State of Utah

2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2017

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

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

OTHER STATE OFFICIALS

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

ACKNOWLEDGMENTS

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

DAS | Utah Department of Administrative Services

Division of Finance Accounting Standards
and Financial Reporting Section

State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2017

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STATISTICAL SECTION

State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of Administrative Services

Tani Pack Downing
Executive Director

Division of Finance
John C. Reidhead, CPA
Director

December 1, 2017

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

It is our pleasure to present the 2017 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 State Auditor in conjunction with other independent audit firms. Their audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Utah State Auditor's report and the opinion on the fair presentation of the Basic Financial Statements are included in the Financial Section of this report.

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

Management's Discussion and Analysis (MD&A) – The discussion and analysis 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, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution of Utah*, which can be amended only by vote of the Legislature and a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government provides various services to over 3,109,000 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, agencies, boards, and commissions that make up its legal entity. 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 Note 1. A. to the financial statements.

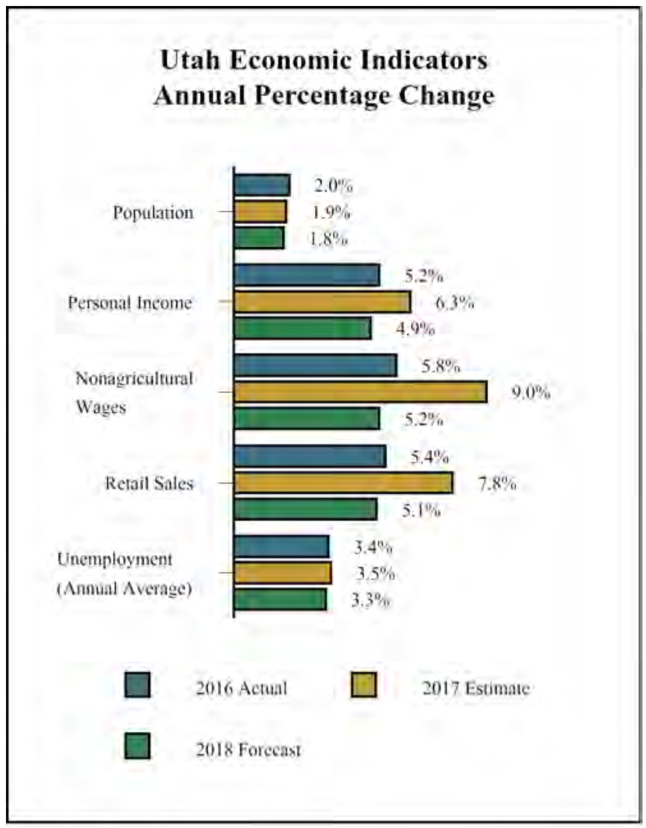
Budgetary Process and Control – The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget for the governmental funds with an annual appropriated 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.

INFORMATION USEFUL IN ASSESSING A GOVERNMENT'S ECONOMIC CONDITION

Local Economy – The Utah economy continues to outperform national averages. Utah's economy is expected to grow moderately through 2018 on the strength of steady job and wage growth.

Utah's unemployment rate averaged 3.4 percent in 2016, and is expected to increase slightly to an average of 3.5 percent in 2017, and decrease to 3.3 percent in 2018. In 2016, personal income increased by 5.2 percent and nonagricultural wages increased by 5.8 percent. In 2017, personal income is expected to increase by 6.3 percent and nonagricultural wages are expected to increase by 9.0 percent. Taxable retail sales increased by 5.4 percent in 2016 and are expected to increase by 7.8 percent in 2017.

Total construction value was $8.2 billion in 2016, a 15.5 percent increase from the prior year, due to an increase in the value of additions, alterations, and repairs and also nonresidential construction. This marked the sixth consecutive year in which total construction value has increased. In 2017, total construction value is expected to increase to $8.6 billion, a 4.9 percent increase. Residential construction was $4.1 billion in 2016, a 2.5 percent increase from the prior year as housing continued to play a role in the economic expansion. Residential permit value is expected to increase to $4.6 billion in 2017, a 12.2 percent increase.



Source: State of Utah Revenue Assumptions Working Group, Moody's Economy.com, and IHS Global Insight.

In 2017, Utah's population is estimated at 3,109,000, which is an increase of 1.9 percent over the prior year. Utah had positive net migration of approximately 25,600 people in 2016 and is expected to grow by 22,700 in 2017. Utah has had positive net migration for the past 27 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 2017 and by 2.8 percent in 2018, which is slightly below the Utah average yearly rate of 3.1 percent (1950 through June 2017). All industrial sectors added jobs to Utah's employment base, with the exception of information services, which contracted by 1,900 jobs, and natural resources and mining, which contracted by 700 jobs. Professional and business added 10,300 new jobs, with professional, scientific, and technical services contributing most of the gains. Trade, transportation, and utilities added 6,500 new jobs, with most of the increase in retail trade. Education and health services added 6,100 new jobs, with the largest increase in health services and social assistance. Construction added 5,900 new jobs, primarily in specialty trade contractors. The results for August 2016 to August 2017 are presented in the following table.

Jobs by Industry of Utah's Labor Force
(expressed in thousands)

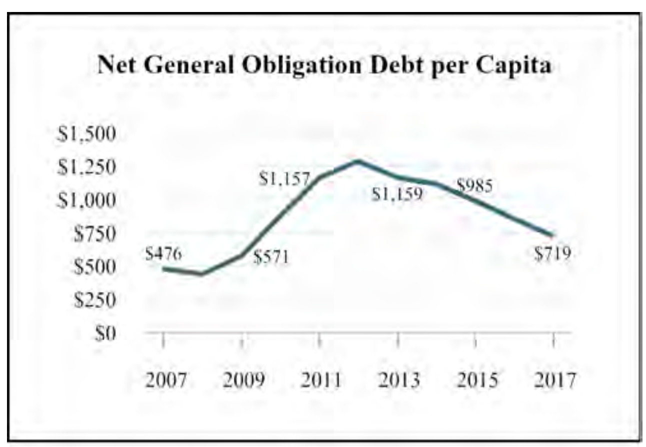
	Number of Jobs				Components of Labor Force
	August (p) 2017	**August (r) 2016**	**Numerical Change**	**Percentage Change**	**August (p) 2017**
Trade, Transportation, and Utilities	279.80	273.30	6.50	2.38 %	19.00 %
Professional and Business	216.80	206.50	10.30	4.99 %	14.80 %
Education and Health Services	193.60	187.50	6.10	3.25 %	13.20 %
Government (Local/Federal)	153.20	150.10	3.10	2.07 %	10.50 %
Leisure and Hospitality	146.00	143.10	2.90	2.03 %	10.00 %
Manufacturing	129.60	126.50	3.10	2.45 %	8.80 %
Construction	101.00	95.10	5.90	6.20 %	6.90 %
Financial Activities	84.60	82.80	1.80	2.17 %	5.80 %
Government (State/Higher Ed.)	74.40	73.00	1.40	1.92 %	5.10 %
Other Services	41.90	40.50	1.40	3.46 %	2.90 %
Information	36.20	38.10	(1.90)	(4.99)%	2.50 %
Natural Resources and Mining	8.00	8.70	(0.70)	(8.05)%	0.50 %
Total	**1,465.10**	**1,425.20**	**39.90**		**100.00%**

Source: Utah Department of Workforce Services and the U.S. Bureau of Labor Statistics, August 2017.
(p) = preliminary (r) = revised

Outlook – The national economy is expected to continue to grow moderately in the last half of 2017 and into 2018. As in prior recoveries, the Utah economy continues to grow more rapidly than the nation. Demographic advantages, a diverse economy, appealing business climate, and increasing labor force participation will continue to be advantages for the Utah economy. Despite this positive outlook for both the national and Utah economies, downside risks remain. At the national level, risks include changes to federal trade and fiscal policies, and geopolitical instability. At the local level, risk factors include the supply of workers, overall confidence in the economic future, and air quality issues. Overall, Utah is expected to grow moderately barring any major disruptions to the national and global economies.

FINANCIAL PLANNING AND POLICIES

Debt Administration – As part of long-term financial planning, the State has used a combination of bonding and pay-as-you-go methods to meet its infrastructure needs. In fiscal year 2007 the State bonded less and primarily funded projects with the pay-as-you-go method using one-time and ongoing money. In fiscal years 2008 through 2014, under budget constraints coupled with a low interest rate environment, the State elected to increase its debt by issuing bonds for highway and/or building projects that otherwise would have been funded from current resources. During the years debt was issued, the State continued to fund some projects with cash. In fiscal years 2015 and 2016, the State continued its prudent fiscal management by paying cash for most building, highway, and other projects.



In fiscal year 2015, the State authorized $474.7 million in general obligation debt for the new prison project. There were no general obligation bond issuances, authorizations or refundings in fiscal year 2016. In fiscal year 2017, the State authorized $1.047 billion in general obligation bonds for highway construction projects and authorized an additional $101 million for the prison project. As of June 30, 2017, the State's general obligation debt per capita was $719. 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.

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 2017 consensus revenue forecast projected an increase of 4.7 percent in fiscal year 2017 from 2016 actual revenue for combined General and Education Fund. For fiscal year 2018, 5.7 percent growth is projected. The long-term average annual revenue growth rate, adjusted for inflation, was approximately 3.4 percent for fiscal periods 1971 through 2016. See the Budgetary Highlights – General Fund in the MD&A for a comparison of budgeted to actual results for fiscal year 2017.

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.

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.

Public Education Growth – Projections indicate that an additional 10,100 new students will enroll in fall 2017. 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, Section 63J-1-219 of the *Utah Code* requires most state agencies including public education and higher education institutions to report specific federal funding information to the Legislature. Annually, these entities must report total federal receipts received the preceding fiscal year in addition to providing contingency plans in the event federal receipts are reduced by either 5 percent or 25 percent.

The Legislature created the Federal Funds Commission to study and make recommendations on federal funding issues. The Commission is tasked with considering the financial stability of the federal government, the risk that the State will experience a reduction in the amount or value of federal funds, and methods to avoid or minimize the risk. Legislators also passed legislation that requires economists and budget analysts from the Executive and Legislative branches of government to consider expected changes in federal funding when preparing the annual revenue volatility report and, if appropriate, recommend changes to amounts or limits of reserve funds. Legislation passed in the 2017 General Session (Senate Bill 209, *Budgeting Revisions*) requires, as part of the annual review and analysis of revenue estimates, a comparison of estimated federal fund receipts to 15-year trends.

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, 2017, the State was $592.433 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 2017 General Session of the Legislature, before accounting for growth in either costs or revenues, Utah had a structural surplus of $12.8 million. This surplus was primarily associated with Senate Bill 80, *Infrastructure Funding Amendments*, passed during the 2016 General Session. The bill eliminates, over time, two transportation earmarks. Legislators closed the 2017 General Session with a General and Education Fund structural deficit of $6.1 million. The structural imbalance is associated with revenue bills that take effect in future budget years–fiscal year 2019 and later. More than half of this deficit was offset by pre-funding $3.4 million in future General and Education Fund employee healthcare costs.

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

MAJOR INITIATIVES

During fiscal year 2017, the State of Utah continued to rank among the top states in private sector job growth and overall job growth. Due to continued economic expansion, the consensus revenue forecast adopted during the 2017 General Session anticipates that fiscal year 2018 will mark the eighth consecutive year of growth in unrestricted General Fund and Education Fund revenue collections.

Approximately $385 million in new unrestricted revenue was available for appropriation during the 2017 General Session from the fiscal year 2016 surplus and revenue growth forecast for fiscal years 2017 and 2018. Under the consensus forecast, $372 million of this revenue was available for ongoing appropriations and $13 million for one-time appropriations. In addition, the Legislature re-directed $113 million from various sources, including program savings and reductions, fund balances, and various restricted account reserves. Together, new revenue and funding reallocations provided $498 million for new appropriations in fiscal years 2017 and 2018. Highlights of new appropriations for public and higher education, infrastructure, and other priorities are summarized below.

Public Education – During the 2017 General Session, the Legislature increased public education appropriations by $235.2 million. This represents over 47 percent of new unrestricted appropriations from the General Fund and Education Fund. The largest increases for public education included $115.5 million ongoing for a 4 percent increase in the value of the Weighted Pupil Unit (WPU – the primary funding mechanism for public education); $68 million ($64 million ongoing and $4 million one-time) for an anticipated student enrollment increase of approximately 10,100 in fall 2017; and $10.5 million one-time for a new school for the deaf and the blind. Altogether, the fiscal year 2018 state K-12 budget provides a 6.2 percent increase in the state portion of public education funding, compared to fiscal year 2017.

Higher Education – State funding for higher education, including capital development projects, was increased by nearly $102 million during the 2017 General Session, which represents 21 percent of new unrestricted appropriations from the General Fund and Education Fund. A total of $31.5 million was provided for new higher education facilities. This is in addition to $20 million in ongoing capital development funding appropriated in the 2016 General Session. Other significant increases included $27.5 million ongoing for staff compensation and benefits in fiscal year 2018; $8 million ongoing for the Board of Regents' Scholarship program; $6.5 million one-time for performance-based funding; $3.5 million ongoing for enrollment growth; $4 million ongoing for the USHE Engineering Initiative; $2 million ongoing for Strategic Workforce Investments; $3.1 million ongoing for Student Athlete Graduation Improvement; $3 million ongoing for market demand programs and $2 million ($1 million ongoing and $1 million one-time) for equipment at Utah's technical colleges. Excluding capital development, the General Fund and Education Fund appropriations for Higher Education increased by 5.4 percent in fiscal year 2018 compared to fiscal year 2017.

Social Services – During the 2017 General Session, the Legislature appropriated $60.4 million, including $36.0 million ongoing, in new state funding for social service programs. The largest appropriations included $17.4 million ongoing for Medicaid matching funds for local mental health authorities and non-Medicaid behavioral health treatment for the justice reform population; $13.4 million, including $250 thousand ongoing, for homeless and affordable housing programs; $6.9 million, including $3.3 million ongoing, for the Division of Services for People with Disabilities (DSPD) to meet additional needs for individuals receiving disability services and salary increases for direct care staff who provide services to DSPD clients; $4 million ongoing for Medicaid caseload increases; $3 million ongoing for Jail-Based Forensic Competency Restoration; $2.7 million ongoing for Baby Watch Early Intervention Program caseload increases; and $1.4 million ongoing for Medicaid dental coverage for disabled adults.

Public Safety – During the 2017 General Session, the Legislature appropriated $5.9 million ongoing to implement a new pay plan for correctional officers and $860 thousand ongoing to increase the pay range for Utah Highway Patrol troopers. The Legislature also appropriated $1.3 million, including $1.1 million ongoing, to implement the provisions of House Bill 200, *Sexual Assault Kit Processing Amendments*. The bill requires that beginning July 1, 2018, all sexual assault kits must be submitted within 30 days to the State Crime Lab for testing. The Legislature also addressed comprehensive juvenile justice reform through HB 239, *Juvenile*

Justice Amendments, which included provisions to (1) expand effective pre-court interventions, focus pre-adjudication detention on higher-risk youth, and develop local detention alternatives statewide; (2) protect public safety by prioritizing the space in secure facilities and providing community supervision for those who pose the highest risk to public safety to hold youth offenders accountable and reduce recidivism; and (3) support performance-based contracting for programs delivered to juveniles. The Legislature appropriated $1.2 million, including $1 million ongoing, to support juvenile justice reform.

Capital Projects – The Legislature appropriated an operating and capital budget of $182.1 million from all sources in fiscal year 2018 for the capital budget line items, which is a 29 percent decrease from fiscal year 2017. In addition to $51.5 million appropriated for higher education capital projects, the Legislature also appropriated $119.1 million for capital improvements, $500 thousand ongoing in pass-through for Olympic venue critical repairs and improvements, and $555 thousand for Snow College for a land purchase. The Legislature increased ongoing funding for operations and maintenance costs in new and existing facilities by $1.8 million. As noted above in the Debt Administration section, an additional $101 million in general obligation bonds were approved for the state prison project.

Transportation – In addition to $584 million appropriated from the Transportation Investment Fund for new highway projects, the Legislature approved the issuance of $1.047 billion in general obligation bonds over four years to accelerate transportation projects throughout the state (discussed above in the Debt Administration section). To ensure the gas tax keeps pace with inflation, the Legislature passed Senate Bill 276, *Transportation Funding Modifications*, during the 2017 General Session. The bill indexes the minimum gas tax rate to the rate of inflation, which may increase revenue from gas and diesel purchases by an estimated $4.2 million in fiscal year 2019 and by $9.5 million in fiscal year 2020. The bill also phases out sales tax earmarks for transportation, returning $5.1 million to the General Fund in fiscal year 2020.

Employee Compensation – During the 2017 General Session, $32.6 million was appropriated from the General Fund and Education Fund for non-higher education state employee salary and benefit increases in fiscal year 2018. The Legislature approved the equivalent of a 2 percent salary increase for state employees. In addition to the compensation general increases, $9.9 million was provided for health insurance cost increases.

State Employee Other Postemployment Benefit Plan – The actuarially determined contribution (ADC) for the State Employee Other Postemployment Benefit (OPEB) plan was $29.1 million. The Legislature considered this ADC when establishing the OPEB budget for fiscal year 2018. The ADC represents a level of funding that, if paid on an ongoing basis, is actuarially projected to fund the benefits over a period of ten years.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This was the thirty-second 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 State Auditor for their assistance.

Sincerely,

John Reidhead

John C. Reidhead, CPA
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Utah

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Organization Chart

Citizens of Utah

Legislative
Senate
House of Representatives
Research and General Counsel
Fiscal Analyst
Auditor General

Executive

Governor
Lieutenant Governor

State Auditor
State Treasurer
Attorney General
State Board of Education

Judicial
Supreme Court
Court of Appeals
District Courts
Juvenile Courts
State Court Administrator

State Agencies
Administrative Services
Agriculture and Food
Alcoholic Beverage Control
Board of Pardons and Parole
Board of Regents
Career Service Review Office
Commerce
Corrections
Environmental Quality
Financial Institutions
Health
Heritage and Arts
Human Resource Management
Human Services
Insurance
Labor Commission
National Guard
Natural Resources
Public Lands Policy Coordinating Office
Public Safety
Public Service Commission
State Capitol Preservation Board
Tax Commission
Technology Services
Transportation
Trust Lands Administration
Utah Science Technology and Research
Veterans and Military Affairs
Workforce Services

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FINANCIAL SECTION

2017

State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OFFICE OF THE
STATE AUDITOR

Independent State Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah (State) as of and for the year ended June 30, 2017, 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. The financial statements for the funds or entities noted below 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.

- School and Institutional Trust Funds Office which represents 96 percent of the assets, 96 percent of the fund balances, and 79 percent of the revenues of the Permanent Trust Lands Fund.
- Student Assistance Programs which represent all of the assets, net position, and revenues of the Student Assistance Programs major enterprise fund.
- Public Employees Health Program, University of Utah Hospitals and Clinics, University of Utah's component units, and Utah State University Research Foundation which collectively represent 24 percent of the assets, 18 percent of the net position, and 42 percent of the revenues of the aggregate discretely presented component units.
- Utah Retirement Systems and Utah Educational Savings Plan which represent 80 percent of the assets, 81 percent of the fund balance/net position, and 35 percent of the revenues/additions of the aggregate remaining fund information.

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.

Utah State Capitol Complex, East Office Building, Suite E310 • Salt Lake City, Utah 84114-2310 • Tel: (801) 538-1025 • auditor.utah.gov

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, 2017, 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

For fiscal year 2017, the State implemented Governmental Accounting Standards Board Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* and Statement 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. As a result of these changes in accounting principle, the State recorded reductions in beginning net position of $146.9 million for governmental activities, $2.2 million for business-type activities, and $1.4 million for discrete component units. The amounts reported for ending net position reflect the required net OPEB liabilities and deferred inflows of resources related to the State Employee and Elected Official OPEB Plans as of June 30, 2017. See Notes 2 and 19 for further information. Our opinions are not modified with respect to these matters.

Also, due to statutory and constitutional changes, the accounting and financial reporting for the Trust Lands Fund (permanent fund) has been evaluated and changed to provide a more complete presentation of activity within the permanent fund. All investment income, administrative costs and disbursements to beneficiaries are now reported within the permanent fund. As a result of this change, for fiscal year 2017 an additional $56 million of investment income, $14.1 million of administrative costs, and $41.9 million of distributions to beneficiaries have been reported in the permanent fund. See Note 2 for further information. Our opinions are not modified with respect to these matters.

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 (pages 17-30) and the budgetary comparison schedules and information about the State's pension plans, other postemployment benefit plans, and infrastructure assets reported using the modified approach (pages 132-146) – be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements and schedules (pages 149-195) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections (pages 1-11 and 197-237, 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 December 1, 2017, 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 State Auditor

Office of the State Auditor
December 1, 2017

MD&A

Management's Discussion and Analysis

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, 2017. 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 $24.8 billion (reported as net position). Of this amount, $2.049 billion (unrestricted net position) may be used to meet the government's ongoing obligations while $22.751 billion is restricted for specific uses or invested in capital assets.

- The State's total net position increased by $1.191 billion or 5.04 percent over the prior year. Net position of governmental activities increased by $1.087 billion or 5.34 percent. Net position of business-type activities increased by $104.033 million or 3.2 percent.

Fund Level

- The governmental funds reported combined ending fund balances of $5.649 billion, an increase of $213.232 million in comparison with the prior year. Approximately 31.07 percent or $1.755 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 $9.585 million surplus. This surplus is after statutory transfers of $18.548 million to the Medicaid Budget Stabilization Account, $2.055 million to the General Fund Budget Reserve Account (Rainy Day Fund), and $2.055 million to the Wildland Fire Suppression Fund.

- The Education Fund ended the year with a $17.608 million surplus after a statutory transfer of $12.337 million to the Education Budget Reserve Account.

- The State's stabilization accounts, the General Fund Budget Reserve Account (Rainy Day Fund), Medicaid Budget Stabilization Account, and Education Budget Reserve Account, ended the fiscal year with balances of $145.668 million, $44.457 million, and $361.802 million, respectively.

- Sales tax revenues in the governmental funds increased $100.461 million or 4.36 percent, compared to $98.497 million or 4.47 percent increase in the prior year. Total tax revenues increased $79.125 million or 3.74 percent in the General Fund and $223.738 million or 5.96 percent in the Education Fund.

Long-term Debt

- The State's long-term bonded debt increased a net $176.310 million or 4.19 percent. General obligation bonds for the primary government decreased $349.791 million or 13.53 percent, while revenue bonds for the primary government increased $526.101 million or 32.37 percent.

- As a result of early implementing GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (OPEB), the primary government recorded a $111.349 million net OPEB liability. The State has two single-employer defined benefit OPEB plans. As of June 30, the State's two single-employer defined benefit OPEB plans are over 70 percent funded.

- As addressed in Note 10, the primary government's share of the net pension liability is $1.049 billion. This is an increase of $38.576 million or 3.82 percent over the prior year. At December 31, 2016, the net pension liability for the Utah Retirement Systems was $4.652 billion and the plan's fiduciary net position as a percent of the total pension liability was 86 percent. See Note 19 for additional information on the Pension Plans.

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

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

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

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

Fund Financial Statements – Reporting the State's Most Significant Funds

The fund financial statements 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* basis of 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 reconciliation schedules that 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 expenses result in capital assets on the government-wide statements, but are reported as expenditures on the governmental fund statements.

- Bond proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.

- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements, but are deferred inflows of resources (unavailable revenue) on the governmental fund statements.

Notes to the Financial Statements

The notes provide additional information and schedules that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the governmental fund financial statements.

Required Supplementary Information (RSI)

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

Supplementary Information

Supplementary Information includes combining statements for the State's nonmajor governmental, nonmajor enterprise, internal service funds, fiduciary funds, and 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 and Other Significant Changes

As described in Note 2 of the financial statements, beginning net position and other significant changes included:

- $146.876 million decrease in governmental activities – implementation of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

- $13.666 million increase in governmental activities – reclassification of a fund as required by legislation.

- $14.440 million increase governmental activities – to enhance comparability, this discussion and analysis was revised to reflect the change as if the change had been made in the prior year.

- Implementation of GASB Statement 77, *Tax Abatement Disclosures* – two tax abatement programs reduced the State's tax revenues by $25.628 million. See Note 15.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

The State's total net position increased by $1.191 billion or 5.04 percent in fiscal year 2017. In comparison, net position in the prior year increased by $888.913 million or 3.90 percent. The increase in total net position reflects an economy that continues to improve and the active management of the State's resources. The change in net position is comprised of the following:

- *Net Investment in Capital Assets* – Total net investment in capital assets increased by $891.231 million or 5.75 percent. 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 by $430.875 million or 7.27 percent over the prior year:

Restricted Net Position of Governmental Activities increased by $385.651 million or 9.98 percent, as follows: Nonexpendable public education increased $235.815 million or 10.40 percent primarily due to an increase in investment values as a result of general market conditions. Net assets restricted for transportation increased by $130.074 million or 64.70 percent primarily due to an increase in unspent restricted revenues as a result of a new 4.9 cent per gallon gas tax increase, and an increase in gallons sold. Expendable public education net assets increased $24.085 million or 1.83 percent due to an increase in individual income tax revenues.

Restricted Net Position of Business-type Activities increased by $45.224 million or 2.19 percent. The increase was primarily due to a $57.205 million increase in the Unemployment Compensation Fund as unemployment compensation revenues exceeded related claims. This increase was offset by a $9.557 million decrease in restricted net position within loan programs as a result of a $22.022 million decrease in the Student Assistance Programs caused by the payoff of a line of credit. This decrease was offset by small increases across other loan programs.

- *Unrestricted Net Position* – Total unrestricted net position in governmental activities decreased by $191.324 million or 18.92 percent due in part to the implementation of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in the State recording a $109.618 million liability. The balance of the decrease in unrestricted net position was due to a decrease in the amount unspent and carried forwarded in the General Fund and for transportation and capital projects. Unrestricted net position in business-type activities increased by $59.753 million or 5.11 percent due in part to $31.003 million in dedicated sales tax revenues provided by the State as additional capital for the Water Loan Programs. The balance of the increase was due to the payoff of loans in the Student Assistance Programs, allowing the balance remaining to be classified as unrestricted.

State of Utah
Net Position as of June 30
(expressed in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and Other Assets	$ 7,542,509	$ 7,180,926	$ 5,280,633	$ 5,571,153	$ 12,823,142	$ 12,752,079
Capital Assets	18,654,772	18,027,135	91,447	90,715	18,746,219	18,117,850
Total Assets	**$ 26,197,281**	**$ 25,208,061**	**$ 5,372,080**	**$ 5,661,868**	**$ 31,569,361**	**$ 30,869,929**
Deferred Outflows of Resources	**$ 444,746**	**$ 392,288**	**$ 12,538**	**$ 11,979**	**$ 457,284**	**$ 404,267**
Current and Other Liabilities	$ 1,190,336	$ 1,041,096	$ 54,811	$ 56,342	$ 1,245,147	$ 1,097,438
Long-term Liabilities	3,869,971	4,092,443	1,945,497	2,321,605	5,815,468	6,414,048
Total Liabilities	**$ 5,060,307**	**$ 5,133,539**	**$ 2,000,308**	**$ 2,377,947**	**$ 7,060,615**	**$ 7,511,486**
Deferred Inflows of Resources	**$ 141,323**	**$ 112,915**	**$ 25,179**	**$ 40,802**	**$ 166,502**	**$ 153,717**
Net Position:						
Net Investment in Capital Assets	$ 16,370,572	$ 15,478,397	$ 19,440	$ 20,384	$ 16,390,012	$ 15,498,781
Restricted	4,249,945	3,864,294	2,110,776	2,065,552	6,360,721	5,929,846
Unrestricted	819,880	1,011,204	1,228,915	1,169,162	2,048,795	2,180,366
Total Net Position	**$ 21,440,397**	**$ 20,353,895**	**$ 3,359,131**	**$ 3,255,098**	**$ 24,799,528**	**$ 23,608,993**
Percent change in total						
Net Position from prior year	5.34%		3.20%		5.04%	

The largest component of the State's net position, 66.09 percent, reflects investments in capital assets (e.g., land, buildings, equipment, intangible assets, roads, and other infrastructure) less the outstanding debt issued to finance those assets. These types of assets are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

Restricted net position comprises 25.65 percent of total net position and is subject to constitutional, legal, or external constraints on use. Net position that is restricted by the *Constitution of Utah* includes individual income and corporate income taxes that can be used only for public and higher education costs and proceeds from fees, taxes, and other charges related to motor vehicles that can be used only for transportation expenses.

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

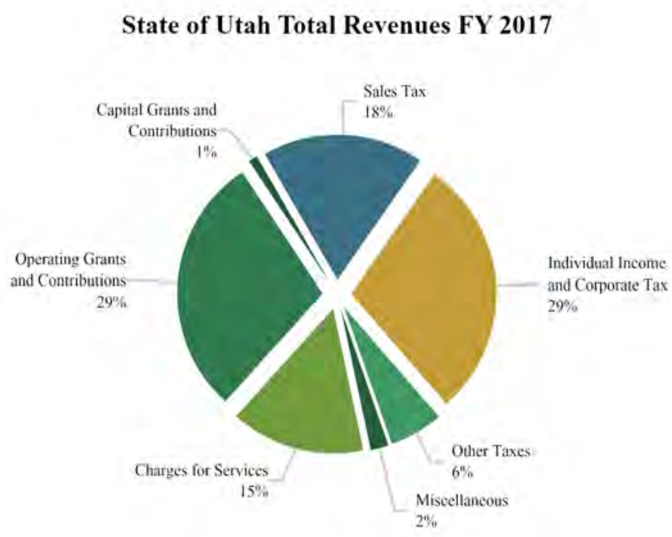
The following table and charts summarize the State's total revenues, expenses, and changes in net position for fiscal year 2017:

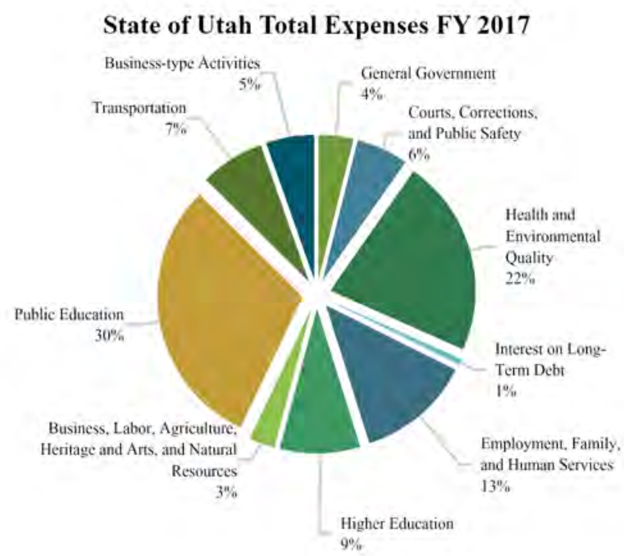
State of Utah
Changes in Net Position
for the Fiscal Year Ended June 30
(expressed in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2017	**2016***	**2017**	**2016***	**2017**	**2016***	**2016–2017**
Revenues							
General Revenues:							
Taxes	$ 7,215,793	$ 6,870,938	$ 57,528	$ 29,841	$ 7,273,321	$ 6,900,779	5.40 %
Other General Revenues	182,793	119,295	49,878	45,318	232,671	164,613	41.34 %
Program Revenues:							
Charges for Services	1,234,753	1,113,067	755,106	767,487	1,989,859	1,880,554	5.81 %
Operating Grants and Contributions	3,994,614	3,632,735	39,053	46,118	4,033,667	3,678,853	9.64 %
Capital Grants and Contributions	132,708	87,942	—	—	132,708	87,942	50.90 %
Total Revenues	**12,760,661**	**11,823,977**	**901,565**	**888,764**	**13,662,226**	**12,712,741**	7.47 %
Expenses							
General Government	476,428	457,564	—	—	476,428	457,564	4.12 %
Human Services/Juvenile Justice Services	818,058	765,027	—	—	818,058	765,027	6.93 %
Corrections	297,587	282,538	—	—	297,587	282,538	5.33 %
Public Safety	266,032	245,598	—	—	266,032	245,598	8.32 %
Courts	150,066	142,913	—	—	150,066	142,913	5.01 %
Health and Environmental Quality	2,719,553	2,600,928	—	—	2,719,553	2,600,928	4.56 %
Higher Education	1,104,855	1,137,364	—	—	1,104,855	1,137,364	(2.86)%
Employment and Family Services	760,777	710,018	—	—	760,777	710,018	7.15 %
Natural Resources	225,176	198,190	—	—	225,176	198,190	13.62 %
Heritage and Arts	28,874	27,048	—	—	28,874	27,048	6.75 %
Business, Labor, and Agriculture	106,523	112,809	—	—	106,523	112,809	(5.57)%
Public Education	3,748,684	3,554,337	—	—	3,748,684	3,554,337	5.47 %
Transportation	888,854	825,923	—	—	888,854	825,923	7.62 %
Interest and Charges on Long-term Debt	84,820	93,598	—	—	84,820	93,598	(9.38)%
Student Assistance Programs	—	—	136,037	154,247	136,037	154,247	(11.81)%
Unemployment Compensation	—	—	175,354	182,516	175,354	182,516	(3.92)%
Water Loan Programs	—	—	15,998	14,913	15,998	14,913	7.28 %
Community and Economic Loan Programs	—	—	9,074	5,253	9,074	5,253	72.74 %
Liquor Retail Sales	—	—	277,965	260,755	277,965	260,755	6.60 %
Other Business-type Activities	—	—	45,612	37,849	45,612	37,849	20.51 %
Total Expenses	**11,676,287**	**11,153,855**	**660,040**	**655,533**	**12,336,327**	**11,809,388**	4.46 %
Excess (Deficit) Before Transfers	1,084,374	670,122	241,525	233,231	1,325,899	903,353	
Transfers	135,338	128,148	(135,338)	(128,148)	—	—	
Capital Contributions	—	—	37	—	37	—	
Change in Net Position	**1,219,712**	**798,270**	**106,224**	**105,083**	**1,325,936**	**903,353**	
Net Position – Beginning	20,353,895	19,555,625	3,255,098	3,150,015	23,608,993	22,705,640	
Adjustment to Beginning Net position	(133,210)	—	(2,191)	—	(135,401)	—	
Net Position – Beginning as Adjusted	20,220,685	19,555,625	3,252,907	3,150,015	23,473,592	22,705,640	
Net Position – Ending	**$ 21,440,397**	**$ 20,353,895**	**$ 3,359,131**	**$ 3,255,098**	**$ 24,799,528**	**$ 23,608,993**	5.04 %

*The 2016 amounts presented here have not been restated for the implementation of GASB Statement 75. Complete information necessary to fully restate the 2016 amounts was not available. See Note 2.

(Charts on next page.)





Changes in Net Position

This year the State received 53.24 percent of its revenues from state taxes and 30.50 percent of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 54.28 percent and grants and contributions were 29.63 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 16.27 percent of total revenues in fiscal year 2017, compared to 16.09 percent in fiscal year 2016.

Governmental Activities

The State's total governmental revenues from all sources increased $936.684 million or 7.92 percent. Tax revenues increased $344.855 million or 5.02 percent due to continued improvement in the economy. These increases are similar to the increase at the fund level. However, due to differences in measurement focus and timing of collections, the increase at the government-wide level should not be used to predict future increases at the fund statement or budget level. With the exception of Higher Education, as discussed below, other significant changes in governmental activities' revenues and expenses mirror the changes in the governmental funds. For further discussion, see the section entitled "Financial Analysis of the State's Governmental Funds."

- *Higher Education* – Expenses decreased $32.509 million, as compared to the prior year, primarily due to a decrease in the amount spent by the primary government for building projects completed and transferred to colleges and universities. When these buildings are completed, ownership is transferred to the colleges and universities and reported as expenses on the government-wide statements. However, there is no impact on the governmental fund statements.

The following table shows to what extent program revenues (charges for services and grants) covered program expenses. For fiscal year 2017, program revenues covered $5.362 billion or 45.92 percent of $11.676 billion in total program expenses. For the remaining $6.314 billion or 54.08 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 2017	Less Program Revenues 2017	Net Program (Expenses)/Revenues 2017	Net Program (Expenses)/Revenues 2016	Program Revenues as a Percentage of Program Expenses 2017	Program Revenues as a Percentage of Program Expenses 2016
General Government	$ 476,428	$ 319,936	$ (156,492)	$ (180,876)	67.15%	60.47%
Human Services/Juvenile Justice Services	818,058	359,728	(458,330)	(434,867)	43.97%	43.16%
Corrections	297,587	5,177	(292,410)	(278,370)	1.74%	1.48%
Public Safety	266,032	146,369	(119,663)	(99,647)	55.02%	59.43%
Courts	150,066	53,799	(96,267)	(88,427)	35.85%	38.13%
Health and Environmental Quality	2,719,553	2,199,694	(519,859)	(475,481)	80.88%	81.72%
Higher Education	1,104,855	941	(1,103,914)	(1,136,201)	0.09%	0.10%
Employment and Family Services	760,777	630,832	(129,945)	(123,315)	82.92%	82.63%
Natural Resources	225,176	154,555	(70,621)	(66,375)	68.64%	66.51%
Heritage and Arts	28,874	11,636	(17,238)	(16,218)	40.30%	40.04%
Business, Labor, and Agriculture	106,523	103,615	(2,908)	(3,862)	97.27%	96.58%
Public Education	3,748,684	756,951	(2,991,733)	(3,017,854)	20.19%	15.09%
Transportation	888,854	618,842	(270,012)	(305,020)	69.62%	63.07%
Interest and Charges on Long-term Debt	84,820	—	(84,820)	(93,598)	0.00%	0.00%
Total Governmental Activities	**$ 11,676,287**	**$ 5,362,075**	**$ (6,314,212)**	**$ (6,320,111)**	45.92%	43.34%

Business-type Activities

Changes in the State's business-type activities mirror the changes noted in the State's proprietary funds, except that the State's proprietary funds provide detail summarized by program or fund, while the business-type activity is presented overall. The changes in the State's proprietary funds are detailed in the section entitled "Financial Analysis of the State's Proprietary Funds."

Overall, total revenues from the State's business-type activities increased by $12.801 million or 1.44 percent from the prior year as follows: Other general revenues increased by $32.247 million due to an increase in dedicated sales tax revenue within the Community Impact Loan Fund and the Water Loan Programs. This increase was offset by a $12.381 million decrease in charges for services within the Student Assistance Programs and Water Loan Programs. The remaining decrease in total revenues was the result of a $7.065 million decrease in operating grants within the Water Loan Programs and Community Impact Loan Fund.

Total expenses for the State's business-type activities increased slightly by $4.507 million or 0.69 percent as follows: Expenses related to liquor retail sales increased $17.210 million due to higher sales volume. Expenses related to other business-type activities increased $7.763 million due to small increases in various other business-type activities. Community and Economic Loan Programs expenses increased $3.821 million due to an increase in loans provided for the State Small Business Credit Initiative Program. These increases were offset by an $18.210 million decrease in expenses in the Student Assistance Programs and a $7.162 million decrease in expenses in the Unemployment Compensation Fund.

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, beginning fund balances of governmental funds were adjusted as noted below. To enhance comparability, amounts presented in this discussion and analysis were restated to reflect these changes as if the changes had been made in the prior year, except as noted.

- $14.440 million increase in the Education Fund (major special revenue fund), due to a prior period adjustment related to tax accruals.

- $13.666 million increase in Miscellaneous Special Revenue (nonmajor special revenue fund) – reclassification of the Wildland Fire Suppression Fund from a fiduciary fund to a nonmajor special revenue fund, as required by legislation. Due to the nature of the adjustment, only the the beginning fund balance is restated.

- $4.387 million decrease in the Transportation Fund (major special revenue fund) – required by legislation.

- $4.387 million increase in the Transportation Investment Fund (major capital projects fund) – required by legislation.

Fund Balances

At June 30, 2017, the State's governmental funds reported combined ending fund balances of $5.649 billion. Of this amount, $2.551 billion or 45.17 percent is nonspendable, either due to its form or legal constraints, and $1.342 billion or 23.76 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 $1.246 billion or 22.06 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 $499.239 million or 8.84 percent of total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining $9.585 million or 0.17 percent of fund balance is unassigned and available for future appropriations.

State of Utah
Governmental Fund Balances as of June 30, 2017
(expressed in thousands)

	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Funds	Total
Nonspendable	$ 34,089	$ —	$ 13,905	$ —	$ 2,503,353	$ —	$ 2,551,347
Restricted	33,516	881,222	338,480	1,984	—	86,899	1,342,101
Committed	559,791	—	584	431,989	—	254,010	1,246,374
Assigned	194,174	—	3,000	—	—	302,065	499,239
Unassigned	9,585	—	—	—	—	—	9,585
Total	**$ 831,155**	**$ 881,222**	**$ 355,969**	**$ 433,973**	**$ 2,503,353**	**$ 642,974**	**$ 5,648,646**
Percent change from prior year	(3.15)%	2.16%	32.64%	(10.86)%	10.40%	(7.07)%	3.92%

General Fund

The General Fund's total fund balance decreased by $26.999 million or 3.15 percent in fiscal year 2017. The General Fund ended the year with a $9.585 million surplus, or unassigned fund balance due to the lapsing of unspent budgeted dollars. In the prior year, the General Fund ended the year with a $7.196 million surplus, or unassigned fund balance.

Specific changes in the General Fund balance include the following:

- Nonspendable fund balance decreased by $99.837 million or 74.55 percent as follows: Prepaid items decreased $92.270 million due to a decrease in Accountable Care Organization payments and the timing of payments required in advance within the Medicaid program. The long-term portion of loans receivable also decreased $7.820 million due to a reduction of loan balances within Internal Services Funds.

- Restricted fund balance decreased by $4.608 million or 12.09 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 overall by $13.009 million or 2.38 percent due to an increase in monies set aside for specific purposes as follows: Agency carry-forward monies increased $20.128 million. Yearend statutory transfers increased the Medicaid Budget Stabilization Account by $18.548 million and the General Fund Budget Reserve Account by $2.055 million. These increases were offset by a $27.821 million decrease in monies set aside for committed purposes as the balances were utilized or were no longer needed for those purposes. The General Fund Budget Reserve Account ended the year with a balance of $145.668 million.

- Assigned fund balance increased by $62.048 million or 46.96 percent. The increase was primarily due to a $99.838 million decrease in prepaid items classified as nonspendable items, as noted above. Items classified as nonspendable reduce assigned fund balance. Assigned fund balance also increased $11.827 million primarily due to an increase in tax accruals assigned by law. These increases were offset by a $49.617 million decrease in the amount set aside for next year's budget.

Total tax collections in the General Fund increased $79.125 million or 3.74 percent. Sales and use tax increased $80.439 million or 4.50 percent. Overall, sales tax revenue in all governmental funds increased $100.461 million or 4.36 percent due to moderate growth in the Utah economy.

Total General Fund non-tax revenues increased $181.920 million or 5.09 percent, explained as follows: Federal contracts and grants increased $151.448 million or 5.50 percent primarily due to a $98.209 million increase in federal funding for Medicaid programs and a $25.491 million increase in Temporary Assistance for Needy Families (TANF) funding. Federal contracts and grants in the General Fund also increased $30.605 million due to federal funds provided for the State Office of Rehabilitation as oversight for the Office was transitioned from the State Board of Education to the Department of Workforce Services during fiscal year 2017. Overall, total federal funding for the Office increased only $1.168 million when evaluating the change in federal funding for both agencies. These increases in non-tax revenues were offset by small decreases in various other contracts and grants. Additional details regarding the change in federal contracts and grants are provided below in terms of the corresponding changes in expenditures. Charges for services increased $18.218 million or 3.88 percent driven by demand for government services. Investment income increased $9.050 million or 108.42 percent due to higher interest rates. Federal mineral lease revenue increased $4.542 million or 6.56 percent due to higher energy prices over the prior year.

Overall, total General Fund expenditures increased by $244.737 million or 3.82 percent as the State responded to a growing 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 $109.810 million or 4.19 percent primarily due to growth in the Medicaid and CHIP programs. These expenditures increased $101.103 million as a result of: (1) caseload growth; (2) authorized rate increases, including managed health care; and (3) increases in payments to nursing homes for qualifying services. The remaining increase in expenditures was due to a $9.372 million increase within Disease Control and Prevention for: (1) additional services in the Ryan White program, (2) growth in Drug Overdose Prevention program; and (3) staffing and operating increases in the Office of the Medical Examiner to meet increasing caseload growth.

- *Higher Education* – Total expenditures increased $43.376 million or 4.49 percent due to an increase in state appropriations. The State provided $24.900 million for higher education employee compensation and benefit increases. Major new state-funded system-wide initiatives included: (1) $5 million for performance-based funding; (2) $5 million for the market demand programs; (3) $8.800 million for one-time for the Board of Regents' Scholarship; and (4) $2.500 million for the Utah College of Applied Technology campus program expansion.

- *Employment and Family Services* – Total expenditures increased $39.973 million or 5.71 percent as oversight for the Office of Rehabilitation was transitioned from the State Board of Education to the Department of Workforce Services during fiscal year 2017. Overall, expenditures for the Office of Rehabilitation remained level.

- *Human Services and Juvenile Justice Services* – Total expenditures increased $38.367 million or 5.05 percent, due in part to a $26.667 million funding increase within Services for People with Disabilities. The increase was used to provide a $16.658 million salary increase for direct care service workers and $10.009 million for Medicaid Home and Community Based Waiver Services to fund the cost of increased utilization of services and to move people waiting for services into the program. Expenditures also increased $5.056 million for substance abuse and mental health treatment programs and $3.128 million for child and family services.

- *Natural Resources* – Total expenditures increased $22.279 million or 11.46 percent due to an increase in funding provided for fire suppression and prevention, watershed improvement projects, trail improvement projects and state parks maintenance and improvements.

In addition to the significant changes in expenditures described above, the increase in overall expenditures is also due to a $24.023 million increase as a result of a 2 percent salary increase for most state employees and increases in health insurance costs.

Budgetary Highlights – General Fund

The Legislature adopted the initial fiscal year 2017 budget during the 2016 General Session (January to March 2016). The original consensus revenue estimates in the General Fund budget at the start of fiscal year 2017, excluding department-specific revenue sources such as federal grants and departmental collections, and miscellaneous transfers, were 3.60 percent higher than the final fiscal year 2016 budget. The increase was primarily due to growth in the sales and use tax due to the strong Utah economy. Budgeted expenditures were 0.10 percent lower than the final fiscal year 2016 budget. The Governor and Legislature were able to balance the original fiscal year 2017 budget with revenue growth and funding reallocations.

The fiscal year 2017 budget was again addressed during the 2017 General Session of the Legislature (January to March 2017). General revenue estimates had increased $3.197 million from the original consensus estimates adopted during the 2016 General Session due to projected increases in insurance premium tax, liquor profits, and sales tax, offset by decreases in severance tax and other various revenues. Revenue estimates and base budget resources allowed the Legislature to set aside $8.104 million for fiscal year 2018 appropriations. In the end, taxes and other general revenues ended the year $11.350 million above final budgeted amounts.

Final budgets of department-specific revenue sources decreased from original budgets primarily due to a decrease in expected federal contracts and grants. Actual department-specific revenues decreased from final budgets primarily due to a decrease in the state mineral lease revenue and miscellaneous other revenues. 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, $9.597 million of unspent budgeted dollars were lapsed back to the General Fund by various agencies.

Education Fund

Restricted fund balance in the Education Fund increased overall by $18.625 million or 2.16 percent from the prior year as revenues and transfers in exceeded expenditures and transfers out. The amount unspent and carried forward for education increased by $33.834 million. Tax accruals restricted by law for education increased by $16.629 million. These increases were offset by a $50.722 million decrease in amounts set aside for fiscal year 2018 appropriations.

In addition to these changes, the Education Fund ended the year with a $17.608 million surplus, which primarily resulted from $4.045 million revenue from property tax recapture and $12.337 million remaining in the fund after the $24.674 million revenue surplus and transfer, explained as follows: In the event of a "revenue surplus" in the Education Fund, state law requires that 25 percent of the surplus be transferred to the Education Budget Reserve Account, a budget stabilization account. State law requires an additional 25 percent be transferred to repay prior year transfers out of the account, but limits these transfers to 11 percent of Education Fund appropriations. Of the $24.674 million revenue surplus, $12.337 million was transferred to the Education Budget Reserve Account. The Education Budget Reserve Account ended the year with a balance of $361.802 million.

Overall, total revenue in the Education Fund increased by $174.112 million or 3.99 percent. Individual income tax increased by $253.025 million or 7.46 percent primarily due to an economy that is growing steadily and sustainably. Corporate income tax decreased by $28.914 million or 8.15 percent largely due to weaker corporate profits caused by the stronger dollar and diminished revenue growth. Investment income decreased by $48.494 million as a result of investment income distributed from the Trust Lands Fund to the Education Fund, which beginning in fiscal year 2017, is now reported as a transfer into the Education Fund rather than investment income (see Note 2). Net other financing uses decreased $160.532 million or 17 percent due to a $114.105 million decrease in the amount transferred out of the Education Fund for higher education purposes. The balance of the decrease was primarily due to the transfer of investment income into the Education Fund, as noted.

Overall, expenditures increased by $175.947 million or 4.95 percent in the Education Fund. The increase was due to a $181.797 million increase in the Minimum School Program to provide for student enrollment growth and to increase the weighted pupil unit value, which is the primary funding mechanism for public education. Expenditures also increased by $30.186 million due to the timing of distributions to local school districts accrued at yearend and by $4.756 million for additional funding for the Initiative Programs. These increases were offset by a $45.334 million decrease in expenditures for the State Office of Rehabilitation, which transitioned from the State Board of Education to the Department of Workforce Services during fiscal year 2017, as noted above.

Transportation Fund

Total fund balance in the Transportation Fund increased $87.596 million or 32.64 percent from the prior year. Restricted fund balance increased by $131.669 million or 64.56 percent primarily due to an increase in the unspent balance of restricted revenues, which was the result of an increase in motor and special fuels tax, as explained below. Committed fund balance decreased $46.988 million or 98.77 percent due to a decrease in sales and use tax collections, also explained below. Assigned fund balance increased by $3 million or 100 percent due to an increase in unspent general revenues appropriated to the Transportation Fund. Nonspendable inventory decreased by $85 thousand or 0.61 percent.

Overall, transportation revenues increased by $118.977 million or 12.24 percent. The increase resulted from the following changes in revenue as compared to the prior year:

- Federal contracts and grants increased by $99.316 million or 32.35 percent as a result of timing differences related to highway construction projects.

- Motor and special fuels tax increased $59.334 million or 13.95 percent due in part to a new 4.9 cent per gallon gas tax increase and also the result of higher fuel consumption.

- Sales and use tax revenues, statutorily designated for transportation projects, decreased $41.867 million or 99.91 percent due to legislation that shifted a 1/16 percent sales and use tax earmark from the Transportation Fund to the Transportation Investment Fund.

Expenditures within the Transportation Fund increased by $137.603 million or 16.50 percent due to an increase in state and federal funding provided for highway construction projects. Net other financing uses decreased by $46.409 million or 59.50 percent due to a decrease in the transfer of certain motor fuel tax revenue to the Transportation Investment 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 decreased by $52.877 million or 10.86 percent from the prior year. Restricted fund balance decreased a slight $409 thousand or 17.09 percent due to a change in the fair value of investments. Committed fund balance decreased by $52.468 million or 10.83 percent due to an increase in expenditures which utilized sales and use tax revenue that was unspent in the prior year.

Overall, revenues increased $66.079 million or 12 percent. Sales and use tax revenues, statutorily reallocated from use in the General Fund to use for highway projects, increased $62.040 million or 13.26 percent. License, permits, and fees increased $2.577 million or 3.21 percent as the result of an increase in motor vehicle registration fees. Expenditures increased by $52.915 million or 15.48 percent from the prior year due to increased spending on highway construction projects. Net other financing uses decreased by $16.699 million or 5.73 percent primarily due to a net decrease in transfers out for bond payments.

Trust Lands Fund

The fund balance of the permanent Trust Lands Fund increased by $235.815 million or 10.40 percent from the prior year. The increase was primarily due to a $215.653 million change in investment values because of general market conditions. The fund balance also increased due to an increase in revenue of $14.710 million generated from land use and a $5.038 million increase from gains on the sale of land.

The State recently passed legislation that changed the distribution policies for the beneficiaries of the Trust Lands Fund. As a result, the reporting and accounting was evaluated and changed to provide a more complete presentation of activity within the Trust Lands Fund; all investment earnings, administrative costs, and disbursements to beneficiaries are now reported within the Fund. In prior years, only the nonspendable earnings and principal were reported in the Trust Lands Fund with all expendable activity reported in other funds within the primary government. In fiscal year 2017, $56.032 million of investment earnings was reported in the Fund and expended as follows: $14.121 million in administrative costs, $2.908 million distribution to beneficiaries outside the primary government, and $39.003 million distribution (transfer out) to the School Trust LAND Program within the Education Fund.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Student Assistance Programs

The net position of the Student Assistance Programs increased slightly by $416 thousand or 0.11 percent from the prior year due to changes in total assets, liabilities, and deferred inflows of resources. Total assets decreased $385.665 million mainly due to a decrease in student loans receivable. These programs received $438.797 million in principal payments on student loans during the fiscal year. Total liabilities decreased overall by $370.180 million as the Program issued $872.250 million in student loan backed notes, offset by $305.500 million in payments on principal on student loan revenue bonds and notes, and $922 million in payments on principal on a related line of credit. Deferred inflows decreased $16.316 million as a result of a decrease in the fair value of interest rate swap agreements. Operating revenues decreased $15.051 million due to a $17.946 million decline in interest on student loans that was offset by a $2.960 million increase in federal loans servicing revenue. Operating expenses decreased $18.210 million primarily due to a decrease in interest expense. Of total net position of $365.130 million, $298.749 million is restricted for use within the programs by bond covenants or federal law.

Unemployment Compensation Fund

The State's average unemployment rate for the fiscal year 2017 increased slightly from the prior year. Employer tax revenue decreased $29.721 million or 12.38 percent due to an overall contribution rate decrease from the prior year. Expenses decreased $7.162 million or 3.92 percent due to fewer claims paid. Overall, employer taxes and other revenues exceeded benefit payments resulting in an increase of net position of $57.205 million or 5.52 percent. The entire net position of $1.093 billion is restricted for use within the programs by state and federal law.

Water Loan Programs

The net position of the Water Loan Programs increased $32.360 million or 3.41 percent from the prior year. Additional capital for loans was provided from $31.003 million in dedicated sales tax revenues, $14.831 million in investment income, and $8.074

million in federal grants. These increases were offset by program grant expenses of $10.491 million, other operating expenses of $3.955 million, and $6.296 million transferred out of the fund for watershed and other construction projects. Of total net position of $981.920 million, $443.195 million is restricted for use within the Water Loan Programs by federal grant requirements and $158.195 million is restricted pursuant to bond agreements within the programs.

Community Impact Loan Fund

The net position of the Community Impact Loan fund increased $7.676 million or 1.14 percent from the prior year, primarily due to investment income of $9.184 million and sales tax revenues of $26 million, which were offset by $21.964 million transferred out of the fund for community development programs and $5.957 million in operating expenses. 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 $628.369 million during the year. The change consisted of net increases in infrastructure (i.e., state roads and bridges) of $313.622 million; construction in progress of $176.426 million; land and related assets of $101.484 million; building and improvements of $35.660 million; and machinery and equipment of $5.863 million. There was a net decrease in software of $4.686 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, 2017, the State had $129.624 million of outstanding debt related to capital assets of component units.

At June 30, 2017, the State had commitments in capital projects funds of $451.929 million for building projects and $301.284 million for highway construction and improvement projects. The State also had commitments of $290.077 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 overall system has a target of 80 percent rated as "fair" or better. The most recent biannual condition assessment completed in 2015 indicated that 89.32 percent of roads were in "fair" or better condition. These results reflect maintaining roads above target percentages and are consistent with calendar year 2014, when 87.51 percent of roads were assessed as "fair" or better condition.

