7.5 %)	1 % Increase (8.5 %)
Noncontributory Retirement System .....	\$ 6,438,703	\$ 3,428,510	\$ 910,975
Contributory Retirement System .....	166,565	30,976	(83,139)
Public Safety Retirement System .....	1,015,643	556,956	181,888
Firefighters Retirement System .....	166,339	30,363	(81,447)
Judges Retirement System .....	46,212	26,962	10,442
Utah Governors and Legislative Retirement System .....	2,908	1,713	707
Tier 2 Public Employees System .....	15,076	602	(10,324)
Tier 2 Public Safety and Firefighter System .....	399	(590)	(1,344)
Total .....	<u>\$ 7,851,845</u>	<u>\$ 4,075,492</u>	<u>\$ 927,758</u>

**Actuarial Methods and Assumptions**

The information contained in the Schedules of Funding Progress is based on the actuarial study dated January 1, 2013, and calendar year 2013 activity. The actuarial accrued liability is presented based on the report generated by that study, conducted by Gabriel, Roeder, Smith & Company. The actuarial value of assets for that date is based on a smoothed expected investment income rate. Beginning with the 2011 actuarial study, the investment rate of return assumption was changed from 7.75 percent to 7.5 percent. Investment income in excess or shortfall of the expected rate on fair value is smoothed over a five-year period with 20 percent of a year's excess or shortfall being recognized each year, beginning with the current year.

All systems use: (1) the entry age actuarial cost method and the level percent of payroll amortization method except the Utah Governors and Legislators Retirement Plan which uses the level dollar amount amortization method; (2) the remaining amortization period is an open group, 21 year, closed period; and (3) an inflation rate of 2.75 percent. 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 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. Below are the Schedules of Funding Progress.

**Schedules of Funding Progress  
By Valuation Date  
(Expressed in Thousands)**

	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
<b>Actuarial Value of Assets:</b>								
January 1, 2012.....	\$ 16,805,952	\$ 1,135,251	\$ 2,222,202	\$ 810,764	\$ 130,561	\$ 9,565	\$ 2,833	\$ 90
January 1, 2013.....	\$ 16,969,392	\$ 1,133,433	\$ 2,283,911	\$ 824,060	\$ 131,217	\$ 9,077	\$ 17,818	\$ 1,161
December 31, 2013....	\$ 18,572,714	\$ 1,193,801	\$ 2,530,613	\$ 903,627	\$ 145,121	\$ 9,457	\$ 46,241	\$ 3,822
<b>Actuarial Accrued</b>								
<b>Liability (AAL):</b>								
January 1, 2012.....	\$ 21,260,843	\$ 1,269,042	\$ 2,948,481	\$ 903,399	\$ 167,982	\$ 12,029	\$ 3,055	\$ 101
January 1, 2013.....	\$ 22,200,896	\$ 1,280,836	\$ 3,093,227	\$ 944,791	\$ 174,923	\$ 11,925	\$ 16,755	\$ 1,042
December 31, 2013....	\$ 23,344,325	\$ 1,312,921	\$ 3,269,140	\$ 999,024	\$ 182,638	\$ 11,879	\$ 48,292	\$ 3,345
<b>Unfunded Actuarial Accrued</b>								
<b>Liability (UAAL):</b>								
January 1, 2012.....	\$ 4,454,891	\$ 133,791	\$ 726,279	\$ 92,635	\$ 37,421	\$ 2,464	\$ 222	\$ 11
January 1, 2013.....	\$ 5,231,504	\$ 147,403	\$ 809,316	\$ 120,731	\$ 43,706	\$ 2,848	\$ (1,063)	\$ (119)
December 31, 2013....	\$ 4,771,611	\$ 119,120	\$ 738,527	\$ 95,397	\$ 37,517	\$ 2,422	\$ 2,051	\$ (477)
<b>Funding Ratios:</b>								
January 1, 2012.....	79.0 %	89.5 %	75.4 %	89.7 %	77.7 %	79.5 %	92.7 %	89.1 %
January 1, 2013.....	76.4 %	88.5 %	73.8 %	87.2 %	75.0 %	76.1 %	106.3 %	111.4 %
December 31, 2013....	79.6 %	90.9 %	77.4 %	90.5 %	79.5 %	79.6 %	95.8 %	114.3 %
<b>Annual Covered Payroll:</b>								
January 1, 2012.....	\$ 3,900,106	\$ 110,103	\$ 374,293	\$ 110,751	\$ 14,918	\$ 910	\$ 36,821	\$ 855
January 1, 2013.....	\$ 3,794,929	\$ 103,074	\$ 366,471	\$ 110,608	\$ 14,885	\$ 910	\$ 203,779	\$ 10,237
December 31, 2013....	\$ 3,705,771	\$ 98,023	\$ 365,998	\$ 110,741	\$ 15,195	\$ 390	\$ 353,227	\$ 20,215
<b>UAAL as a Percent of Covered Payroll:</b>								
January 1, 2012.....	114.2 %	121.5 %	194.0 %	83.6 %	249.8 %	270.8 %	0.6 %	1.3 %
January 1, 2013.....	137.9 %	143.0 %	220.8 %	109.2 %	293.6 %	313.0 %	(0.5)%	(1.2)%
December 31, 2013....	128.8 %	121.5 %	201.8 %	86.1 %	246.9 %	621.0 %	0.6 %	(2.4)%

## B. 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, provides 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, 2014 and 2013, were \$177.14 million and \$160.08 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 Section 67–19d–201 of the *Utah Code*. 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 Section 67–19d–201.5 of the *Utah Code*. 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.

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. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors have determined the fair values for the individual investments.

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 thirty 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 Section 67–19–14(2) of the *Utah Code*. 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 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, 2012, the date of the latest actuarial valuation, approximately 5,562 retirees and their beneficiaries were receiving postemployment health and life insurance benefits, and an estimated 10,864 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 35.18 percent, toward the cost of health insurance premiums. For the year ended June 30, 2014, retirees contributed \$1.463 million, or approximately 5.1 percent of total premiums, through their required contributions of \$0 to \$712.37 per month depending on the coverage (single, double, or family) and health plan selected.

The Annual Required Contribution (ARC) of \$30.342 million, from the December 31, 2012, actuarial valuation, is 6.1 percent of annual covered payroll. Although the ARC was used to establish the final annual budget for fiscal year 2014, in prior years the State Legislature contributed more than the ARC. This overfunding of the ARC contributed to a net OPEB asset of \$5.854 million. It is reported on the Statement of Net Position (governmental activities) within *Prepaid Items*.

#### 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 Section 49–20–404 of the *Utah Code*. Only governors and legislators (elected officials) that retire after January 1, 1998 and have 4 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 4 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, 2012, the date of the latest actuarial valuation, approximately 83 retirees and their beneficiaries were receiving health or Medicare supplemental coverage, and an estimated 205 active and former elected officials may receive future benefits for themselves and qualifying dependents under the Elected Official Other Postemployment Benefit Plan. For the

year ended June 30, 2014, elected officials that participated in the Elected Official OPEB Plan contributed \$28 thousand, or approximately 8.1 percent of total premiums, through their required contributions of \$0 (for ten or more years of service) to \$700.02 per month (for four years of service) depending on the coverage (single or double) and health plan selected.

The Annual Required Contribution (ARC) of \$1.321 million, from the December 31, 2012, actuarial valuation and used to establish the annual budget for fiscal year 2014, is 92.28 percent of annual covered payroll. For the fiscal year 2014, the State Legislature decided to contribute \$2.03 million, \$709 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 2014 (dollar amount in thousands):

	<b>State Employee OPEB Plan</b>	<b>Elected Official OPEB Plan</b>
Annual required contribution .....	\$ 30,342	\$ 1,321
Interest on net OPEB obligation.....	(272)	234
Adjustment to annual required contribution.....	465	(400)
Annual OPEB cost (expense).....	30,535	1,155
Contributions made .....	(30,342)	(2,030)
Increase (decrease) in net OPEB obligation .....	193	(875)
Net OPEB obligation (asset) – Beginning of year.....	(6,047)	5,206
Net OPEB obligation (asset) – End of year.....	\$ (5,854)	\$ 4,331

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for fiscal year 2014 and the two preceding years for both the State Employee and Elected Official OPEB plans were as follows (dollar amount in thousands):

	<b>Fiscal Year Ended</b>	<b>Annual OPEB Cost</b>	<b>Percentage of Annual OPEB Cost Contributed</b>	<b>Net OPEB Obligation (Asset)</b>
State Employee OPEB Plan .....	6/30/2011	\$ 43,819	100.00 %	\$ —
	6/30/2012	\$ 37,594	115.16 %	\$ (5,699)
	6/30/2013	\$ 37,722	100.92 %	\$ (6,047)
	6/30/2014	\$ 30,535	99.37 %	\$ (5,854)
Elected Official OPEB Plan .....	6/30/2011	\$ 1,793	19.18 %	\$ 7,142
	6/30/2012	\$ 1,767	196.38 %	\$ 5,439
	6/30/2013	\$ 1,797	112.97 %	\$ 5,206
	6/30/2014	\$ 1,155	175.76 %	\$ 4,331

The funded status of both the State Employee and Elected Official OPEB plans as of December 31, 2012, was as follows (dollar amount in thousands):

	<u>State Employee OPEB Plan</u>	<u>Elected Official OPEB Plan</u>
Actuarial accrued liability.....	\$ 408,661	\$ 14,507
Actuarial value of plan assets .....	150,107	5,302
Unfunded actuarial accrued liability (funding excess).....	<u>\$ 258,554</u>	<u>\$ 9,205</u>
Funded ratio.....	36.73 %	36.55 %
Covered payroll .....	\$ 496,491	\$ 1,431
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll .....	52.08 %	643.26 %

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, 2012, were as follows:

	<u>State Employee OPEB Plan</u>	<u>Elected Official OPEB Plan</u>
Actuarial valuation date.....	12/31/2012	12/31/2012
Actuarial cost method.....	Projected Unit Credit	
Amortization method.....	Level Dollar Amount; Open	
Remaining amortization period .....	20 years	20 years
Asset valuation method.....	Fair Value	Fair Value
Actuarial assumptions:		
Investment rate of return * .....	4.50 %	4.50 %
Healthcare inflation rate .....	8.50 % initial 4.50 % ultimate	

\* Includes an inflation assumption of 2.50 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 (internal service fund) and the Public Employees Health Program (major discrete component unit). The State is a major participant in these programs. The Risk Management Fund manages the general property, auto/physical damage, and liability risk of the State. The Public Employees Health Program manages the health 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 funds can economically and effectively manage the State's risks internally and have set aside assets for claim settlement. The risks are covered through reserves and commercial insurance for excessive losses. The State had property losses that exceeded the State's self-insured

aggregate claim limit of \$3.5 million for the fiscal year ended June 30, 2012. However, these losses did not exceed the State's commercial excess insurance coverage. The State had property losses that exceeded the State's self-insured aggregate claim limit of \$3.5 million for the fiscal year ended June 30, 2013, but these losses did not exceed the State's commercial excess insurance coverage. The State 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 year ended June 30, 2014. The risk funds service all claims for risk of loss to which the State is exposed, including general liability, property and casualty, auto/physical damage, group medical and dental, disability, and some environmental claims. They also service the general risk claims for all local school districts and many charter schools within the State. All funds, agencies, public schools, and public authorities of the State may participate in the State's Risk Management and Public Employees Health Programs. The risk funds allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a "premium" to each agency, public authority, or employee, based on each organization's estimated current year liability and property values. The reserve for liability losses is determined using an independent actuarial study based on past, current, and estimated loss experiences.

Risk Management and Public Employees Health Program claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated and include 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 to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Inflation is included in this calculation because reliance is based on historical data that reflects past inflation and other appropriate modifiers. The Risk Management claim liabilities reserves are reported using a discount rate of 1 percent. The Public Employees Health Program long-term disability benefit reserves are reported using discount rates between 3.00 and 7.75 percent. The primary government and the discrete

component units of the State paid premiums to the Public Employees Health Program of \$246,866 million and \$33,336 million, respectively, for health and life insurance coverage in fiscal year 2014.

All employers who participate in the Utah Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program per Section 49-21-201 of the *Utah Code*. Employees of those state agencies 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, 2014, there were 257 state employees receiving benefits. The program is funded by paying premiums to the Public Employees Health Program (major discrete component unit), where assets are set aside for future payments. For the fiscal year ended June 30, 2014, the primary government and the discrete component units of the State paid premiums of \$5.339 million and \$183 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, 2013 and June 30, 2014. The Public Employees Health Program balances are for the fiscal years ended June 30, 2012 and June 30, 2013 and for the six months ended December 31, 2013:

**Changes in Claims Liabilities**  
(Expressed in Thousands)

	<u>Beginning Balance</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
<b>Risk Management:</b>				
2013 .....	\$ 44,700	\$ 17,312	\$ (13,822)	\$ 48,190
2014 .....	\$ 48,190	\$ 15,261	\$ (14,866)	\$ 48,585
<b>Public Employees Health Program:</b>				
2012 .....	\$ 114,231	\$ 526,273	\$ (507,626)	\$ 132,878
2013 .....	\$ 132,878	\$ 481,563	\$ (491,126)	\$ 123,315
December 31, 2013 .....	\$ 123,315	\$ 237,020	\$ (235,572)	\$ 124,763
<b>College and University Self-Insurance:</b>				
2013 .....	\$ 62,394	\$ 254,570	\$ (252,822)	\$ 64,142
2014 .....	\$ 64,142	\$ 242,854	\$ (246,020)	\$ 60,976

**NOTE 20. SUBSEQUENT EVENTS**

Subsequent to June 30, 2014, the Governor's Office of Economic Development Board approved \$16.706 million of additional commitments to be credited over the next several years for the Economic Development Tax Increment Financing Incentive program (EDTIF). These commitments are contingent on participating companies meeting certain economic development performance criteria.

Subsequent to June 30, 2014, the Utah Housing Corporation (major discrete component unit) issued \$84.001 million of tax-exempt pass through bonds (HOMES).

On July 1, 2014 the Utah Communications Agency Network (UCAN - an independent agency, reported as a joint venture), was renamed the Utah Communications Authority (UCA) and the board was expanded and restructured. In addition, certain public safety communications network services and 911 emergency services, previously provided by the State, were transferred to UCA. The State is in the process of evaluating UCA to determine if it should be included as part of the reporting entity as a discrete component unit in the fiscal year 2015 financial statements.

Subsequent to June 30, 2014, the Utah Higher Education Assistance Authority Student Loan Purchase Program (Student Assistance Programs, major enterprise fund) issued Series 2014-1 Student Loan Backed Notes pursuant to a Trust Indenture and a First Supplemental Indenture of Trust in the amount of \$277 million dated July 1, 2014. Proceeds from the note issuance were used to retire the outstanding issuance in the 2011 Revenue Bond Fund.

Subsequent to June 30, 2014, the University of Utah (major discrete component unit) issued \$76.2 million of General Revenue and Refunding Bonds Series 2014B. Principal on the bonds is due annually commencing August 1, 2015 through August 1, 2038. Bond interest is due semiannually commencing February 1, 2015 at rates ranging from 2 percent to 5 percent. Proceeds from these bonds are to be used to construct the Lassonde Living Learning Center, partial replacement of utility distribution infrastructure and to refund a portion of the Hospital Revenue and Refunding Bonds Series 2006A.

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2014  
State of Utah  
Comprehensive Annual Financial Report



REQUIRED SUPPLEMENTARY  
INFORMATION



**State of Utah****Budgetary Comparison Schedule  
General Fund**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
General Revenues				
Sales Tax .....	\$ 1,683,229	\$ 1,651,461	\$ 1,656,806	\$ 5,345
Licenses, Permits, and Fees:				
Court Fees .....	14,323	17,651	13,187	(4,464)
Other Licenses, Permits, and Fees .....	7,841	8,309	13,675	5,366
Investment Income .....	4,500	3,750	5,028	1,278
Miscellaneous Taxes and Other:				
Beer Tax .....	6,931	6,906	8,091	1,185
Cigarette and Tobacco Tax .....	112,130	109,587	105,034	(4,553)
Insurance Premium Tax .....	92,600	94,879	91,213	(3,666)
Oil, Gas, and Mining Severance Tax .....	89,350	85,344	105,010	19,666
Taxpayer Rebates .....	(6,900)	(6,536)	(5,962)	574
Court Collections .....	3,029	3,865	3,757	(108)
Other Taxes .....	39,522	34,478	34,165	(313)
Miscellaneous Other .....	28,178	22,877	43,020	20,143
Total General Revenues .....	<u>2,074,733</u>	<u>2,032,571</u>	<u>2,073,024</u>	<u>40,453</u>
Department Specific Revenues				
Sales Tax .....	3,978	4,037	4,037	—
Federal Contracts and Grants .....	2,711,018	2,640,709	2,640,709	—
Departmental Collections .....	429,135	438,435	441,138	2,703
Higher Education Collections .....	638,299	684,485	684,485	—
Federal Mineral Lease .....	147,185	136,339	163,133	26,794
Investment Income .....	2,400	3,537	3,527	(10)
Miscellaneous .....	538,269	558,451	548,116	(10,335)
Total Department Specific Revenues .....	<u>4,470,284</u>	<u>4,465,993</u>	<u>4,485,145</u>	<u>19,152</u>
Total Revenues .....	<u>6,545,017</u>	<u>6,498,564</u>	<u>6,558,169</u>	<u>59,605</u>
<b>Expenditures</b>				
General Government .....	406,309	418,499	344,500	73,999
Human Services and Juvenile Justice Services .....	721,088	706,575	697,784	8,791
Corrections .....	292,001	273,815	264,353	9,462
Public Safety .....	298,683	286,633	253,971	32,662
Courts .....	138,051	137,206	133,120	4,086
Health and Environmental Quality .....	2,626,516	2,755,739	2,719,736	36,003
Higher Education – State Administration .....	48,018	48,920	48,920	—
Higher Education – Colleges and Universities .....	1,418,990	1,462,165	1,461,990	175
Employment and Family Services .....	947,456	718,535	709,031	9,504
Natural Resources .....	207,419	223,421	191,749	31,672
Heritage and Arts .....	28,761	27,854	24,271	3,583
Business, Labor, and Agriculture .....	145,851	116,016	96,822	19,194
Total Expenditures .....	<u>7,279,143</u>	<u>7,175,378</u>	<u>6,946,247</u>	<u>229,131</u>
Excess Revenues Over (Under) Expenditures .....	<u>(734,126)</u>	<u>(676,814)</u>	<u>(388,078)</u>	<u>288,736</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In .....	512,639	668,828	668,828	—
Transfers Out .....	(216,843)	(291,941)	(291,941)	—
Total Other Financing Sources (Uses) .....	<u>295,796</u>	<u>376,887</u>	<u>376,887</u>	<u>0</u>
Net Change in Fund Balance .....	<u>(438,330)</u>	<u>(299,927)</u>	<u>(11,191)</u>	<u>288,736</u>
Budgetary Fund Balance – Beginning .....	665,760	665,760	665,760	—
Budgetary Fund Balance – Ending .....	<u>\$ 227,430</u>	<u>\$ 365,833</u>	<u>\$ 654,569</u>	<u>\$ 288,736</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

State of Utah**Budgetary Comparison Schedule  
Education Fund**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
General Revenues				
Individual Income Tax .....	\$ 2,767,527	\$ 2,801,572	\$ 2,910,827	\$ 109,255
Corporate Tax .....	286,458	293,409	319,237	25,828
Miscellaneous Other .....	21,773	32,610	28,833	(3,777)
Total General Revenues .....	<u>3,075,758</u>	<u>3,127,591</u>	<u>3,258,897</u>	<u>131,306</u>
Department Specific Revenues				
Federal Contracts and Grants .....	549,386	473,057	473,057	—
Departmental Collections .....	6,476	8,497	8,497	—
Investment Income .....	30,013	38,554	40,721	2,167
Miscellaneous:				
Liquor Sales Allocated for School Lunch .....	37,260	34,858	34,858	—
Driver Education Fee .....	4,993	5,367	5,367	—
Other .....	2,554	7,747	7,412	(335)
Total Department Specific Revenues .....	<u>630,682</u>	<u>568,080</u>	<u>569,912</u>	<u>1,832</u>
Total Revenues .....	<u>3,706,440</u>	<u>3,695,671</u>	<u>3,828,809</u>	<u>133,138</u>
<b>Expenditures</b>				
Public Education .....	3,384,364	3,348,489	3,229,793	118,696
Total Expenditures .....	<u>3,384,364</u>	<u>3,348,489</u>	<u>3,229,793</u>	<u>118,696</u>
Excess Revenues Over (Under) Expenditures .....	<u>322,076</u>	<u>347,182</u>	<u>599,016</u>	<u>251,834</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In .....	8,501	8,788	8,788	—
Transfers Out .....	(479,517)	(544,516)	(544,516)	—
Total Other Financing Sources (Uses) .....	<u>(471,016)</u>	<u>(535,728)</u>	<u>(535,728)</u>	<u>0</u>
Net Change in Fund Balance .....	(148,940)	(188,546)	63,288	251,834
Budgetary Fund Balance – Beginning .....	629,702	629,702	629,702	—
Budgetary Fund Balance – Ending .....	<u>\$ 480,762</u>	<u>\$ 441,156</u>	<u>\$ 692,990</u>	<u>\$ 251,834</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

**State of Utah****Budgetary Comparison Schedule  
Transportation Fund**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget</b>
<b>Revenues</b>				
General Revenues				
Motor Fuel Tax .....	\$ 254,400	\$ 253,343	\$ 256,760	\$ 3,417
Special Fuel Tax .....	99,500	99,000	101,706	2,706
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees .....	40,695	42,171	39,580	(2,591)
Proportional Registration Fees .....	15,832	15,312	15,811	499
Temporary Permits .....	391	380	364	(16)
Special Transportation Permits .....	10,527	10,534	9,952	(582)
Highway Use Permits .....	10,574	9,833	10,562	729
Motor Vehicle Control Fees .....	5,375	5,560	5,215	(345)
Investment Income .....	200	200	561	361
Total General Revenues .....	<u>437,494</u>	<u>436,333</u>	<u>440,511</u>	<u>4,178</u>
Department Specific Revenues				
Sales and Aviation Fuel Taxes .....	73,777	72,677	81,569	8,892
Federal Contracts and Grants .....	182,170	345,349	345,350	1
Departmental Collections .....	79,984	89,682	93,699	4,017
Investment Income .....	120	120	425	305
Miscellaneous .....	5,750	24,939	25,930	991
Total Department Specific Revenues .....	<u>341,801</u>	<u>532,767</u>	<u>546,973</u>	<u>14,206</u>
Total Revenues .....	<u>779,295</u>	<u>969,100</u>	<u>987,484</u>	<u>18,384</u>
<b>Expenditures</b>				
Transportation .....	<u>703,293</u>	<u>913,942</u>	<u>901,708</u>	<u>12,234</u>
Total Expenditures .....	<u>703,293</u>	<u>913,942</u>	<u>901,708</u>	<u>12,234</u>
Excess Revenues Over (Under) Expenditures .....	<u>76,002</u>	<u>55,158</u>	<u>85,776</u>	<u>30,618</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets .....	500	1,994	1,994	—
Transfers In .....	81,050	85,033	85,033	—
Transfers Out .....	(146,688)	(153,134)	(153,134)	—
Total Other Financing Sources (Uses) .....	<u>(65,138)</u>	<u>(66,107)</u>	<u>(66,107)</u>	<u>0</u>
Net Change in Fund Balance .....	10,864	(10,949)	19,669	30,618
Budgetary Fund Balance – Beginning .....	<u>193,368</u>	<u>193,368</u>	<u>193,368</u>	<u>—</u>
Budgetary Fund Balance – Ending .....	<u>\$ 204,232</u>	<u>\$ 182,419</u>	<u>\$ 213,037</u>	<u>\$ 30,618</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

**State of Utah**

**Budgetary Comparison Schedule  
Budget To GAAP Reconciliation**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<u>General Fund</u>	<u>Education Fund</u>	<u>Transportation Fund</u>
<b>Revenues</b>			
Actual total revenues (budgetary basis) .....	\$ 6,558,169	\$ 3,828,809	\$ 987,484
Differences – Budget to GAAP:			
Intrafund revenues are budgetary revenues but are not revenues for financial reporting .....	(326,471)	(4,330)	(1,382)
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting .....	(693,388)	(7,164)	—
Change in revenue accrual for nonbudgetary Medicaid claims .....	(6,189)	—	—
Change in tax accruals designated by law for postemployment and other liabilities are revenues for financial reporting but not for budgetary reporting .....	(206)	9,733	828
Change in estimated federal receivables recorded as revenues for financial reporting but not for budgetary reporting .....	—	(17,641)	—
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	<u>\$ 5,531,915</u>	<u>\$ 3,809,407</u>	<u>\$ 986,930</u>
<b>Expenditures</b>			
Actual total expenditures (budgetary basis) .....	\$ 6,946,247	\$ 3,229,793	\$ 901,708
Differences – Budget to GAAP:			
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting .....	(326,471)	(4,330)	(1,382)
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 .....	(693,388)	(7,164)	—
Certain budgetary transfers and other charges are reported as an increase or reduction of expenditures for financial reporting .....	(2,852)	—	—
Leave/postemployment charges budgeted as expenditures when earned rather than when taken or due .....	1,403	656	1,784
Change in estimated federal liabilities recorded as expenditures for financial reporting but not for budgetary reporting .....	—	(17,641)	—
Change in accrual for Medicaid (incurred but not reported) claims excluded from the budget by statute .....	(8,996)	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	<u>\$ 5,915,943</u>	<u>\$ 3,201,314</u>	<u>\$ 902,110</u>

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – 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, 2014, 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 proposed budget is presented to the Legislature. The Legislature reviews the budget, makes changes, and prepares the annual *Appropriations Act*. The Legislature passes the *Appropriations Act* by a simple majority vote. The *Appropriations Act* 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 Act*. Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Act*. 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 \$814 thousand. This deficit is allowed by statute and will be funded with future appropriations. In addition, the General Fund's Department of Administrative Services Judicial Conduct Commission budget was over expended by \$2 thousand and the Education Fund's State Office of Rehabilitation budget was over expended by \$4.948 million. These agencies will cover the overspending with their subsequent year's budget. 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, 2014, the State was \$786 million below the appropriations limitation.

### 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, 2008 to December 31, 2010: (1) fully funding the Annual Required Contribution (ARC) over the last two fiscal years; (2) changes in benefit provisions that shifted increases in health care costs to employees and retirees; (3) using a discount rate of 4.5 percent (instead of 6 percent used in prior valuations) in order to more conservatively fund the ARC due to current market volatility; (4) an actuarial change in trend assumption for Medicare retirees; (5) actuarial experience; and (6) a reduction in Annual Covered Payroll due to fewer employees eligible to receive post-retirement health 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 more than 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 schedules present the State of Utah's funding progress and required employer contributions for the State Post-Retirement Benefits Trust Fund from the recent actuarial valuation and the two preceding valuations (using the projected unit credit method):

#### 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, 2008 .....	\$ 53,851	\$ 446,601	\$ 392,750	12.06 %	\$ 901,245	43.58 %
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 %

#### 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 %

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 decrease in the Elected Official OPEB Plan Actuarial Accrued Liability (AAL) and the Unfunded Actuarial Accrued Liability (UAAL) from December 31, 2008 to December 31, 2010: (1) changes in claims, and changes in benefit provisions; (2) an actuarial change in trend assumption for Medicare retirees; and (3) actuarial experience.

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 schedules present the State of Utah's funding progress and required contributions for the Elected Official Post-Retirement Benefits Trust Fund from the 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, 2008.....	\$ —	\$ 24,515	\$ 24,515	0.00 %	\$ 866	2,830.83 %
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 %

**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 %

(Required Supplementary Information continues on next page.)

### 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 the 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 5,719 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

The State performs complete assessments every other calendar year. Prior to 2013 complete assessments were performed every 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 2,000 Average Annual Daily Traffic) at 90 percent, and Level 2 (with less than 2,000 Average Annual Daily Traffic) at 80 percent.