The State's established condition level for bridges is to maintain 50 percent with a rating of "good" and no more than 10 percent of bridges with a "poor" rating. The most recent condition assessment, completed in April 2017, indicated that 67.91 percent and 1.45 percent of bridges were in "good" and "poor" condition, respectively. These results reflect maintaining bridges at a consistent condition level as 2016 when 70.95 percent of the bridges were assessed as "good" or better, and 1.4 percent assessed were in "poor" condition.

During fiscal year 2017, the State spent $407.191 million to maintain and preserve roads and bridges. This amount is 59.07 percent above the estimated amount of $255.992 million needed to maintain these assets at established condition levels.

More information about capital assets is included in Note 8 and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information – Information About Infrastructure Assets Reported Using the Modified Approach.

Long-term Debt

The *Constitution of Utah* allows the State to contract debts not exceeding 1.50 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, 2017, the general obligation indebtedness of the State was $2.981 billion below the constitutional debt limit and $1.550 billion below the statutory debt limit.

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

State of Utah
Net Outstanding Bonded Debt as of June 30
(expressed in millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2016 to 2017**
General Obligation Bonds	$ 2,235	$ 2,585	$ —	$ —	$ 2,235	$ 2,585	(13.54)%
Revenue Bonds:							
State Building Ownership Auth.	230	249	73	79	303	328	(7.62)%
Student Assistance Programs	—	—	1,812	1,255	1,812	1,255	44.38 %
Water Loan Programs	—	—	37	42	37	42	(11.90)%
Total Bonds Payable	**$ 2,465**	**$ 2,834**	**$ 1,922**	**$ 1,376**	**$ 4,387**	**$ 4,210**	4.20 %

Total general obligation bonds payable net of premiums and discounts decreased $349.791 million. Revenue bonds payable net of premiums and discounts increased $526.101 million for an overall net increase of $176.310 million during the fiscal year. The State did not issue general obligation bonds, nor revenue bonds for State Building Ownership Authority or Water Loan Programs during the year. The Student Assistance Programs issued $872.250 million in student loan backed notes to retire a related line of credit.

The State has other significant long-term debt, such as Pension related liabilities and Other postemployment Benefits (OPEB). See Notes 18 and 19 for specific information on these liabilities.

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 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 2018 are 4.16 percent higher than actual fiscal year 2017 revenues. Original estimates of the Education Fund for fiscal year 2018 are 4.58 percent higher than actual fiscal year 2017 revenues. The Legislature balanced the 2018 budget through projected revenue growth, prior year reserves, and funding reallocations.

Preliminary data for fiscal year 2018 show tax revenues to be in line with estimates. The overall unemployment rate is expected to be 3.50 percent in 2017, a slight increase from the average 2016 rate of 3.40 percent. Taxable retail sales are expected to increase 7.80 percent in 2017 and increase 5.10 percent in 2018. Personal income is expected to increase 6.30 percent in 2017, and 4.90 percent in 2018. 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 2018. The Governor and Legislature will review the fiscal year 2018 budget again during the upcoming 2018 General Session and take action as necessary to ensure a balanced budget.

CONTACTING THE STATE'S DIVISION OF FINANCE

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Department of Administrative Services: Division of Finance, Financial Reporting Section at 2110 State Office Building, Salt Lake City, UT, 84114, phone (801) 538-3082 or by email at utahcafr@utah.gov. You may also visit our website at 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 State Auditor, Utah State Capitol Complex, East Office Building, Suite E310, Salt Lake City, UT 84114. You may also visit their website at auditor.utah.gov.

BASIC FINANCIAL STATEMENTS

2017

State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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Statement of Net Position

(expressed in thousands)

June 30, 2017

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	$ 1,536,991	$ 1,747,908	$ 3,284,899	$ 812,134
Investments	1,238,387	13,370	1,251,757	3,214,536
Taxes Receivable, net	1,242,324	3,304	1,245,628	—
Accounts and Interest Receivable, net	836,382	152,110	988,492	593,673
Amounts Due From:				
Component Units	46,553	1	46,554	—
Primary Government	—	—	—	89
Prepaid Items	20,358	422	20,780	37,342
Inventories	19,316	39,518	58,834	90,334
Internal Balances	23,060	(23,060)	0	—
Restricted Investments	2,389,972	99,571	2,489,543	1,050,910
Restricted Receivables	—	—	—	84,903
Notes/Loans/Mortgages/Pledges Receivable, net	7,153	3,128,919	3,136,072	92,945
Capital Lease Payments Receivable, net	90,660	—	90,660	—
Pledged Loans Receivables	—	118,502	118,502	—
Other Assets	91,353	68	91,421	62,234
Capital Assets:				
Land and Other Non-depreciable Assets	1,956,344	24,727	1,981,071	714,368
Infrastructure	14,101,999	—	14,101,999	464,128
Construction in Progress	1,023,877	217	1,024,094	—
Buildings, Equipment, and Other Depreciable Assets	3,049,452	117,542	3,166,994	8,189,908
Less Accumulated Depreciation	(1,476,900)	(51,039)	(1,527,939)	(3,970,076)
Total Capital Assets	18,654,772	91,447	18,746,219	5,398,328
Total Assets	$ 26,197,281	$ 5,372,080	$ 31,569,361	$ 11,437,428
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	$ 444,746	$ 12,538	$ 457,284	$ 160,807
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 1,113,595	$ 50,419	$ 1,164,014	$ 437,682
Amounts Due to:				
Component Units	63	26	89	—
Primary Government	—	—	—	46,554
Securities Lending	—	—	—	2,993
Unearned Revenue	76,678	4,319	80,997	150,729
Deposits	—	47	47	172,205
Long-term Liabilities:				
Due Within One Year	428,410	401,015	829,425	302,659
Due in More Than One Year	3,441,561	1,544,482	4,986,043	1,891,246
Total Liabilities	$ 5,060,307	$ 2,000,308	$ 7,060,615	$ 3,004,068
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	$ 141,323	$ 25,179	$ 166,502	$ 54,960
NET POSITION				
Net Investment in Capital Assets	$ 16,370,572	$ 19,440	$ 16,390,012	$ 4,105,127
Restricted for:				
Transportation	331,104	—	331,104	—
Public Education – Expendable	1,342,358	—	1,342,358	—
Public Education – Nonexpendable	2,503,353	—	2,503,353	—
Higher Education – Expendable	—	—	—	1,012,414
Higher Education – Nonexpendable	—	—	—	882,604
Debt Service	—	158,195	158,195	—
Unemployment Compensation and Insurance Programs	5,149	1,093,092	1,098,241	245,571
Loan Programs	—	859,489	859,489	—
Other Purposes – Expendable	67,981	—	67,981	11,840
Unrestricted	819,880	1,228,915	2,048,795	2,281,651
Total Net Position	$ 21,440,397	$ 3,359,131	$ 24,799,528	$ 8,539,207

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

Statement of Activities

(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	$ 476,428	$ 182,026	$ 137,142	$ 768
Human Services and Juvenile Justice Services	818,058	12,674	347,054	—
Corrections	297,587	4,824	353	—
Public Safety	266,032	59,581	86,788	—
Courts	150,066	51,645	2,154	—
Health and Environmental Quality	2,719,553	315,962	1,883,732	—
Higher Education	1,104,855	—	941	—
Employment and Family Services	760,777	8,911	621,921	—
Natural Resources	225,176	101,933	52,622	—
Heritage and Arts	28,874	3,961	7,675	—
Business, Labor, and Agriculture	106,523	94,305	9,310	—
Public Education	3,748,684	191,968	564,983	—
Transportation	888,854	206,963	279,939	131,940
Interest and Other Charges on Long-term Debt	84,820	—	—	—
Total Governmental Activities	11,676,287	1,234,753	3,994,614	132,708
Business-type:				
Student Assistance Programs	136,037	108,057	26,623	—
Unemployment Compensation	175,354	210,907	1,378	—
Water Loan Programs	15,998	746	8,074	—
Community and Economic Loan Programs	9,074	3,393	2,675	—
Liquor Retail Sales	277,965	384,009	303	—
Other Business-type Activities	45,612	47,994	—	—
Total Business-type Activities	660,040	755,106	39,053	0
Total Primary Government	$ 12,336,327	$ 1,989,859	$ 4,033,667	$ 132,708
Component Units:				
Public Employees Health Program	$ 623,162	$ 628,476	$ 23,705	$ —
University of Utah	4,404,100	3,754,146	652,443	74,577
Utah State University	700,468	236,315	289,735	28,941
Nonmajor Colleges and Universities	1,185,518	498,145	263,879	40,984
Nonmajor Component Units	84,169	25,579	891	15,317
Total Component Units	$ 6,997,417	$ 5,142,661	$ 1,230,653	$ 159,819

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

Capital Contributions

Transfers—Internal Activities

Total General Revenues, Contributions and Transfers

Change in Net Position

Net Position—Beginning

Adjustment to Beginning Net Position

Net Position—Beginning as Adjusted

Net Position—Ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (156,492)	$ —	$ (156,492)	$ —
(458,330)	—	(458,330)	—
(292,410)	—	(292,410)	—
(119,663)	—	(119,663)	—
(96,267)	—	(96,267)	—
(519,859)	—	(519,859)	—
(1,103,914)	—	(1,103,914)	—
(129,945)	—	(129,945)	—
(70,621)	—	(70,621)	—
(17,238)	—	(17,238)	—
(2,908)	—	(2,908)	—
(2,991,733)	—	(2,991,733)	—
(270,012)	—	(270,012)	—
(84,820)	—	(84,820)	—
(6,314,212)	0	(6,314,212)	0
—	(1,357)	(1,357)	—
—	36,931	36,931	—
—	(7,178)	(7,178)	—
—	(3,006)	(3,006)	—
—	106,347	106,347	—
—	2,382	2,382	—
0	134,119	134,119	0
(6,314,212)	134,119	(6,180,093)	0
—	—	—	29,019
—	—	—	77,066
—	—	—	(145,477)
—	—	—	(382,510)
—	—	—	(42,382)
0	0	0	(464,284)
2,402,809	57,528	2,460,337	—
3,646,721	—	3,646,721	—
327,266	—	327,266	—
483,922	—	483,922	—
355,075	—	355,075	—
7,215,793	57,528	7,273,321	0
22,058	49,349	71,407	19
—	—	—	965,889
—	—	—	35,760
54,012	529	54,541	—
106,723	—	106,723	192
—	—	—	37,801
—	37	37	—
135,338	(135,338)	—	—
7,533,924	(27,895)	7,506,029	1,039,661
1,219,712	106,224	1,325,936	575,377
20,339,455	3,255,098	23,594,553	7,938,090
(118,770)	(2,191)	(120,961)	25,740
20,220,685	3,252,907	23,473,592	7,963,830
$ 21,440,397	$ 3,359,131	$ 24,799,528	$ 8,539,207

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Governmental Fund Financial Statements

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

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

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

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

Trust Lands Fund
This permanent fund accounts for the investment earnings, 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 within Supplementary Information – Combining Statements and Individual Fund Statements and Schedules.

Balance Sheet
Governmental Funds
(expressed in thousands)

June 30, 2017

		Special Revenue		Capital Projects	Permanent		
	General	**Education**	**Transportation**	**Transportation Investment**	**Trust Lands**	**Nonmajor Governmental Funds**	**Total Governmental Funds**
ASSETS							
Cash and Cash Equivalents	$ 530,687	$ 182,820	$ 363,418	$ —	$ 22,649	$ 364,713	$ 1,464,287
Investments	58,120	392,125	60,113	387,599	2,389,972	340,430	3,628,359
Receivables:							
Accounts, net	464,671	133,536	96,824	—	107,251	19,689	821,971
Accrued Interest	87	15	—	—	207	7,193	7,502
Accrued Taxes, net	264,180	880,019	49,095	49,030	—	—	1,242,324
Notes/Mortgages, net	573	4,492	—	—	2,088	—	7,153
Capital Lease Payments, net	—	—	—	—	—	90,660	90,660
Due From Other Funds	47,017	4,436	240	—	1,914	5,154	58,761
Due From Component Units	126	—	—	—	—	45,541	45,667
Prepaid Items	14,475	—	—	—	—	—	14,475
Inventories	687	—	13,905	—	—	—	14,592
Interfund Loans Receivable	44,872	—	—	—	—	—	44,872
Other Assets	—	—	—	—	91,087	—	91,087
Total Assets	$ 1,425,495	$ 1,597,443	$ 583,595	$ 436,629	$ 2,615,168	$ 873,380	$ 7,531,710
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts Payable and Accrued Liabilities	$ 413,025	$ 248,981	$ 213,925	$ —	$ 100,561	$ 115,308	$ 1,091,800
Due To Other Funds	32,659	583	6,447	672	12	21,557	61,930
Due To Component Units	50	8	—	—	5	—	63
Unearned Revenue	63,955	256	6,078	—	—	2,881	73,170
Total Liabilities	509,689	249,828	226,450	672	100,578	139,746	1,226,963
Deferred Inflows of Resources:							
Unavailable Revenue	84,651	466,393	1,176	1,984	11,237	90,660	656,101
Total Deferred Inflows of Resources	84,651	466,393	1,176	1,984	11,237	90,660	656,101
Fund Balances:							
Nonspendable:							
Long-term Portion of Interfund Loans Receivable	18,927	—	—	—	—	—	18,927
Prepaid Items	14,475	—	—	—	—	—	14,475
Inventories	687	—	13,905	—	—	—	14,592
Permanent Fund Principal	—	—	—	—	2,503,353	—	2,503,353
Restricted	33,516	881,222	338,480	1,984	—	86,899	1,342,101
Committed	559,791	—	584	431,989	—	254,010	1,246,374
Assigned	194,174	—	3,000	—	—	302,065	499,239
Unassigned	9,585	—	—	—	—	—	9,585
Total Fund Balances	831,155	881,222	355,969	433,973	2,503,353	642,974	5,648,646
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,425,495	$ 1,597,443	$ 583,595	$ 436,629	$ 2,615,168	$ 873,380	$ 7,531,710

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

Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
(expressed in thousands)

June 30, 2017

Total Fund Balances – Governmental Funds			$	5,648,646
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	$	1,956,344		
Infrastructure, Non-depreciable		14,101,999		
Construction in Progress		1,022,111		
Buildings, Equipment, and Other Depreciable Assets		2,844,713		
Accumulated Depreciation		(1,363,169)		18,561,998
Deferred inflows of resources are not reported in the governmental funds:				
Revenues are not available soon enough after yearend to pay for the current period's expenditures	$	648,618		
Related to Pensions		(120,289)		
Related to Other Post Employment Benefits		(4,365)		523,964
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				30,356
Deferred outflows of resources are not reported in the governmental funds:				
Amount on Refunding of Bonded Debt	$	20,925		
Related to Pensions		394,633		415,558
Other assets not available in the current period and therefore are not reported in the governmental funds:				
Net Pension Asset				259
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the governmental funds: (See Note 10)				
General Obligation and Revenue Bonds Payable	$	(2,399,001)		
Unamortized Bond Premiums		(66,423)		
Accrued Interest on Bonds Payable		(1,259)		
Pollution Remediation Obligation		(5,891)		
Settlement Obligation		(319)		
Compensated Absences		(181,557)		
Capital Leases		(21,616)		
Net Other Postemployment Benefits Liability		(102,850)		
Net Pension Liability		(961,468)		(3,740,384)
Total Net Position – Governmental Activities			$	21,440,397

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

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

		Special Revenue		Capital Projects	Permanent		
	General	Education	Transportation	Transportation Investment	Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Sales and Use Tax	$ 1,868,946	$ —	$ 39	$ 529,761	$ —	$ 4,601	$ 2,403,347
Individual Income Tax	—	3,646,112	—	—	—	—	3,646,112
Corporate Tax	—	325,701	—	—	—	—	325,701
Motor and Special Fuels Tax	—	—	484,677	—	—	—	484,677
Other Taxes	327,007	4,800	12,946	—	—	10,110	354,863
Total Taxes	2,195,953	3,976,613	497,662	529,761	0	14,711	7,214,700
Other Revenues:							
Federal Contracts and Grants	2,904,697	471,202	406,332	—	—	46,484	3,828,715
Charges for Services/Royalties	487,630	8,531	46,218	—	46,706	78,580	667,665
Licenses, Permits, and Fees	27,663	5,934	87,262	82,971	—	—	203,830
Federal Mineral Lease	73,787	—	—	—	—	—	73,787
Intergovernmental	—	—	—	—	—	19,273	19,273
Investment Income	17,397	4,789	2,395	3,965	216,787	21,442	266,775
Miscellaneous Other:							
Liquor Sales Allocated for School Lunch	—	42,723	—	—	—	—	42,723
Miscellaneous and Other	243,262	23,778	50,858	—	—	33,546	351,444
Total Revenues	5,950,389	4,533,570	1,090,727	616,697	263,493	214,036	12,668,912
EXPENDITURES							
Current:							
General Government	367,825	—	—	—	14,121	27,680	409,626
Human Services and Juvenile Justice Services	798,133	—	—	—	—	6,150	804,283
Corrections	301,430	—	—	—	—	4,008	305,438
Public Safety	223,610	—	—	—	—	30,366	253,976
Courts	147,429	—	—	—	—	4,833	152,262
Health and Environmental Quality	2,727,556	—	—	—	—	5,818	2,733,374
Higher Education – State Administration	73,641	—	—	—	—	—	73,641
Higher Education – Colleges and Universities	934,784	—	—	—	2,908	44,246	981,938
Employment and Family Services	740,583	—	—	—	—	13,947	754,530
Natural Resources	216,676	—	—	—	—	8,711	225,387
Heritage and Arts	28,803	—	—	—	—	532	29,335
Business, Labor, and Agriculture	93,867	—	—	—	—	13,933	107,800
Public Education	—	3,730,948	—	—	—	1,865	3,732,813
Transportation	—	—	971,547	—	—	4,115	975,662
Capital Outlay	—	—	—	394,652	—	274,116	668,768
Debt Service:							
Principal Retirement	—	—	—	—	—	342,622	342,622
Interest and Other Charges	—	—	—	—	—	105,023	105,023
Total Expenditures	6,654,337	3,730,948	971,547	394,652	17,029	887,965	12,656,478
Excess Revenues Over (Under) Expenditures	(703,948)	802,622	119,180	222,045	246,464	(673,929)	12,434
OTHER FINANCING SOURCES (USES)							
Sale of Capital Assets	116	—	24,570	—	28,339	—	53,025
Transfers In	938,598	54,290	44,495	60,221	15	694,455	1,792,074
Transfers Out	(261,765)	(838,287)	(100,649)	(335,143)	(39,003)	(83,120)	(1,657,967)
Total Other Financing Sources (Uses)	676,949	(783,997)	(31,584)	(274,922)	(10,649)	611,335	187,132
Net Change in Fund Balances	(26,999)	18,625	87,596	(52,877)	235,815	(62,594)	199,566
Fund Balances – Beginning	858,154	848,157	272,760	482,463	2,267,538	691,902	5,420,974
Adjustment to Beginning Fund Balances	—	14,440	(4,387)	4,387	—	13,666	28,106
Fund Balances – Beginning As Adjusted	858,154	862,597	268,373	486,850	2,267,538	705,568	5,449,080
Fund Balances – Ending	$ 831,155	$ 881,222	$ 355,969	$ 433,973	$ 2,503,353	$ 642,974	$ 5,648,646

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities
Governmental Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balances – Governmental Funds		$ 199,566
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 $828,616 exceeded depreciation expense of $(104,651) and buildings "transferred" to component units of $(49,276) in the current period. (See Note 8)		674,689
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.		(49,039)
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.		2,767
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.		7,563
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)		
Payment of Bond Principal	$ 342,622	
Capital Lease Payments	1,882	344,504
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 Outlays	$ 510	
Settlement Obligations	46	
Compensated Absences Expense	1,150	
Accrued Interest on Bonds Payable	195	
Amortization of Bond Premiums	26,404	
Amortization of Deferred Amount on Refunding of Bonded Debt	(6,374)	
Other Postemployment Benefits Expense	23,151	
Pension Expense	(5,420)	39,662
Change in Net Position – Governmental Activities		$ 1,219,712

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

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Proprietary Fund Financial Statements

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

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

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

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

Nonmajor Funds
Nonmajor enterprise funds are presented within Supplementary Information – Combining Statements and Individual Fund Statements and Schedules.

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 within Supplementary Information – Combining Statements and Individual Fund Statements and Schedules.

Statement of Net Position
Proprietary Funds
(expressed in thousands)

June 30, 2017

	Business-type Activities - Enterprise Funds						Governmental Activities
	Student Assistance Programs	**Unemployment Compensation Fund**	**Water Loans Programs**	**Community Impact Loan Fund**	**Nonmajor Enterprise Funds**	**Total**	**Internal Service Funds**
ASSETS							
Current Assets:							
Cash and Cash Equivalents	$ 128,233	$ 1,037,445	$ 322,715	$ 200,985	$ 58,530	$ 1,747,908	$ 72,704
Restricted Investments	99,571	—	—	—	—	99,571	—
Receivables:							
Accounts, net	8,841	67,465	1,898	—	11,333	89,537	6,298
Accrued Interest	42,136	—	5,149	4,698	1,802	53,785	—
Accrued Taxes, net	—	—	3,304	—	—	3,304	—
Notes/Loans/Mortgages, net	363,588	—	46,320	27,226	10,543	447,677	—
Due From Other Funds	—	—	11,988	—	7,378	19,366	28,264
Due From Component Units	—	—	—	—	1	1	886
Prepaid Items	392	—	20	—	10	422	2,940
Inventories	—	—	—	—	39,518	39,518	4,721
Other Assets	—	—	—	—	66	66	—
Total Current Assets	642,761	1,104,910	391,394	232,909	129,181	2,501,155	115,813
Noncurrent Assets:							
Accounts Receivables	—	3,228	—	—	—	3,228	—
Investments	13,137	—	—	—	233	13,370	—
Prepaid Items	—	—	—	—	—	—	2,943
Accrued Interest Receivable	—	—	3,894	70	1,593	5,557	—
Notes/Loans/Mortgages Receivables, net	1,566,451	—	506,051	449,957	158,783	2,681,242	—
Pledged Loans Receivables	—	—	118,502	—	—	118,502	—
Other Assets	—	—	—	—	2	2	7
Capital Assets:							
Land	—	—	—	—	24,727	24,727	—
Infrastructure	—	—	—	—	430	430	130
Buildings and Improvements	13,003	—	—	—	82,484	95,487	5,455
Machinery and Equipment	2,889	—	—	—	14,955	17,844	189,632
Intangible Assets–Software	1,174	—	—	—	2,607	3,781	9,522
Construction in Progress	—	—	—	—	217	217	1,766
Less Accumulated Depreciation	(7,381)	—	—	—	(43,658)	(51,039)	(113,731)
Total Capital Assets	9,685	0	0	0	81,762	91,447	92,774
Total Noncurrent Assets	1,589,273	3,228	628,447	450,027	242,373	2,913,348	95,724
Total Assets	$ 2,232,034	$ 1,108,138	$ 1,019,841	$ 682,936	$ 371,554	$ 5,414,503	$ 211,537
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —	$ 3,855	$ 3,855	$ 5
Deferred Outflows Relating to Pensions	970	—	—	—	7,713	8,683	29,183
Total Deferred Outflows of Resources	$ 970	$ 0	$ 0	$ 0	$ 11,568	$ 12,538	$ 29,188
LIABILITIES							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	$ 30,332	$ 2,389	$ 1,172	$ —	$ 16,063	$ 49,956	$ 19,798
Deposits	—	46	—	—	1	47	—
Due To Other Funds	—	7,801	69	—	34,553	42,423	2,162
Due To Component Units	—	—	—	—	26	26	—
Interfund Loans Payable	—	—	—	—	—	—	25,945
Unearned Revenue	—	—	—	—	4,319	4,319	2,074
Policy Claims and Uninsured Liabilities	—	4,810	—	—	—	4,810	23,817
Notes Payable	—	—	—	—	—	—	37
Revenue Bonds Payable	384,567	—	5,455	—	6,183	396,205	51
Total Current Liabilities	414,899	15,046	6,696	0	61,145	497,786	73,884
Noncurrent Liabilities:							
Unearned Revenue	—	—	—	—	—	—	1,434
Accrued Liabilities	463	—	—	—	—	463	—
Interfund Loans Payable	—	—	—	—	—	—	18,927
Policy Claims and Uninsured Liabilities	—	—	—	—	—	—	29,828
Notes Payable	—	—	—	—	—	—	268
Revenue Bonds Payable	1,427,722	—	31,225	—	66,336	1,525,283	94
Net Pension Liability	1,812	—	—	—	15,656	17,468	69,980
Net Other Postemployment Benefit Liability	—	—	—	—	1,731	1,731	6,768
Total Noncurrent Liabilities	1,429,997	0	31,225	0	83,723	1,544,945	127,299
Total Liabilities	$ 1,844,896	$ 15,046	$ 37,921	$ 0	$ 144,868	$ 2,042,731	$ 201,183
DEFERRED INFLOWS OF RESOURCES							
Deferred Amount on Refundings of Bonded Debt	$ 9,459	$ —	$ —	$ —	$ —	$ 9,459	$ —
Fair Value of Interest Rate Swap Agreements	13,137	—	—	—	—	13,137	—
Deferred Inflows Relating to Pensions	382	—	—	—	2,134	2,516	8,924
Deferred Inflows Relating to Other Postemployment Benefit	—	—	—	—	67	67	262
Total Deferred Inflows of Resources	$ 22,978	$ 0	$ 0	$ 0	$ 2,201	$ 25,179	$ 9,186
NET POSITION							
Net Investment in Capital Assets	$ 5,397	$ —	$ —	$ —	$ 14,043	$ 19,440	$ 92,609
Restricted for:							
Unemployment Compensation and Insurance Programs	—	1,093,092	—	—	—	1,093,092	5,149
Loan Programs	298,749	—	443,195	—	117,545	859,489	—
Debt Service	—	—	158,195	—	—	158,195	—
Unrestricted (Deficit)	60,984	—	380,530	682,936	104,465	1,228,915	(67,402)
Total Net Position	$ 365,130	$ 1,093,092	$ 981,920	$ 682,936	$ 236,053	$ 3,359,131	$ 30,356

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

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Business-type Activities - Enterprise Funds						Governmental Activities
	Student Assistance Programs	Unemployment Compensation Fund	Water Loans Programs	Community Impact Loan Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES							
Sales and Charges for Services/Premiums	$ 11,471	$ 210,446	$ 555	$ —	$ 426,208	$ 648,680	$ 284,953
Fees and Assessments	764	461	191	—	6,123	7,539	—
Interest on Notes/Mortgages	91,604	—	—	—	3,052	94,656	—
Federal Reinsurance and Allowances/Reimbursements	26,623	—	—	—	—	26,623	—
Miscellaneous	4,218	—	—	20	(7)	4,231	397
Total Operating Revenues	134,680	210,907	746	20	435,376	781,729	285,350
OPERATING EXPENSES							
Administration	5,231	—	—	13	35,260	40,504	113,818
Purchases, Materials, and Services for Resale	—	—	—	—	251,722	251,722	70,288
Grants	—	—	10,491	—	2,169	12,660	448
Rentals and Leases	—	—	8	—	2,235	2,243	1,477
Maintenance	—	—	—	—	3,911	3,911	21,578
Interest	30,833	—	—	—	—	30,833	—
Depreciation/Amortization	797	—	—	—	3,580	4,377	19,144
Student Loan Servicing and Related Expenses	71,908	—	—	—	—	71,908	—
Payment to Lenders for Guaranteed Claims	26,551	—	—	—	—	26,551	—
Benefit Claims and Unemployment Compensation	—	175,354	—	—	—	175,354	20,929
Supplies and Other Miscellaneous	367	—	3,955	5,957	24,777	35,056	32,562
Total Operating Expenses	135,687	175,354	14,454	5,970	323,654	655,119	280,244
Operating Income (Loss)	(1,007)	35,553	(13,708)	(5,950)	111,722	126,610	5,106
NONOPERATING REVENUES (EXPENSES)							
Investment Income/Interest on Loans	1,773	22,647	14,831	9,184	914	49,349	741
Federal Contracts and Grants	—	1,378	8,074	406	2,572	12,430	—
Disposal of Capital Assets	—	—	—	—	529	529	357
Tax Revenues	—	—	31,003	26,000	525	57,528	—
Interest Expense	—	—	(1,544)	—	(3,027)	(4,571)	(22)
Refunds Paid to Federal Government	(100)	—	—	—	—	(100)	(401)
Other Revenues (Expenses)	(250)	—	—	—	—	(250)	(218)
Total Nonoperating Revenues (Expenses)	1,423	24,025	52,364	35,590	1,513	114,915	457
Income (Loss) before Capital Contributions and Transfers	416	59,578	38,656	29,640	113,235	241,525	5,563
Capital Contributions	—	—	—	—	37	37	769
Transfers In	—	—	—	—	3,047	3,047	1,286
Transfers Out	—	(2,373)	(6,296)	(21,964)	(107,752)	(138,385)	(55)
Change in Net Position	416	57,205	32,360	7,676	8,567	106,224	7,563
Net Position – Beginning	364,714	1,035,887	949,560	675,260	229,677	3,255,098	31,362
Adjustment to Beginning Net Position	—	—	—	—	(2,191)	(2,191)	(8,569)
Net Position – Beginning as Adjusted	364,714	1,035,887	949,560	675,260	227,486	3,252,907	22,793
Net Position – Ending	$ 365,130	$ 1,093,092	$ 981,920	$ 682,936	$ 236,053	$ 3,359,131	$ 30,356

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

Statement of Cash Flows
Proprietary Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Business-type Activities – Enterprise Funds						Governmental Activities
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Fund	Community Impact Loan Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from Customers/Loan Interest/Fees/Premiums	$ 81,015	$ 216,689	$ 661	$ 20	$ 446,660	$ 745,045	$ 54,269
Receipts from Loan Maturities	438,797	—	—	—	13,058	451,855	—
Receipts Federal Reinsurance and Allowances/Reimbursements	(21,808)	(10)	—	—	—	(21,818)	—
Receipts from State Customers	—	—	—	—	31,949	31,949	332,063
Payments to Suppliers/Claims/Grants	(17,387)	(175,318)	(14,221)	(5,442)	(272,486)	(484,854)	(190,476)
Disbursements for Loans Receivable	(16,352)	—	—	—	(14,872)	(31,224)	—
Payments on Loan Guarantees	(25,722)	—	—	—	—	(25,722)	—
Payments for Employee Services and Benefits	(15,763)	—	—	(13)	(33,622)	(49,398)	(115,544)
Payments to State Suppliers and Grants	—	—	—	(515)	(10,743)	(11,258)	(50,141)
Payments of Sales Tax and School Lunch Collections	—	—	—	—	(47,052)	(47,052)	—
Net Cash Provided (Used) by Operating Activities	422,780	41,361	(13,560)	(5,950)	112,892	557,523	30,171
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Borrowings Under Interfund Loans	—	—	—	—	31,528	31,528	1,384
Repayments Under Interfund Loans	—	—	—	—	(28,749)	(28,749)	—
Receipts from Bonds, Notes, and Deposits	864,233	6	—	—	—	864,239	—
Payments of Bonds, Notes, Deposits, and Refunds	(1,227,465)	(10)	(5,349)	—	—	(1,232,824)	(34)
Interest Paid on Bonds, Notes, and Financing Costs	(39,880)	—	(1,273)	—	—	(41,153)	(16)
Federal Contracts and Grants and Other Revenues	—	1,378	6,818	406	960	9,562	—
Restricted Sales Tax	—	—	30,841	26,000	525	57,366	—
Transfers In from Other Funds	—	—	—	—	3,047	3,047	—
Transfers Out to Other Funds	—	(2,373)	(6,296)	(21,964)	(107,752)	(138,385)	—
Net Cash Provided (Used) by Noncapital Financing Activities	(403,112)	(999)	24,741	4,442	(100,441)	(475,369)	1,334
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Borrowings Under Interfund Loans	—	—	—	—	—	—	22,349
Repayments Under Interfund Loans	—	—	—	—	—	—	(33,118)
Proceeds from Bond and Note Debt Issuance	—	—	—	—	303	303	—
Proceeds from Disposition of Capital Assets	—	—	—	—	610	610	3,366
Federal Grants and Other Revenues	—	—	—	—	—	—	70
Principal Paid on Debt and Contract Maturities	—	—	—	—	(5,626)	(5,626)	(82)
Acquisition and Construction of Capital Assets	(671)	—	—	—	(1,208)	(1,879)	(23,440)
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—	(3,303)	(3,303)	(4)
Transfers In from Other Funds	—	—	—	—	—	—	1,286
Transfers Out to Other Funds	—	—	—	—	—	—	(55)
Net Cash Provided (Used) by Capital and Related Financing Activities	(671)	0	0	0	(9,224)	(9,895)	(29,628)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from the Sale and Maturity of Investments	1,409,606	—	—	—	1	1,409,607	—
Receipts of Interest and Dividends	1,785	22,647	14,837	9,184	460	48,913	741
Receipts from Loan Maturities	—	—	46,475	35,332	3,634	85,441	—
Receipts of Interest from Loans	—	—	—	—	475	475	—
Payments to Purchase Investments	(1,393,603)	—	—	—	—	(1,393,603)	—
Disbursements for Loans Receivable	—	—	(26,683)	(31,065)	(1,109)	(58,857)	—
Net Cash Provided (Used) by Investing Activities	17,788	22,647	34,629	13,451	3,461	91,976	741
Net Cash Provided (Used) – All Activities	36,785	63,009	45,810	11,943	6,688	164,235	2,618
Cash and Cash Equivalents – Beginning	91,448	974,436	276,905	189,042	51,842	1,583,673	70,086
Cash and Cash Equivalents – Ending	$ 128,233	$ 1,037,445	$ 322,715	$ 200,985	$ 58,530	$ 1,747,908	$ 72,704

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

Continues

	Business-type Activities – Enterprise Funds						Governmental Activities
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Fund	Community Impact Loan Fund	Nonmajor Enterprise Funds	Total	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating Income (Loss)	$ (1,007)	$ 35,553	$ (13,708)	$ (5,950)	$ 111,722	$ 126,610	$ 5,106
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation/Amortization Expense	797	—	—	—	3,580	4,377	19,144
Interest Expense for Noncapital and Capital Financing	32,596	—	—	—	—	32,596	—
Pension and OPEB Expense Accruals	(1,395)	—	—	—	(241)	(1,636)	(299)
Miscellaneous Gains, Losses, and Other Items	4,566	—	—	—	—	4,566	(619)
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:							
Accounts Receivable/Due From Other Funds	(4,435)	8,193	(85)	—	(3,902)	(229)	(1,270)
Notes/Accrued Interest Receivables	392,509	—	—	—	(1,945)	390,564	—
Inventories	—	—	—	—	(506)	(506)	(96)
Prepaid Items/Deferred Charges	(20)	—	26	—	(7)	(1)	35
Accrued Liabilities/Due to Other Funds	(831)	(1,468)	207	—	3,814	1,722	20
Unearned Revenue/Deposits	—	—	—	—	377	377	2,597
Policy Claims Liabilities	—	(917)	—	—	—	(917)	5,553
Net Cash Provided (Used) by Operating Activities	$ 422,780	$ 41,361	$ (13,560)	$ (5,950)	$ 112,892	$ 557,523	$ 30,171
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES							
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ 43	$ (16)	$ —	$ 27	$ 9
Contributed Capital Assets Transferred In (Out)	—	—	—	—	37	37	699
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 43	$ (16)	$ 37	$ 64	$ 708

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

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Fiduciary Funds

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

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

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

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

Individual funds are presented by fund type within Supplementary Information – Combining Statements and Individual Fund Statements and Schedules.

Statement of Fiduciary Net Position
Fiduciary Funds
(expressed in thousands)

June 30, 2017

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Fund	Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 2,364,941	$ 1,192,193	$ 10,754	$ 197,580
Receivables:				
Accounts	1,749	—	5,480	16,923
Contributions	54,284	—	—	—
Investments	537,792	—	—	—
Accrued Interest	—	—	1	—
Accrued Assessments	—	—	4,876	—
Loans	—	—	1,000	—
Due From Other Funds	—	—	624	114
Investments:				
Debt Securities	6,378,146	7,985,498	3,186,965	3,151
Equity Investments	13,206,478	—	8,136,303	—
Absolute Return	4,508,784	—	—	—
Private Equity	3,290,800	—	—	—
Real Assets	4,437,415	—	—	—
Invested Securities Lending Collateral	699,487	—	—	—
Total Investments	$ 32,521,110	$ 7,985,498	$ 11,323,268	$ 3,151
Other Assets	—	—	6,723	49,287
Capital Assets:				
Land	1,780	—	271	—
Buildings and Improvements	17,976	—	10,715	—
Machinery and Equipment	6,806	—	2,546	—
Less Accumulated Depreciation	(21,672)	—	(6,169)	—
Total Capital Assets	4,890	0	7,363	0
Total Assets	$ 35,484,766	$ 9,177,691	$ 11,360,089	$ 267,055
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Relating to Pensions	$ 0	$ 0	$ 568	$ 0
LIABILITIES				
Accounts Payable	$ 720,557	$ —	$ 2,931	$ —
Securities Lending Liability	699,487	—	—	—
Due To Other Funds	—	—	614	—
Due To Individuals, Organizations, and Other Governments	—	—	—	267,055
Unearned Revenue	—	—	428	—
Leave/Postemployment Benefits	24,354	—	—	—
Policy Claims Liabilities/Insurance Reserves	4,999	—	208,250	—
Real Estate Liabilities	205,000	—	—	—
Net Pension Obligation	—	—	992	—
Total Liabilities	$ 1,654,397	$ 0	$ 213,215	$ 267,055
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions	$ 0	$ 0	$ 267	$ 0
NET POSITION				
Restricted for:				
Pension Benefits	$ 28,544,316	$ —	$ —	
Other Postemployment Benefits	266,252	—	—	
Other Employee Benefits	15,711	—	—	
Defined Contribution	5,004,090	—	—	
Pool Participants	—	9,177,691	—	
Individuals, Organizations, and Other Governments	—	—	11,147,175	
Total Net Position	$ 33,830,369	$ 9,177,691	$ 11,147,175	
Participant Account Balance:				
Net Position Valuation Factor		1.00471926		

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

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Fund
ADDITIONS			
Contributions:			
Member	$ 390,012	$ —	$ 1,133,151
Employer	1,140,404	—	—
Court Fees and Fire Insurance Premiums	12,039	—	—
Total Contributions	1,542,455	0	1,133,151
Pool Participant Deposits	—	10,549,361	—
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	2,197,246	9,076	864,945
Interest, Dividends, and Other Investment Income	495,576	101,750	236,403
Total Income From Investment Activity	2,692,822	110,826	1,101,348
Less Investment Expenses	(52,672)	(426)	—
Net Income from Investment Activity	2,640,150	110,400	1,101,348
Income from Security Lending Activity	9,174	—	—
Less Security Lending Expenses	(1,192)	—	—
Net Income from Security Lending Activity	7,982	0	0
Net Investment Income	2,648,132	110,400	1,101,348
Transfers From Affiliated Systems	9,912	—	—
Other Additions:			
Escheats	—	—	28,348
Royalties and Rents	—	—	3,293
Fees, Assessments, and Revenues	—	—	46,958
Miscellaneous	—	—	5,567
Total Other	—	—	84,166
Total Additions	4,200,499	10,659,761	2,318,665
DEDUCTIONS			
Pension Benefits	1,497,989	—	—
Retiree Healthcare Benefits	30,661	—	—
Refunds/Plan Distributions	325,430	—	—
Earnings Distribution	—	101,324	—
Pool Participant Withdrawals	—	8,883,586	—
Transfers To Affiliated Systems	9,912	—	—
Trust Operating Expenses	—	—	33,593
Distributions and Benefit Payments	—	—	449,153
Administrative and General Expenses	19,263	—	20,161
Total Deductions	1,883,255	8,984,910	502,907
Change in Net Position Restricted for:			
Pension Benefits	1,857,476	—	—
Other Postemployment Benefits	19,496	—	—
Other Employee Benefits	5,777	—	—
Defined Contributions	434,495	—	—
Pool Participants	—	1,674,851	—
Individuals, Organizations, and Other Governments	—	—	1,815,758
Net Position – Beginning	31,540,266	7,502,840	9,345,083
Adjustment to Beginning Net Position	(27,141)	—	(13,666)
Net Position – Beginning as Adjusted	31,513,125	7,502,840	9,331,417
Net Position – Ending	$ 33,830,369	$ 9,177,691	$ 11,147,175

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

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Component Unit Financial Statements

Public Employees Health Program

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

University of Utah and Utah State University

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

Nonmajor Component Units

Nonmajor component units are presented within Supplementary Information – Combining Statements and Individual Fund Statements and Schedules.

Combining Statement of Net Position
Component Units
(expressed in thousands)

June 30, 2017

	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 92,158	$ 404,419	$ 42,509	$ 273,048	$ 812,134
Investments	9,000	806,933	75,861	110,215	1,002,009
Receivables:					
Accounts, net	40,126	406,092	56,722	37,253	540,193
Notes/Loans/Mortgages/Pledges, net	—	35,852	2,073	13,892	51,817
Accrued Interest	2,002	4,587	—	208	6,797
Due From Primary Government	—	—	—	89	89
Prepaid Items	23,608	—	4,484	9,250	37,342
Inventories	—	73,278	4,076	12,980	90,334
Other Assets	—	28,443	—	421	28,864
Total Current Assets	166,894	1,759,604	185,725	457,356	2,569,579
Noncurrent Assets:					
Restricted Investments	—	769,685	212,108	69,117	1,050,910
Restricted Receivables, net	—	64,503	20,400	—	84,903
Accounts Receivables, net	—	—	17,179	29,504	46,683
Investments	257,978	1,206,654	301,768	446,127	2,212,527
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	10,355	30,773	41,128
Other Assets	1	27,247	121	6,001	33,370
Capital Assets (net of Accumulated Depreciation)	96	2,959,044	857,393	1,581,795	5,398,328
Total Noncurrent Assets	258,075	5,027,133	1,419,324	2,163,317	8,867,849
Total Assets	$ 424,969	$ 6,786,737	$ 1,605,049	$ 2,620,673	$ 11,437,428
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amount on Refundings of Bonded Debt	$ —	$ 7,159	$ 3,012	$ 1,213	$ 11,384
Deferred Outflows Relating to Pensions	5,349	69,753	20,520	53,801	149,423
Total Deferred Outflows of Resources	$ 5,349	$ 76,912	$ 23,532	$ 55,014	$ 160,807
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	$ 6,793	$ 304,291	$ 59,793	$ 56,036	$ 426,913
Securities Lending Liability	2,993	—	—	—	2,993
Deposits	—	119,991	77	38,643	158,711
Due To Primary Government	—	25,557	4,954	16,043	46,554
Unearned Revenue	3,274	68,619	20,836	56,157	148,886
Current Portion of Long-term Liabilities	75,829	166,914	29,274	30,642	302,659
Total Current Liabilities	88,889	685,372	114,934	197,521	1,086,716
Noncurrent Liabilities:					
Accrued Liabilities	8,926	—	1,843	—	10,769
Unearned Revenue	—	—	769	1,074	1,843
Deposits	—	13,494	—	—	13,494
Net Pension Liability	13,012	168,015	49,249	122,954	353,230
Net Other Postemployment Benefit Liability	—	—	—	1,107	1,107
Long-term Liabilities	72,440	1,027,224	223,990	213,255	1,536,909
Total Noncurrent Liabilities	94,378	1,208,733	275,851	338,390	1,917,352
Total Liabilities	$ 183,267	$ 1,894,105	$ 390,785	$ 535,911	$ 3,004,068
DEFERRED INFLOWS OF RESOURCES					
Deferred Amount on Refundings of Bonded Debt	$ —	$ 158	$ 1,703	$ —	$ 1,861
Deferred Inflows Relating to Pensions	1,384	28,832	6,653	16,187	53,056
Deferred Inflows Relating to Other Postemployment Benefit	—	—	—	43	43
Total Deferred Inflows of Resources	$ 1,384	$ 28,990	$ 8,356	$ 16,230	$ 54,960
NET POSITION					
Net Investment in Capital Assets	$ 96	$ 2,037,151	$ 670,335	$ 1,397,545	$ 4,105,127
Restricted for:					
Nonexpendable:					
Higher Education	—	564,117	136,971	181,516	882,604
Expendable:					
Higher Education	—	576,933	232,444	203,037	1,012,414
Insurance Plan	245,571	—	—	—	245,571
Other	—	—	—	11,840	11,840
Unrestricted	—	1,762,353	189,690	329,608	2,281,651
Total Net Position	$ 245,667	$ 4,940,554	$ 1,229,440	$ 2,123,546	$ 8,539,207

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

Combining Statement of Activities
Component Units
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units	Total
Expenses	$ 623,162	$ 4,404,100	$ 700,468	$ 1,269,687	$ 6,997,417
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	402,873	223,008	531,581	1,157,462
Scholarship Allowances	—	(75,365)	(80,342)	(140,228)	(295,935)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of $64,711)	628,476	3,426,638	93,649	132,371	4,281,134
Operating Grants and Contributions	23,705	652,443	289,735	264,770	1,230,653
Capital Grants and Contributions	—	74,577	28,941	56,301	159,819
Total Program Revenues	652,181	4,481,166	554,991	844,795	6,533,133
Net (Expenses) Revenues	29,019	77,066	(145,477)	(424,892)	(464,284)
General Revenues:					
State Appropriations	—	322,050	197,438	482,161	1,001,649
Donations	—	—	—	174	174
Unrestricted Investment Income	—	—	—	19	19
Miscellaneous	—	—	—	18	18
Permanent Endowments Contributions	—	19,732	7,670	10,399	37,801
Total General Revenues and Contributions	0	341,782	205,108	492,771	1,039,661
Change in Net Position	29,019	418,848	59,631	67,879	575,377
Net Position – Beginning	189,507	4,521,706	1,169,809	2,057,068	7,938,090
Adjustment to Beginning Net Position	27,141	—	—	(1,401)	25,740
Net Position – Beginning as Adjusted	216,648	4,521,706	1,169,809	2,055,667	7,963,830
Net Position – Ending	$ 245,667	$ 4,940,554	$ 1,229,440	$ 2,123,546	$ 8,539,207

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

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Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2017

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

For financial reporting purposes, the State of Utah's reporting entity includes the "primary government" and its "discrete component units." The primary government includes all funds, organizations, institutions, agencies, boards, and commissions that make up its legal entity. The State's discrete component units are legally separate organizations for which the State's elected officials are financially accountable.

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

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

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

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

Blended Component Units

A component unit should be reported as part of the primary government and blended into the appropriate funds if : (***1***) services are provided entirely or almost entirely to the primary government; (***2***) the governing body is substantively the same as the governing body of the primary government and there is a financial benefit or burden relationship or the primary government has operational responsibility; (***3***) the component unit's total debt outstanding is expected to be repaid entirely or almost entirely by the primary government; or (***4***) if it is organized as a not-for-profit corporation in which the primary government is the sole corporate member.

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

Discrete Component Units

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

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

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

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

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

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

The State's nonmajor discrete component units are:

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

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

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

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

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

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

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

Fiduciary Component Units

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

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

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

Related Organization (Excluded from Financial Statements)

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

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Government-wide Financial Statements

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

Governmental Fund Financial Statements

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

Expenditures are generally recorded when the related liability is incurred, as under the accrual basis of accounting. However, expenditures for principal and interest on long-term debt are recorded when due or when amounts have been accumulated in the debt service fund for payment of interest to be made early in the following year. Also, expenditures and related liabilities for compensated absences and claims and judgments are recorded only to the extent they have matured (i.e., 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 in this fund.
- **Trust Lands Fund**. This is a permanent fund that accounts for investment earnings, 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. The Utah School and Institutional Trust Lands Administration (SITLA) and the School and Institutional Trust Fund Office (SITFO) manage the assets of the Trust. SITFO issued separate audited statements for the investments they manage.

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

Proprietary Fund Financial Statements

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

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services, 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 non-operating.

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

- **Student Assistance Programs**. These programs guarantee the repayment of student loans made by participating lenders to eligible borrowers and service outstanding student loans.
- **Unemployment Compensation Fund**. This fund pays claims for unemployment to eligible recipients.
- **Water Loan Programs**. These programs provide loans to local governments, water districts, and other entities for the purpose of upgrading water storage facilities and other related structures.
- **Community Impact Loan Fund**. This fund provides loans to local governments to alleviate the social, economic, and public financial impacts resulting from the development of the State's natural resources. This fund also provides oversight of loans and loan guarantees from federal funds 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, and local government; Alcoholic Beverage Control (state liquor stores); Utah Correctional Industries; State Trust Lands Administration; and the Utah Dairy Commission.

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

Fiduciary Fund Financial Statements

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

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

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

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

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

Discrete Component Unit Financial Statements

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

D. Fiscal Yearends

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

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

Cash and Cash Equivalents and Investments

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

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

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

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

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

Receivables

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

Notes/mortgages receivables in the governmental and business-type activities are primarily long-term loans for local governments and agricultural development, home mortgages, and individual student loans. The interest rates on the loans vary but are generally lower than market rates and, in some cases, are noninterest bearing. Student loans in the Student Assistance Programs (business-type activities) are fixed and variable rate federally insured loans. Student loans are insured at 97 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 executor costs and any unearned interest revenue on the capital lease. Receivables from the discrete component unit are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

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

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

Inventories, Prepaid Items, and Other Assets

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

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

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

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

Capital Assets

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

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

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

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

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

Most works of art and historical treasures of the primary government are not capitalized or depreciated. These assets are held for public exhibition, education, or research rather than financial gain. These assets are also protected, unencumbered, 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. See Note 8 for additional information about capital assets.

Deferred Outflows of Resources

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

Accrued Liabilities

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

Unearned Revenue

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

Policy Claims Liabilities

Policy claims liabilities are for insurance claims incurred prior to the reporting date and are based on actuarial estimates; however, policy claims liabilities for Unemployment Insurance are for claims filed as of the reporting date. A substantial portion of policy claims liabilities is long-term in nature. Therefore, claims liabilities are reported as long-term liabilities on the Statement of Net Position. See Note 10 for additional information about policy claims liabilities.

Long-term Debt

Long-term debt, such as the net pension liability (NPL), net OPEB liability (NOL), revenue bonds, claims, contracts and notes payable, directly related to and intended to be paid from proprietary funds or discretely presented component units is included in the accounts of such funds. All other long-term debt, such as the compensated absences, claim or settlement obligations, pollution remediation obligations, general obligation bonds, and lease revenue bonds (and remaining NPL and NOL liabilities not allocated to proprietary funds or discretely presented component units), is reported in the government-wide financial statements. Bond premiums and discounts are amortized over the life of the bonds using the bonds outstanding method or straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized during the current period.

In the governmental fund financial statements, long-term debt is recognized when due or expected to be financed from current expendable available financial resources. Amortization of bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

The *Tax Reform Act of 1986* requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. Federal regulations also require the Student Assistance Programs (major enterprise fund) to keep the yield on student loans within a designated percentage of the interest cost of the related tax-exempt borrowing. One method of reducing this yield is to make yield reduction payments to the United States Treasury. Estimated yield reduction payments may be made by the end of the tenth year and every fifth year thereafter during the life of the bonds. Some State of Utah bonds may be exempt from the rebate requirements if they meet certain statutory exceptions per the regulations. At June 30, 2017, there was no liability for yield reduction payments or for non-purpose interest arbitrage rebate in Student Assistance Programs' or State of Utah bonds.

Arbitrage liability is treated as an expense in the government-wide Statement of Net Position and the proprietary fund financial statements when the liability is recognized. Arbitrage liability is recorded as an expenditure in the governmental fund financial statements when the liability is due. Other arbitrage liabilities are immaterial.

Compensated Absences

For most employees vacation leave is accrued at a rate of four hours every two weeks for the first five years of employment, and grows to a rate of seven hours every two weeks after 20 years of employment. There is no requirement to use vacation leave, but a maximum of 320 hours may be carried forward at the beginning of each calendar year. The State established the State Employees' Annual Leave Trust Fund (other employee benefit trust funds) where any unused vacation leave is paid to employees upon termination. The ongoing termination payments from the Trust Fund are provided by charges to agency budgets as benefits are earned. Vacation leave taken as time off is paid from current budgets when used.

Most employees earn sick leave at a rate of four hours for each two-week period, with no limit to the amount that can be accumulated. The State does not reimburse employees for unused sick leave upon termination unless the leave was earned prior to January 4, 2014, and employees had the option under certain circumstances to "convert" sick leave. Employees may use converted sick leave in place of vacation leave. Any unused converted sick is paid to employees upon termination. 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), to purchase health and life insurance coverage or Medicare supplemental insurance. See Note 19 for additional information about the State Employee OPEB Plan.

Any remaining sick leave earned on or after January 1, 2006, but before January 4, 2014, is converted to a value (based on the higher of the employee's rate of pay at retirement or the average pay rate of retirees in the previous year) and placed in a Health Reimbursement Arrangement administered by Utah Retirement Systems. Any payouts by the State of converted sick leave upon termination, contributions into a 401(k) account, or Health Reimbursement Arrangement upon retirement, are paid from the Other Employee Benefits Trust Fund. The ongoing termination payments from the Trust Fund are provided by charges to agency budgets.

Proprietary funds, Utah Schools for the Deaf and the Blind, and private purpose trust funds of the primary government also participate in the compensated absences and have no liability for leave benefits once their contributions have been made. The total liability of the governmental activities for compensated absences is recorded in the government-wide Statement of Net Position as part of long-term liabilities. However, in accordance with GAAP, the liability is not recorded in the governmental fund financial statements. See Note 10 for additional information about the liability.

Compensatory time for overtime worked may be earned up to a maximum of 80 hours. Any overtime exceeding 80 hours is paid when earned. In accordance with GAAP, compensatory time is expended when the leave is taken in governmental funds, but is expensed when earned for budgetary purposes.

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

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts were further allocated to proprietary funds (business-type activities) based on the amount of employer contributions paid by each proprietary fund. Pension investments are reported at fair value.

Postemployment Benefits Other than Pensions (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net positions of the State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan) and the Elected Official OPEB Plan (Plans) and additions to/deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by the Plans. For this purpose the Plans recognize benefit payments when due and payable in accordance with the benefit terms. The Plans' proportionate share of OPEB amounts were further allocated to proprietary funds (business-type activities) based on the amount of employer contributions paid by each proprietary fund. OPEB investments for both Plans are reported at fair value.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the applicable governmental or business-type activities columns or in the component units column on the government-wide Statement of Net Position. See Note 11 for a disaggregation of deferred inflows. Deferred inflows of resources of governmental funds, proprietary funds, and discrete component units are reported in detail in their respective fund statements.

Net Position/Fund Balances

The difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources is "Net Position" on the government-wide, proprietary fund, and fiduciary fund financial statements and "Fund Balance" on the governmental fund financial statements.

In the governmental fund financial statements, fund balances are classified as nonspendable, restricted, or unrestricted (committed, assigned, or unassigned). Restricted balances represent those portions of fund balance where constraints placed on the resources are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Committed fund balance represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature, such as dedicated revenues or legislation. Assigned fund balance is constrained by the Legislature's intent to be used for specific purposes, by directive of the Executive Appropriations Committee of the Legislature or in some cases by legislation. See Note 12 for additional information about fund balances.

The State maintains three stabilization accounts: (***1***) the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") reported as committed fund balance; (***2***) the Medicaid Growth Reduction and Budget Stabilization Restricted Account in the General Fund ("the Medicaid Budget Stabilization Account") reported as committed fund balance; and (***3***) the Education Budget Reserve Account in the Education Fund (the "Education Reserve") reported as restricted fund balance. The resources of these accounts may only be expended when specific non-routine budget shortfalls occur and upon appropriation by the Legislature.

Statutorily, the State established a minimum fund balance policy for the Disaster Recovery Restricted Account and the Local Government Emergency Response Loan Fund. Both these funds may issue loans for specific emergencies as long as a minimum fund balance is maintained in the funds. See Note 12 for additional information about the stabilization accounts and funds with a statutory minimum fund balance requirement.