The following table reports the percentage of pavements with ratings of “fair” or better for the last three assessments for each system:

System	2012	2011	2010
Interstate System ...	99.5 %	98.3 %	97.9 %
Level 1 System .....	93.5 %	93.2 %	92.1 %
Level 2 System .....	82.1 %	82.7 %	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
2014	\$ 193,282	\$ 298,484
2013	\$ 194,720	\$ 328,137
2012	\$ 204,647	\$ 371,133
2011	\$ 249,071	\$ 299,227
2010	\$ 244,272	\$ 349,451

### Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,922 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 complete assessments on an annual basis ending April 1 of each year. The established condition level is to maintain 50 percent of the bridges with a rating of "good" and no more than 15 percent with a rating of "poor." The following table reports the results of the bridges assessed for the past three years:

Rating	2014	2013	2012
Good .....	73.4 %	72.4 %	71.6 %
Poor.....	1.0 %	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
2014	\$ 34,109	\$ 52,674
2013	\$ 34,362	\$ 57,907
2012	\$ 36,114	\$ 65,494
2011	\$ 43,954	\$ 52,805
2010	\$ 43,107	\$ 61,668



# SUPPLEMENTARY INFORMATION



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## Nonmajor Governmental Funds

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### 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, 2014

(Expressed in Thousands)

	<b>Special Revenue</b>			
	<b>State Endowment</b>	<b>Environmental Reclamation</b>	<b>Crime Victim Reparation</b>	<b>Universal Telephone Services</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 82	\$ 2,966	\$ 1,362	\$ 4,899
Investments .....	159,427	21,004	1,045	—
Receivables:				
Accounts, net .....	—	1	—	—
Accrued Interest .....	—	—	—	—
Capital Lease Payments, net .....	—	—	—	—
Due From Other Funds .....	—	39	—	—
Due From Component Units .....	—	—	—	—
Total Assets .....	<u>\$ 159,509</u>	<u>\$ 24,010</u>	<u>\$ 2,407</u>	<u>\$ 4,899</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities .....	\$ —	\$ 3,312	\$ 28	\$ 233
Due To Other Funds .....	—	—	—	73
Unearned Revenue .....	—	—	—	—
Total Liabilities .....	<u>0</u>	<u>3,312</u>	<u>28</u>	<u>306</u>
Deferred Inflows of Resources:				
Unavailable Revenue .....	—	—	—	—
Total Deferred Inflows of Resources .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Nonspendable:				
Restricted .....	—	18,671	—	4,593
Committed .....	159,509	2,027	2,379	—
Assigned .....	—	—	—	—
Total Fund Balances .....	<u>159,509</u>	<u>20,698</u>	<u>2,379</u>	<u>4,593</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances .....	<u>\$ 159,509</u>	<u>\$ 24,010</u>	<u>\$ 2,407</u>	<u>\$ 4,899</u>

Special Revenue			Capital Projects		
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
\$ 188	\$ 838	\$ 964	\$ —	\$ 125,093	\$ 1,505
4,483	38,307	1,286	12,297	3,406	1,325
52	—	—	15,226	128	—
—	—	—	—	—	1
—	—	—	—	—	—
10	—	48	174	1,479	—
—	—	—	—	36,231	—
<u>\$ 4,733</u>	<u>\$ 39,145</u>	<u>\$ 2,298</u>	<u>\$ 27,697</u>	<u>\$ 166,337</u>	<u>\$ 2,831</u>
\$ 168	\$ 40	\$ 3	\$ 2,030	\$ 41,629	\$ 9
54	1,595	6	1,059	3,317	1,321
—	—	35	2,944	—	—
<u>222</u>	<u>1,635</u>	<u>44</u>	<u>6,033</u>	<u>44,946</u>	<u>1,330</u>
—	—	—	—	1	—
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
—	—	1,112	14,911	2,136	1,497
4,511	37,510	1,142	6,602	—	—
—	—	—	151	119,254	4
<u>4,511</u>	<u>37,510</u>	<u>2,254</u>	<u>21,664</u>	<u>121,390</u>	<u>1,501</u>
<u>\$ 4,733</u>	<u>\$ 39,145</u>	<u>\$ 2,298</u>	<u>\$ 27,697</u>	<u>\$ 166,337</u>	<u>\$ 2,831</u>

Continues

**Combining Balance Sheet  
Nonmajor Governmental Funds**

Continued

June 30, 2014

(Expressed in Thousands)

	<b>Debt Service</b>		<b>Total Nonmajor Governmental Funds</b>
	<b>General Government</b>	<b>State Building Ownership Authority</b>	
<b>ASSETS</b>			
Cash and Cash Equivalents .....	\$ 82,987	\$ 3,272	\$ 224,156
Investments .....	7,216	2,864	252,660
Receivables:			
Accounts, net .....	—	—	15,407
Accrued Interest .....	4	1	6
Capital Lease Payments, net .....	—	102,110	102,110
Due From Other Funds .....	—	—	1,750
Due From Component Units .....	—	—	36,231
Total Assets .....	<u>\$ 90,207</u>	<u>\$ 108,247</u>	<u>\$ 632,320</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable and Accrued Liabilities .....	\$ 71,088	\$ —	\$ 118,540
Due To Other Funds .....	11,826	5,778	25,029
Unearned Revenue .....	—	—	2,979
Total Liabilities .....	<u>82,914</u>	<u>5,778</u>	<u>146,548</u>
Deferred Inflows of Resources:			
Unavailable Revenue .....	—	102,110	102,111
Total Deferred Inflows of Resources .....	<u>0</u>	<u>102,110</u>	<u>102,111</u>
Fund Balances:			
Nonspendable:			
Restricted .....	—	—	42,920
Committed .....	—	—	213,680
Assigned .....	7,293	359	127,061
Total Fund Balances .....	<u>7,293</u>	<u>359</u>	<u>383,661</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances .....	<u>\$ 90,207</u>	<u>\$ 108,247</u>	<u>\$ 632,320</u>

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**State of Utah**

**Combining Statement Of Revenues,  
Expenditures, And Changes In Fund Balances  
Nonmajor Governmental Funds**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Special Revenue</b>			
	<b>State Endowment</b>	<b>Environmental Reclamation</b>	<b>Crime Victim Reparation</b>	<b>Universal Telephone Services</b>
<b>REVENUES</b>				
Taxes:				
Sales and Use Tax .....	\$ —	\$ —	\$ —	\$ —
Other Taxes .....	—	—	—	—
Total Taxes .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Revenues:				
Federal Contracts and Grants .....	—	—	1,806	—
Charges for Services .....	—	3,138	6,994	11,142
Intergovernmental .....	—	—	—	—
Investment Income .....	22,259	—	6	—
Miscellaneous and Other .....	—	39	700	—
Total Revenues .....	<u>22,259</u>	<u>3,177</u>	<u>9,506</u>	<u>11,142</u>
<b>EXPENDITURES</b>				
Current:				
General Government .....	—	2,048	7,230	—
Human Services and Juvenile Justice Services .....	—	—	—	—
Corrections .....	—	—	—	—
Public Safety .....	—	—	—	—
Health and Environmental Quality .....	—	3,631	—	—
Higher Education – Colleges and Universities .....	—	—	—	—
Employment and Family Services .....	—	—	—	—
Natural Resources .....	—	—	—	—
Heritage and Arts .....	—	—	—	—
Business, Labor, and Agriculture .....	—	—	—	9,418
Public Education .....	—	—	—	—
Transportation .....	—	—	—	—
Capital Outlay .....	—	—	—	—
Debt Service:				
Principal Retirement .....	—	—	—	—
Interest and Other Charges .....	—	—	—	—
Total Expenditures .....	<u>0</u>	<u>5,679</u>	<u>7,230</u>	<u>9,418</u>
Excess Revenues Over (Under) Expenditures .....	<u>22,259</u>	<u>(2,502)</u>	<u>2,276</u>	<u>1,724</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Premium on Bonds Issued .....	—	—	—	—
Transfers In .....	—	400	674	—
Transfers Out .....	—	(109)	(3,609)	—
Total Other Financing Sources (Uses) .....	<u>0</u>	<u>291</u>	<u>(2,935)</u>	<u>0</u>
Net Change in Fund Balances .....	<u>22,259</u>	<u>(2,211)</u>	<u>(659)</u>	<u>1,724</u>
Fund Balances – Beginning .....	137,250	22,909	3,038	2,869
Fund Balances – Ending .....	<u>\$ 159,509</u>	<u>\$ 20,698</u>	<u>\$ 2,379</u>	<u>\$ 4,593</u>

Special Revenue			Capital Projects		
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
\$ —	\$ —	\$ —	\$ 4,382	\$ —	\$ —
—	9,346	—	3,486	—	—
<u>0</u>	<u>9,346</u>	<u>0</u>	<u>7,868</u>	<u>0</u>	<u>0</u>
—	—	—	14,697	—	—
1,161	—	444	52,689	—	—
—	—	—	—	7,211	—
21	210	7	345	618	6
—	—	294	2,944	17	—
<u>1,182</u>	<u>9,556</u>	<u>745</u>	<u>78,543</u>	<u>7,846</u>	<u>6</u>
—	—	388	8,687	15,278	—
—	—	—	411	4,220	—
—	—	—	—	3,051	—
—	—	—	18,289	1,201	—
—	—	—	258	1,610	—
—	—	—	—	13,396	—
—	8,427	—	853	975	—
—	—	—	—	3,502	—
—	—	—	7	—	—
1,421	—	—	295	100	—
—	—	—	516	177	—
—	—	—	—	678	—
—	—	—	—	123,168	3
—	—	—	—	—	—
<u>1,421</u>	<u>8,427</u>	<u>388</u>	<u>29,316</u>	<u>167,356</u>	<u>3</u>
<u>(239)</u>	<u>1,129</u>	<u>357</u>	<u>49,227</u>	<u>(159,510)</u>	<u>3</u>
—	—	—	—	—	—
—	—	—	627	186,711	—
(33)	—	—	(49,615)	(6,595)	(53)
<u>(33)</u>	<u>0</u>	<u>0</u>	<u>(48,988)</u>	<u>180,116</u>	<u>(53)</u>
<u>(272)</u>	<u>1,129</u>	<u>357</u>	<u>239</u>	<u>20,606</u>	<u>(50)</u>
4,783	36,381	1,897	21,425	100,784	1,551
<u>\$ 4,511</u>	<u>\$ 37,510</u>	<u>\$ 2,254</u>	<u>\$ 21,664</u>	<u>\$ 121,390</u>	<u>\$ 1,501</u>

Continues

**State of Utah****Combining Statement Of Revenues,  
Expenditures, And Changes In Fund Balances  
Nonmajor Governmental Funds**

Continued

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Debt Service</b>		<b>Total Nonmajor Governmental Funds</b>
	<b>General Government</b>	<b>State Building Ownership Authority</b>	
<b>REVENUES</b>			
Taxes:			
Sales and Use Tax .....	\$ —	\$ —	\$ 4,382
Other Taxes .....	—	—	12,832
Total Taxes .....	<u>0</u>	<u>0</u>	<u>17,214</u>
Other Revenues:			
Federal Contracts and Grants .....	14,154	1,622	32,279
Charges for Services .....	—	—	75,568
Intergovernmental .....	—	—	7,211
Investment Income .....	1	4	23,477
Miscellaneous and Other .....	—	22,654	26,648
Total Revenues .....	<u>14,155</u>	<u>24,280</u>	<u>182,397</u>
<b>EXPENDITURES</b>			
Current:			
General Government .....	—	—	33,631
Human Services and Juvenile Justice Services .....	—	—	4,631
Corrections .....	—	—	3,051
Public Safety .....	—	—	19,490
Health and Environmental Quality .....	—	—	5,499
Higher Education – Colleges and Universities .....	—	—	13,396
Employment and Family Services .....	—	—	10,255
Natural Resources .....	—	—	3,502
Heritage and Arts .....	—	—	7
Business, Labor, and Agriculture .....	—	—	11,234
Public Education .....	—	—	693
Transportation .....	—	—	678
Capital Outlay .....	—	—	123,171
Debt Service:			
Principal Retirement .....	314,855	14,804	329,659
Interest and Other Charges .....	140,015	10,086	150,101
Total Expenditures .....	<u>454,870</u>	<u>24,890</u>	<u>708,998</u>
Excess Revenues Over (Under) Expenditures .....	<u>(440,715)</u>	<u>(610)</u>	<u>(526,601)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Premium on Bonds Issued .....	831	—	831
Transfers In .....	454,869	276	643,557
Transfers Out .....	(14,377)	(1,051)	(75,442)
Total Other Financing Sources (Uses) .....	<u>441,323</u>	<u>(775)</u>	<u>568,946</u>
Net Change in Fund Balances .....	608	(1,385)	42,345
Fund Balances – Beginning .....	6,685	1,744	341,316
Fund Balances – Ending .....	<u>\$ 7,293</u>	<u>\$ 359</u>	<u>\$ 383,661</u>

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**State of Utah**

**Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

Appropriation Line Item Name	Source of Funding			Final Budget
	State Funds	Federal Funds	Restricted and Other Funds	
<b>GENERAL GOVERNMENT</b>				
<b>Legislature</b>				
Senate .....	\$ 3,110	\$ —	\$ —	\$ 3,110
House .....	5,623	—	—	5,623
Printing .....	678	—	234	912
Research and General Counsel .....	8,970	—	—	8,970
Fiscal Analyst .....	3,391	—	—	3,391
Auditor General .....	4,160	—	—	4,160
Legislative Services .....	4,609	—	—	4,609
Total Legislature .....	<u>30,541</u>	<u>0</u>	<u>234</u>	<u>30,775</u>
<b>Elected Officials</b>				
State Treasurer .....	\$ 2,677	\$ —	\$ 480	\$ 3,157
GOV – Administrative Office .....	5,862	79	934	6,875
GOV – Management and Budget .....	6,479	—	9	6,488
GOV – Public Lands Litigation .....	2,621	—	—	2,621
GOV – Lt. Governor Character Education .....	416	—	120	536
GOV – Criminal and Juvenile Justice .....	10,608	9,734	73	20,415
GOV – CCJJ - Factual Innocence .....	8	—	—	8
GOV – Emergency Fund .....	100	—	—	100
GOV – LeRay McAllister Program .....	495	—	—	495
GOV – Pete Suazo Athletic Commission .....	275	—	58	333
GOV – Economic Development Administration .....	13,002	1,232	365	14,599
GOV – Office of Tourism .....	18,920	—	266	19,186
GOV – Business Development .....	11,567	548	113	12,228
GOV – STEM Action Center .....	10,000	—	26	10,026
GOV – Industrial Assistance Fund .....	2,721	—	—	2,721
GOV – Office of Energy Development .....	2,732	680	23	3,435
GOV – Constitutional Defense Council .....	1,472	—	—	1,472
USTAR .....	4,044	—	49	4,093
USTAR – Research Teams .....	18,575	—	—	18,575
Attorney General .....	32,123	1,683	17,962	51,768
AG – Contract Attorneys .....	14,050	—	2,159	16,209
AG – Prosecution Council .....	612	57	373	1,042
AG – Domestic Violence .....	78	—	—	78
AG – Children's Justice Centers .....	3,576	164	243	3,983
AG – State Settlement Agreements .....	2,995	—	—	2,995
State Auditor .....	3,874	—	1,765	5,639
Total Elected Officials .....	<u>169,882</u>	<u>14,177</u>	<u>25,018</u>	<u>209,077</u>
<b>Government Operations</b>				
Capitol Preservation Board .....	\$ 4,037	\$ —	\$ —	\$ 4,037
Department of Administrative Services .....	918	—	—	918
DAS – Administrative Rules .....	399	—	—	399
DAS – DFCM Administration .....	8,675	—	1,279	9,954
DAS – State Archives .....	2,279	30	180	2,489
DAS – Finance Administration .....	9,380	—	2,171	11,551
DAS – Office of the Inspector General of Medicaid .....	1,643	—	1,041	2,684
DAS – Post Conviction Indigent Defense .....	184	—	—	184
DAS – Elected Official Post Retirement Benefit .....	2,030	—	—	2,030
DAS – Finance Mandated .....	34,707	—	4,000	38,707
DAS – Judicial Conduct Commission .....	241	—	—	241
DAS – Purchasing .....	617	—	—	617
Tax Commission .....	76,613	519	9,744	86,876
TAX – License Plates Production .....	1,709	—	2,064	3,773

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>
\$ 2,087	\$ —	\$ —	\$ 1,023
3,846	—	—	1,777
670	—	—	242
7,719	—	—	1,251
2,691	—	—	700
3,320	—	—	840
4,368	—	—	241
<u>24,701</u>	<u>0</u>	<u>0</u>	<u>6,074</u>
\$ 2,717	\$ 40	\$ 200	\$ 200
6,399	—	203	273
5,232	92	—	1,164
1,366	—	10	1,245
264	—	—	272
18,249	—	348	1,818
8	—	—	—
—	—	—	100
106	—	—	389
201	—	—	132
13,557	35	—	1,007
16,484	—	—	2,702
9,776	—	—	2,452
1,012	—	—	9,014
2,721	—	—	—
2,039	2	441	953
767	—	—	705
3,088	—	—	1,005
16,635	—	—	1,940
49,640	—	293	1,835
16,067	—	—	142
934	—	58	50
78	—	—	—
3,652	—	—	331
2,995	—	—	—
4,926	—	—	713
<u>178,913</u>	<u>169</u>	<u>1,553</u>	<u>28,442</u>
\$ 4,037	\$ —	\$ —	\$ —
842	—	—	76
393	—	—	6
5,627	—	—	4,327
2,432	7	—	50
9,074	—	—	2,477
2,242	—	—	442
92	—	—	92
2,030	—	—	—
19,882	2,178	14,471	2,176
243	—	—	(2)
617	—	—	—
78,238	—	712	7,926
2,433	—	—	1,340

Continues

**State of Utah**

**Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund**

Continued

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

Appropriation Line Item Name	Source of Funding			Final Budget
	State Funds	Federal Funds	Restricted and Other Funds	
<b>Government Operations (Continued)</b>				
TAX – Liquor Profit Distribution .....	5,464	—	—	5,464
TAX – Rural Health Care .....	555	—	—	555
Human Resource Management .....	3,463	—	217	3,680
Career Service Review Office .....	304	—	—	304
DTS – Chief Information Officer .....	567	5	55	627
DTS – Integrated Technology .....	2,305	200	1,052	3,557
Total Government Operations .....	156,090	754	21,803	178,647
Total General Government .....	\$ 356,513	\$ 14,931	\$ 47,055	\$ 418,499
<b>HUMAN SERVICES</b>				
Administration .....	\$ 7,697	\$ 4,989	\$ 1,060	\$ 13,746
Substance Abuse and Mental Health .....	99,341	23,024	12,912	135,277
Services for People with Disabilities .....	72,271	1,106	158,658	232,035
Recovery Services .....	12,734	17,868	10,884	41,486
Child and Family Services .....	114,026	57,152	(3,894)	167,284
Juvenile Justice Services .....	88,879	3,280	1,945	94,104
Aging and Adult Services .....	13,013	10,209	(579)	22,643
Total Human Services .....	\$ 407,961	\$ 117,628	\$ 180,986	\$ 706,575
<b>CORRECTIONS</b>				
<b>Department of Corrections</b>				
Programs and Operations .....	\$ 204,619	\$ 444	\$ 4,731	\$ 209,794
Medical Services .....	29,121	—	600	29,721
Jail Contracting .....	30,268	—	—	30,268
Total Department of Corrections .....	264,008	444	5,331	269,783
<b>Board of Pardons and Parole</b>				
Board of Pardons and Parole .....	\$ 4,031	\$ —	\$ 1	\$ 4,032
Total Board of Pardons and Parole .....	4,031	0	1	4,032
Total Corrections .....	\$ 268,039	\$ 444	\$ 5,332	\$ 273,815
<b>PUBLIC SAFETY</b>				
<b>Department of Public Safety</b>				
Programs and Operations .....	\$ 110,144	\$ 1,369	\$ 22,543	\$ 134,056
Emergency Management .....	1,825	21,959	274	24,058
Emergency and Disaster Management .....	3,003	—	—	3,003
Peace Officer's Standards and Training .....	4,320	—	64	4,384
Driver License .....	33,998	490	66	34,554
Highway Safety .....	1,232	4,275	358	5,865
Total Department of Public Safety .....	154,522	28,093	23,305	205,920
<b>Utah National Guard</b>				
Utah National Guard Administration .....	\$ 6,021	\$ 70,957	\$ 1,019	\$ 77,997
Total Utah National Guard .....	6,021	70,957	1,019	77,997
<b>Department of Veteran's and Military Affairs</b>				
Veteran's and Military Affairs .....	\$ 2,087	\$ 407	\$ 222	\$ 2,716
Total Department of Veteran's and Military Affairs ..	2,087	407	222	2,716
Total Public Safety .....	\$ 162,630	\$ 99,457	\$ 24,546	\$ 286,633

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>
5,464	—	—	—
219	—	336	—
2,901	433	—	346
240	34	—	30
616	—	—	11
3,264	—	—	293
<u>140,886</u>	<u>2,652</u>	<u>15,519</u>	<u>19,590</u>
<u>\$ 344,500</u>	<u>\$ 2,821</u>	<u>\$ 17,072</u>	<u>\$ 54,106</u>
\$ 13,720	\$ 26	\$ —	\$ —
134,726	120	137	294
225,359	—	—	6,676
41,486	—	—	—
167,122	—	28	134
92,959	—	—	1,145
22,412	—	—	231
<u>\$ 697,784</u>	<u>\$ 146</u>	<u>\$ 165</u>	<u>\$ 8,480</u>
\$ 203,480	\$ —	\$ 772	\$ 5,542
29,113	—	—	608
27,929	—	—	2,339
<u>260,522</u>	<u>0</u>	<u>772</u>	<u>8,489</u>
\$ 3,831	\$ 1	\$ —	\$ 200
3,831	1	0	200
<u>\$ 264,353</u>	<u>\$ 1</u>	<u>\$ 772</u>	<u>\$ 8,689</u>
\$ 110,661	\$ 656	\$ 5,460	\$ 17,279
23,627	—	7	424
—	—	—	3,003
3,785	—	555	44
29,800	—	317	4,437
5,518	—	—	347
<u>173,391</u>	<u>656</u>	<u>6,339</u>	<u>25,534</u>
\$ 77,963	\$ —	\$ —	\$ 34
<u>77,963</u>	<u>0</u>	<u>0</u>	<u>34</u>
\$ 2,617	\$ —	\$ —	\$ 99
2,617	0	0	99
<u>\$ 253,971</u>	<u>\$ 656</u>	<u>\$ 6,339</u>	<u>\$ 25,667</u>

Continues

**State of Utah**

**Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund**

Continued

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

Appropriation Line Item Name	Source of Funding			Final Budget
	State Funds	Federal Funds	Restricted and Other Funds	
<b>STATE COURTS</b>				
Judicial Council .....	\$ 106,588	\$ 512	\$ 2,030	\$ 109,130
Grand Jury .....	1	—	—	1
Contracts and Leases .....	19,286	—	254	19,540
Jury and Witness Fees .....	1,552	—	7	1,559
Guardian Ad Litem .....	6,848	—	128	6,976
Total State Courts .....	<u>\$ 134,275</u>	<u>\$ 512</u>	<u>\$ 2,419</u>	<u>\$ 137,206</u>
<b>HEALTH and ENVIRONMENTAL QUALITY</b>				
Department of Health .....	\$ 6,205	\$ 7,689	\$ 2,642	\$ 16,536
DOH – Disease Control and Prevention .....	20,862	26,901	11,793	59,556
DOH – Family Health and Preparedness .....	21,186	70,742	24,144	116,072
DOH – Health Care Financing .....	5,288	75,022	37,299	117,609
DOH – Medicaid – Mandatory Services .....	372,832	969,327	44,645	1,386,804
DOH – Medicaid – Optional Services .....	101,038	548,254	250,990	900,282
DOH – Local Health Department .....	2,137	—	—	2,137
DOH – Children's Health Insurance Program .....	15,766	62,880	1,796	80,442
DOH – Workforce Financial Assistance .....	15	—	—	15
DOH – Medicaid Sanctions .....	983	—	—	983
DOH – Commodities .....	—	24,265	—	24,265
Department of Environmental Quality .....	2,913	260	2,469	5,642
DEQ – Air Quality .....	3,985	4,274	3,903	12,162
DEQ – Environmental Response and Remediation .....	3,117	3,661	53	6,831
DEQ – Radiation Control .....	3,634	38	623	4,295
DEQ – Water Quality .....	4,458	4,486	1,884	10,828
DEQ – Drinking Water .....	1,399	3,594	(163)	4,830
DEQ – Solid and Hazardous Waste .....	4,211	924	1,315	6,450
Total Health and Environmental Quality .....	<u>\$ 570,029</u>	<u>\$ 1,802,317</u>	<u>\$ 383,393</u>	<u>\$ 2,755,739</u>
<b>HIGHER EDUCATION</b>				
Board of Regents .....	\$ 3,130	\$ 1,679	\$ —	\$ 4,809
RGT – Student Support .....	1,573	—	—	1,573
RGT – Economic Development .....	352	—	—	352
RGT – Student Assistance .....	14,162	—	—	14,162
RGT – Technology .....	7,184	—	—	7,184
RGT – Education Excellence .....	1,650	—	—	1,650
RGT – Medical Education Council .....	548	—	—	548
U of U – Education and General .....	206,944	—	241,627	448,571
U of U – Educationally Disadvantaged .....	680	—	9	689
U of U – School of Medicine .....	27,278	—	20,813	48,091
U of U – University Hospital .....	4,624	—	—	4,624
U of U – Regional Dental Education .....	530	—	777	1,307
U of U – Tele Health Network .....	454	—	—	454
U of U – Public Service .....	1,995	—	—	1,995

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>
\$ 104,798	\$ —	\$ 2,344	\$ 1,988
1	—	—	—
19,472	—	—	68
2,373	—	—	(814)
6,476	—	—	500
<u>\$ 133,120</u>	<u>\$ 0</u>	<u>\$ 2,344</u>	<u>\$ 1,742</u>
\$ 16,143	\$ —	\$ 168	\$ 225
58,957	—	154	445
114,203	—	990	879
116,918	—	216	475
1,367,054	—	19,750	—
897,519	—	2,763	—
2,137	—	—	—
73,726	5,326	—	1,390
10	—	—	5
—	—	—	983
24,265	—	—	—
5,127	—	—	515
12,096	—	66	—
6,474	—	357	—
4,180	—	93	22
10,748	—	80	—
4,711	—	119	—
5,468	—	982	—
<u>\$ 2,719,736</u>	<u>\$ 5,326</u>	<u>\$ 25,738</u>	<u>\$ 4,939</u>
\$ 4,809	\$ —	\$ —	\$ —
1,573	—	—	—
352	—	—	—
14,162	—	—	—
7,184	—	—	—
1,650	—	—	—
548	—	—	—
448,571	—	—	—
689	—	—	—
48,091	—	—	—
4,624	—	—	—
1,307	—	—	—
454	—	—	—
1,995	—	—	—