F. Restricted and Unrestricted Resources

When an expenditure/expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the State's general policy to use restricted resources first. When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the State's general policy to spend committed resources first. However, the State has some programs that are funded by appropriations from both unrestricted resources and resources required by law to be deposited in a specific subfund for a specific purpose (which may include restricted resources and unrestricted-committed resources). In those instances, it is the State's policy to expend those resources proportionally based on the amounts appropriated from each source.

Grants

Federal grants and assistance awards made on the basis of entitlement periods are recorded as revenues when entitlement occurs. All federal reimbursement-type grants are recorded as revenues when the related allowable expenditures are incurred and all applicable eligibility requirements are met.

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodity revenues and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2017, the State reported revenues and expenditures of $27.277 million for commodities in the General Fund, and $18.352 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 the State Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the General Fund. A portion of the applicable income reported in the General Fund is then transferred into the State Endowment Fund to increase the principal in the fund as required by state law. The State Endowment Fund generated $8.626 million of cash investment earnings, of which $5.146 million was reported in the General Fund and $3.480 million was reported in the State Endowment Fund.

G. Interfund Transactions

Government-wide Financial Statements

Interfund Activity – In general, eliminations have been made to minimize the double counting of internal activity, including internal service fund type activity. However, interfund services, provided and used between different functional categories, have not been eliminated in order to avoid distorting the direct costs and program revenues of the applicable functions. Transfers between governmental and business-type activities are reported at the net amount.

Interfund Balances – Interfund receivables and payables have been eliminated from the government-wide Statement of Net Position, except for the residual amounts due between governmental and business-type activities.

Governmental Fund Financial Statements

Interfund Activity – Interfund transactions for goods sold or services rendered for a price approximating their external exchange value, and employee benefit contributions are accounted for as revenues and expenditures/expenses in the funds involved.

Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. The State's transfers are based on legislative appropriations or other legal authority. Transfers are presented in Note 14.

NOTE 2. BEGINNING NET POSITION ADJUSTMENTS AND OTHER CHANGES

For the fiscal year ended June 30, 2017, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.*

GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (early implemented).*

GASB Statement 77, *Tax Abatement Disclosures.*

GASB Statement 80, *Blending Requirements for Certain Component Units.*

GASB Statement 85, *Omnibus 2017 (early implemented).*

GASB Statement 74 – This Statement requires changes in the presentation of the financial statements, notes to the financial statements, and required supplementary information for Other Postemployment Benefit (OPEB) plans. It also requires more comprehensive footnote disclosure regarding the net OPEB liability, the sensitivity of the net OPEB liability to the discount rate and healthcare cost trend rates, and increased investment activity disclosures. The total OPEB liability, determined in accordance with GASB Statement 74 (for the State's two single-employer plans administered through irrevocable trusts), is presented in Note 19.

GASB Statement 75 – This Statement establishes standards for measuring and recognizing assets, deferred outflows of resources, liabilities, deferred inflows of resources, and expense/expenditures for Other Postemployment Benefit (OPEB) plans provided to employees of the primary government and its component units. It requires the State to record the State's net OPEB liability in the government-wide financial statements and in the proprietary funds and component unit financial statements.

As a result of implementing this Statement, beginning net position of governmental activities was reduced by $146.876 million on the Statement of Activities, to reflect beginning net OPEB liability under the measurement requirements of this new Statement. $8.569 million of this adjustment to beginning net position is for Governmental Activities – Internal Service Funds as reflected in the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds. In addition, $7.941 million of this adjustment reflects the elimination of $3.848 million in net OPEB liability and $11.789 million in net OPEB asset previously reported as required under GASB Statement 45.

Beginning net position for business-type activities on the Statement of Activities was reduced by $2.191 million. This reduction is also reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.

Beginning net position for the component units was reduced $1.401 million on the Statement of Activities. This reduction is also reported on the Combining Statement of Activities – Component Units, for the Utah Schools for the Deaf and Blind (nonmajor discrete component unit). See Note 19 for further information on reporting for other postemployment benefits.

GASB Statement 77 – This Statement defines a tax abatement and contains required disclosures about a reporting government's own tax abatement agreements and those agreements entered into by other governments that reduce the reporting government's tax revenues. In fiscal year 2017, the State entered into agreements for two tax abatement programs that reduced the State's tax revenues by $25.628 million. There were no agreements entered into by other governments that reduced the State's tax revenues. See Note 15 for further information about the reduction of tax revenues realized through tax abatement programs.

GASB Statement 80 – This Statement amends the blending requirements for the financial statement presentation of component units. It requires the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. Implementing this Statement had minimal impact on the primary government and its discrete component units.

GASB Statement 85 – This Statement addresses a variety of topics, specifically topics related to Other Postemployment Benefit (OPEB) plans. This Statement clarifies that OPEB liabilities and expenditures, recognized in financial statements and prepared using the current financial resources measurement focus, should be measured as of the end of the reporting period. In addition, this statement clarifies the presentation of payroll-related measures in OPEB schedules of Required Supplementary Information (RSI). As a result of implementing this Statement, changes were made to the State's RSI schedules.

Other Adjustments and Changes

During the 2016 General Session, the Legislature passed Senate Bill 80, *Infrastructure Funding Amendments*, that modified the State's sales and use tax earmarks. Beginning in fiscal year 2017, sales and use tax revenues, previously recorded in the Transportation Fund (major governmental fund), are now recorded in the Transportation Investment Fund (major capital projects fund). This change had no impact on the beginning net position of governmental activities on the Statement of Activities. However, due to sales taxes accrued in the prior fiscal year, an adjustment was made on the Statement of

Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to reduce beginning fund balance in the Transportation Fund by $4.387 million and increase beginning fund balance in the Transportation Investment Fund by $4.387 million.

In evaluating the income taxes and related accruals for the Education Fund (major governmental fund) a discrepancy was discovered in the recording of tax accruals, resulting in a prior period adjustment of $14.440 million to increase beginning net position of governmental activities on the Statement of Activities. This adjustment was also reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to increase fund balance in the Education fund by $14.440 million.

During the 2016 General Session, the Legislature passed Senate Bill 212, *Wildland Fire Suppression Fund*, which in part reclassifies the Wildland Fire Suppression Fund from a fiduciary fund to a nonmajor special revenue fund. As a result of this change, an adjustment of $13.666 million was made to increase beginning net position of governmental activities on the Statement of Activities. This increase is also reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds (miscellaneous special revenue). A reclassification of $13.666 million was made to reduce beginning net position on the Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds.

Recently, the State passed legislation and a constitutional amendment passed that changed the distribution policies for the beneficiaries of the Trust Lands Fund (permanent fund). As a result, the reporting and accounting was evaluated and changed to provide a more complete presentation of activity within the Trust Lands Fund; all investment earnings, administrative costs, and disbursements to beneficiaries are now reported within the Fund. In prior years, only the nonspendable earnings and principal were reported in the Trust Lands Fund with all expendable activity reported in other funds within the primary government. In fiscal year 2017, $56.032 million of investment earnings was reported in the Fund and expended as follows: $14.121 million in administrative costs, $2.908 million distribution to beneficiaries outside the primary government, and $39.003 million distribution (transfer out) to the School Trust LAND Program within the Education Fund. There was no impact on the beginning net position of governmental activities on the Statement of Activities or on the the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.

In October 2016, the administration and plan reserves for the Health Reimbursement Arrangement (HRA) were transferred from Utah Retirement Systems (URS) (fiduciary funds) to Public Employees Health Program (PEHP) (major discrete component unit). The HRA is a tax-advantaged health savings plan for State employees to pay for qualified healthcare expenses incurred after retirement. As a result of this administration change and transfer of plan reserves, a $27.141 million adjustment was made to increase beginning net position of component unit activities on the Statement of Activities. A reclassification of $27.141 million was made to reduce beginning net position on the Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds.

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 (Title 51, Chapter 7 of the *Utah Code*) and rules of the State Money Management Council. However, the Act also permits certain funds that have a long time horizon to make investments of a long-term nature, such as equities and bond mutual funds. In the primary government these are the State Endowment (special revenue fund), Trust Lands (permanent fund), Utah Educational Savings Plan Trust (private purpose trust), Employers' Reinsurance Trust (private purpose trust), Navajo Trust (private purpose trust), and Utah Retirement Systems and Other Benefits Trust Funds (fiduciary funds). The discrete component units exempt from the Act are Public Employees Health Program and the colleges' 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 Federal Deposit Insurance Corporation (FDIC) insurance limits are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by State statute. The deposits for the primary government at June 30, 2017, including those of the Utah Retirement Systems (URS) (pension trust and defined contribution plans) and Trust Lands (permanent fund), were $1.777 billion. These deposits are exposed to custodial credit risk as follows:

- $437.263 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for $1.321 billion of the primary government deposits, which are in FDIC-insured accounts that are held in trust by Utah Educational Savings Plan Trust (private purpose trust fund) at two banks. Funds in the FDIC-insured accounts are insured on a pass-through basis to each account owner at each bank up to $250,000. The amount of FDIC insurance provided to an account owner is based on the total of (***1***) the value of an account owner's investment in the FDIC-insured account at each bank plus, (***2***) the value of other accounts held (if any) at each bank, as determined by the banks and by FDIC regulations. It is the account owner's responsibility to determine how investments in the FDIC-insured accounts would be aggregated with other investments at the banks for purposes of FDIC insurance coverage.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

The Act authorizes investments in negotiable or nonnegotiable deposits of qualified depositories and permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government-sponsored enterprises (U.S. Agencies), such as the

Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed-rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; the Utah Public Treasurers' Investment Fund; and reciprocal deposits subject to rules of the State Money Management Council.

The Utah Educational Savings Plan Trust is permitted to invest in the Utah Public Treasurers' Investment Fund; mutual funds, securities, or other investments registered with the United States Securities and Exchange Commission; federally insured depository institutions; stable value products, including guaranteed investment contracts, guaranteed interest contracts, and guaranteed insurance contracts; and any investments that are determined by the board of directors of the Utah Educational Savings Plan to be appropriate and that would be authorized under the provisions of the Money Management Act or Rule 2 of the State Money Management Council.

The Utah Retirement Systems is governed by a seven-member Utah State Retirement Board (Board). The Board has statutory authority to pool pension assets in the Utah Retirement Investment Fund (Fund). Statutes also establish that this Fund will be invested in accordance with the "prudent person rule."

Trust Lands is governed by a five-member School and Institutional Trust Fund Board of Trustees (Board). The Board has statutory authority to establish policies and investment philosophy for the management of the permanent fund assets consistent with the enabling act, the Utah Constitution, and other applicable state law. These are to optimize returns and increase the value of the permanent fund following the "prudent person rule."

The primary government's investments at June 30, 2017, are presented below except those of the Utah Retirement Systems (URS) (pension trust and defined contribution plans) and Trust Lands (permanent fund). The investments are presented at fair value and by investment type with debt securities presented by maturity.

Note 3.B. presents the investments of the Utah Retirement Systems (URS) (pension trust and defined contribution plans). URS investments are presented consistent with their separately issued financial statements by investment type.

Note 3.C. presents the investments of the Trust Lands (permanent fund). Trust Lands investments are presented consistent with their separately issued financial statements by investment type.

Fair Value Measurements

The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Inputs are quoted prices for identical investments in active markets.
- Level 2: Observable inputs other than quoted market prices.
- Level 3: Unobservable inputs.

The following table presents the recurring fair value measurements at June 30, 2017, for the primary government, with the exception of URS and Trust Lands.

Primary Government
Investments and Derivative Instruments Measured at Fair Value
(except Utah Retirement Systems and Trust Lands)
At June 30, 2017
(expressed in thousands)

Investment Type	Fair Value	Fair Value Measurements Using Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
U.S. Agencies	$ 894	$ 894	$ —	$ —
Corporate Debt	10,374,308	—	10,374,308	—
Money Market Mutual Funds	1,399,989	1,399,989	—	—
Commercial Paper	1,244,848	—	1,244,848	—
Bond Mutual Funds	3,231,255	3,231,255	—	—
Repurchase Agreement: U.S. Agency – full faith	300,000	300,000	—	—
Total Debt Securities	16,551,294	4,932,138	11,619,156	0
Equity Securities				
Domestic Equity	5,650,945	5,650,945	—	—
International Equity	1,409,958	1,409,958	—	—
Equity Securities	158	158	—	—
Total Equity Securities	7,061,061	7,061,061	0	0
Total Investments by Fair Value Level	$ 23,612,355	$ 11,993,199	$ 11,619,156	$ 0
Investment Derivative Instruments				
Interest Rate Exchange (swap)	$ 13,137	$ 0	$ 0	$ 13,137

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Other debt securities classified in Level 2 are valued using the following approaches:

- Corporate Bonds and Notes are valued using quoted prices for identical securities in markets that are not active;
- Commercial Paper is valued using quoted prices for identical or similar securities in markets that are not active.

Mutual funds classified in Level 1 are valued using prices provided by the fund company.

The Student Loan Purchase Program (major enterprise fund – student assistance programs) has an interest rate exchange (swap) investment derivative instrument. This investment fair value classification is Level 3. The fair value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies.

Interest Rate Risk

The following table presents the debt investments and maturities at June 30, 2017, for the primary government, with the exception of URS and Trust Lands.

Primary Government
(except Utah Retirement Systems and Trust Lands)

Debt Investments at Fair Value

At June 30, 2017

(expressed in thousands)

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
Debt Securities					
U.S. Agencies	$ 894	$ —	$ 894	$ —	$ —
Corporate Debt	10,374,308	4,875,210	5,499,098	—	—
Money Market Mutual Funds	1,399,989	1,399,989	—	—	—
Commercial Paper	1,244,848	1,244,848	—	—	—
Bond Mutual Funds	3,231,255	—	243,430	2,978,609	9,216
Repurchase Agreement: U.S. Agency – full faith	300,000	300,000	—	—	—
Total	16,551,294	$ 7,820,047	$ 5,743,422	$ 2,978,609	$ 9,216
Discrete Component Units Investment in Primary Government's Investment Pool	(742,554)				
Total Debt Investments	$ 15,808,740				

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The primary government's policy for managing interest rate risk, with the exception of URS and Trust Lands, is to comply with the Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed-rate negotiable deposits, and fixed-rate corporate obligations to 270 days – 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government-sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to five years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years.

The majority of the primary government's corporate debt securities are variable-rate securities, which adjust periodically to the prevailing market interest rates. Because these securities frequently reprice, interest rate risk is substantially reduced at each periodic reset date. In the table above, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

In addition, significant funds with a long-term investment perspective have the following mix of investments (percentages are of the fund's total investments):

- **Utah Educational Savings Plan Trust (private purpose trust)** – $5.436 billion, 56.30 percent, in domestic equity mutual fund securities; $2.746 billion, 28.40 percent, in bond mutual funds; $1.397 billion, 14.50 percent, in international equity mutual fund securities; and $77.941 million, 0.80 percent, in the Utah Public Treasurers' Investment Fund.
- **State Post-Retirement Benefits Trusts for State Employee and Elected Official (pension and other employee benefit trust funds)** – $252.020 million, 92.50 percent, in bond mutual funds; $3.191 million, 1.20 percent, in domestic equity mutual fund securities; $2.973 million, 1.10 percent, in international equity mutual fund securities; and $14.324 million, 5.20 percent, in the Utah Public Treasurers' Investment Fund.
- **State Endowment Fund (special revenue fund)** – $108.312 million, 56.20 percent, in domestic equity mutual fund securities; $71.462 million, 37.10 percent, in bond mutual funds; $6.516 million, 3.40 percent, in international equity mutual fund securities; and $6.431 million, 3.30 percent, in the Utah Public Treasurers' Investment Fund.
- **Student Assistance Programs (major enterprise fund)** – $97.852 million, 43.60 percent, in domestic equity mutual fund securities; $125.657 million, 56 percent, in the Utah Public Treasurers' Investment Fund; and $894 thousand, 0.40 percent, in the U.S. Government agency securities.
- **Employers' Reinsurance Trust (private purpose trust)** – $154.405 million, 83.80 percent, in bond mutual funds; $5.255 million, 2.80 percent, in domestic equity mutual fund securities; $3.666 million, 2 percent, in international equity mutual fund securities; and $20.978 million, 11.40 percent, in the Utah Public Treasurers' Investment Fund.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government, with the exception of URS and Trust Lands, 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, 2017, with the exception of URS and Trust Lands, 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
(except Utah Retirement Systems and Trust Lands)
Debt Investments Quality Ratings
At June 30, 2017
(expressed in thousands)

		Quality Ratings			
Debt Investments	**Fair Value**	**AAA**	**AA**	**A**	**BBB**
U.S. Agencies	$ 894	$ 894	$ —	$ —	$ —
Corporate Debt	$ 10,374,308	$ 38,021	$ 1,185,928	$ 7,353,507	$ 1,796,852
Money Market Mutual Funds	$ 1,399,989	$ —	$ —	$ —	$ —
Commercial Paper	$ 1,244,848	$ —	$ —	$ —	$ —
Bond Mutual Funds	$ 3,231,255	$ —	$ —	$ —	$ —

Continues Below

	Quality Ratings		
Debt Investments	**A1***	**A2***	**Not Rated**
U.S. Agencies	$ —	$ —	$ —
Corporate Debt	$ —	$ —	$ —
Money Market Mutual Funds	$ —	$ —	$ 1,399,989
Commercial Paper	$ 1,194,853	$ 49,995	$ —
Bond Mutual Funds	$ —	$ —	$ 3,231,255

*A1 and A2 are Commercial Paper ratings

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The primary government does not have a formal policy for custodial credit risk.

The primary government's investments at June 30, 2017, with the exception of URS and Trust Lands, were held by the State or in the State's name by the State's custodial banks.

Concentration of Credit Risk

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

Except for URS and Trust Lands, 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, 2017, with more than 5 percent of the total investments in a single issuer.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The primary government, with the exception of URS and Trust Lands, does not have a formal policy to limit foreign currency risk.

The following funds have investments in international equity funds, and as such, no foreign currency risk is presented: Utah Educational Savings Plan Trust (private purpose trust) $1.397 billion, State Post-Retirement Benefits Trusts for State Employee and Elected Official (pension and other employee benefit trust funds) $2.973 million, State Endowment Fund (special revenue fund) $6.516 million, and Employers' Reinsurance Trust (private purpose trust) $3.666 million.

(Notes continue on next page.)

B. Primary Government – Utah Retirement Systems

Investments

The Utah Retirement Systems' and Plans' (URS) (pension trust and defined contribution plans) investments by type are presented below.

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments at Fair Value
At December 31, 2016
(expressed in thousands)

Investment Type	Defined Benefit	Defined Contribution	Total All Systems and Plans
Short-term Securities Pools	$ 2,392,184	$ —	$ 2,392,184
Debt Securities	4,341,261	1,739,680	6,080,941
Equity Securities	9,556,366	3,000,446	12,556,812
Absolute Return	4,508,784	—	4,508,784
Private Equity	3,290,800	—	3,290,800
Real Assets	4,269,045	168,370	4,437,415
Investments Held by Broker-dealers under Securities Lending Program:			
Equity Securities	643,503	—	643,503
Debt Securities	15,157	—	15,157
Total	29,017,100	4,908,496	33,925,596
Securities Lending Collateral Pool	699,487	—	699,487
Total Investments	$ 29,716,587	$ 4,908,496	$ 34,625,083

The Systems and Plans value these investments in good faith at the Systems' and Plans' pro-rata interest in the net assets of these investments based upon audited financial statements or other information provided to the Systems and Plans by the underlying investment managers. The estimated fair value of these investments may differ significantly from values that would have been used had a ready market existed.

Fair Value Measurements

The Systems and Plans categorize the fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1: Unadjusted quoted prices for identical instruments in active markets.
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.
- Level 3: Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Systems and Plans assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The following table shows the fair value leveling of the investments for the Systems and Plans.

Debt, equity, and derivative securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and debt derivative securities classified in Level 2 and Level 3 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Index-linked debt securities are valued by multiplying the external market price feed by the applicable day's Index Ratio. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources which are known to be actively involved in the market. Level 3 debt securities use proprietary information or single source pricing. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

Real assets classified in Level 1 are valued using prices quoted in active markets for those securities. Real assets classified in Level 3 are real estate investment generally valued using the income approach by internal manager reviews or independent external appraisers. The Systems and Plans policy is to obtain an external appraisal a minimum of every three years for properties or portfolios that the Systems and Plans have some degree of control or discretion. In practice, some investments are appraised annually. Appraisals are performed by an independent appraiser with preference for Member Appraisal Institute (MAI) designated appraisers. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments and Derivative Instruments Measured at Fair Value

At December 31, 2016

(expressed in thousands)

	Defined Benefit				Defined Contribution			
		Fair Value Measures Using				Fair Value Measures Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Investment Type	**Fair Value**	**Level 1**	**Level 2**	**Level 3**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Investments by Fair Value Level								
Short-term Securities	$ 2,290,674	$ —	$ 2,290,674	$ —	$ —	$ —	$ —	$ —
Debt Securities								
Asset-backed Securities	294,369	—	275,264	19,105	5,014	—	3,352	1,662
Commercial Mortgage-backed	121,421	—	113,867	7,554	2,698	—	2,428	270
Corporate Bonds	811,079	—	808,037	3,042	266,683	—	263,859	2,824
Funds – Other Fixed Income	80	—	80	—	54,207	—	54,207	—
Government Agencies	82,377	—	82,361	16	14,725	—	14,725	—
Government Bonds	1,094,668	—	1,094,476	192	177,053	—	176,307	746
Government Mortgage-backed Securities	808,911	—	755,500	53,411	194,951	—	190,958	3,993
Index-linked Government Bonds	1,113,522	—	1,098,928	14,594	90,443	—	90,443	—
Non-government Backed C.M.O.s	28,996	—	21,888	7,108	340	—	75	265
Total Debt Securities	4,355,423	0	4,250,401	105,022	806,114	0	796,354	9,760
Equity Investments								
Consumer Goods	1,992,666	1,991,773	500	393	300,268	299,802	458	8
Energy	700,926	698,961	1,739	226	89,721	89,721	—	—
Equity Other	2,919	128	463	2,328	209,070	96,743	112,327	—
Financials	1,669,735	1,665,171	4,444	120	167,806	167,432	374	—
Health Care	951,013	950,816	155	42	176,978	176,978	—	—
Industrials	1,201,310	1,200,476	507	327	119,615	119,615	—	—
Information Technology	1,396,080	1,395,997	48	35	372,049	372,049	—	—
Materials	533,178	532,286	99	793	34,489	34,472	17	—
Real Estate Investment Trusts	349,829	349,518	262	49	67,122	67,122	—	—
Telecommunication Services	217,859	216,482	1,377	—	22,964	22,964	—	—
Utilities	243,221	242,999	213	9	27,202	27,202	—	—
Total Equity Investments	9,258,736	9,244,607	9,807	4,322	1,587,284	1,474,100	113,176	8
Real Assets								
Agriculture	102,187	—	—	102,187	—	—	—	—
Commodities	33,899	33,899	—	—	—	—	—	—
Real Estate	1,693,336	—	—	1,693,336	—	—	—	—
Total Real Assets	1,829,422	33,899	0	1,795,523	0	0	0	0
Total Investments by Fair Value Level	$ 17,734,255	$ 9,278,506	$ 6,550,882	$ 1,904,867	$ 2,393,398	$ 1,474,100	$ 909,530	$ 9,768

(Table continues on next page.)

Investments and Derivative Instruments Measured at Fair Value
(Continued)

	Defined Benefit				Defined Contribution			
		Fair Value Measures Using				Fair Value Measures Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
Investment Type	**Fair Value**	**Level 1**	**Level 2**	**Level 3**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Investments Measured at the Net Asset Value (NAV)								
Short-Term Securities	$ 101,686				$ —			
Equity Investments								
Co-mingled International Equity Fund	637,039				484,041			
Co-mingled U.S. Small Cap Equity Fund	303,491				409,732			
Co-mingled Large Cap Equity Fund	—				511,712			
Co-mingled Russell 1000 Growth Equity Fund	—				7,677			
Total Equity Investments Measured at the NAV	940,530				1,413,162			
Absolute Return								
Directional	1,061,173				—			
Equity Long/Short	283,317				—			
Event Driven	1,030,425				—			
Multistrategy	1,095,671				—			
Relative Value	1,038,198				—			
Total Absolute Return Measured at the NAV	4,508,784				0			
Private Equity – Private Equity Partnerships	3,290,800				0			
Real Assets								
Co-mingled Commodities Fund	—				55,180			
Co-mingled Real Estate Fund	—				113,190			
Energy	968,120				—			
Minerals	253,777				—			
Real Estate	1,004,604				—			
Royalty	3,674				—			
Timber	225,652				—			
Total Real Assets Measured at the NAV	2,455,827				168,370			
Total Investments Measured at the NAV	11,297,627				1,581,532			
Total Investments Measured at Fair Value	$ 29,031,882				$ 3,974,930			
Synthetic Guaranteed Investments Contracts Measured at Contract Value	$ —				$ 933,515			
Investment Derivative Instruments								
Short-term Securities – Options	$ (176)	$ —	$ (176)	$ —	$ —	$ —	$ —	$ —
Debt Securities								
Options	386	—	386	—	(25)	—	(25)	—
Swaptions	(429)	—	(429)	—	64	—	64	—
Swap Liabilities	(2,484)	—	(2,484)	—	(107)	—	(107)	—
Swap Assets	3,522	—	3,522	—	119	—	119	—
Total Debt Security Derivatives	995	—	995	—	51	—	51	—
Equity Investments – Options	603	603	—	—	—	—	—	—
Real Assets – Swap Liabilities	(16,204)	—	(16,204)	—	—	—	—	—
Total Investment Derivative Investments	$ (14,782)	$ 603	$ (15,385)	$ 0	$ 51	$ 0	$ 51	$ 0
Invested Securities Lending Collateral								
Short-Term Securities	$ 195,742	$ —	$ 195,742	$ —	$ —	$ —	$ —	$ —
Debt Securities	178,865	—	178,865	—	—	—	—	—
Equity Investments	324,880	324,880	—	—	—	—	—	—
Total Invested Securities Lending Collateral	$ 699,487	$ 324,880	$ 374,607	$ 0	$ 0	$ 0	$ 0	$ 0

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments Measured at the NAV — Defined Benefit
At December 31, 2016
(expressed in thousands)

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Short-term Securities – Beta Overlays	$ 101,686	$ —	Daily	None
Equity Investments				
Co-mingled International Equity Fund	637,039	27,916	Daily	None
Co-mingled U.S. Small Cap Equity Fund	303,491	—	Daily	None
Total Equity Investments	940,530	27,916		
Absolute Return				
Directional	1,061,173	15,177	Monthly, quarterly	3–60 days
Equity Long/Short	283,317	—	Monthly, quarterly, annually	30–90 days
Event Driven	1,030,425	86,899	Monthly, quarterly, semi-annually, annually, bi-annually	60–120 day
Multistrategy	1,095,671	—	Monthly, quarterly, semi-annually, annually	45–90 days
Relative Value	1,038,198	—	Weekly, monthly, quarterly	5–90 days
Total Absolute Return	4,508,784	102,076		
Private Equity – Partnerships	3,290,800	1,570,779	Not eligible	N/A
Real Assets				
Energy	968,120	420,371	Not eligible	N/A
Minerals	253,777	120,992	Not eligible	N/A
Real Estate *	1,004,604	188,341	Not eligible	N/A
Royalty	3,674	87,123	Not eligible	N/A
Timber *	225,652	33,562	Not eligible	N/A
Total Real Assets	2,455,827	850,389		
Total Investments Measured at the NAV	$ 11,297,627	$ 2,551,160		

*See redemption descriptions for these investments under Real Estate and Timber Funds.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented on the table above and on the following page. Synthetic guaranteed investment contracts that are fully benefit-responsive are measured at contract value and do not participate in fair value changes.

Defined Benefit

- **Short-term Beta/Overlays** – This type consists of one pooled investment fund that invests in exchange traded short-term options and futures referencing equity indexes used for portfolio rebalancing. The fair values have been determined using the NAV per share of the investments.

- **Co-mingled International Equity Fund and Co-mingled Small Cap Fund** – This type consists of three institutional investment funds that invest in international equities diversified across all sectors and one fund that invests in U.S. small cap equities. The fair values of the investments in these types have been determined using the NAV per share of the investments.

- **Absolute Return Funds** – The fair values of the investments in this type have been determined using the NAV per share of the investments. *Directional funds* include investments in seven funds whose investments are more directional in nature although they can shift opportunistically between having a directional bias and a non-directional bias. *Equity long/short funds* includes investments in four funds in which the equity securities maintain some level of market exposure (either net long or net short); however the level of market exposure may vary through time. *Event driven funds* include investments in fourteen funds whose investments focus on identifying and analyzing securities that can benefit from the occurrence of an extraordinary corporate transaction or event (e.g., restructurings, takeovers, mergers, spin-offs, bankruptcy, etc). One fund is in the process of redemption totaling $10.700 million over the next 2 to 10 years. Two new funds with a value of $42.600 million have redemption restrictions of 3-4 years. *Multi-strategy funds* include investments in ten funds. Investments in these funds represent a mix of the other absolute return strategies. Five funds are in the process of redemption totaling $7.800 million over the next 1-5 years. *Relative value funds* include investments in twelve funds. These funds seek returns by capitalizing on the mispricing of related securities or financial instruments. It is anticipated that five of these funds, representing $83.700 million or 8 percent, will be redeemed over the next 1 to 10 years. One fund, which represents 2 percent of the value in this type, is restricted from redemption for 18 months as of December 31, 2016. All other funds currently have no redemption restrictions other than the restrictions noted above.

- **Private Equity Partnerships** – This type includes investments in limited partnerships. Generally speaking, the types of partnership strategies included in this portfolio are venture capital, growth equity, buyouts, special situations, mezzanine, and distressed debt. These investments have an approximate life of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships distributions are received as underlying partnership investments are realized. The majority of the private equity partnership investments are managed by two gatekeepers. Both gatekeepers manage discretionary accounts for URS. The gatekeepers are required to manage the private equity portfolio in accordance with guidelines established by the URS. The Systems and Plans have no plans to liquidate the total portfolio. As of December 31, 2016, it is probable that all the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the Systems and Plans ownership interest in partners' capital.

- **Energy, Mineral, and Royalty Funds** – Investments in *Energy* consist of nineteen private equity partnerships, which invest primarily in oil and gas related investments. *Mineral funds* include five private equity partnerships, which invest in mineral mining equity securities, commodities and other mining investments. *Royalty funds* include one private equity partnership, which invests primarily in drug royalties. These investments have an approximate life of 10 years and are considered illiquid. Redemption restrictions are in place over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. As of December 31, 2016, it is probable that all the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the Systems and Plans ownership interest in partners' capital. The fair values of these investments have been determined using estimates provided by the underlying partnerships using recent observable transactions information for similar investments.

- **Real Estate and Timber Funds** – This type includes 19 investments, which are *invested* primarily in apartments and retail space in the United States. Timber includes two funds, which invest in timber related resources. Investments in these types can never be redeemed with the funds. Instead, the nature of these investments is that distributions from each investment will be received as the underlying investments are liquidated. Because it is probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of the Systems and Plans *ownership* interest in partners' capital.

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments Measured at the NAV — Defined Contribution
At December 31, 2016
(expressed in thousands)

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Equity Securities				
Co-mingled Large Cap Equity Fund	$ 511,712	$ —	Daily	None
Co-mingled International Equity Fund	484,041	—	Daily	None
Co-mingled U.S. Small Cap Equity Fund	409,732	—	Daily	None
Co-mingled Russell 1000 Growth Equity Fund	7,677	—	Daily	None
Total Equity Securities	1,413,162	0		
Real Assets				
Co-mingled Real Estate Equity Fund	113,190	—	Quarterly	90 days
Co-mingled Commodities Fund	55,180	—	Daily	None
Total Real Asset	168,370	0		
Total Investments Measured at the NAV	$ 1,581,532	$ 0		

Defined Contribution

- **Co-Mingled Funds** – The fair values of the investments of this type have been determined using the NAV per share of the investments. The *co-mingled real estate equity fund* is comprised of institutional quality commercial real estate across a broad range of real estate asset types. The *co-mingled commodities fund* invests mainly in bulk goods and raw materials. The other funds invest in securities indicative of their name.

Interest Rate Risk

Utah Retirement Systems (URS) (pension trust and defined contribution plans) manages its exposure to fair value loss arising from increasing interest rates by complying with the following policy:

- For domestic debt securities managers, an individual debt securities investment manager's portfolio will have an effective duration between 75 and 125 percent of the effective duration of the appropriate index.
- The international debt securities investment managers will maintain an effective duration of their portfolio between 80 and 120 percent of the appropriate index.
- The global debt securities investment managers will maintain an effective duration of their portfolio between 75 and 125 percent of the appropriate index.
- The global debt inflation-linked debt securities investment managers will maintain an effective duration of their portfolio between 80 and 120 percent of the appropriate index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

URS compares an investment's effective duration against the Bloomberg Barclays U.S. Aggregate Bond Index for domestic debt securities, the Bloomberg Barclays Global Aggregate Index (USD hedged) for global debt securities and the Bloomberg Barclays World Government Inflation-Linked Investment Bond Index (USD hedged) for inflation-linked debt securities. The index range as of December 31, 2016, was 4.42 - 7.36 for domestic debt securities, 5.18 - 8.63 for global debt securities, and 10.02 - 15.02 for inflation-linked debt securities.

The Plans compare an investment's effective duration against the Bloomberg Barclays US Aggregate Bond Index for domestic debt securities, the Bloomberg Barclays Global Aggregate Index ex-U.S. (USD hedged) for international debt securities and the Bloomberg Barclays Global Inflation Linked Bond Index 1 - 10 Year (USD hedged) for inflation-linked debt securities. The index range as of December 31, 2016, was 4.42 - 7.36 for domestic debt securities, 6.25 - 9.37 for international debt securities and 3.86 - 5.80 for inflation-linked debt securities.

As of December 31, 2016, no individual debt security investment manager's portfolio was outside of the policy guidelines.

As of December 31, 2016, the following shows the investments by investment type, amount, and the effective weighted duration.

Utah Retirement Systems
(pension trust and defined contribution plans)
Debt Securities Investments
At December 31, 2016
(expressed in thousands)

Investment	Defined Benefit Plans Fair Value	Defined Benefit Plans Effective Weighed Duration	Defined Contribution Plans Fair Value	Defined Contribution Plans Effective Weighed Duration	Total All Systems and Plans
Asset-backed Securities	$ 294,369	1.46	$ 5,014	0.75	$ 299,383
Commercial Mortgage-backed	121,421	3.08	2,698	0.87	124,119
Corporate Bonds	811,079	6.10	266,683	6.66	1,077,762
Fixed Income Other	1,074	—	54,269	0.22	55,343
Government Agencies	82,376	4.92	14,725	8.28	97,101
Government Bonds	1,094,667	7.21	177,053	3.77	1,271,720
Government Mortgage-backed Securities	808,911	5.45	194,951	3.25	1,003,862
Index Linked Bonds	1,113,524	12.10	90,433	5.19	1,203,957
Non-government Backed C.M.O.s	28,997	3.57	339	1.58	29,336
Synthetic Guaranteed Investment Contracts – measured at contract value	—	—	933,515	—	933,515
Total Debt Securities Investments	$ 4,356,418	7.39	$ 1,739,680	4.82	$ 6,096,098

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, URS will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. URS does not have an investment policy regarding custodial credit risk. As of December 31, 2016, there is $87.278 million of cash and cash equivalents exposed to custodial credit risk and $545.387 million of other assets where exposure to custodial credit risk is not determined. The $87.278 million frictional cash and cash equivalents subject to custodial credit risk are in foreign banks in URS' name. Because it is in foreign banks, it is subject to custodial credit risk. URS does not have an investment policy regarding custodial credit risk for frictional cash in foreign banks.

Concentration of Credit Risk

URS expects their investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- **AAA/Aaa Debt Securities** – No more than 5 percent of an investment manager's assets at market with a single issuer.
- **AA-/Aa3 Debt Securities or higher** – No more than 4 percent of an investment manager's assets at market with a single issuer.
- **A-/A3 Debt Securities or higher** – No more than 3 percent of an investment manager's assets at market with a single issuer.
- **BBB-/Baa3 Debt Securities or higher** – No more than 2 percent of an investment manager's assets at market with a single issuer.
- **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.
- **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.
- **International Equity Securities** – No more than 8 percent of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.

As of December 31, 2016, URS had no single issuer investments that exceeded the above guidelines.

Credit Risk of Debt Securities

URS expects its domestic debt securities investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- U.S. Government and Agency Securities – no restriction.
- Total portfolio quality will maintain a minimum overall rating of "A" (S&P) or equivalent rating.
- Securities with a quality rating of below BBB- are considered below investment grade. No more than 5 percent of an investment manager's assets at market with a single issuer of 1 percent of the total portfolio can be below investment grade.
- Upon approval, a domestic debt securities investment manager may invest up to 10 percent of the portfolio in non-U.S. dollar-denominated bonds.
- The international debt securities investment managers may hold up to 25 percent of the market value of their portfolios in securities rated below investment grade (S&P index BBB- or Moody's index Baa3). The remaining assets will have on average an investment grade rating.

URS' weighted quality rating average of the global debt securities, excluding pooled investments, as of December 31, 2016, was AA-, and the fair value of below grade investments was $178.234 million or 2.93 percent.

The government mortgage-backed securities in URS that are not rated include $265.166 million Federal Home Loan Mortgage Corporation and $546.241 million of Federal National Mortgage Association securities, which are implicitly guaranteed by the U.S. government.

The following table presents the URS credit risk ratings as of December 31, 2016:

Utah Retirement Systems
(pension trust and defined contribution plans)
Credit Risk of Debt Securities at Fair Value
At December 31, 2016
(expressed in thousands)

Defined Benefit Plans

Quality Rating	Total	Asset-backed	Commercial Mortgage-backed	Corporate Bonds	Fixed Income Other	Government Agencies	Government Bonds	Government Mortgage-backed	Index-linked Bonds	Non-Government Backed C.M.O.s
AAA	$ 465,675	$ 223,310	$ 68,718	$ 27,455	$ —	$ 33,819	$ 48,623	$ 1,054	$ 56,159	$ 6,537
AA+	364,538	11,413	6,142	10,531	—	12,200	24,131	3,953	294,589	1,579
AA	114,097	5,625	10,179	10,027	—	—	21,808	—	66,458	—
AA-	51,213	374	3,226	43,614	—	—	3,922	—	—	77
A+	204,687	12,571	1,149	35,665	—	—	72,515	—	82,290	497
A	142,907	16,219	5,432	111,320	—	—	832	—	8,323	781
A-	114,509	—	3,827	104,008	—	—	6,473	—	—	201
BBB+	250,249	2,208	2,633	185,355	—	4,517	34,588	—	20,510	438
BBB	233,684	9,530	2,001	124,848	—	—	17,238	—	78,609	1,458
BBB-	134,750	—	4,760	97,015	—	—	30,086	—	—	2,889
BB+	30,416	369	—	16,384	—	—	13,260	—	—	403
BB	12,508	—	1,863	3,194	—	—	7,029	—	—	422
BB-	11,867	—	2,396	4,140	—	—	5,116	—	—	215
B+	13,473	—	2,028	6,499	—	—	3,299	—	—	1,647
B	2,929	—	1,055	1,874	—	—	—	—	—	—
B-	13,054	—	1,195	2,229	—	—	7,330	—	—	2,300
CCC+	1,073	—	—	864	—	—	—	—	—	209
CCC	9,469	1,459	1,192	5,243	—	—	—	—	—	1,575
CCC-	5,977	1,009	—	268	—	—	—	—	3,312	1,388
CC	272	—	—	—	—	—	—	—	—	272
D	2,298	175	—	—	—	—	—	—	—	2,123
NR	712,375	10,107	3,625	20,546	1,074	31,840	19,444	618,124	3,629	3,986
Subtotal	2,892,020	$ 294,369	$ 121,421	$ 811,079	$ 1,074	$ 82,376	$ 315,694	$ 623,131	$ 613,879	$ 28,997
U.S. Treasuries	1,278,618									
Explicit U.S. Government Agencies......................	185,780									
Total Debt Securities Investments	$ 4,356,418									

Defined Contribution Plans

Quality Rating	Total	Asset-backed	Commercial Mortgage-backed	Corporate Bonds	Fixed Income Other	Government Agencies	Government Bonds	Government Mortgage-backed	Index-linked Bonds	Non-Government Backed C.M.O.s
AAA	$ 26,740	$ 404	$ 49	$ —	$ —	$ 2,840	$ 18,423	$ —	$ 5,024	$ —
AA+	2,815	—	—	192	—	—	—	—	2,532	91
AA	25,197	221	—	4,045	—	—	6,980	—	13,951	—
AA-	15,682	—	—	6,229	—	—	9,453	—	—	—
A+	4,357	—	—	471	—	—	3,761	—	—	125
A	30,812	276	—	10,551	—	—	10,663	—	9,322	—
A-	13,359	—	59	12,554	—	—	746	—	—	—
BBB+	93,608	—	—	57,424	—	11,616	12,836	—	11,732	—
BBB	70,485	298	—	61,339	—	—	8,848	—	—	—
BBB-	58,098	—	320	52,110	—	223	4,900	—	545	—
BB+	33,262	24	—	24,513	6,501	—	2,224	—	—	—
BB	8,987	—	—	7,925	—	—	1,062	—	—	—
BB-	11,934	—	346	11,361	—	—	227	—	—	—
B+	5,570	—	—	5,015	—	—	505	—	—	50
B	1,150	—	860	290	—	—	—	—	—	—
B-	1,296	—	425	275	—	—	596	—	—	—
CCC	10,919	—	287	10,632	—	—	—	—	—	—
NR	248,663	3,791	350	1,757	46,256	46	550	194,951	889	73
Subtotal	662,934	$ 5,014	$ 2,696	$ 266,683	$ 52,757	$ 14,725	$ 81,774	$ 194,951	$ 43,995	$ 339
U.S. Treasuries	143,231									
Synthetic Guaranteed Investment Contracts...	933,515									
Total Debt Securities Investments	$ 1,739,680									

Foreign Currency Risk

URS expects the International Securities Investment Managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

- International investment managers invest in fixed income instruments and equity instruments of corporations headquartered outside of the United States unless specifically authorized within the investment managers' contract.
- Domestic investment managers are allowed to invest in international corporations traded in American Depository Receipts (ADR).
- Portfolios should be adequately diversified to limit foreign currency and security risk.

Risk of loss arises from changes in currency exchange rates. URS' exposure to foreign currency risk is shown in the table below.

Utah Retirement Systems
(pension trust and defined contribution plans)
Foreign Currency Risk
International Investment Securities at Fair Value
At December 31, 2016
(expressed in thousands)

	Defined Benefit Plans						Defined Contribution Plans			Total
Currency	**Short-term**	**Debt**	**Equity**	**Absolute Return**	**Private Equity**	**Total**	**Debt**	**Equity**	**Total**	**All Systems and Plans**
Argentine peso	$ —	$ 3,436	$ —	$ —	$ —	$ 3,436	$ 550	$ —	$ 550	$ 3,986
Australian dollar	1,903	15,371	162,908	—	9,178	189,360	10,295	24,789	35,084	224,444
Bermudian dollar	—	—	—	—	—	—	—	24	24	24
Brazilian real	163	3,415	82,686	—	—	86,264	508	7,757	8,265	94,529
British pound sterling	6,720	294,090	683,192	—	52,478	1,036,480	13,402	61,786	75,188	1,111,668
Canadian dollar	2,271	64,578	267,516	—	—	334,365	7,754	34,565	42,319	376,684
Caymanian dollar	—	—	—	—	—	—	—	75	75	75
Chilean peso	71	—	10,232	—	—	10,303	—	1,274	1,274	11,577
Chinese renminbi	—	—	—	—	—	—	—	27,279	27,279	27,279
Colombian peso	138	3,533	5,262	—	—	8,933	554	478	1,032	9,965
Czech koruna	9	—	993	—	—	1,002	—	188	188	1,190
Danish krone	67	1,990	51,656	—	—	53,713	270	5,506	5,776	59,489
Egyptian pound	140	—	—	—	—	140	—	203	203	343
European euro	4,010	288,513	946,113	405,789	195,692	1,840,117	43,333	102,511	145,844	1,985,961
Hong Kong dollar	482	—	300,638	—	—	301,120	—	10,953	10,953	312,073
Hungarian forint	350	8,051	6,076	—	—	14,477	1,181	309	1,490	15,967
Indian rupee	980	—	76,602	—	—	77,582	—	2,808	2,808	80,390
Indonesian rupiah	198	—	17,515	—	—	17,713	—	9,372	9,372	27,085
Japanese yen	48,521	149,932	790,392	—	—	988,845	19,178	85,345	104,523	1,093,368
Macau pataca	—	—	—	—	—	—	—	9	9	9
Malaysian ringgit	641	—	28,319	—	—	28,960	—	2,795	2,795	31,755
Mexican peso	738	9,073	35,276	—	—	45,087	1,287	3,711	4,998	50,085
Moroccan dirham	16	—	—	—	—	16	—	—	—	16
Israeli new shekel	61	33	9,842	—	—	9,936	—	2,627	2,627	12,563
Taiwanese new dollar	715	—	93,503	—	—	94,218	—	13,814	13,814	108,032
New Zealand dollar	667	35,342	7,010	—	—	43,019	4,460	1,039	5,499	48,518
Norwegian krone	618	7,892	21,359	—	—	29,869	656	2,761	3,417	33,286
Peruvian nuevo sol	29	—	147	—	—	176	—	364	364	540
Philippine peso	155	—	11,801	—	—	11,956	—	1,276	1,276	13,232
Polish zloty	268	—	7,683	—	—	7,951	33	1,211	1,244	9,195
Qatari riyal	—	—	—	—	—	—	—	933	933	933
Russian ruble	—	3,711	18,930	—	—	22,641	576	4,328	4,904	27,545
Singapore dollar	1,025	2,691	48,520	—	—	52,236	20	4,452	4,472	56,708
South African rand	157	—	49,911	—	—	50,068	—	7,403	7,403	57,471
South Korean won	850	12,404	136,808	—	—	150,062	1,797	15,969	17,766	167,828
Swedish krona	524	9,360	83,789	—	—	93,673	2,025	10,687	12,712	106,385
Swiss franc	1,182	—	282,868	—	—	284,050	1	27,450	27,451	311,501
Thai baht	187	—	31,433	—	—	31,620	—	2,728	2,728	34,348
Turkish lira	28	3,597	12,536	—	—	16,161	545	1,132	1,677	17,838
United Arab Emirates dirham	55	—	9,393	—	—	9,448	—	917	917	10,365
Total Securities Subject to Foreign Currency Risk	$ 73,939	$917,012	$ 4,290,909	$ 405,789	$257,348	$ 5,944,997	$108,425	$480,828	$589,253	$ 6,534,250

C. Primary Government – Trust Lands

Investments

The Trust Lands (permanent fund) investments by type are presented below:

Trust Lands
(permanent fund)
Investments at Fair Value
June 30, 2017
(*expressed in thousands)*

Investment Category	Fair Value (with accruals)
Growth	$ 903,102
Real Assets	412,963
Income	796,579
Defensive	277,328
Total Investments	$ 2,389,972

Trust Lands investment securities are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants at the measurement date. Purchase and sale transactions are recorded on the trade date.

Fair Value Measurements

Trust Lands measures and records investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted Prices in Active Markets for Identical Assets.
- Level 2: Significant Other Observable Inputs.
- Level 3: Significant Unobservable Inputs.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

At June 30, 2017, the Trust Lands had the following recurring fair value measurements:

(Table on next page.)

Trust Lands
(permanent fund)
Investments Measured at Fair Value
June 30, 2017
(expressed in thousands)

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments by Fair Value Level				
Growth				
US Equity	$ 408,093	$ 408,093	$ —	$ —
International Equity	428,601	241,314	187,231	56
Total Growth	836,694	649,407	187,231	56
Real Assets				
TIPS	43,982	43,982	—	—
Total Real Assets	43,982	43,982	—	—
Income				
Credit	451,290	346,602	104,688	—
Securitized	124,249	44,142	45,519	34,588
Non-U.S.	95,218	95,218	—	—
Total Income	670,757	485,962	150,207	34,588
Defensive				
Long U.S. Treasury	57,009	57,009	—	—
Cash and Cash Equivalents	67,507	7,435	60,072	—
Total Defensive	124,516	64,444	60,072	—
Total Investments by Fair Value Level	$ 1,675,949	$ 1,243,795	$ 397,510	$ 34,644
Investments Measured at the Net Asset Value (NAV)				
Growth				
International Equity	$ 49,954			
Private Equity	16,455			
Real Assets				
Public Real Assets	109,709			
Private Real Assets	250,766			
Private Natural Resources	8,505			
Income				
Other Income	41,711			
Securitized	32,995			
Private Debt	51,116			
Defensive				
Commodity Trading Advisor (CTA)	152,812			
Total Investments Measured at the NAV	$ 714,023			
Total Investments Measured at Fair Value	$ 2,389,972			

Securities (cash, debt and equity securities, including registered investment companies/mutual funds with daily liquidity holding such securities) in the Investment Thematic categories classified in Level 1 are valued using prices quoted in active markets for those securities.

Securities (debt and equity securities, including derivative securities and the Trust Lands' proportionate share of securities held in commingled vehicles with regular liquidity which hold such securities) in the Investment Thematic categories classified in Level 2 are valued using the following approaches: Mid Evaluation, Bid Evaluation and Theory (a theoretical price calculated by applying a standardized formula to derive a price from a related security).

Securities (debt and equity securities, including derivative securities and the Trust Lands' proportionate share of securities held in commingled vehicles with regular liquidity holding such securities) in the Investment Thematic categories classified in Level 3 are valued using the following approaches: Bid Evaluation and other pricing indications which may be unobservable or with limited volume. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Debt securities classified in Level 3 are valued and priced using proprietary information, single source pricing and/or may have nominal value. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. Trust Lands has determined the fair value of these investments using the net asset value (NAV) per share of the investments (or its equivalent) as reported in current period audited statements, prior period audited statements of the manager, prior period audited statements of the manager adjusted for subsequent calls and distributions, current period unaudited statements or estimates provided by the underlying investments using recent observable transactions information for similar investments. The objectives and valuation approach for investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are more fully described below. The following table presents the unfunded commitments, redemption frequency (if currently eligible) and the redemption notice period for the alternative investments measured at net asset value (NAV).

Trust Lands
(permanent fund)
Investments Measured at the NAV
June 30, 2017
(*expressed in thousands*)

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Growth				
International Equity	$ 49,954	$ —	30-90 days	90 days
Private Equity	16,455	85,546	Limited	N/A
Total Growth	66,409	85,546		
Real Assets				
Public Real Assets	109,709	—	30 days	30 days
Public Real Estate	250,766	44,191	90 days, limited	90 days, n/a
Private Natural Resources	8,505	38,536	Limited	N/A
Total Real Assets	368,980	82,727		
Income				
Other Income	41,711	—	180 days (May 1, Nov 1)	180 days
Securitized	32,995	—	91 days (calendar qtr.)	91 days (1/8 gate)
Private Debt	51,116	48,630	Limited	N/A
Total Income	125,822	48,630		
Defensive				
Commodity Trading Advisor (CTA)	152,812	—	5 days	4 days (30% investor gate)
Total Defensive	152,812	—		
Total Investments Measured at the NAV	$ 714,023	$ 216,903		

The description of underlying holdings and valuation methodologies for investments measured at net asset value (NAV), detailed above, are described further as follows:

Growth–International Equity: Consists of one (1) investment in a limited partnership with equity investments and one (1) investment in units of a pooled investment fund. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Trust Lands' investments held or ownership interest in partners' capital.

Growth–Private Equity: Consists of five (5) investments in private equity limited partnerships. Generally speaking, the types of strategies included in this portfolio include venture capital, opportunistic real estate equity, buyouts and special situations. These investment commitments were made in 2016 onwards and have an approximate life in excess of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships distributions are received as underlying partnership investments are realized. Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2017, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of the Trust Lands' ownership interest in partners' capital.

Real Assets–Public Real Assets: Consists of one (1) investment in a limited partnership with underlying equity investments in Master Limited Partnerships (MLPs) and associated investment strategies. The fair value of the investment in this type have been determined using the NAV per share (or its equivalent) of the Trust Lands' ownership interest in partners' capital.

Real Assets–Private Real Assets: Consists of eight (8) investments in private real estate limited partnerships. Generally speaking, the types of strategies included in this portfolio include core and value added property interests. These investment commitments were made over a period ranging from 2008-2015 and have an approximate life in excess of 10 years and are therefore considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships distributions are received as underlying partnership investments are realized. Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2017, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of the Trust Lands' ownership interest in partners' capital. This category also includes two (2) investments in pooled investment funds with a focus on real estate property and property income. The fair value of the investment in this type have been determined using the NAV per share (or its equivalent) of the Trust Lands' investments ownership interest in partners' capital.

Real Assets–Private Natural Resources: Consists of four (4) investments in limited partnerships. Generally speaking, the types of strategies included in this portfolio include infrastructure/ power generation and opportunistic natural resource investments, including co-investments. These investment commitments were made over a period ranging from 2016-2017 and have an approximate life in excess of 10 years and are therefore considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships distributions are received as underlying partnership investments are realized or co-investment holdings are sold. Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2017, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of the Trust Lands' ownership interest in partners' capital.

Income–Other Income: Consists of one (1) investment in a limited partnership with underlying credit/securitized fixed income investments and associated investments. The fair value of the investment in this type have been determined using the NAV per share (or its equivalent) of the Trust Lands' ownership interest in partners' capital.

Income–Securitized: Consists of one (1) investment in a limited partnership with underlying lower-quality credit/securitized fixed income investments and associated strategies. The fair value of the investment in this type have been determined using the NAV per share (or its equivalent) of the Trust Lands' ownership interest in partners' capital.

Income–Private Debt: Consists of four (4) investments in limited partnerships. Generally speaking, the types of strategies included in this portfolio include securitized credit, asset backed/collateralized loan obligation, mezzanine debt and equity, distressed debt/special situations and related investments. These investment commitments were made over a period ranging from 2016-2017 and have an approximate life, including lock-ups of three to nearly 10 years and are therefore considered illiquid. Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2017, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of the Trust Lands' ownership interest in partners' capital.

Defensive–Commodity Trading Advisor (CTA): Consists of one (1) investment in a limited partnership with underlying investments in Commodity Trading Advisor/Systematic and associated investment strategies. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Trust Lands' investments held or ownership interest in partners' capital.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. Trust Lands manages the exposure to fair value loss arising from increasing interest rates through prudent deployment, management and oversight of investments with exposure to interest rate sensitivity. Trust Lands does not have a formal policy for interest rate risk.

As of June 30, 2017, Trust Lands' debt security investments (including the underlying portfolios of indirectly held investments, where available) had the following weighted average maturities:

Trust Lands
(permanent fund)
Debt Securities Investments
June 30, 2017
(*expressed in thousands*)

Investment Category	Fair Value	Weighted Average Maturity (Years)
Asset-backed Securities	$ 1,951	17.88
Bank Loans	13,088	5.96
Commercial Mortgage-backed	20,116	28.12
Corporate Bonds	72,685	15.05
Corporate Convertible Bonds	2,492	17.84
Funds – Corporate Bond	312,262	4.11
Funds – Fixed Income ETF	2,247	1.97
Funds – Government Agencies	60,118	25.16
Funds – Government Bond	138,822	7.79
Funds – Short-term Investment	10,031	0.25
Government Bonds	8,669	2.01
Government Mortgage-backed Securities	50,342	29.02
Non-government-backed C.M.O.s	12,428	15.28
Other Fixed Income	60,072	0.15
Short-term Bills and Notes	6,000	0.06
Total Debt Securities Investments	$ 771,323	9.57

As of June 30, 2017, the Trust Lands held $204.494 million in five investments with a fixed income (or related) investment emphasis for which Weighted Average Maturity details were unavailable and not evaluated. These investments included Bank Loan investment funds with other assets held, and hedge fund strategies.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Trust Lands manages the exposure to fair value loss arising from credit risk through prudent deployment, management, and oversight of investments. Trust Lands does not have a formal policy for credit risk.