Continues

**State of Utah**

**Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund**

Continued

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

Appropriation Line Item Name	Source of Funding			Final Budget
	State Funds	Federal Funds	Restricted and Other Funds	
<b>HIGHER EDUCATION (Continued)</b>				
U of U – Statewide TV Administration .....	2,415	—	—	2,415
U of U – Health Sciences .....	13,062	—	6,000	19,062
U of U – Rocky Mtn Ctr for Occupational Health .....	153	—	—	153
U of U – Poison Control Center .....	—	—	2,556	2,556
U of U – Center on Aging .....	101	—	—	101
USU – Education and General .....	117,279	—	82,330	199,609
USU – Educationally Disadvantaged .....	260	—	—	260
USU – Water Research Laboratory .....	5,586	—	—	5,586
USU – Agricultural Experiment Station .....	12,120	2,172	—	14,292
USU – Cooperative Extension Service .....	12,199	2,186	—	14,385
USU – Uintah Basin CEC .....	3,870	—	2,091	5,961
USU – Southeastern Utah CEC .....	681	—	1,426	2,107
USU – Eastern Education and General .....	11,931	—	2,658	14,589
USU – Eastern Educationally Disadvantaged .....	105	—	—	105
USU – Eastern Career and Technical Education .....	1,323	—	45	1,368
USU – Eastern Prehistoric Museum .....	254	—	—	254
USU – San Juan Center .....	2,145	—	1,294	3,439
USU – Brigham City CEC .....	2,526	—	21,497	24,023
USU – Tooele CEC .....	2,134	—	8,581	10,715
Weber – Education and General .....	66,588	—	66,170	132,758
Weber – Educationally Disadvantaged .....	349	—	—	349
SUU – Education and General .....	31,449	—	43,136	74,585
SUU – Educationally Disadvantaged .....	90	—	—	90
SUU – Shakespeare Festival .....	22	—	—	22
SUU – Rural Development .....	97	—	—	97
Snow College – Education and General .....	18,209	—	9,190	27,399
Snow College – Educationally Disadvantaged .....	32	—	—	32
Snow College – Career Technology Education .....	1,278	—	—	1,278
Dixie – Education and General .....	24,899	—	23,442	48,341
Dixie – Educationally Disadvantaged .....	26	—	—	26
Dixie – Zion Park Amphitheatre .....	52	—	48	100
UVU – Education and General .....	67,695	—	95,480	163,175
UVU – Educationally Disadvantaged .....	160	—	—	160
SLCC – Education and General .....	63,239	—	58,847	122,086
SLCC – Educationally Disadvantaged .....	178	—	—	178
SLCC – School of Applied Technology .....	5,935	—	1,013	6,948
Utah College of Applied Technology .....	4,798	—	—	4,798
UCAT – Bridgerland .....	10,100	—	—	10,100
UCAT – Davis .....	10,963	—	—	10,963
UCAT – Ogden/Weber .....	11,690	—	—	11,690
UCAT – Uintah Basin .....	5,840	—	—	5,840
UCAT – Mountainland .....	6,087	—	—	6,087
UCAT – Southwest .....	2,975	—	—	2,975
UCAT – Dixie .....	2,775	—	—	2,775
UCAT – Tooele .....	2,602	—	—	2,602
Utah Education Network .....	18,642	—	—	18,642
Total Higher Education .....	<u>\$ 816,018</u>	<u>\$ 6,037</u>	<u>\$ 689,030</u>	<u>\$ 1,511,085</u>

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<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>
2,415	—	—	—
19,062	—	—	—
153	—	—	—
2,556	—	—	—
101	—	—	—
199,609	—	—	—
260	—	—	—
5,411	—	175	—
14,292	—	—	—
14,385	—	—	—
5,961	—	—	—
2,107	—	—	—
14,589	—	—	—
105	—	—	—
1,368	—	—	—
254	—	—	—
3,439	—	—	—
24,023	—	—	—
10,715	—	—	—
132,758	—	—	—
349	—	—	—
74,585	—	—	—
90	—	—	—
22	—	—	—
97	—	—	—
27,399	—	—	—
32	—	—	—
1,278	—	—	—
48,341	—	—	—
26	—	—	—
100	—	—	—
163,175	—	—	—
160	—	—	—
122,086	—	—	—
178	—	—	—
6,948	—	—	—
4,798	—	—	—
10,100	—	—	—
10,963	—	—	—
11,690	—	—	—
5,840	—	—	—
6,087	—	—	—
2,975	—	—	—
2,775	—	—	—
2,602	—	—	—
18,642	—	—	—
<u>\$ 1,510,910</u>	<u>\$ 0</u>	<u>\$ 175</u>	<u>\$ 0</u>

Continues

**State of Utah**

**Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund**

Continued

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

Appropriation Line Item Name	Source of Funding			Final Budget
	State Funds	Federal Funds	Restricted and Other Funds	
<b>WORKFORCE SERVICES</b>				
Administration .....	\$ 3,142	\$ 6,672	\$ 2,015	\$ 11,829
Operations and Policy .....	67,569	482,942	37,742	588,253
General Assistance .....	5,012	—	—	5,012
Unemployment Insurance Administration .....	2,243	17,333	562	20,138
Housing and Community Development .....	6,573	36,306	1,302	44,181
HCD Capital Development .....	40,147	—	—	40,147
HCD Zoos .....	909	—	—	909
HCD Special Districts .....	7,956	—	—	7,956
CDBG Loan Advances .....	—	—	110	110
Total Workforce Services .....	<u>\$ 133,551</u>	<u>\$ 543,253</u>	<u>\$ 41,731</u>	<u>\$ 718,535</u>
<b>NATURAL RESOURCES</b>				
Department of Natural Resources .....	\$ 4,887	\$ —	\$ —	\$ 4,887
Building Operations .....	1,692	—	—	1,692
Forestry, Fire, and State Lands .....	18,162	4,188	12,375	34,725
Oil, Gas, and Mining .....	7,724	6,144	147	14,015
Wildlife Resources .....	42,064	15,100	300	57,464
Species Protection .....	859	—	2,450	3,309
Watershed Development .....	4,901	—	500	5,401
Contributed Research .....	—	—	1,174	1,174
Cooperative Environmental Studies .....	—	6,984	13,014	19,998
Parks and Recreation .....	26,834	1,218	1,222	29,274
Parks and Recreation – Capital Development .....	11,098	2,326	152	13,576
Utah Geological Survey .....	7,222	853	1,646	9,721
Water Resources .....	6,255	—	150	6,405
Wildlife Resources – Capital Development .....	1,205	1,207	—	2,412
Water Rights .....	8,044	36	1,735	9,815
Public Lands Policy Office .....	2,557	—	—	2,557
National Parks Operation Contribution .....	6,996	—	—	6,996
Total Natural Resources .....	<u>\$ 150,500</u>	<u>\$ 38,056</u>	<u>\$ 34,865</u>	<u>\$ 223,421</u>
<b>HERITAGE and ARTS</b>				
Heritage and Arts Administration .....	\$ 4,406	\$ 2,607	\$ 32	\$ 7,045
Indian Affairs .....	269	—	45	314
State History .....	2,201	774	50	3,025
Historical Society .....	63	—	32	95
Arts and Museums .....	6,486	625	911	8,022
Museum Services .....	1,436	—	—	1,436
State Library .....	4,507	1,687	1,723	7,917
Total Heritage and Arts .....	<u>\$ 19,368</u>	<u>\$ 5,693</u>	<u>\$ 2,793</u>	<u>\$ 27,854</u>

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>
\$ 10,750	\$ 1,079	\$ —	\$ —
582,807	—	1,406	4,040
4,236	128	—	648
19,131	—	1,007	—
42,985	10	186	1,000
40,147	—	—	—
909	—	—	—
7,956	—	—	—
110	—	—	—
<u>\$ 709,031</u>	<u>\$ 1,217</u>	<u>\$ 2,599</u>	<u>\$ 5,688</u>
\$ 4,652	\$ 10	\$ —	\$ 225
1,692	—	—	—
28,892	29	406	5,398
11,994	103	—	1,918
53,941	77	3,065	381
2,788	—	321	200
4,862	—	—	539
1,174	—	—	—
19,998	—	—	—
27,590	—	1,178	506
6,398	—	666	6,512
8,599	—	295	827
6,124	—	148	133
2,310	—	—	102
9,382	—	—	433
1,353	—	1,150	54
—	—	6,996	—
<u>\$ 191,749</u>	<u>\$ 219</u>	<u>\$ 14,225</u>	<u>\$ 17,228</u>
\$ 5,985	\$ 201	\$ —	\$ 859
252	—	—	62
3,000	25	—	—
43	—	—	52
5,868	—	—	2,154
1,436	—	—	—
7,687	—	—	230
<u>\$ 24,271</u>	<u>\$ 226</u>	<u>\$ 0</u>	<u>\$ 3,357</u>

Continues

***State of Utah***

**Detail Schedule of Expenditures  
Budget and Actual Comparison  
General Fund**

Continued

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

Appropriation Line Item Name	Source of Funding			Final Budget
	State Funds	Federal Funds	Restricted and Other Funds	
<b>BUSINESS, LABOR, and AGRICULTURE</b>				
Department of Agriculture and Food .....	\$ 11,140	\$ 7,029	\$ 4,705	\$ 22,874
AGR – Building Operations .....	305	—	—	305
AGR – Utah State Fair .....	675	—	—	675
AGR – Predatory Animal Control .....	1,657	—	600	2,257
AGR – Invasive Species Mitigation .....	2,103	—	—	2,103
AGR – Rangeland Improvement .....	2,951	—	—	2,951
AGR – Marketing and Economic Development .....	85	—	—	85
AGR – Resource Conservation .....	1,600	—	—	1,600
Labor Commission .....	10,521	2,779	14	13,314
Department of Commerce .....	25,079	330	726	26,135
COM – Building Inspector Training .....	863	—	370	1,233
COM – Public Utilities – Professional Services .....	2,877	—	—	2,877
COM – Consumer Services – Professional Services ....	2,764	—	—	2,764
Financial Institutions .....	6,597	—	—	6,597
Insurance Department .....	11,952	1,042	1	12,995
INS – Comprehensive Health Insurance Pool .....	8,083	—	—	8,083
INS – Bail Bond Program .....	23	—	—	23
INS – Title Insurance Program .....	96	—	—	96
INS – Health Insurance Actuary .....	285	—	—	285
Public Service Commission .....	2,830	1,087	10	3,927
PSC – Speech and Hearing Impaired .....	3,117	—	1,720	4,837
Total Business, Labor, and Agriculture .....	<u>\$ 95,603</u>	<u>\$ 12,267</u>	<u>\$ 8,146</u>	<u>\$ 116,016</u>
<b>TOTAL GENERAL FUND</b>				
Total Expenditures .....	<u>\$ 3,114,487</u>	<u>\$ 2,640,595</u>	<u>\$ 1,420,296</u>	<u>\$ 7,175,378</u>

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<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>
\$ 21,950	\$ —	\$ 137	\$ 787
305	—	—	—
675	—	—	—
1,807	57	193	200
1,697	—	—	406
1,984	—	35	932
—	—	—	85
1,599	—	1	—
12,147	3	764	400
23,849	14	916	1,356
257	—	—	976
493	—	—	2,384
413	—	—	2,351
6,398	—	199	—
10,698	—	462	1,835
8,083	—	—	—
22	—	1	—
80	—	4	12
—	—	147	138
3,317	—	—	610
1,048	—	—	3,789
<u>\$ 96,822</u>	<u>\$ 74</u>	<u>\$ 2,859</u>	<u>\$ 16,261</u>
<u>\$ 6,946,247</u>	<u>\$ 10,686</u>	<u>\$ 72,288</u>	<u>\$ 146,157</u>

**State of Utah**

**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, 2014

(Expressed in Thousands)

Appropriation Line Item Name	Source of Funding			Final Budget
	State Funds	Federal Funds	Restricted and Other Funds	
<b>EDUCATION FUND</b>				
<b>Office of Education</b>				
State Office of Education .....	\$ 53,983	\$ 251,507	\$ 6,766	\$ 312,256
State Office of Rehabilitation .....	19,373	54,047	738	74,158
Child Nutrition .....	194	149,103	34,858	184,155
Fine Arts Outreach .....	3,325	—	—	3,325
Educational Contracts .....	3,185	—	—	3,185
Charter School Board .....	3,677	—	—	3,677
Science Outreach .....	2,600	—	—	2,600
Educator Licensing .....	1,873	—	—	1,873
Initiative Programs .....	23,402	—	—	23,402
Basic School Program .....	2,052,130	—	—	2,052,130
Related to Basic Programs .....	514,741	—	—	514,741
Voted and Board Leeway Programs .....	99,218	—	—	99,218
School Building Programs .....	14,500	—	—	14,500
Teacher Salary Supplement .....	5,981	—	—	5,981
Charter School Finance Authority .....	50	—	—	50
Commodities .....	—	18,247	—	18,247
Indirect Cost Pool .....	—	—	4,544	4,544
Total Office of Education .....	<u>2,798,232</u>	<u>472,904</u>	<u>46,906</u>	<u>3,318,042</u>
<b>Schools for the Deaf and the Blind</b>				
Schools for the Deaf and the Blind .....	\$ 23,283	\$ 153	\$ 5,904	\$ 29,340
Institutional Council .....	—	—	1,107	1,107
Total Schools for the Deaf and the Blind .....	<u>23,283</u>	<u>153</u>	<u>7,011</u>	<u>30,447</u>
Total Education Fund .....	<u>\$ 2,821,515</u>	<u>\$ 473,057</u>	<u>\$ 53,917</u>	<u>\$ 3,348,489</u>
<b>TRANSPORTATION FUND</b>				
Support Services .....	\$ 27,554	\$ 4,074	\$ —	\$ 31,628
Engineering Services .....	16,642	23,315	1,363	41,320
Maintenance Management .....	141,890	8,760	1,935	152,585
Construction Management .....	57,152	306,466	18,701	382,319
Region Management .....	22,996	2,735	1,813	27,544
Equipment Management .....	2,034	—	31,069	33,103
Aeronautics .....	7,362	—	373	7,735
Share the Road .....	35	—	—	35
B and C Roads .....	127,672	—	—	127,672
Safe Sidewalk Construction .....	959	—	—	959
Mineral Lease .....	66,934	—	—	66,934
Corridor Preservation .....	21,456	—	—	21,456
Tollway .....	832	—	—	832
Counties of the 1st and 2nd Class .....	14,572	—	—	14,572
Highway Projects Within Counties .....	1,488	—	—	1,488
Inventory and Miscellaneous .....	—	—	3,760	3,760
Total Transportation Fund .....	<u>\$ 509,578</u>	<u>\$ 345,350</u>	<u>\$ 59,014</u>	<u>\$ 913,942</u>
<b>TRANSPORTATION INVESTMENT FUND</b>				
TIF Capacity Program .....	\$ 224,684	\$ —	\$ —	\$ 224,684
Total Transportation Investment Fund .....	<u>\$ 224,684</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 224,684</u>
<b>DEBT SERVICE FUNDS</b>				
General Government .....	\$ 460,921	\$ 14,154	\$ 1,242	\$ 476,317
State Building Ownership Authority .....	1,967	1,622	21,660	25,249
Total Debt Service Funds .....	<u>\$ 462,888</u>	<u>\$ 15,776</u>	<u>\$ 22,902</u>	<u>\$ 501,566</u>

<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>
\$ 293,826	\$ —	\$ 224	\$ 18,206
79,106	—	—	(4,948)
184,107	—	—	48
3,259	—	—	66
2,962	—	—	223
2,674	—	—	1,003
2,600	—	—	—
1,829	—	44	—
15,434	—	—	7,968
1,979,152	—	—	72,978
497,869	—	—	16,872
93,679	—	—	5,539
14,500	—	—	—
5,558	—	—	423
—	50	—	—
18,247	—	—	—
4,544	—	—	—
<u>3,199,346</u>	<u>50</u>	<u>268</u>	<u>118,378</u>
\$ 29,340	\$ —	\$ —	\$ —
1,107	—	—	—
<u>30,447</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 3,229,793</u>	<u>\$ 50</u>	<u>\$ 268</u>	<u>\$ 118,378</u>
\$ 30,984	\$ 144	\$ —	\$ 500
40,823	197	—	300
151,938	—	—	647
380,448	1,871	—	—
27,199	145	—	200
32,924	—	—	179
6,918	—	817	—
29	—	6	—
123,920	3,752	—	—
449	—	—	510
66,934	—	—	—
21,456	—	—	—
832	—	—	—
14,572	—	—	—
1,488	—	—	—
794	2,966	—	—
<u>\$ 901,708</u>	<u>\$ 9,075</u>	<u>\$ 823</u>	<u>\$ 2,336</u>
\$ 2,849	\$ 221,835	\$ —	\$ —
<u>\$ 2,849</u>	<u>\$ 221,835</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 454,870	\$ 14,154	\$ —	\$ 7,293
24,890	—	—	359
<u>\$ 479,760</u>	<u>\$ 14,154</u>	<u>\$ 0</u>	<u>\$ 7,652</u>

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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 funds, 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 local school districts and state facilities. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

### Petroleum Storage Tank Loan Fund

This fund was created to provide revolving loan capital to support small businesses, increase the availability of gasoline in rural areas, and reduce the threat of a petroleum release. Funds are provided from 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.

### Federal Health Insurance Pool

The Federal Health Insurance Pool is a temporary high risk health insurance program enacted by Section 1101(b) of the Patient Protection and Affordable Care Act, Public Law 111-148, known as the "Pre-Existing Condition Insurance Plan" or PCIP. The PCIP program provides health insurance coverage to uninsured individuals with pre-existing conditions who have been without insurance for at least six months. Ongoing operating costs are recovered through federal contract and premium charges.

State of Utah**Combining Statement Of Net Position  
Nonmajor Enterprise Funds**

June 30, 2014

(Expressed in Thousands)

	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Energy Efficiency Fund</b>	<b>Petroleum Storage Tank Loan Fund</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents .....	\$ 10,573	\$ 15,693	\$ 2,436	\$ —
Receivables:				
Accounts, net .....	—	—	—	—
Accrued Interest .....	821	552	3	—
Notes/Loans/Mortgages, net .....	6,231	3,448	436	—
Due From Other Funds .....	—	1	—	—
Due From Component Units .....	—	—	—	—
Prepaid Items .....	—	—	—	—
Inventories .....	—	—	—	—
Total Current Assets .....	<u>17,625</u>	<u>19,694</u>	<u>2,875</u>	<u>0</u>
Noncurrent Assets:				
Investments .....	1,091	—	—	—
Accrued Interest Receivable .....	1,192	—	—	—
Notes/Loans/Mortgages Receivables, net .....	101,855	33,815	2,288	—
Capital Assets:				
Land .....	—	—	—	—
Infrastructure .....	—	—	—	—
Buildings and Improvements .....	—	—	—	—
Machinery and Equipment .....	—	20	—	—
Intangible Assets—Software .....	—	—	—	—
Less Accumulated Depreciation .....	—	(20)	—	—
Total Capital Assets .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Noncurrent Assets .....	<u>104,138</u>	<u>33,815</u>	<u>2,288</u>	<u>0</u>
Total Assets .....	<u>121,763</u>	<u>53,509</u>	<u>5,163</u>	<u>0</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Amount on Refundings of Bonded Debt .....	—	—	—	—
Total Deferred Outflows of Resources .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities .....	127	26	79	—
Deposits .....	97	—	—	—
Due To Other Funds .....	—	1	—	—
Due To Component Units .....	—	—	—	—
Unearned Revenue .....	—	—	—	—
Policy Claims Liabilities .....	—	—	—	—
Revenue Bonds Payable .....	—	—	—	—
Total Current Liabilities .....	<u>224</u>	<u>27</u>	<u>79</u>	<u>0</u>
Noncurrent Liabilities:				
Revenue Bonds Payable .....	—	—	—	—
Total Noncurrent Liabilities .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities .....	<u>224</u>	<u>27</u>	<u>79</u>	<u>0</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets .....	—	—	—	—
Restricted for:				
Loan Programs .....	74,345	4,724	—	—
Unrestricted .....	47,194	48,758	5,084	—
Total Net Position .....	<u>\$ 121,539</u>	<u>\$ 53,482</u>	<u>\$ 5,084</u>	<u>\$ 0</u>

<b>Transportation Infrastructure Loan Fund</b>	<b>Alcoholic Beverage Control</b>	<b>Utah Correctional Industries</b>	<b>State Trust Lands Administration</b>	<b>Utah Dairy Commission</b>	<b>Federal Health Insurance Pool</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ 23,468	\$ 144	\$ 917	\$ 5,987	\$ 996	\$ 81	\$ 60,295
—	2,859	1,074	10,298	273	281	14,785
8	—	—	—	—	—	1,384
185	—	—	—	—	—	10,300
—	7,115	992	424	—	—	8,532
—	—	19	—	—	—	19
—	13	25	—	3	10	51
—	30,941	1,552	—	21	—	32,514
<u>23,661</u>	<u>41,072</u>	<u>4,579</u>	<u>16,709</u>	<u>1,293</u>	<u>372</u>	<u>127,880</u>
—	—	—	—	248	—	1,339
—	—	—	—	—	—	1,192
637	—	—	—	—	—	138,595
—	22,392	—	263	32	—	22,687
—	—	304	—	—	—	304
—	75,275	4,021	233	143	—	79,672
—	9,445	4,557	1,321	63	—	15,406
—	328	69	—	—	—	397
—	(29,467)	(3,742)	(1,182)	(162)	—	(34,573)
<u>0</u>	<u>77,973</u>	<u>5,209</u>	<u>635</u>	<u>76</u>	<u>0</u>	<u>83,893</u>
<u>637</u>	<u>77,973</u>	<u>5,209</u>	<u>635</u>	<u>324</u>	<u>0</u>	<u>225,019</u>
<u>24,298</u>	<u>119,045</u>	<u>9,788</u>	<u>17,344</u>	<u>1,617</u>	<u>372</u>	<u>352,899</u>
—	1,017	14	—	—	—	1,031
<u>0</u>	<u>1,017</u>	<u>14</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,031</u>
—	9,088	1,973	1,072	29	6	12,400
—	—	—	—	—	—	97
—	15,982	220	6,525	—	—	22,728
—	—	—	74	—	—	74
—	984	12	4,251	—	8	5,255
—	—	—	—	—	358	358
—	5,187	171	—	—	—	5,358
<u>0</u>	<u>31,241</u>	<u>2,376</u>	<u>11,922</u>	<u>29</u>	<u>372</u>	<u>46,270</u>
—	74,482	1,534	—	—	—	76,016
<u>0</u>	<u>74,482</u>	<u>1,534</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>76,016</u>
<u>0</u>	<u>105,723</u>	<u>3,910</u>	<u>11,922</u>	<u>29</u>	<u>372</u>	<u>122,286</u>
—	6,431	3,521	635	76	—	10,663
24,298	—	—	—	—	—	103,367
—	7,908	2,371	4,787	1,512	—	117,614
<u>\$ 24,298</u>	<u>\$ 14,339</u>	<u>\$ 5,892</u>	<u>\$ 5,422</u>	<u>\$ 1,588</u>	<u>\$ 0</u>	<u>\$ 231,644</u>

State of Utah**Combining Statement Of Revenues, Expenses, And  
Changes In Fund Net Position  
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Energy Efficiency Fund</b>	<b>Petroleum Storage Tank Loan Fund</b>
<b>OPERATING REVENUES</b>				
Sales and Charges for Services/Premiums .....	\$ —	\$ —	\$ 2	\$ —
Fees and Assessments .....	—	—	—	—
Interest on Notes/Mortgages .....	1,734	1,256	5	20
Miscellaneous .....	35	1	—	—
Total Operating Revenues .....	<u>1,769</u>	<u>1,257</u>	<u>7</u>	<u>20</u>
<b>OPERATING EXPENSES</b>				
Administration .....	303	360	—	—
Purchases, Materials, and Services for Resale .....	—	—	—	—
Grants .....	507	—	187	—
Rentals and Leases .....	—	4	—	—
Maintenance .....	3	—	—	—
Depreciation/Amortization .....	—	—	—	—
Benefit Claims .....	—	—	—	—
Miscellaneous Other:				
Data Processing .....	—	—	—	—
Supplies .....	—	—	—	—
Utilities .....	13	—	—	—
Advertising and Other .....	231	23	1	—
Total Operating Expenses .....	<u>1,057</u>	<u>387</u>	<u>188</u>	<u>0</u>
Operating Income (Loss) .....	<u>712</u>	<u>870</u>	<u>(181)</u>	<u>20</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income .....	53	56	12	25
Federal Contracts and Grants .....	2,311	—	—	—
Tax Revenues .....	—	524	—	—
Interest Expense .....	—	—	—	—
Other Revenues (Expenses) .....	—	—	—	(5,551)
Total Nonoperating Revenues (Expenses) .....	<u>2,364</u>	<u>580</u>	<u>12</u>	<u>(5,526)</u>
Income (Loss) before Transfers .....	3,076	1,450	(169)	(5,506)
Transfers In .....	2,243	—	—	—
Transfers Out .....	—	(643)	(45)	(168)
Change in Net Position .....	<u>5,319</u>	<u>807</u>	<u>(214)</u>	<u>(5,674)</u>
Net Position – Beginning .....	116,220	52,675	5,298	5,674
Net Position – Ending .....	<u>\$ 121,539</u>	<u>\$ 53,482</u>	<u>\$ 5,084</u>	<u>\$ 0</u>

<b>Transportation Infrastructure Loan Fund</b>	<b>Alcoholic Beverage Control</b>	<b>Utah Correctional Industries</b>	<b>State Trust Lands Administration</b>	<b>Utah Dairy Commission</b>	<b>Federal Health Insurance Pool</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ —	\$ 310,228	\$ 23,460	\$ 12,098	\$ 35	\$ 2,471	\$ 348,294
—	2,684	—	28	2,619	—	5,331
23	—	—	—	—	—	3,038
—	532	11	—	110	—	689
<u>23</u>	<u>313,444</u>	<u>23,471</u>	<u>12,126</u>	<u>2,764</u>	<u>2,471</u>	<u>357,352</u>
—	17,813	6,014	6,882	664	362	32,398
—	192,029	15,877	—	82	—	207,988
—	—	—	—	—	—	694
—	998	574	653	—	—	2,229
—	3,785	769	56	—	—	4,613
—	3,167	410	24	10	—	3,611
—	—	—	—	—	16,090	16,090
—	1,568	140	267	—	—	1,975
—	415	855	108	—	—	1,378
—	171	115	111	—	—	410
—	2,541	743	2,129	1,959	—	7,627
<u>0</u>	<u>222,487</u>	<u>25,497</u>	<u>10,230</u>	<u>2,715</u>	<u>16,452</u>	<u>279,013</u>
<u>23</u>	<u>90,957</u>	<u>(2,026)</u>	<u>1,896</u>	<u>49</u>	<u>(13,981)</u>	<u>78,339</u>
213	10	—	3	(10)	—	362
—	302	1,904	—	—	13,981	18,498
—	—	—	—	—	—	524
—	(3,461)	(89)	—	—	—	(3,550)
—	—	—	—	—	—	(5,551)
<u>213</u>	<u>(3,149)</u>	<u>1,815</u>	<u>3</u>	<u>(10)</u>	<u>13,981</u>	<u>10,283</u>
236	87,808	(211)	1,899	39	0	88,622
20,000	—	—	—	—	—	22,243
—	(87,808)	—	(2,007)	—	—	(90,671)
<u>20,236</u>	<u>0</u>	<u>(211)</u>	<u>(108)</u>	<u>39</u>	<u>0</u>	<u>20,194</u>
4,062	14,339	6,103	5,530	1,549	—	211,450
<u>\$ 24,298</u>	<u>\$ 14,339</u>	<u>\$ 5,892</u>	<u>\$ 5,422</u>	<u>\$ 1,588</u>	<u>\$ 0</u>	<u>\$ 231,644</u>

**State of Utah****Combining Statement of Cash Flows  
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Energy Efficiency Fund</b>	<b>Petroleum Storage Tank Loan Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 1,626	\$ 1,373	\$ 331	\$ 22
Receipts from Loan Maturities .....	4,964	7,270	1,081	107
Receipts from State Customers .....	—	—	—	—
Payments to Suppliers/Claims/Grants .....	(350)	(10)	(308)	—
Disbursements for Loans Receivable .....	(12,210)	(3,611)	(450)	(22)
Payments for Employee Services and Benefits .....	(303)	(361)	—	—
Payments to State Suppliers .....	(381)	(15)	(1)	—
Payments of Sales, School Lunch, and Premium Taxes ....	—	—	—	—
Net Cash Provided (Used) by				
Operating Activities .....	<u>(6,654)</u>	<u>4,646</u>	<u>653</u>	<u>107</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Borrowings Under Interfund Loans .....	—	—	—	—
Repayments Under Interfund Loans .....	—	—	—	—
Federal Contracts and Grants and				
Other Revenues and Expenses .....	2,311	—	—	(4,921)
Restricted Sales Tax .....	—	524	—	—
Transfers In from Other Funds .....	2,243	—	—	—
Transfers Out to Other Funds .....	—	(643)	(45)	(168)
Net Cash Provided (Used) by				
Noncapital Financing Activities .....	<u>4,554</u>	<u>(119)</u>	<u>(45)</u>	<u>(5,089)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
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 .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from the Sale and Maturity of Investments .....	—	—	—	—
Receipts of Interest and Dividends from Investments .....	53	56	12	25
Net Cash Provided (Used) by				
Investing Activities .....	<u>53</u>	<u>56</u>	<u>12</u>	<u>25</u>
Net Cash Provided (Used) – All Activities .....	(2,047)	4,583	620	(4,957)
Cash and Cash Equivalents – Beginning .....	12,620	11,110	1,816	4,957
Cash and Cash Equivalents – Ending .....	<u>\$ 10,573</u>	<u>\$ 15,693</u>	<u>\$ 2,436</u>	<u>\$ 0</u>