As of June 30, 2017, the fair value of the Trust Lands' debt security investments with exposure to credit risk had the following credit quality ratings (S&P rating is primary, if not available or not rated by S&P, corresponding Moody's rating is substituted).

Trust Lands
(permanent fund)
Credit Risk of Debt Securities at Fair Value
June 30, 2017
(*expressed in thousands*)

Quality Rating	Total	Asset-backed	Bank Loans	Commercial Mortgage-backed	Corporate Bonds	Corporate Convertible Bonds	Funds–Corporate Bond	Funds–Fixed Income EFT	Funds–Government Agencies
AAA	$ 722	$ —	$ —	$ —	$ 497	$ —	$ —	$ —	$ —
AA+	1,274	—	—	—	506	—	—	—	—
AA-	1,176	—	—	—	1,176	—	—	—	—
A	2,480	—	—	—	2,480	—	—	—	—
A-	4,468	—	—	879	3,589	—	—	—	—
BBB+	11,349	—	—	212	10,530	—	—	—	—
BBB	8,384	—	—	857	7,527	—	—	—	—
BBB-	12,517	—	998	4,205	7,314	—	—	—	—
BB+	11,736	—	1,270	—	9,947	519	—	—	—
BB	9,352	—	977	2,008	5,589	—	—	—	—
BB-	11,292	—	1,759	741	6,783	976	—	—	—
B+	8,302	587	2,737	—	4,978	—	—	—	—
B	7,790	—	642	—	5,116	—	—	—	—
B-	4,706	—	—	670	3,039	997	—	—	—
CCC+	1,053	—	72	—	981	—	—	—	—
CCC	1,612	705	—	—	525	—	—	—	—
CCC-	659	659	—	—	—	—	—	—	—
CC	899	—	—	—	—	—	—	—	—
C	925	—	—	—	—	—	—	—	—
D	2,406	—	—	—	—	—	—	—	—
NR	625,825	—	4,633	10,544	2,108	—	312,262	2,247	60,118
Total Rated Securities	728,927	$ 1,951	$ 13,088	$ 20,116	$ 72,685	$ 2,492	$ 312,262	$ 2,247	$ 60,118
U.S. Treasuries	12,900								
U.S. Agency – full faith	29,496								
Total Debt Securities Investments	$ 771,323								

Continues Below

Quality Rating	Funds–Government Bonds	Funds–Short-term Investments	Government Bonds	Government Mortgage-backed Securities	Non-government-backed C.M.O.s	Other Fixed Income
AAA	—	—	—	—	225	—
AA+	—	—	—	768	—	—
AA-	—	—	—	—	—	—
A	—	—	—	—	—	—
A-	—	—	—	—	—	—
BBB+	—	—	—	—	607	—
BBB	—	—	—	—	—	—
BBB-	—	—	—	—	—	—
BB+	—	—	—	—	—	—
BB	—	—	—	778	—	—
BB-	—	—	—	—	1,033	—
B+	—	—	—	—	—	—
B	—	—	1,768	264	—	—
B-	—	—	—	—	—	—
CCC+	—	—	—	—	—	—
CCC	—	—	—	—	382	—
CCC-	—	—	—	—	—	—
CC	—	—	—	—	899	—
C	—	—	—	—	925	—
D	—	—	—	—	2,406	—
NR	138,822	10,031	—	19,037	5,951	60,072
	$ 138,822	$ 10,031	$ 1,768	$ 20,847	$ 12,428	$ 60,072

As of June 30, 2017, the Trust Funds held $8.262 million in the Northern Trust Institutional Funds Treasury Portfolio - Premier Class, an AAAm rated money market fund.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, Trust Lands will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Trust Lands does not have a formal policy for custodial credit risk. Investments are registered investments or held by Trust Lands, or by Trust Land's agent in Trust Land's name. The State Treasurer is the custodian of investments of Trust Lands, and the investments are held under a custodial safekeeping agreement with the Northern Trust Company.

As of June 30, 2017, the following investments, including accrued income/expense that have custodial credit risk:

- Cash and Cash Equivalents $146 thousand. The $146 thousand frictional cash and cash equivalents subject to custodial credit risk are in foreign banks in the Trust Lands' name. Because it is in foreign banks, it is subject to custodial credit risk. Trust Lands does not have an investment policy regarding custodial credit risk for frictional cash in foreign banks.
- Other Assets $320.034 million. The $320.034 million other assets represent the investments, including accrued income/expense, that have custodial credit risk which has not been determined.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Trust Lands manages exposure to fair value loss arising from concentrations of credit risk through prudent deployment, management, and oversight of investments. Trust Lands does not have a formal policy for concentrations of credit risk.

As of June 30, 2017, Trust Lands does not hold any credit positions exceeding 5 percent of the total portfolio.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Trust Lands manages exposure to fair value loss arising from foreign currency risk through prudent deployment, management, and oversight of investments. The Trust Lands does not have a formal policy for foreign currency risk.

The Trust Lands' exposure to foreign currency (inclusive of pending foreign exchange purchases and sales) as of June 30, 2017, is as follows:

Trust Lands
(permanent fund)
Foreign Currency Risk
June 30, 2017
(*expressed in thousands*)

Currency	Short-term	Bonds	Equity	Total
Australian dollar	$ —	$ —	$ 19,130	$ 19,130
British pound	31	—	38,220	38,251
Danish krone	1	—	4,794	4,795
Euro	(1,468)	1,726	82,698	82,956
Hong Kong dollar	—	—	8,781	8,781
Israeli new shekel	—	—	3,874	3,874
Japanese yen	—	—	37,640	37,640
New Zealand dollar	—	—	2,564	2,564
Norwegian krone	12	—	4,605	4,617
Singapore dollar	—	—	4,114	4,114
Swedish krona	5	—	9,582	9,587
Swiss franc	12	—	19,722	19,734
Total Securities Subject to Foreign Currency Risk	$ (1,407)	$ 1,726	$ 235,724	$ 236,043

D. Discrete Component Units

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the discrete component unit's deposits may not be recovered.

The discrete component units follow the Utah Money Management Act by making deposits only in qualified depository institutions or in foreign depository institutions in accordance with rules of the State Money Management Council. Deposits with qualified depository institutions in excess of FDIC insurance limits amount are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by state statute. The deposits for the discrete component units at June 30, 2017, were $261.165 million. Of these, $214.123 million were exposed to custodial credit risk as uninsured and uncollateralized and $38.862 million were exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the discrete component units' names.

Investments

The discrete component units follow the applicable investing criteria described above for the primary government, with the exception of Public Employees Health Program, which is exempt from the Money Management Act.

The Public Employees Health Program is administered by the Utah State Retirement Board (Board). Investments are in accordance with the "prudent person rule."

College and university funds from gifts, private grants, and the corpus of funds functioning as endowments are invested according to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541) or separate endowment investment policies, which have been approved by their Board of Trustees and by the Board of Regents. The UPMIFA and Rule 541 allow the colleges and universities to invest endowment funds (including gifts, devises, or bequests of property of any kind from any source) in any investments allowed by the Money Management Act or any of the following subject to satisfying certain criteria: mutual funds registered with the Securities and Exchange Commission; investments sponsored by the Common Fund; any investment made in accordance with the donor's directions in a written instrument; investments in corporate stock listed on a major exchange (direct ownership); and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital and private equity), natural resources, and private real estate assets or absolute return and long/short hedge funds.

The discrete component units' investments at June 30, 2017, are presented below. The investments are presented at fair value and by investment type with debt securities presented by maturity.

Fair Value Measurements

The State categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Inputs are quoted prices for identical investments in active markets.
- Level 2: Observable inputs other than quoted market prices.
- Level 3: Unobservable inputs.

The following table presents the recurring fair value measurements at June 30, 2017, for the discrete component units.

Discrete Component Units Debt Securities Investments
Investments and Derivative Instruments Measured at Fair Value
At June 30, 2017
(expressed in thousands)

		Fair Value Measurements Using		
	Fair Value	**Level 1**	**Level 2**	**Level 3**
Investments by Fair Value Level				
Debt Securities				
U.S. Treasuries	$ 174,830	$ 2,747	$ 172,083	$ —
U.S. Agency – full faith	241	—	241	—
U.S. Agencies	1,576,383	—	1,575,851	532
Government Mortgage-backed Securities	86,364	—	81,161	5,203
Corporate Debt	599,457	148	597,957	1,352
Negotiable Certificates of Deposit	5,216	—	5,216	—
Money Market Mutual Funds	114,854	4,441	110,413	—
Municipal/Public Bonds	44,864	—	44,864	—
Asset-backed Securities	9,834	—	9,254	580
Bond Mutual Funds	221,380	18,332	203,048	—
Repurchase Agreement: U.S. Agency	68,000	—	68,000	—
Utah Public Treasurers' Investment Fund	742,554	—	742,554	—
Total Debt Securities	3,643,977	25,668	3,610,642	7,667
Equity Securities				
Domestic Equity	651,526	75,695	575,831	—
International Equity	1,622	—	1,622	—
Equity Securities	70,136	34,012	31,135	4,989
Total Equity Securities	723,284	109,707	608,588	4,989
Other Investments				
Real Estate	2,954	—	—	2,954
Total Other Investments	2,954	0	0	2,954
Total Investments by Fair Value Level	4,370,215	$ 135,375	$ 4,219,230	$ 15,610
Investments Measured at the Net Asset Value (NAV)				
Bank Loans	12,291			
Credit Sensitive Fixed Income	30,003			
Diversifying Strategies	184,499			
Flexible Premium Deferred Annuity	257			
Global Distressed	113			
Hedge Funds	49,293			
Interest in an LLC	1,016			
International Equity	9,041			
Multi-sector Credit	3,178			
Private Equity	72,620			
Private Equity Core Real Estate	7,748			
Private Equity Natural Resources	62,125			
Private Equity Partnerships	19,722			
Private Equity Real Estate Partnership	24,526			
Private Infrastructure	514			
Venture Capital Funds	2,145			
Total Investments Measured at the NAV	479,091			
Total Investments Measured at Fair Value	$ 4,849,306			
Invested Securities Lending Collateral				
Debt Securities	$ 2,993	$ 0	$ 2,993	$ 0

Debt securities and Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. The Domestic Equity securities in Level 1 are valued using prices provided by the fund company.

Securities classified in Level 2 are valued using the following approaches:

U.S. Treasuries, U.S. Agency–full faith, U.S. Agencies, Corporate Debt, International Equity, and Equity:

- Valued using quoted prices for identical securities in markets that are not active.

Corporate Debt, Municipal/Public Bonds, and Negotiable Certificates of Deposit:
- Valued using quoted prices for similar securities in active markets.

Repurchase Agreement–U.S. Agency:
- Valued at cost due to very short-term maturity.

Money Market Mutual Funds, Bond Mutual Funds, and Domestic Equity:
- Valued using published fair value per share (unit) for each fund.

Government Mortgage-backed and Asset-backed:
- Valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

Utah Public Treasurers' Investment Fund:
- Valued using the application of the June 30, 2017, fair value factor, as calculated by the Utah State Treasurer, to the average daily balance in the Fund.

Securities classified in Level 3 are valued using the following approaches:

U.S. Agencies and Asset-backed:
- Valued using consensus pricing.

Government Mortgage-backed:
- Valued using discounted cash flow techniques.

Corporate Debt and Equity:
- Valued using various sources such as issuer, investment manager, client, etc., or default price if price is not provided.

Real Estate:
- Valued using current real estate market values.

Debt Securities Lending Collateral classified in Level 2 are valued using quoted prices for similar securities in markets that are not active.

Investments Measured at the Net Asset Value (NAV)

The State's colleges and universities discrete component units administer endowment portfolios of a long-term nature. The strategy, within the constraints of the asset allocation model, is to add assets with higher return expectations in order to outweigh their short-term volatility risk. As a result, endowment investments will typically be invested in equity or equity-like securities, including real assets (real estate, natural resources, and infrastructure). Real assets also are expected to provide the added benefit of inflation protection. The fair values of these types of investments are measured at the net asset value (NAV) per share (or its equivalent) as they generally do not have readily obtainable fair values and take the form of limited partnerships. The NAV is based on the values provided by the partnerships as well as their audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent capital calls and distributions. The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the alternative investments measured at NAV:

Discrete Component Units Debt Securities
Investments Measured at the Net Asset Value (NAV)
At June 30, 2017
(*expressed in thousands*)

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investment Measured at NAV				
Bank Loans	$ 12,291	$ —	Monthly	3 weeks
Credit Sensitive Fixed Income	30,003	—	Quarterly	90 days
Diversifying Strategies	184,499	—	Daily, quarterly, annually	0 – 90 days
Flexible Premium Deferred Annuity	257	—	N/A	N/A
Global Distressed	113	76	N/A	N/A
Hedge Funds	43,929	—	Monthly, quarterly	30 – 75 days
Hedge Funds	1,046	—	N/A	N/A
Hedge Funds	4,318	—	Quarterly	100 days
Interest in an LLC	1,016	—	N/A	N/A
International Equity	9,041	—	Quarterly	100 days
Multi-sector Credit	3,178	—	Quarterly	90 days
Private Equity	72,620	39,431	N/A	N/A
Private Equity Core Real Estate	7,748	—	Quarterly	30 – 60 days
Private Equity Natural Resources	62,125	4,359	N/A	N/A
Private Equity Partnerships	109	15	Initial 10 year with five 1-year extensions	60 days
Private Equity Partnerships	103	—	Monthly	10 days
Private Equity Partnerships	716	—	Quarterly	45 – 60 days
Private Equity Partnerships	18,794	13,869	N/A	N/A
Private Equity Real Estate Partnership	24,526	11,066	N/A	N/A
Private Infrastructure	514	2,462	N/A	N/A
Venture Capital Funds	2,145	1,856	N/A	N/A
Total Investments Measured at NAV	$ 479,091	$ 73,134		

Interest Rate Risk

The following table presents the debt investments and maturities at June 30, 2017, for the discrete component units.

Discrete Component Units
Debt Investments at Fair Value
At June 30, 2017
(expressed in thousands)

		Investment Maturities (in years)				
Investment Type	Fair Value	Less Than 1	1-5	6-10	11-20	More Than 20
U.S. Treasuries	$ 174,830	$ 80,544	$ 82,247	$ 12,039	$ —	$ —
U.S. Agency – full faith	241	—	—	241	—	—
U.S. Agencies	1,576,383	711,474	513,774	350,611	524	—
Government Mortgage-backed Securities	86,364	395	110	5,469	29,142	51,248
Corporate Debt	599,457	165,997	318,069	73,705	41,686	—
Negotiable Certificates of Deposit	5,216	1,502	3,714	—	—	—
Money Market Mutual Funds	114,854	114,854	—	—	—	—
Municipal/Public Bonds	44,864	7,419	20,541	8,058	8,846	
Asset-backed Securities	9,834	—	6,842	1,591	1,401	—
Bond Mutual Funds	221,380	3,437	31,465	186,478	—	—
Repurchase Agreement: U.S. Agency	68,000	68,000	—	—	—	—
Securities Lending Cash Collateral Pool	2,993	2,993	—	—	—	—
Utah Public Treasurers' Investment Fund	742,554	742,554	—	—	—	—
Total Debt Investments	$ 3,646,970	$ 1,899,169	$ 976,762	$ 638,192	$ 81,599	$ 51,248

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The discrete component units' policy for managing interest rate risk is the same as described above for the primary government and endowment funds complying with the State's Money Management Act or the UPMIFA and Rule 541, as applicable. For non-endowment funds, Section 51-7-11 of the Money Management Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed-rate negotiable deposits, and fixed-rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government-sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 10 years for institutions of higher education. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years. For endowment funds, Rule 541 is more general, requiring only that investments be made as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the endowments and by exercising reasonable care, skill, and caution.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The discrete component units' policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, the UPMIFA, and Rule 541, as previously discussed. The discrete component units' debt investments as of June 30, 2017, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using Standard and Poor's rating scale.

(Table on next page.)

Discrete Component Units

Debt Investments Quality Ratings
At June 30, 2017
(*expressed in thousands*)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
U.S. Agencies	$ 1,576,383	$ 667,757	$ 857,750	$ 3,989	$ —
Government Mortgage-backed Securities	$ 86,364	$ 157	$ 86,207	$ —	$ —
Corporate Debt	$ 599,457	$ 9,513	$ 32,057	$ 269,789	$ 251,843
Negotiable Certificates of Deposit	$ 5,216	$ 1,508	$ —	$ 503	$ —
Money Market Mutual Funds	$ 114,854	$ 18,160	$ —	$ —	$ —
Municipal/Public Bonds	$ 44,864	$ 17,556	$ 18,702	$ 2,364	$ 4,959
Asset-backed Securities	$ 9,834	$ 8,819	$ 208	$ —	$ —
Bond Mutual Funds	$ 221,380	$ —	$ 56,814	$ —	$ —
Repurchase Agreement: U.S. Agency	$ 68,000	$ —	$ 68,000	$ —	$ —
Securities Lending Cash Collateral Pool	$ 2,993	$ —	$ —	$ —	$ —
Utah Public Treasurers' Investment Fund	$ 742,554	$ —	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings BB	B	CCC	Not Rated
U.S. Agencies	$ —	$ —	$ —	$ 46,887
Government Mortgage-backed Securities	$ —	$ —	$ —	$ —
Corporate Debt	$ 25,895	$ 539	$ 2,396	$ 7,425
Negotiable Certificates of Deposit	$ —	$ —	$ —	$ 3,205
Money Market Mutual Funds	$ —	$ —	$ —	$ 96,694
Municipal/Public Bonds	$ —	$ 1,283	$ —	$ —
Asset-backed Securities	$ —	$ —	$ 373	$ 434
Bond Mutual Funds	$ —	$ —	$ —	$ 164,566
Repurchase Agreement: U.S. Agency	$ —	$ —	$ —	$ —
Securities Lending Cash Collateral Pool	$ —	$ —	$ —	$ 2,993
Utah Public Treasurers' Investment Fund	$ —	$ —	$ —	$ 742,554

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the discrete component units will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The discrete component units do not have a formal policy for custodial credit risk.

The various discrete component units' investments at June 30, 2017, were held by the discrete component unit or in the name of the discrete component unit by the discrete component unit's custodial bank or trustee, except the following, which were uninsured, were not registered in the name of the discrete component unit and were held by other entities, as listed below (expressed in thousands):

Counterparty	
U.S. Treasuries	$ 130,510
U.S. Agency – full faith	$ 241
U.S. Agencies	$ 1,519,146
Corporate Debt	$ 265,498
Municipal/Public Bonds	$ 25,821
Equity Securities	$ 30,456
Counterparty's Trust Department or Agent	
U.S. Agencies	$ 52,601
Corporate Debt	$ 122,635
Municipal/Public Bonds	$ 3,898
Investments Measured at the Net Asset Value	$ 212

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Except for Public Employees Health Program (PEHP) (major discrete component unit), the discrete component units' policy for reducing this risk of loss is the same as described above for the primary government funds complying with the State's Money Management Act or as applicable for endowments the UPMIFA, Rule 541, or separate endowment investment policies, which have been approved by their boards of trustees and by the Board of Regents. Rule 17 of the Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations to 5–10 percent depending upon the total dollar amount held in the portfolio. For endowment funds, Rule 541 requires that a minimum of 25 percent of the overall endowment portfolio be invested in fixed income or cash equivalents. Also, the overall endowment portfolio cannot consist of more than 75 percent equity investments. Rule 541 also limits investments in alternative investment funds to between 0 and 30 percent based on the size of the endowment fund.

PEHP's policy limits the amount that may be invested in any one issuer to between 2 and 5 percent, depending on the credit rating of the security. There is no limit to investments in U.S. Government Securities. All investments are within policy limits.

The University of Utah held more than 5 percent of its total investments in the Federal Home Loan Bank, the Federal Farm Credit Bank, and the Federal Home Loan Mortgage Corporation. These investments represent 14.20 percent, 7.80 percent, and 15.80 percent, respectively, of the University's total investments.

Utah State University held more than 5 percent of its total investments in the Federal Farm Credit Bank and the Federal Home Loan Bank. These investments represent 6.72 and 8.99 percent, respectively, of the University's total investments.

Utah Valley University held more than 5 percent of its total investments in the CitiGroup corporate bonds, which represents 5.80 percent of the University's total investments.

Salt Lake Community College held more than 5 percent of its total investments in the Federal Agricultural Mortgage Corporation, Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association. These investments represent 6 percent, 5.90 percent, 7.50 percent, 8.90 percent, and 9 percent, respectively, of the College's total investments.

Snow College held more than 5 percent of its total investments in Municipal/Public Bonds, which represents 5.20 percent of the College's total investments.

Foreign Currency Risk

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

Dixie State University held investments in international equity funds of $1.622 million, and as such, no foreign currency risk is presented.

E. Securities Lending

The Utah Retirement Systems (URS) (pension trust and defined contribution plans) and the Public Employees Health Program (PEHP) (major discrete component unit) participate in security lending programs as authorized by their Boards. Under these programs, securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities, and irrevocable bank letters of credit equal to approximately 103 percent of the market value of the domestic securities on loan and 105 percent of the market value of the international securities on loan for URS and 102 percent of the market value of the domestic securities on loan for PEHP, with a simultaneous agreement to return the collateral for the same securities in the future. For both state entities, their custodial bank is the agent for its securities lending program. URS securities under loan are maintained in the financial records, and corresponding liabilities are recorded for the market value of the collateral received. PEHP securities are classified as investments. A corresponding liability is recorded for the market value of the collateral received. Under provision of GASB Statement 28, collateral that cannot be pledged or sold is not recorded as investments nor is the related liability recorded in the financial statements. PEHP did not have non-cash collateral.

At yearend, neither URS nor PEHP had any credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were $658.660 million and $2.915 million, and the collateral received for those securities on loan was $669.487 million and $2.993 million, respectively for URS and PEHP. Under the terms of the lending agreement, both state entities are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the credit worthiness 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. Because 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.

F. Derivative Financial Instruments

Utah Retirement Systems

The Utah Retirement Systems (URS) (pension trust and defined contribution plans) invests in derivative financial investments as authorized by Board policy. Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed-upon benchmark. All derivatives are considered investments. The fair value of all derivative financial instruments is reported in the Statements of Fiduciary Net Position–Pension and Other Employee Benefit Trust Funds. Within the investment asset class, swaptions are recorded in debt securities. By policy, portfolio liabilities associated with investments will be backed by cash equivalents or deliverable securities. URS does not have a policy regarding master netting arrangements. At December 31, 2016, URS had five types of derivative financial instruments: futures, currency forwards, options, swaps, and Synthetic Guaranteed Investment Contracts (SGIC).

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing URS' credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains in the Statement of Changes in Fiduciary Net Position. At December 31, 2016, URS' investments had the following notional futures balances as shown in the following table.

Utah Retirement Systems
(pension trust and defined contribution plans)
Futures — Notional Market Value
At December 31, 2016
(expressed in thousands)

	Defined Benefit Plans	Defined Contribution Plans
Cash and Cash Equivalent		
Long	$ 197,175	$ 14,242
Short	(78,267)	(3,920)
Equity		
Long	498,652	80,788
Short	(82,635)	—
Fixed Income		
Long	761,180	58,232
Short	(443,970)	(55,143)
Total Futures	$ 852,135	$ 94,199

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 in the Combining Statement of Fiduciary Net Position–Pension. At December 31, 2016, URS investments included the following currency forwards balances as shown in the following table.

Utah Retirement Systems
(pension trust and defined contribution plans)
Currency Forwards
December 31, 2016
(expressed in thousands)

Defined Benefit Plans

Currency	Notional Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value
Australian dollar	$ (15,825)	$ 3,700	$ (19,280)	$ (15,580)
Brazilian real	1,673	1,741	(3)	1,738
British pound sterling	(291,420)	27,701	(316,420)	(288,719)
Canadian dollar	(67,083)	5,393	(73,059)	(67,666)
Colombian peso	214	3,247	(3,247)	0
Danish krone	(1,834)	—	(1,816)	(1,816)
Euro	(308,264)	31,754	(340,653)	(308,899)
Hong Kong dollar	1,530	1,530	—	1,530
Hungarian forint	(8,644)	—	(8,372)	(8,372)
Indian rupee	144	9,930	(9,930)	0
Indonesian rupiah	6,730	6,597	—	6,597
Japanese yen	(215,294)	7,354	(219,360)	(212,006)
Mexican peso	(7,168)	19,767	(25,484)	(5,717)
New Taiwan dollar	(9,953)	—	(9,900)	(9,900)
New Zealand dollar	(36,646)	—	(36,498)	(36,498)
Norwegian krone	(8,281)	—	(8,327)	(8,327)
Philippine peso	(30)	—	(30)	(30)
Russian ruble	108	3,636	(3,636)	0
Singapore dollar	(3,720)	20	(3,751)	(3,731)
South African rand	360	6,699	(6,677)	22
South Korean won	(30,261)	15,711	(43,818)	(28,107)
Swedish krona	4,928	14,808	(9,563)	5,245
Swiss franc	(2,777)	—	(2,805)	(2,805)
Turkish lira	3,837	12,489	(10,024)	2,465
United States dollar	987,676	1,162,640	(174,962)	987,678
Total Forwards Subject to Foreign Currency Risk	$ 0	$ 1,334,717	$(1,327,615)	$ 7,102

Defined Contribution Plans

Currency	Notional Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value
Australian dollar	$ (10,321)	$ —	$ (10,384)	$ (10,384)
Brazilian real	255	265	—	265
British pound sterling	(13,245)	420	(13,591)	(13,171)
Canadian dollar	(8,561)	509	(9,164)	(8,655)
Colombian peso	32	489	(489)	0
Danish krone	(255)	—	(252)	(252)
Euro	(46,704)	750	(47,664)	(46,914)
Hungarian forint	(1,242)	—	(1,203)	(1,203)
Indian rupee	21	1,471	(1,471)	0
Indonesian rupiah	988	969	—	969
Japanese yen	(20,632)	130	(20,790)	(20,660)
Mexican peso	(116)	3,059	(3,248)	(189)
New Taiwan dollar	(1,490)	—	(1,483)	(1,483)
New Zealand dollar	(4,499)	—	(4,501)	(4,501)
Norwegian krone	(662)	—	(666)	(666)
Russian ruble	15	512	(512)	0
Singapore dollar	(531)	—	(533)	(533)
South African rand	51	1,009	(1,009)	0
South Korean won	(3,087)	2,199	(5,006)	(2,807)
Swedish krona	(163)	601	(753)	(152)
Turkish lira	576	1,891	(1,522)	369
United States dollar	109,570	124,402	(14,832)	109,570
Total Forwards Subject to Foreign Currency Risk	$ 0	$ 138,676	$ (139,073)	$ (397)

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, 2016, URS investments had the following option balances as shown in the table below.

Utah Retirement Systems
(pension trust and defined contribution plans)
Options
At December 31, 2016
(expressed in thousands)

	Defined Benefit Plans	Defined Contribution Plans
Cash and Cash Equivalent		
Put	$ (176)	$ —
Equity		
Put	603	—
Debt Securities		
Call	—	(29)
Put	386	4
Swaptions		
Call	(73)	45
Put	(356)	19
Total Options	$ 384	$ 39

URS has entered into various inflation, credit default, and interest rate swap agreements in an attempt to manage their exposure to inflation, credit, and interest rate risk. Interest rate and inflation risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Credit risk is an investor's risk of loss arising from a borrower who does not make payments as promised. Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counter party who, in turn, agrees to make return interest payments that float with some reference rate. The real estate interest rate swaps allowed URS to effectively convert most of its long-term variable interest rate credit facility loans into fixed interest rate loans, thereby mitigating some of its interest rate risk. All swap instruments contain collateral clauses. Gains and losses on swaps are determined based on market values and are recorded in the Combining Statement of Fiduciary Net Position-Pension. Swap market values are determined by an independent third party.

(Table on next page)

As of December 31, 2016, URS' investments had the swap market value balances as shown in the following table.

Utah Retirement Systems
(pension trust and defined contribution plans)
Fixed Income Portfolio Swaps
At December 31, 2016
(expressed in thousands)

Defined Benefit

	Notional Amount	URS Rate	Counterparty Rate	Maturity Date	Credit Rating	Fair Value
JP Morgan Chase	$ 20,200	BRL***	11.98%	2/1/17	A-	$ (235)
Barclays	20,879	US CPI**	1.63%	9/13/17	AA	(139)
Barclays	19,240	2.066%	US CPI**	3/10/18	AA	(588)
Barclays	20,879	1.585%	US CPI**	9/13/18	AA	256
Goldman Sachs Bank	69,370	LIBOR*	1.230%	9/30/18	A+	(211)
Goldman Sachs Bank	24,000	LIBOR*	1.630%	11/21/19	A+	(123)
Goldman Sachs Bank	30,170	1.75%	LIBOR*	12/4/19	A+	95
Goldman Sachs Bank	24,580	2.03%	LIBOR*	12/19/19	A+	(52)
Goldman Sachs Bank	4,440	LIBOR*	1.08%	7/13/20	A+	(88)
Goldman Sachs Bank	3,780	LIBOR*	1.11%	7/17/20	A+	(73)
Goldman Sachs Bank	24,490	LIBOR*	1.26%	8/21/20	A+	(412)
Goldman Sachs Bank	39,540	1.95%	LIBOR*	11/16/20	A+	199
Bank of America	11,770	1.42%	1 day fed funds	5/31/21	BBB+	91
Bank of America	35,590	1.75%	LIBOR*	5/31/21	BBB+	301
Goldman Sachs Bank	14,600	1.42%	1 day fed funds	5/31/21	A+	113
Goldman Sachs Bank	131,620	1.75%	LIBOR*	5/31/21	A+	1,115
Deutsche Bank	8,980	1.125%	EUR CPI	8/12/21	BBB+	40
Barclays	15,715	3.38%	UK RPI	10/15/21	AA	62
Goldman Sachs Bank	7,370	0.37%	EURLIBOR	11/16/22	A+	(43)
Deutsche Bank	8,980	EUR CPI	1.4072%	8/12/26	BBB+	(65)
Bank of America	12,190	2.51%	LIBOR*	8/15/26	BBB+	(147)
Barclays	15,715	UK RPI	3.4525%	10/15/26	AA	(117)
Goldman Sachs Bank	11,060	LIBOR*	2.72%	12/6/26	A+	(22)
Bank of America	5,635	2.78%	LIBOR*	11/15/43	BBB+	(170)
Bank of America	3,611	1.80%	LIBOR*	8/19/46	BBB+	617
Goldman Sachs Bank	1,990	1.80%	LIBOR*	8/19/46	A+	342
Bank of America	1,560	1.73%	LIBOR*	8/31/46	BBB+	292
Total Interest Rate and Credit Default Swaps	$ 587,954					$ 1,038

Defined Contribution

	Notional Amount	URS Rate	Counterparty Rate	Maturity Date	Credit Rating	Fair Value
Goldman Sachs Bank	$ 3,100	BRL***	LIBOR*	1/2/17	A+	$ (36)
Barclays	1,531	US CPI**	1.63%	9/13/17	AA	(10)
Barclays	1,020	2.066%	US CPI**	3/10/18	AA	(31)
Barclays	1,531	1.585	US CPI**	9/13/18	AA	19
Credit Suisse First Boston	2,270	1.75%	LIBOR*	5/31/21	BBB+	19
Credit Suisse First Boston	840	1.42%	1 day fed funds	5/31/21	BBB+	6
Deutsche Bank	675	1.125%	EUR CPI	12/8/21	BBB+	3
Credit Suisse First Boston	960	2.51%	LIBOR*	8/15/26	BBB+	(12)
Deutsche Bank	675	EUR CPI	1.4072%	12/8/26	BBB+	(5)
Credit Suisse First Boston	435	2.78%	LIBOR*	11/15/43	BBB+	(13)
Credit Suisse First Boston	278	1.80%	LIBOR*	8/19/46	BBB+	49
Credit Suisse First Boston	120	1.73%	LIBOR*	8/31/46	BBB+	23
Total Interest Rate and Credit Default Swaps	$ 13,435					$ 12

**Three Month London Interbank Offered Rate (LIBOR)*
***United States Consumer Price Index*
****Brazilian Interbank Offered Rate (Daily)*
EUR CPI European Consumer Price Index
UK RPI United Kingdom Retail Price Index
EURLIBOR European LIBOR

Utah Retirement Systems
(pension trust and defined contribution plans)
Real Estate Portfolio Interest Swaps
At December 31, 2016
(expressed in thousands)

	Defined Benefit					
	Notional Amount	**URS Rate**	**Counterparty Rate**	**Maturity Date**	**Credit Rating**	**Fair Value**
National Australian Bank	$ 5,080	4.970%	LIBOR*	1/1/17	AA-	$ (20)
Morgan Stanley	4,486	4.690%	LIBOR*	3/1/18	BBB+	(209)
Morgan Stanley	71,700	4.722%	LIBOR*	10/1/20	BBB+	(8,517)
Morgan Stanley	43,660	5.294%	LIBOR*	11/1/21	BBB+	(7,458)
Total Real Estate Swaps	$ 124,926					$ (16,204)

**One Month London Interbank Offered Rate (LIBOR)*

Derivatives, which are exchange traded, are not subject to credit risk. No derivatives held are subject to custodial credit risk. The maximum loss that would be recognized as of December 31, 2016, if all counterparties fail to perform as contracted, was $1.475 billion. Derivative credit risk at fair value is shown in the table below. This maximum exposure is reduced by $1.469 billion of liabilities, resulting in $6.712 million exposure to credit risk. Credit ratings for the wrap contracts associated with the SGICs are noted in a subsequent table. As of December 31, 2016, the counterparties' credit ratings for currency forwards, options, and swaps are subject to credit risk.

Utah Retirement Systems
(pension trust and defined contribution plans)
Credit Risk Derivatives at Fair Value
At December 31, 2016
(expressed in thousands)

Quality Rating	Forwards	Options	Swaps	Total
AA-	$ (1,705)	$ —	$ —	$ (1,705)
A+	2,257	17	(1,501)	773
A	478	—	—	478
A-	(1,766)	—	(235)	(2,001)
BBB+	3,055	(221)	(15,065)	(12,231)
BBB	1,492	—	(615)	877
BBB-	2,894	—	—	2,894
NA	—	2,330	—	2,330
Total Subject to Credit Risk	$ 6,705	$ 2,126	$ (17,416)	$ (8,585)

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 as of December 31, 2016, was $933.515 million and the market value was $943.930 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, 2016
(expressed in thousands)

	1–5 Yr. Government/Credit Bond				Intermediate Government/Credit Bond				MetLife Separate Account				Total Underlying Investments	
	Fair Value	**Market Value**	**Duration**	**Credit Rating**	**Fair Value**	**Market Value**	**Duration**	**Credit Rating**	**Fair Value**	**Market Value**	**Duration**	**Credit Rating**	**Fair Value**	**Market Value**
Asset–backed Securities	$ 60,862	$ 60,932	0.75	AAA	$ 26,327	$ 26,835	0.81	AAA	$ 41,174	$ 42,036	0.60	AAA	$128,363	$129,803
Agencies	48,023	48,078	2.47	AA+	27,802	28,335	3.08	AA+	19,491	19,899	2.39	AA+	95,316	96,312
Corporates	146,085	146,265	3.06	A-	97,349	99,280	4.36	A-	83,998	85,813	1.50	A-	327,432	331,358
Government Mortgage – backed Securities	62,702	62,774	3.40	AAA	27,552	28,083	3.35	AAA	9,702	9,905	2.98	AAA	99,956	100,762
U.S. Treasuries	48,374	48,429	3.37	AAA	55,883	56,960	6.79	AA+	24,005	24,508	3.62	AA+	128,262	129,897
Commercial Mortgage – backed Securities	62,483	62,555	1.70	AA+	40,771	41,557	1.40	AA+	35,986	36,740	1.14	AA+	139,240	140,852
Cash	9,639	9,639	—	—	2,616	2,616	—	—	2,691	2,691	—	—	14,946	14,946
Total	$438,168	$438,672			$278,300	$283,666			$217,047	$221,592			$933,515	$943,930

Utah Retirement Systems
(pension trust and defined contribution plans)
Wrap Contracts
At December 31, 2016
(expressed in thousands)

Contract Issuer	Fair Value	Market Value	Rate	Duration	Quality Ratings
American General	$ 60,629	$ 60,783	1.95%	2.41	A+
Lincoln National Life	113,891	113,954	1.86%	2.41	AA-
MetLife	217,047	221,592	1.60%	1.64	AA-
Transamerica	65,724	65,921	2.04%	2.41	AA-
Transamerica	123,408	126,108	2.86%	3.79	AA-
Pacific Life	197,924	198,014	1.90%	2.41	AA-
Royal Bank of Canada	154,892	157,558	2.10%	3.79	AA-
Subtotal Wrap Contracts	933,515	943,930			
Merrill Lynch Repurchase	37,104	37,104			
Total	$ 970,619	$ 981,034			

Trust Lands

The Trust Lands (permanent fund) invests in derivative financial instruments through external investment managers retained by the Board and subject to investment management agreements and other policy requirements. 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 Statement of Net Position. Trust Lands does not have a formal policy for derivative financial instruments.

As of June 30, 2017, the Trust Lands had the following exposure types classified within Derivative Financial Instruments: Equity Rights/Warrants, Currency Forwards, Options, and Swaps as shown in the table below.

Trust Lands
(permanent fund)
Derivative Financial Instruments
June 30, 2017
(expressed in thousands)

Risk Type	Notional Market Value Gross	Asset	Liability	Earnings
Equity Rights/Warrants	$ 5	$ —	$ —	$ 25
Currency Forwards	2,714	9	(44)	(216)
Options	154,182	281	(469)	(95)
SWAPs	466,591	3,776	(9,184)	(1,759)
Total	$ 623,492	$ 4,066	$ (9,697)	$ (2,045)

Equity Rights are rights given to existing stockholders to purchase newly issued shares in proportion to their holdings at a specific date. Equity Warrants are certificates entitling the holder to acquire shares of stock at a certain price within a stated period. Warrants often are made part of the issuance of bonds or preferred or common stock. The balances of equity rights/warrants are included in the Statements of Changes in Net Position.

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 denominated 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 the net realized gains or losses on foreign currency related transactions in the Statements of Changes in Net Position.

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. Trust Lands has exposure to Options related to Interest Rates and Swaps. As a writer of financial options through external investment manager portfolios (as authorized), Trust Lands receives a premium at the outset of the agreement and bear the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options through external investment manager portfolios (as authorized), Trust Lands pays a premium at the outset of the agreement and the counter-party bears the risk of an unfavorable change in the price of the financial instrument underlying the option. The option balances are included in the Statements of Changes in Net Position.

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 counterparty, who in turn agrees to make return interest payments that float with some reference rate. Gains and losses on swaps are determined based on market values and are recorded in the Statements of Changes in Net Position. Swap market values are determined by an independent third party.

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 percent
Counterparty Pays Fixed	Stepped fixed-rates ranging from 4.66 to 5 percent
Payment Dates	The 1st day of May and November

Changes in the fair value of the swap agreement and the ending fair value of the swap agreement are summarized below:

Student Assistance Program
Change in Fair Value
For Fiscal Years Ending June 30
(expressed in thousands)

Derivative	Fair Value June 30, 2017	Fair Value June 30, 2016	Change in Fair Value
Interest Rate Exchange	$ 13,137	$ 28,730	$ (15,593)

The projected net cash flows of the swap agreement are summarized below (expressed in thousands):

Fiscal Year	Counterparty Swap Payment To	Counterparty Swap Payment From	Counterparty Swap Payment Net	Interest Payments to Bondholders	Total Payments
2018	$ (7,735)	$ 11,225	$ 3,490	$ (11,225)	$ (7,735)
2019	(5,393)	9,314	3,921	(9,314)	(5,393)
2020	(3,960)	6,838	2,878	(6,838)	(3,960)
2021	(2,807)	4,847	2,040	(4,847)	(2,807)
2022	(1,709)	2,952	1,243	(2,952)	(1,709)
2023	(635)	1,097	462	(1,097)	(635)
Total............	$ (22,239)	$ 36,273	$ 14,034	$ (36,273)	$ (22,239)

Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies. The swap agreement is considered to be Level 3 for GASB Statement 72 purposes (the different levels are discussed in Note 3.A.

Credit Risk – The risk of a change in the credit quality or credit rating of the Board and/or its counterparty. The counterparty's long-term ratings are "Aa3/Aa2", "AA-" and "AA" by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively.

The Board is exposed to credit risk on hedging derivative instruments that are in asset positions. To minimize its exposure to loss related to credit risk, it is the Board's policy to require counterparty collateral posting provisions in its non-exchange-traded hedging derivative instruments. These terms require full collateralization of the fair value of hedging derivative instruments in asset positions (net of the effect of applicable netting arrangements) should the counterparties' short-term and long-term credit ratings fall below "A-1" and "A," respectively, as issued by Standard & Poor's, or below "Prime-1" and "A2," respectively, as issued by Moody's Investors Service. Collateral posted is to be in the form of cash, U.S. Treasury securities or agency securities held by a third-party custodian. The Board has never failed to access collateral when required.

It is the Board's policy to enter into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and net the transactions' fair values so that a single sum will be owed by, or owed to, the non-defaulting party.

Interest Rate Risk – The risk that the debt service costs associated with variable rate debt increases and negatively affects coverage ratios and cash flow margins. The Board is exposed to interest rate risk; as the 3-month LIBOR rate increases, the net payment on the swap agreement increases.

Basis Risk – The risk that arises when variable rates or prices of a swap agreement and a hedged item are based on different interest rate indexes. Because the swap agreement requires the Board to pay a variable rate to the counterparty, and the Board 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, 2017.

Rollover Risk – The risk that the maturity of the swap contract is not coterminous with the maturity of the related bonds. The swap agreement and the underlying bonds have a final maturity date of November 1, 2030.

NOTE 4. INVESTMENT POOL

The Utah State Treasurer's Office operates the Utah Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and neither is a minimum balance nor a minimum/maximum transaction 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, (Title 51, Chapter 7 of the *Utah Code*). The Act establishes the State Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities and, therefore, minimizes credit risk except in the most unusual and unforeseen circumstances.

Deposits in the PTIF are neither insured nor otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports monthly statements 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, 2017, are as follows:

Utah Public Treasurers' Investment Fund
Statement of Net Position
June 30, 2017
(dollars expressed in thousands)

Assets	
Cash and Cash Equivalents	$ 2,005,543
Investments	11,431,299
Total Assets	13,436,842
Net Position	
External Participant Account Balances:	
External Participants	9,167,936
Unrealized Gains/(Losses)	9,755
Total External Participants	9,177,691
Internal Participant Account Balances:	
Primary Government	3,527,594
Discrete Component Units	727,030
Unrealized Gains/(Losses)	4,527
Total Internal Participants	$ 4,259,151
Total Net Position	$ 13,436,842
Participant Account Balance Net Position Valuation Factor	1.00471926

Utah Public Treasurers' Investment Fund
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2017
(*expressed in thousands*)

Additions	
Pool Participant Deposits	$ 13,588,020
Investment Income:	
Investment Earnings	144,424
Fair Value Increases (Decreases)	10,762
Total Investment Income	155,186
Less Administrative Expenses	(546)
Net Investment Income	154,640
Total Additions	13,742,660
Deductions	
Pool Participant Withdrawals	11,680,208
Earnings Distributions	143,878
Total Deductions	11,824,086
Net Increase/(Decrease) From Operations	1,918,574
Net Position	
Beginning of Year	11,518,268
Net Position – End of Year	$ 13,436,842

Utah Public Treasurers' Investment Fund
Portfolio Statistics
At June 30, 2017

	Range of Yields	Weighted Average Maturity
Money Market Mutual Funds	0.80 – 1.14%	3.00 days
Certificates of Deposit – Nonnegotiable	0.90 – 1.29%	80.39 days
Corporate Bonds and Notes	0.88 – 3.80%	66.70 days
Commercial Paper	0.85 – 1.24%	24.38 days
Repurchase Agreements	1.00%	3.00 days
	Weighted Average Yield	**Average Adjusted Maturity**
Total Investment Fund	1.40%	54.71 days

Deposits and Investments

The following disclosure of deposits and investments is for the PTIF, which includes external and internal participants. These assets are also included in the Note 3 disclosures of deposits and investments for the primary government. To avoid duplication, some of the detailed information in Note 3 has not been repeated in this note.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the PTIF's deposits may not be recovered. The PTIF follows the Money Management Act by making deposits only in qualified financial institutions in accordance with the Act.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by state statute. The deposits for the PTIF at June 30, 2017, were $69.400 million. Of those, $67.650 million were exposed to custodial credit risk as uninsured and uncollateralized.

Fair Value Measurements of Investments

The PTIF categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Inputs are quoted prices for identical investments in active markets.
- Level 2: Observable inputs other than quoted market prices.
- Level 3: Unobservable inputs.

The following table presents the recurring fair value measurements at June 30, 2017, for the PTIF:

Utah Public Treasurers' Investment Fund
Investments Measured at Fair Value
At June 30, 2017
(expressed in thousands)

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using Level 1	Level 2	Level 3
Debt Securities				
Corporate Bonds and Notes	$ 10,374,308	$ —	$ 10,374,308	$ —
Money Market Mutual Funds	1,399,989	1,399,989	—	—
Commercial Paper	1,244,848	—	1,244,848	—
Repurchase Agreement: U.S. Agency - full faith	300,000	300,000	—	—
Total Debt Securities	$ 13,319,145	$ 1,699,989	$ 11,619,156	$ 0

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities. Other debt and securities classified in Level 2 are valued using the following approaches:

- Corporate Bonds and Notes are valued using quoted prices for identical securities in markets that are not active;
- Commercial Paper are valued using quoted prices for identical or similar securities in markets that are not active.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The PTIF's policy for managing interest rate risk is to comply with the State's Money Management Act. See Note 3 for information on requirements of the Act related to interest rate risk.

The majority of the PTIF's corporate debt securities are variable-rate securities, most of which reset every three months to the market interest rate. Because these securities frequently re-price to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date. In the table below, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

The PTIF follows the Money Management Act by investing only in securities authorized in the Act. See Note 3 for information on authorized investments.

The PTIF investments at June 30, 2017, are presented on the following page.

Utah Public Treasurers' Investment Fund
At June 30, 2017
(*expressed in thousands*)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1 – 5
Debt Securities			
Corporate Bonds and Notes	$ 10,374,308	$ 4,875,210	$ 5,499,098
Money Market Mutual Funds	1,399,989	1,399,989	—
Commercial Paper	1,244,848	1,244,848	—
Repurchase Agreement: U.S. Agency - full faith	300,000	300,000	—
Total Debt Securities Investments	$ 13,319,145	$ 7,820,047	$ 5,499,098

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, 2017, 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, 2017
(*expressed in thousands*)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB	A1*	A2*	Not Rated
Corporate Bonds and Notes	$ 10,374,308	$ 38,021	$ 1,185,928	$ 7,353,507	$ 1,796,852	$ —	$ —	$ —
Money Market Mutual Funds	$ 1,399,989	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,399,989
Commercial Paper	$ 1,244,848	$ —	$ —	$ —	$ —	$ 1,194,853	$ 49,995	$ —

* A1 and A2 are Commercial Paper Ratings

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the PTIF will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The PTIF does not have a formal policy for custodial credit risk.

The PTIF's investments at June 30, 2017, were held by the State or in the State's name by the State's custodial bank.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The PTIF's policy for reducing this risk of loss is to comply with the Rules of the State Money Management Council. Rule 17 of the State Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5 percent of the total dollar amount held in the portfolio. The State Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies. The PTIF had no debt securities investments at June 30, 2017, with more than 5 percent of the total investments in a single issuer.

(Notes continue on following page.)

NOTE 5. RECEIVABLES

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.

The majority of receivables for Trust Lands (permanent fund) represent unsettled trades from brokers, dealers and clearing organizations.

Receivables for Fiduciary Funds listed below represent amounts due from fiduciary funds that were reclassified as external receivables on the government-wide Statement of Net Position. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Position.

Aggregated receivables for major and nonmajor discrete component units at June 30, 2017, were $659.892 million and $111.630 million respectively. These receivables are net of an allowance for doubtful accounts of $313.866 million and $12.497 million, respectively.

Receivables as of June 30, 2017, consisted of the following (in thousands):

	Accounts Receivable					
	Federal	**Customer**	**Other**	**Interest**	**Taxes**	**Notes/Mortgages**
Governmental Activities:						
General Fund	$ 245,740	$ 266,248	$ 22,531	$ 87	$ 278,023	$ 2,166
Education Fund	133,403	73	60	15	1,073,658	4,492
Transportation Fund	88,855	6,906	1,862	—	49,788	—
Transportation Investment Fund	—	—	—	—	51,767	—
Trust Lands Fund	—	—	107,251	207	—	2,088
Nonmajor Funds	2,236	17,453	—	7,193	—	—
Internal Service Funds	—	6,298	—	—	—	—
Adjustments:						
Fiduciary Funds	—	—	611	—	—	—
Total Receivables	470,234	296,978	132,315	7,502	1,453,236	8,746
Less Allowance for Uncollectibles:						
General Fund	—	(69,848)	—	—	(13,843)	(1,593)
Education Fund	—	—	—	—	(193,639)	—
Transportation Fund	—	(799)	—	—	(693)	—
Transportation Investment Fund	—	—	—	—	(2,737)	—
Receivables, net	470,234	226,331	132,315	7,502	1,242,324	7,153
Current Receivables	470,234	189,581	126,020	7,502	1,088,151	1,084
Noncurrent Receivables	—	36,750	6,295	—	154,173	6,069
Total Receivables, net	$ 470,234	$ 226,331	$ 132,315	$ 7,502	$ 1,242,324	$ 7,153
Business-type Activities:						
Student Assistance Programs	$ 4,671	$ 3,315	$ 855	$ 42,136	$ —	$ 1,937,856
Unemployment Compensation	101	119,970	—	—	—	—
Water Loan Programs	1,706	192	—	9,043	3,304	670,873
Community Impact Loan Fund	—	—	—	4,768	—	477,183
Nonmajor Funds	2,101	9,232	3	3,395	—	169,326
Total Receivables	8,579	132,709	858	59,342	3,304	3,255,238
Less Allowance for Uncollectibles:						
Student Assistance Programs	—	—	—	—	—	(7,817)
Unemployment Compensation	—	(49,378)	—	—	—	—
Total Receivables, net	$ 8,579	$ 83,331	$ 858	$ 59,342	$ 3,304	$ 3,247,421

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2017, consisted of the following (in thousands):

	Salaries/ Benefits	Service Providers	Vendors/ Other	Government	Tax Refunds/ Credits	Interest	Total
Governmental Activities:							
General Fund	$ 55,151	$ 204,213	$ 42,239	$ 101,096	$ 10,326	$ —	$ 413,025
Education Fund	1,165	—	21,105	164,371	62,340	—	248,981
Transportation Fund	5,499	186	137,171	68,829	2,240	—	213,925
Trust Lands Fund	—	—	100,561	—	—	—	100,561
Nonmajor Funds	326	—	65,365	1,489	492	47,636	115,308
Internal Service Funds	4,580	32	14,887	299	—	—	19,798
Adjustments:							
Fiduciary Funds	—	—	—	738	—	—	738
Other	—	—	—	—	—	1,259	1,259
Total Governmental Activities	$ 66,721	$ 204,431	$ 381,328	$ 336,822	$ 75,398	$ 48,895	$ 1,113,595
Business-type Activities:							
Student Assistance Programs	$ 1,917	$ —	$ 4,384	$ 21,587	$ —	$ 2,907	$ 30,795
Unemployment Compensation	—	2,324	—	65	—	—	2,389
Water Loan Programs	—	—	1,172	—	—	—	1,172
Nonmajor Funds	1,963	749	12,892	—	55	404	16,063
Total Business-type Activities	$ 3,880	$ 3,073	$ 18,448	$ 21,652	$ 55	$ 3,311	$ 50,419

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 and health services; (***3***) vendors, miscellaneous suppliers, and brokers, dealers and clearing organizations for unsettled investment trades (Trust Lands Funds); (***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, 2017, consisted of the following (in thousands):

Due to General Fund from:		
Education Fund	$	497
Transportation Fund		2,137
Transportation Investment Fund		672
Trust Lands Fund		8
Nonmajor Governmental Funds		2,330
Unemployment Compensation Fund		7,498
Water Loan Programs		44
Nonmajor Enterprise Funds		31,817
Internal Service Funds		1,951
Fiduciary Funds		63
Total due to General Fund from other funds	$	47,017
Due to Education Fund from:		
General Fund	$	4,132
Unemployment Compensation Fund		303
Internal Service Funds		1
Total due to Education Fund from other funds	$	4,436
Due to Transportation Fund from:		
General Fund	$	146
Nonmajor Enterprise Funds		8
Internal Service Funds		86
Total due to Transportation Fund from other funds	$	240
Due to Trust Lands from:		
Nonmajor Enterprise Funds	$	1,914
Total due to Trust Lands from other fund	$	1,914
Due to Nonmajor Governmental Funds from:		
General Fund	$	4,247
Transportation Fund		313
Nonmajor Enterprise Funds		73
Internal Service Funds		75
Fiduciary Funds		446
Total due to Nonmajor Governmental Funds from other funds	$	5,154
Due to Water Loan Programs from:		
General Fund	$	278
Trust Lands Fund		4
Nonmajor Governmental Funds		11,706
Total due to Water Loan Programs from other funds	$	11,988
Due to Nonmajor Enterprise Funds from:		
General Fund	$	233
Education Fund		2
Transportation Fund		806
Nonmajor Governmental Funds		6,300
Water Loan Programs		25
Internal Service Funds		9
Fiduciary Funds		3
Total due to Nonmajor Enterprise Funds from other funds	$	7,378
Due to Internal Service Funds from:		
General Fund	$	23,518
Education Fund		74
Transportation Fund		3,191
Nonmajor Governmental Funds		598
Nonmajor Enterprise Funds		741
Internal Service Funds		40
Fiduciary Funds		102
Total due to Internal Service Funds from other funds	$	28,264
Due to Fiduciary Funds from:		
General Fund	$	105
Education Fund		10
Nonmajor Governmental Funds		623
Total due to Fiduciary Funds from other funds	$	738
Total Due to/Due froms	$	107,129

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, 2017, interfund loans receivable/payable balances consist of $44.872 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of $44.872 million includes $18.927 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, 2017, was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	$ 1,855,935	$ 115,659	$ (15,250)	$ 1,956,344
Infrastructure	13,788,115	346,096	(32,212)	14,101,999
Construction in Progress	847,479	696,890	(520,492)	1,023,877
Total Capital Assets Not Depreciated/Amortized	16,491,529	1,158,645	(567,954)	17,082,220
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	2,047,295	95,575	(424)	2,142,446
Infrastructure	69,569	2,592	(877)	71,284
Machinery and Equipment	558,566	42,548	(50,235)	550,879
Intangible Assets–Software	268,835	24,611	(8,603)	284,843
Total Capital Assets Depreciated/Amortized	2,944,265	165,326	(60,139)	3,049,452
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(839,937)	(59,756)	361	(899,332)
Infrastructure	(31,875)	(2,508)	544	(33,839)
Machinery and Equipment	(379,137)	(33,300)	46,627	(365,810)
Intangible Assets–Software	(157,710)	(28,231)	8,022	(177,919)
Total Accumulated Depreciation/Amortization	(1,408,659)	(123,795)	55,554	(1,476,900)
Total Capital Assets Depreciated/Amortized, Net	1,535,606	41,531	(4,585)	1,572,552
Capital Assets, Net	$ 18,027,135	$ 1,200,176	$ (572,539)	$ 18,654,772
Business-type Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	$ 23,652	$ 1,107	$ (32)	$ 24,727
Construction in Progress	189	171	(143)	217
Total Capital Assets Not Depreciated/Amortized	23,841	1,278	(175)	24,944
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	92,604	3,026	(143)	95,487
Infrastructure	430	—	—	430
Machinery and Equipment	17,385	998	(539)	17,844
Intangible Assets–Software	3,905	—	(124)	3,781
Total Capital Assets Depreciated/Amortized	114,324	4,024	(806)	117,542
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(32,402)	(3,097)	117	(35,382)
Infrastructure	(123)	(13)	—	(136)
Machinery and Equipment	(13,120)	(782)	547	(13,355)
Intangible Assets–Software	(1,805)	(485)	124	(2,166)
Total Accumulated Depreciation/Amortization	(47,450)	(4,377)	788	(51,039)
Total Capital Assets Depreciated/Amortized, Net	66,874	(353)	(18)	66,503
Capital Assets, Net	$ 90,715	$ 925	$ (193)	$ 91,447

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 2017, $49.276 million of buildings were completed for colleges and universities. On the government-wide statement of activities, the building "transfers" are reported as higher education expenses of governmental activities and as program revenues of discrete component units.

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

General Government	$ 17,774
Human Services and Juvenile Justice Services	8,989
Corrections	6,624
Public Safety	18,958
Courts	6,916
Health and Environmental Quality	5,006
Employment and Family Services	14,100
Natural Resources	9,521
Heritage and Arts	583
Business, Labor, and Agriculture	1,708
Public Education	809
Transportation	13,663
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided	19,144
Total Depreciation Expense	$ 123,795

Discrete Component Units

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

	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units	Total
Capital Assets Not Depreciated/Amortized:					
Land and Related Assets	$ —	$ 44,131	$ 39,086	$ 153,660	$ 236,877
Art and Special Collections	—	76,924	32,690	9,971	119,585
Construction in Progress	—	239,284	70,625	47,997	357,906
Total Capital Assets Not Depreciated/Amortized	0	360,339	142,401	211,628	714,368
Capital Assets Depreciated/Amortized:					
Building and Improvements	—	3,399,765	1,056,159	1,900,193	6,356,117
Infrastructure	—	349,021	—	115,107	464,128
Machinery and Equipment	1,562	1,281,049	262,071	289,109	1,833,791
Total Capital Assets Depreciated/Amortized	1,562	5,029,835	1,318,230	2,304,409	8,654,036
Less Accumulated Depreciation/Amortization	(1,466)	(2,431,129)	(603,239)	(934,242)	(3,970,076)
Total Capital Assets Depreciated/Amortized, Net	96	2,598,706	714,991	1,370,167	4,683,960
Discrete Component Units – Capital Assets, Net	$ 96	$ 2,959,045	$ 857,392	$ 1,581,795	$ 5,398,328

NOTE 9. LEASE COMMITMENTS

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

Leases, that in substance are purchases, are reported as capital lease obligations. In the government-wide financial statements and proprietary fund financial statements, assets and liabilities resulting from capital leases are recorded at the inception of the lease at either the lower of fair value or the present value of the future minimum lease payments. The principal portion of lease payments reduces the liability, and the interest portion is expensed. On the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.

The primary government's capital lease payments and adjustments were $1.882 million in principal and $825 thousand in interest for fiscal year 2017. As of June 30, 2017, the historical cost of the primary government's assets acquired through capital leases was $42.128 million of which $41.359 million was buildings and land and $769 thousand was equipment and other depreciable assets. As of June 30, 2017, the accumulated depreciation of the primary government's assets acquired through capital leases was $16.373 million of which $15.604 million was buildings and $769 thousand was equipment and other depreciable assets. Of the $190.057 million in discrete component unit present value of future minimum lease payments noted below, $90.660 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 2017 were $29.694 million for the primary government and $32.130 million for discrete component units. For fiscal year 2016, the operating lease expenditures were $27.673 million for the primary government and $35.498 million for discrete component units. Future minimum lease commitments for non-cancellable operating leases and capital leases as of June 30, 2017, were as follows:

Future Minimum Lease Commitments

Operating Leases

(expressed in thousands)

Fiscal Year	Primary Government	Discrete Component Units
2018	$ 19,740	$ 33,113
2019	15,269	31,405
2020	13,321	22,159
2021	8,350	19,664
2022	6,112	23,536
2023-2027	14,393	48,916
2028-2032	233	8,009
2033-2037	194	4,979
2038-2042	47	2,724
2043-2047	11	1,362
2048-2052	10	522
2053-2057	10	—
Total Future Minimum Lease Payments	$ 77,690	$ 196,389

Future Minimum Lease Commitments

Capital Leases

(expressed in thousands)

	Primary Government			Discrete Component Units		
Fiscal Year	Total Future Minimum Lease Payments	Less Amounts Representing Interest	Present Value of Future Minimum Lease Payments	Total Future Minimum Lease Payments	Less Amounts Representing Interest	Present Value of Future Minimum Lease Payments
2018	$ 2,691	$ 752	$ 1,939	$ 26,803	$ 5,116	$ 21,687
2019	2,728	675	2,053	21,609	4,675	16,934
2020	2,765	593	2,172	26,843	4,370	22,473
2021	2,804	505	2,299	25,662	3,882	21,780
2022	2,833	411	2,422	23,632	3,290	20,342
2023-2027	8,567	928	7,639	62,893	11,288	51,605
2028-2032	2,248	168	2,080	37,926	2,690	35,236
2033-2037	1,046	34	1,012	—	—	—
Total	$ 25,682	$ 4,066	$ 21,616	$ 225,368	$ 35,311	$ 190,057

(Notes continue on next page.)

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2017, are presented in the following table. As referenced below, certain long-term liabilities are discussed in other Notes to the Financial Statements.

Long-term Liabilities
(*expressed in thousands*)

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds	$ 2,498,895	$ —	$ (324,910)	$ 2,173,985	$ 271,535
State Building Ownership Authority Lease Revenue Bonds	242,976	—	(17,813)	225,163	16,567
Net Unamortized Premiums	92,827	—	(26,404)	66,423	18,707
Capital Leases (Note 9)	23,498	—	(1,882)	21,616	1,939
Notes Payable	339	—	(34)	305	37
Compensated Absences (Note 1) **	182,707	93,705	(94,855)	181,557	94,792
Claims **	48,092	20,929	(15,376)	53,645	23,817
Pollution Remediation Obligation	6,401	13	(523)	5,891	970
Settlement Obligations	365	—	(46)	319	46
Net Pension Liability (Note 18) *	992,495	38,954	—	1,031,449	—
Net OPEB Liability (Note 19) *	135,087	—	(25,469)	109,618	—
Total Governmental Long-term Liabilities	$ 4,223,682	$ 153,601	$ (507,312)	$ 3,869,971	$ 428,410
Business-type Activities					
Student Assistance Revenue Bonds	$ 1,256,026	$ 872,250	$ (305,469)	$ 1,822,807	$ 383,440
State Building Ownership Authority Lease Revenue Bonds	72,675	—	(5,237)	67,438	5,279
Water Loan Recapitalization Revenue Bonds	41,915	—	(5,235)	36,680	5,455
Net Unamortized Premiums	5,423	(8,016)	(2,844)	(5,437)	2,031
Claims and Uninsured Liabilities	5,726	174,438	(175,354)	4,810	4,810
Notes Payable	921,995	—	(921,995)	—	—
Net Pension Liability (Note 18) *	17,845	—	(377)	17,468	—
Net OPEB Liability (Note 19) *	2,191	—	(460)	1,731	—
Total Business-type Long-term Liabilities	$ 2,323,796	$ 1,038,672	$ (1,416,971)	$ 1,945,497	$ 401,015
Discrete Component Units					
Revenue Bonds	$ 1,064,601	$ 196,875	$ (57,666)	$ 1,203,810	$ 54,801
Net Unamortized Premiums/(Discounts)	15,772	1,968	(1,355)	16,385	668
Capital Leases/Contracts Payable (Notes 9 and 10)	228,208	513	(33,411)	195,310	23,325
Notes Payable	122,333	13,153	(28,577)	106,909	50,835
Claims	137,792	585,782	(575,306)	148,268	75,829
Leave/Termination Benefits (Note 1)	142,691	119,772	(106,903)	155,560	96,797
Capital Assets Held for Others	13,730	—	(404)	13,326	404
Net Pension Liability (Note 18) *	346,695	6,535	—	353,230	—
Net OPEB Liability (Note 19) *	1,401	—	(294)	1,107	—
Total Discrete Component Long-term Liabilities	$ 2,073,223	$ 924,598	$ (803,916)	$ 2,193,905	$ 302,659

Amounts in the beginning balance column for Governmental Activities, Business-type Activities and Discrete Component Units have been adjusted as follows: for Governmental Activities, the net OPEB liability increased to $135.087 million; for business-type Activities, the net OPEB liability increased $2.191 million and; for Discrete Component Units (Utah Schools for the Deaf and Blind) the net OPEB liability increased $1.401 million. See Note 2 and Note 19 for further explanation.

* The Net Pension Liability and Net Other Postemployment Benefit (OPEB) liability of governmental activities is liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. The changes in these liabilities are either netted as additions or reductions for this schedule since that information is not readily available for inclusion. See Note 18 and Note 19 for additional pension information.

** Compensated absences of governmental activities are liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. Claims liabilities of governmental activities are liquidated in the Risk Management Internal Service Fund.

Differences in Net Pension Liability – The Net Pension Liability (NPL) ending balances for governmental activities of $1.031 billion and for business-type activities of $17.468 million differ from the NPL for the Primary Government of $1.058 billion as reported in Note 18 due to the following: the NPL for Student Assistance Programs of $1.812 million and Utah Dairy Commission of $487 thousand are included in business-type activities, but are excluded from the Primary Government NPL reported in Note 18 and; the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of $11.345 million is excluded from the business-type and governmental activities reported above, but is included in the NPL for the Primary Government in Note 18. These differences are due to the way Utah Retirement Systems (pension trust and defined contribution plans) combine and report the State's retirement plans for Note 18 which is different than how the State reports the NPL by fund type in accordance with generally accepted accounting principles.

B. General Obligation Bonds

The State issues general obligation bonds to provide funds for acquisition, construction, and renovation of major capital facilities and for highway construction. In addition, general obligation bonds have been issued to refund general obligation bonds, revenue bonds, and capitalized leases. General obligation bonds are secured by the full faith and credit of the State. Debt service requirements are provided by legislative appropriation from the State's general tax revenues. As of June 30, 2017, the State had $1.111 billion of unissued general obligation highway bond authorizations remaining, and $575.700 million of unissued general obligation building bond authorizations remaining.

During fiscal year 2017, no general obligation or general obligation refunding bonds were issued. General obligation bonds payable information is presented below.

General Obligation Bonds Payable
(dollars expressed in thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2017
2009 A Highway Issue	03/17/09	2010 – 2018	2.00 % – 5.00 %	$ 394,360	$ 50,530
2009 C Highway/Capital Facility Issue	09/29/09	2011 – 2018	2.00 % – 5.00 %	$ 490,410	138,360
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	38,915
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	143,545
2011 A Highway/Capital Facility Issue	07/06/11	2012 – 2021	2.00 % – 5.00 %	$ 609,920	246,820
2012 A Capital Facility/Refunding Issue	10/03/12	2014 – 2017	4.00 % – 5.00 %	$ 37,350	28,145
2013 Highway Issue	07/30/13	2014 – 2028	3.00 % – 5.00 %	$ 226,175	192,950
2015 Refunding Issue	04/29/15	2019 – 2026	3.50 % – 5.00 %	$ 220,980	220,980
Total General Obligation Bonds Outstanding					2,173,985
Plus Unamortized Bond Premium					61,448
Total General Obligation Bonds Payable					$ 2,235,433

General Obligation Bond Issues
Debt Service Requirements to Maturity
For the Fiscal Year Ended June 30
(expressed in thousands)

Fiscal Year	Principal						
	2009A Highway Bonds	2009C Highway / Capital Bonds	2009D Highway Bonds	2010A Highway / Capital Bonds	2010B Highway Facility	2010C Refunding Bonds	2011A Highway / Capital Bonds
2018	$ 25,265	$ 67,495	$ —	$ 38,915	$ —	$ 28,635	$ 70,855
2019	25,265	70,865	—	—	—	70,435	43,995
2020	—	—	74,145	—	29,470	44,475	43,990
2021	—	—	87,715	—	101,775	—	43,990
2022	—	—	86,740	—	102,480	—	43,990
2023-2027	—	—	243,160	—	388,255	—	—
2028-2032	—	—	—	—	—	—	—
Total	$ 50,530	$ 138,360	$ 491,760	$ 38,915	$ 621,980	$ 143,545	$ 246,820

Continues Below

Fiscal Year	Principal			Total Principal Required	Total Interest Required	Total Amount Required
	2012A Building / Refunding Bonds	2013 Highway Bonds	2015 Refunding Bonds			
2018	$ 28,145	$ 12,225	$ —	$ 271,535	$ 80,688	$ 352,223
2019	—	12,850	—	223,410	69,723	293,133
2020	—	13,525	24,765	230,370	59,508	289,878
2021	—	14,200	—	247,680	49,269	296,949
2022	—	14,950	—	248,160	39,187	287,347
2023-2027	—	85,875	196,215	913,505	62,035	975,540
2028-2032	—	39,325	—	39,325	802	40,127
Total	$ 28,145	$ 192,950	$ 220,980	$ 2,173,985	$ 361,212	$ 2,535,197

C. Revenue Bonds

Revenue bonds payable consist of those issued by the Utah State Building Ownership Authority, the Utah State Board of Regents Student Loan Purchase Programs, the State's Water Loan Programs, and various colleges and universities. These bonds are not considered general obligations of the State.

Governmental Activities

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies and other organizations. The bonds are secured by the facilities, and repayment is made from lease income appropriated by the Legislature and is not considered pledged revenue of the State. The outstanding bonds payable at June 30, 2017, are reported as a long-term liability of the governmental activities, except for $71.280 million and $1.243 million, which are reported in the Alcoholic Beverage Control Fund and the Utah Correctional Industries Fund (nonmajor enterprise funds), respectively. These portions are reported as liabilities of the business-type activities on the government-wide Statement of Net Position.

Business-type Activities

The Utah State Board of Regents Student Loan Purchase Programs' (Student Assistance Programs) bonds were issued to provide funds for student loans and are secured by all assets of the Board of Regents Revenue Bond Funds and by the revenues and receipts derived from such assets. The Board of Regents has also issued a revenue bond for an office facility secured by funds within the Board of Regents budget that would otherwise be expended for rent.

The Student Assistance Programs include $255.980 million of fixed-rate bonds, $106.011 million of bonds at a rate set at the 3-month LIBOR plus spread, and $1.422 billion of bonds at a rate set at the 1-month LIBOR plus rates from 0.55 to 1.50 percent. The Programs' bonds also include adjustable rate bonds that are set by an auction procedure every 28 days in the amount of $39.100 million.

The Student Assistance Programs' bonds issued under the 1993 Trust Estate are limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The bonds and notes were issued to finance eligible student loans. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds and notes, and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $397.011 million of outstanding student loan revenue bonds and student loan backed notes, which are payable through 2046. Principal and interest paid for the current year and total net revenues before interest expense were $71.604 million and $6.435 million, respectively.

The Student Assistance Programs' notes issued under the 2012 Trust Estate are special limited obligations of the Board, secured by the payable solely from the Trust Estate established by the indenture. The notes were issued to refinance eligible student loans and retire outstanding funding notes of the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $217.344 million of outstanding student loan backed notes which are payable through 2031. Principal and interest paid for the current year and total net revenue before interest expense were $52.694 million and $4.121 million, respectively.

The notes issued under the 2014 Trust Estate are special limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire outstanding student loan revenue bonds of the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $163.331 million of outstanding student loan backed notes, which are payable through 2039. Principal and interest paid for the current year and total net revenues before interest expense were $36.232 million and $4.136 million, respectively.

The notes issued under the 2015 Trust Estate are special limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $259.627 million of outstanding student loan backed notes, which are payable through 2043. Principal and interest paid for the current year and total net revenue before interest expense were $72.797 million and $4.475 million, respectively.

The notes issued under the 2016 Trust Estate are special limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $392.428 million of outstanding student loan backed notes, which are payable through 2056. Principal and interest paid for the current year and total net revenue before interest expense were $64.403 million and $413 thousand, respectively.

The notes issued under the 2017 Trust Estate are special limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $388.986 million of outstanding student loan backed notes, which are payable through 2057. Principal and interest paid for the current year and total net revenue before interest expense were $33.756 million and $1.766 million, respectively.

The bonds issued under the Office Facility Bond fund are limited obligations of the Board, secured solely by a pledge of the proceeds from the sale of the bonds and the monies and revenues in the fund and accounts held by the Trustee under the indenture. No other money, revenue or income of the Board is pledged to the repayment of the Office Facility Bonds. The bonds were issued to refund the Series 2002 and Series 2004 Bonds. The Board has pledged these assets and net revenues to repay $4.080 million of outstanding Office Facility Bonds, which are payable through 2024. Principal and interest paid for the current fiscal year and total net revenues before interest expense were $809 thousand and $558 thousand, respectively.

The State's Water Loan Programs have issued recapitalization revenue bonds to provide additional capital for the State's revolving water resources loan programs. The bonds are secured by and repayments are made from the pledged principal and interest payments (pledged revenues) of specific revolving water resources loan funds. These pledged revenues will not be available for other purposes until the end of fiscal year 2023 when the bonds are completely paid off. Pledged revenues were projected to produce 150 percent of debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is $40.955 million. For the current year, principal and interest paid was $6.893 million and total repayment from pledged revenues was $9.886 million. Of the bonds payable outstanding at June 30, 2017, $36.680 million are reported in the Water Loan Programs Fund (major enterprise fund). These portions are reported as liabilities of the business-type activities on the government-wide Statement of Net Position.

Discrete Component Units

The University of Utah, Utah State University and nonmajor discrete component units issued revenue bonds for various capital purposes including, student housing, special events centers, student union centers, and hospital and research facilities. The bonds are secured by pledged student building fees and other income of certain college activities.

Information on pledged revenues for discrete component units for the fiscal year ended June 30, 2017, is presented below.

Pledged Revenue — Discrete Component Units
(dollars expressed in thousands)

	University of Utah	Utah State University	Nonmajor Component Units
Type of Revenue Pledged *	A, B, C	A, B	A
Amount of Pledged Revenue	$1,255,534	$317,255	$210,043
Term of Commitment	Thru 2043	Thru 2047	Thru 2046
Percent of Revenue Pledged	100.00%	100.00%	100.00%
Current Year Pledged Revenue	$346,545	$50,588	$15,840
Current Year Principal and Interest Paid	$59,378	$13,402	$12,601

* 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.

(Notes continue on next page.)

Revenue Bonds Payable — Primary Government
Governmental Activities
(dollars expressed in thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2017
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000 – 2019	3.80 % – 5.50 %	$ 101,557	$ 10,020
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	14,576
Series 2011	10/25/11	2012 – 2031	2.13 % – 4.00 %	$ 5,250	3,175
Series 2012 A	11/20/12	2017 – 2027	1.50 % – 5.00 %	$ 11,755	10,885
Series 2012 B	11/20/12	2013 – 2022	1.50 % – 2.25 %	$ 9,100	3,342
Series 2015	04/29/15	2016 – 2030	3.00 % – 5.00 %	$ 785	70
Series 2016	04/05/16	2016 – 2038	2.25 % – 5.00 %	$ 93,625	93,625
Total Lease Revenue Bonds Outstanding					225,163
Plus Unamortized Bond Premium					4,975
Total Lease Revenue Bonds Payable					$ 230,138

Business-type Activities
(dollars expressed in thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2017
Student Assistance Programs:					
1993 Trust Estate Student Loan Indentures	1999 – 2011	2030 – 2046	Variable and Fixed	$ 1,337,655	$ 397,011
2012 Trust Estate Student Loan Indentures	2012	2032	Variable	$ 518,700	217,344
2014 Trust Estate Student Loan Indentures	2014	2039	Variable	$ 277,000	163,331
2015 Trust Estate Student Loan Indentures	2015	2043	Variable	$ 415,500	259,627
2016 Trust Estate Student Loan Indentures	2016	2057	Variable	$ 452,250	392,428
2017 Trust Estate Student Loan Indentures	2017	2057	Variable	$ 420,000	388,986
SLPP Office Facility Bond Fund	2012	2014 – 2024	2.00 % – 5.00 %	$ 7,295	4,080
Total Revenue Bonds Outstanding					1,822,807
Plus Unamortized Bond Discount					(10,518)
Total Revenue Bonds Payable					$ 1,812,289
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000 – 2019	3.80 % – 5.50 %	$ 3,543	$ 385
Series 2009 A	03/25/09	2011 – 2019	3.00 % – 5.00 %	$ 25,505	2,200
Series 2009 B	09/09/09	2012 – 2019	3.00 % – 5.00 %	$ 8,455	2,425
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	7,829
Series 2012 A	11/20/12	2017 – 2027	1.50 % – 5.00 %	$ 3,855	3,735
Series 2012 B	11/20/12	2013 – 2022	1.50 % – 2.25 %	$ 2,600	834
Series 2015	04/29/15	2016 – 2030	3.00 % – 5.00 %	$ 29,230	28,790
Series 2016	04/05/16	2016 – 2038	2.25 % – 5.00 %	$ 4,525	4,525
Total Lease Revenue Bonds Outstanding					67,438
Plus Unamortized Bond Premium					5,081
Total Lease Revenue Bonds Payable					$ 72,519
Water Loan Programs:					
Series 2010 B Recapitalization Revenue Bonds	02/23/10	2014 – 2017	2.25 % – 5.00 %	$ 16,125	$ 5,455
Series 2010 C Recapitalization Revenue Bonds	02/23/10	2018 – 2022	4.19 % – 4.79 %	$ 31,225	31,225
Total Recapitalization Revenue Bonds Outstanding					36,680
Plus Unamortized Bond Premium					0
Total Recapitalization Revenue Bonds Payable					$ 36,680
Total Revenue/Lease Revenue/Recapitalization Revenue Bonds Payable					$ 2,151,626

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	2012 Trust Estate Student Loan Indentures	2014 Trust Estate Student Loan Indentures	2015 Trust Estate Student Loan Indentures	2016 Trust Estate Student Loan Indentures	2017 Trust Estate Student Loan Indentures	SLPP Office Facility Bond Fund	1998 Utah State Building Ownership Authority
2018	$ 88,887	$ 37,011	$ 22,352	$ 52,720	$ 94,380	$ 87,406	$ 685	$ 8,295
2019	52,528	35,767	21,404	48,322	88,287	80,491	700	2,110
2020	52,229	35,090	20,004	40,105	73,944	66,787	715	—
2021	44,242	23,377	15,345	29,975	55,015	51,040	725	—
2022	42,865	22,737	15,359	27,995	51,600	47,457	765	—
2023-2027	116,260	63,362	52,273	60,510	29,202	55,805	490	—
2028-2032	—	—	16,594	—	—	—	—	—
2033-2037	—	—	—	—	—	—	—	—
2038-2042	—	—	—	—	—	—	—	—
Total	$ 397,011	$ 217,344	$ 163,331	$ 259,627	$ 392,428	$ 388,986	$ 4,080	$ 10,405

Continues Below

Fiscal Year	Principal 2009A Utah State Building Ownership Authority	2009B Utah State Building Ownership Authority	2009C Utah State Building Ownership Authority	2009E Utah State Building Ownership Authority	2010 Utah State Building Ownership Authority	2011 Utah State Building Ownership Authority	2012A Utah State Building Ownership Authority	2012B Utah State Building Ownership Authority
2018	$ 1,075	$ 1,185	$ —	$ 4,010	$ 3,330	$ 395	$ 1,005	$ 1,305
2019	1,125	1,240	—	—	3,510	405	1,445	985
2020	—	—	1,305	5,295	2,995	415	1,490	1,006
2021	—	—	1,370	5,555	3,145	430	1,555	665
2022	—	—	1,445	5,830	3,275	440	1,630	215
2023-2027	—	—	8,485	34,885	6,150	750	7,495	—
2028-2032	—	—	4,110	33,895	—	340	—	—
2033-2037	—	—	—	—	—	—	—	—
2038-2042	—	—	—	—	—	—	—	—
Total	$ 2,200	$ 2,425	$ 16,715	$ 89,470	$ 22,405	$ 3,175	$ 14,620	$ 4,176

Continues Below

Fiscal Year	Principal 2015 Utah State Building Ownership Authority	2016 Utah State Building Ownership Authority	2010B Water Loan Recap Revolving Program	2010C Water Loan Recap Revolving Program	Total Principal Amount Required	Total Interest Amount Required	Total Amount Required
2018	$ 1,095	$ 150	$ 5,455	$ —	$ 410,741	$ 51,380	$ 462,121
2019	705	3,300	—	5,705	348,029	41,960	389,989
2020	1,910	3,475	—	5,955	312,720	34,091	346,811
2021	2,020	3,625	—	6,220	244,304	27,465	271,769
2022	2,115	3,800	—	6,515	234,043	21,476	255,519
2023-2027	14,575	22,025	—	6,830	479,097	49,833	528,930
2028-2032	6,440	25,750	—	—	87,129	13,255	100,384
2033-2037	—	29,825	—	—	29,825	3,785	33,610
2038-2042	—	6,200	—	—	6,200	202	6,402
Total	$ 28,860	$ 98,150	$ 5,455	$ 31,225	$ 2,152,088	$ 243,447	$ 2,395,535

Revenue Bonds Payable — Discrete Component Units
(dollars expressed in thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2017
University of Utah Revenue Bonds	1998 – 2016	2018 – 2043	1.50 % – 6.28 %	$ 1,156,600	$ 857,477
Utah State University Revenue Bonds	2007 – 2016	2005 – 2047	1.03 % – 5.25 %	$ 234,615	199,025
Nonmajor Component Units Revenue Bonds	2004 – 2017	2013 – 2046	1.63 % – 6.00 %	$ 190,270	147,308
Total Revenue Bonds Outstanding					1,203,810
Plus Unamortized Bond Premium					16,385
Total Revenue Bonds Payable					$ 1,220,195

Revenue Bond Issues — Discrete Component Units
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(expressed in thousands)

Fiscal Year	Principal: University of Utah	Principal: Utah State University	Principal: Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
2018	$ 39,340	$ 8,070	$ 7,391	$ 54,801	$ 52,924	$ 107,725
2019	48,100	6,010	7,683	61,793	49,737	111,530
2020	47,853	6,130	7,931	61,914	47,348	109,262
2021	47,248	6,400	7,813	61,461	44,830	106,291
2022	49,716	6,675	7,727	64,118	42,204	106,322
2023–2027	274,088	37,210	39,329	350,627	164,037	514,664
2028–2032	154,130	39,990	39,636	233,756	95,534	329,290
2033–2037	79,271	36,915	17,708	133,894	56,557	190,451
2038–2042	67,725	27,525	6,650	101,900	35,502	137,402
2043–2047	50,006	24,100	5,440	79,546	5,511	85,057
Total	$ 857,477	$ 199,025	$ 147,308	$ 1,203,810	$ 594,184	$ 1,797,994

D. Conduit Debt Obligations

The Utah Charter School Finance Authority (nonmajor discrete component unit) issued conduit debt obligations on behalf of various charter schools. The debt is the responsibility of the charter schools, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the debt. Accordingly, this debt has not been reported in the accompanying financial statements. The outstanding balance at June 30, 2017, is $234.545 million in tax-exempt conduit debt.

E. Defeased Bonds and Bond Refunding

In prior years, the State defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other monies available for debt service in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Position. At June 30, 2017, the total amount outstanding of defeased general obligation bonds was $374.195 million. At June 30, 2017, the total amount outstanding of defeased revenue bonds was $27.885 million.

During fiscal year 2017, the University of Utah (major discrete component unit) issued General Revenue Refunding Bonds, Series 2016B to partially refund a portion of the Series 2008A Research Facilities Revenue Refunding Bonds. The refunding activity had limited impact on the retirement period but did result in a decrease of aggregate debt service payments of $165 thousand and a present value economic gain of approximately $160 thousand.

In prior years, discrete component units defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the discrete component unit column on the Statement of Net Position. At June 30, 2017, $255.151 million of college and university bonds outstanding are considered defeased.

F. Contracts Payable

Discrete component units capital leases/contracts payable include $5.253 million in life annuity contracts.

G. Pollution Remediation Obligations

Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the Environmental Protection Agency expends Superfund trust monies for cleanup. Currently there are six sites in various stages of cleanup, from initial assessment to cleanup activities. The pollution remediation liabilities associated with these sites were measured using the actual contract cost, where no changes in cost are expected, or the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. As of June 30, 2017, the liability is $5.891 million. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

H. Notes Payable

The notes payable balance consists of notes issued by discrete component units for the purchase of buildings and equipment. The notes bear various interest rates and will be repaid over the next 17 years. They are secured by the related assets. Payment information on notes payable is presented below:

Notes Payable Debt Service Requirements to Maturity
Discrete Component Units
For the Fiscal Year Ended June 30
(*expressed in thousands*)

Fiscal Year	Principal: University of Utah	Principal: Utah State University	Principal: Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
2018	$ 45,670	$ 2,730	$ 2,435	$ 50,835	$ 2,695	$ 53,530
2019	2,848	2,349	2,581	7,778	2,351	10,129
2020	2,907	2,205	2,624	7,736	2,045	9,781
2021	2,411	2,204	2,678	7,293	1,768	9,061
2022	2,298	1,831	1,504	5,633	1,515	7,148
2023–2027	13,104	2,589	4,536	20,229	4,564	24,793
2028–2032	4,106	154	2,192	6,452	748	7,200
2033–2037	—	—	953	953	66	1,019
Total	$ 73,344	$ 14,062	$ 19,503	$ 106,909	$ 15,752	$ 122,661

I. Debt Service Requirements for Derivatives

Business-type Activities

As explained in Note 3.F., the Student Assistance Programs (major proprietary fund) Board had issued on December 30, 2010, the Series 2010 EE bonds for the purpose of refinancing certain outstanding bonds in the 1993 indentures. As part of this issuance, the Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds. The projected net cash flows of the swap agreement are summarized below.

Student Assistance Programs
Swap Payments and Associated Debt
For Fiscal Years Ending June 30
(*expressed in thousands*)

Fiscal Year	Counterparty Swap Payment: To	Counterparty Swap Payment: From	Counterparty Swap Payment: Net	Interest Payments to Bondholders	Total Payments
2018	$ (7,735)	$ 11,225	$ 3,490	$ (11,225)	$ (7,735)
2019	(5,393)	9,314	3,921	(9,314)	(5,393)
2020	(3,960)	6,838	2,878	(6,838)	(3,960)
2021	(2,807)	4,847	2,040	(4,847)	(2,807)
2022	(1,709)	2,952	1,243	(2,952)	(1,709)
2023	(635)	1,097	462	(1,097)	(635)
Total	$ (22,239)	$ 36,273	$ 14,034	$ (36,273)	$ (22,239)

(Notes continue on next page.)

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, 2017, consisted of the following:

Deferred Outflows and Inflows of Resources
(expressed in thousands)

	Primary Government		
	Governmental Activities	Business-type Activities	Discrete Component Units
Deferred Outflows:			
Deferred Amount on Refundings of Bonded Debt	$ 20,929	$ 3,855	$ 11,384
Deferred Outflows Relating to Pensions	423,817	8,683	149,423
Total Deferred Outflows	$ 444,746	$ 12,538	$ 160,807
Deferred Inflows:			
Unavailable Revenue	$ 7,483	$ —	$ —
Deferred Amount on Refundings of Bonded Debt	—	9,459	1,861
Fair Value of Interest Rate Swap Agreements	—	13,137	—
Deferred Inflows Relating to Pensions	129,213	2,516	53,056
Deferred Inflows Relating to Other Postemployment Benefits	4,627	67	43
Total Deferred Inflows	$ 141,323	$ 25,179	$ 54,960

Of the $444.746 million deferred outflows of resources reported in the governmental activities column, $423.817 million represent deferred outflows relating to pensions, of which $29.183 million are reported in the Internal Service Funds. The remaining $20.929 million represent deferred amount on refundings of bonded debt, of which $5 thousand are reported in the Internal Service Funds.

Of the $141.323 million deferred inflows of resources reported in the governmental activities column, $129.213 million represent deferred inflows relating to pensions, of which $8.924 million are reported in the Internal Service Funds; and $4.627 million represent deferred inflows relating to other postemployment, of which $262 thousand are reported in the Internal Service Funds. The remaining $7.483 million in unavailable revenue represent imposed fees received before the period when those resources are permitted to be used.

Deferred outflows and inflows of resources for governmental funds, proprietary funds, and discrete component units are reported in detail in their respective fund statements.

Under the modified accrual basis of accounting, governmental funds reported $656.101 million in unavailable revenue consisting of $482.061 million from various taxes and $174.040 million from other sources.

The deferred outflows of resources relating to pensions for governmental activities of $423.817 million and for business-type activities of $8.683 million differ from the deferred outflows of resources for the Primary Government of $436.832 million as reported in Note 18 due to the following: Student Assistance Programs of $970 thousand and Utah Dairy Commission of $238 thousand are included in business-type activities, but are excluded in the deferred outflows of resources reported for the Primary Government in Note 18; the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of $5.541 million is excluded from presentation in the governmental and business-type activities reported above, but is included in the deferred outflows of resources reported for the Primary Government in Note 18.

The deferred inflows of resources relating to pensions for governmental activities of $129.213 million and for business-type activities of $2.516 million differ from the deferred inflows of resources for the Primary Government of $132.829 million in Note 18 due to the following: Student Assistance Programs of $382 thousand and Utah Dairy Commission of $62 thousand are included in business-type activities, but are excluded in the deferred inflows of resources reported for the Primary Government in Note 18; the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of $1.543 million is excluded from presentation in the governmental and business-type activities reported above, but is included in the deferred inflows of resources reported for the Primary Government reported in Note 18.

These differences are due to the way in which Utah Retirement Systems (pension trust and defined contribution plans) combine and report the State's retirement plans for Note 18 which is different than how the State reports the deferred outflows and inflows of resources by fund type in accordance with generally accepted accounting principles.

NOTE 12. GOVERNMENTAL FUND BALANCES, BUDGET STABILIZATION ACCOUNTS, AND NET POSITION RESTRICTED BY ENABLING LEGISLATION

A. Governmental Fund Balances – Restricted, Committed and Assigned

The State's fund balances represent: (*1*) **Restricted Purposes**, which include balances that are legally restricted for specific purposes due to constraints that are imposed by law through constitutional provisions or are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (*2*) **Committed Purposes**, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; (*3*) **Assigned Purposes**, which include 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, 2017, follows:

Governmental Fund Balances
(expressed in thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
General Fund:			
General Government:			
Legislature	$ —	$ 11,861	$ —
Elected Officials	301	14,189	—
Governor's Office	140	28,727	—
Administrative Services	162	5,190	—
Revenue Assessments and Collections	—	13,871	—
Human Services	14	7,808	—
Corrections	—	14,835	—
Public Safety	10,092	28,463	—
Courts	—	7,542	—
Health	138	23,409	—
Environmental Quality	—	13,266	—
Employment and Family Services	—	25,608	—
Natural Resources	15,816	73,914	—
Heritage and Arts	34	4,758	—
Business, Labor, and Agriculture	103	40,239	—
Budget Reserve (Rainy Day) Account	—	145,668	—
Medicaid Budget Stabilization Account	—	44,457	—
Industrial Assistance	—	21,100	—
Tax Accruals and Other Liabilities	—	—	186,070
Fiscal Year 2018 Appropriations:			
Line Item Appropriations	—	—	8,104
Other Purposes	6,716	34,886	—
Total	$ 33,516	$ 559,791	$ 194,174
Education Fund:			
Minimum School Program	$ 50,961	$ —	$ —
State Office of Education	55,522	—	—
School Building Program	25,085	—	—
School LAND Trust Program	39,585	—	—
Education Budget Reserve Account	361,802	—	—
Tax Accruals and Other Purposes *	280,135	—	—
Fiscal Year 2018 Appropriations:			
Line Item Appropriations	49,723	—	—
Available for Appropriation	17,608	—	—
Other Purposes	801	—	—
Total	$ 881,222	$ 0	$ 0
Transportation Fund:			
Transportation – Construction/Maintenance	$ 253,963	$ —	$ 3,000
Public Safety	15,478	—	—
Corridor Preservation	21,338	—	—
Aeronautical Programs	5,790	—	—
Tax Accruals and Other Purposes *	41,911	584	—
Total	$ 338,480	$ 584	$ 3,000
Transportation Investment Fund:			
Transportation Investment Capacity Projects	$ —	$ 385,818	$ —
Other Purposes	1,984	46,171	—
Total	$ 1,984	$ 431,989	$ 0
Nonmajor Governmental Funds:			
Capital Projects	$ 52,434	$ —	$ 282,897
Debt Service	—	—	15,890
State Endowment Fund	—	196,172	—
Environmental Reclamation	10,252	6,512	—
Rural Development	—	29,749	—
Other Purposes	24,213	21,577	3,278
Total	$ 86,899	$ 254,010	$ 302,065

* 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 generally only be used to cover budget shortfalls when appropriated by the Legislature. In certain circumstances, the Rainy Day Fund can also be used to finance essential programs that lose expected federal funds. State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund after any required Medicaid growth savings transfer is made (see Medicaid Budget Sustainability Account discussion below) and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve to 9 and 11 percent of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred.

Historically, resources from the Rainy Day Fund or Education Reserve have only been expended during recessionary periods to cover overall budget shortfalls after other budgetary measures have been exhausted. Section 63J-1-217 of the *Utah Code* requires the State to maintain a balanced budget. If a revenue shortfall is expected, the Governor is required to direct state agencies to reduce commitments and expenditures by an amount proportionate to any revenue shortfall until the Legislature takes action to rectify the deficit. The Rainy Day Fund and the Education Reserve ended the year with balances of $145.668 million and $361.802 million, respectively. For the fiscal year ended June 30, 2017, $2.055 million was transferred into the Rainy Day Fund as a result of a revenue surplus. The Education Reserve received $12.337 million 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, 2017, $18.548 million was transferred into the Medicaid Budget Stabilization Account.

C. Minimum Fund Balance Policies

Statutorily, the State established a minimum fund balance policy for two funds, the Disaster Recovery Restricted Account and the Local Government Emergency Response Loan Fund. In accordance with Section 53-2a-603 of the *Utah Code*, under certain circumstances, the Disaster Recovery Restricted Account may be used to provide short-term loans to a member state of the Emergency Management Assistance Compact. Loans may be issued from the account as long as the fund maintains a minimum fund balance of $10 million. Section 53-2a-607 of the *Utah Code*, requires the Local Government Emergency Response Loan Fund to provide short-term, low-interest loans to local government entities. The amount loaned may not be more than 50 percent of the total fund balance available, or an amount that will leave the fund balance at less than $10 million.

D. Net Position Restricted by Enabling Legislation

The State's net position restricted by enabling legislation represents resources which a party external to a government–such as citizens, public interest groups, or the judiciary–can compel the government to use only for the purpose specified by the legislation. The government-wide Statement of Net Position reports $6.361 billion of restricted net position, of which $14 million is restricted by enabling legislation.

NOTE 13. DEFICIT NET POSITION AND FUND BALANCE

Funds reporting a deficit total net position at June 30, 2017, are (in thousands):

Private Purpose Trust Funds:		
Petroleum Storage Tank	$	(7,938)
Internal Service Funds:		
Technology Services	$	(25,731)
Human Resource Management	$	(2,590)
Enterprise Funds:		
State Trust Lands Administration	$	(830)

The Petroleum Storage Tank Trust covers the cleanup costs of leaks from state-approved underground petroleum storage tanks. The assets in the fund are more than adequate to pay current claims. Unfunded future claims will be funded solely by future trust revenues.

The deficit net positions in the Technology Services Fund and in the Human Resource Management Fund are the result of implementing GASB Statements 68 and 75, which require the accounting and financial reporting for pensions and other postemployment benefits (OPEB). These Statements require the recognition and reporting of the net pension liability, net OPEB liability, and related transactions, resulting in a deficit net position. The Technology Services Fund also reported a $37.146 million deficit in the unrestricted portion of their net position at June 30, 2017, primarily as a result of implementing these Statements.

The Enterprise Fund deficit net position in State Trust Lands Administration is a result of a decrease in the royalty accruals because of general market conditions.

Other than noted above, funds reporting a deficit position in the unrestricted portion of their net position at June 30, 2017, are (in thousands):

Internal Service Funds:		
Fleet Operations	$	(26,562)
General Services	$	(809)
Enterprise Funds:		
Alcoholic Beverage Control	$	(4,830)
State Trust Lands Administration	$	(1,376)

The Internal Service Fund deficit in Fleet Operations is mainly due to the significant investment in capital assets required for these operations. Management is working on a plan to change how fleet vehicles are acquired that should help reduce this deficit.

The Internal Service Fund deficit in General Services and the Enterprise Fund deficit in Alcoholic Beverage Control are primarily the result of implementing GASB Statements 68 and 75. The Enterprise Fund deficit in State Trust Lands Administration is the result of changes in accruals due to general market condition changes.

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, 2017, are as follows (in thousands):

	Transferred To								
	Governmental Funds						Enterprise Funds		
Transferred From	**General Fund**	**Education Fund**	**Transportation Fund**	**Transportation Investment Fund**	**Trust Lands Fund**	**Nonmajor Governmental Funds**	**Nonmajor Enterprise Funds**	**Internal Service Funds**	**Total**
General Fund	$ —	$ 15,285	$ 34,815	$ 23,128	$ 15	$ 184,244	$ 3,047	$ 1,231	$ 261,765
Education Fund	668,126	—	—	—	—	170,161	—	—	838,287
Transportation Fund	49,246	—	—	37,093	—	14,310	—	—	100,649
Transportation Investment Fund	—	—	9,680	—	—	325,463	—	—	335,143
Trust Lands Fund	—	39,003	—	—	—	—	—	—	39,003
Nonmajor Governmental Funds	82,843	—	—	—	—	277	—	—	83,120
Unemployment Compensation	2,373	—	—	—	—	—	—	—	2,373
Water Loan Programs	6,296	—	—	—	—	—	—	—	6,296
Community Impact Loan Fund	21,964	—	—	—	—	—	—	—	21,964
Nonmajor Enterprise Funds	107,750	2	—	—	—	—	—	—	107,752
Internal Service Funds	—	—	—	—	—	—	—	55	55
Total	$ 938,598	$ 54,290	$ 44,495	$ 60,221	$ 15	$ 694,455	$ 3,047	$ 1,286	$ 1,796,407

Transfers from major governmental funds to nonmajor governmental funds are primarily for debt service expenditures and capital facility construction. Transfers from nonmajor enterprise funds to the General Fund are mostly liquor profits from the Alcoholic Beverage Control Fund that are required by statute to be deposited in the General Fund. As a result of recent constitutional and statutory changes, the accounting and reporting for the Trust Lands Fund (permanent fund) was evaluated for those changes and beginning in fiscal year 2017, investment earnings are now transfered to the Education Fund (major governmental fund). In addition, mineral lease revenue was transfered to the Transportation Investment Fund (major capital projects fund) for development of impacted communities related to various transportation needs. All other transfers are made to finance various programs as authorized by the Legislature.

In addition, the Legislature authorized payments of $1.002 billion 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. TAX ABATEMENTS

The State provides tax abatements, offered by the Governor's Office of Economic Development (GOED), through two programs: Economic Development Tax Increment Financing (EDTIF) and the Motion Picture Incentive Program (MPIP). These programs offer post-performance tax abatements of corporate and individual tax revenues, which would otherwise fund education, in exchange for specific actions that are intended to benefit the State or its citizens. The State has not made commitments other than to reduce taxes as part of these tax abatement agreements.

The EDTIF program provides incentives in the form of a refundable tax credit to accelerate business growth, job creation, and encourage economic development within specific economic development zones. A business entity must enter into an incentive agreement with GOED, which specifies performance milestones on a commercial project. According to Section 63N-2-1 of the *Utah Code*, business entities, after entering into an agreement, must do the following: (***1***) be within the development zone; (***2***) include direct investment in the zone; (***3***) bring new incremental jobs to Utah which include the creation of high-paying jobs, significant capital investment, significant purchases from Utah vendors, contractors, or service providers, or a combination of these three economic factors; (***4***) generate new state revenues; and (***5***) qualify for a tax credit by the GOED Director.

Each year, a business entity must apply to GOED for a tax credit certificate and GOED reviews the results of the commercial project for compliance before a credit is issued. A tax credit may not exceed 30 percent of new state tax revenues over the lesser of the life of the project, or 20 years. A tax credit of up to 60 percent of new state tax revenues is allowed if a minimum $1.500 billion capital investment is made. A tax credit may not exceed 50 percent of new state tax revenues in a given year. If a business entity should fail to meet its obligations or has received more EDTIF refundable tax credits than it is entitled to, the business entity is required to return the excess amount abated; and any future claim for credit may be denied and the contract nullified.

The MPIP provides tax credits, which encourages the State of Utah as a site for the production of motion pictures, television series, and other qualified productions. This refundable tax credit provides financial incentives to the film industry to help develop strong motion picture industry presence in the State that will contribute to the State's economy. A production must be pre-approved to participate in the tax credit program. Section 63N-8-104 of the *Utah Code* allows up to a 20 percent refundable tax credit, and an additional 5 percent with a minimum $1 million in verified spending in Utah if the following requirements are met by the applicant: ***(1)*** employ a significant percentage of cast and crew locally; (***2***) highlight Utah and the Utah Film Commission in the motion picture credits; and (***3***) other agreed upon promotions and opportunities. The tax credit certificates are issued after production completion, subject to all Utah-based vendors being paid-in-full, and requires a report from the motion picture company that is reviewed by an independent certified public accountant. After the report is verified, the tax credit certificate is awarded. GOED may issue up to $6.794 million in tax credit certificates in a fiscal year, or more if there are remaining unissued tax credit certificates from a prior year. The MPIP does not have any provisions to recapture abated tax credits.

The gross dollar amount, on an accrual basis, by which the State's revenues were reduced for the fiscal year ended June 30, 2017 are as follows:

Tax Abatement Programs
(expressed in thousands)

Program	Amount of Taxes Abated
Motion Picture Incentive Program	$ 13,311
Economic Development Tax Increment Financing	12,317
Total	$ 25,628

The State has other recently enacted tax abatement programs where tax abatement agreements have not been entered into or the total tax abatement for these programs is less than $300 thousand in a fiscal year. The State has no tax abatements that are entered into by other governments that reduce the State's tax revenues. In addition, the State has other various tax credit incentives that are not defined as tax abatements under generally accepted accounting principles and therefore are not described and included here. See Note 16.C. for commitments related to the tax abatements.

NOTE 16. 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 future payment obligations. The dispute is currently in arbitration for the tobacco settlement payment made to Utah in fiscal year 2005. An adverse ruling may impact future state tobacco receipts of up to approximately $28 million, plus interest.
- In addition to the items above, the State is contesting other legal actions totaling over $15.21 million plus attorneys' fees and interest and other cases where the amount of potential loss is indeterminable. Some portions of the amounts sought have been paid by the State or placed in escrow.

B. Contingencies

- The State receives a significant amount of funding from the federal government. Funds flowing from the federal government to the State are subject to changes to federal laws and appropriations. Based on the financial position of the federal government, it is reasonably possible that events will occur in the near term that will significantly affect the flow of federal funds to the State. The State is taking action to identify and address the impact a significant reduction of federal funds will have on the programs and operations of the State, including requiring contingency plans from state agencies.
- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, identified questioned costs are immaterial. In addition, program compliance audits by the federal government are conducted periodically; however, an estimate of any potential disallowances on these audits and findings on other audits on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2017, will be available in December 2017.
- Management's estimated liability for the Petroleum Storage Tank Trust (private purpose trust fund) is highly sensitive to change based on the short period of historical data and the uncertainty in estimating costs. Since it is not possible to determine the occurrence date of a leak in an underground storage tank, it is not possible to estimate the number or the associated costs of leaks that have not been detected.
- The Utah Fund of Funds (UFOF) (legally separate entity) was created by the passage of the Utah Venture Capital Enhancement Act in fiscal year 2003 to mobilize private investments and enhance the venture capital culture and infrastructure within the State. The State's involvement in this program is limited to public oversight of the UFOF primarily in the form of approving the issuance of contingent tax credit certificates, ensuring that the UFOF is achieving its statutory purposes of spurring economic development and protecting against the redemption of contingent tax credits. The aggregate outstanding tax certificates available to the program cannot exceed: (***1***) $130 million of contingent tax credits used as collateral or a guarantee on loans for the debt-based financing of investments initiated before July 1, 2014; or ***(2)*** $120 million of contingent tax credits for a loan refinanced using debt-based or equity-based financing; and (***3***) $100 million used as an incentive for equity investments in the UFOF. The tax certificates are structured so that not more than $20 million of contingent tax credits for each $100 million increment of contingent tax liability may be redeemable in any fiscal year. At December 31, 2016, $76.237 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 Section 59-7, "Corporate Franchise and Income Taxes," or Section 59-10, "Individual Income Tax Act" of the *Utah Code*. To date, the State has not had to place any contingent tax credits into the program, and it does not anticipate the use of tax credits anytime in the near future.
- The State is self-insured for liability claims up to $2 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 $3.500 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, $53.645 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 (Sections 53A-28-101 to 402 of the *Utah Code*), 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 that 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 $2.965 billion principal amount of Guaranteed Bonds outstanding at June 30, 2017, with the last maturity date being 2037. 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) (Sections 53A-20b-201 to 204 of the *Utah Code*) was established to reduce borrowing costs for qualifying charter schools by providing credit enhancement on bonds issued on behalf of those schools. Bonds issued under this Program are not legal obligations of the State, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the bonds. If a charter school with bonds issued under the Program draws on its debt service reserve fund, state law requires the Governor to request an appropriation from the Legislature to restore the school's debt service reserve fund to its required level or to meet any principal or interest payment deficiency. However, the Legislature is not required to make any such appropriations. A charter school is required to repay the State any appropriations it receives to restore its debt service reserves at the time and in the manner required by the Utah Charter School Finance Authority (Authority) (nonmajor discrete component unit).

  When bonds are issued under the Program, the qualifying school pays up-front and ongoing fees at rates determined by the Authority. These fees are deposited into a restricted reserve account that was funded initially with a $3 million appropriation. These monies may be appropriated by the Legislature to replenish any deficiency in the debt service reserve fund of a charter school under the Program.

  The Authority is the conduit issuer of Credit Enhancement Program bonds and 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, 2017, $283.800 million of debt was outstanding under the Program.

- At June 30, 2017, 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 $861.729 million.

- The Attorney General of the State sued the tobacco industry for medical costs related to smoking. The State of Utah has signed on to a master settlement agreement along with 45 other states. The major tobacco manufacturers and most of the smaller manufacturers have joined the agreement. The State received $36.547 million from tobacco companies in fiscal year 2017 and expects to receive approximately $36.948 million in fiscal year 2018. Annual payments will be adjusted for factors, such as inflation, decreased sales volume, previously settled lawsuits, disputed payments, and legal fees.

- The Utah School Readiness Initiative (Sections 53A-1b-101 to 111 of the *Utah Code*) created the School Readiness Board (Board) and enabled the Board to provide grants and enter into contracts with private entities in order to improve early childhood education for at-risk students. Under the terms of the contract, private investors fund the program using a social impact bond financial model. This bond offers the investors a return on investment only if students in the program meet specific education benchmarks. The program was capped at 750 students for each of the first two years and an additional 1,000 students in the third year. For the current 2017-2018 school year, the program is capped at 1,000 students. As of June 30, 2017, the State of Utah has reserved a total of $6.810 million to cover student evaluations and any repayment of the social impact bond. The program has repaid $869 thousand to investors. It is anticipated the State of Utah will commit additional funds in future years as necessary.

C. Commitments

- At June 30, 2017, the Industrial Assistance Program of the General Fund had grant commitments of $12.902 million, contingent on participating companies meeting certain performance criteria.

- At June 30, 2017, the Economic Development Tax Increment Financing Incentive program (EDTIF) had outstanding long-term contract commitments for General Fund cash rebates of $87.337 million and Education Fund tax credits (tax abatements) of $628.818 million. These cash rebates and tax credits are contingent on participating companies meeting certain economic development performance criteria.

- At June 30, 2017, the Motion Picture Incentive Program had outstanding contract commitments for General Fund cash rebates of $366 thousand and Education Fund tax credits (tax abatements) of $26.359 million. These cash rebates and credits are contingent upon participating motion picture companies meeting certain within-the-state production criteria.

- At June 30, 2017, the Utah Department of Transportation had construction and other contract commitments of $591.361 million, of which $290.077 million is for Transportation Fund and $301.284 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, 2017, the permanent Trust Lands Fund had contractual commitments of $587.227 million, of which an estimated $216.903 million remain unfunded and subject to call.
- At June 30, 2017, the State's capital projects funds had construction commitments of $451.929 million. These commitments will be funded with legislative appropriations, intergovernmental revenues, and proceeds of general obligation and lease revenue bonds.
- At June 30, 2017, the enterprise funds had loan commitments of approximately $220.666 million and grant commitments of approximately $48.955 million.
- Utah Retirement Systems has at its yearend December 31, 2016, committed to fund certain private equity partnerships, absolute return, and real asset funds projects for an amount of $9.676 billion. Funding of $7.125 billion has been provided by December 31, 2016, leaving an unfunded commitment of $2.551 billion.
- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the University of Utah officers, the University is obligated to make periodic payments for advance commitments to venture capital and private equity investments. As of June 30, 2017, the University had committed, but not paid, a total of $49.721 million in funding for these alternative investments.
- At June 30, 2017, the University of Utah had outstanding commitments for the construction and remodeling of its buildings of approximately $97.590 million.
- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the Utah State University 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, 2017, the University had committed, but not paid, a total of $15.578 million in funding for these alternative investments.
- At June 30, 2017, Utah State University had outstanding commitments for the construction and remodeling of its buildings of approximately $54.100 million.

NOTE 17. JOINT VENTURES

Utah Education Network

The Utah Education Network (UEN) is a publicly funded consortium administered by the University of Utah supporting educational technology needs for Utah's public and higher education institutions, public libraries, and state agencies. UEN provides internet access for all Utah public middle schools, high schools, and higher education institutions. UEN also operates a fully interactive distance learning network interconnecting public schools and higher education institutions statewide. State appropriation support of UEN amounted to $28.663 million for the year ended June 30, 2017. 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 18. PENSION PLANS

Utah Retirement Systems (URS) was established by Title 49 of the *Utah Code*. URS administers the pension systems and plans under the direction of the URS Board whose members are appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans it administers. URS maintains records and prepares financial statements using fund accounting principles and the accrual basis of accounting, under which benefits and expenses are recognized when due and payable, and revenues are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2016, 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, which includes financial statements and required supplemental information, may be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102-2044, or online at www.urs.org.

URS operations are comprised of the following groups of systems/plans covering employees of the State and participating local government and public education entities:

- The Public Employees Noncontributory Retirement System (Noncontributory System); the Public Employees Contributory Retirement System (Contributory System); and the Firefighters Retirement System (Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- The Public Safety Retirement System (Public Safety System), which is a defined-benefit mixed agent and cost-sharing, multiple-employer retirement system;
- The Judges Retirement System (Judges System) and the Utah Governors and Legislators Retirement Plan, which are single-employer service-employee retirement systems;
- The Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighters Contributory System (Tier 2 Public Safety and Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- Five defined contribution plans comprised of the 401(k) Plan, 457(b) Plan, Roth and Traditional IRAs, and Health Reimbursement Arrangement (HRA).

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

A. Defined Benefit Plans

Retirement benefits are specified by Title 49 of the *Utah Code*. The retirement systems are defined-benefit plans wherein the benefits are based on age and/or years of service and highest average salary. Various plan options within the systems may be selected by retiring members. Some of the options require actuarial reductions based on attained age, age of spouse, and similar actuarial factors. A brief summary of eligibility for and benefits of the systems is provided in the following table:

Summary of Benefits by System

	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Final Average Salary	Highest 3 Years	Highest 5 Years	Highest 3 Years		Highest 2 Years	Highest 5 Years	Highest 5 Years
Years of Service Required and/or Age Eligible for Benefit	30 years any age 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
COLA***	Up to 4.00%	Up to 4.00%	Up to 4.00% depending on the employer		Up to 4.00% compounded	Up to 2.50%	Up to 2.50%

Note: The Utah Governors and Legislators Retirement Plan benefits are explained below.