<b>Transportation Infrastructure Loan Fund</b>	<b>Alcoholic Beverage Control</b>	<b>Utah Correctional Industries</b>	<b>State Trust Lands Administration</b>	<b>Utah Dairy Commission</b>	<b>Federal Health Insurance Pool</b>	<b>Total Nonmajor Enterprise Funds</b>
\$ 22	\$ 373,752	\$ 8,132	\$ 10,827	\$ 2,740	\$ 2,545	\$ 401,370
781	—	—	—	—	—	14,203
—	—	15,064	—	—	—	15,064
—	(198,386)	(15,248)	(1,857)	(2,051)	(22,263)	(240,473)
(822)	—	—	—	—	—	(17,115)
—	(15,930)	(5,963)	(6,640)	(663)	—	(29,860)
—	(3,663)	(3,442)	(267)	—	—	(7,769)
—	(60,930)	—	—	—	—	(60,930)
<u>(19)</u>	<u>94,843</u>	<u>(1,457)</u>	<u>2,063</u>	<u>26</u>	<u>(19,718)</u>	<u>74,490</u>
—	15,683	—	—	—	—	15,683
—	(16,077)	—	—	—	—	(16,077)
—	—	1,445	—	—	19,421	18,256
—	—	—	—	—	—	524
20,000	—	—	—	—	—	22,243
—	(87,808)	—	(2,007)	—	—	(90,671)
<u>20,000</u>	<u>(88,202)</u>	<u>1,445</u>	<u>(2,007)</u>	<u>0</u>	<u>19,421</u>	<u>(50,042)</u>
—	(4,707)	(154)	—	—	—	(4,861)
—	(155)	(796)	—	(6)	—	(957)
—	(1,782)	(72)	—	—	—	(1,854)
<u>0</u>	<u>(6,644)</u>	<u>(1,022)</u>	<u>0</u>	<u>(6)</u>	<u>0</u>	<u>(7,672)</u>
—	—	—	—	5	—	5
213	10	—	3	(10)	—	362
<u>213</u>	<u>10</u>	<u>0</u>	<u>3</u>	<u>(5)</u>	<u>0</u>	<u>367</u>
20,194	7	(1,034)	59	15	(297)	17,143
3,274	137	1,951	5,928	981	378	43,152
<u>\$ 23,468</u>	<u>\$ 144</u>	<u>\$ 917</u>	<u>\$ 5,987</u>	<u>\$ 996</u>	<u>\$ 81</u>	<u>\$ 60,295</u>

Continues

State of Utah**Combining Statement Of Cash Flows  
Nonmajor Enterprise Funds**

Continued

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Energy Efficiency Fund</b>	<b>Petroleum Storage Tank Loan Fund</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss) .....	\$ 712	\$ 870	\$ (181)	\$ 20
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense .....	—	—	—	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds .....	—	19	326	—
Notes/Accrued Interest Receivables .....	(7,470)	3,755	629	87
Inventories .....	—	—	—	—
Prepaid Items .....	—	—	—	—
Accrued Liabilities/Due to Other Funds .....	104	2	(121)	—
Unearned Revenue/Deposits .....	—	—	—	—
Policy Claims Liabilities .....	—	—	—	—
Net Cash Provided (Used) by Operating Activities .....	<u>\$ (6,654)</u>	<u>\$ 4,646</u>	<u>\$ 653</u>	<u>\$ 107</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Increase (Decrease) in Fair Value of Investments .....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Total Noncash Investing, Capital, and Financing Activities .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

<u>Transportation Infrastructure Loan Fund</u>	<u>Alcoholic Beverage Control</u>	<u>Utah Correctional Industries</u>	<u>State Trust Lands Administration</u>	<u>Utah Dairy Commission</u>	<u>Federal Health Insurance Pool</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 23	\$ 90,957	\$ (2,026)	\$ 1,896	\$ 49	\$ (13,981)	\$ 78,339
—	3,167	410	24	10	—	3,611
—	(604)	(287)	(2,094)	(24)	168	(2,496)
(42)	—	—	—	—	—	(3,041)
—	(111)	491	—	2	—	382
—	(12)	(25)	—	(1)	—	(38)
—	1,465	(32)	1,442	(10)	(36)	2,814
—	(19)	12	795	—	(92)	696
—	—	—	—	—	(5,777)	(5,777)
<u>\$ (19)</u>	<u>\$ 94,843</u>	<u>\$ (1,457)</u>	<u>\$ 2,063</u>	<u>\$ 26</u>	<u>\$ (19,718)</u>	<u>\$ 74,490</u>
<u>\$ 116</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 119</u>
<u>\$ 116</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 119</u>

**State of Utah**

**Detail Schedule of Expenditures—Budget and Actual Comparison  
Enterprise Funds with Legally Adopted Annual Budgets**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

<b>Appropriation Line Item Name</b>	<b>Source of Funding</b>			<b>Final Budget</b>
	<b>State Funds</b>	<b>Federal Funds</b>	<b>Restricted and Other Funds</b>	
<b>ALCOHOLIC BEVERAGE CONTROL</b>				
Alcoholic Beverage Control Administration .....	\$ 39,562	\$ —	\$ —	\$ 39,562
ABC – Parents Empowered .....	1,973	—	—	1,973
Total Alcoholic Beverage Control .....	<u>\$ 41,535</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 41,535</u>

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<u>Actual Expenditures</u>	<u>Lapse to Unrestricted</u>	<u>Lapse to Restricted and Other</u>	<u>Nonlapse or (Deficit) Carry Forward</u>
\$ 36,854	\$ 2,708	\$ —	\$ —
1,884	—	—	89
<u>\$ 38,738</u>	<u>\$ 2,708</u>	<u>\$ 0</u>	<u>\$ 89</u>

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## Internal Service Funds

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### 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.

**State of Utah****Combining Statement Of Net Position  
Internal Service Funds**

June 30, 2014

(Expressed in Thousands)

	<b>Technology Services</b>	<b>General Services</b>	<b>Fleet Operations</b>	<b>Risk Management</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents .....	\$ —	\$ 4,586	\$ 152	\$ 53,705
Receivables:				
Accounts, net .....	194	1,824	2,597	—
Due From Other Funds .....	24,166	2,447	3,841	503
Due From Component Units .....	—	7	23	6
Prepaid Items .....	4,799	667	—	—
Inventories .....	324	1,620	4,851	—
Total Current Assets .....	<u>29,483</u>	<u>11,151</u>	<u>11,464</u>	<u>54,214</u>
Noncurrent Assets:				
Prepaid Items .....	280	—	—	—
Notes/Loans/Mortgages Receivables, net .....	—	—	—	1,000
Capital Assets:				
Land .....	17	—	—	—
Infrastructure .....	303	—	—	—
Buildings and Improvements .....	4,611	1,379	193	—
Machinery and Equipment .....	73,483	12,798	130,699	—
Intangible Assets—Software .....	10,548	120	219	635
Construction in Progress .....	348	—	—	—
Less Accumulated Depreciation .....	(76,121)	(10,318)	(54,184)	(302)
Total Capital Assets .....	<u>13,189</u>	<u>3,979</u>	<u>76,927</u>	<u>333</u>
Total Noncurrent Assets .....	<u>13,469</u>	<u>3,979</u>	<u>76,927</u>	<u>1,333</u>
Total Assets .....	<u>42,952</u>	<u>15,130</u>	<u>88,391</u>	<u>55,547</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Amount on Refundings of Bonded Debt .....	—	21	—	—
Total Deferred Outflows of Resources .....	<u>0</u>	<u>21</u>	<u>0</u>	<u>0</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities .....	18,978	3,548	5,569	951
Due To Other Funds .....	490	106	25	78
Interfund Loans Payable .....	5,134	1,179	16,050	—
Policy Claims Liabilities .....	—	—	—	18,293
Contracts/Notes Payable .....	—	—	—	—
Revenue Bonds Payable .....	—	97	—	—
Total Current Liabilities .....	<u>24,602</u>	<u>4,930</u>	<u>21,644</u>	<u>19,322</u>
Noncurrent Liabilities:				
Interfund Loans Payable .....	7,191	2,960	28,681	—
Policy Claims Liabilities .....	—	—	—	30,292
Contracts/Notes Payable .....	—	—	—	—
Revenue Bonds Payable .....	—	353	—	—
Total Noncurrent Liabilities .....	<u>7,191</u>	<u>3,313</u>	<u>28,681</u>	<u>30,292</u>
Total Liabilities .....	<u>31,793</u>	<u>8,243</u>	<u>50,325</u>	<u>49,614</u>
<b>Net Position</b>				
Net Investment in Capital Assets .....	13,189	3,584	76,927	333
Restricted for:				
Insurance Programs .....	—	—	—	3,985
Unrestricted (Deficit) .....	(2,030)	3,324	(38,861)	1,615
Total Net Position .....	<u>\$ 11,159</u>	<u>\$ 6,908</u>	<u>\$ 38,066</u>	<u>\$ 5,933</u>

<b>Property Management</b>	<b>Human Resource Management</b>	<b>Total</b>
\$ 3,441	\$ 2,527	\$ 64,411
83	—	4,698
312	301	31,570
1,528	—	1,564
28	—	5,494
—	—	6,795
<u>5,392</u>	<u>2,828</u>	<u>114,532</u>
370	—	650
—	—	1,000
—	—	17
—	—	303
—	—	6,183
690	54	217,724
—	42	11,564
—	—	348
(653)	(88)	(141,666)
<u>37</u>	<u>8</u>	<u>94,473</u>
<u>407</u>	<u>8</u>	<u>96,123</u>
<u>5,799</u>	<u>2,836</u>	<u>210,655</u>
—	—	21
<u>0</u>	<u>0</u>	<u>21</u>
2,150	624	31,820
22	484	1,205
—	—	22,363
—	—	18,293
28	—	28
—	—	97
<u>2,200</u>	<u>1,108</u>	<u>73,806</u>
—	—	38,832
—	—	30,292
370	—	370
—	—	353
<u>370</u>	<u>0</u>	<u>69,847</u>
<u>2,570</u>	<u>1,108</u>	<u>143,653</u>
37	8	94,078
—	—	3,985
3,192	1,720	(31,040)
<u>\$ 3,229</u>	<u>\$ 1,728</u>	<u>\$ 67,023</u>

**State of Utah****Combining Statement Of Revenues, Expenses, And  
Changes In Fund Net Position  
Internal Service Funds**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Technology Services</b>	<b>General Services</b>	<b>Fleet Operations</b>	<b>Risk Management</b>
<b>OPERATING REVENUES</b>				
Charges for Services/Premiums .....	\$ 170,957	\$ 22,186	\$ 68,492	\$ 39,250
Miscellaneous .....	32	112	78	—
Total Operating Revenues .....	<u>170,989</u>	<u>22,298</u>	<u>68,570</u>	<u>39,250</u>
<b>OPERATING EXPENSES</b>				
Administration .....	78,338	6,270	1,899	2,927
Materials and Services for Resale .....	14,104	11,310	37,886	21,685
Rentals and Leases .....	356	247	369	32
Maintenance .....	753	564	14,896	26
Depreciation/Amortization .....	6,902	1,522	10,766	161
Benefit Claims .....	—	—	—	15,261
Miscellaneous Other:				
Data Processing .....	63,411	227	662	107
Supplies .....	389	212	209	128
Utilities .....	471	52	504	26
Advertising and Other .....	4,905	980	2,052	934
Total Operating Expenses .....	<u>169,629</u>	<u>21,384</u>	<u>69,243</u>	<u>41,287</u>
Operating Income (Loss) .....	<u>1,360</u>	<u>914</u>	<u>(673)</u>	<u>(2,037)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Earnings .....	—	—	—	266
Disposal of Capital Assets .....	—	33	724	—
Interest Expense .....	—	(18)	—	—
Refunds Paid to Federal Government .....	—	(132)	—	—
Other Revenues (Expenses) .....	48	(155)	482	—
Total Nonoperating Revenues (Expenses) .....	<u>48</u>	<u>(272)</u>	<u>1,206</u>	<u>266</u>
Income (Loss) before Transfers .....	1,408	642	533	(1,771)
Transfers In .....	—	—	467	—
Transfers Out .....	—	(245)	—	—
Change in Net Position .....	<u>1,408</u>	<u>397</u>	<u>1,000</u>	<u>(1,771)</u>
Net Position – Beginning .....	9,751	6,511	37,066	7,704
Net Position – Ending .....	<u>\$ 11,159</u>	<u>\$ 6,908</u>	<u>\$ 38,066</u>	<u>\$ 5,933</u>

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<b>Property Management</b>	<b>Human Resource Management</b>	<b>Total</b>
\$ 28,542	\$ 11,363	\$ 340,790
1	—	223
<u>28,543</u>	<u>11,363</u>	<u>341,013</u>
7,495	9,871	106,800
—	—	84,985
605	10	1,619
8,572	1	24,812
19	18	19,388
—	—	15,261
450	741	65,598
175	66	1,179
9,837	128	11,018
1,456	344	10,671
<u>28,609</u>	<u>11,179</u>	<u>341,331</u>
<u>(66)</u>	<u>184</u>	<u>(318)</u>
5	—	271
(3)	—	754
(20)	—	(38)
—	—	(132)
—	—	375
<u>(18)</u>	<u>0</u>	<u>1,230</u>
(84)	184	912
—	—	467
—	—	(245)
<u>(84)</u>	<u>184</u>	<u>1,134</u>
3,313	1,544	65,889
<u>\$ 3,229</u>	<u>\$ 1,728</u>	<u>\$ 67,023</u>

**State of Utah**

**Combining Statement Of Cash Flows  
Internal Service Funds**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Technology Services</b>	<b>General Services</b>	<b>Fleet Operations</b>	<b>Risk Management</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers/Loan Interest/Fees/Premiums ...	\$ 1,656	\$ 5,194	\$ 23,785	\$ 22,661
Receipts from State Customers .....	164,540	17,249	44,339	18,259
Payments to Suppliers/Claims/Grants .....	(58,957)	(13,966)	(21,205)	(31,607)
Payments for Employee Services and Benefits .....	(78,162)	(6,245)	(1,895)	(2,915)
Payments to State Suppliers and Grants .....	(21,562)	—	(34,666)	(5,647)
Net Cash Provided (Used) by Operating Activities .....	<u>7,515</u>	<u>2,232</u>	<u>10,358</u>	<u>751</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Borrowings Under Interfund Loans .....	1,259	—	—	—
Payments of Bonds, Notes, Deposits, and Refunds .....	—	—	—	—
Interest Paid on Bonds, Notes, and Financing Costs .....	—	—	—	—
Transfers Out to Other Funds .....	—	(180)	—	—
Net Cash Provided (Used) by Noncapital Financing Activities .....	<u>1,259</u>	<u>(180)</u>	<u>0</u>	<u>0</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Borrowings Under Interfund Loans .....	—	—	3,287	—
Repayments Under Interfund Loans .....	(2,294)	(292)	—	—
Proceeds from Disposition of Capital Assets .....	16	47	3,651	—
Federal Grants and Other Revenues .....	48	—	482	—
Principal Paid on Debt and Contract Maturities .....	—	(84)	—	—
Acquisition and Construction of Capital Assets .....	(6,544)	(1,007)	(18,164)	(27)
Transfers In from Other Funds .....	—	—	467	—
Transfers Out to Other Funds .....	—	(65)	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities .....	<u>(8,774)</u>	<u>(1,401)</u>	<u>(10,277)</u>	<u>(27)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Receipts of Interest and Dividends from Investments .....	—	—	—	266
Net Cash Provided (Used) by Investing Activities .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>266</u>
Net Cash Provided (Used) – All Activities .....	0	651	81	990
Cash and Cash Equivalents – Beginning .....	—	3,935	71	52,715
Cash and Cash Equivalents – Ending .....	<u>\$ 0</u>	<u>\$ 4,586</u>	<u>\$ 152</u>	<u>\$ 53,705</u>

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<b>Property Management</b>	<b>Human Resource Management</b>	<b>Total</b>
\$ —	\$ 297	\$ 53,593
27,473	10,853	282,713
(19,517)	—	(145,252)
(7,495)	(9,832)	(106,544)
<u>(1,604)</u>	<u>(1,212)</u>	<u>(64,691)</u>
<u>(1,143)</u>	<u>106</u>	<u>19,819</u>
—	—	1,259
(25)	—	(25)
(20)	—	(20)
<u>—</u>	<u>—</u>	<u>(180)</u>
<u>(45)</u>	<u>0</u>	<u>1,034</u>
—	—	3,287
—	—	(2,586)
—	—	3,714
—	—	530
—	—	(84)
—	—	(25,742)
—	—	467
<u>—</u>	<u>—</u>	<u>(65)</u>
<u>0</u>	<u>0</u>	<u>(20,479)</u>
<u>5</u>	<u>—</u>	<u>271</u>
<u>5</u>	<u>0</u>	<u>271</u>
(1,183)	106	645
4,624	2,421	63,766
<u>\$ 3,441</u>	<u>\$ 2,527</u>	<u>\$ 64,411</u>

Continues

**Combining Statement Of Cash Flows  
Internal Service Funds**

**Continued**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Technology Services</b>	<b>General Services</b>	<b>Fleet Operations</b>	<b>Risk Management</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss) .....	\$ 1,360	\$ 914	\$ (673)	\$ (2,037)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense .....	6,902	1,522	10,766	161
Miscellaneous Gains, Losses, and Other Items .....	—	(287)	—	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds .....	(4,793)	300	(446)	(30)
Notes/Accrued Interest Receivables .....	—	—	—	1,700
Inventories .....	225	(383)	135	—
Prepaid Items/Other Assets .....	(2,660)	(451)	22	—
Accrued Liabilities/Due to Other Funds .....	6,481	617	554	562
Policy Claims Liabilities .....	—	—	—	395
Net Cash Provided (Used) by Operating Activities .....	<u>\$ 7,515</u>	<u>\$ 2,232</u>	<u>\$ 10,358</u>	<u>\$ 751</u>
 <b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Increase (Decrease) in Fair Value of Investments .....	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 24</u>
Total Noncash Investing, Capital, and Financing Activities .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24</u>

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<u>Property Management</u>	<u>Human Resource Management</u>	<u>Total</u>
\$ (66)	\$ 184	\$ (318)
19	18	19,388
—	—	(287)
(1,206)	(300)	(6,475)
—	—	1,700
—	—	(23)
72	167	(2,850)
38	37	8,289
—	—	395
<u>\$ (1,143)</u>	<u>\$ 106</u>	<u>\$ 19,819</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ 24</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24</u>

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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 trusts 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 Fund

This fund is used to accumulate resources required to be held in trust to pay for other employee benefits.

### PRIVATE PURPOSE TRUST FUNDS

#### Utah Navajo Royalties Holding

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 set up to account for various receipts and disbursements.

**Combining Statement Of Fiduciary Net Position  
Pension And  
Other Employee Benefit Trust Funds**

June 30, 2014

(Expressed in Thousands)

	<b>Pension Trust</b>			
	<b>Non- Contributory System</b>	<b>Contributory System</b>	<b>Public Safety System</b>	<b>Firefighters System</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 1,336,317	\$ 85,819	\$ 181,409	\$ 64,797
Receivables:				
Member Contributions .....	—	257	26	540
Employer Contributions .....	43,714	651	4,413	—
Court Fees and Fire Insurance Premiums .....	—	—	—	895
Investments .....	196,209	12,648	26,736	9,550
Total Receivables .....	<u>239,923</u>	<u>13,556</u>	<u>31,175</u>	<u>10,985</u>
Due From Other Funds .....	—	—	—	—
Investments:				
Debt Securities .....	3,248,790	209,429	442,670	158,126
Equity Investments .....	7,677,060	494,893	1,046,056	373,660
Absolute Return .....	3,410,782	219,873	464,745	166,011
Private Equity .....	2,253,541	145,272	307,061	109,685
Real Assets .....	2,497,253	160,982	340,270	121,548
Invested Securities Lending Collateral .....	1,591,294	102,581	216,825	77,452
Total Investments .....	<u>20,678,720</u>	<u>1,333,030</u>	<u>2,817,627</u>	<u>1,006,482</u>
Capital Assets:				
Land .....	1,413	91	192	69
Buildings and Improvements .....	13,975	904	1,903	678
Machinery and Equipment .....	4,639	300	631	225
Less Accumulated Depreciation .....	<u>(15,494)</u>	<u>(1,002)</u>	<u>(2,109)</u>	<u>(752)</u>
Total Capital Assets .....	<u>4,533</u>	<u>293</u>	<u>617</u>	<u>220</u>
Total Assets .....	<u>22,259,493</u>	<u>1,432,698</u>	<u>3,030,828</u>	<u>1,082,484</u>
<b>LIABILITIES</b>				
Accounts Payable .....	342,041	21,720	45,909	16,399
Securities Lending Liability .....	1,591,294	102,581	216,825	77,452
Due To Other Funds .....	—	—	—	—
Leave/Postemployment Benefits .....	11,456	738	1,561	558
Insurance Reserves .....	3,968	256	540	193
Real Estate Liabilities .....	394,919	25,458	53,809	19,221
Total Liabilities .....	<u>2,343,678</u>	<u>150,753</u>	<u>318,644</u>	<u>113,823</u>
<b>NET POSITION</b>				
Restricted for:				
Pension Benefits .....	19,915,815	1,281,945	2,712,184	968,661
Other Postemployment Benefits .....	—	—	—	—
Defined Contribution .....	—	—	—	—
Total Net Position .....	<u>\$ 19,915,815</u>	<u>\$ 1,281,945</u>	<u>\$ 2,712,184</u>	<u>\$ 968,661</u>

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
\$ 10,407	\$ 669	\$ 3,056	\$ 258	\$ 7,600	\$ 182	\$ 52	\$ 14,669
—	—	—	—	—	—	—	—
207	189	2,097	115	—	—	—	—
135	—	—	—	—	—	—	—
1,534	98	450	38	80,987	9,230	—	1,579
1,876	287	2,547	153	80,987	9,230	0	1,579
—	—	—	—	—	—	—	—
25,395	1,631	7,454	624	1,404,127	156,052	42,041	—
60,010	3,854	17,613	1,475	2,212,458	253,715	53,816	—
26,661	1,712	7,825	655	—	—	—	—
17,615	1,131	5,170	433	—	—	—	—
19,520	1,254	5,729	480	49,773	5,743	1,752	—
12,439	799	3,651	306	—	—	—	—
161,640	10,381	47,442	3,973	3,666,358	415,510	97,609	0
11	1	3	—	—	—	—	—
107	6	31	3	—	—	—	—
37	2	10	1	—	—	—	—
(120)	(7)	(34)	(3)	—	—	—	—
35	2	10	1	0	0	0	0
173,958	11,339	53,055	4,385	3,754,945	424,922	97,661	16,248
2,634	169	773	65	8,664	354	46	64
12,439	799	3,651	306	—	—	—	—
—	—	—	—	—	—	—	—
90	6	26	2	—	—	—	—
31	2	9	1	—	—	—	—
3,088	197	906	76	—	—	—	—
18,282	1,173	5,365	450	8,664	354	46	64
155,676	10,166	47,690	3,935	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	3,746,281	424,568	97,615	16,184
\$ 155,676	\$ 10,166	\$ 47,690	\$ 3,935	\$ 3,746,281	\$ 424,568	\$ 97,615	\$ 16,184

Continues

**Combining Statement Of Fiduciary Net Position  
Pension And  
Other Employee Benefit Trust Funds**

Continued

June 30, 2014

(Expressed in Thousands)

	<u>Post-Retirement Benefits Trust</u>		<u>Other Employee Benefits</u>	<u>Total</u>
	<u>State Employee</u>	<u>Elected Official</u>		
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 2,962	\$ 498	\$ 3,960	\$ 1,712,655
Receivables:				
Member Contributions .....	—	—	—	823
Employer Contributions .....	—	—	—	51,386
Court Fees and Fire Insurance Premiums .....	—	—	—	1,030
Investments .....	—	—	—	339,059
Total Receivables .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>392,298</u>
Due From Other Funds .....	—	—	4,438	4,438
Investments:				
Debt Securities .....	119,800	4,620	—	5,820,759
Equity Investments .....	77,873	2,178	—	12,274,661
Absolute Return .....	—	—	—	4,298,264
Private Equity .....	—	—	—	2,839,908
Real Assets .....	—	—	—	3,204,304
Invested Securities Lending Collateral .....	—	—	—	2,005,347
Total Investments .....	<u>197,673</u>	<u>6,798</u>	<u>0</u>	<u>30,443,243</u>
Capital Assets:				
Land .....	—	—	—	1,780
Buildings and Improvements .....	—	—	—	17,607
Machinery and Equipment .....	—	—	—	5,845
Less Accumulated Depreciation .....	—	—	—	(19,521)
Total Capital Assets .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,711</u>
Total Assets .....	<u>200,635</u>	<u>7,296</u>	<u>8,398</u>	<u>32,558,345</u>
<b>LIABILITIES</b>				
Accounts Payable .....	—	—	—	438,838
Securities Lending Liability .....	—	—	—	2,005,347
Due To Other Funds .....	2,033	—	—	2,033
Leave/Postemployment Benefits .....	107	—	—	14,544
Insurance Reserves .....	—	—	—	5,000
Real Estate Liabilities .....	—	—	—	497,674
Total Liabilities .....	<u>2,140</u>	<u>0</u>	<u>0</u>	<u>2,963,436</u>
<b>NET POSITION</b>				
Restricted for:				
Pension Benefits .....	—	—	—	25,096,072
Other Postemployment Benefits .....	198,495	7,296	8,398	214,189
Defined Contribution .....	—	—	—	4,284,648
Total Net Position .....	<u>\$ 198,495</u>	<u>\$ 7,296</u>	<u>\$ 8,398</u>	<u>\$ 29,594,909</u>

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State of Utah**Combining Statement Of Changes In Fiduciary Net Position  
Pension And  
Other Employee Benefit Trust Funds**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Pension Trust</b>			
	<b>Non- Contributory System</b>	<b>Contributory System</b>	<b>Public Safety System</b>	<b>Firefighters System</b>
<b>ADDITIONS</b>				
Contributions:				
Member .....	\$ 14,208	\$ 6,376	\$ 1,258	\$ 18,325
Employer .....	710,933	12,874	128,744	3,494
Court Fees and Fire Insurance Premiums .....	—	—	—	11,285
Total Contributions .....	<u>725,141</u>	<u>19,250</u>	<u>130,002</u>	<u>33,104</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments .....	2,236,726	146,447	302,867	108,584
Interest, Dividends, and Other Investment Income .....	398,403	26,084	53,948	19,341
Less Investment Expenses .....	(46,148)	(3,021)	(6,252)	(2,240)
Net Investment Income .....	<u>2,588,981</u>	<u>169,510</u>	<u>350,563</u>	<u>125,685</u>
Transfers From Affiliated Systems .....	—	33,094	4,676	1,302
Total Additions .....	<u>3,314,122</u>	<u>221,854</u>	<u>485,241</u>	<u>160,091</u>
<b>DEDUCTIONS</b>				
Retirement Benefits .....	812,550	59,203	112,470	34,951
Cost of Living Benefits .....	162,134	14,778	24,662	9,485
Supplemental Retirement Benefits .....	—	177	354	311
Retiree Healthcare Benefits .....	—	—	—	—
Refunds/Plan Distributions .....	2,454	1,922	467	106
Administrative Expenses .....	8,329	480	1,161	355
Transfers To Affiliated Systems .....	42,277	—	—	—
Total Deductions .....	<u>1,027,744</u>	<u>76,560</u>	<u>139,114</u>	<u>45,208</u>
Change in Net Position Restricted for:				
Pension Benefits .....	2,286,378	145,294	346,127	114,883
Other Postemployment Benefits .....	—	—	—	—
Defined Contribution .....	—	—	—	—
Net Position – Beginning .....	<u>17,629,437</u>	<u>1,136,651</u>	<u>2,366,057</u>	<u>853,778</u>
Net Position – Ending .....	<u>\$ 19,915,815</u>	<u>\$ 1,281,945</u>	<u>\$ 2,712,184</u>	<u>\$ 968,661</u>