* With actuarial reductions.
** For members and retirees in the systems, prior to January 1, 1989, there may be a 3 percent benefit enhancement.
*** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Former governors at age 65 receive $1,360 per month per term. Legislators receive a benefit at age 65 with four or more years of service at the rate of $29.60 per month per year of service. Retirement at age 62 with ten or more years of service will receive an actuarial reduction. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment, members of the Systems may leave their retirement account intact for future benefits based on vesting qualification, or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

At December 31, 2016, the following number of employees were covered by the State's (primary government) single-employer plans:

Single-employer Plans Covered Employees
December 31, 2016

	Judges System	Governors and Legislators Retirement Plan
Inactive Employees or Beneficiaries Currently Receiving Benefits	140	241
Inactive Employees Entitled to But Not Yet Receiving Benefits	4	105
Active Employees	112	65
Total Single-employer Plans Covered Employees	256	411

Contribution Rates

As a condition of participation in the Defined Benefit Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. For the Utah Governors and Legislators plan, an annual appropriation is statutorily required to maintain this plan on a financially and actuarially sound basis. The State paid 100 percent of the contractually and statutorily required contributions. Contribution rates and contributions for the fiscal year ended June 30, 2017, are presented in the following table (dollars expressed in thousands):

Contributions

Systems/Plan	Employee Paid	Paid by Employer for Employee	Employer Paid	Primary Government	Discrete Component Units
Noncontributory Public Employees	$ —	—%	22.19%	$ 138,041	$ 55,104
Contributory:					
Contributory Public Employees	$ —	6.00%	17.70%	$ 1,373	$ 1,264
Tier 2 Public Employees *	$ —	—%	18.24%	$ 31,467	$ 11,947
Public Safety:					
Contributory Public Safety	$ —	12.29%	29.70%	$ —	$ —
Noncontributory Public Safety	$ —	—%	41.35%	$ 44,808	$ 1,123
Tier 2 Public Safety *	$ —	—%	29.21%	$ 7,222	$ 121
Firefighters:					
Contributory Firefighters	$ —	15.05%	3.89%	$ 47	$ —
Tier 2 Firefighters *	$ —	—%	10.75%	$ 26	$ —
Judges **	$ —	—%	42.12%	$ 7,728	$ —
Utah Governors and Legislators		Annual Appropriation		$ 421	

* Tier 2 plans provide a statutory required contribution (0.08 to 18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 plans.
** Employer paid contributions for the Judges System include a 3 percent retirement benefit increase (substantial substitute) that is not reflected in other footnote disclosures related to the Judges System.

In addition to the contributions noted above, the Primary government and discrete component units also paid $649 thousand and $429 thousand respectively to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements.

Below are the changes in net pension liability for the State's (primary government) single-employer system and plan:

Single-employer Plans
Changes in Net Pension Liability and Related Ratios
Increases (Decreases)
For the Fiscal Year Ended December 31, 2016
(dollars expressed in thousands)

		Judges System	Utah Governors and Legislators Retirement Plan
Total Pension Liability			
Service Cost		$ 5,023	$ 90
Interest		14,064	851
Difference between Actual and Expected Experience		1,995	167
Assumption Changes		2,885	241
Benefit Payments		(12,330)	(941)
Net Change in Total Pension Liability		11,637	408
Total Pension Liability – Beginning		198,986	12,247
Total Pension Liability – Ending	*A*	$ 210,623	$ 12,655
Plan Fiduciary Net Position			
Contributions – Employee		$ —	$ —
Contributions – Employer		7,382	421
Court Fees *		1,470	—
Net Investment Income		13,820	849
Benefit Payments		(12,330)	(941)
Administrative Expense		(71)	(4)
Net Transfers with Affiliated Systems		1,600	(12)
Net Change in Plan Fiduciary Net Position		11,871	313
Plan Fiduciary Net Position – Beginning		163,747	10,039
Plan Fiduciary Net Position – Ending	*B*	$ 175,618	$ 10,352
Net Pension Liability / (Asset) – Ending (A – B)		$ 35,005	$ 2,303
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		83.38%	81.80%
Covered Payroll		$ 16,755	$ 799
Net Pension Liability as a Percentage of Covered Payroll		208.92%	288.24%

* These court fees were recognized as revenue for support provided by non-employer contributing entities.

Proportionate Share of Net Pension Asset and Liability

Utah Retirement Systems (URS) (pension trust and defined contribution plans) provides retirement benefits to employees of the primary government and its discrete component units as well as to public education and other political subdivisions of the State. At December 31, 2016, the net pension asset and the net pension liability for all URS systems is $1.656 million and $4.652 billion respectively. The plan's fiduciary net position as a percent of the total pension liability is 86 percent. At December 31, 2016, the primary government's net pension asset and net pension liability is $268 thousand and $1.058 billion, respectively. The following table summarizes the State's (primary government) net pension asset and liability by plan.

Primary Government
Net Pension Asset and Liability
December 31, 2016
(dollars expressed in thousands)

System	Net Pension Asset	Net Pension Liability	Proportionate Share 2016	Proportionate Share 2015	Proportionate Share Change
Noncontributory System	$ —	$ 792,635	24.46%	23.84%	0.62 %
Contributory System	—	16,932	30.90%	32.52%	(1.62)%
Public Safety System	—	208,964	97.73%	97.81%	(0.08)%
Firefighters System	34	—	4.30%	3.90%	0.40 %
Judges System	—	35,005	100.00%	100.00%	— %
Utah Governors and Legislators Retirement Plan	—	2,303	100.00%	100.00%	— %
Tier 2 Public Employees System	—	2,123	19.04%	17.66%	1.38 %
Tier 2 Public Safety and Firefighters System	234	—	26.95%	25.84%	1.11 %
Total Net Pension Asset / Liability	$ 268	$ 1,057,962			

At December 31, 2016, the net pension asset and the net pension liability for the discrete component units is $7 thousand and $353.230 million respectively. The following table summarizes the discrete component unit's net pension asset and liability by system.

Discrete Component Units
Net Pension Asset and Liability
December 31, 2016
(dollars expressed in thousands)

System	Net Pension Asset	Net Pension Liability	Proportionate Share 2016	Proportionate Share 2015	Proportionate Share Change
Noncontributory System	$ —	$ 331,528	10.02%	10.67%	(0.65)%
Contributory System	—	16,038	29.14%	27.82%	1.32 %
Public Safety System	—	4,801	2.24%	2.17%	0.07 %
Tier 2 Public Employees System	2	863	8.65%	11.49%	(2.84)%
Tier 2 Public Safety and Firefighters System	5	—	0.51%	0.47%	0.04 %
Total Net Pension Asset / Liability	$ 7	$ 353,230			

Deferred Outflows and Inflows of Resources

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

At December 31, 2016, the State (primary government) recognized pension expense of $244.187 million. The State's discrete component units recognized pension expense of $78.220 million. Deferred outflows of resources and deferred inflows of resources related to the recognition of pension expense are from the following sources:

Deferred Outflows and Inflows of Resources *
Related to Pensions
December 31, 2016
(expressed in thousands)

Source	Primary Government Deferred Outflows of Resources	Primary Government Deferred Inflows of Resources	Discrete Component Units Deferred Outflows of Resources	Discrete Component Units Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 2,197	$ 56,467	$ 3	$ 20,936
Changes in Assumptions	108,399	14,768	30,121	4,511
Net Differences between Projected and Actual Earnings on Pension Plan Investments	199,189	57,286	78,322	17,361
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	13,391	4,308	5,031	10,248
Contributions Subsequent to the Measurement Date	113,656	—	35,946	—
Total	$ 436,832	$ 132,829	$ 149,423	$ 53,056

* Before amounts allocated for financial statement presentation.

The $113.656 million and $35.946 million reported as deferred outflows of resources by the primary government and discrete component units are the result of contributions subsequent to the measurement date of December 31, 2016. These contributions will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Recognition of Remaining Deferred Outflows and (Inflows) of Resources

Year Ended December 31	Primary Government	Discrete Component Units
2017	$ 55,238	$ 17,891
2018	$ 64,190	$ 18,911
2019	$ 78,279	$ 23,818
2020	$ (8,436)	$ (479)
2021	$ 72	$ 21
Thereafter	$ 1,004	$ 259

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Summary of Actuarial Assumptions

	Non-contributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Valuation Date	01/01/16	01/01/16	01/01/16	01/01/16	01/01/16	01/01/16	01/01/16	01/01/16
Measurement Date	12/31/16	12/31/16	12/31/16	12/31/16	12/31/16	12/31/16	12/31/16	12/31/16
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	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%
Projected Salary Increases	3.35–10.35%	3.35–10.35%	3.35–7.65%	3.35–8.90%	3.35%	None	3.35–10.35%	3.35–8.90%
Inflation Rate	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Post-retirement Cost-of-living Adjustment	2.60%	2.60%	2.50% or 2.60% depending on employer	2.60%	2.60%	2.60%	2.50%	2.50%

Note: All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual CPI increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

The actuarial assumptions used in the January 1, 2016, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013. Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

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, 2016, 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%
Total Asset Classes	100.00%		5.23%
Inflation			2.60%
Expected Arithmetic Nominal Return			7.83%

* The total URS Defined Benefit long-term expected rate of return is 7.20 percent. It is comprised of a 2.60 percent inflation rate, a real long-term expected rate of return of 4.60 percent that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the municipal bond rate. The discount rate was reduced to 7.20 percent from 7.50 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the State's (primary government) net pension liability calculated using the discount rate of 7.20 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.20 percent) or 1 percentage-point higher (8.20 percent) than the current rate:

Primary Government
Changes in Discount Rate
Net Pension Liability / (Asset)
(expressed in thousands)

System	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Noncontributory System	$ 1,453,310	$ 792,635	$ 238,924
Contributory System	41,626	16,932	(4,041)
Public Safety System	378,108	208,964	69,665
Firefighters System	1,226	(34)	(1,056)
Judges System	56,845	35,005	16,252
Utah Governors and Legislators Retirement Plan	3,526	2,303	1,265
Tier 2 Public Employees System	14,453	2,123	(7,256)
Tier 2 Public Safety and Firefighters System	1,636	(234)	(1,671)
Total Net Pension Liability / (Asset)	$ 1,950,730	$ 1,057,694	$ 312,082

B. Defined Contribution Plans

The 401(k), 457(b), Roth and Traditional IRA Plans, administered by URS, in which the State participates, are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the Retirement Systems and a primary retirement plan for some Tier 2 participants. Contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the 401(k) and 457(b) plans at rates determined by the employers and according to Title 49 of the *Utah Code*. There are 445 employers participating in the 401(k) Plan and 255 employers participating in the 457(b) Plan. There are 166,430 plan participants in the 401(k) Plan, 17,416 participants in the 457(b) Plan, 8,772 participants in the Roth IRA Plan, and 1,763 participants in the Traditional IRA Plan. The Health Reimbursement Arrangement (HRA), is a defined contribution plan, and is administered by Public Employee Health Programs (PEHP).

After termination of employment, benefits are paid out to individuals in lump sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The Defined Contribution Plans account balances are fully vested to the participants at the time of deposit except for Tier 2 required employer contributions and associated earnings during the first four years of employment. Investments in the vested portion of the Defined Contribution Plans are individually directed and controlled by plan participants. Investments of the plans are reported at fair value.

Employees of the State are eligible to participate in the defined contribution 401(k), 457(b), Roth and Traditional IRA Plans. Employees, who contribute to a 401(k), 457(b), or IRA will get a match from the State of up to $26 per pay period. In addition, the State and participating employers are required to contribute 1.50 percent of an employee's salary into a 401(k) for those employees who participate in the noncontributory system. The amounts contributed to the 401(k) Plan during the year ended June 30, 2017, by employees and employers are as follows: for Primary Government, $37.686 million and $33.425 million; for Component Units, $5.726 million and $8.866 million, respectively. The amounts contributed by employees to the 457(b), Roth and Traditional IRA Plans (primary government and component units) are $7.304 million, $4.298 million, and $214 thousand, respectively.

For the Tier 2 Public Employee System, Tier 2 Public Safety System, and the Tier 2 Firefighters System, the State and participating employers are required to contribute varying amounts into a 401(k). The amounts range from 1.33 to 1.78 percent of an employee's salary for the hybrid defined benefit systems and 10 to 12 percent of an employee's salary for the defined contribution systems. These contributions vest immediately, except for the Tier 2 401(k) required contributions that are subject to a 4-year vesting period. The primary government and discrete component units paid $6.250 million and $1.670 million, respectively, in 401(k) defined contributions required by statute. In addition to these contributions, the Tier 2 plans provide a statutory required contribution (.08 to 18.54 amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 (defined benefit) plans.

Teachers Insurance and Annuity Association-College Retirement Equities Fund

Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) and Fidelity Investments, privately administered defined-contribution retirement plans, provide individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and staff. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.20 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, 2017 and 2016, were $224.533 million and $204.780 million, respectively.

NOTE 19. OTHER POSTEMPLOYMENT BENEFITS

The State administers the State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan) through the State Post-Retirement Benefits Trust Fund, as set forth in Section 67-19d-201 of the *Utah Code*. A separate Elected Official Other Post-employment 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 or a designee. Neither plan issues a publicly available financial report, but are included in this report of the primary government.

State Employee OPEB Plan Description

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 who are 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, employees receive up to 25 percent of the value of their unused accumulated sick leave, earned prior to January 1, 2006, as a mandatory employer contribution into a 401(k) account. Employees may exchange eight hours of their remaining unused accumulated sick leave for one month of paid health and life insurance coverage up to age 65. After age 65, employees may use the balance of unused accumulated sick leave, earned prior to January 1, 2006, to exchange for spouse health insurance to age 65, or Medicare supplemental insurance for employee or spouse. In addition, any full-time employees of the Utah State Board of Education and the Utah Schools for the Deaf and Blind (discrete component unit) hired before July 1, 2012, who have attained at least five consecutive years of service with the agency, have the option of receiving postemployment health, dental, and life insurance coverage for up to five years or until reaching 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. The State Employee OPEB Plan is closed to new entrants since it is only applicable to employees eligible for retirement who have sick leave earned prior to January 1, 2006, or employees of the Utah State Board of Education hired before July 1, 2012.

Elected Official OPEB Plan Description

The 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) who retire after January 1, 1998, and have four or more years of service can elect to receive and apply for health insurance coverage or Medicare supplemental coverage. The State will pay 40 percent of the benefit cost for four years of service and up to 100 percent for ten or more years of service for elected officials and their spouses.

To qualify for health insurance 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 insurance 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. The Plan is closed to new entrants.

At June 30, 2017, the following number of employees were covered by the State's single-employer OPEB plans:

Single-employer Plans Covered Employees

June 30, 2017

	State Employee OPEB Plan	Elected Official OPEB Plan
Inactive Employees or Beneficiaries Currently Receiving Benefits....	3,243	83
Inactive Employees Entitled to But Not Yet Receiving Benefits.........	—	106
Active Employees..	6,572	84
Total Single-employer Plans Covered Employees...........................	9,815	273

State Employee OPEB Plan Contributions

The contribution requirements of employees and the State are established, and may be amended, by the State Legislature. For retirees who participate in the State Employee OPEB Plan, health insurance premiums are paid 100 percent by the State for individuals who retired before July 1, 2000. Individuals retiring thereafter are required to contribute specified amounts monthly, ranging from 0 to 31.62 percent, toward the cost of health insurance premiums. For the fiscal year ended June 30, 2017, retirees contributed $1.396 million, or approximately 4.42 percent of total premiums, through their required contributions of $0 to $760.66 per month depending on the coverage (single, double, or family) and health plan selected.

The Actuarially Determined Contribution (ADC) of $29.1 million, from the December 31, 2014, actuarial valuation, was used to establish the fiscal year 2017 annual budget and fund employer contributions. The State Legislature funded $33.361 million in employer contributions, $4.261 million more than the ADC.

Elected Official OPEB Plan Contributions

For the fiscal year ended June 30, 2017, elected officials who participated in the Elected Official OPEB Plan contributed $35 thousand, or approximately 6.54 percent of total premiums, through their required contributions of $0 (for 10 or more years of service) to $831.83 per month (for four years of service) depending on the coverage (single or double) and health plan selected.

The Actuarially Determined Contribution (ADC) of $1.241 million from the December 31, 2014, actuarial valuation was used to establish the fiscal year 2017 annual budget and fund employer contributions. For the fiscal year 2017, the State Legislature funded $1.388 million in employer contributions, $147 thousand more than the ADC.

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2017. The total OPEB liability, used to calculate the net OPEB liability, was determined by an actuarial valuation as of December 31, 2016, and rolled-forward using generally accepted actuarial procedures. The combined total net OPEB liability, for both single-employer plans, was $112.456 million, and of that amount, the State's (primary government) net OPEB liability was $111.349 million, and $1.107 million was allocated to the Utah Schools for the Deaf and Blind (discrete component unit). Below are the changes in the net OPEB liability and related ratios of the net OPEB liability for the single-employer OPEB plans:

Single-employer Plans
Changes in Net OPEB Liability and Related Ratios
Increases (Decreases)

For the Year Ended June 30, 2017

(dollars expressed in thousands)

		State Employee OPEB Plan	Elected Official OPEB Plan
Total OPEB Liability			
Service Cost		$ 4,939	$ 698
Interest		13,661	789
Difference between Actual and Expected Experience		—	—
Assumption Changes		—	—
Benefit Payments		(30,158)	(503)
Net Change in Total OPEB Liability		(11,558)	984
Total OPEB Liability – Beginning		374,531	14,751
Total OPEB Liability – Ending	A	$ 362,973	$ 15,735
Plan Fiduciary Net Position			
Contributions – Employee		$ —	$ —
Contributions – Employer		33,361	1,388
Net Investment Income		14,194	1,214
Benefit Payments		(30,158)	(503)
Administrative Expense		—	—
Net Transfers with Affiliated Systems		—	—
Net Change in Plan Fiduciary Net Position		17,397	2,099
Plan Fiduciary Net Position – Beginning		236,775	9,981
Plan Fiduciary Net Position – Ending	B	$ 254,172	$ 12,080
Net OPEB Liability / (Asset) – Ending (A – B)		$ 108,801	$ 3,655
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		70.03%	76.77%
Covered Payroll*		$ 966,279	
Net OPEB Liability as a Percentage of Covered Payroll		11.26%	
Covered-employee Payroll*			$ 1,478
Net OPEB Liability as a Percentage of Covered-employee Payroll			247.29%

***** Contributions to the State Employee Plan are based on a measure of pay, therefore covered payroll is presented in the above schedule. Contributions to the Elected Official OPEB Plan are based on appropriations and not on a measure of pay; therefore, for that plan the covered-employee payroll is presented.

Deferred Inflows of Resources and OPEB Expense

For the year ended June 30, 2017, the total OPEB expense was $9.415 million, $8.609 million for the State Employee OPEB Plan, and $806 thousand for the Elected Official OPEB Plan. Of the total OPEB expense, the State (primary government) recognized $9.163 million, and $252 thousand was allocated to the Utah Schools for the Deaf and Blind (discrete component unit).

Total deferred inflows of resources related to the recognition of OPEB expense was $4.737 million, of which $4.694 million was recognized by the State (primary government), and $43 thousand was allocated to the Utah Schools for the Deaf and Blind (discrete component unit).

Deferred inflows of resources related to OPEB came from the following source:

Deferred Inflows of Resources
Related to OPEB

June 30, 2017
(expressed in thousands)

Source	State Employee OPEB Plan	Elected Official OPEB Plan	Total
Differences between expected and Actual Experience	$ —	$ —	$ —
Changes in Assumption	$ —	$ —	$ —
Net Differences between Projected and Actual Earnings on OPEB Plan Investments	$ 4,203	$ 534	$ 4,737

The State had no deferred outflows of resources, including deferred outflows of resources related to OPEB contributions subsequent to the measurement date of June 30, 2017. Amounts reported above as deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Recognition of Remaining
Deferred Inflows of Resources

Fiscal Year Ended June 30, 2017
(expressed in thousands)

Fiscal Year	State Employee OPEB Plan	Elected Official OPEB Plan
2018	$ 1,051	$ 134
2019	$ 1,051	$ 134
2020	$ 1,051	$ 134
2021	$ 1,050	$ 132
Thereafter	$ —	$ —

The total OPEB liability in the December 31, 2016, valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Summary of Actuary Assumptions

	State Employee OPEB Plan	Elected Official OPEB Plan
Actuarial Valuation Date	12/31/2016	12/31/2016
Measurement Date	6/30/2017	6/30/2017
Actuarial Cost Method	Entry Age Normal	
Investment Rate of Return	3.75%	5.25%
Inflation Rate	2.50%	
Healthcare Inflation Rate	5.90% initial 4.14% ultimate	

Mortality rates were based on the RP2014 mortality table for both pre-retirement and post-retirement mortality assumption, along with 75 percent of the MP2015 projection scale for mortality improvement. This projection scale applies "generational" improvements to longevity, based on the concept that our children will live longer than we will. The medical trend assumptions used in the valuation were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model (version 2016_a).

Investment Policy and Target Allocations

The State Treasurer is responsible for investing the assets of the State Employee OPEB Plan and the Elected Official OPEB Plan. The State Treasurer has an investment committee which establishes the asset allocation for the OPEB plans with the primary goal of providing for the stability, income, and growth of the principal. The asset allocation for the plans is not expected to change substantially over the short or intermediate time horizons in response to short-term market movements, but may change incrementally based upon long-term capital market projections. For the fiscal year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 5.79 percent for the State Employee OPEB Plan and 11.24 percent for the Elected Official OPEB Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB 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 each plan's target asset allocation as of June 30, 2017, are summarized below:

State Employee OPEB Plan
Target Allocations
Expected Return Arithmetic Basis

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Debt Securities	100.00%	1.25%	1.25%
Total Asset Classes	100.00%		1.25%
Inflation			2.50%
Expected Arithmetic Nominal Return			3.75%

Elected Official OPEB Plan
Target Allocations
Expected Return Arithmetic Basis

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Debt Securities	50.00%	1.25%	0.62%
Equity Securities	50.00%	4.25%	2.13%
Total Asset Classes	100.00%		2.75%
Inflation			2.50%
Expected Arithmetic Nominal Return			5.25%

Discount Rates

The discount rate used to measure the total OPEB liability was 3.75 percent for the State Employee OPEB Plan and 5.25 percent for the Elected Official OPEB Plan. The projection of cash flows used to determine the discount rates assumed that future State contributions will be equal to the Actuarially Determined Contribution (ADC) as calculated in each future valuation. Based on those assumptions, the OPEB Plan's Fiduciary Net Position for both plans was projected at the beginning of each year to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the OPEB Plan's investments for both plans, was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following presents the net OPEB liability for the State for both plans, calculated using the discount rate of 3.75 percent for the State Employee OPEB Plan and 5.25 percent for the Elected Official OPEB Plan, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.75 percent - State Employee OPEB Plan, 4.25 percent - Elected Official OPEB Plan) or 1 percentage-point higher (4.75 percent - State Employee OPEB Plan, 6.25 percent - Elected Official OPEB Plan) than the current rate:

Changes in Discount Rate
Net OPEB Liability / (Asset)
(expressed in thousands)

OPEB Plan	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
State Employee OPEB Plan	$ 124,331	$ 108,801	$ 83,546
	1% Decrease (4.25%)	**Current Discount Rate (5.25%)**	**1% Increase (6.25%)**
Elected Official OPEB Plan	$ 6,288	$ 3,655	$ 1,539
Total Net OPEB Liability / (Asset)	$ 130,619	$ 112,456	$ 85,085

The following presents the net OPEB liability of the State, as well as what the State's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (4.90 percent decreasing to 3.10 percent) or 1 percentage-point higher (6.90 percent decreasing to 5.10 percent) than the current healthcare cost trend rates:

Healthcare Cost
Trend Rates
Net OPEB Liability / (Asset)
(expressed in thousands)

OPEB Plan	1% Decrease (4.90% decreasing to 3.10%)	Current Discount Rate (5.90% decreasing to 4.10%)	1% Increase (6.90% decreasing to 5.10%)
State Employee OPEB Plan	$ 82,690	$ 108,801	$ 125,666
Elected Official OPEB Plan	1,490	3,655	6,370
Total Net OPEB Liability / (Asset)	$ 84,180	$ 112,456	$ 132,036

NOTE 20. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to use a combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management Fund (internal service fund) and the Public Employees Health Program (PEHP) (major discrete component unit). The Risk Management Fund manages the general property, auto/physical damage, and general liability risks of the State. PEHP manages the group medical, dental, life insurance, and long-term disability programs of the State. The State is a major participant in both of these programs with all state funds and departments included. All state colleges, universities, and school districts, and most charter schools and other state component units participate in the Risk Management Fund. PEHP also provides insurance coverage to approximately 300 local governments, school districts, and other public entities within the State.

All participants share the risk within the Risk Management Fund property and auto risk pools. Participants in the Risk Management Fund general liability program are divided into higher education, school district, transportation department, and other state departments risk pools. All participants share the risk within the life insurance and long-term disability pools of PEHP. The PEHP medical and dental programs are divided into state and various other employers risk pools.

The State has determined that the Risk Management Fund and PEHP can economically and effectively manage the State's risks internally and have set aside assets for claim settlements through reserves. Risks are also covered through commercial insurance for excessive losses. The State is self-insured for liability claims up to $2 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 $3.500 million in aggregate claims and beyond the excess insurance policy limit of $1 billion per occurrence. The Risk Management Fund has not had a liability loss that exceeded the State's self-insured claim limit of $1 million for the fiscal years ended June 30, 2015 through June 30, 2017.

PEHP has reinsurance coverage for a life catastrophic occurrence in excess of $7.500 million, not to exceed $80 million per year with a one-time reinstatement with additional premium. PEHP also has excess medical reinsurance for medical losses that exceed $1.250 million on a person per year to a maximum of $2 to $5 million during the person's lifetime, depending on the participating group's lifetime maximum.

The Risk Management Fund and PEHP allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a premium to each participating public entity or employee. Premiums are based on each organization's recent trends in actual claims experience and property values. The primary government and the discrete component units of the State paid premiums to PEHP of $295.310 million and $42.587 million, respectively, for health and life insurance coverage in fiscal year 2017.

Risk Management and PEHP claims liabilities are reported when it is probable that a claim has occurred and the ultimate cost of settling that claim can be reasonably estimated and includes an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors (i.e., inflation, changes in legal doctrines and insurance benefits, and unanticipated damage awards), the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically by actuaries who take into consideration recently settled claims, frequency of claims, and other economic or social factors. Inflation and other appropriate modifiers are included in this calculation because reliance is based on historical data. The Risk Management Fund general liability program reserves of $46.949 million are reported using a discount rate of 1 percent. The PEHP long-term disability benefit reserves of $21.790 million are reported using discount rates between 2 and 5.75 percent.

All employers who participate in the Utah Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program according to Section 49-21-201 of the *Utah Code*. Employees of state departments who 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 are paid 100 percent by the program. As of June 30, 2017, there were 186 state employees receiving benefits. The program is funded by paying premiums to PEHP where assets are set aside for future payments. For the fiscal year ended June 30, 2017, the primary government and the discrete component units of the State paid premiums of $4.824 million and $300 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 (major and nonmajor discrete component units) each maintain self-insurance funds to manage health/dental care and 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 also maintains a self-insurance fund to manage medical malpractice liabilities. The University of Utah and the University of Utah Hospital and Clinics also have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by their respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances.

The following table presents the prior and current year 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, 2016 and June 30, 2017. The PEHP balances are for the calendar years ended December 31, 2015 and December 31, 2016:

Changes in Claims Liabilities
(expressed in thousands)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Risk Management:				
2016	$ 46,931	$ 17,003	$ (15,842)	$ 48,092
2017	$ 48,092	$ 20,929	$ (15,376)	$ 53,645
Public Employees Health Program:				
December 31, 2015	$ 131,005	$ 554,729	$ (547,942)	$ 137,792
December 31, 2016	$ 137,792	$ 585,782	$ (575,306)	$ 148,268
College and University Self-Insurance:				
2016	$ 76,992	$ 264,973	$ (246,587)	$ 95,378
2017	$ 95,378	$ 257,357	$ (253,261)	$ 99,474

NOTE 21. SUBSEQUENT EVENTS

Subsequent to June 30, 2017, the Governor's Office of Economic Development Board recommended and the director approved $67.645 million of additional commitments to be credited over the next several years for the Economic Development Tax Increment Financing Incentive program (EDTIF) and the Motion Picture Incentive program. These commitments are contingent on participating companies meeting certain economic development performance criteria and within-the-state production criteria.

On July 12, 2017, the State issued $142.070 million in General Obligation Bonds, Series 2017. Principal on the bonds is due annually commencing July 1, 2018 through July 1, 2032. Interest rates on the Series 2017 bonds range from 3 percent to 5 percent, with a "true interest rate" of 1.80 percent after considering the premium received upon the sale of the bonds. Proceeds of the bonds will be used for highway projects and capital facilities projects related to the relocation of the Utah State Correctional facility.

Effective January 1, 2017, the Utah Retirement Board reduced the actuarial return assumption from 7.20 percent to 6.95 percent adjusting other assumption changes in relation to inflation, cost-of-living, mortality, retirement, termination, and payroll growth rates. These changes are reflected as part of the actuarial experience study, conducted every three years, looking at the actual plan experience over the previous five years of data. These assumption changes will be recognized in the fiscal year 2018 pension disclosure after Utah Retirement Systems' (pension trust and defined contribution plans) measurement date of December 31, 2017. This change in assumption does not change the current required actuarial contribution rate or effect the State's proportionate share of the collective net pension liability.

On September 13, 2017, the University of Utah (major discrete component unit) issued $155.930 million of General Revenue and Refunding Bonds, Series 2017A. Principal on the bonds is due annually commencing August 1, 2018 through June 30, 2039. Bond interest is due semi-annually commencing February 1, 2018, at rates ranging from 4 percent to 5 percent. Proceeds from these bonds are to refund certain outstanding obligations of the University, towards the construction costs of the rehabilitation hospital, expansion of the University's guest house, and to pay costs of issuance.

On July 18, 2017, Dixie State University (nonmajor discrete component unit) issued $20.770 million of General Revenue Bonds, Series 2017 A and B. Principal on the bonds is due annually commencing June 1, 2020 through June 1, 2049. Bond interest is due semi-annually commencing December 1, 2017, at rates ranging from 2 percent to 5 percent. Proceeds from these bonds will be used for paying a portion of the costs of construction and expansion of the Legend Solar Stadium and a Human Performance Center building on the University's campus.

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REQUIRED SUPPLEMENTARY INFORMATION

2017

State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Budgetary Comparison Schedule
General Fund
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 1,858,001	$ 1,851,160	$ 1,856,754	$ 5,594
Licenses, Permits, and Fees:				
Court Fees	20,974	22,800	12,968	(9,832)
Other Licenses, Permits, and Fees	14,393	13,533	14,716	1,183
Investment Income	8,233	9,606	14,301	4,695
Miscellaneous Taxes and Other:				
Beer Tax	7,690	8,363	9,309	946
Cigarette and Tobacco Tax	106,619	107,579	106,959	(620)
Insurance Premium Tax	93,212	113,020	122,024	9,004
Oil, Gas, and Mining Severance Tax	28,672	10,479	16,140	5,661
Taxpayer Rebates	(6,033)	(6,034)	(5,597)	437
Court Collections	4,888	6,129	3,984	(2,145)
Other Taxes	41,850	46,755	41,326	(5,429)
Miscellaneous Other	20,238	22,942	24,798	1,856
Total General Revenues	2,198,737	2,206,332	2,217,682	11,350
Department Specific Revenues				
Sales Tax	4,150	4,326	4,326	—
Federal Contracts and Grants	3,116,865	2,904,528	2,904,528	—
Departmental Collections	492,591	513,084	513,238	154
Higher Education Collections	748,977	780,750	780,750	—
Federal Mineral Lease	64,720	74,038	73,787	(251)
Investment Income	2,202	2,637	2,945	308
Miscellaneous	609,408	637,661	637,196	(465)
Total Department Specific Revenues	5,038,913	4,917,024	4,916,770	(254)
Total Revenues	7,237,650	7,123,356	7,134,452	11,096
Expenditures				
General Government	455,684	440,526	367,039	73,487
Human Services and Juvenile Justice Services	825,643	817,371	809,257	8,114
Corrections	325,053	318,652	302,790	15,862
Public Safety	310,597	259,743	225,242	34,501
Courts	158,213	156,087	147,763	8,324
Health and Environmental Quality	3,117,919	3,148,091	3,095,373	52,718
Higher Education – State Administration	95,574	73,641	73,641	—
Higher Education – Colleges and Universities	1,672,827	1,721,098	1,721,040	58
Employment and Family Services	972,702	801,928	760,203	41,725
Natural Resources	268,075	271,717	226,772	44,945
Heritage and Arts	31,050	33,732	28,846	4,886
Business, Labor, and Agriculture	131,695	121,834	96,893	24,941
Total Expenditures	8,365,032	8,164,420	7,854,859	309,561
Excess Revenues Over (Under) Expenditures	(1,127,382)	(1,041,064)	(720,407)	320,657
Other Financing Sources (Uses)				
Sale of Capital Assets	25	116	116	—
Transfers In	836,553	943,229	943,229	—
Transfers Out	(230,438)	(261,765)	(261,765)	—
Total Other Financing Sources (Uses)	606,140	681,580	681,580	0
Net Change in Fund Balance	(521,242)	(359,484)	(38,827)	320,657
Budgetary Fund Balance – Beginning	638,410	638,410	638,410	—
Budgetary Fund Balance – Ending	$ 117,168	$ 278,926	$ 599,583	$ 320,657

The *Information About Budgetary Reporting* is an integral part of this schedule.

Budgetary Comparison Schedule
Education Fund
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Individual Income Tax	$ 3,542,436	$ 3,595,223	$ 3,619,276	$ 24,053
Corporate Tax	370,039	326,029	328,785	2,756
Miscellaneous Other	28,783	30,143	32,054	1,911
Total General Revenues	3,941,258	3,951,395	3,980,115	28,720
Department Specific Revenues				
Federal Contracts and Grants	583,131	445,517	445,517	—
Departmental Collections	9,143	16,333	16,333	—
Investment Income	415	513	759	246
Miscellaneous:				
Liquor Sales Allocated for School Lunch	39,262	42,723	42,723	—
Driver Education Fee	5,500	5,934	5,934	—
Other	10,010	500	1,933	1,433
Total Department Specific Revenues	647,461	511,520	513,199	1,679
Total Revenues	4,588,719	4,462,915	4,493,314	30,399
Expenditures				
Public Education	4,737,741	3,833,244	3,707,267	125,977
Total Expenditures	4,737,741	3,833,244	3,707,267	125,977
Excess Revenues Over (Under) Expenditures	(149,022)	629,671	786,047	156,376
Other Financing Sources (Uses)				
Transfers In	75,878	54,290	54,290	—
Transfers Out	(858,288)	(838,287)	(838,287)	—
Total Other Financing Sources (Uses)	(782,410)	(783,997)	(783,997)	0
Net Change in Fund Balance	(931,432)	(154,326)	2,050	156,376
Budgetary Fund Balance – Beginning	599,044	599,044	599,044	—
Budgetary Fund Balance – Ending	$ (332,388)	$ 444,718	$ 601,094	$ 156,376

The *Information About Budgetary Reporting* is an integral part of this schedule.

Budgetary Comparison Schedule
Transportation Fund
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Motor Fuel Tax	$ 328,301	$ 352,700	$ 348,755	$ (3,945)
Special Fuel Tax	120,508	129,500	134,913	5,413
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees	44,302	46,031	44,305	(1,726)
Proportional Registration Fees	15,963	15,700	15,623	(77)
Temporary Permits	256	267	255	(12)
Special Transportation Permits	10,254	10,812	10,407	(405)
Highway Use Permits	11,416	11,208	10,935	(273)
Motor Vehicle Control Fees	5,969	6,282	6,027	(255)
Investment Income	500	700	1,761	1,061
Miscellaneous Other	—	—	19	19
Total General Revenues	537,469	573,200	573,000	(200)
Department Specific Revenues				
Sales and Aviation Fuel Taxes	5,200	5,200	6,627	1,427
Federal Contracts and Grants	182,727	406,332	406,332	—
Departmental Collections	66,043	80,562	81,846	1,284
Investment Income	121	121	633	512
Miscellaneous	7,263	54,999	57,105	2,106
Total Department Specific Revenues	261,354	547,214	552,543	5,329
Total Revenues	798,823	1,120,414	1,125,543	5,129
Expenditures				
Transportation	794,784	1,136,714	1,007,280	129,434
Total Expenditures	794,784	1,136,714	1,007,280	129,434
Excess Revenues Over (Under) Expenditures	4,039	(16,300)	118,263	134,563
Other Financing Sources (Uses)				
Sale of Capital Assets	500	24,570	24,570	—
Transfers In	66,164	44,495	44,495	—
Transfers Out	(59,329)	(100,649)	(100,649)	—
Total Other Financing Sources (Uses)	7,335	(31,584)	(31,584)	0
Net Change in Fund Balance	11,374	(47,884)	86,679	134,563
Budgetary Fund Balance – Beginning	226,792	226,792	226,792	—
Budgetary Fund Balance – Ending	$ 238,166	$ 178,908	$ 313,471	$ 134,563

The *Information About Budgetary Reporting* is an integral part of this schedule.

Budgetary Comparison Schedule
Budget to GAAP Reconciliation
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	General Fund	Education Fund	Transportation Fund
Revenues			
Actual total revenues (budgetary basis)	$ 7,134,452	$ 4,493,314	$ 1,125,543
Differences – Budget to GAAP:			
Intrafund revenues are budgetary revenues but are not revenues for financial reporting	(422,376)	(1,410)	(35,628)
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting	(786,255)	(7,698)	—
Change in revenue accrual for nonbudgetary Medicaid claims	4,733	—	—
Change in tax accruals designated by law and other liabilities are revenues for financial reporting but not for budgetary reporting	19,835	23,577	812
Change in estimated federal receivables recorded as revenues for financial reporting but not for budgetary reporting	—	25,787	—
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 5,950,389	$ 4,533,570	$ 1,090,727
Expenditures			
Actual total expenditures (budgetary basis)	$ 7,854,859	$ 3,707,267	$ 1,007,280
Differences – Budget to GAAP:			
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting	(422,376)	(1,410)	(35,628)
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	(786,255)	(7,698)	—
Certain budgetary transfers and other charges are reported as an increase or reduction of expenditures for financial reporting	(4,629)	—	—
Leave charges budgeted as expenditures when earned rather than when taken or due	164	49	(105)
Change in estimated liabilities recorded as expenditures for financial reporting but not for budgetary reporting	—	35,132	—
Change in accrual for Medicaid (incurred but not reported) claims excluded from the budget by statute	6,701	—	—
Change in accrual for Rehabilitation (incurred but not reported) claims excluded from the budget by statute	290	(2,392)	—
Taxpayer rebates budgeted as revenue offset but recorded as expenditures for financial reporting	5,583	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 6,654,337	$ 3,730,948	$ 971,547

The *Information About Budgetary Reporting* is an integral part of this schedule.

INFORMATION ABOUT BUDGETARY REPORTING

Budgetary Presentation

A Budgetary Comparison Schedule is presented for the General Fund and each of the State's major special revenue funds for which the Legislature enacts an annual budget. An annual budget is also adopted for the Transportation Investment Fund, a major capital projects fund, the Debt Service Fund, a nonmajor governmental fund, and the Alcoholic Beverage Control Fund, a nonmajor enterprise fund. The budgets are enacted through passage of *Appropriations Acts.* Budgets for specific general revenues are not adopted through an *Appropriations Act*, but are based on supporting estimates approved by the Executive Appropriations Committee of the Legislature. General revenues are those revenues available for appropriation for any program or purpose as allowed by law. Department-specific revenues are revenues dedicated by an *Appropriations Act* or restricted by other law or external grantor to a specific program or purpose.

Original budgets and related revenue estimates represent the spending authority enacted through *Appropriations Acts* as of June 30, 2017, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: (***1***) lapse to unrestricted balances (committed, assigned, or unassigned) and be available for future appropriation; (***2***) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or (***3***) be nonlapsing, which means balances are reported as either restricted or committed fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act*, or by limited encumbrances.

Budgetary Control

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of Management and Budget so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January, the Governor recommends a budget to the Legislature. The Legislature considers those recommendations and prepares a series of *Appropriations Acts* that modify the State budget for the current year and constitute the State budget for the following year. The Legislature passes the *Appropriations Acts* by a simple majority vote. The *Appropriations Acts* becomes the State's authorized operating budget upon the Governor's signature. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning balances.

Budgetary control is maintained at the functional or organizational level, as identified by numbered line items in the *Appropriations Acts.* Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Acts*. If funding sources are not sufficient to cover the appropriation, the Governor is required to reduce the budget by the amount of the deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental *Appropriations Act*.

Any department that spends more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. In the General Fund, the State Courts Administrator's budget for juror and witness fees was over expended by $1.010 million. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

Spending Limitation

The State also has an appropriation limitation statute that limits the growth in state appropriations. The total of the amount appropriated from unrestricted General Fund sources plus the income tax revenues appropriated for higher education is limited to the growth in population and inflation. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for debt service, emergency expenditures, amounts from other than unrestricted revenue sources, transfers to the Budgetary Reserve Account (Rainy Day Fund), Education Budget Reserve Account and the Transportation Investment Fund; or capital developments meeting certain criteria are exempt from the appropriations limitation. For the fiscal year ended June 30, 2017, the State was $592.433 million below the appropriations limitation.

INFORMATION ABOUT THE STATE'S PENSION PLANS

A. Single-employer Plans

The State's defined benefit pension systems/plan is administered by the Utah Retirement Systems and is included in this Comprehensive Annual Financial Report as a pension trust fund within the fiduciary funds. The Judges System and the Utah Governors and Legislators Retirement Plan are single-employer service retirement plans.

The following schedules present for the State's (primary government) single-employer retirement plans the Changes in the Net Pension Liability and Related Ratios and Schedule of Employer Contributions.

Changes in Net Pension Liability
Single-employer Plans
Last Three Calendar Years ending December 31 *
(dollars expressed in thousands)

		Calendar Year		
Judges System		**2014**	**2015**	**2016**
Total Pension Liability				
Service Cost		$ 4,895	$ 4,794	$ 5,023
Interest		13,641	14,136	14,064
Difference between Actual and Expected Experience		2,602	171	1,995
Assumption Changes		(130)	—	2,885
Benefit Payments		(11,361)	(12,400)	(12,330)
Net Change in Total Pension Liability		9,647	6,701	11,637
Total Pension Liability – Beginning		182,638	192,285	198,986
Total Pension Liability – Ending	*A*	$ 192,285	$ 198,986	$ 210,623
Plan Fiduciary Net Position				
Contributions – Employee		$ 317	$ —	$ —
Contributions – Employer **		5,627	6,555	7,382
Court Fees ***		1,486	1,653	1,470
Net Investment Income		11,068	2,842	13,820
Benefit Payments		(11,361)	(12,400)	(12,330)
Administrative Expense		(71)	(71)	(71)
Net Transfers with Affiliated Systems		1,092	1,334	1,600
Net Change in Plan Fiduciary Net Position		8,158	(87)	11,871
Plan Fiduciary Net Position – Beginning		155,676	163,834	163,747
Plan Fiduciary Net Position – Ending	*B*	$ 163,834	$ 163,747	$ 175,618
Net Pension Liability (A - B)		$ 28,451	$ 35,239	$ 35,005
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		85.20%	82.29%	83.38%
Covered Payroll		$ 15,264	$ 16,372	$ 16,755
Net Pension Liability as a Percentage of Covered Payroll		186.39%	215.24%	208.92%
Utah Governors and Legislators Retirement Plan				
Total Pension Liability				
Service Cost		$ 106	$ 99	$ 90
Interest		884	890	851
Difference between Actual and Expected Experience		307	(105)	167
Assumption Changes		—	—	241
Benefit Payments		(909)	(904)	(941)
Net Change in Total Pension Liability		388	(20)	408
Total Pension Liability – Beginning		11,879	12,267	12,247
Total Pension Liability – Ending	*A*	$ 12,267	$ 12,247	$ 12,655
Plan Fiduciary Net Position				
Contributions – Employer		$ 411	$ 421	$ 421
Net Investment Income		717	181	849
Benefit Payments		(909)	(904)	(941)
Administrative Expense		(5)	(5)	(4)
Net Transfers with Affiliated Systems		(14)	(20)	(12)
Net Change in Plan Fiduciary Net Position		200	(327)	313
Plan Fiduciary Net Position – Beginning		10,166	10,366	10,039
Plan Fiduciary Net Position – Ending	*B*	$ 10,366	$ 10,039	$ 10,352
Net Pension Liability (A - B)		$ 1,901	$ 2,208	$ 2,303
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		84.50%	81.97%	81.80%
Covered Payroll		$ 1,045	$ 946	$ 799
Net Pension Liability as a Percentage of Covered Payroll		181.91%	233.40%	288.24%

* The State of Utah adopted GASB Statement 68 in fiscal year 2015. This schedule will eventually include ten years of history.
** Employer paid contributions for the Judges System include a 3 percent retirement benefit increase (substantial substitute) that is not reflected in this schedule.
*** These court fees were recognized as revenue for support provided by nonemployer contributing entities.

Contributions – The following schedule presents a ten year history of the State's (primary government) contributions to the Utah Retirement Systems for its single-employer plans:

Employer Contributions
Single-employer Plans
(dollars expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Judges System	2008	$ 1,737	$ 1,737	$ 0	$ 14,032	12.38%
	2009	$ 1,980	$ 1,980	$ 0	$ 14,654	13.51%
	2010	$ 2,427	$ 2,427	$ 0	$ 14,203	17.09%
	2011	$ 3,475	$ 3,475	$ 0	$ 14,650	23.72%
	2012	$ 3,839	$ 3,839	$ 0	$ 14,870	25.82%
	2013	$ 4,910	$ 4,910	$ 0	$ 14,937	32.87%
	2014	$ 5,335	$ 5,335	$ 0	$ 14,989	35.59%
	2015	$ 6,179	$ 6,179	$ 0	$ 15,453	39.99%
	2016	$ 7,154	$ 7,154	$ 0	$ 17,204	41.58%
	2017	$ 7,728	$ 7,728	$ 0	$ 16,755	46.12%
Utah Governors and Legislators Retirement Plan[1]	2008	—	—	—	—	—
	2009	—	—	—	—	—
	2010	—	—	—	—	—
	2011	$ 153	$ 153	$ 0	$ 771	19.84%
	2012	$ 214	$ 214	$ 0	$ 757	28.27%
	2013	$ 252	$ 252	$ 0	$ 1,431	17.61%
	2014	$ 411	$ 411	$ 0	$ 1,783	23.05%
	2015	$ 411	$ 411	$ 0	$ 1,751	23.47%
	2016	$ 421	$ 421	$ 0	$ 943	44.64%
	2017	$ 421	$ 421	$ 0	$ 799	52.69%

Notes to Single-employer Plans Schedule of Contributions

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method – Judges System	Level Percentage of Payroll
Amortization Method – Utah Governors and Legislators Retirement Plan	Level Dollar
Amortization Period – Judges System	Open Group 20-year Open Period
Amortization Period – Utah Governors and Legislators Retirement Plan	Open Group 19-year Closed Period
Asset Valuation Method	5-year smoothed market
Investment Rate of Return	7.20 %
Inflation	2.60 %
Salary Increases	Composed of 2.60 percent inflation, plus 0.75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
Mortality	Male: RP-2000 with white collar adjustments, projected with Scale AA from the year 2000. Female: 120 percent of constructed mortality table based on actual experience of female educators, projected with Scale AA from the year 2000.

Other Information:

The actuarially determined contribution rates are calculated as of January 1 and become effective on July 1 of the following year, which is 18 months after the valuation date. The Utah Retirement Systems' Board certifies the contribution rates that employers are contractually required to contribute to the Retirement System. According to Section 49-11-301(5) of the *Utah Code*, if the funded ratio of the plan is less than 110 percent, then the Board is permitted to maintain the prior year's contribution rate if the actuarially determined contribution is lower. The Board has historically followed this policy.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- Investment Rate of Return
  In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8 to 7.75 percent, and then again in 2011 down to 7.50 percent. In 2017, the discount rate was reduced to 7.20 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
- Amortization
  Changes implemented in 2009 include: losses in 2008 were amortized over the next 5 years (20 percent per year), and the unfunded actuarial accrued liability (UAAL) amortization period was modified from 20 to 25 years.
- Inflation Rate
  In 2017, the assumed rate of inflation was decreased from 2.75 to 2.60 percent.

[1] Complete information not available prior to fiscal year 2011.

B. Multiple-employer Systems

The State's defined benefit pension systems are administered by the Utah Retirement Systems and are included in this Comprehensive Annual Financial Report as a pension trust fund within the fiduciary funds. The Noncontributory System, Contributory System, Public Safety System, Firefighters System, Tier 2 Public Employees System, and Tier 2 Public Safety and Firefighters System are defined-benefit multiple-employer, cost-sharing, public employee retirement systems.

The following schedule presents the State's (primary government) proportionate share of the net pension liability for its multiple-employer, cost-sharing public employee employer retirement systems:

Changes in Net Pension Liability
Multiple-employer Plans
Last Three Calendar Years ending December 31*
(dollars expressed in thousands)

	Calendar Year		
Noncontributory System	**2014**	**2015**	**2016**
Proportion of the Net Pension Liability (Asset)	24.07%	23.84%	24.46%
Proportionate Share of the Net Pension Liability (Asset)	$604,765	$748,863	$792,635
Covered Payroll	$645,747	$630,251	$639,263
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	93.65%	118.82%	123.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.20%	84.50%	84.90%
Contributory System			
Proportion of the Net Pension Liability (Asset)	34.02%	32.52%	30.90%
Proportionate Share of the Net Pension Liability (Asset)	$3,731	$20,378	$16,932
Covered Payroll	$12,280	$10,301	$8,283
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	30.38%	197.83%	204.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.70%	92.40%	93.40%
Public Safety System			
Proportion of the Net Pension Liability (Asset)	98.11%	97.81%	97.73%
Proportionate Share of the Net Pension Liability (Asset)	$182,306	$210,570	$208,964
Covered Payroll	$111,391	$109,909	$112,155
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	163.66%	191.59%	186.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.30%	82.30%	83.50%
Firefighters System			
Proportion of the Net Pension Liability (Asset)	2.59%	3.90%	4.30%
Proportionate Share of the Net Pension Liability (Asset)	$(148)	$(71)	$(34)
Covered Payroll	$851	$1,047	$1,208
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	(17.39)%	(6.78)%	(2.81)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.50%	101.00%	100.40%
Tier 2 Public Employees System			
Proportion of the Net Pension Liability (Asset)	17.95%	17.66%	19.04%
Proportionate Share of the Net Pension Liability (Asset)	$(544)	$(39)	$2,123
Covered Payroll	$88,068	$114,106	$156,103
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	(0.62)%	(0.03)%	1.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.50%	100.20%	95.10%
Tier 2 Public Safety and Firefighters System			
Proportion of the Net Pension Liability (Asset)	26.64%	25.84%	26.95%
Proportionate Share of the Net Pension Liability (Asset)	$(394)	$(377)	$(234)
Covered Payroll	$11,011	$15,378	$22,263
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	(3.58)%	(2.45)%	(1.05)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	120.50%	110.70%	103.60%

* The State of Utah adopted GASB Statement 68 in fiscal year 2015. This schedule will eventually include ten years of history.

Contributions - The following schedule presents a ten year history of the State's (primary government) contributions to the Utah Retirement Systems for its multiple-employer, cost-sharing public employee employer retirement systems:

Employer Contributions
Multiple-employer Plans
(expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Noncontributory System	2008	$ 101,591	$ 101,591	$ 0	$ 714,425	14.22%
	2009	$ 106,881	$ 106,881	$ 0	$ 751,161	14.23%
	2010	$ 103,548	$ 103,548	$ 0	$ 728,183	14.22%
	2011	$ 117,029	$ 117,029	$ 0	$ 717,445	16.31%
	2012	$ 116,876	$ 116,876	$ 0	$ 705,969	16.56%
	2013	$ 129,519	$ 129,519	$ 0	$ 681,504	19.00%
	2014	$ 139,990	$ 139,990	$ 0	$ 656,413	21.33%
	2015	$ 139,126	$ 139,126	$ 0	$ 636,665	21.85%
	2016	$ 136,246	$ 136,246	$ 0	$ 623,605	21.85%
	2017	$ 138,041	$ 138,041	$ 0	$ 631,040	21.88%
Contributory System	2008	$ 2,346	$ 2,346	$ 0	$ 24,109	9.73%
	2009	$ 2,284	$ 2,284	$ 0	$ 23,471	9.73%
	2010	$ 2,062	$ 2,062	$ 0	$ 21,188	9.73%
	2011	$ 2,154	$ 2,154	$ 0	$ 18,204	11.83%
	2012	$ 2,012	$ 2,012	$ 0	$ 16,266	12.37%
	2013	$ 2,129	$ 2,129	$ 0	$ 14,919	14.27%
	2014	$ 2,114	$ 2,114	$ 0	$ 13,238	15.97%
	2015	$ 1,985	$ 1,985	$ 0	$ 11,215	17.70%
	2016	$ 1,623	$ 1,623	$ 0	$ 9,171	17.70%
	2017	$ 1,373	$ 1,373	$ 0	$ 7,756	17.70%
Public Safety System	2008	$ 29,183	$ 29,183	$ 0	$ 109,362	26.68%
	2009	$ 33,644	$ 33,644	$ 0	$ 119,771	28.09%
	2010	$ 34,297	$ 34,297	$ 0	$ 113,776	30.14%
	2011	$ 36,418	$ 36,418	$ 0	$ 111,277	32.73%
	2012	$ 38,733	$ 38,733	$ 0	$ 118,083	32.80%
	2013	$ 42,054	$ 42,054	$ 0	$ 115,261	36.49%
	2014	$ 44,472	$ 44,472	$ 0	$ 112,858	39.41%
	2015	$ 43,893	$ 43,893	$ 0	$ 110,125	39.86%
	2016	$ 43,850	$ 43,850	$ 0	$ 109,288	40.12%
	2017	$ 44,808	$ 44,808	$ 0	$ 111,465	40.20%
Firefighters System	2008	—	—	—	—	—
	2009	—	—	—	—	—
	2010	—	—	—	—	—
	2011	$ 13	$ 13	$ 0	$ 777	1.67%
	2012	$ 5	$ 5	$ 0	$ 1,021	0.49%
	2013	$ 27	$ 27	$ 0	$ 1,033	2.61%
	2014	$ 22	$ 22	$ 0	$ 935	2.35%
	2015	$ 34	$ 34	$ 0	$ 897	3.79%
	2016	$ 46	$ 46	$ 0	$ 1,164	3.95%
	2017	$ 47	$ 47	$ 0	$ 1,216	3.87%
Tier 2 Public Employees System	2008	—	—	—	—	—
	2009	—	—	—	—	—
	2010	—	—	—	—	—
	2011	—	—	—	—	—
	2012	$ 1,492	$ 1,492	$ 0	$ 19,662	7.59%
	2013	$ 4,395	$ 4,395	$ 0	$ 51,339	8.56%
	2014	$ 6,390	$ 6,390	$ 0	$ 75,172	8.50%
	2015	$ 18,280	$ 18,280	$ 0	$ 100,055	18.27%
	2016	$ 24,358	$ 24,358	$ 0	$ 133,543	18.24%
	2017	$ 31,467	$ 31,467	$ 0	$ 172,519	18.24%
Tier 2 Public Safety and Firefighters System	2008	—	—	—	—	—
	2009	—	—	—	—	—
	2010	—	—	—	—	—
	2011	—	—	—	—	—
	2012	$ 56	$ 56	$ 0	$ 536	10.45%
	2013	$ 506	$ 506	$ 0	$ 4,558	11.10%
	2014	$ 1,002	$ 1,002	$ 0	$ 9,091	11.02%
	2015	$ 3,711	$ 3,711	$ 0	$ 12,751	29.10%
	2016	$ 5,349	$ 5,349	$ 0	$ 18,448	29.00%
	2017	$ 7,248	$ 7,248	$ 0	$ 24,965	29.03%

Notes to Multiple-employer Systems Schedule of Contributions

This schedule reflects the legislative authorized rates and contributions for these systems. Tier 2 rates include a statutory required contribution (0.08 to 18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 plans.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- Investment Rate of Return

  In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8 to 7.75 percent, and then again in 2011 down to 7.50 percent. In 2017, the discount rate was reduced to 7.20 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
- Amortization

  Changes implemented in 2009 include: losses in 2008 were amortized over the next 5 years (20 percent per year), and the unfunded actuarial accrued liability (UAAL) amortization period was modified from 20 to 25 years.

New Retirement Plans:

During the 2010 General Session, the Legislature passed Senate Bill 63, *New Public Employees' Tier 2 Contributory Retirement Act*. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement Systems.

Restatement:

As a result of implementing GASB Statement 82, Pension Issues, payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are no longer reflected in this schedule.

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INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

A. Single-employer Plans

The State administers two single-employer Other Postemployment Benefit (OPEB) Plans, the State Employee OPEB Plan and the Elected Official OPEB Plan. The State Employee OPEB Plan and the Elected Official OPEB Plan are administered through two separate irrevocable trusts; the State Post-Retirement Benefits Trust Fund and Elected Official Post-Retirement Benefits Trust Fund, respectively. Assets of the trust funds are dedicated to providing postemployment health and life insurance coverage to current and eligible future state retirees and elected officials.

The following schedules present, for the State's (primary government) single-employer OPEB Plans, the Changes in the Net OPEB Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment Returns.

Changes in Net OPEB Liability
Single-employer Plans
(expressed in thousands)

		Fiscal Year* 2017
State Employee Plan		
Total OPEB Liability		
Service Cost		$ 4,939
Interest		13,661
Difference between Actual and Expected Experience		—
Assumption Changes		—
Benefit Payments		(30,158)
Net Change in Total OPEB Liability		(11,558)
Total OPEB Liability – Beginning		374,531
Total OPEB Liability – Ending	*A*	$ 362,973
Plan Fiduciary Net Position		
Contributions – Employee		$ —
Contributions – Employer		33,361
Net Investment Income		14,194
Benefit Payments		(30,158)
Administrative Expense		—
Net Transfers with Affiliated Systems		—
Net Change in Plan Fiduciary Net Position		17,397
Plan Fiduciary Net Position – Beginning		236,775
Plan Fiduciary Net Position – Ending	*B*	$ 254,172
Net OPEB Liability (A - B)		$ 108,801
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		70.03%
Covered Payroll **		$ 966,279
Net OPEB Liability as a Percentage of Covered Payroll		11.26%
Elected Official OPEB Plan		
Total OPEB Liability		
Service Cost		$ 698
Interest		789
Difference between Actual and Expected Experience		—
Assumption Changes		—
Benefit Payments		(503)
Net Change in Total OPEB Liability		984
Total OPEB Liability – Beginning		14,751
Total OPEB Liability – Ending	*A*	$ 15,735
Plan Fiduciary Net Position		
Contributions – Employee		$ —
Contributions – Employer		1,388
Net Investment Income		1,214
Benefit Payments		(503)
Administrative Expense		—
Net Transfers with Affiliated Systems		—
Net Change in Plan Fiduciary Net Position		2,099
Plan Fiduciary Net Position – Beginning		9,981
Plan Fiduciary Net Position – Ending	*B*	$ 12,080
Net OPEB Liability (A - B)		$ 3,655
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		76.77%
Covered-employee Payroll **		$ 1,478
Net OPEB Liability as a Percentage of Covered-employee Payroll		247.29%

* The State of Utah adopted GASB Statements 74, 75, and 85 in fiscal year 2017. This schedule will eventually include ten years of history.

****** Contributions to the State Employee Plan are based on a measure of pay, therefore covered payroll is presented in the above schedule. Contributions to the Elected Official OPEB Plan are based on appropriations and not on a measure of pay; therefore, for that plan the covered-employee payroll is presented.

Contributions – The following schedule presents a ten year history of the State's (primary government) contributions to its single-employer OPEB plans, the State Employee OPEB Plan and Elected Official OPEB Plan.

Employer Contributions – OPEB Plans
Single-employer Plans
(expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Contributions as a Percentage of Covered Payroll
State Employee OPEB Plan.......	2008	$ 53,491	$ 52,811	$ 680	$ 853,943	6.18%
	2009	$ 53,491	$ 53,491	$ 0	$ 911,626	5.87%
	2010	$ 43,819	$ 43,819	$ 0	$ 868,215	5.05%
	2011	$ 43,819	$ 43,819	$ 0	$ 870,590	5.03%
	2012	$ 37,594	$ 43,293	$ (5,699)	$ 866,012	5.00%
	2013	$ 37,594	$ 38,070	$ (476)	$ 874,401	4.35%
	2014	$ 30,342	$ 30,342	$ 0	$ 888,806	3.41%
	2015	$ 30,342	$ 30,342	$ 0	$ 905,895	3.35%
	2016	$ 29,100	$ 35,683	$ (6,583)	$ 942,630	3.79%
	2017	$ 29,100	$ 33,361	$ (4,261)	$ 966,279	3.45%
Elected Official OPEB Plan.......	2008	—	—	—	—	—
	2009	—	—	—	—	—
	2010	—	—	—	—	—
	2011	—	—	—	—	—
	2012	$ 1,894	$ 3,470	$ (1,576)	$ 757	458.39%
	2013	$ 1,894	$ 2,030	$ (136)	$ 1,431	141.86%
	2014	$ 1,321	$ 2,030	$ (709)	$ 1,783	113.85%
	2015	$ 1,321	$ 1,388	$ (67)	$ 1,751	79.27%
	2016	$ 1,241	$ 1,388	$ (147)	$ 1,661	83.56%
	2017	$ 1,241	$ 1,388	$ (147)	$ 1,478	93.91%

* Contributions to the State Employee OPEB Plan are based on a measure of pay, therefore covered payroll is presented in the above schedule. Contributions to the Elected Official OPEB Plan are based on appropriations and not on a measure of pay; therefore, for that plan the covered-employee payroll is presented.

Notes to Single-employer OPEB Plans Schedule of Contributions

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Amount, Open
Amortization Period – State Employee OPEB Plan	10-year
Amortization Period – Elected Official OPEB Plan	20-year
Asset Valuation Method	Fair value
Investment Rate of Return – State Employee OPEB Plan	4.50 %
Investment Rate of Return – Elected Official OPEB Plan	4.50 %
Inflation	2.50 %
Health Care Cost Trend Rates	Initial health care cost trend rate of 5.20 percent which declines gradually to an ultimate rate of 4.20 percent in 2084.The medical trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Getzen Model.

Other Information:

Only the last six years of data, measured in conformity with the latest GASB Statements, is available for the Elected Official OPEB Plan.

The Actuarially Determined Contribution (ADC) is calculated biennially as of December 31 and is used to establish contributions to fund the plans on July 1, which is generally the fiscal year that begins 6 months after the valuation date. The OPEB Board recommends the ADC to the Governor and Legislature. The Legislature has historically fully funded the ADC.

The State Employee OPEB Plan was closed to new entrants beginning January 1, 2006. This change to benefit terms was reflected in the subsequent December 31 valuation and reflected in the fiscal year 2010 ADC.

Healthcare coverage (ages 62 to 65) for the Elected Official OPEB Plan was closed and is only available for elected officials that began service prior to January 1, 2012. This change to healthcare coverage was reflected in the fiscal year 2012 ADC. Benefit terms were changed again to allow only elected officials that began service prior to July 1, 2013 to receive Medicare coverage. This change to Medicare coverage was reflected in the subsequent December 31 valuation and reflected in the fiscal year 2014 ADC.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- Investment Rate of Return
  In fiscal year 2012, the actuarial assumed rate of return (the discount rate) for the State Employee OPEB Plan was modified from 6.00 to 4.50 percent. In fiscal year 2014, the discount rate for the Elected Official Plan was modified from 4 to 4.50 percent.
- Amortization Period
  In fiscal year 2014, the amortization period for State Employee OPEB Plan was changed from a 25 year open to a 20 year open. The Elected Official OPEB Plan was changed from a 30 year open to a 20 year open.
- Healthcare Cost Trend Rates
  In fiscal year 2012, for both Plans, the health care cost trend rate changed from an initial rate of 10 to 9.50 percent. In fiscal year 2014, the healthcare cost trend rate changed from an initial rate of 9.50 to 8.50 percent, and changed again in fiscal year 2016 to an initial rate of 5.20 percent. In fiscal year 2016 the healthcare cost trend rate changed from an ultimate rate of 4.50 to 4.20 percent.

OPEB Plans
Schedule of Investment Returns
Single-employer Plans

Last Ten Fiscal Years

	Fiscal Year*	Annual Money-Weighted Rate of Return (Net of Investment Expense)
State Employee OPEB Plan	2008	—
	2009	—
	2010	—
	2011	—
	2012	—
	2013	—
	2014	—
	2015	—
	2016	—
	2017	5.79%
Elected Official OPEB Plan	2008	—
	2009	—
	2010	—
	2011	—
	2012	—
	2013	—
	2014	—
	2015	—
	2016	—
	2017	11.24%

* The State of Utah adopted GASB Statements 74, 75, and 85 in fiscal year 2017. This schedule will eventually include ten years of history.

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INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

As allowed by the Governmental Accounting Standards Board (GASB), the State has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). This includes infrastructure acquired prior to fiscal year 1981. Under this alternative method, referred to as the "modified approach," infrastructure assets are not depreciated, and maintenance and preservation costs are expensed.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the State.
- Document that infrastructure assets are being preserved approximately at, or above the condition level established by the State.

Roads

UDOT uses the Pavement Management System to determine the condition of 5,880 centerline miles of state roads. The assessment is based on Ride Quality, using the International Roughness Index (IRI) data. This data is also reported to the Federal Highways Administration (FHWA) and used for the National Condition Assessment reported to Congress. Ranges for Good, Fair and Poor condition were established to correlate with the national FHWA ranges. Additional condition measures for age, wheel path rutting and surface cracking are considered in project recommendations.

Category	IRI Range	Description
Good	< 95	Pavements that provide a smooth ride and typically exhibit few signs of visible distress suitable for surface seals and preservation.
Fair	95 to 170	Pavements with noticeable deterioration beginning to affect the ride in need of resurfacing.
Poor	> 170	Pavements with an unacceptable ride that have deteriorated to such an extent that they are in need of major rehabilitation.

Condition Level – Roads

UDOT utilizes a number of strategies and performance measures for estimating long term performance and managing allocations of funds to different categories within the pavement system. These measures vary slightly in function and purpose, all seeking to help assure systems are performing well. UDOT performs pavement condition assessments at a minimum of every other calendar year. The State has established an overall condition target to assure the system is funded adequately and not at any financial risk to maintain. This target is to maintain the Statewide system (Overall) with 80 percent or more of the mileage rated at "fair" or better condition. Performance measures include strategic goals for the High Volume System (over 1,000 Average Annual Daily Traffic) and Low Volume System (under 1,000 Average Annual Daily Traffic), internal goals for each pavement category, and national performance targets for reporting to the FHWA for the Interstate system and the National Highway system.

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

System	2015	2014	2012
Overall System	89.32%	87.51%	89.07%
High Volume System	94.32%	93.64%	95.19%
Low Volume System	79.24%	75.30%	79.70%

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
2017	$217,593	$346,112
2016	$202,516	$291,847
2015	$198,526	$279,878
2014	$193,282	$298,484
2013	$194,720	$328,137

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,932 state-owned bridges. A number, ranging from 1 to 100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

Category	Range	Description
Good	80 - 100	Preventive maintenance requirements include repair leaking deck joints, apply deck overlays and seals, place concrete sealers to splash zones, paint steel surfaces, and minor beam repairs.
Fair	50 - 79	Corrective repairs include deck, beam, and substructure repairs, fixing settled approaches, and repairing collision damage.
Poor	1 - 49	Major rehabilitation and replacement includes deck, beam, or substructure replacements or replacement of the entire bridge.

Condition Level – Bridges

The State performs assessments on 50 percent of bridges on an annual basis, each bridge being assessed every other year. The established condition level is to maintain 50 percent of the bridges with a rating of “good” and no more than 10 percent with a rating of “poor.” The following table reports the results of the bridges assessed for the past three years:

Rating	2017	2016	2015
Good	67.91%	70.95%	73.01%
Poor	1.45%	1.40%	0.62%

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
2017	$38,399	$61,079
2016	$35,738	$51,502
2015	$35,034	$49,390
2014	$34,109	$52,674
2013	$34,362	$57,907

SUPPLEMENTARY INFORMATION

2017

State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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Nonmajor Governmental Funds

State Endowment Fund
This fund accounts for a portion of proceeds relating to the State's settlement agreement with major tobacco manufacturers, severance tax revenue in excess of statutory base amounts, and money or other assets authorized under any provision of law. The principal of the fund cannot be appropriated except by a three-fourths vote of both houses of the Legislature and with the concurrence of the Governor. One-half of all interest and dividends earned on tobacco settlement proceeds in this fund is deposited in the General Fund.

Environmental Reclamation
This fund consists of various programs aimed at preserving open land, improving irrigation in the State, funding recycling programs, and funding cleanup and reclamation projects. Funds received are from state appropriations, fees and fines, recovered liens and costs, and voluntary contributions.

Crime Victim Reparation
This fund accounts for court-ordered restitution and a surcharge on criminal fines, penalties, and forfeitures. Monies deposited in this fund are for victim reparations, other victim services, and, as appropriated, costs of administering the fund.

Universal Telephone Services
This fund is designed to preserve and promote universal telephone service throughout the State by ensuring that all citizens have access to affordable basic telephone service. Revenues come from surcharges on customers' phone bills and from fines and penalties levied against telephone service providers by the Public Service Commission.

Consumer Education Fund
This fund accounts for revenues and expenditures associated with educating and training Utah residents in various consumer matters. Funding is provided through the assessment and collection of fines and penalties from various regulated professions.

Rural Development Fund
This fund promotes various programs in rural areas of the State including construction of communications systems and economic development grants to Native American tribes. Funding comes from oil and gas severance taxes and from royalties on mineral extractions on federal land within the State.

State Capitol Fund
This fund was created to account for the funding and operations of the State Capitol Preservation Board. Funds are used in part to pay for repairs and maintenance of Capitol Hill facilities and grounds. Funding is provided through fees and private donations.

Miscellaneous Special Revenue
This fund is made up of individual small funds set up to account for various revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects – General Government
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by the State and its component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and intergovernmental revenues.

Capital Projects – State Building Ownership Authority *(Blended Component Unit)*
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

Debt Service – General Government
This fund accounts for the payment of principal and interest on the State's general obligation bonds. The fund receives most of its financial resources from appropriations made by the Legislature.

Debt Service – State Building Ownership Authority *(Blended Component Unit)*
This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority. The fund also receives capital lease payments from certain college and university component units.

Combining Balance Sheet
Nonmajor Governmental Funds
(expressed in thousands)

June 30, 2017

	Special Revenue				
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services	Consumer Education
ASSETS					
Cash and Cash Equivalents	$ 3,451	$ 4,761	$ 1,552	$ 3,470	$ 762
Investments	192,721	12,174	2,219	—	3,695
Receivables:					
Accounts, net	—	41	—	—	13
Accrued Interest	—	—	—	—	—
Capital Lease Payments, net	—	—	—	—	—
Due From Other Funds	—	—	—	—	—
Due From Component Units	—	—	—	—	—
Total Assets	$ 196,172	$ 16,976	$ 3,771	$ 3,470	$ 4,470
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	$ —	$ 212	$ 193	$ 90	$ 183
Due To Other Funds	—	—	—	81	64
Unearned Revenue	—	—	—	—	—
Total Liabilities	0	212	193	171	247
Deferred Inflows of Resources:					
Unavailable Revenue	—	—	—	—	—
Total Deferred Inflows of Resources	0	0	0	0	0
Fund Balances:					
Restricted	—	10,252	—	3,299	—
Committed	196,172	6,512	3,578	—	4,223
Assigned	—	—	—	—	—
Total Fund Balances	196,172	16,764	3,578	3,299	4,223
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 196,172	$ 16,976	$ 3,771	$ 3,470	$ 4,470

Special Revenue			Capital Projects		Debt Service		
Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority	General Government	State Building Ownership Authority	Total Nonmajor Governmental Funds
$ 247	$ 675	$ —	$ 288,575	$ 576	$ 52,976	$ 7,668	$ 364,713
31,553	229	23,920	1,301	58,885	7,072	6,661	340,430
—	—	18,552	1,083	—	—	—	19,689
—	—	—	—	78	7,108	7	7,193
—	—	—	—	—	—	90,660	90,660
—	17	6	5,058	73	—	—	5,154
—	—	—	45,541	—	—	—	45,541
$ 31,800	$ 921	$ 42,478	$ 341,558	$ 59,612	$ 67,156	$ 104,996	$ 873,380
$ 1,427	$ 1	$ 1,722	$ 56,740	$ 7,100	$ 47,640	$ —	$ 115,308
624	8	819	1,994	5	11,706	6,256	21,557
—	60	2,821	—	—	—	—	2,881
2,051	69	5,362	58,734	7,105	59,346	6,256	139,746
—	—	—	—	—	—	90,660	90,660
0	0	0	0	0	0	90,660	90,660
—	—	20,914	—	52,434	—	—	86,899
29,749	852	12,924	—	—	—	—	254,010
—	—	3,278	282,824	73	7,810	8,080	302,065
29,749	852	37,116	282,824	52,507	7,810	8,080	642,974
$ 31,800	$ 921	$ 42,478	$ 341,558	$ 59,612	$ 67,156	$ 104,996	$ 873,380

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Special Revenue				
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services	Consumer Education
REVENUES					
Taxes:					
Sales and Use Tax	$ —	$ —	$ —	$ —	$ —
Other Taxes	5,380	—	—	—	—
Total Taxes	5,380	0	0	0	0
Other Revenues:					
Federal Contracts and Grants	—	—	3,007	—	—
Charges for Services	—	3,478	6,810	11,329	1,607
Intergovernmental	—	—	—	—	—
Investment Income	19,423	170	25	—	45
Miscellaneous and Other	—	1,445	—	—	—
Total Revenues	24,803	5,093	9,842	11,329	1,652
EXPENDITURES					
Current:					
General Government	—	2,601	7,369	—	—
Human Services and Juvenile Justice Services	—	—	—	—	—
Corrections	—	—	—	—	—
Public Safety	—	—	—	—	—
Courts	—	—	—	—	—
Health and Environmental Quality	—	3,831	—	—	—
Higher Education – Colleges and Universities	—	—	—	—	—
Employment and Family Services	—	—	—	—	—
Natural Resources	—	—	—	—	—
Heritage and Arts	—	—	—	—	—
Business, Labor, and Agriculture	—	71	—	11,122	1,101
Public Education	—	—	—	—	—
Transportation	—	—	—	—	—
Capital Outlay	—	—	—	—	—
Debt Service:					
Principal Retirement	—	—	—	—	—
Interest and Other Charges	—	—	—	—	—
Total Expenditures	0	6,503	7,369	11,122	1,101
Excess Revenues Over (Under) Expenditures	24,803	(1,410)	2,473	207	551
OTHER FINANCING SOURCES (USES)					
Transfers In	—	400	—	—	—
Transfers Out	—	(119)	(1,848)	—	(410)
Total Other Financing Sources (Uses)	0	281	(1,848)	0	(410)
Net Change in Fund Balances	24,803	(1,129)	625	207	141
Fund Balances – Beginning	171,369	17,893	2,953	3,092	4,082
Adjustment to Beginning Fund Balances	—	—	—	—	—
Fund Balances – Beginning as Adjusted	171,369	17,893	2,953	3,092	4,082
Fund Balances – Ending	$ 196,172	$ 16,764	$ 3,578	$ 3,299	$ 4,223

Special Revenue			Capital Projects		Debt Service		
Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority	General Government	State Building Ownership Authority	Total Nonmajor Governmental Funds
$ —	$ —	$ 4,601	$ —	$ —	$ —	$ —	$ 4,601
4,730	—	—	—	—	—	—	10,110
4,730	0	4,601	0	0	0	0	14,711
—	—	27,631	—	—	14,200	1,646	46,484
—	626	54,730	—	—	—	—	78,580
—	—	—	19,273	—	—	—	19,273
284	3	582	15	785	—	110	21,442
—	—	8,017	21	69	—	23,994	33,546
5,014	629	95,561	19,309	854	14,200	25,750	214,036
—	519	7,836	9,355	—	—	—	27,680
—	—	438	5,712	—	—	—	6,150
—	—	—	4,008	—	—	—	4,008
—	—	29,544	822	—	—	—	30,366
—	—	—	4,833	—	—	—	4,833
—	—	413	1,574	—	—	—	5,818
—	—	—	44,246	—	—	—	44,246
11,637	—	776	1,534	—	—	—	13,947
—	—	6,166	2,545	—	—	—	8,711
—	—	60	472	—	—	—	532
—	—	302	1,337	—	—	—	13,933
—	—	—	1,865	—	—	—	1,865
—	—	1	4,114	—	—	—	4,115
—	—	—	240,433	33,683	—	—	274,116
—	—	—	—	—	324,910	17,712	342,622
—	—	—	—	—	93,727	11,296	105,023
11,637	519	45,536	322,850	33,683	418,637	29,008	887,965
(6,623)	110	50,025	(303,541)	(32,829)	(404,437)	(3,258)	(673,929)
—	—	6,189	268,758	55	418,830	223	694,455
—	—	(55,723)	(10,529)	—	(14,437)	(54)	(83,120)
0	0	(49,534)	258,229	55	404,393	169	611,335
(6,623)	110	491	(45,312)	(32,774)	(44)	(3,089)	(62,594)
36,372	742	22,959	328,136	85,281	7,854	11,169	691,902
—	—	13,666	—	—	—	—	13,666
36,372	742	36,625	328,136	85,281	7,854	11,169	705,568
$ 29,749	$ 852	$ 37,116	$ 282,824	$ 52,507	$ 7,810	$ 8,080	$ 642,974

Detail Schedule of Expenditures – Budget and Actual
General Fund
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Source of Funding							
Appropriation Line Item Name	State Funds	Federal Funds	Restricted and Other Funds	Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
GENERAL GOVERNMENT								
Legislature								
Senate	$ 4,669	$ —	$ —	$ 4,669	$ 2,447	$ —	$ —	$ 2,222
House	7,883	—	—	7,883	4,659	—	—	3,224
Printing	1,039	—	255	1,294	768	—	—	526
Research and General Counsel	11,129	—	—	11,129	9,420	—	—	1,709
Fiscal Analyst	4,776	—	—	4,776	3,162	—	—	1,614
Auditor General	4,805	—	—	4,805	3,814	—	—	991
Legislative Services	2,541	—	—	2,541	966	—	—	1,575
Total Legislature	36,842	0	255	37,097	25,236	0	0	11,861
Elected Officials								
State Treasurer	$ 3,301	$ —	$ 552	$ 3,853	$ 3,266	$ —	$ 208	$ 379
GOV – Administrative Office	7,294	18	1,167	8,479	7,110	431	338	600
GOV – Management and Budget	6,221	—	—	6,221	5,008	—	—	1,213
GOV – School Readiness Initiative	6,026	—	—	6,026	1,098	—	—	4,928
GOV – Lt. Governor Character Education	529	—	—	529	242	—	—	287
GOV – Criminal and Juvenile Justice	17,033	12,366	78	29,477	23,562	—	818	5,097
GOV – CCJJ – Factual Innocence	365	—	—	365	45	—	—	320
GOV – Indigent Defense Commission	2,000	—	—	2,000	370	—	—	1,630
GOV – Emergency Fund	100	—	—	100	—	—	—	100
GOV – LeRay McAllister Program	924	—	—	924	406	—	—	518
GOV – CCJJ – Jail Reimbursement	14,967	—	—	14,967	14,967	—	—	—
GOV – Pete Suazo Athletic Commission	258	—	67	325	199	—	—	126
GOV – Economic Development Administration	4,059	341	851	5,251	4,125	451	—	675
GOV – Office of Tourism	30,553	—	229	30,782	25,440	377	—	4,965
GOV – Business Development	11,271	724	258	12,253	9,921	—	—	2,332
GOV – Utah Broadband Outreach Center	378	—	—	378	351	—	—	27
GOV – STEM Action Center	14,123	—	98	14,221	9,786	—	—	4,435
GOV – Pass Through	8,284	—	—	8,284	7,970	314	—	—
GOV – Utah Office of Outdoor Recreation	1,000	—	—	1,000	302	—	—	698
GOV – Industrial Assistance Fund	3,204	—	—	3,204	3,204	—	—	—
GOV – Office of Energy Development	1,989	400	182	2,571	2,295	—	132	144
GOV – Constitutional Defense Council	283	—	—	283	270	—	—	13
USTAR – Administration	2,252	—	—	2,252	1,941	—	—	311
USTAR – Research Capacity Building	15,162	—	—	15,162	9,573	—	—	5,589
USTAR – Grant Programs	10,600	—	—	10,600	6,299	—	—	4,301
USTAR – Support Programs	3,280	—	8	3,288	2,525	—	—	763
Attorney General	37,958	2,222	20,936	61,116	59,815	—	—	1,301
AG – Contract Attorneys	51	—	1,922	1,973	1,932	—	—	41
AG – Prosecution Council	738	33	283	1,054	850	—	124	80
AG – Domestic Violence	78	—	—	78	78	—	—	—
AG – Children's Justice Centers	4,131	237	203	4,571	4,121	—	—	450
AG – State Settlement Agreements	155	—	—	155	125	30	—	—
State Auditor	4,192	—	2,339	6,531	5,257	—	—	1,274
Total Elected Officials	212,759	16,341	29,173	258,273	212,453	1,603	1,620	42,597
Government Operations								
Capitol Preservation Board	$ 4,196	$ —	$ —	$ 4,196	$ 4,196	$ —	$ —	$ —
Department of Administrative Services	1,254	—	24	1,278	1,146	—	—	132
DAS – Administrative Rules	768	—	—	768	278	—	—	490
DAS – DFCM Administration	5,972	—	972	6,944	6,076	40	—	828
DAS – State Archives	3,175	34	51	3,260	3,067	—	—	193
DAS – Finance Administration	11,715	—	1,842	13,557	10,388	—	—	3,169
DAS – Office of the Inspector General of Medicaid	1,328	—	1,573	2,901	2,691	—	—	210
DAS – Post Conviction Indigent Defense	198	—	—	198	11	—	—	187
DAS – Elected Official Post Retirement Benefit	1,388	—	—	1,388	1,388	—	—	—
DAS – Finance Mandated	4,773	—	—	4,773	3,267	—	1,506	—
DAS – Judicial Conduct Commission	281	—	—	281	235	—	—	46
DAS – Executive Branch Ethics Commission	51	—	—	51	18	—	—	33
DAS – Finance Mandated Parental Defense	123	—	32	155	137	—	—	18

Detail Schedule of Expenditures – Budget and Actual
General Fund
(expressed in thousands)
Continued

For the Fiscal Year Ended June 30, 2017

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
DAS – Purchasing	669	—	—	669	669	—	—	—
DAS – Building Board Program	1,479	—	—	1,479	1,435	—	—	44
Tax Commission	79,096	566	7,225	86,887	80,337	3,342	1,708	1,500
TAX – License Plates Production	658	—	3,197	3,855	3,579	—	—	276
TAX – Liquor Profit Distribution	5,406	—	—	5,406	5,406	—	—	—
TAX – Rural Health Care	555	—	—	555	219	—	336	—
Human Resource Management	90	—	243	333	213	50	—	70
Career Service Review Office	304	—	—	304	258	16	—	30
DTS – Chief Information Officer	2,780	—	—	2,780	1,560	—	—	1,220
DTS – Integrated Technology	1,651	550	937	3,138	2,776	—	—	362
Total Government Operations	127,910	1,150	16,096	145,156	129,350	3,448	3,550	8,808
Total General Government	$ 377,511	$ 17,491	$ 45,524	$ 440,526	$ 367,039	$ 5,051	$ 5,170	$ 63,266
HUMAN SERVICES								
Administration	$ 9,372	$ 7,370	$ 2,996	$ 19,738	$ 19,388	$ —	$ —	$ 350
Substance Abuse and Mental Health	110,691	27,152	19,737	157,580	156,923	—	222	435
Office of Public Guardian	471	40	326	837	810	—	—	27
Services for People with Disabilities	91,373	1,165	207,918	300,456	297,969	—	—	2,487
Recovery Services	13,737	18,221	10,907	42,865	42,736	129	—	—
Child and Family Services	118,613	60,020	(5,854)	172,779	171,615	1	188	975
Juvenile Justice Services	93,069	3,277	1,147	97,493	94,230	1	—	3,262
Aging and Adult Services	14,169	12,812	(1,358)	25,623	25,586	6	—	31
Total Human Services	$ 451,495	$ 130,057	$ 235,819	$ 817,371	$ 809,257	$ 137	$ 410	$ 7,567
CORRECTIONS								
Department of Corrections								
Programs and Operations	$ 236,709	$ 324	$ 3,958	$ 240,991	$ 232,346	$ —	$ 425	$ 8,220
Medical Services	35,787	—	534	36,321	34,445	376	—	1,500
Jail Contracting	36,228	—	—	36,228	31,103	225	—	4,900
Total Department of Corrections	308,724	324	4,492	313,540	297,894	601	425	14,620
Board of Pardons and Parole								
Board of Pardons and Parole	$ 5,027	$ —	$ 85	$ 5,112	$ 4,896	$ —	$ —	$ 215
Total Board of Pardons and Parole	5,027	0	85	5,112	4,896	0	0	215
Total Corrections	$ 313,751	$ 324	$ 4,577	$ 318,652	$ 302,790	$ 601	$ 425	$ 14,835
PUBLIC SAFETY								
Department of Public Safety								
UCA Administrative Services Division	$ 5,785	$ —	$ —	$ 5,785	$ 5,785	$ —	$ —	$ —
Programs and Operations	105,961	1,123	17,316	124,400	113,032	9	1,661	9,698
Emergency Management	2,259	12,112	371	14,742	14,729	—	—	13
Emergency Management – National Guard	150	—	—	150	—	—	—	150
Emergency and Disaster Management	12,771	—	—	12,771	115	—	—	12,656
Peace Officer's Standards and Training	4,680	—	43	4,723	3,896	—	804	23
Driver License	38,388	77	19	38,484	31,020	8	—	7,456
Highway Safety	2,057	4,233	518	6,808	5,914	—	—	894
Total Department of Public Safety	172,051	17,545	18,267	207,863	174,491	17	2,465	30,890
Utah National Guard								
Utah National Guard Administration	$ 7,368	$ 39,417	$ (277)	$ 46,508	$ 46,079	$ —	$ —	$ 429
Total Utah National Guard	7,368	39,417	(277)	46,508	46,079	0	0	429
Department of Veteran's and Military Affairs								
Veteran's and Military Affairs	$ 4,522	$ 585	$ 265	$ 5,372	$ 4,672	$ —	$ —	$ 700
Total Department of Veteran's and Military Affairs	4,522	585	265	5,372	4,672	—	—	700
Total Public Safety	$ 183,941	$ 57,547	$ 18,255	$ 259,743	$ 225,242	$ 17	$ 2,465	$ 32,019
STATE COURTS								
Judicial Council	$ 122,784	$ 530	$ 1,755	$ 125,069	$ 116,998	$ 411	$ 4,822	$ 2,838
Grand Jury	1	—	—	1	—	1	—	—
Contracts and Leases	20,185	—	256	20,441	20,341	—	—	100
Jury and Witness Fees	1,596	—	7	1,603	2,613	—	—	(1,010)
Guardian Ad Litem	8,927	—	46	8,973	7,811	438	214	510
Total State Courts	$ 153,493	$ 530	$ 2,064	$ 156,087	$ 147,763	$ 850	$ 5,036	$ 2,438

Detail Schedule of Expenditures – Budget and Actual
General Fund
(expressed in thousands)
Continued

For the Fiscal Year Ended June 30, 2017

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
HEALTH and ENVIRONMENTAL QUALITY								
Department of Health	$ 6,889	$ 6,272	$ 4,649	$ 17,810	$ 17,222	$ —	$ 9	$ 579
DOH – Rural Physicians Loan Repayment Assistance	502	—	—	502	170	—	—	332
DOH – Disease Control and Prevention	24,486	35,994	16,881	77,361	75,417	216	83	1,645
DOH – Family Health and Preparedness	24,187	76,220	21,694	122,101	119,546	—	202	2,353
DOH – Medicaid and Health Financing	6,191	79,171	39,382	124,744	123,330	—	1	1,413
DOH – Medicaid – Mandatory Services	430,619	1,086,295	56,559	1,573,473	1,554,882	—	10,467	8,124
DOH – Medicaid – Optional Services	128,637	569,343	296,854	994,834	985,338	—	6,536	2,960
DOH – Local Health Department	2,138	—	—	2,138	2,138	—	—	—
DOH – Children's Health Insurance Program	9,641	130,404	6,856	146,901	137,241	—	9,000	660
DOH – Workforce Financial Assistance	586	—	—	586	164	—	—	422
DOH – Medicaid Sanctions	1,979	—	—	1,979	—	—	—	1,979
DOH – Medicaid Expansion 2017	494	161	—	655	209	—	446	—
DOH – Commodities	—	27,277	—	27,277	27,277	—	—	—
Department of Environmental Quality	3,318	218	2,771	6,307	5,419	196	—	692
DEQ – Air Quality	7,790	4,005	4,430	16,225	15,806	—	85	334
DEQ – Environmental Response and Remediation	3,345	3,229	346	6,920	6,394	—	526	—
DEQ – Water Quality	4,819	5,008	1,300	11,127	10,945	—	37	145
DEQ – Drinking Water	3,788	3,636	(203)	7,221	5,575	—	1,157	489
DEQ – Clean Air Retrofit, Replacement and Off-road	396	—	—	396	94	—	—	302
DEQ – Waste Management and Radiation Control	7,713	941	880	9,534	8,206	—	928	400
Total Health and Environmental Quality	$ 667,518	$ 2,028,174	$ 452,399	$ 3,148,091	$ 3,095,373	$ 412	$ 29,477	$ 22,829
HIGHER EDUCATION								
Board of Regents	$ 3,735	$ 941	$ —	$ 4,676	$ 4,676	$ —	$ —	$ —
RGT – Student Support	1,617	—	—	1,617	1,617	—	—	—
RGT – Economic Development	366	—	—	366	366	—	—	—
RGT – Student Assistance	22,606	—	—	22,606	22,606	—	—	—
RGT – Math Competency Initiative	1,925	—	—	1,925	1,925	—	—	—
RGT – Technology	7,184	—	—	7,184	7,184	—	—	—
RGT – Education Excellence	6,016	—	—	6,016	6,016	—	—	—
RGT – Medical Education Council	590	—	—	590	590	—	—	—
U of U – Education and General	234,348	—	263,859	498,207	498,207	—	—	—
U of U – Educationally Disadvantaged	701	—	—	701	701	—	—	—
U of U – School of Medicine	36,715	—	24,866	61,581	61,581	—	—	—
U of U – University Hospital	4,984	—	—	4,984	4,984	—	—	—
U of U – Regional Dental Education	622	—	5,123	5,745	5,745	—	—	—
U of U – Public Service	2,149	—	—	2,149	2,149	—	—	—
U of U – Statewide TV Administration	2,554	—	—	2,554	2,554	—	—	—
U of U – Health Sciences	8,962	—	8,800	17,762	17,762	—	—	—
U of U – Rocky Mtn Ctr for Occupational Health	161	—	—	161	161	—	—	—
U of U – Poison Control Center	2,199	—	—	2,199	2,199	—	—	—
U of U – Center on Aging	107	—	—	107	107	—	—	—
USU – Education and General	136,885	—	113,987	250,872	250,872	—	—	—
USU – Educationally Disadvantaged	100	—	—	100	100	—	—	—
USU – Water Research Laboratory	3,671	—	—	3,671	3,613	—	58	—
USU – Agricultural Experiment Station	12,691	2,384	—	15,075	15,075	—	—	—
USU – Cooperative Extension Service	14,542	2,179	—	16,721	16,721	—	—	—
USU – Uintah Basin CEC	4,332	—	2,228	6,560	6,560	—	—	—
USU – Southeastern Utah CEC	724	—	1,622	2,346	2,346	—	—	—
USU – Eastern Education and General	11,842	—	2,714	14,556	14,556	—	—	—
USU – Eastern Educationally Disadvantaged	105	—	—	105	105	—	—	—
USU – Eastern Career and Technical Education	1,381	—	—	1,381	1,381	—	—	—
USU – Eastern Prehistoric Museum	446	—	—	446	446	—	—	—
USU – Blanding Campus	2,858	—	1,219	4,077	4,077	—	—	—
USU – Brigham City CEC	3,609	—	12,269	15,878	15,878	—	—	—
USU – Tooele CEC	4,312	—	9,162	13,474	13,474	—	—	—
Weber – Education and General	80,490	—	71,895	152,385	152,385	—	—	—

Detail Schedule of Expenditures – Budget and Actual
General Fund
(expressed in thousands)
Continued

For the Fiscal Year Ended June 30, 2017

	Source of Funding							
Appropriation Line Item Name	**State Funds**	**Federal Funds**	**Restricted and Other Funds**	**Final Budget**	**Actual Expenditures**	**Lapse to Unrestricted**	**Lapse to Restricted and Other**	**Nonlapse or (Deficit) Carry Forward**
Weber – Educationally Disadvantaged	371	—	—	371	371	—	—	—
SUU – Education and General	35,117	—	41,743	76,860	76,860	—	—	—
SUU – Educationally Disadvantaged	94	—	—	94	94	—	—	—
SUU – Shakespeare Festival	47	—	—	47	47	—	—	—
SUU – Rural Development	102	—	—	102	102	—	—	—
Snow College – Education and General	21,583	—	10,488	32,071	32,071	—	—	—
Snow College – Educationally Disadvantaged	32	—	—	32	32	—	—	—
Snow College – Career Technology Education	1,359	—	—	1,359	1,359	—	—	—
Dixie – Education and General	33,335	—	28,674	62,009	62,009	—	—	—
Dixie – Educationally Disadvantaged	26	—	—	26	26	—	—	—
Dixie – Zion Park Amphitheater	55	—	32	87	87	—	—	—
UVU – Education and General	100,891	—	125,056	225,947	225,947	—	—	—
UVU – Educationally Disadvantaged	170	—	—	170	170	—	—	—
SLCC – Education and General	85,968	—	57,223	143,191	143,191	—	—	—
SLCC – Educationally Disadvantaged	178	—	—	178	178	—	—	—
SLCC – School of Applied Technology	6,496	—	731	7,227	7,227	—	—	—
Utah College of Applied Technology	7,019	—	—	7,019	7,019	—	—	—
UCAT – Bridgerland	12,186	—	—	12,186	12,186	—	—	—
UCAT – Davis	14,197	—	—	14,197	14,197	—	—	—
UCAT – Ogden/Weber	13,472	—	—	13,472	13,472	—	—	—
UCAT – Uintah Basin	7,133	—	—	7,133	7,133	—	—	—
UCAT – Mountainland	10,417	—	—	10,417	10,417	—	—	—
UCAT – Southwest	4,757	—	—	4,757	4,757	—	—	—
UCAT – Dixie	4,969	—	—	4,969	4,969	—	—	—
UCAT – Tooele	3,378	—	—	3,378	3,378	—	—	—
Utah Education and Telehealth Network	27,503	—	—	27,503	27,503	—	—	—
UETN – Digital Teaching and Learning Program	1,160	—	—	1,160	1,160	—	—	—
Total Higher Education	$ 1,007,544	$ 5,504	$ 781,691	$ 1,794,739	$ 1,794,681	$ 0	$ 58	$ 0
WORKFORCE SERVICES								
Office of Rehabilitation	$ 27,012	$ 30,629	$ 606	$ 58,247	$ 44,986	$ —	$ 13,261	$ —
Office of Child Care	575	4	—	579	154	—	—	425
Administration	8,506	7,886	1,451	17,843	12,651	467	4,725	—
Operations and Policy	58,898	217,322	42,614	318,834	311,412	—	6,387	1,035
Nutritional Assistance – SNAP	—	291,049	—	291,049	291,049	—	—	—
General Assistance	4,900	—	250	5,150	3,990	—	—	1,160
Unemployment Insurance Administration	7,517	18,110	527	26,154	20,597	—	5,557	—
Housing and Community Development	14,657	34,058	1,359	50,074	41,366	—	2,640	6,068
HCD Capital Development	30,433	—	—	30,433	30,433	—	—	—
HCD Special Districts	3,558	—	—	3,558	3,558	—	—	—
CDBG Loan Advances	—	—	7	7	7	—	—	—
Total Workforce Services	$ 156,056	$ 599,058	$ 46,814	$ 801,928	$ 760,203	$ 467	$ 32,570	$ 8,688
NATURAL RESOURCES								
Department of Natural Resources	$ 2,862	$ —	$ —	$ 2,862	$ 2,636	$ 1	$ —	$ 225
Building Operations	1,789	—	—	1,789	1,789	—	—	—
Forestry, Fire, and State Lands	25,152	5,074	11,758	41,984	33,519	102	745	7,618
Oil, Gas, and Mining	9,339	5,216	140	14,695	9,784	—	2,234	2,677
Wildlife Resources	50,443	20,845	277	71,565	66,751	15	4,080	719
Species Protection	1,291	—	2,450	3,741	3,566	—	—	175
Predator Control	60	—	—	60	60	—	—	—
Watershed Development	4,069	—	500	4,569	3,973	—	24	572
Pass Through	7,187	—	—	7,187	6,391	371	—	425
Contributed Research	—	—	1,856	1,856	1,856	—	—	—
Cooperative Environmental Studies	—	11,980	12,373	24,353	24,353	—	—	—
Parks and Recreation	33,293	1,503	867	35,663	32,999	—	2,267	397
Parks and Recreation – Capital Development	9,605	3,231	104	12,940	5,733	—	—	7,207
Utah Geological Survey	6,008	1,000	1,251	8,259	7,674	116	13	456
Water Resources	17,400	—	150	17,550	8,653	92	319	8,486
Wildlife Resources – Capital Development	1,205	409	—	1,614	1,419	—	195	—
Water Rights	9,075	74	2,068	11,217	10,753	—	—	464

Detail Schedule of Expenditures – Budget and Actual
General Fund
(expressed in thousands)
Continued

For the Fiscal Year Ended June 30, 2017

	Source of Funding							
Appropriation Line Item Name	State Funds	Federal Funds	Restricted and Other Funds	Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
Public Lands Policy Office	5,166	—	—	5,166	3,718	—	—	1,448
National Parks Operation Contribution	3,088	—	—	3,088	732	1,178	1,178	—
Public Lands Litigation	1,559	—	—	1,559	413	—	1,146	—
Total Natural Resources	$ 188,591	$ 49,332	$ 33,794	$ 271,717	$ 226,772	$ 1,875	$ 12,201	$ 30,869
HERITAGE and ARTS								
Heritage and Arts Administration	$ 4,983	$ 4,265	$ 119	$ 9,367	$ 8,108	$ 93	$ 10	$ 1,156
Indian Affairs	293	—	50	343	340	—	—	3
State History	2,157	1,076	51	3,284	3,221	3	—	60
Historical Society	86	—	108	194	60	—	—	134
Arts and Museums	5,127	698	1,719	7,544	4,346	—	23	3,175
Museum Services	263	—	—	263	263	—	—	—
State Library	4,685	1,404	2,091	8,180	7,951	—	—	229
DHA Pass Through	4,557	—	—	4,557	4,557	—	—	—
Total Heritage and Arts	$ 22,151	$ 7,443	$ 4,138	$ 33,732	$ 28,846	$ 96	$ 33	$ 4,757
BUSINESS, LABOR, and AGRICULTURE								
Department of Agriculture and Food	$ 3,431	$ 875	$ 71	$ 4,377	$ 4,156	$ —	$ 20	$ 201
AGR – Building Operations	357	—	—	357	357	—	—	—
AGR – Utah State Fair	675	—	—	675	675	—	—	—
AGR – Predatory Animal Control	1,682	—	648	2,330	1,972	94	78	186
AGR – Invasive Species Mitigation	2,903	—	—	2,903	1,317	—	686	900
AGR – Rangeland Improvement	2,397	—	—	2,397	1,723	—	—	674
AGR – Animal Health	4,718	1,254	136	6,108	5,921	—	187	—
AGR – Plant Industry	1,001	2,207	3,366	6,574	6,179	—	—	395
AGR – Regulatory Services	2,651	632	2,577	5,860	5,537	—	—	323
AGR – Marketing and Economic Development	882	—	—	882	834	—	—	48
AGR – Resource Conservation	2,881	281	726	3,888	3,415	—	376	97
Labor Commission	11,779	2,761	57	14,597	14,116	—	59	422
Department of Commerce	28,957	315	590	29,862	27,122	—	563	2,177
COM – Building Inspector Training	969	—	577	1,546	533	—	—	1,013
COM – Public Utilities – Professional Services	4,448	—	—	4,448	319	—	—	4,129
COM – Consumer Services – Professional Services	4,146	—	—	4,146	327	—	—	3,819
Financial Institutions	7,898	—	—	7,898	7,658	—	240	—
Insurance Department	15,182	547	1	15,730	11,285	—	1,670	2,775
INS – Bail Bond Program	24	—	—	24	24	—	—	—
INS – Title Insurance Program	170	—	—	170	70	—	20	80
INS – Health Insurance Actuary	285	—	—	285	—	—	147	138
Public Service Commission	3,189	—	9	3,198	2,400	—	—	798
PSC – Speech and Hearing Impaired	2,887	—	692	3,579	953	—	—	2,626
Total Business, Labor, and Agriculture	$ 103,512	$ 8,872	$ 9,450	$ 121,834	$ 96,893	$ 94	$ 4,046	$ 20,801
TOTAL GENERAL FUND								
Total Expenditures	$ 3,625,563	$ 2,904,332	$ 1,634,525	$ 8,164,420	$ 7,854,859	$ 9,600	$ 91,891	$ 208,069

Detail Schedule of Expenditures – Budget and Actual
Education Fund, Transportation Fund, Transportation Investment Fund, and Debt Service Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
EDUCATION FUND								
State Board of Education								
State Office of Education	$ 71,956	$ 256,337	$ 11,270	$ 339,563	$ 302,940	$ —	$ 290	$ 36,333
State Office of Rehabilitation	27,012	10,557	198	37,767	18,216	—	19,551	—
Teaching and Learning	120	—	3,349	3,469	3,466	—	—	3
Child Nutrition	144	160,168	42,427	202,739	202,133	—	—	606
Fine Arts Outreach	4,105	—	—	4,105	4,047	—	—	58
Educational Contracts	3,619	—	(16)	3,603	3,002	—	—	601
Charter School Board	5,197	—	(137)	5,060	3,389	—	—	1,671
Science Outreach	4,390	—	—	4,390	4,390	—	—	—
Educator Licensing	2,664	—	(315)	2,349	2,059	—	290	—
Initiative Programs	49,751	—	(82)	49,669	34,944	—	—	14,725
MSP Categorical Program Administration	2,223	—	(85)	2,138	613	—	—	1,525
Basic School Program	2,296,887	—	(6)	2,296,881	2,270,947	—	—	25,934
Related to Basic Programs	618,255	—	(165)	618,090	594,723	—	—	23,367
Voted and Board Leeway Programs	176,485	—	—	176,485	175,513	—	—	972
School Building Programs	33,250	—	—	33,250	33,250	—	—	—
Charter School Finance Authority	50	—	—	50	—	—	50	—
Commodities	—	18,352	—	18,352	18,352	—	—	—
Total State Board of Education	$ 3,296,108	$ 445,414	$ 56,438	$ 3,797,960	$ 3,671,984	$ 0	$ 20,181	$ 105,795
Schools for the Deaf and the Blind								
Schools for the Deaf and the Blind	$ 27,585	$ 103	$ 7,134	$ 34,822	$ 34,822	$ —	$ —	$ —
Institutional Council	—	—	461	461	461	—	—	—
Total Schools for the Deaf and the Blind	27,585	103	7,595	35,283	35,283	0	0	0
Total Education Fund	$ 3,323,693	$ 445,517	$ 64,033	$ 3,833,243	$ 3,707,267	$ 0	$ 20,181	$ 105,795
TRANSPORTATION FUND								
Support Services	$ 33,422	$ 3,083	$ —	$ 36,505	$ 35,514	$ 191	$ —	$ 800
Engineering Services	22,480	30,736	1,806	55,022	54,161	561	—	300
Maintenance Management	153,929	8,888	4,007	166,824	161,609	—	—	5,215
Construction Management	163,115	359,483	29,100	551,698	454,401	97,297	—	—
Region Management	24,976	2,273	2,434	29,683	28,950	533	—	200
Equipment Management	1,640	—	31,647	33,287	33,271	16	—	—
Aeronautics	12,125	1,869	525	14,519	10,451	—	1,186	2,882
Share the Road	35	—	—	35	29	—	6	—
B & C Roads	164,492	—	—	164,492	164,492	—	—	—
Safe Sidewalk Construction	774	—	—	774	222	—	—	552
Mineral Lease	31,785	—	—	31,785	31,785	—	—	—
Corridor Preservation	16,856	—	—	16,856	16,856	—	—	—
B & C Roads Additional Support	5,000	—	—	5,000	5,000	—	—	—
Tollway	1,857	—	—	1,857	1,857	—	—	—
Counties of the 1st and 2nd Class	6,895	—	—	6,895	6,895	—	—	—
Inventory and Miscellaneous	—	—	21,482	21,482	1,787	19,695	—	—
Total Transportation Fund	$ 639,381	$ 406,332	$ 91,001	$ 1,136,714	$ 1,007,280	$ 118,293	$ 1,192	$ 9,949
TRANSPORTATION INVESTMENT FUND								
TIF Capacity Program	$ 403,795	$ —	$ —	$ 403,795	$ 371,523	$ 32,272	$ —	$ —
Total Transportation Investment Fund	$ 403,795	$ 0	$ 0	$ 403,795	$ 371,523	$ 32,272	$ 0	$ 0
DEBT SERVICE FUNDS								
General Government	$ 426,684	$ 14,120	$ 2	$ 440,806	$ 418,876	$ 14,120	$ —	$ 7,810
State Building Ownership Authority	11,392	1,646	24,104	37,142	29,062	—	—	8,080
Total Debt Service Funds	$ 438,076	$ 15,766	$ 24,106	$ 477,948	$ 447,938	$ 14,120	$ 0	$ 15,890

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Nonmajor Enterprise Funds

Housing Loan Programs
These programs provide loans or grants to low income or special needs individuals for construction, rehabilitation, or purchase of single or multi-family housing. Funds are provided from federal programs, loan repayments, appropriations, and interest earnings.

Agriculture Loan Fund
This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

Energy Efficiency Fund
This fund provides revolving loans to assist in the conversion of government and private fleet vehicles to clean fuel and for energy efficiency projects in political subdivisions and state facilities. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

Local Government Loan Fund
This fund provides revolving loan programs to local governments for infrastructure assistance, to expedite construction projects, and for providing emergency disaster services. These loan programs are funded with state 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
The Utah School and Institutional Trust Lands Administration (SITLA) and the School and Institutional Trust Fund Office (SITFO) manage the assets of the Trust Lands permanent fund. Their objective is to maximize revenue from land assets and investment returns for the beneficiaries.

Utah Dairy Commission
The purpose of the Commission is to promote the use of dairy products. Its operations are comprised of promotion, advertising, research, and nutritional education regarding dairy products. Funding consists primarily of fees from milk producers.