<b>Pension Trust</b>				<b>Defined Contribution Plans</b>			
<b>Judges System</b>	<b>Governors and Legislative Pension Plan</b>	<b>Tier 2 Public Employees</b>	<b>Tier 2 Safety and Firefighters</b>	<b>401(k) Plan</b>	<b>457 (b) Plan</b>	<b>IRA Plans</b>	<b>Health Reimbursement Arrangement</b>
\$ —	\$ —	\$ —	\$ —	\$ 230,086	\$ 25,696	\$ 20,326	\$ —
4,990	252	25,743	2,451	—	—	—	6,750
1,498	—	—	—	—	—	—	—
<u>6,488</u>	<u>252</u>	<u>25,743</u>	<u>2,451</u>	<u>230,086</u>	<u>25,696</u>	<u>20,326</u>	<u>6,750</u>
17,391	1,162	3,446	270	531,966	60,404	12,001	30
3,098	207	646	51	3,195	342	—	—
(359)	(23)	(75)	(5)	(2,945)	(325)	(81)	—
<u>20,130</u>	<u>1,346</u>	<u>4,017</u>	<u>316</u>	<u>532,216</u>	<u>60,421</u>	<u>11,920</u>	<u>30</u>
3,186	19	3	—	—	—	—	—
<u>29,804</u>	<u>1,617</u>	<u>29,763</u>	<u>2,767</u>	<u>762,302</u>	<u>86,117</u>	<u>32,246</u>	<u>6,780</u>
8,248	718	—	—	—	—	—	—
1,941	174	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
66	4	6	—	223,523	21,314	6,848	2,041
—	—	—	3	5,372	616	128	24
<u>10,255</u>	<u>896</u>	<u>6</u>	<u>3</u>	<u>228,895</u>	<u>21,930</u>	<u>6,976</u>	<u>2,065</u>
19,549	721	29,757	2,764	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	533,407	64,187	25,270	4,715
<u>136,127</u>	<u>9,445</u>	<u>17,933</u>	<u>1,171</u>	<u>3,212,874</u>	<u>360,381</u>	<u>72,345</u>	<u>11,469</u>
<u>\$ 155,676</u>	<u>\$ 10,166</u>	<u>\$ 47,690</u>	<u>\$ 3,935</u>	<u>\$ 3,746,281</u>	<u>\$ 424,568</u>	<u>\$ 97,615</u>	<u>\$ 16,184</u>

Continues

State of Utah**Combining Statement Of Changes In Fiduciary Net Position  
Pension And  
Other Employee Benefit Trust Funds**

Continued

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	Post-Retirement Benefits Trust		Other Employee Benefits	Total
	State Employee	Elected Official		
<b>ADDITIONS</b>				
Contributions:				
Member .....	\$ —	\$ —	\$ —	\$ 316,275
Employer .....	30,342	2,030	8,397	937,000
Court Fees and Fire Insurance Premiums .....	—	—	—	12,783
Total Contributions .....	<u>30,342</u>	<u>2,030</u>	<u>8,397</u>	<u>1,266,058</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments .....	22,840	558	—	3,444,692
Interest, Dividends, and Other Investment Income .....	38	8	1	505,362
Less Investment Expenses .....	—	—	—	(61,474)
Net Investment Income .....	<u>22,878</u>	<u>566</u>	<u>1</u>	<u>3,888,580</u>
Transfers From Affiliated Systems .....	—	—	—	42,280
Total Additions .....	<u>53,220</u>	<u>2,596</u>	<u>8,398</u>	<u>5,196,918</u>
<b>DEDUCTIONS</b>				
Retirement Benefits .....	—	—	—	1,028,140
Cost of Living Benefits .....	—	—	—	213,174
Supplemental Retirement Benefits .....	—	—	—	842
Retiree Healthcare Benefits .....	27,366	340	—	27,706
Refunds/Plan Distributions .....	—	—	—	258,675
Administrative Expenses .....	—	—	—	16,541
Transfers To Affiliated Systems .....	—	—	—	42,280
Total Deductions .....	<u>27,366</u>	<u>340</u>	<u>0</u>	<u>1,587,358</u>
Change in Net Position Restricted for:				
Pension Benefits .....	—	—	—	2,945,473
Other Postemployment Benefits .....	25,854	2,256	8,398	36,508
Defined Contribution .....	—	—	—	627,579
Net Position – Beginning .....	172,641	5,040	—	25,985,349
Net Position – Ending .....	<u>\$ 198,495</u>	<u>\$ 7,296</u>	<u>\$ 8,398</u>	<u>\$ 29,594,909</u>

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State of Utah**Combining Statement Of Fiduciary Net Position  
Private Purpose Trust Funds**

June 30, 2014

(Expressed in Thousands)

	<b>Utah Navajo Royalties Holding</b>	<b>Unclaimed Property Trust</b>	<b>Employers' Reinsurance Trust</b>	<b>Petroleum Storage Tank Trust</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 2,368	\$ 14,426	\$ —	\$ 6,219
Receivables:				
Accounts .....	69	—	4,972	1
Accrued Interest .....	—	—	—	2
Accrued Assessments .....	—	—	3,750	—
Loans .....	—	—	—	628
Due From Other Funds .....	1,800	—	—	—
Investments:				
Debt Securities .....	51,955	54,629	165,289	16,970
Equity Investments .....	101	1,068	—	—
Total Investments .....	<u>52,056</u>	<u>55,697</u>	<u>165,289</u>	<u>16,970</u>
Capital Assets:				
Land .....	271	—	—	—
Buildings and Improvements .....	10,715	—	—	—
Machinery and Equipment .....	187	—	—	—
Less Accumulated Depreciation .....	(3,443)	—	—	—
Total Capital Assets .....	<u>7,730</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets .....	<u>64,023</u>	<u>70,123</u>	<u>174,011</u>	<u>23,820</u>
<b>LIABILITIES</b>				
Accounts Payable .....	106	71	292	248
Due To Other Funds .....	73	—	56	—
Unearned Revenue .....	—	—	—	421
Policy Claims Liabilities .....	—	—	220,576	25,121
Total Liabilities .....	<u>179</u>	<u>71</u>	<u>220,924</u>	<u>25,790</u>
<b>NET POSITION</b>				
Restricted for:				
Individuals, Organizations, and Other Governments .....	63,844	70,052	(46,913)	(1,970)
Total Net Position .....	<u>\$ 63,844</u>	<u>\$ 70,052</u>	<u>\$ (46,913)</u>	<u>\$ (1,970)</u>

---

<b>Utah Educational Savings Plan Trust</b>	<b>Miscellaneous Restricted Trust</b>	<b>Total</b>
\$ 1,814	\$ 4,300	\$ 29,127
—	—	5,042
—	—	2
—	—	3,750
—	—	628
—	312	2,112
1,777,047	12,270	2,078,160
5,692,176	—	5,693,345
<u>7,469,223</u>	<u>12,270</u>	<u>7,771,505</u>
—	—	271
—	—	10,715
1,367	—	1,554
(1,147)	—	(4,590)
<u>220</u>	<u>0</u>	<u>7,950</u>
<u>7,471,257</u>	<u>16,882</u>	<u>7,820,116</u>
536	710	1,963
—	1	130
—	—	421
—	—	245,697
<u>536</u>	<u>711</u>	<u>248,211</u>
7,470,721	16,171	7,571,905
<u>\$ 7,470,721</u>	<u>\$ 16,171</u>	<u>\$ 7,571,905</u>

**State of Utah****Combining Statement Of Changes In Fiduciary Net Position  
Private Purpose Trust Funds**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Utah Navajo Royalties Holding</b>	<b>Unclaimed Property Trust</b>	<b>Employers' Reinsurance Trust</b>	<b>Petroleum Storage Tank Trust</b>
<b>ADDITIONS</b>				
Contributions:				
Member .....	\$ —	\$ —	\$ —	\$ —
Total Contributions .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments .....	179	28	171	—
Interest, Dividends, and Other Investment Income .....	<u>240</u>	<u>273</u>	<u>771</u>	<u>86</u>
Total Investment Income .....	<u>419</u>	<u>301</u>	<u>942</u>	<u>86</u>
Other Additions:				
Escheats .....	—	13,767	—	—
Royalties and Rents .....	7,699	—	—	—
Fees, Assessments, and Revenues .....	—	—	17,841	5,293
Court Settlement / Miscellaneous .....	<u>—</u>	<u>—</u>	<u>1,769</u>	<u>7,401</u>
Total Other .....	<u>7,699</u>	<u>13,767</u>	<u>19,610</u>	<u>12,694</u>
Total Additions .....	<u>8,118</u>	<u>14,068</u>	<u>20,552</u>	<u>12,780</u>
<b>DEDUCTIONS</b>				
Trust Operating Expenses .....	388	—	—	2,360
Distributions and Benefit Payments .....	—	12,024	1,486	—
Administrative and General Expenses .....	<u>2,173</u>	<u>5,507</u>	<u>2,298</u>	<u>1,885</u>
Total Deductions .....	<u>2,561</u>	<u>17,531</u>	<u>3,784</u>	<u>4,245</u>
Change in Net Position Restricted for:				
Individuals, Organizations, and Other Governments .....	5,557	(3,463)	16,768	8,535
Net Position – Beginning .....	<u>58,287</u>	<u>73,515</u>	<u>(63,681)</u>	<u>(10,505)</u>
Net Position – Ending .....	<u>\$ 63,844</u>	<u>\$ 70,052</u>	<u>\$ (46,913)</u>	<u>\$ (1,970)</u>

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<b>Utah Educational Savings Plan Trust</b>	<b>Miscellaneous Restricted Trust</b>	<b>Total</b>
\$ 858,673	\$ 8,469	\$ 867,142
<u>858,673</u>	<u>8,469</u>	<u>867,142</u>
866,650	—	867,028
140,064	53	141,487
<u>1,006,714</u>	<u>53</u>	<u>1,008,515</u>
—	—	13,767
—	—	7,699
—	22,774	45,908
—	7,212	16,382
<u>0</u>	<u>29,986</u>	<u>83,756</u>
<u>1,865,387</u>	<u>38,508</u>	<u>1,959,413</u>
—	32,554	35,302
259,574	8,486	281,570
7,168	1,548	20,579
<u>266,742</u>	<u>42,588</u>	<u>337,451</u>
1,598,645	(4,080)	1,621,962
5,872,076	20,251	5,949,943
<u>\$ 7,470,721</u>	<u>\$ 16,171</u>	<u>\$ 7,571,905</u>

**State of Utah**

**Combining Statement Of Fiduciary Assets and Liabilities  
Agency Funds**

June 30, 2014

(Expressed in Thousands)

	<b>Taxes and Social Security</b>	<b>County and Local Collections</b>	<b>State Courts</b>	<b>Deposits, Suspense, and Miscellaneous</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 62	\$ 133,762	\$ 31,813	\$ 22,771	\$ 188,408
Accounts Receivable .....	—	14,917	—	13,649	28,566
Due From Other Funds .....	—	—	—	768	768
Investments:					
Debt Securities .....	—	5	—	19,419	19,424
Total Investments .....	<u>0</u>	<u>5</u>	<u>0</u>	<u>19,419</u>	<u>19,424</u>
Total Assets .....	<u>\$ 62</u>	<u>\$ 148,684</u>	<u>\$ 31,813</u>	<u>\$ 56,607</u>	<u>\$ 237,166</u>
<b>LIABILITIES</b>					
Due To Individuals, Organizations, and Other Governments .....	\$ 62	\$ 148,684	\$ 31,813	\$ 56,607	\$ 237,166
Total Liabilities .....	<u>\$ 62</u>	<u>\$ 148,684</u>	<u>\$ 31,813</u>	<u>\$ 56,607</u>	<u>\$ 237,166</u>

**State of Utah**

**Combining Statement Of Changes  
In Assets And Liabilities  
Agency Funds**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Balance June 30, 2013</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2014</b>
<b>TAXES AND SOCIAL SECURITY</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 19	\$ 236,749	\$ 236,706	\$ 62
Receivables:				
Accounts Receivable .....	—	—	—	—
Total Assets .....	<u>\$ 19</u>	<u>\$ 236,749</u>	<u>\$ 236,706</u>	<u>\$ 62</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 19	\$ 236,792	\$ 236,749	\$ 62
Total Liabilities .....	<u>\$ 19</u>	<u>\$ 236,792</u>	<u>\$ 236,749</u>	<u>\$ 62</u>
<b>COUNTY AND LOCAL COLLECTIONS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 116,748	\$ 1,537,923	\$ 1,520,909	\$ 133,762
Investments .....	4	2,452	2,451	5
Receivables:				
Accounts Receivable .....	6	14,917	6	14,917
Total Assets .....	<u>\$ 116,758</u>	<u>\$ 1,555,292</u>	<u>\$ 1,523,366</u>	<u>\$ 148,684</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 116,758	\$ 1,605,655	\$ 1,573,729	\$ 148,684
Total Liabilities .....	<u>\$ 116,758</u>	<u>\$ 1,605,655</u>	<u>\$ 1,573,729</u>	<u>\$ 148,684</u>
<b>STATE COURTS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 31,706	\$ 102,386	\$ 102,279	\$ 31,813
Due From Other Funds .....	3	—	3	—
Total Assets .....	<u>\$ 31,709</u>	<u>\$ 102,386</u>	<u>\$ 102,282</u>	<u>\$ 31,813</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 31,709	\$ 72,947	\$ 72,843	\$ 31,813
Total Liabilities .....	<u>\$ 31,709</u>	<u>\$ 72,947</u>	<u>\$ 72,843</u>	<u>\$ 31,813</u>
<b>DEPOSITS, SUSPENSE, AND MISCELLANEOUS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 22,672	\$ 817,050	\$ 816,951	\$ 22,771
Investments .....	20,517	169,035	170,133	19,419
Receivables:				
Accounts Receivable .....	13,048	1,225	624	13,649
Due From Other Funds .....	1,339	766	1,337	768
Total Assets .....	<u>\$ 57,576</u>	<u>\$ 988,076</u>	<u>\$ 989,045</u>	<u>\$ 56,607</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 57,576	\$ 649,597	\$ 650,566	\$ 56,607
Total Liabilities .....	<u>\$ 57,576</u>	<u>\$ 649,597</u>	<u>\$ 650,566</u>	<u>\$ 56,607</u>
<b>TOTAL — ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 171,145	\$ 2,694,108	\$ 2,676,845	\$ 188,408
Investments .....	20,521	171,487	172,584	19,424
Receivables:				
Accounts Receivable .....	13,054	16,142	630	28,566
Due From Other Funds .....	1,342	766	1,340	768
Total Assets .....	<u>\$ 206,062</u>	<u>\$ 2,882,503</u>	<u>\$ 2,851,399</u>	<u>\$ 237,166</u>
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments .....	\$ 206,062	\$ 2,564,991	\$ 2,533,887	\$ 237,166
Total Liabilities .....	<u>\$ 206,062</u>	<u>\$ 2,564,991</u>	<u>\$ 2,533,887</u>	<u>\$ 237,166</u>

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## Nonmajor Component Units



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### Comprehensive Health Insurance Pool

The Pool was created as a nonprofit quasi-governmental entity to provide access to health insurance coverage for residents of the State who are considered uninsurable. Ongoing operating costs are recovered through premium charges supplemented with both appropriations from the General Fund and federal grants.

### 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, 2014

(Expressed in Thousands)

	<b>Comprehensive Health Insurance Pool</b>	<b>Utah Schools for the Deaf and the Blind</b>	<b>Military Installation Development Authority</b>	<b>Heber Valley Historic Railroad Authority</b>	<b>Utah State Fair Corporation</b>
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents .....	\$ 16,399	\$ 3,924	\$ 2,173	\$ 1	\$ 247
Investments .....	—	—	—	—	—
Receivables:					
Accounts, net .....	—	651	8	20	85
Notes/Loans/Mortgages/Pledges, net .....	—	—	—	—	—
Accrued Interest .....	—	—	—	—	—
Due From Primary Government .....	—	121	—	—	—
Prepaid Items .....	10	—	—	—	42
Inventories .....	—	—	—	20	—
Other Assets .....	—	—	142	—	—
Total Current Assets .....	<u>16,409</u>	<u>4,696</u>	<u>2,323</u>	<u>41</u>	<u>374</u>
Noncurrent Assets:					
Restricted Investments .....	—	—	685	—	—
Accounts Receivables, net .....	—	—	—	—	—
Investments .....	—	—	—	—	—
Notes/Loans/Mortgages/Pledges Receivables, net .....	—	—	—	—	—
Other Assets .....	—	—	—	—	—
Capital Assets (net of Accumulated Depreciation) .....	—	13,581	2	2,384	782
Total Noncurrent Assets .....	<u>0</u>	<u>13,581</u>	<u>687</u>	<u>2,384</u>	<u>782</u>
Total Assets .....	<u>16,409</u>	<u>18,277</u>	<u>3,010</u>	<u>2,425</u>	<u>1,156</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Amount on Refundings of Bonded Debt .....	—	—	—	—	—
Total Deferred Outflows of Resources .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable and Accrued Liabilities .....	8	1,633	98	146	444
Deposits .....	—	—	—	—	—
Due To Primary Government .....	—	313	—	—	—
Unearned Revenue .....	—	82	—	—	69
Current Portion of Long-term Liabilities .....	195	—	90	298	6
Total Current Liabilities .....	<u>203</u>	<u>2,028</u>	<u>188</u>	<u>444</u>	<u>519</u>
Noncurrent Liabilities:					
Unearned Revenue .....	—	—	—	—	—
Deposits .....	—	—	—	—	—
Long-term Liabilities .....	—	—	2,407	214	7
Total Noncurrent Liabilities .....	<u>0</u>	<u>0</u>	<u>2,407</u>	<u>214</u>	<u>7</u>
Total Liabilities .....	<u>203</u>	<u>2,028</u>	<u>2,595</u>	<u>658</u>	<u>526</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets .....	—	13,581	2	2,053	769
Restricted for:					
Nonexpendable:					
Higher Education .....	—	—	—	—	—
Expendable:					
Higher Education .....	—	—	—	—	—
Other .....	—	—	685	—	20
Unrestricted (Deficit) .....	16,206	2,668	(272)	(286)	(159)
Total Net Position .....	<u>\$ 16,206</u>	<u>\$ 16,249</u>	<u>\$ 415</u>	<u>\$ 1,767</u>	<u>\$ 630</u>

<b>Weber State University</b>	<b>Southern Utah University</b>	<b>Salt Lake Community College</b>	<b>Utah Valley University</b>	<b>Dixie State University</b>	<b>Snow College</b>	<b>Utah College of Applied Technology</b>	<b>Total Nonmajor Component Units</b>
\$ 47,246	\$ 32,824	\$ 33,265	\$ 58,578	\$ 22,531	\$ 7,967	\$ 17,280	\$ 242,435
1,444	2,264	26,912	2,000	3,813	—	969	37,402
4,525	14,333	8,320	5,710	1,319	1,080	3,694	39,745
2,617	430	481	4,609	335	25	593	9,090
219	—	—	—	—	—	—	219
—	—	—	—	—	—	—	121
489	4,422	17	318	7	125	96	5,526
4,198	785	2,681	3,109	1,065	323	1,679	13,860
356	—	—	—	—	—	—	498
<u>61,094</u>	<u>55,058</u>	<u>71,676</u>	<u>74,324</u>	<u>29,070</u>	<u>9,520</u>	<u>24,311</u>	<u>348,896</u>
10,784	18,507	1,603	41,366	1,803	9,716	—	84,464
2,751	4,402	—	9,069	541	57	—	16,820
173,119	36,237	62,068	31,071	17,275	6,814	1,167	327,751
7,533	—	3,606	18,154	1,373	66	180	30,912
—	1,286	297	3,776	—	278	—	5,637
<u>277,835</u>	<u>127,815</u>	<u>233,688</u>	<u>335,662</u>	<u>134,002</u>	<u>98,918</u>	<u>159,689</u>	<u>1,384,358</u>
<u>472,022</u>	<u>188,247</u>	<u>301,262</u>	<u>439,098</u>	<u>154,994</u>	<u>115,849</u>	<u>161,036</u>	<u>1,849,942</u>
<u>533,116</u>	<u>243,305</u>	<u>372,938</u>	<u>513,422</u>	<u>184,064</u>	<u>125,369</u>	<u>185,347</u>	<u>2,198,838</u>
245	—	—	437	—	—	—	682
<u>245</u>	<u>0</u>	<u>0</u>	<u>437</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>682</u>
3,981	6,673	19,203	13,266	2,114	1,717	4,503	53,786
—	469	1,588	609	328	364	96	3,454
1,299	847	795	128	937	4	25	4,348
6,234	8,349	8,939	8,695	600	462	1,115	34,545
5,817	3,786	5,546	5,677	2,086	1,141	1,737	26,379
<u>17,331</u>	<u>20,124</u>	<u>36,071</u>	<u>28,375</u>	<u>6,065</u>	<u>3,688</u>	<u>7,476</u>	<u>122,512</u>
—	—	—	1,519	—	—	—	1,519
—	—	—	—	—	50	—	50
<u>61,243</u>	<u>19,354</u>	<u>7,422</u>	<u>73,313</u>	<u>15,260</u>	<u>17,572</u>	<u>20,638</u>	<u>217,430</u>
<u>61,243</u>	<u>19,354</u>	<u>7,422</u>	<u>74,832</u>	<u>15,260</u>	<u>17,622</u>	<u>20,638</u>	<u>218,999</u>
<u>78,574</u>	<u>39,478</u>	<u>43,493</u>	<u>103,207</u>	<u>21,325</u>	<u>21,310</u>	<u>28,114</u>	<u>341,511</u>
218,539	108,515	233,515	262,682	119,312	81,327	139,989	1,180,284
87,424	18,574	4,061	18,826	17,802	4,789	1,734	153,210
49,213	34,017	10,401	43,699	10,907	5,823	2,702	156,762
—	—	—	—	—	—	—	705
<u>99,611</u>	<u>42,721</u>	<u>81,468</u>	<u>85,445</u>	<u>14,718</u>	<u>12,120</u>	<u>12,808</u>	<u>367,048</u>
<u>\$ 454,787</u>	<u>\$ 203,827</u>	<u>\$ 329,445</u>	<u>\$ 410,652</u>	<u>\$ 162,739</u>	<u>\$ 104,059</u>	<u>\$ 157,233</u>	<u>\$ 1,858,009</u>

**State of Utah**

**Combining Statement Of Activities  
Nonmajor Component Units**

For the Fiscal Year Ended June 30, 2014

(Expressed in Thousands)

	<b>Comprehensive Health Insurance Pool</b>	<b>Utah Schools for the Deaf and the Blind</b>	<b>Military Installation Development Authority</b>	<b>Heber Valley Historic Railroad Authority</b>	<b>Utah State Fair Corporation</b>
Expenses .....	<u>\$ 20,721</u>	<u>\$ 30,386</u>	<u>\$ 4,680</u>	<u>\$ 1,452</u>	<u>\$ 5,686</u>
Program Revenues:					
Charges for Services:					
Tuition and Fees .....	—	—	—	—	—
Scholarship Allowances .....	—	—	—	—	—
Sales, Services, and Other Revenues .....	10,520	5,904	4,672	1,547	3,613
Operating Grants and Contributions .....	987	1,455	—	—	—
Capital Grants and Contributions .....	—	—	—	—	—
Total Program Revenues .....	<u>11,507</u>	<u>7,359</u>	<u>4,672</u>	<u>1,547</u>	<u>3,613</u>
Net (Expenses) Revenues .....	<u>(9,214)</u>	<u>(23,027)</u>	<u>(8)</u>	<u>95</u>	<u>(2,073)</u>
General Revenues:					
State Appropriations .....	8,084	23,283	—	—	844
Unrestricted Investment Income .....	79	2	8	—	—
Permanent Endowments Contributions .....	—	—	—	—	—
Total General Revenues .....	<u>8,163</u>	<u>23,285</u>	<u>8</u>	<u>0</u>	<u>844</u>
Change in Net Position .....	<u>(1,051)</u>	<u>258</u>	<u>0</u>	<u>95</u>	<u>(1,229)</u>
Net Position – Beginning .....	<u>17,257</u>	<u>15,991</u>	<u>415</u>	<u>1,672</u>	<u>1,859</u>
Net Position – Ending .....	<u>\$ 16,206</u>	<u>\$ 16,249</u>	<u>\$ 415</u>	<u>\$ 1,767</u>	<u>\$ 630</u>

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<b>Weber State University</b>	<b>Southern Utah University</b>	<b>Salt Lake Community College</b>	<b>Utah Valley University</b>	<b>Dixie State University</b>	<b>Snow College</b>	<b>Utah College of Applied Technology</b>	<b>Total Nonmajor Component Units</b>
\$ 217,240	\$ 124,966	\$ 209,105	\$ 275,355	\$ 94,664	\$ 40,796	\$ 86,053	\$ 1,111,104
105,793	62,281	88,687	133,487	37,331	11,858	13,266	452,703
(27,215)	(15,784)	(21,850)	(26,802)	(9,099)	(5,129)	(2,832)	(108,711)
22,399	20,519	16,270	21,450	9,785	4,238	7,851	128,768
61,276	36,540	55,088	84,301	24,400	9,122	12,863	286,032
8,636	5,904	51,433	7,029	4,704	622	4,533	82,861
170,889	109,460	189,628	219,465	67,121	20,711	35,681	841,653
(46,351)	(15,506)	(19,477)	(55,890)	(27,543)	(20,085)	(50,372)	(269,451)
67,267	32,246	75,020	71,280	25,963	20,063	50,767	374,817
—	—	—	—	—	—	—	89
2,807	162	—	876	1,047	152	—	5,044
70,074	32,408	75,020	72,156	27,010	20,215	50,767	379,950
23,723	16,902	55,543	16,266	(533)	130	395	110,499
431,064	186,925	273,902	394,386	163,272	103,929	156,838	1,747,510
\$ 454,787	\$ 203,827	\$ 329,445	\$ 410,652	\$ 162,739	\$ 104,059	\$ 157,233	\$ 1,858,009

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2014  
State of Utah  
Comprehensive Annual Financial Report



STATISTICAL SECTION



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**STATISTICAL SECTION**

Fiscal Year Ended June 30, 2014

This part 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.

Schedule A-1	Net Position by Component .....	214
Schedule A-2	Changes in Net Position .....	216
Schedule A-3	Fund Balances — Governmental Funds .....	220
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**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.

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Schedule B-2	Revenue Payers by Industry — Taxable Sales, Services, and Use Tax Purchases .....	226
Schedule B-3	Revenue Payers — Personal Income Tax .....	227
Schedule B-4	Personal Income Tax Rates .....	228

**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.

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Schedule C-5	Pledged Revenue Bond Coverage .....	236

**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.

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**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.

Schedule E-1	Full-Time Equivalent State Employees by Function .....	244
Schedule E-2	Operating Indicators by Function .....	246
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**Other Information**

These graphs and schedules offer a historical view of expenditures in constant dollars.

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Schedule F-2	Per Capita Expenditures — Historical and Constant Dollars .....	251

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			
	2005	2006	2007	2008
<b>Governmental Activities</b>				
Net Investment in Capital Assets .....	\$ 8,197,279	\$ 8,719,751	\$ 9,465,667	\$ 10,447,357
Restricted <sup>1</sup> .....	1,518,523	2,379,269	3,043,599	2,618,556
Unrestricted <sup>1</sup> .....	690,177	856,207	1,163,548	1,169,342
Total Governmental Activities Net Position .....	<u>10,405,979</u>	<u>11,955,227</u>	<u>13,672,814</u>	<u>14,235,255</u>
<b>Business-type Activities</b>				
Net Investment in Capital Assets .....	28,419	32,068	13,008	13,837
Restricted <sup>2</sup> .....	928,115	1,139,691	1,334,737	1,434,828
Unrestricted <sup>3</sup> .....	793,099	893,118	971,435	1,037,893
Total Business-type Activities Net Position .....	<u>1,749,633</u>	<u>2,064,877</u>	<u>2,319,180</u>	<u>2,486,558</u>
<b>Primary Government</b>				
Net Investment in Capital Assets .....	8,225,698	8,751,819	9,478,675	10,461,194
Restricted .....	2,446,638	3,518,960	4,378,336	4,053,384
Unrestricted .....	1,483,276	1,749,325	2,134,983	2,207,235
Total Primary Government Net Position .....	<u>\$ 12,155,612</u>	<u>\$ 14,020,104</u>	<u>\$ 15,991,994</u>	<u>\$ 16,721,813</u>

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.

<sup>1</sup> From fiscal years 2005 to 2007, governmental activities' restricted and unrestricted net position increased due to higher tax revenues from a strengthening economy. 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.

<sup>2</sup> From fiscal years 2005 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 2014, restricted net position has continued to steadily increase due to unemployment revenues exceeding related claims.

<sup>3</sup> In fiscal years 2006 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.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 11,306,077	\$ 12,005,321	\$ 12,358,579	\$ 12,773,959	\$ 13,481,005	\$ 14,025,472
2,349,499	2,009,168	2,337,607	2,601,082	3,120,501	3,600,039
689,052	895,517	1,055,226	1,083,417	1,305,793	1,496,537
<u>14,344,628</u>	<u>14,910,006</u>	<u>15,751,412</u>	<u>16,458,458</u>	<u>17,907,299</u>	<u>19,122,048</u>
13,751	13,061	12,862	13,293	14,012	14,198
1,269,006	1,272,090	1,311,865	1,463,006	1,616,819	1,734,512
1,080,231	937,452	984,552	1,053,270	1,094,041	1,231,623
<u>2,362,988</u>	<u>2,222,603</u>	<u>2,309,279</u>	<u>2,529,569</u>	<u>2,724,872</u>	<u>2,980,333</u>
11,319,828	12,018,382	12,371,441	12,787,252	13,495,017	14,039,670
3,618,505	3,281,258	3,649,472	4,064,088	4,737,320	5,334,551
1,769,283	1,832,969	2,039,778	2,136,687	2,399,834	2,728,160
<u>\$ 16,707,616</u>	<u>\$ 17,132,609</u>	<u>\$ 18,060,691</u>	<u>\$ 18,988,027</u>	<u>\$ 20,632,171</u>	<u>\$ 22,102,381</u>

**State of Utah****Changes in Net Position**

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2005	2006	2007	2008
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Expenses</b>				
General Government .....	\$ 240,091	\$ 289,749	\$ 328,779	\$ 385,331
Human Services and Juvenile Justice Services .....	573,154	595,337	634,265	679,920
Corrections .....	195,716	208,922	237,305	255,319
Public Safety .....	162,922	182,042	172,912	191,910
Courts .....	98,319	109,180	115,811	125,587
Health and Environmental Quality <sup>1</sup> .....	1,461,016	1,635,544	1,620,936	1,649,209
Higher Education .....	694,732	810,228	824,503	912,998
Employment and Family Services .....	409,334	405,845	393,938	423,122
Natural Resources .....	121,714	133,441	174,711	159,955
Heritage and Arts <sup>2</sup> .....	86,065	84,843	108,110	132,687
Business, Labor and Agriculture .....	84,992	90,573	92,441	95,563
Public Education <sup>3</sup> .....	2,169,071	2,321,139	2,548,391	2,959,311
Transportation .....	545,498	602,730	658,759	782,194
Interest and Other Charges on Long-Term Debt .....	76,382	70,345	64,019	58,851
Total Expenses .....	<u>6,919,006</u>	<u>7,539,918</u>	<u>7,974,880</u>	<u>8,811,957</u>
<b>Program Revenues</b>				
Charges for Services:				
General Government .....	99,303	121,067	156,111	257,537
Human Services and Juvenile Justice Services .....	13,193	11,073	10,889	10,840
Corrections .....	2,138	4,483	4,624	5,332
Public Safety .....	31,594	32,777	43,806	49,247
Courts .....	46,468	47,330	46,158	46,517
Health and Environmental Quality .....	108,406	98,296	84,938	65,666
Higher Education .....	282	115	235	31
Employment and Family Services .....	6,414	8,492	3,532	7,413
Natural Resources .....	44,842	50,308	45,367	64,407
Heritage and Arts .....	4,420	5,368	4,833	5,278
Business, Labor and Agriculture .....	61,637	64,098	63,240	68,622
Public Education .....	59,213	85,867	69,471	100,919
Transportation .....	103,518	138,300	155,203	183,369
Operating Grants and Contributions .....	2,436,116	2,744,231	2,769,644	2,658,284
Capital Grants and Contributions .....	124,836	100,519	122,939	144,867
Total Program Revenues .....	<u>3,142,380</u>	<u>3,512,324</u>	<u>3,580,990</u>	<u>3,668,329</u>
Net Program (Expense) — .....				
Governmental Activities .....	<u>(3,776,626)</u>	<u>(4,027,594)</u>	<u>(4,393,890)</u>	<u>(5,143,628)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Taxes:				
Sales Tax and Use Tax <sup>4</sup> .....	1,697,720	1,921,048	2,131,958	2,006,926
Individual Income Tax Imposed for Education <sup>4</sup> .....	2,001,286	2,496,911	2,667,207	2,435,059
Corporate Tax Imposed for Education <sup>4</sup> .....	209,403	379,801	412,720	409,794
Motor and Special Fuel Taxes				
Imposed for Transportation .....	335,625	356,176	353,107	350,426
Other Taxes .....	275,755	316,980	320,204	333,545
Investment Income .....	17,690	46,856	89,795	63,947
Gain on Sale of Capital Assets .....	23,010	46,084	52,139	26,980
Miscellaneous .....	24,781	31,999	37,569	41,659
Transfers—Internal Activities .....	9,437	(19,013)	46,778	37,733
Prior Period Adjustments and Restatements .....	—	—	—	—
Total General Revenues and				
Other Changes in Net Position .....	<u>4,594,707</u>	<u>5,576,842</u>	<u>6,111,477</u>	<u>5,706,069</u>
Change in Net Position — Governmental				
Activities — Increase (Decrease) .....	<u>818,081</u>	<u>1,549,248</u>	<u>1,717,587</u>	<u>562,441</u>

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 390,373	\$ 383,925	\$ 402,543	\$ 420,612	\$ 406,065	\$ 417,067
700,307	669,169	648,456	646,565	671,831	690,117
254,980	238,902	243,616	249,569	255,679	268,346
189,069	184,197	204,627	241,101	254,503	243,783
123,209	118,577	123,604	123,405	124,660	128,877
1,812,067	1,875,775	2,001,233	2,145,929	2,259,695	2,410,760
997,218	837,479	828,660	1,115,301	884,775	908,795
514,915	672,852	707,019	712,388	786,221	693,789
174,730	166,749	187,164	157,145	178,670	189,641
139,840	177,823	159,755	154,759	21,147	22,447
101,995	96,895	94,397	100,385	99,655	105,987
3,033,574	3,007,905	3,058,046	3,000,117	3,096,089	3,202,327
785,692	704,886	721,240	738,877	836,488	847,752
52,070	87,393	104,887	121,192	112,994	110,034
<u>9,270,039</u>	<u>9,222,527</u>	<u>9,485,247</u>	<u>9,927,345</u>	<u>9,988,472</u>	<u>10,239,722</u>
154,794	169,808	140,794	178,354	182,731	148,213
13,359	12,851	12,140	11,905	18,204	12,529
5,211	6,520	5,988	4,715	4,743	5,463
51,475	53,504	55,394	57,257	61,543	63,831
48,957	77,953	57,959	56,148	53,900	52,390
64,328	88,504	150,763	230,318	268,753	289,198
32,981	419	90	194	—	—
8,067	(2,715)	10,476	11,802	16,602	12,659
71,266	70,780	73,645	79,577	85,685	91,967
3,632	5,030	5,804	3,148	2,316	2,696
65,376	74,400	67,582	83,758	86,962	89,426
79,462	73,962	71,757	80,425	82,676	110,564
254,064	275,154	254,682	339,488	249,288	253,094
3,177,737	3,865,150	4,079,907	3,704,709	3,802,274	3,954,581
145,353	204,237	109,669	157,564	114,156	100,481
<u>4,176,062</u>	<u>4,975,557</u>	<u>5,096,650</u>	<u>4,999,362</u>	<u>5,029,833</u>	<u>5,187,092</u>
<u>(5,093,977)</u>	<u>(4,246,970)</u>	<u>(4,388,597)</u>	<u>(4,927,983)</u>	<u>(4,958,639)</u>	<u>(5,052,630)</u>
1,762,745	1,735,023	1,812,271	1,931,045	2,090,841	2,121,518
2,336,528	2,027,884	2,384,025	2,525,082	2,969,128	2,918,991
252,095	272,535	226,726	284,666	331,080	321,424
337,395	340,568	355,042	351,346	351,553	359,822
354,982	328,703	397,908	415,190	399,788	431,901
29,267	5,575	7,480	8,464	6,726	8,829
15,583	10,927	19,727	17,294	30,580	20,012
46,375	35,288	35,403	58,851	46,884	40,577
38,953	55,845	47,431	43,091	76,231	44,305
28,447	—	(56,010)	—	104,669	—
<u>5,202,370</u>	<u>4,812,348</u>	<u>5,230,003</u>	<u>5,635,029</u>	<u>6,407,480</u>	<u>6,267,379</u>
<u>108,393</u>	<u>565,378</u>	<u>841,406</u>	<u>707,046</u>	<u>1,448,841</u>	<u>1,214,749</u>

Continues

**State of Utah****Changes in Net Position****Last Ten Fiscal Years**

(Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2005	2006	2007	2008
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>Expenses</b>				
Student Assistance Programs .....	\$ 95,495	\$ 152,895	\$ 174,220	\$ 164,411
Unemployment Compensation <sup>5</sup> .....	142,632	102,476	97,692	148,424
Water Loan Programs .....	8,648	6,560	13,042	10,477
Community and Economic Loan Programs .....	1,160	1,570	1,136	2,310
Liquor Retail Sales .....	114,897	126,114	143,721	160,635
Other Business-type Activities .....	25,317	27,581	31,404	33,417
Total Expenses .....	<u>388,149</u>	<u>417,196</u>	<u>461,215</u>	<u>519,674</u>
<b>Program Revenues</b>				
Charges for Services:				
Student Assistance Programs .....	87,375	112,960	126,498	117,246
Unemployment Compensation .....	221,298	253,809	219,690	157,624
Water Loan Programs .....	9,796	10,715	10,634	12,135
Community and Economic Loan Programs .....	5,245	5,394	5,876	6,524
Liquor Retail Sales .....	153,004	173,400	195,276	219,801
Other Business-type Activities .....	30,865	32,826	39,753	44,140
Operating Grants and Contributions <sup>6</sup> .....	65,173	109,140	138,252	143,853
Total Program Revenues .....	<u>572,756</u>	<u>698,244</u>	<u>735,979</u>	<u>701,323</u>
Net Program Revenue (Expense) —				
Business-type Activities .....	<u>184,607</u>	<u>281,048</u>	<u>274,764</u>	<u>181,649</u>
<b>General Revenues and Other Changes in Net Position</b>				
Taxes:				
Sales Tax and Use Tax .....	14,874	14,875	25,440	23,462
Investment Income .....	3,844	—	—	—
Gain on Sale of Capital Assets .....	226	308	—	—
Miscellaneous .....	—	—	877	—
Transfers—Internal Activities .....	(9,437)	19,013	(46,778)	(37,733)
Prior Period Adjustments and Restatements .....	—	—	—	—
Total General Revenues and				
Other Changes in Net Position .....	<u>9,507</u>	<u>34,196</u>	<u>(20,461)</u>	<u>(14,271)</u>
Change in Net Position — Business-type				
Activities — Increase (Decrease) .....	<u>194,114</u>	<u>315,244</u>	<u>254,303</u>	<u>167,378</u>
Total Primary Government Change in Net Position .....	<u>\$ 1,012,195</u>	<u>\$ 1,864,492</u>	<u>\$ 1,971,890</u>	<u>\$ 729,819</u>

Notes: This schedule also has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal in which the prior period adjustment was identified.

<sup>1</sup> Expenses for health and environmental quality have increased over the last ten fiscal years due to rising Medicaid program costs.

<sup>2</sup> In fiscal year 2013, Legislative action moved the Housing and Community Development Division from heritage and arts to the employment and family services.

<sup>3</sup> Public education expenses continue to increase for both enrollment growth and benefit-related costs for educators.

<sup>4</sup> From fiscal years 2005 to 2007, general tax revenues, specifically sales and use taxes, individual income taxes, and corporate taxes, increased significantly compared to prior years due to Utah's continued economic improvement. In fiscal years 2008 to 2010, general tax revenues declined due to the recessionary economy. In fiscal years 2011 to 2014, general tax revenues increased due to slightly higher revenues from a strengthening economy.

**Schedule A-2 (Continued)**

		Fiscal Year									
		2009	2010	2011	2012	2013	2014				
\$	144,007	\$	156,754	\$	93,422	\$	111,662	\$	99,379	\$	79,963
	489,925		872,826		642,023		436,880		307,444		233,403
	12,900		31,971		38,069		19,045		12,828		13,778
	2,349		2,166		1,770		2,604		2,420		8,603
	168,844		180,401		190,373		201,976		213,395		225,948
	35,635		30,886		33,796		47,341		75,361		54,983
	<u>853,660</u>		<u>1,275,004</u>		<u>999,453</u>		<u>819,508</u>		<u>710,827</u>		<u>616,678</u>
	89,805		109,804		71,966		66,312		63,727		59,784
	144,383		170,224		296,847		380,533		384,114		357,059
	12,234		13,875		10,584		13,710		13,464		12,329
	7,838		9,033		10,583		11,843		11,152		10,051
	228,474		238,767		252,225		272,363		293,978		313,444
	49,437		41,527		44,230		33,555		39,010		40,832
	214,876		546,840		421,016		276,762		185,150		95,641
	<u>747,047</u>		<u>1,130,070</u>		<u>1,107,451</u>		<u>1,055,078</u>		<u>990,595</u>		<u>889,140</u>
	<u>(106,613)</u>		<u>(144,934)</u>		<u>107,998</u>		<u>235,570</u>		<u>279,768</u>		<u>272,462</u>
	22,976		22,206		21,819		24,264		25,891		27,304
	—		—		—		—		—		—
	—		—		—		—		—		—
	—		38,188		4,290		3,547		425		—
	(38,953)		(55,845)		(47,431)		(43,091)		(76,231)		(44,305)
	—		—		—		—		(34,550)		—
	<u>(15,977)</u>		<u>4,549</u>		<u>(21,322)</u>		<u>(15,280)</u>		<u>(84,465)</u>		<u>(17,001)</u>
	<u>(122,590)</u>		<u>(140,385)</u>		<u>86,676</u>		<u>220,290</u>		<u>195,303</u>		<u>255,461</u>
\$	<u>(14,197)</u>	\$	<u>424,993</u>	\$	<u>928,082</u>	\$	<u>927,336</u>	\$	<u>1,644,144</u>	\$	<u>1,470,210</u>

<sup>5</sup> From fiscal years 2005 to 2007 unemployment compensation expenses decreased, reflecting Utah's improved employment. However, 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 2014, expenses decreased reflecting Utah's improving economy and employment.

<sup>6</sup> 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.

**State of Utah**

**Fund Balances — Governmental Funds**

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2005	2006	2007	2008
<b>General Fund</b>				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable <sup>1</sup> .....	\$ —	\$ —	\$ —	\$ —
Prepaid Items <sup>1</sup> .....	—	—	—	—
Inventories .....	—	—	—	—
Restricted .....	—	—	—	—
Committed .....	—	—	—	—
Assigned .....	—	—	—	—
Unassigned .....	—	—	—	—
Total General Fund .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>All Other Governmental Funds</b>				
Nonspendable:				
Inventories .....	\$ —	\$ —	\$ —	\$ —
Permanent Fund Principal <sup>2</sup> .....	—	—	—	—
Restricted .....	—	—	—	—
Committed <sup>3</sup> .....	—	—	—	—
Assigned <sup>4</sup> .....	—	—	—	—
Total All Other Governmental Funds .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances — Governmental Funds .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>General Fund</b>				
Reserved <sup>5</sup> .....	\$ 262,360	\$ 300,497	\$ 411,600	\$ 470,800
Unreserved <sup>6</sup> .....	391,619	568,639	667,972	394,068
Total General Fund .....	<u>653,979</u>	<u>869,136</u>	<u>1,079,572</u>	<u>864,868</u>
<b>All Other Governmental Funds</b>				
Reserved .....	1,048,146	1,287,525	1,558,607	1,867,469
Unreserved reported in:				
Special Revenue Funds .....	737,746	1,096,485	1,473,424	975,035
Capital Projects <sup>7</sup> .....	(71,127)	(93,248)	(107,624)	57,027
Debt Service .....	5,881	14,332	17,801	20,801
Total All Other Governmental Funds .....	<u>1,720,646</u>	<u>2,305,094</u>	<u>2,942,208</u>	<u>2,920,332</u>
Total Fund Balances — Governmental Funds .....	<u>\$ 2,374,625</u>	<u>\$ 3,174,230</u>	<u>\$ 4,021,780</u>	<u>\$ 3,785,200</u>

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.

<sup>1</sup> In fiscal years 2012 and 2013, the nonspendable fund balance within the General Fund increased due to prepaid items identified in fiscal year 2012, and an increase in prepaid items in fiscal year 2013. 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.

<sup>2</sup> In fiscal years 2013 and 2014, the nonspendable fund balance within other governmental funds increased due to positive investment earnings as a result of the rebounding economy.

<sup>3</sup> 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.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ —	\$ 2,861	\$ 10,134	\$ 13,537	\$ 44,360	\$ 38,832
—	—	—	23,450	67,790	73,033
—	411	538	662	800	926
—	35,171	31,523	39,745	41,931	40,898
—	371,354	445,540	489,487	496,795	507,380
—	222,963	212,002	159,082	224,452	197,842
—	14,884	609	11,342	—	7,224
<u>0</u>	<u>647,644</u>	<u>700,346</u>	<u>737,305</u>	<u>876,128</u>	<u>866,135</u>
\$ —	\$ 11,646	\$ 10,523	\$ 11,583	\$ 11,980	\$ 14,018
—	1,066,568	1,355,565	1,436,623	1,690,261	2,089,334
—	1,333,776	1,191,591	1,089,030	1,094,754	1,160,581
—	347,254	390,278	631,983	698,264	865,786
—	92,806	174,737	112,015	63,586	128,631
<u>0</u>	<u>2,852,050</u>	<u>3,122,694</u>	<u>3,281,234</u>	<u>3,558,845</u>	<u>4,258,350</u>
<u>\$ 0</u>	<u>\$ 3,499,694</u>	<u>\$ 3,823,040</u>	<u>\$ 4,018,539</u>	<u>\$ 4,434,973</u>	<u>\$ 5,124,485</u>
\$ 305,224	\$ —	\$ —	\$ —	\$ —	\$ —
327,467	—	—	—	—	—
<u>632,691</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
1,892,734	—	—	—	—	—
807,356	—	—	—	—	—
(13,219)	—	—	—	—	—
5,210	—	—	—	—	—
<u>2,692,081</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 3,324,772</u>	<u>\$ 0</u>				

<sup>4</sup> The assigned fund balance within other governmental funds increased in fiscal year 2011, then decreased in fiscal year 2012 and 2013 as less funding was assigned for capital projects. In fiscal year 2014, the assigned fund balance increased again as more funding was used for capital projects.

<sup>5</sup> In fiscal year 2009, General Fund reserved fund balance decreased due to less reserves available as a result of the slowing economy.

<sup>6</sup> From fiscal years 2005 to 2007, General Fund unreserved fund balance increased due to higher tax revenues from a strengthening economy. 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.

<sup>7</sup> From fiscal years 2005 to 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.

**State of Utah**

**Changes in Fund Balances — Governmental Funds**

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(Expressed in Thousands)

	Fiscal Year			
	2005	2006	2007	2008
<b>Revenues</b>				
Sales and Use Tax <sup>1</sup> .....	\$ 1,699,636	\$ 1,915,600	\$ 2,109,732	\$ 2,031,239
Individual Income Tax <sup>1</sup> .....	1,946,593	2,324,365	2,589,252	2,560,394
Corporate Tax <sup>1</sup> .....	209,304	379,624	411,929	410,586
Motor and Special Fuels Tax .....	336,417	344,902	366,446	357,664
Other Taxes .....	275,715	316,994	320,204	333,542
Federal Contracts and Grants <sup>2</sup> .....	2,366,786	2,524,022	2,480,016	2,574,585
Charges for Services/Royalties .....	330,998	405,013	412,411	468,451
Licenses, Permits, and Fees .....	121,382	113,684	120,349	121,882
Federal Mineral Lease .....	82,704	156,851	145,985	134,404
Intergovernmental .....	4,104	9,109	23,332	12,884
Investment Income <sup>3</sup> .....	71,538	116,215	240,988	46,716
Miscellaneous and Other .....	231,708	239,901	261,617	373,047
<b>Total Revenues</b> .....	<b>7,676,885</b>	<b>8,846,280</b>	<b>9,482,261</b>	<b>9,425,394</b>
<b>Expenditures</b>				
General Government .....	178,891	239,838	268,775	319,389
Human Services and Juvenile Justice Services .....	576,871	593,392	627,598	677,234
Corrections .....	198,030	205,310	229,198	251,216
Public Safety .....	163,072	179,622	172,427	196,008
Courts .....	107,807	114,111	119,650	131,261
Health and Environmental Quality <sup>4</sup> .....	1,461,618	1,634,619	1,620,400	1,648,841
Higher Education—State Administration .....	39,121	43,505	49,064	64,587
Higher Education—Colleges and Universities .....	637,087	675,267	708,063	793,283
Employment and Family Services <sup>5</sup> .....	417,037	413,380	406,532	432,955
Natural Resources .....	123,195	140,592	171,014	174,120
Heritage and Arts <sup>5</sup> .....	87,621	85,231	108,592	132,413
Business, Labor, and Agriculture .....	85,115	89,255	91,162	96,072
Public Education <sup>6</sup> .....	2,168,896	2,322,871	2,547,421	2,960,873
Transportation <sup>7 8</sup> .....	797,869	761,744	813,315	1,030,793
Capital Outlay <sup>9</sup> .....	139,488	347,048	560,108	566,955
Debt Service — Principal Retirement .....	183,911	152,746	159,862	193,292
Debt Service — Interest and Other Charges .....	89,768	82,690	75,149	139,883
<b>Total Expenditures</b> .....	<b>7,455,397</b>	<b>8,081,221</b>	<b>8,728,330</b>	<b>9,809,175</b>
Revenues Over (Under) Expenditures .....	221,488	765,059	753,931	(383,781)
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued <sup>9</sup> .....	140,635	—	—	75,000
Revenue Bonds Issued .....	18,430	—	—	—
Refunding Bonds Issued .....	22,066	—	—	—
Premium on Bonds Issued .....	12,039	—	—	1,557
Payment to Refunded Bond Escrow Agent .....	(23,212)	—	—	—
Capital Leases/Contracts Issued .....	—	—	—	2,131
Sale of Capital Assets .....	18,070	50,679	47,193	30,824
Transfers In .....	852,989	935,723	3,721,041	4,550,400
Transfers Out .....	(839,392)	(952,798)	(3,674,615)	(4,512,711)
Prior Period Adjustments and Restatements .....	—	942	—	—
<b>Total Other Financing Sources (Uses)</b> .....	<b>201,625</b>	<b>34,546</b>	<b>93,619</b>	<b>147,201</b>
<b>Net Change in Fund Balances</b> .....	<b>\$ 423,113</b>	<b>\$ 799,605</b>	<b>\$ 847,550</b>	<b>\$ (236,580)</b>
Debt Service as a Percentage of Noncapital Expenditures ...	3.89 %	3.12 %	2.96 %	3.75 %

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.

<sup>1</sup> From fiscal years 2005 to 2007, tax revenues, specifically sales and use taxes, individual income taxes, and corporate taxes, increased significantly compared to prior years due to Utah's continued economic growth. 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 2014, tax revenues increased due to a rebounding economy.

<sup>2</sup> In fiscal years 2009 and 2010, federal contracts and grants increased in part due to funding provided by the *American Recovery and Reinvestment Act*.

<sup>3</sup> In fiscal year 2009, the decrease in the fair value of investments for the permanent fund created a negative revenue. In fiscal year 2013 and 2014, investment income increased due to an increase in the fair value of investments as the result of a rebounding economy.

<sup>4</sup> Expenditures for health and environmental quality have increased over the last ten fiscal years due to rising Medicaid program costs.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 1,761,224	\$ 1,733,412	\$ 1,812,011	\$ 1,934,035	\$ 2,094,132	\$ 2,121,249
2,340,400	2,124,173	2,332,562	2,518,373	2,865,195	2,916,015
249,177	266,961	230,888	285,541	329,726	322,748
337,529	341,196	352,918	353,299	351,197	359,176
354,713	328,753	397,248	414,744	400,111	432,178
3,207,110	3,713,771	3,626,354	3,561,512	3,489,515	3,463,045
463,248	463,436	528,568	625,831	677,119	706,125
128,212	179,947	188,998	183,630	185,976	188,653
172,642	129,377	135,979	183,739	138,122	158,193
9,446	28,659	18,537	34,407	32,704	7,211
(132,523)	118,541	274,797	46,133	221,139	353,653
382,614	356,004	332,722	393,010	305,267	327,880
<u>9,273,792</u>	<u>9,784,230</u>	<u>10,231,582</u>	<u>10,534,254</u>	<u>11,090,203</u>	<u>11,356,126</u>
325,076	313,981	316,440	356,752	362,845	374,134
701,099	667,192	646,411	645,418	669,091	692,277
255,448	235,411	238,090	245,829	251,118	266,246
213,038	199,731	207,426	239,453	255,727	271,716
129,125	136,373	128,676	127,066	129,693	132,886
1,812,488	1,873,264	2,008,356	2,141,835	2,252,166	2,434,410
60,224	52,084	48,836	49,359	51,901	48,920
782,650	734,440	718,026	721,074	735,438	781,998
519,741	673,329	703,786	706,181	781,178	703,441
178,306	161,640	189,430	153,698	178,330	184,465
140,453	178,258	160,338	155,575	22,428	24,231
101,966	96,579	93,149	99,689	99,828	105,915
3,035,519	3,002,318	3,059,351	2,999,706	3,097,161	3,202,007
1,249,080	1,204,955	946,692	1,064,449	951,277	902,788
607,794	1,007,219	1,236,168	973,206	524,582	380,930
180,613	189,041	223,952	266,300	309,268	329,659
64,675	113,876	142,452	168,047	154,472	150,101
<u>10,357,295</u>	<u>10,839,691</u>	<u>11,067,579</u>	<u>11,113,637</u>	<u>10,826,503</u>	<u>10,986,124</u>
<u>(1,083,503)</u>	<u>(1,055,461)</u>	<u>(835,997)</u>	<u>(579,383)</u>	<u>263,700</u>	<u>370,002</u>
498,810	982,170	1,034,970	609,920	33,240	226,175
—	101,595	—	5,250	1,900	—
—	—	196,610	—	22,612	—
45,445	65,853	94,689	92,558	8,346	24,656
—	—	(234,873)	—	(24,358)	—
2,010	11,122	—	—	2,824	—
28,035	13,966	20,256	22,158	31,243	24,596
3,606,534	929,044	1,125,598	1,097,387	1,360,691	1,489,272
(3,557,759)	(873,367)	(1,077,907)	(1,052,391)	(1,283,764)	(1,445,189)
—	—	—	—	—	—
<u>623,075</u>	<u>1,230,383</u>	<u>1,159,343</u>	<u>774,882</u>	<u>152,734</u>	<u>319,510</u>
<u>\$ (460,428)</u>	<u>\$ 174,922</u>	<u>\$ 323,346</u>	<u>\$ 195,499</u>	<u>\$ 416,434</u>	<u>\$ 689,512</u>
2.67 %	3.29 %	3.85 %	4.45 %	4.59 %	4.60 %

<sup>5</sup> In fiscal year 2013, Legislative action moved the Housing and Community Development Division from heritage and arts to the employment and family services.

<sup>6</sup> Public education expenditures continue to increase for both enrollment growth and benefit-related costs for educators.

<sup>7</sup> 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 beginning in fiscal year 2006, at the inception of the fund.

<sup>8</sup> 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.

<sup>9</sup> 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.

**State of Utah****Revenue Base****Last Ten Calendar Years**

(Expressed in Thousands)

	Calendar Year			
	2004	2005	2006	2007
<b>Taxable Sales, Services, and Use Tax Purchases <sup>1</sup></b>				
Agriculture, Forestry, and Fishing .....	\$ 44,957	\$ 69,102	\$ 75,432	\$ 73,621
Mining .....	195,448	284,634	407,292	477,342
Construction .....	368,876	512,075	711,035	792,084
Manufacturing .....	1,691,533	2,027,777	2,507,326	2,678,207
Transportation .....	128,218	171,898	201,036	205,763
Communications and Utilities .....	3,080,330	3,248,719	3,557,949	3,591,019
Wholesale Trade .....	3,611,473	4,265,754	5,087,766	5,318,425
Retail .....	21,013,848	22,897,441	25,784,902	27,428,307
Finance, Insurance, and Real Estate .....	355,012	384,754	412,926	429,446
Services .....	4,179,256	4,747,385	5,261,263	5,689,281
Public Administration .....	83,973	106,941	114,007	116,614
Prior Period Payments and Refunds .....	557,951	524,772	674,846	889,925
Total Taxable Sales, Services and Use Tax Purchases .....	<u>\$ 35,310,875</u>	<u>\$ 39,241,252</u>	<u>\$ 44,795,780</u>	<u>\$ 47,690,034</u>
State Sales Tax Rate .....	4.75 %	4.75 %	4.75 %	4.75 %
 <b>Personal Income by Industry</b>				
Federal Civilian .....	\$ 2,653,711	\$ 2,828,004	\$ 3,000,038	\$ 3,136,970
Federal Military .....	822,440	916,809	897,529	911,267
State and Local Government .....	6,673,566	7,051,503	7,480,210	7,994,668
Forestry, Fishing, and Related Activities .....	52,897	52,739	60,473	68,862
Mining .....	619,763	742,685	991,905	1,071,608
Utilities .....	376,006	395,148	470,178	454,072
Construction .....	4,336,227	4,898,246	5,802,670	6,366,934
Manufacturing .....	6,199,153	6,515,083	7,094,929	7,603,852
Wholesale Trade .....	2,401,466	2,644,323	2,910,463	3,219,149
Retail Trade .....	4,319,308	4,547,285	4,991,846	5,414,830
Transportation and Warehousing .....	2,431,034	2,623,687	2,727,491	3,025,714
Information .....	1,671,777	1,877,289	1,848,632	1,855,191
Financial, Insurance, Real Estate, Rental, and Leasing .....	4,262,738	4,645,983	5,085,088	5,180,794
Services .....	16,939,639	18,166,572	20,219,576	21,817,272
Farm Earnings .....	317,046	286,894	166,993	197,116
Other <sup>2</sup> .....	11,375,826	13,337,726	14,630,380	16,787,369
Total Personal Income .....	<u>\$ 65,452,597</u>	<u>\$ 71,529,976</u>	<u>\$ 78,378,401</u>	<u>\$ 85,105,668</u>
Highest Income Tax Rate .....	7.00 %	7.00 %	6.98 %	6.98 %

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.

<sup>1</sup> 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.

<sup>2</sup> Other personal income includes dividends, interest, rents, residence adjustment, government transfers to individuals,  
 and deduction for social insurance contributions.

Calendar Year					
2008	2009	2010	2011	2012	2013
\$ 10,822	\$ 10,938	\$ 12,747	\$ 14,082	\$ 13,880	\$ 15,083
923,107	560,727	757,601	848,168	961,570	850,275
785,217	685,598	662,141	654,043	749,572	686,116
2,635,317	2,079,294	2,082,345	2,209,327	2,283,863	2,251,708
169,209	150,891	236,609	274,577	123,695	151,582
4,138,623	4,060,387	4,147,437	4,250,457	4,515,800	4,609,452
4,637,872	3,457,754	3,615,569	4,065,152	4,647,539	4,397,645
24,972,519	22,613,395	21,480,510	22,794,901	24,351,361	25,848,614
1,803,420	1,430,640	1,328,491	1,337,530	1,327,864	1,378,991
6,889,315	6,289,414	6,737,174	7,137,503	7,670,035	8,108,526
224,402	225,935	224,668	229,227	245,093	250,212
193,380	359,249	622,276	339,856	640,908	855,842
<u>\$ 47,383,203</u>	<u>\$ 41,924,222</u>	<u>\$ 41,907,568</u>	<u>\$ 44,154,823</u>	<u>\$ 47,531,180</u>	<u>\$ 49,404,046</u>
4.65 %	4.70 %	4.70 %	4.70 %	4.70 %	4.70 %
\$ 3,138,234	\$ 3,262,129	\$ 3,427,143	\$ 3,556,359	\$ 3,201,034	\$ 3,099,493
956,758	1,059,773	1,066,165	1,023,592	782,075	792,618
8,619,692	8,996,163	9,056,491	9,440,193	10,479,690	10,796,951
64,322	56,230	59,568	69,173	69,036	87,271
1,325,928	905,190	939,571	1,134,370	1,451,372	1,462,887
520,216	500,769	517,919	531,434	510,476	520,167
5,938,557	4,880,333	4,851,542	5,033,034	5,310,328	5,741,521
7,987,992	7,243,424	7,523,277	7,787,202	8,079,603	8,350,857
3,313,418	3,145,582	3,142,845	3,473,443	3,778,828	3,951,994
5,409,252	5,248,220	5,352,492	5,478,538	5,817,378	6,045,803
2,943,658	2,818,544	2,871,728	2,977,382	2,983,157	3,114,959
1,911,065	1,837,118	1,931,461	2,146,263	2,426,304	2,541,334
5,592,421	5,432,615	5,578,130	6,113,185	6,281,226	6,694,693
22,905,660	22,798,279	23,756,996	24,676,881	26,044,184	27,922,817
216,580	105,542	202,854	266,260	231,074	274,985
19,766,570	18,640,550	19,972,051	20,693,761	23,716,925	23,828,935
<u>\$ 90,610,323</u>	<u>\$ 86,930,461</u>	<u>\$ 90,250,233</u>	<u>\$ 94,401,070</u>	<u>\$ 101,162,690</u>	<u>\$ 105,227,285</u>
5.00 %	5.00 %	5.00 %	5.00 %	5.00 %	5.00 %

**Revenue Payers by Industry —  
Taxable Sales, Services, and Use Tax Purchases  
Most Current Calendar Year and Historical Comparison**

(Expressed in Thousands)

	Calendar Year 2004		Calendar Year 2013	
	<b>Taxable Sales and Purchases</b>	<b>Percent of Total</b>	<b>Taxable Sales and Purchases</b>	<b>Percent of Total</b>
Agriculture, Forestry, and Fishing .....	\$ 44,957	0.1 %	\$ 15,083	0.0 %
Mining .....	195,448	0.6 %	850,275	1.7 %
Construction .....	368,876	1.0 %	868,116	1.8 %
Manufacturing .....	1,691,533	4.8 %	2,251,708	4.5 %
Transportation .....	128,218	0.4 %	151,582	0.3 %
Communications and Utilities .....	3,080,330	8.7 %	4,609,452	9.3 %
Wholesale Trade .....	3,611,473	10.2 %	4,397,645	8.9 %
Retail .....	21,013,848	59.5 %	25,848,614	52.1 %
Finance, Insurance, and Real Estate .....	355,012	1.0 %	1,378,991	2.8 %
Services .....	4,179,256	11.9 %	8,108,526	16.4 %
Public Administration .....	83,973	0.2 %	250,212	0.5 %
Prior Period Payments, Refunds .....	557,951	1.6 %	855,842	1.7 %
<b>Total Taxable Sales, Services, and Use Tax Purchases .....</b>	<b>\$ 35,310,875</b>	<b>100.0 %</b>	<b>\$ 49,586,046</b>	<b>100.0 %</b>
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 2013.

**Revenue Payers — Personal Income Tax**  
**Most Current Calendar Year and Historical Comparison**

(Dollars Expressed in Thousands)

	Calendar Year 2003				Calendar Year 2012			
	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Tax Liability</u>	<u>Percent of Total</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Tax Liability</u>	<u>Percent of Total</u>
<b>Adjusted Gross Income Class</b>								
\$10,000 and under .....	177,424	19.8 %	\$ 3,325	0.2 %	164,322	15.3 %	\$ 515	0.0 %
\$10,001–20,000 .....	155,799	17.3 %	32,968	2.1 %	158,381	14.7 %	20,624	0.8 %
\$20,001–30,000 .....	126,988	14.1 %	71,410	4.6 %	138,054	12.8 %	59,751	2.4 %
\$30,001–40,000 .....	97,218	10.8 %	99,052	6.4 %	109,120	10.1 %	93,280	3.7 %
\$40,001–50,000 .....	79,712	8.9 %	122,259	7.9 %	88,667	8.2 %	119,426	4.8 %
\$50,001–75,000 .....	134,432	15.0 %	325,349	21.1 %	166,909	15.5 %	369,858	14.8 %
\$75,001–100,000 .....	65,186	7.3 %	246,190	16.0 %	108,135	10.1 %	374,463	14.9 %
\$100,001–250,000 .....	52,610	5.9 %	344,923	22.3 %	124,036	11.5 %	774,254	30.9 %
Over \$250,000 .....	<u>8,429</u>	<u>0.9 %</u>	<u>300,016</u>	<u>19.4 %</u>	<u>19,693</u>	<u>1.8 %</u>	<u>693,064</u>	<u>27.7 %</u>
Total .....	<u>897,798</u>	<u>100.0 %</u>	<u>\$ 1,545,492</u>	<u>100.0 %</u>	<u>1,077,317</u>	<u>100.0 %</u>	<u>\$ 2,505,235</u>	<u>100.0 %</u>

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 2012.

	Calendar Year		
	2004 to 2005	2006 to 2007 <sup>1 2</sup>	2008 to 2013 <sup>3</sup>
<b>Single and Married Filing Separately</b>			
Tax Rate .....	2.30 %	2.30 %	—
Taxable Income Levels ..	\$0–863	\$0–1,000	—
Tax Rate .....	3.30 %	3.30 %	—
Taxable Income Levels ..	\$864–1,726	\$1,001–2,000	—
Tax Rate .....	4.20 %	4.20 %	—
Taxable Income Levels ..	\$1,727–2,588	\$2,001–3,000	—
Tax Rate .....	5.20 %	5.20 %	—
Taxable Income Levels ..	\$2,589–3,450	\$3,001–4,000	—
Tax Rate .....	6.00 %	6.00 %	—
Taxable Income Levels ..	\$3,451–4,313	\$4,001–5,500	—
Tax Rate .....	7.00 %	6.98 %	—
Taxable Income Levels ..	Over \$4,313	Over \$5,500	—
Tax Rate .....	—	5.35 %	5.00 %
<b>Married Filing Joint, Head of Household, and Qualifying Widow(er)</b>			
Tax Rate .....	2.30 %	2.30 %	—
Taxable Income Levels ..	\$0–1,726	\$0–2,000	—
Tax Rate .....	3.30 %	3.30 %	—
Taxable Income Levels ..	\$1,727–3,450	\$2,001–4,000	—
Tax Rate .....	4.20 %	4.20 %	—
Taxable Income Levels ..	\$3,451–5,176	\$4,001–6,000	—
Tax Rate .....	5.20 %	5.20 %	—
Taxable Income Levels ..	\$5,177–6,900	\$6,001–8,000	—
Tax Rate .....	6.00 %	6.00 %	—
Taxable Income Levels ..	\$6,901–8,626	\$8,001–11,000	—
Tax Rate .....	7.00 %	6.98 %	—
Taxable Income Levels ..	Over \$8,626	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.

<sup>1</sup> The Legislature increased income levels and lowered the maximum tax rate effective for calendar year 2006.

<sup>2</sup> 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.

<sup>3</sup> The Legislature passed a single tax rate for all taxpayers beginning with calendar year 2008.

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**State of Utah**

**Ratios of Outstanding Debt by Type**

Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	2005	2006	2007	2008
<b>Governmental Activities</b>				
General Obligation Bonds .....	\$ 1,588	\$ 1,437	\$ 1,284	\$ 1,198
State Building Ownership Authority				
Lease Revenue Bonds .....	312	296	275	162
Capital Leases .....	21	20	18	19
Contracts/Notes Payable .....	8	8	7	1
Total Governmental Activities .....	<u>1,929</u>	<u>1,761</u>	<u>1,584</u>	<u>1,380</u>
<b>Business-type Activities</b>				
Student Assistance Revenue Bonds .....	1,545	2,138	2,138	2,165
State Building Ownership Authority				
Lease Revenue Bonds .....	31	38	37	51
Water Loan Recapitalization Revenue Bonds .....	—	—	—	—
Contracts/Notes Payable .....	—	—	—	—
Total Business-type Activities .....	<u>1,576</u>	<u>2,176</u>	<u>2,175</u>	<u>2,216</u>
Total Primary Government .....	<u>\$ 3,505</u>	<u>\$ 3,937</u>	<u>\$ 3,759</u>	<u>\$ 3,596</u>
Debt as a Percentage of Personal Income <sup>1</sup> .....	5.03 %	5.21 %	4.44 %	4.04 %
Amount of Debt Per Capita (expressed in dollars) <sup>1</sup> .....	\$ 1,376	\$ 1,506	\$ 1,392	\$ 1,304
<b>Net General Obligation Bonded Debt</b>				
General Obligation Bonds .....	<u>\$ 1,588</u>	<u>\$ 1,437</u>	<u>\$ 1,284</u>	<u>\$ 1,198</u>
Net General Obligation Bonded Debt as a Percentage of Taxable Property Value <sup>2</sup> .....	1.17 %	0.99 %	0.76 %	0.59 %
Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) <sup>1</sup> .....	\$ 623	\$ 550	\$ 476	\$ 434

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*.

<sup>1</sup> 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.

<sup>2</sup> 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.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 1,563	\$ 2,410	\$ 3,256	\$ 3,660	\$ 3,361	\$ 3,271
149	239	223	213	200	187
19	28	26	24	23	22
1	—	—	—	10	6
<u>1,732</u>	<u>2,677</u>	<u>3,505</u>	<u>3,897</u>	<u>3,594</u>	<u>3,486</u>
2,235	1,389	1,243	970	1,274	1,284
75	98	95	90	85	81
—	68	67	62	58	52
297	811	648	552	—	—
<u>2,607</u>	<u>2,366</u>	<u>2,053</u>	<u>1,674</u>	<u>1,417</u>	<u>1,417</u>
<u>\$ 4,339</u>	<u>\$ 5,043</u>	<u>\$ 5,558</u>	<u>\$ 5,571</u>	<u>\$ 5,011</u>	<u>\$ 4,903</u>
4.93 %	5.59 %	5.89 %	5.51 %	4.78 %	4.49 %
\$ 1,586	\$ 1,817	\$ 1,975	\$ 1,951	\$ 1,727	\$ 1,663
<u>\$ 1,563</u>	<u>\$ 2,410</u>	<u>\$ 3,256</u>	<u>\$ 3,660</u>	<u>\$ 3,361</u>	<u>\$ 3,271</u>
0.70 %	1.13 %	1.59 %	1.82 %	1.67 %	1.58 %
\$ 571	\$ 868	\$ 1,157	\$ 1,282	\$ 1,159	\$ 1,109

**State of Utah****Other Long-Term Liabilities**

Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year			
	2005	2006	2007	2008
<b>Governmental Activities</b>				
General Obligation Bonds <sup>1</sup> .....	\$ 1,514,510	\$ 1,377,390	\$ 1,237,170	\$ 1,161,510
State Building Ownership Authority				
Lease Revenue Bonds .....	308,898	293,226	273,538	161,614
Net Unamortized Premiums .....	101,395	83,347	66,581	51,011
Deferred Amount on Refundings <sup>2</sup> .....	(25,361)	(21,546)	(17,732)	(13,621)
Capital Leases .....	20,931	19,644	18,228	18,769
Contracts/Notes Payable <sup>3</sup> .....	8,527	7,936	6,941	559
Compensated Absences <sup>4</sup> .....	140,029	148,762	185,630	186,581
Claims .....	44,673	46,725	44,755	41,285
Pollution Remediation Obligation <sup>3</sup> .....	—	—	—	7,842
Arbitrage Liability .....	—	—	109	—
Net Other Post Employment Benefit Obligation .....	—	—	—	—
Settlement Obligation .....	—	—	—	—
Total Governmental Activities .....	<u>2,113,602</u>	<u>1,955,484</u>	<u>1,815,220</u>	<u>1,615,550</u>
<b>Business-type Activities</b>				
Student Assistance Revenue Bonds <sup>5</sup> .....	1,544,830	2,138,085	2,137,655	2,165,180
State Building Ownership Authority				
Lease Revenue Bonds .....	30,672	37,814	36,552	50,246
Water Loan Recapitalization Revenue Bonds .....	—	—	—	—
Net Unamortized Premiums .....	1,061	988	879	1,117
Deferred Amount on Refundings <sup>2</sup> .....	(464)	(415)	(365)	(318)
Contracts/Notes Payable <sup>6</sup> .....	—	—	—	—
Claims and Uninsured Liabilities .....	6,025	4,960	4,678	5,786
Arbitrage Liability .....	66,411	67,845	72,487	65,945
Total Business-type Activities .....	<u>1,648,535</u>	<u>2,249,277</u>	<u>2,251,886</u>	<u>2,287,956</u>
Total Primary Government				
Other Long-term Liabilities .....	<u>\$ 3,762,137</u>	<u>\$ 4,204,761</u>	<u>\$ 4,067,106</u>	<u>\$ 3,903,506</u>

Note: Details regarding the liabilities listed above can be found in Note 10. Long-term Liabilities in the financial statements.

<sup>1</sup> 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.

<sup>2</sup> 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*.

<sup>3</sup> 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*.

<sup>4</sup> During 2009, a new actuary valuation was performed for GASB Statement 16, *Accounting for Compensated Absences* and as a result the total liability decreased.

<sup>5</sup> During 2012, the Student Assistance Programs advance refunded certain outstanding student loan revenue bonds to manage its interest costs.

<sup>6</sup> 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.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 1,492,620	\$ 2,299,300	\$ 3,128,890	\$ 3,487,680	\$ 3,225,435	\$ 3,136,755
148,654	236,629	220,380	210,384	198,485	183,590
80,962	119,694	162,003	200,979	159,882	138,187
(10,151)	(7,080)	(31,904)	(26,248)	(22,546)	—
19,210	27,542	25,799	24,270	23,213	21,794
512	484	466	446	9,758	5,983
162,689	162,120	182,543	185,701	185,711	184,679
43,650	41,897	42,731	44,700	48,190	48,585
7,687	7,690	7,083	6,640	6,222	5,327
—	—	—	—	—	—
3,918	5,693	7,142	5,439	5,206	4,331
—	39,422	38,926	34,007	25,020	6,928
<u>1,949,751</u>	<u>2,933,391</u>	<u>3,784,059</u>	<u>4,173,998</u>	<u>3,864,576</u>	<u>3,736,159</u>
2,235,322	1,388,922	1,218,390	930,422	1,240,407	1,277,837
73,676	96,476	92,445	88,161	83,795	79,106
—	65,800	65,800	61,205	56,545	51,800
1,491	4,093	29,092	16,917	13,143	9,110
(267)	(221)	(994)	25,445	23,413	—
297,381	811,354	647,842	552,423	—	—
14,941	19,105	16,179	17,866	18,694	9,283
57,782	50,214	11,968	10,000	—	—
<u>2,680,326</u>	<u>2,435,743</u>	<u>2,080,722</u>	<u>1,702,439</u>	<u>1,435,997</u>	<u>1,427,136</u>
<u>\$ 4,630,077</u>	<u>\$ 5,369,134</u>	<u>\$ 5,864,781</u>	<u>\$ 5,876,437</u>	<u>\$ 5,300,573</u>	<u>\$ 5,163,295</u>

## State of Utah

### Legal Debt Margin Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year			
	2005	2006	2007	2008
Taxable Property, Taxable Value <sup>1</sup> .....	\$ 135,827	\$ 144,519	\$ 168,812	\$ 201,774
Taxable Property, Fair Market Value <sup>1</sup> .....	\$ 185,620	\$ 198,983	\$ 233,013	\$ 282,176
Debt Limit (Fair Market Value times 1.5 %) .....	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount .....	2,784	2,985	3,495	4,233
Net General Obligation Bonded Debt <sup>2</sup> .....	1,588	1,437	1,284	1,198
Legal Debt Margin .....	<u>\$ 1,196</u>	<u>\$ 1,548</u>	<u>\$ 2,211</u>	<u>\$ 3,035</u>
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount .....	57.04 %	48.14 %	36.74 %	28.30 %

Source: Utah State Tax Commission.

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. 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 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*.

### Statutory Debt Limit Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year			
	2005	2006	2007	2008
Appropriations Limitation Amount .....	\$ 1,956,584	\$ 2,099,609	\$ 2,276,693	\$ 2,477,629
Limit (Appropriations Limitation Amount times applicable percentage) .....	45.00%	45.00%	45.00%	45.00%
Statutory Debt Limit Amount .....	<u>880,463</u>	<u>944,824</u>	<u>1,024,512</u>	<u>1,114,933</u>
Net General Obligation Bonded Debt .....	1,587,804	1,436,845	1,284,023	1,198,172
Less: Exempt Highway Construction Bonds .....	<u>(957,093)</u>	<u>(877,979)</u>	<u>(790,567)</u>	<u>(763,583)</u>
Net General Obligation Bonded Debt Subject to Statutory Debt Limit .....	<u>630,711</u>	<u>558,866</u>	<u>493,456</u>	<u>434,589</u>
Additional General Obligation Debt Incurring Capacity .....	<u>\$ 249,752</u>	<u>\$ 385,958</u>	<u>\$ 531,056</u>	<u>\$ 680,344</u>

Source: 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. 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 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 GASB Statement 65, *Items Previously Reported as Assets and Liabilities*.

Schedule C-3

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 224,689	\$ 212,423	\$ 205,284	\$ 201,473	\$ 201,294	\$ 207,211
\$ 311,525	\$ 291,460	\$ 280,846	\$ 274,806	\$ 272,954	\$ 282,489
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
4,673	4,372	4,213	4,122	4,094	4,237
1,563	2,410	3,256	3,660	3,361	3,271
\$ 3,110	\$ 1,962	\$ 957	\$ 462	\$ 733	\$ 966
33.45 %	55.12 %	77.28 %	88.79 %	82.10 %	77.20 %

<sup>1</sup> 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, 2013, are used for fiscal year 2014.

<sup>2</sup> During 2010 to 2012, the State issued general obligation bonds to take advantage of low interest rates and ease budget constraints.

Schedule C-4

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,515,576	\$ 2,657,135	\$ 2,849,469	\$ 3,033,826	\$ 3,141,740	\$ 3,250,227
45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
1,132,009	1,195,711	1,282,261	1,365,222	1,413,783	1,462,602
1,562,815	2,409,939	3,256,114	3,660,089	3,360,901	3,271,302
(1,079,270)	(1,860,685)	(2,698,330)	(3,131,784)	(2,869,046)	(2,860,178)
483,545	549,254	557,784	528,305	491,855	411,124
\$ 648,464	\$ 646,457	\$ 724,477	\$ 836,917	\$ 921,928	\$ 1,051,478

**Pledged Revenue Bond Coverage**  
Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Gross Revenues <sup>1</sup>	Less Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service		Coverage <sup>3</sup>
				Principal	Interest	
<b>Water Loan Programs <sup>4</sup></b>						
2014	\$ 12,329	\$ 11,893	\$ 436	\$ 4,745	\$ 2,197	0.06
2013	\$ 13,464	\$ 10,838	\$ 2,626	\$ 4,660	\$ 2,297	0.38
2012	\$ 13,710	\$ 16,974 <sup>5</sup>	\$ (3,264)	\$ 4,595	\$ 2,371	(0.47)
2011	\$ 10,584	\$ 35,939	\$ (25,355)	\$ —	\$ 2,424	(10.46)
2010	\$ 13,875	\$ 31,213	\$ (17,338)	\$ —	\$ 862	(20.11)
2009	\$ —	\$ —	\$ —	\$ —	\$ —	—
2008	\$ —	\$ —	\$ —	\$ —	\$ —	—
2007	\$ —	\$ —	\$ —	\$ —	\$ —	—
2006	\$ —	\$ —	\$ —	\$ —	\$ —	—
2005	\$ 9,796	\$ 8,611	\$ 1,185	\$ 1,060	\$ 37	1.08
<b>Student Assistance Programs <sup>6</sup></b>						
2014	\$ 49,679	\$ 36,697	\$ 12,982	\$ 171,000	\$ 7,631	0.07
2013	\$ 44,378	\$ 27,914	\$ 16,464	\$ 208,715	\$ 9,747	0.08
2012	\$ 25,404	\$ 14,904	\$ 10,500	\$ 797,350	\$ 10,620	0.01
2011	\$ 27,188	\$ (20,137) <sup>7</sup>	\$ 47,325	\$ 557,894	\$ 20,655	0.08
2010	\$ 70,616	\$ 42,470	\$ 28,146	\$ 966,668	\$ 35,967	0.03
2009	\$ 84,465	\$ 25,658	\$ 58,807	\$ 121,358	\$ 62,839	0.32
2008	\$ 129,255	\$ 19,682	\$ 109,573	\$ 72,145	\$ 98,154	0.64
2007	\$ 146,108	\$ 33,211	\$ 112,897	\$ 430	\$ 97,729	1.15
2006	\$ 118,044	\$ 37,810	\$ 80,234	\$ 40,420	\$ 64,807	0.76
2005	\$ 83,093	\$ 31,944	\$ 51,149	\$ 3,710	\$ 33,404	1.38

Note: Details regarding the State's outstanding bonds can be found in Note 10. Long-term Liabilities in the financial statements.

<sup>1</sup> Revenues for Water Loan Programs are primarily interest on revolving loan receivables. Revenues for Student Assistance Programs are primarily interest on student loans and federal allowances.

<sup>2</sup> Operating Expenses do not include interest, depreciation, or amortization expenses.

<sup>3</sup> Coverage equals net available revenue divided by debt service.

<sup>4</sup> Between years 2006 and 2009, the State did not issue any water loan recapitalization bonds. Current year revenues were insufficient to cover program expenses for fiscal years between 2010 and 2012.

<sup>5</sup> The total amount of grants issued beginning fiscal year 2012 were significantly less than in prior years.

<sup>6</sup> Only the Student Loan Purchase Program bonds are presented.

<sup>7</sup> 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.

Calendar Year	Population (in Thousands)				Unemployment Rate		Utah Net Migration
	Utah		U.S.		Utah	U.S.	
	Number	Change	Number	Change			
2005	2,547	3.2 %	296,507	1.0 %	4.1 %	5.1 %	40,647
2006	2,615	2.7 %	299,200	0.9 %	2.9 %	4.6 %	28,730
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 (est.)	2,949	1.7 %	319,000	0.7 %	3.6 %	6.3 %	10,700

Calendar Year	Personal Income (in Millions)				Per Capita Income (in Dollars)			
	Utah		U.S.		Utah		U.S.	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
2005	\$ 69,744	9.7 %	\$ 10,269,750	5.6 %	\$ 27,383	6.4 %	\$ 34,636	4.6 %
2006	\$ 75,598	8.4 %	\$ 10,993,900	7.1 %	\$ 28,909	5.6 %	\$ 36,744	6.1 %
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 (est.)	\$ 109,255	4.1 %	\$ 14,752,000	4.1 %	\$ 37,048	2.4 %	\$ 46,245	3.4 %

Source: Population—Utah Population Estimates Committee at July 1 each year. The 2014 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate—Utah Department of Workforce Services. The 2014 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration—Utah Population Estimates Committee at July 1 each year. The 2014 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 2014 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**

**Most Current Calendar Year and Historical Comparison**

<b>Entity Name</b>	<b>Calendar Year 2004</b>			<b>Calendar Year 2013</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of All Employees</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of All Employees</b>
Intermountain Health Care (IHC) .....	20,000 +	1	2.2 %	20,000 +	1	2.5 %
University of Utah (includes Hospital) .....	15,000 – 19,999	3	1.6 %	20,000 +	2	1.9 %
State of Utah .....	20,000 +	2	2.0 %	20,000 +	3	1.7 %
Brigham Young University .....	15,000 – 19,999	4	1.5 %	15,000 – 19,999	4	1.4 %
Wal-Mart Stores .....	10,000 – 14,999	5	1.2 %	15,000 – 19,999	5	1.3 %
Hill Air Force Base .....	10,000 – 14,999	6	1.0 %	10,000 – 14,999	6	0.9 %
Davis County School District .....	5,000 – 6,999	10	0.6 %	7,000 – 9,999	7	0.7 %
Granite School District .....	7,000 – 9,999	7	0.8 %	7,000 – 9,999	8	0.7 %
Utah State University .....				7,000 – 9,999	9	0.6 %
Smith's Food and Drug Center .....				5,000 – 6,999	10	0.5 %
Jordan School District .....	7,000 – 9,999	8	0.8 %			
Convergys .....	7,000 – 9,999	9	0.7 %			
Total Employees of Principal Employers .....	137,000		12.4 %	157,000		12.2 %

Source: Utah Department of Workforce Services.

Note: Number of employees is based on a calendar year average.

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**State of Utah**

**Composition of Labor Force**  
Last Ten Calendar Years

	Calendar Year			
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Nonagricultural Jobs</b>				
Government .....	198,877	202,307	204,483	206,868
Mining .....	7,083	8,473	10,024	11,034
Construction .....	72,631	81,685	95,164	103,450
Manufacturing .....	114,765	117,246	123,064	127,695
Trade, Transportation, and Utilities .....	219,212	225,938	234,797	245,672
Information .....	30,272	32,105	32,541	32,448
Financial Activity .....	65,040	67,583	71,469	74,739
Professional and Business Services .....	138,220	146,704	154,834	161,022
Education and Health Services .....	123,282	128,605	134,410	139,991
Leisure and Hospitality .....	102,031	104,223	108,477	112,821
Other Services .....	32,915	33,451	34,651	35,542
Total Nonagricultural Jobs .....	<u>1,104,328</u>	<u>1,148,320</u>	<u>1,203,914</u>	<u>1,251,282</u>
Civilian Labor Force .....	1,242,003	1,283,625	1,324,436	1,364,769
Total Employed .....	1,179,142	1,230,451	1,285,392	1,329,174
Unemployed .....	62,862	53,175	39,044	35,595
Unemployment Rate .....	5.1 %	4.1 %	2.9 %	2.6 %

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					
<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
211,710	214,679	216,828	220,772	223,298	225,917
12,506	10,694	10,442	11,659	12,553	12,107
90,469	70,492	65,223	65,166	69,231	73,462
125,852	112,879	111,075	113,684	116,667	118,747
247,978	234,098	229,108	233,251	241,815	246,900
30,747	29,570	29,276	29,495	31,295	32,427
74,050	71,092	67,981	68,391	69,537	72,869
162,194	149,532	152,335	159,420	167,268	177,462
146,617	150,866	155,001	159,210	163,590	170,541
114,813	110,859	110,662	113,512	118,640	123,521
35,534	34,028	33,625	34,090	35,054	36,425
<u>1,252,470</u>	<u>1,188,789</u>	<u>1,181,556</u>	<u>1,208,650</u>	<u>1,248,948</u>	<u>1,290,378</u>
1,376,458	1,382,861	1,362,489	1,353,257	1,376,628	1,418,522
1,330,369	1,275,514	1,252,517	1,261,698	1,302,641	1,355,720
46,089	107,346	109,972	91,559	73,987	62,802
3.3 %	7.8 %	8.1 %	6.8 %	5.4 %	4.4 %

**State of Utah**

**Public Education Student Enrollment (K–12)**

Last Ten Academic Years

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	Academic Year			
	<u>2004–05</u>	<u>2005–06</u>	<u>2006–07</u>	<u>2007–08</u>
Elementary .....	273,163	283,972	294,202	303,807
Secondary .....	<u>222,519</u>	<u>226,040</u>	<u>229,801</u>	<u>233,846</u>
Total All Grades .....	<u><u>495,682</u></u>	<u><u>510,012</u></u>	<u><u>524,003</u></u>	<u><u>537,653</u></u>

Source: State of Utah Office of Education

Note: Public Education Student Enrollment count is based on October 1<sup>st</sup> counts.

**Public Higher Education Enrollment**

Last Ten Academic Years

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	Academic Year			
	<u>2005–06</u>	<u>2006–07</u>	<u>2007–08</u>	<u>2008–09</u>
University of Utah .....	30,558	30,511	29,797	30,228
Utah State University <sup>1</sup> .....	23,107	23,623	24,421	23,925
Weber State University .....	18,334	18,642	18,306	21,674
Southern Utah University .....	6,859	7,029	7,057	7,516
Salt Lake Community College .....	25,551	25,129	25,144	29,866
Utah Valley University .....	24,487	23,305	23,840	26,696
Dixie State University <sup>2</sup> .....	9,114	5,967	5,944	6,443
College of Eastern Utah <sup>1</sup> .....	2,179	2,220	2,444	2,082
Snow College .....	4,113	4,179	3,745	3,798
Utah College of Applied Technology .....	<u>25,199</u>	<u>19,389</u>	<u>19,595</u>	<u>20,321</u>
Total All Institutions .....	<u><u>169,501</u></u>	<u><u>159,994</u></u>	<u><u>160,293</u></u>	<u><u>172,549</u></u>

Source: Utah State Board of Regents

Note: Utah Higher Education Enrollment count is based on fall semester third week headcounts.

<sup>1</sup> Includes USU-Eastern (formerly College of Eastern Utah) beginning in 2011-12.

<sup>2</sup> Dixie State University included summer term headcounts for academic years prior to 2006–07.

Schedule D-4

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Academic Year					
<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>
314,676	322,704	329,111	334,110	340,443	345,967
<u>236,694</u>	<u>240,569</u>	<u>247,134</u>	<u>253,635</u>	<u>260,542</u>	<u>266,584</u>
<u><u>551,370</u></u>	<u><u>563,273</u></u>	<u><u>576,245</u></u>	<u><u>587,745</u></u>	<u><u>600,985</u></u>	<u><u>612,551</u></u>

Schedule D-5

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Academic Year					
<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>
31,407	30,833	31,673	32,398	32,080	31,515
25,065	25,767	28,994	28,786	27,812	27,662
23,331	24,126	25,483	26,680	25,301	26,266
8,066	8,024	7,750	8,297	7,745	7,656
33,774	33,983	33,167	30,112	31,137	29,537
28,765	32,670	33,395	31,556	30,564	31,332
7,911	8,755	9,086	8,863	8,350	8,570
2,173	2,634	—	—	—	—
4,368	4,386	4,465	4,599	4,605	4,779
<u>18,831</u>	<u>18,476</u>	<u>15,536</u>	<u>15,418</u>	<u>14,851</u>	<u>14,834</u>
<u><u>183,691</u></u>	<u><u>189,654</u></u>	<u><u>189,549</u></u>	<u><u>186,709</u></u>	<u><u>182,445</u></u>	<u><u>182,151</u></u>

**State of Utah**

**Full-Time Equivalent State Employees by Function**  
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
General Government				
Government Operations <sup>1</sup> .....	1,292	1,345	2,074	2,114
Tax Commission .....	844	852	764	777
All Other .....	132	147	152	157
Human Services and Juvenile Justice Services .....	4,697	4,644	4,521	4,546
Corrections .....	2,234	2,319	2,316	2,377
Public Safety				
Department of Public Safety .....	1,182	1,159	1,151	1,153
Utah National Guard .....	245	247	246	237
State Courts .....	1,073	1,077	1,077	1,112
Health and Environmental Quality				
Department of Health .....	1,289	1,295	1,231	991
Department of Environmental Quality .....	403	406	382	385
Employment and Family Services <sup>2</sup> .....	1,999	1,931	1,729	2,030
Natural Resources .....	1,273	1,319	1,304	1,330
Heritage and Arts <sup>1,2</sup> .....	251	188	187	188
Business, Labor, and Agriculture .....	712	716	706	722
Education				
Public Education Support .....	1,129	1,176	1,159	1,168
Higher Education Support .....	177	200	230	223
Transportation .....	<u>1,762</u>	<u>1,768</u>	<u>1,691</u>	<u>1,716</u>
Total Full-time Equivalent State Employees .....	<u>20,694</u>	<u>20,789</u>	<u>20,920</u>	<u>21,226</u>

Source: Utah Department of Administrative Services, Division of Finance

<sup>1</sup> In fiscal year 2006, Legislative action created the Governor's Office of Economic Development. This action shifted employees from the heritage and arts to the government operations function.

<sup>2</sup> In fiscal year 2013, Legislative action moved the Housing and Community Development Division from the heritage and arts to the employment and family services function.

Fiscal Year					
2009	2010	2011	2012	2013	2014
2,084	2,018	1,976	2,024	2,069	2,066
763	723	719	716	718	715
154	157	152	159	165	166
4,464	4,155	3,935	3,907	3,955	3,991
2,439	2,271	2,243	2,244	2,265	2,295
1,202	1,218	1,241	1,275	1,314	1,327
239	196	214	226	243	218
1,096	1,068	1,042	1,038	1,031	1,009
988	950	937	923	933	946
383	384	376	372	376	371
2,062	2,066	2,041	1,912	1,872	1,768
1,361	1,350	1,361	1,302	1,304	1,304
191	193	190	169	117	117
715	691	686	701	722	728
1,178	1,170	1,137	1,094	1,119	1,119
205	171	195	204	213	227
<u>1,685</u>	<u>1,637</u>	<u>1,612</u>	<u>1,604</u>	<u>1,603</u>	<u>1,583</u>
<u><u>21,209</u></u>	<u><u>20,418</u></u>	<u><u>20,057</u></u>	<u><u>19,870</u></u>	<u><u>20,019</u></u>	<u><u>19,950</u></u>

**State of Utah**

**Operating Indicators by Function**

Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
<b>General Government</b>				
Government Operations				
Construction Projects Managed .....	782	828	909	946
Tax Commission				
Percent of Data Managed Electronically .....	48.3 %	54.4 %	58.9 %	62.9 %
Number of Returns Filed Electronically .....	482,443	565,851	640,365	725,293
Motor Vehicle Registrations (in thousands) .....	2,732	2,818	2,955	2,779
<b>Human Services and Juvenile Justice Services</b>				
Food Stamp Recipients .....	225,685	230,288	214,164	224,313
Percent of Population .....	8.9 %	8.8 %	7.9 %	8.1 %
Juveniles, Daily Average in Justice System Placement .....	1,239	1,128	1,150	1,132
Rate of Recommitment to Juvenile Custody .....	7.3 %	9.5 %	6.8 %	7.3 %
<b>Corrections <sup>1</sup></b>				
Incarcerated Offenders .....	6,148	6,325	6,502	6,489
Supervised Offenders .....	11,798	12,158	11,521	12,519
Utah Incarceration Rate (per 100,000 population) .....	240	240	246	232
US Incarceration Rate (per 100,000 population) .....	488	497	445	509
<b>State Courts <sup>2</sup></b>				
State Court Filings .....	300,049	283,724	275,020	270,684
State Court Dispositions .....	339,664	263,703	240,180	225,362
<b>Health</b>				
Children's Health Insurance Program Enrollment .....	28,924	35,259	31,998	32,101
Medicaid Eligible (unduplicated) .....	286,983	287,559	274,710	267,378
Percent of Population .....	11.3 %	11.0 %	10.2 %	9.7 %
<b>Employment and Family Services</b>				
Individuals Registered for Employment .....	266,105	250,855	202,642	211,906
Percent Who Entered Employment .....	66 %	70 %	72 %	74 %
<b>Natural Resources</b>				
Hatchery Fish, Pounds Raised .....	893,497	1,062,512	993,323	964,630
Hunting and Fishing Licenses Sold (in thousands) <sup>1 3</sup> .....	366,341	415,066	438,286	599,691
State Park Visitations (in thousands) .....	4,299	4,532	4,676	4,549
<b>Business, Labor, and Agriculture</b>				
Department of Commerce				
Licenses and Registrations Issued <sup>4</sup> .....	262,216	291,162	309,106	314,894
Department of Agriculture and Food <sup>1</sup>				
Dairy Farm Inspections .....	1,089	1,054	769	718
Pounds of Turkey Inspected and Graded (in thousands) ...	92,650	88,544	85,954	81,945
Gas Pumps and Scales Inspected .....	37,892	26,394	21,423	19,631
<b>Higher Education</b>				
Number of Certificates and Degrees Awarded .....	30,093	30,463	30,182	33,608
<b>Transportation</b>				
Percent of Roads Which are Deficient (see page 139) <sup>5</sup> .....	6.3 %	11.3 %	12.4 %	13.9 %
Vehicles Weighed or Inspected (in thousands) .....	5,528	5,796	6,358	6,278

Source: Various agencies of the State and the Utah State Board of Regents.

Note: N/A = Not Available

<sup>1</sup> Data is provided on a calendar year basis.

<sup>2</sup> 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.

<sup>3</sup> Includes only licenses for elk, deer, fishing and all other big game. Year 2014 is an estimate.

<sup>4</sup> Includes professional, occupational, real estate, and securities licenses. Does not include corporation and other business registrations or filings.

<sup>5</sup> Assessments are completed every other calendar year. Prior to 2013 assessments were performed every calendar year.

Fiscal Year					
2009	2010	2011	2012	2013	2014
841	847	898	849	815	1,020
65.3 %	70.5 %	77.0 %	75.5 %	78.1 %	79.9 %
748,879	777,485	863,907	946,606	997,329	1,051,940
2,759	2,681	2,583	2,725	2,759	2,863
293,151	363,714	394,170	404,316	389,426	363,154
10.7 %	13.1 %	14.0 %	14.2 %	13.4 %	12.3 %
1,105	1,023	946	928	923	922
7.2 %	8.3 %	6.9 %	6.4 %	5.9 %	6.6 %
6,521	6,692	6,812	6,893	7,065	N/A
12,423	12,702	12,906	12,759	12,730	N/A
232	232	238	242	242	N/A
504	502	500	492	480	N/A
369,830	367,541	348,548	329,176	324,523	311,187
369,772	341,626	312,953	309,307	309,420	279,903
38,036	41,503	38,498	37,872	35,446	29,953
298,372	325,204	340,805	361,457	366,061	391,139
10.9 %	11.7 %	12.1 %	12.7 %	12.6 %	13.3 %
283,692	317,998	316,703	351,629	318,008	260,138
71 %	59 %	56 %	59 %	61 %	65 %
1,106,719	1,334,782	1,240,499	1,058,375	1,180,927	1,204,984
607,875	598,474	661,239	659,534	682,594	583,460
4,624	4,620	4,821	5,051	5,054	3,741
321,943	308,717	315,238	325,769	333,646	350,416
743	667	718	678	672	N/A
55,685	77,257	106,016	45,869	33,743	N/A
22,216	15,548	21,499	20,492	20,377	N/A
26,990	28,639	30,199	31,553	31,970	32,491
13.1 %	14.7 %	10.9 %	10.9 %	N/A	N/A
4,790	4,686	4,622	4,807	6,071	7,484

**State of Utah**

**Capital Asset Statistics by Function**

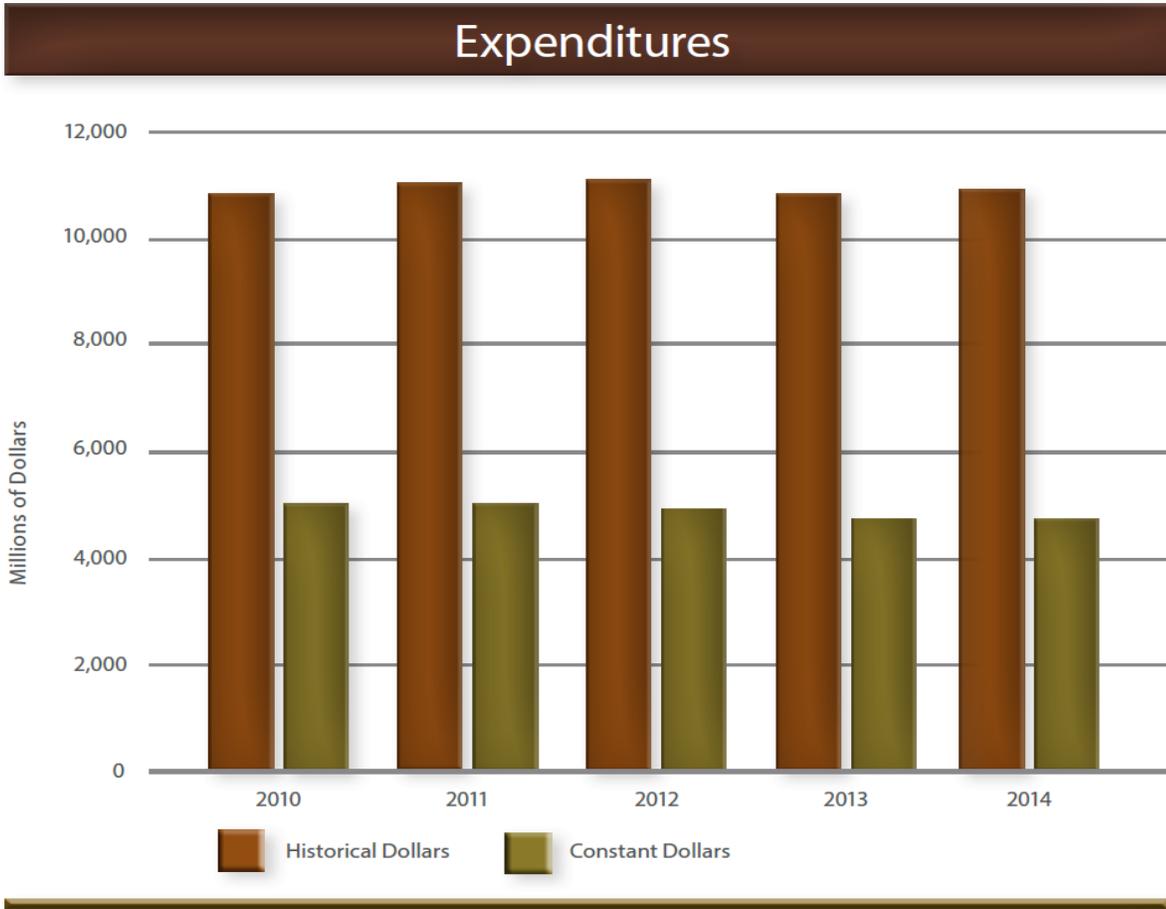
Last Ten Fiscal Years

	Fiscal Year			
	2005	2006	2007	2008
<b>General Government</b>				
Buildings .....	319	319	288	289
Vehicles .....	7,354	7,376	7,376	7,437
Data Processing Equipment and Software .....	2,116	2,179	2,156	2,302
Reproduction and Printing Equipment .....	1,011	1,011	948	1,020
<b>Human Services and Juvenile Justice Services</b>				
Data Processing Equipment and Software .....	86	75	72	61
<b>Corrections</b>				
Data Processing Equipment and Software .....	188	192	189	230
Security and Surveillance Equipment .....	41	40	43	52
<b>Public Safety</b>				
Department of Public Safety				
Vehicles .....	28	35	28	28
Data Processing Equipment and Software .....	129	135	121	127
Medical and Lab Equipment .....	122	133	140	146
Utah National Guard				
Buildings .....	202	204	192	192
<b>State Courts</b>				
Data Processing Equipment and Software .....	80	85	86	95
Audio Visual Equipment .....	188	190	190	191
<b>Health and Environmental Quality</b>				
Department of Health				
Data Processing Equipment and Software .....	229	215	216	211
Medical and Lab Equipment .....	189	204	203	228
Department of Environmental Quality				
Monitoring and Lab Equipment .....	279	295	304	313
<b>Employment and Family Services</b>				
Department of Workforce Services				
Data Processing Equipment and Software .....	351	370	424	458
<b>Natural Resources</b>				
Division of Parks and Recreation				
State Parks .....	40	42	42	42
Buildings .....	626	622	642	667
Vehicles .....	258	269	296	292
Division of Wildlife Resources				
Wildlife Management Areas .....	87	87	87	87
Fish Hatcheries .....	11	11	11	11
Buildings .....	167	167	164	165
Vehicles .....	117	136	142	189
<b>Business, Labor, and Agriculture</b>				
Data Processing Equipment and Software .....	100	94	94	99
Monitoring and Lab Equipment .....	107	108	107	106
<b>Transportation</b>				
Highway Center Line Miles .....	5,724	5,680	5,777	5,754
Buildings .....	315	336	343	345
Vehicles .....	737	770	812	832
Heavy Equipment .....	2,158	2,346	2,462	2,543

Source: Utah Department of Administrative Services, Division of Finance and various agencies of the State.

Fiscal Year					
2009	2010	2011	2012	2013	2014
290	299	305	311	314	314
7,256	7,266	7,323	7,309	7,360	7,524
2,448	2,437	2,541	2,691	2,794	2,931
994	1,003	1,065	1,127	1,165	1,209
45	64	52	52	59	64
219	226	218	216	216	216
55	59	59	67	59	55
28	34	34	35	35	35
182	200	222	230	247	249
147	174	184	187	193	197
193	206	213	215	221	223
95	105	64	64	64	52
190	192	192	145	146	143
216	147	143	127	131	120
218	257	287	303	288	302
327	316	349	376	384	404
464	449	422	389	396	358
42	42	43	43	43	43
681	684	719	722	727	736
315	329	333	332	332	334
92	92	92	92	92	92
11	11	11	11	11	11
163	166	175	180	181	182
193	208	212	201	202	203
91	94	97	102	117	117
106	105	108	111	111	114
5,699	5,753	5,772	5,724	5,719	5,719
358	361	386	387	391	402
832	824	838	844	861	878
2,544	2,538	2,549	2,574	2,582	2,593

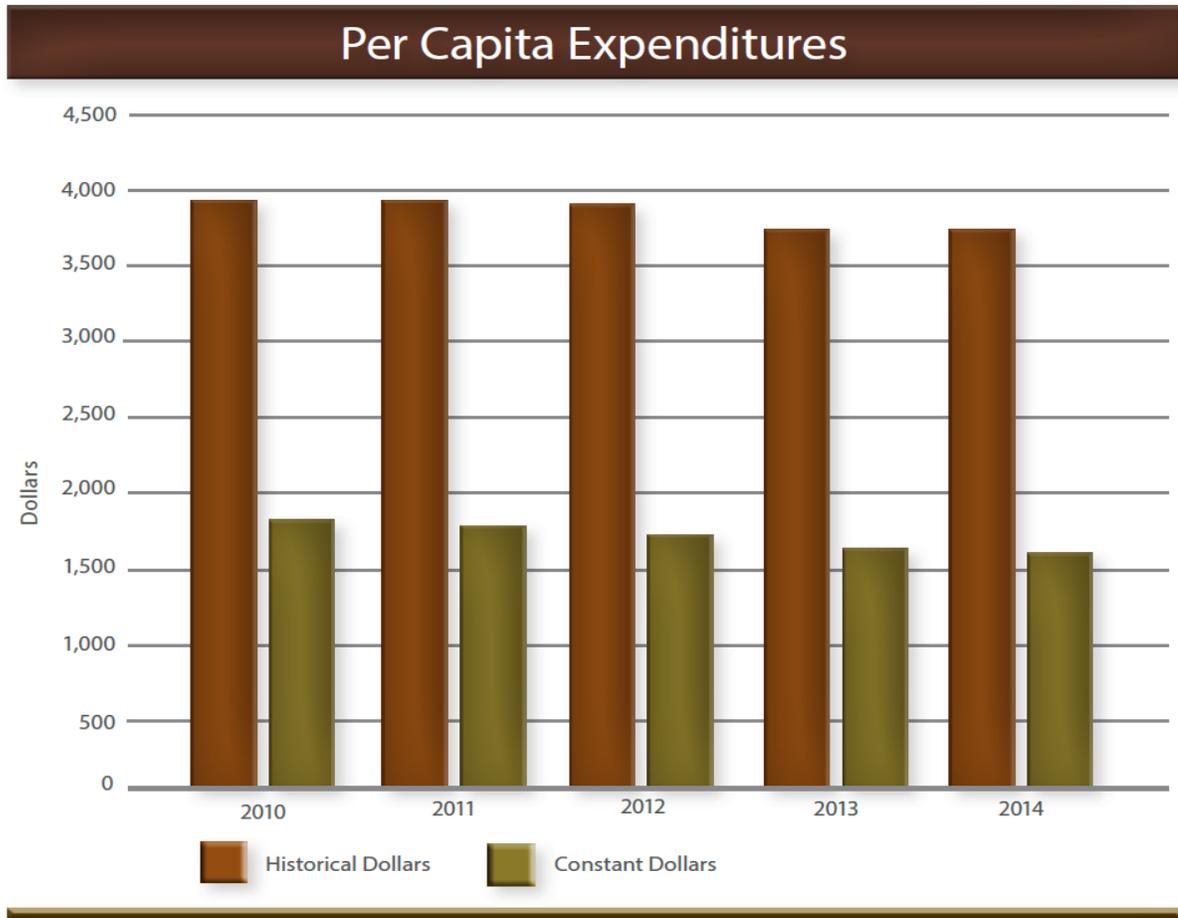
**Expenditures — Historical and Constant Dollars**  
**All Governmental Fund Types**  
 Last Five Fiscal Years



<b>Fiscal Year</b>	<b>Historical Dollars</b>		<b>Constant Dollars</b>	
	<b>(in Millions)</b>	<b>Change</b>	<b>(in Millions)</b>	<b>Change</b>
2010	\$ 10,840	4.7 %	\$ 5,006	3.7 %
2011	\$ 11,068	2.1 %	\$ 5,006	0.0 %
2012	\$ 11,114	0.4 %	\$ 4,884	(2.4)%
2013	\$ 10,827	(2.6)%	\$ 4,680	(4.2)%
2014	\$ 10,986	1.5 %	\$ 4,684	0.1 %

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**  
**All Governmental Fund Types**  
 Last Five Fiscal Years



Fiscal Year	Per Capita Expenditures			
	Historical Dollars		Constant Dollars	
		Change		Change
2010	\$ 3,906	3.1 %	\$ 1,804	2.2 %
2011	\$ 3,933	0.7 %	\$ 1,779	(1.4)%
2012	\$ 3,893	(1.0)%	\$ 1,711	(3.8)%
2013	\$ 3,732	(4.1)%	\$ 1,613	(5.7)%
2014	\$ 3,725	(0.2)%	\$ 1,588	(1.5)%

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982-84 = 100.

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Thank you to the following state employees of the Department of Natural Resources, Division of Water Rights for sharing their photos of water for this publication:

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FIDUCIARY FUND FINANCIAL STATEMENTS | Gary Brimley

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REQUIRED SUPPLEMENTARY INFORMATION | Marc Stilson, Daren Rasmussen, Sean Breazeal

SUPPLEMENTARY INFORMATION | Tamara Prue, Carissa Devenport, Mike Silva, Carl Mackley

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# State of Utah

Comprehensive Annual Financial Report