Combining Statement of Net Position
Nonmajor Enterprise Funds
(expressed in thousands)

June 30, 2017

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Local Government Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 14,804	$ 23,756	$ 1,940	$ 11,492
Receivables:				
Accounts, net	1,309	—	—	—
Accrued Interest	1,210	424	4	164
Notes/Loans/Mortgages, net	4,957	3,386	537	1,662
Due From Other Funds	—	2	—	—
Due From Component Units	—	—	—	—
Prepaid Items	—	—	—	—
Inventories	546	—	—	—
Other Assets	—	—	—	—
Total Current Assets	22,826	27,568	2,481	13,318
Noncurrent Assets:				
Investments	—	—	—	—
Accrued Interest Receivable	1,593	—	—	—
Notes/Loans/Mortgages Receivables, net	117,669	27,223	1,964	11,927
Other Assets	—	—	—	—
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	20	—	—
Intangible Assets–Software	—	—	—	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	—	(20)	—	—
Total Capital Assets	0	0	0	0
Total Noncurrent Assets	119,262	27,223	1,964	11,927
Total Assets	$ 142,088	$ 54,791	$ 4,445	$ 25,245
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —
Deferred Outflows Relating to Pensions	—	—	—	—
Total Deferred Outflows of Resources	$ 0	$ 0	$ 0	$ 0
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 39	$ 18	$ —	$ —
Deposits	1	—	—	—
Due To Other Funds	—	1	—	—
Due To Component Units	—	—	—	—
Unearned Revenue	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Total Current Liabilities	40	19	0	0
Noncurrent Liabilities:				
Revenue Bonds Payable	—	—	—	—
Net Pension Liability	—	—	—	—
Net Other Postemployment Benefit Liability	—	—	—	—
Total Noncurrent Liabilities	0	0	0	0
Total Liabilities	$ 40	$ 19	$ 0	$ 0
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions	$ —	$ —	$ —	$ —
Deferred Inflows Relating to Other Postemployment Benefit	—	—	—	—
Total Deferred Inflows of Resources	$ 0	$ 0	$ 0	$ 0
NET POSITION				
Net Investment in Capital Assets	$ —	$ —	$ —	$ —
Restricted for:				
Loan Programs	87,176	5,124	—	25,245
Unrestricted	54,872	49,648	4,445	—
Total Net Position	$ 142,048	$ 54,772	$ 4,445	$ 25,245

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 169	$ 2,143	$ 3,104	$ 1,122	$ 58,530
2,543	1,339	5,919	223	11,333
—	—	—	—	1,802
—	—	1	—	10,543
6,307	1,023	46	—	7,378
—	1	—	—	1
—	7	—	3	10
37,501	1,461	—	10	39,518
—	—	—	66	66
46,520	5,974	9,070	1,424	129,181
—	—	—	233	233
—	—	—	—	1,593
—	—	—	—	158,783
—	2	—	—	2
24,167	—	263	297	24,727
126	304	—	—	430
78,230	4,021	233	—	82,484
8,609	4,918	1,321	87	14,955
1,963	644	—	—	2,607
—	—	—	217	217
(37,585)	(4,712)	(1,271)	(70)	(43,658)
75,510	5,175	546	531	81,762
75,510	5,177	546	764	242,373
$ 122,030	$ 11,151	$ 9,616	$ 2,188	$ 371,554
$ 3,744	$ 111	$ —	$ —	$ 3,855
2,999	2,363	2,113	238	7,713
$ 6,743	$ 2,474	$ 2,113	$ 238	$ 11,568
$ 12,439	$ 1,963	$ 1,578	$ 26	$ 16,063
—	—	—	—	1
31,797	399	2,356	—	34,553
—	—	26	—	26
1,080	28	3,211	—	4,319
6,037	146	—	—	6,183
51,353	2,536	7,171	26	61,145
65,238	1,098	—	—	66,336
6,307	4,603	4,259	487	15,656
902	336	493	—	1,731
72,447	6,037	4,752	487	83,723
$ 123,800	$ 8,573	$ 11,923	$ 513	$ 144,868
$ 824	$ 631	$ 617	$ 62	$ 2,134
35	13	19	—	67
$ 859	$ 644	$ 636	$ 62	$ 2,201
$ 8,944	$ 4,022	$ 546	$ 531	$ 14,043
—	—	—	—	117,545
(4,830)	386	(1,376)	1,320	104,465
$ 4,114	$ 4,408	$ (830)	$ 1,851	$ 236,053

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Local Government Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ 400	$ —	$ 3	$ —
Fees and Assessments	—	—	—	—
Interest on Notes/Mortgages	2,090	962	—	—
Miscellaneous	(84)	2	—	—
Total Operating Revenues	2,406	964	3	0
OPERATING EXPENSES				
Administration	235	252	—	—
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	2,152	—	17	—
Rentals and Leases	6	5	—	—
Maintenance	8	—	—	—
Depreciation/Amortization	—	—	—	—
Miscellaneous Other:				
Data Processing	—	8	—	—
Supplies	3	2	—	—
Utilities	18	3	—	—
Advertising and Other	184	208	3	—
Total Operating Expenses	2,606	478	20	0
Operating Income (Loss)	(200)	486	(17)	0
NONOPERATING REVENUES (EXPENSES)				
Investment Income/Interest on Loans	137	206	32	522
Federal Contracts and Grants	2,269	—	—	—
Disposal of Capital Assets	—	—	—	—
Tax Revenues	—	525	—	—
Interest Expense	—	—	—	—
Total Nonoperating Revenues (Expenses)	2,406	731	32	522
Income (Loss) before Transfers	2,206	1,217	15	522
Capital Contributions	—	—	—	—
Transfers In	2,943	—	—	104
Transfers Out	—	(1,349)	(56)	—
Change in Net Position	5,149	(132)	(41)	626
Net Position – Beginning	136,899	54,904	4,486	24,619
Adjustment to Beginning Net Position	—	—	—	—
Net Position – Beginning as Adjusted	136,899	54,904	4,486	24,619
Net Position – Ending	$ 142,048	$ 54,772	$ 4,445	$ 25,245

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 380,544	$ 27,079	$ 18,133	$ 49	$ 426,208
3,465	—	37	2,621	6,123
—	—	—	—	3,052
—	5	—	70	(7)
384,009	27,084	18,170	2,740	435,376
20,165	5,559	8,300	749	35,260
235,023	16,615	—	84	251,722
—	—	—	—	2,169
1,095	361	768	—	2,235
3,606	246	51	—	3,911
3,177	364	31	8	3,580
2,453	350	213	—	3,024
237	1,102	189	—	1,533
195	109	130	—	455
9,019	660	7,928	1,763	19,765
274,970	25,366	17,610	2,604	323,654
109,039	1,718	560	136	111,722
—	—	—	17	914
303	—	—	—	2,572
(2)	(28)	—	559	529
—	—	—	—	525
(2,995)	(32)	—	—	(3,027)
(2,694)	(60)	0	576	1,513
106,345	1,658	560	712	113,235
—	37	—	—	37
—	—	—	—	3,047
(106,345)	—	(2)	—	(107,752)
0	1,695	558	712	8,567
5,256	3,138	(764)	1,139	229,677
(1,142)	(425)	(624)	—	(2,191)
4,114	2,713	(1,388)	1,139	227,486
$ 4,114	$ 4,408	$ (830)	$ 1,851	$ 236,053

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Local Government Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 1,998	$ 1,075	$ 3	$ —
Receipts from Loan Maturities	6,923	6,135	—	—
Receipts from State Customers	—	—	—	—
Payments to Suppliers/Claims/Grants	(353)	(1)	(140)	—
Disbursements for Loans Receivable	(12,691)	(2,181)	—	—
Payments for Employee Services and Benefits	(234)	(253)	—	—
Payments to State Suppliers	(1,997)	(220)	(3)	—
Payments of Sales Tax and School Lunch Collections	—	—	—	—
Net Cash Provided (Used) by Operating Activities	(6,354)	4,555	(140)	0
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Federal Contracts and Grants and Other Revenues	960	—	—	—
Restricted Sales Tax	—	525	—	—
Transfers In from Other Funds	2,943	—	—	104
Transfers Out to Other Funds	—	(1,349)	(56)	—
Net Cash Provided (Used) by Noncapital Financing Activities	3,903	(824)	(56)	104
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Bond and Note Debt Issuance/Grants	—	—	—	—
Proceeds from Disposition of Capital Assets	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	—	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	—	—	—	—
Receipts of Interest and Dividends	137	206	—	99
Receipts from Loan Maturities	—	—	349	3,285
Receipts of Interest from Loans	—	—	32	443
Disbursements for Loans Receivable	—	—	(834)	(275)
Net Cash Provided (Used) by Investing Activities	137	206	(453)	3,552
Net Cash Provided (Used) – All Activities	(2,314)	3,937	(649)	3,656
Cash and Cash Equivalents – Beginning	17,118	19,819	2,589	7,836
Cash and Cash Equivalents – Ending	$ 14,804	$ 23,756	$ 1,940	$ 11,492

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 430,647	$ 10,036	$ 100	$ 2,801	$ 446,660
—	—	—	—	13,058
—	16,616	15,333	—	31,949
(247,414)	(16,100)	(6,526)	(1,952)	(272,486)
—	—	—	—	(14,872)
(18,334)	(5,783)	(8,244)	(774)	(33,622)
(5,551)	(2,760)	(212)	—	(10,743)
(47,052)	—	—	—	(47,052)
112,296	2,009	451	75	112,892
31,528	—	—	—	31,528
(28,749)	—	—	—	(28,749)
—	—	—	—	960
—	—	—	—	525
—	—	—	—	3,047
(106,345)	—	(2)	—	(107,752)
(103,566)	0	(2)	0	(100,441)
303	—	—	—	303
—	—	—	610	610
(5,462)	(164)	—	—	(5,626)
(308)	(361)	—	(539)	(1,208)
(3,250)	(53)	—	—	(3,303)
(8,717)	(578)	0	71	(9,224)
—	—	—	1	1
—	—	—	18	460
—	—	—	—	3,634
—	—	—	—	475
—	—	—	—	(1,109)
0	0	0	19	3,461
13	1,431	449	165	6,688
156	712	2,655	957	51,842
$ 169	$ 2,143	$ 3,104	$ 1,122	$ 58,530

Continues

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
(expressed in thousands)
Continued

For the Fiscal Year Ended June 30, 2017

	Housing Loan Program	Agriculture Loan Fund	Energy Efficiency Fund	Local Government Loan Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (200)	$ 486	$ (17)	$ —
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	—	—	—	—
Pension and OPEB Expense Accruals	—	—	—	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds	—	(2)	—	—
Notes/Accrued Interest Receivables	(6,011)	4,066	—	—
Inventories	(165)	—	—	—
Prepaid Items	—	—	—	—
Accrued Liabilities/Due to Other Funds	22	5	(123)	—
Unearned Revenue/Deposits	—	—	—	—
Net Cash Provided (Used) by Operating Activities	$ (6,354)	$ 4,555	$ (140)	$ 0
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Contributed Capital Assets Transferred In (Out)	$ —	$ —	$ —	$ —
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ 0

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 109,039	$ 1,718	$ 560	$ 136	$ 111,722
3,177	364	31	8	3,580
(120)	(154)	56	(23)	(241)
(432)	(456)	(3,073)	61	(3,902)
—	—	—	—	(1,945)
(66)	(284)	—	9	(506)
—	(7)	—	—	(7)
681	805	2,540	(116)	3,814
17	23	337	—	377
$ 112,296	$ 2,009	$ 451	$ 75	$ 112,892
$ —	$ 37	$ —	$ —	$ 37
$ 0	$ 37	$ 0	$ 0	$ 37

Detail Schedule of Expenditures - Budget and Actual Comparison
Enterprise Funds with Legally Adopted Annual Budgets
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Source of Funding							
Appropriation Line Item Name	**State Funds**	**Federal Funds**	**Restricted and Other Funds**	**Final Budget**	**Actual Expenditures**	**Lapse to Unrestricted**	**Lapse to Restricted And Other**	**Nonlapse or (Deficit) Carry Forward**
ALCOHOLIC BEVERAGE CONTROL								
Alcoholic Beverage Control Administration	$ 44,410	$ —	$ —	$ 44,410	$ 44,353	$ 57	$ —	$ —
ABC – Parents Empowered	2,505	—	—	2,505	2,326	—	—	179
Total Alcoholic Beverage Control	$ 46,915	$ 0	$ 0	$ 46,915	$ 46,679	$ 57	$ 0	$ 179

Internal Service Funds

Technology Services
This fund is responsible for providing data processing and various other computer services along with voice and data communication services to state agencies.

General Services
This fund manages cooperative purchasing contracts and provides purchasing card, printing and mailing services, and surplus property services to state agencies. This fund also provides central accounting services for the Department of Administrative Services and warehouse services for the Department of Natural Resources.

Fleet Operations
This fund provides motor pool, fuel network, and travel services to state agencies.

Risk Management
This fund provides insurance coverage and loss prevention services to state agencies, institutions of higher education, and participating local school districts. Coverage is provided using a combination of self-insurance and private excess insurance.

Property Management
This fund is responsible for the operation and maintenance of facilities used by state agencies. This fund is also used to account for the State's facility energy efficiency program.

Human Resource Management
This fund provides human resource and payroll services to state agencies.

Combining Statement of Net Position
Internal Service Funds
(expressed in thousands)

June 30, 2017

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resource Management	Total
ASSETS							
Current Assets:							
Cash and Cash Equivalents	$ —	$ 2,983	$ 130	$ 62,870	$ 5,212	$ 1,509	$ 72,704
Receivables:							
Accounts, net	1,465	2,554	2,233	12	34	—	6,298
Due From Other Funds	18,571	4,325	3,903	780	220	465	28,264
Due From Component Units	—	42	21	8	815	—	886
Prepaid Items	2,592	184	108	—	52	4	2,940
Inventories	188	1,494	3,039	—	—	—	4,721
Total Current Assets	22,816	11,582	9,434	63,670	6,333	1,978	115,813
Noncurrent Assets:							
Prepaid Items	2,675	—	—	—	268	—	2,943
Other Assets	3	—	1	1	—	2	7
Capital Assets:							
Infrastructure	130	—	—	—	—	—	130
Buildings and Improvements	3,883	1,379	193	—	—	—	5,455
Machinery and Equipment	39,345	12,268	137,441	—	524	54	189,632
Intangible Assets–Software	7,187	1,215	303	655	120	42	9,522
Construction in Progress	—	—	—	—	—	1,766	1,766
Less Accumulated Depreciation	(39,130)	(10,845)	(62,441)	(636)	(582)	(97)	(113,731)
Total Capital Assets	11,415	4,017	75,496	19	62	1,765	92,774
Total Noncurrent Assets	14,093	4,017	75,497	20	330	1,767	95,724
Total Assets	$ 36,909	$ 15,599	$ 84,931	$ 63,690	$ 6,663	$ 3,745	$ 211,537
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Amount on Refundings of Bonded Debt	$ —	$ 5	$ —	$ —	$ —	$ —	$ 5
Deferred Outflows Relating to Pensions	21,526	1,512	504	957	1,859	2,825	29,183
Total Deferred Outflows of Resources	$ 21,526	$ 1,517	$ 504	$ 957	$ 1,859	$ 2,825	$ 29,188
LIABILITIES							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	$ 10,288	$ 3,457	$ 2,306	$ 1,059	$ 2,131	$ 557	$ 19,798
Due To Other Funds	441	138	40	1,219	36	288	2,162
Interfund Loans Payable	5,562	471	19,912	—	—	—	25,945
Unearned Revenue	1,348	116	600	—	10	—	2,074
Policy Claims Liabilities	—	—	—	23,817	—	—	23,817
Contracts/Notes Payable	—	—	—	—	37	—	37
Revenue Bonds Payable	—	51	—	—	—	—	51
Total Current Liabilities	17,639	4,233	22,858	26,095	2,214	845	73,884
Noncurrent Liabilities:							
Unearned Revenue	1,434	—	—	—	—	—	1,434
Interfund Loans Payable	1,552	5,145	12,230	—	—	—	18,927
Policy Claims Liabilities	—	—	—	29,828	—	—	29,828
Contracts/Notes Payable	—	—	—	—	268	—	268
Revenue Bonds Payable	—	94	—	—	—	—	94
Net Pension Liability	51,669	3,723	1,244	2,208	4,486	6,650	69,980
Net Other Postemployment Benefit Liability	5,101	403	—	—	493	771	6,768
Total Noncurrent Liabilities	59,756	9,365	13,474	32,036	5,247	7,421	127,299
Total Liabilities	$ 77,395	$ 13,598	$ 36,332	$ 58,131	$ 7,461	$ 8,266	$ 201,183
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows Relating to Pensions	$ 6,574	$ 459	$ 169	$ 289	$ 569	$ 864	$ 8,924
Deferred Inflows Relating to Other Postemployment Benefit	197	16	—	—	19	30	262
Total Deferred Inflows of Resources	$ 6,771	$ 475	$ 169	$ 289	$ 588	$ 894	$ 9,186
NET POSITION							
Net Investment in Capital Assets	$ 11,415	$ 3,852	$ 75,496	$ 19	$ 62	$ 1,765	$ 92,609
Restricted for:							
Insurance Programs	—	—	—	5,149	—	—	5,149
Unrestricted (Deficit)	(37,146)	(809)	(26,562)	1,059	411	(4,355)	(67,402)
Total Net Position	$ (25,731)	$ 3,043	$ 48,934	$ 6,227	$ 473	$ (2,590)	$ 30,356

Combining Statement of Revenues, Expenses and Changes in Fund Position
Internal Service Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resource Management	Total
OPERATING REVENUES							
Charges for Services/Premiums	$ 119,931	$ 21,816	$ 54,166	$ 43,528	$ 31,129	$ 14,383	$ 284,953
Miscellaneous	6	74	303	—	14	—	397
Total Operating Revenues	119,937	21,890	54,469	43,528	31,143	14,383	285,350
OPERATING EXPENSES							
Administration	80,812	6,575	2,191	3,483	8,672	12,085	113,818
Materials and Services for Resale	13,782	10,733	23,577	22,196	—	—	70,288
Grants	—	—	—	448	—	—	448
Rentals and Leases	116	167	691	15	488	—	1,477
Maintenance	481	250	11,137	2	9,704	4	21,578
Depreciation/Amortization	5,552	1,504	12,048	12	28	—	19,144
Benefit Claims	—	—	—	20,929	—	—	20,929
Miscellaneous Other:							
Data Processing	10,708	346	559	492	449	1,018	13,572
Supplies	66	94	351	199	207	66	983
Utilities	363	44	106	26	9,871	116	10,526
Advertising and Other	1,762	957	1,805	732	1,645	580	7,481
Total Operating Expenses	113,642	20,670	52,465	48,534	31,064	13,869	280,244
Operating Income (Loss)	6,295	1,220	2,004	(5,006)	79	514	5,106
NONOPERATING REVENUES (EXPENSES)							
Investment Earnings	—	—	—	730	11	—	741
Disposal of Capital Assets	(175)	28	504	—	—	—	357
Interest Expense	—	(7)	—	—	(15)	—	(22)
Refunds Paid to Federal Government	—	(291)	—	—	(12)	(98)	(401)
Other Revenues (Expenses)	7	(295)	—	70	—	—	(218)
Total Nonoperating Revenues (Expenses)	(168)	(565)	504	800	(16)	(98)	457
Income (Loss) before Capital Contributions and Transfers	6,127	655	2,508	(4,206)	63	416	5,563
Capital Contributions	—	—	70	—	—	699	769
Transfers In	—	—	1,286	—	—	—	1,286
Transfers Out	—	—	—	—	(55)	—	(55)
Change in Net Position	6,127	655	3,864	(4,206)	8	1,115	7,563
Net Position – Beginning	(25,400)	2,899	45,070	10,433	1,089	(2,729)	31,362
Adjustment to Beginning Net Position	(6,458)	(511)	—	—	(624)	(976)	(8,569)
Net Position – Beginning as Adjusted	(31,858)	2,388	45,070	10,433	465	(3,705)	22,793
Net Position – Ending	$ (25,731)	$ 3,043	$ 48,934	$ 6,227	$ 473	$ (2,590)	$ 30,356

Combining Statement of Cash Flows
Internal Service Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resources Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from Customers/Fees/Premiums	$ 3,615	$ 11,397	$ 15,863	$ 22,856	$ 244	$ 294	$ 54,269
Receipts from State Customers	189,572	39,446	38,386	20,125	30,618	13,916	332,063
Payments to Suppliers/Claims/Grants	(91,965)	(39,597)	(12,265)	(25,719)	(20,701)	(229)	(190,476)
Payments for Employee Services and Benefits	(82,181)	(6,700)	(2,160)	(3,477)	(8,798)	(12,228)	(115,544)
Payments to State Suppliers and Grants	(5,160)	(4,011)	(26,383)	(11,329)	(1,642)	(1,616)	(50,141)
Net Cash Provided (Used) by Operating Activities	13,881	535	13,441	2,456	(279)	137	30,171
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Borrowings Under Interfund Loans	—	1,384	—	—	—	—	1,384
Payments of Bonds, Notes, Deposits, and Refunds	—	—	—	—	(34)	—	(34)
Interest Paid on Bonds, Notes, and Financing Costs	—	—	—	—	(16)	—	(16)
Net Cash Provided (Used) by Noncapital Financing Activities	0	1,384	0	0	(50)	0	1,334
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Borrowings Under Interfund Loans	6,608	835	14,906	—	—	—	22,349
Repayments Under Interfund Loans	(13,881)	(1,178)	(18,059)	—	—	—	(33,118)
Proceeds from Disposition of Capital Assets	—	37	3,329	—	—	—	3,366
Federal Grants and Other Revenues	—	—	70	—	—	—	70
Principal Paid on Debt and Contract Maturities	—	(82)	—	—	—	—	(82)
Acquisition and Construction of Capital Assets	(6,608)	(835)	(14,906)	—	(24)	(1,067)	(23,440)
Interest Paid on Bonds, Notes, and Capital Leases	—	(4)	—	—	—	—	(4)
Transfers In from Other Funds	—	—	1,286	—	—	—	1,286
Transfers Out to Other Funds	—	—	—	—	(55)	—	(55)
Net Cash Provided (Used) by Capital and Related Financing Activities	(13,881)	(1,227)	(13,374)	0	(79)	(1,067)	(29,628)
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts of Interest and Dividends from Investments	—	—	—	730	11	—	741
Net Cash Provided (Used) by Investing Activities	0	0	0	730	11	0	741
Net Cash Provided (Used) – All Activities	0	692	67	3,186	(397)	(930)	2,618
Cash and Cash Equivalents – Beginning	0	2,291	63	59,684	5,609	2,439	70,086
Cash and Cash Equivalents – Ending	$ 0	$ 2,983	$ 130	$ 62,870	$ 5,212	$ 1,509	$ 72,704

Continues

Combining Statement of Cash Flows
Internal Service Funds
(expressed in thousands)
Continued

For the Fiscal Year Ended June 30, 2017

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resource Management	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating Income (Loss)	$ 6,295	$ 1,220	$ 2,004	$ (5,006)	$ 79	$ 514	$ 5,106
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation/Amortization Expense	5,552	1,504	12,048	12	28	—	19,144
Pension and OPEB Expense Accruals	(262)	(54)	49	50	(42)	(40)	(299)
Miscellaneous Gains, Losses, and Other Items	7	(586)	—	70	(12)	(98)	(619)
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:							
Accounts Receivable/Due From Other Funds	2,494	(2,407)	(821)	(71)	(291)	(174)	(1,270)
Inventories	(39)	(157)	100	—	—	—	(96)
Prepaid Items/Other Assets	(339)	(184)	(108)	651	19	(4)	35
Accrued Liabilities/Due to Other Funds	(1,811)	1,196	(431)	1,197	(70)	(61)	20
Unearned Revenue/Deposits	1,984	3	600	—	10	—	2,597
Policy Claims Liabilities	—	—	—	5,553	—	—	5,553
Net Cash Provided (Used) by Operating Activities	$ 13,881	$ 535	$ 13,441	$ 2,456	$ (279)	$ 137	$ 30,171
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES							
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ 9	$ —	$ —	$ 9
Contributed Capital Assets Transferred In (Out)	—	—	—	—	—	699	699
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ 9	$ 0	$ 699	$ 708

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Fiduciary Funds

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Defined Benefit Pension Plans and Defined Contribution Plans

These funds are used to account for the various pension trust funds and defined contribution plans administered by the Utah Retirement Systems. Funding comes from employee and employer contributions and investment earnings. Contributions in some systems are augmented by fees, insurance premium taxes, or legislative appropriations.

Post-Retirement Benefits Trust Funds

The State administers the State Employee and the Elected Official Other Postemployment Benefit Plans as irrevocable trusts. These trust funds account for the assets accumulated and the payments made for other postemployment benefits provided to current and future state employee and elected official retirees. Funding comes from employer contributions and investment earnings.

Other Employee Benefits Trust Funds

These trust funds are used to pay other employee benefits upon retirement or termination.

PRIVATE PURPOSE TRUST FUNDS

Utah Navajo Trust

This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of Navajo residents of San Juan County, Utah.

Unclaimed Property Trust

This fund is used to account for unclaimed property escheated to the State. Proceeds of the fund pay the administrative costs to operate the fund and any claims. The remaining proceeds are deposited in the Education Fund and can only be used to help fund public education.

Employers’ Reinsurance Trust

This fund primarily provides compensation to individuals injured from industrial accidents or occupational diseases occurring on or before June 30, 1994, where the injury is of a permanent nature and workers’ compensation benefits have expired. Revenues come from assessments on insurance premiums and court-ordered penalties. The net position of the fund is held in trust for injured workers and cannot be used for any other purpose.

Petroleum Storage Tank Trust

This fund is used to pay the costs of damage caused by petroleum storage tank releases and provide revolving loan capital. Sources of funding include fees from participating companies, recovered costs and settlements from responsible parties, and investment income. The net position of this fund is held in trust for the benefit of participants and cannot be used for any other purpose.

Utah Educational Savings Plan Trust

This fund was created as a means to encourage investment in a public trust to pay for future higher education costs. Participant contributions are used to pay for future college expenses.

Miscellaneous Restricted Trust

This is made up of various small individual funds created to receive and disburse funds in accordance with applicable laws and trust agreements.

AGENCY FUNDS

Taxes and Social Security

This fund is used to account for federal withholding and social security taxes on the State’s payroll.

County and Local Collections

This fund receives and disburses various taxes collected by the State on behalf of county and local governments.

State Courts

This fund receives and disburses various fines and forfeitures collected by the state courts on behalf of state and local agencies.

Deposits, Suspense, and Miscellaneous

This fund is made up of small individual funds established to account for various receipts and disbursements.

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefits Trust Funds
(expressed in thousands)

June 30, 2017

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Firefighters System
ASSETS				
Cash and Cash Equivalents	$ 1,865,414	$ 99,470	$ 261,895	$ 91,957
Receivables:				
Member Contributions	—	126	14	652
Employer Contributions	41,021	355	5,520	—
Court Fees and Fire Insurance Premiums	—	—	—	1,603
Investments	352,756	18,818	49,543	17,397
Total Receivables	393,777	19,299	55,077	19,652
Investments:				
Debt Securities	3,452,309	184,164	484,867	170,258
Equity Investments	8,083,041	431,192	1,135,241	398,630
Absolute Return	3,573,055	190,605	501,825	176,211
Private Equity	2,607,844	139,116	366,264	128,611
Real Assets	3,383,071	180,470	475,141	166,843
Invested Securities Lending Collateral	554,319	29,570	77,853	27,337
Total Investments	21,653,639	1,155,117	3,041,191	1,067,890
Capital Assets:				
Land	1,411	75	198	70
Buildings and Improvements	14,246	761	2,000	702
Machinery and Equipment	5,392	288	757	265
Less Accumulated Depreciation	(17,174)	(917)	(2,411)	(846)
Total Capital Assets	3,875	207	544	191
Total Assets	$ 23,916,705	$ 1,274,093	$ 3,358,707	$ 1,179,690
LIABILITIES				
Accounts Payable	$ 564,811	$ 30,079	$ 79,192	$ 27,808
Securities Lending Liability	554,319	29,570	77,853	27,337
Leave/Postemployment Benefits	12,415	663	1,744	612
Insurance Reserves	3,962	211	557	195
Real Estate Liabilities	162,455	8,666	22,816	8,012
Total Liabilities	$ 1,297,962	$ 69,189	$ 182,162	$ 63,964
NET POSITION				
Restricted for:				
Pension Benefits	$ 22,618,743	$ 1,204,904	$ 3,176,545	$ 1,115,726
Other Postemployment Benefits	—	—	—	—
Other Employee Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Total Net Position	$ 22,618,743	$ 1,204,904	$ 3,176,545	$ 1,115,726

Pension Trust				Defined Contributions 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
$ 14,468	$ 856	$ 17,643	$ 2,048	$ 10,310	$ 420	$ 290	$ 0
—	—	—	—	—	—	—	—
288	—	3,675	365	—	—	—	—
146	—	—	—	—	—	—	—
2,737	162	3,338	387	83,056	9,598	—	—
3,171	162	7,013	752	83,056	9,598	0	0
26,787	1,583	32,663	3,787	1,506,993	162,583	70,104	—
62,717	3,705	76,476	8,867	2,601,022	305,799	93,625	—
27,724	1,638	33,806	3,920	—	—	—	—
20,235	1,195	24,674	2,861	—	—	—	—
26,250	1,551	32,008	3,711	145,474	16,170	6,726	—
4,301	254	5,245	608	—	—	—	—
168,014	9,926	204,872	23,754	4,253,489	484,552	170,455	0
11	1	13	1	—	—	—	—
109	7	136	15	—	—	—	—
43	3	52	6	—	—	—	—
(133)	(9)	(164)	(18)	—	—	—	—
30	2	37	4	0	0	0	0
$ 185,683	$ 10,946	$ 229,565	$ 26,558	$ 4,346,855	$ 494,570	$ 170,745	$ 0
$ 4,375	$ 258	$ 5,335	$ 619	$ 7,882	$ 151	$ 47	$ —
4,301	254	5,245	608	—	—	—	—
96	6	118	14	—	—	—	—
31	2	37	4	—	—	—	—
1,262	74	1,537	178	—	—	—	—
$ 10,065	$ 594	$ 12,272	$ 1,423	$ 7,882	$ 151	$ 47	$ 0
$ 175,618	$ 10,352	$ 217,293	$ 25,135	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	4,338,973	494,419	170,698	—
$ 175,618	$ 10,352	$ 217,293	$ 25,135	$ 4,338,973	$ 494,419	$ 170,698	$ 0

Continues

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefits Trust Funds
(expressed in thousands)
Continued

June 30, 2017

	Post-Retirement Benefits Trust		Other Employee Benefits Trust		
	State Employee	Elected Official	Other Employee Benefits	Annual Leave	Total
ASSETS					
Cash and Cash Equivalents	$ 169	$ 0	$ 0	$ 1	$ 2,364,941
Receivables:					
Member Contributions	—	—	—	—	792
Employer Contributions	1,169	2	823	274	53,492
Court Fees and Fire Insurance Premiums	—	—	—	—	1,749
Investments	—	—	—	—	537,792
Total Receivables	1,169	2	823	274	593,825
Investments:					
Debt Securities	260,429	5,915	13,978	1,726	6,378,146
Equity Investments	—	6,163	—	—	13,206,478
Absolute Return	—	—	—	—	4,508,784
Private Equity	—	—	—	—	3,290,800
Real Assets	—	—	—	—	4,437,415
Invested Securities Lending Collateral	—	—	—	—	699,487
Total Investments	260,429	12,078	13,978	1,726	32,521,110
Capital Assets:					
Land	—	—	—	—	1,780
Buildings and Improvements	—	—	—	—	17,976
Machinery and Equipment	—	—	—	—	6,806
Less Accumulated Depreciation	—	—	—	—	(21,672)
Total Capital Assets	0	0	0	0	4,890
Total Assets	$ 261,767	$ 12,080	$ 14,801	$ 2,001	$ 35,484,766
LIABILITIES					
Accounts Payable	$ —	$ —	$ —	$ —	$ 720,557
Securities Lending Liability	—	—	—	—	699,487
Leave/Postemployment Benefits	7,595	—	655	436	24,354
Insurance Reserves	—	—	—	—	4,999
Real Estate Liabilities	—	—	—	—	205,000
Total Liabilities	$ 7,595	$ 0	$ 655	$ 436	$ 1,654,397
NET POSITION					
Restricted for:					
Pension Benefits	$ —	$ —	$ —	$ —	$ 28,544,316
Other Postemployment Benefits	254,172	12,080	—	—	266,252
Other Employee Benefits	—	—	14,146	1,565	15,711
Defined Contribution	—	—	—	—	5,004,090
Total Net Position	$ 254,172	$ 12,080	$ 14,146	$ 1,565	$ 33,830,369

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Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Firefighters System
ADDITIONS				
Contributions:				
Member	$ 16,308	$ 3,420	$ 830	$ 18,729
Employer	831,631	8,188	147,099	6,954
Court Fees and Fire Insurance Premiums	—	—	—	10,569
Total Contributions	847,939	11,608	147,929	36,252
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	1,428,287	78,218	199,385	70,254
Interest, Dividends, and Other Investment Income	388,277	21,264	54,203	19,099
Total Income From Investment Activity	1,816,564	99,482	253,588	89,353
Less Investment Expenses	(38,987)	(2,135)	(5,444)	(1,918)
Net Income from Investment Activity	1,777,577	97,347	248,144	87,435
Income from Security Lending Activity	7,279	398	1,015	358
Less Security Lending Expenses	(945)	(52)	(132)	(47)
Net Income from Security Lending Activity	6,334	346	883	311
Net Investment Income	1,783,911	97,693	249,027	87,746
Transfers From Affiliated Systems	—	—	6,701	1,611
Total Additions	2,631,850	109,301	403,657	125,609
DEDUCTIONS				
Retirement Benefits	1,001,451	70,137	135,697	41,687
Cost of Living Benefits	182,866	13,232	28,547	10,195
Supplemental Retirement Benefits	—	78	264	220
Retiree Healthcare Benefits	—	—	—	—
Refunds/Plan Distributions	4,366	1,700	183	466
Administrative Expenses	8,856	446	1,260	374
Transfers To Affiliated Systems	8,005	1,895	—	—
Total Deductions	1,205,544	87,488	165,951	52,942
Change in Net Position Restricted for:				
Pension Benefits	1,426,306	21,813	237,706	72,667
Other Postemployment Benefits	—	—	—	—
Other Employee Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Net Position – Beginning	21,192,437	1,183,091	2,938,839	1,043,059
Transfer to Component Unit Public Employees Health Program	—	—	—	—
Net Position – Beginning as Adjusted	21,192,437	1,183,091	2,938,839	1,043,059
Net Position – Ending	$ 22,618,743	$ 1,204,904	$ 3,176,545	$ 1,115,726

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**
$ —	$ —	$ —	$ —	$ 290,632	$ 27,326	$ 32,767	$ —
7,382	421	63,062	8,488	—	—	—	6,796
1,470	—	—	—	—	—	—	—
8,852	421	63,062	8,488	290,632	27,326	32,767	6,796
11,065	680	11,223	1,272	332,221	39,183	12,143	36
3,008	185	3,097	348	3,522	401	—	—
14,073	865	14,320	1,620	335,743	39,584	12,143	36
(302)	(19)	(311)	(35)	(3,071)	(332)	(118)	—
13,771	846	14,009	1,585	332,672	39,252	12,025	36
56	3	58	7	—	—	—	—
(7)	—	(8)	(1)	—	—	—	—
49	3	50	6	—	—	—	—
13,820	849	14,059	1,591	332,672	39,252	12,025	36
1,600	—	—	—	—	—	—	—
24,272	1,270	77,121	10,079	623,304	66,578	44,792	6,832
10,070	773	316	28	—	—	—	—
2,260	168	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	257,651	25,706	12,524	2,934
71	4	51	5	7,085	810	270	31
—	12	—	—	—	—	—	—
12,401	957	367	33	264,736	26,516	12,794	2,965
11,871	313	76,754	10,046	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	358,568	40,062	31,998	3,867
163,747	10,039	140,539	15,089	3,980,405	454,357	138,700	23,274
—	—	—	—	—	—	—	(27,141)
163,747	10,039	140,539	15,089	3,980,405	454,357	138,700	(3,867)
$ 175,618	$ 10,352	$ 217,293	$ 25,135	$ 4,338,973	$ 494,419	$ 170,698	$ 0

Continues

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
(expressed in thousands)
Continued

For the Fiscal Year Ended June 30, 2017

	Post-Retirement Benefits Trust		Other Employee Benefits Trust		
	State Employee	Elected Official	Other Employee Benefits	Annual Leave	Total
ADDITIONS					
Contributions:					
Member	$ —	$ —	$ —	$ —	$ 390,012
Employer	33,361	1,388	18,535	7,099	1,140,404
Court Fees and Fire Insurance Premiums	—	—	—	—	12,039
Total Contributions	33,361	1,388	18,535	7,099	1,542,455
Investment Income:					
Net Increase (Decrease) in Fair Value of Investments	12,302	1,202	(225)	—	2,197,246
Interest, Dividends, and Other Investment Income	1,892	12	248	20	495,576
Total Income From Investment Activity	14,194	1,214	23	20	2,692,822
Less Investment Expenses	—	—	—	—	(52,672)
Net Income from Investment Activity	14,194	1,214	23	20	2,640,150
Income from Security Lending Activity	—	—	—	—	9,174
Less Security Lending Expenses	—	—	—	—	(1,192)
Net Income from Security Lending Activity	0	0	0	0	7,982
Net Investment Income	14,194	1,214	23	20	2,648,132
Transfers From Affiliated Systems	—	—	—	—	9,912
Total Additions	47,555	2,602	18,558	7,119	4,200,499
DEDUCTIONS					
Retirement Benefits	—	—	—	—	1,260,159
Cost of Living Benefits	—	—	—	—	237,268
Supplemental Retirement Benefits	—	—	—	—	562
Retiree Healthcare Benefits	30,158	503	—	—	30,661
Refunds/Plan Distributions	—	—	12,459	7,441	325,430
Administrative Expenses	—	—	—	—	19,263
Transfers To Affiliated Systems	—	—	—	—	9,912
Total Deductions	30,158	503	12,459	7,441	1,883,255
Change in Net Position Restricted for:					
Pension Benefits	—	—	—	—	1,857,476
Other Postemployment Benefits	17,397	2,099	—	—	19,496
Other Employee Benefits	—	—	6,099	(322)	5,777
Defined Contribution	—	—	—	—	434,495
Net Position – Beginning	236,775	9,981	8,047	1,887	31,540,266
Transfer to Component Unit Public Employees Health Program	—	—	—	—	(27,141)
Net Position – Beginning as Adjusted	236,775	9,981	8,047	1,887	31,513,125
Net Position – Ending	$ 254,172	$ 12,080	$ 14,146	$ 1,565	$ 33,830,369

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Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
(expressed in thousands)

June 30, 2017

	Utah Navajo Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust	Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
ASSETS							
Cash and Cash Equivalents	$ 1,500	$ —	$ 20	$ 1,136	$ 3,616	$ 4,482	$ 10,754
Receivables:							
Accounts	—	—	5,102	84	—	294	5,480
Accrued Interest	—	—	—	1	—	—	1
Accrued Assessments	—	—	4,876	—	—	—	4,876
Loans	36	—	—	964	—	—	1,000
Due From Other Funds	624	—	—	—	—	—	624
Investments:							
Debt Securities	63,632	73,360	175,383	19,048	2,850,586	4,956	3,186,965
Equity Investments	—	—	8,921	—	8,127,382	—	8,136,303
Total Investments	63,632	73,360	184,304	19,048	10,977,968	4,956	11,323,268
Other Assets	255	6,468	—	—	—	—	6,723
Capital Assets:							
Land	271	—	—	—	—	—	271
Buildings and Improvements	10,715	—	—	—	—	—	10,715
Machinery and Equipment	321	—	—	—	2,225	—	2,546
Less Accumulated Depreciation	(4,446)	—	—	—	(1,723)	—	(6,169)
Total Capital Assets	6,861	0	0	0	502	0	7,363
Total Assets	$ 72,908	$ 79,828	$ 194,302	$ 21,233	$ 10,982,086	$ 9,732	$ 11,360,089
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows Relating to Pensions	$ 0	$ 0	$ 0	$ 0	$ 568	$ 0	$ 568
LIABILITIES							
Accounts Payable	$ 121	$ 240	$ 423	$ 218	$ 1,039	$ 890	$ 2,931
Due To Other Funds	470	—	62	80	—	2	614
Unearned Revenue	—	—	—	428	—	—	428
Policy Claims Liabilities	—	—	179,805	28,445	—	—	208,250
Net Pension Obligation	—	—	—	—	992	—	992
Total Liabilities	$ 591	$ 240	$ 180,290	$ 29,171	$ 2,031	$ 892	$ 213,215
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows Relating to Pensions	$ 0	$ 0	$ 0	$ 0	$ 267	$ 0	$ 267
NET POSITION							
Restricted for:							
Individuals, Organizations, and Other Governments	$ 72,317	$ 79,588	$ 14,012	$ (7,938)	$ 10,980,356	$ 8,840	$ 11,147,175
Total Net Position	$ 72,317	$ 79,588	$ 14,012	$ (7,938)	$ 10,980,356	$ 8,840	$ 11,147,175

Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Utah Navajo Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust	Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
ADDITIONS							
Contributions:							
Member	$ —	$ —	$ —	$ —	$ 1,125,500	$ 7,651	$ 1,133,151
Total Contributions	0	0	0	0	1,125,500	7,651	1,133,151
Investment Income:							
Net Increase (Decrease) in Fair Value of Investments	68	30	4,701	—	860,146	—	864,945
Interest, Dividends, and Other Investment Income	693	1,042	260	227	234,130	51	236,403
Total Income From Investment Activity	761	1,072	4,961	227	1,094,276	51	1,101,348
Other Additions:							
Escheats	—	28,348	—	—	—	—	28,348
Royalties and Rents	3,293	—	—	—	—	—	3,293
Fees, Assessments, and Revenues	1,017	—	20,461	5,215	—	20,265	46,958
Court Settlement / Miscellaneous	154	—	265	234	—	4,914	5,567
Total Other	4,464	28,348	20,726	5,449	0	25,179	84,166
Total Additions	5,225	29,420	25,687	5,676	2,219,776	32,881	2,318,665
DEDUCTIONS							
Trust Operating Expenses	1,497	—	—	8,032	—	24,064	33,593
Distributions and Benefit Payments	525	24,558	2,733	—	413,980	7,357	449,153
Administrative and General Expenses	1,473	2,021	2,812	2,108	11,454	293	20,161
Total Deductions	3,495	26,579	5,545	10,140	425,434	31,714	502,907
Change in Net Position Restricted for:							
Individuals, Organizations, and Other Governments	1,730	2,841	20,142	(4,464)	1,794,342	1,167	1,815,758
Net Position – Beginning	70,587	76,747	(6,130)	(3,474)	9,186,014	21,339	9,345,083
Transfer to Nonmajor Miscellaneous Special Revenue	—	—	—	—	—	(13,666)	(13,666)
Net Position – Beginning as Adjusted	70,587	76,747	(6,130)	(3,474)	9,186,014	7,673	9,331,417
Net Position – Ending	$ 72,317	$ 79,588	$ 14,012	$ (7,938)	$ 10,980,356	$ 8,840	$ 11,147,175

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

(expressed in thousands)

June 30, 2017

	Taxes and Social Security	Country and Local Collections	State Courts	Deposits, Suspense, and Miscellaneous	Total
ASSETS					
Cash and Cash Equivalents	$ 72	$ 162,799	$ 1,772	$ 32,937	$ 197,580
Accounts Receivable	—	—	—	16,923	16,923
Due From Other Funds	—	—	—	114	114
Investments:					
Debt Securities	—	92	—	3,059	3,151
Other Assets	—	—	32,718	16,569	49,287
Total Assets	$ 72	$ 162,891	$ 34,490	$ 69,602	$ 267,055
LIABILITIES					
Due To Individuals, Organizations, and Other Governments	$ 72	$ 162,891	$ 34,490	$ 69,602	$ 267,055
Total Liabilities	$ 72	$ 162,891	$ 34,490	$ 69,602	$ 267,055

Combining Statement of Changes in Assets and Liabilities

Agency Funds

(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	$ 10,026	$ 262,453	$ 272,407	$ 72
Total Assets	$ 10,026	$ 262,453	$ 272,407	$ 72
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 10,026	$ 262,453	$ 272,407	$ 72
Total Liabilities	$ 10,026	$ 262,453	$ 272,407	$ 72
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	$ 144,482	$ 1,771,881	$ 1,753,564	$ 162,799
Investments	138	2,742	2,788	92
Receivables:				
Accounts Receivable	67	—	67	0
Total Assets	$ 144,687	$ 1,774,623	$ 1,756,419	$ 162,891
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 144,687	$ 1,837,516	$ 1,819,312	$ 162,891
Total Liabilities	$ 144,687	$ 1,837,516	$ 1,819,312	$ 162,891
STATE COURTS				
Assets				
Cash and Cash Equivalents	$ 732	$ 7,948	$ 6,908	$ 1,772
Other Assets	35,515	56,852	59,649	32,718
Total Assets	$ 36,247	$ 64,800	$ 66,557	$ 34,490
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 36,247	$ 64,840	$ 66,597	$ 34,490
Total Liabilities	$ 36,247	$ 64,840	$ 66,597	$ 34,490
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	$ 30,533	$ 697,515	$ 695,111	$ 32,937
Investments	461	3,405	807	3,059
Receivables:				
Accounts Receivable	15,901	1,705	683	16,923
Due From Other Funds	339	114	339	114
Other Assets	16,730	9,507	9,668	16,569
Total Assets	$ 63,964	$ 712,246	$ 706,608	$ 69,602
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 63,964	$ 523,189	$ 517,551	$ 69,602
Total Liabilities	$ 63,964	$ 523,189	$ 517,551	$ 69,602
TOTAL — ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	$ 185,773	$ 2,739,797	$ 2,727,990	$ 197,580
Investments	599	6,147	3,595	3,151
Receivables:				
Accounts Receivable	15,968	1,705	750	16,923
Due From Other Funds	339	114	339	114
Other Assets	52,245	66,359	69,317	49,287
Total Assets	$ 254,924	$ 2,814,122	$ 2,801,991	$ 267,055
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 254,924	$ 2,687,998	$ 2,675,867	$ 267,055
Total Liabilities	$ 254,924	$ 2,687,998	$ 2,675,867	$ 267,055

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Nonmajor Component Units

Utah Communications Authority

The Utah Communications Authority (UCA) provides public safety communications services and facilities on a statewide basis for the benefit and use of state, local, and federal agencies. UCA supports statewide interoperability of emergency communications throughout the State, and manages the 911 funds collected by the State for the benefit of the Public Safety Answering Points within the State. UCA operations are funded through service charges supplemented with federal grants and state fees and appropriations.

Utah Schools for the Deaf and the Blind

The Schools were created to provide education to individuals with hearing and/or vision impairments, through direct and indirect education services, as well as consultation to their families and service providers.

Military Installation Development Authority

This Authority is an independent, nonprofit entity whose purpose is to provide for the development and improvement of project areas near military installations throughout the State. Operations are funded through service charges, project revenue, and state appropriations.

Heber Valley Historic Railroad Authority

The Authority was created to operate, maintain, improve, and provide for a scenic and historic railway in and around the Heber Valley in Wasatch County. Operations are funded primarily through user charges.

Utah State Fair Corporation

The Corporation was created to operate the State Fair Park and conduct the Utah State Fair and other expositions and entertainment events. Operations are funded by admissions, rentals, donations, and state appropriations.

Colleges and Universities

The colleges and universities are the State’s public institutions of higher education. The nonmajor institutions of higher education are:

Weber State University | Southern Utah University | Salt Lake Community College | Utah Valley University
Dixie State University | Snow College | Utah College of Applied Technology

Combining Statement of Net Position
Nonmajor Component Units
(expressed in thousands)

June 30, 2017

	Utah Communications Authority	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 951	$ 6,738	$ 972	$ 65	$ 702
Investments	18,612	—	—	—	—
Receivables:					
Accounts, net	2,925	444	47	—	40
Notes/Loans/Mortgages/Pledges, net	—	—	—	—	—
Accrued Interest	—	—	—	—	—
Due From Primary Government	—	89	—	—	—
Prepaid Items	37	44	—	—	66
Inventories	138	—	—	9	—
Other Assets	—	—	—	—	—
Total Current Assets	22,663	7,315	1,019	74	808
Noncurrent Assets:					
Restricted Investments	—	—	22,446	—	—
Accounts Receivables, net	—	—	—	—	—
Investments	—	—	—	—	—
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	—	—	—
Other Assets	205	—	—	—	—
Capital Assets (net of Accumulated Depreciation)	13,796	27,905	5,031	2,950	203
Total Noncurrent Assets	14,001	27,905	27,477	2,950	203
Total Assets	$ 36,664	$ 35,220	$ 28,496	$ 3,024	$ 1,011
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —	$ —
Deferred Outflows Relating to Pensions	974	5,541	74	125	248
Total Deferred Outflows of Resources	$ 974	$ 5,541	$ 74	$ 125	$ 248
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	$ 626	$ 1,265	$ 107	$ 55	$ 208
Deposits	—	—	—	—	—
Due To Primary Government	—	574	—	13	—
Unearned Revenue	158	29	21,502	—	25
Current Portion of Long-term Liabilities	295	—	114	83	—
Total Current Liabilities	1,079	1,868	21,723	151	233
Noncurrent Liabilities:					
Unearned Revenue	112	—	—	—	—
Net Pension Liability	1,644	11,345	145	236	462
Net Other Postemployment Benefit Liability	—	1,107	—	—	—
Long-term Liabilities	1,589	—	3,722	569	—
Total Noncurrent Liabilities	3,345	12,452	3,867	805	462
Total Liabilities	$ 4,424	$ 14,320	$ 25,590	$ 956	$ 695
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Relating to Pensions	$ 160	$ 1,543	$ 14	$ 25	$ 55
Deferred Inflows Relating to Other Postemployment Benefit	—	43	—	—	—
Total Deferred Inflows of Resources	$ 160	$ 1,586	$ 14	$ 25	$ 55
NET POSITION					
Net Investment in Capital Assets	$ 12,601	$ 27,905	$ 1,298	$ 2,302	$ 203
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	—
Expendable:					
Higher Education	—	—	—	—	—
Other	6,780	—	946	—	16
Unrestricted (Deficit)	13,673	(3,050)	722	(134)	290
Total Net Position	$ 33,054	$ 24,855	$ 2,966	$ 2,168	$ 509

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State University	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
$ 34,445	$ 19,214	$ 26,544	$ 133,538	$ 17,042	$ 7,444	$ 25,393	$ 273,048
10,201	14,196	34,448	20,000	5,742	5,572	1,444	110,215
5,981	7,980	7,198	6,311	2,052	1,098	3,177	37,253
2,154	671	442	10,091	489	11	34	13,892
208	—	—	—	—	—	—	208
—	—	—	—	—	—	—	89
1,657	6,426	44	512	175	186	103	9,250
4,126	1,554	1,496	2,867	810	132	1,848	12,980
421	—	—	—	—	—	—	421
59,193	50,041	70,172	173,319	26,310	14,443	31,999	457,356
15,469	5,122	1,357	4,212	11,209	9,302	—	69,117
3,712	16,815	—	6,222	2,455	300	—	29,504
188,836	52,488	83,271	88,839	27,295	4,453	945	446,127
7,604	—	2,751	19,015	739	—	664	30,773
—	846	119	4,730	101	—	—	6,001
358,162	141,690	222,726	386,905	151,622	89,335	181,470	1,581,795
573,783	216,961	310,224	509,923	193,421	103,390	183,079	2,163,317
$ 632,976	$ 267,002	$ 380,396	$ 683,242	$ 219,731	$ 117,833	$ 215,078	$ 2,620,673
$ 633	$ 355	$ —	$ 225	$ —	$ —	$ —	$ 1,213
7,893	5,147	9,871	11,696	2,322	1,761	8,149	53,801
$ 8,526	$ 5,502	$ 9,871	$ 11,921	$ 2,322	$ 1,761	$ 8,149	$ 55,014
$ 4,600	$ 5,414	$ 13,960	$ 14,753	$ 9,238	$ 1,426	$ 4,384	$ 56,036
—	653	480	36,618	342	526	24	38,643
2,698	323	711	6,606	612	683	3,823	16,043
8,182	6,624	7,813	8,424	986	390	2,024	56,157
5,962	5,160	6,072	6,944	3,061	1,124	1,827	30,642
21,442	18,174	29,036	73,345	14,239	4,149	12,082	197,521
—	—	—	962	—	—	—	1,074
18,616	12,284	20,902	26,374	6,257	4,449	20,240	122,954
—	—	—	—	—	—	—	1,107
54,224	20,750	6,404	61,430	30,419	15,898	18,250	213,255
72,840	33,034	27,306	88,766	36,676	20,347	38,490	338,390
$ 94,282	$ 51,208	$ 56,342	$ 162,111	$ 50,915	$ 24,496	$ 50,572	$ 535,911
$ 2,766	$ 1,536	$ 2,597	$ 4,208	$ 623	$ 432	$ 2,228	$ 16,187
—	—	—	—	—	—	—	43
$ 2,766	$ 1,536	$ 2,597	$ 4,208	$ 623	$ 432	$ 2,228	$ 16,230
$ 305,766	$ 126,031	$ 222,726	$ 333,797	$ 131,002	$ 73,514	$ 160,400	$ 1,397,545
92,971	21,738	6,783	30,277	22,145	5,750	1,852	181,516
66,246	36,026	12,179	72,599	10,477	3,577	1,933	203,037
—	—	—	—	—	4,098	—	11,840
79,471	35,965	89,640	92,171	6,891	7,727	6,242	329,608
$ 544,454	$ 219,760	$ 331,328	$ 528,844	$ 170,515	$ 94,666	$ 170,427	$ 2,123,546

Combining Statement of Activities
Nonmajor Component Units
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Utah Communications Authority	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
Expenses	$ 20,057	$ 35,083	$ 22,948	$ 1,686	$ 4,395
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	—
Scholarship Allowances	—	—	—	—	—
Sales, Services, and Other Revenues	11,351	7,132	1,478	1,703	3,915
Operating Grants and Contributions	143	748	—	—	—
Capital Grants and Contributions	—	15,317	—	—	—
Total Program Revenues	11,494	23,197	1,478	1,703	3,915
Net (Expenses) Revenues	(8,563)	(11,886)	(21,470)	17	(480)
General Revenues:					
State Appropriations	7,500	27,585	—	—	675
Donations	—	—	—	174	—
Unrestricted Investment Income	—	9	9	—	1
Miscellaneous	—	—	—	—	—
Permanent Endowments Contributions	—	—	—	—	—
Total General Revenues and Contributions	7,500	27,594	9	174	676
Change in Net Position	(1,063)	15,708	(21,461)	191	196
Net Position – Beginning	34,117	10,548	24,427	1,977	313
Adjustment to Beginning Net Position	—	(1,401)	—	—	—
Net Position – Beginning as Adjusted	34,117	9,147	24,427	1,977	313
Net Position – Ending	$ 33,054	$ 24,855	$ 2,966	$ 2,168	$ 509

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State University	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
$ 238,000	$ 144,618	$ 220,104	$ 337,621	$ 91,768	$ 48,812	$ 104,595	$ 1,269,687
117,067	80,206	80,228	180,457	45,684	14,732	13,207	531,581
(33,247)	(27,302)	(17,614)	(42,852)	(9,939)	(5,867)	(3,407)	(140,228)
23,416	21,513	13,235	23,816	8,581	4,848	11,383	132,371
59,249	33,484	42,644	87,200	17,795	9,539	13,968	264,770
13,607	7,095	75	5,608	7,662	—	6,937	56,301
180,092	114,996	118,568	254,229	69,783	23,252	42,088	844,795
(57,908)	(29,622)	(101,536)	(83,392)	(21,985)	(25,560)	(62,507)	(424,892)
81,512	36,171	97,976	106,398	33,570	23,392	67,382	482,161
—	—	—	—	—	—	—	174
—	—	—	—	—	—	—	19
—	—	—	—	—	—	18	18
2,963	452	—	6,703	210	71	—	10,399
84,475	36,623	97,976	113,101	33,780	23,463	67,400	492,771
26,567	7,001	(3,560)	29,709	11,795	(2,097)	4,893	67,879
517,887	212,759	334,888	499,135	158,720	96,763	165,534	2,057,068
—	—	—	—	—	—	—	(1,401)
517,887	212,759	334,888	499,135	158,720	96,763	165,534	2,055,667
$ 544,454	$ 219,760	$ 331,328	$ 528,844	$ 170,515	$ 94,666	$ 170,427	$ 2,123,546

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STATISTICAL SECTION

2017

State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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STATISTICAL SECTION

Fiscal Year Ended June 30, 2017

This section of the State of Utah's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State's overall financial health.

Financial Trends Information
These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

Revenue Capacity Information
These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.

Debt Capacity Information
These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.

Demographic and Economic Information
These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Operating Information
These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

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

Sources: Unless otherwise noted, the information in the following schedules is derived from the State of Utah Comprehensive Annual Financial Report.

Schedule A–1

Net Position by Component*

Last Ten Fiscal Years

(expressed in thousands)

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
Governmental Activities				
Net Investment in Capital Assets	$ 10,447,357	$ 11,306,077	$ 12,005,321	$ 12,358,579
Restricted [1]	2,618,556	2,349,499	2,009,168	2,337,607
Unrestricted [2]	1,169,342	689,052	895,517	1,055,226
Total Governmental Activities Net Position	14,235,255	14,344,628	14,910,006	15,751,412
Business-type Activities				
Net Investment in Capital Assets	13,837	13,751	13,061	12,862
Restricted [3]	1,434,828	1,269,006	1,272,090	1,311,865
Unrestricted [4]	1,037,893	1,080,231	937,452	984,552
Total Business-type Activities Net Position	2,486,558	2,362,988	2,222,603	2,309,279
Primary Government				
Net Investment in Capital Assets	10,461,194	11,319,828	12,018,382	12,371,441
Restricted	4,053,384	3,618,505	3,281,258	3,649,472
Unrestricted	2,207,235	1,769,283	1,832,969	2,039,778
Total Primary Government Net Position	$ 16,721,813	$ 16,707,616	$ 17,132,609	$ 18,060,691

*This schedule is presented using the accrual basis of accounting.

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

[1] In fiscal years 2009 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 to 2017, restricted net position increased primarily due to an increase in investment values because of general market conditions. In fiscal year 2015, higher tax revenues also contributed to the increase in restricted net position. In fiscal year 2017, an increase in unspent restricted revenue as a result of a gas tax increase also contributed to the increase in restricted net position.

[2] In fiscal year 2014, governmental activities' unrestricted net position increased due to an increase in carry-forward balances. In fiscal year 2015, unrestricted net position decreased due to the implementation of Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions* that required the measurement and recognition of the State's net pension liability. In fiscal year 2017, unrestricted net position decreased primarily due to a decrease in amounts unspent and carried forward in the General Fund and for transportation and capital projects.

[3] 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 2017, restricted net position has continued to steadily increase due to unemployment revenues exceeding related claims.

[4] In fiscal years 2008 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. In fiscal year 2017, business-type activities' unrestricted net position increased primarily due to the the State providing additional capital to the loan funds from dedicated sales tax revenues.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 12,773,959	$ 13,481,005	$ 14,025,472	$ 14,789,631	$ 15,478,397	$ 16,370,572
2,601,082	3,120,501	3,600,039	3,877,468	3,864,294	4,249,945
1,083,417	1,305,793	1,496,537	888,526	1,011,204	819,880
16,458,458	17,907,299	19,122,048	19,555,625	20,353,895	21,440,397
13,293	14,012	14,198	16,740	20,384	19,440
1,463,006	1,616,819	1,734,512	1,975,859	2,065,552	2,110,776
1,053,270	1,094,041	1,231,623	1,157,416	1,169,162	1,228,915
2,529,569	2,724,872	2,980,333	3,150,015	3,255,098	3,359,131
12,787,252	13,495,017	14,039,670	14,806,371	15,498,781	16,390,012
4,064,088	4,737,320	5,334,551	5,853,327	5,929,846	6,360,721
2,136,687	2,399,834	2,728,160	2,045,942	2,180,366	2,048,795
$ 18,988,027	$ 20,632,171	$ 22,102,381	$ 22,705,640	$ 23,608,993	$ 24,799,528

Schedule A–2
Changes in Net Position*
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year 2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES				
Expenses				
General Government	$ 385,331	$ 390,373	$ 383,925	$ 402,543
Human Services and Juvenile Justice Services	679,920	700,307	669,169	648,456
Corrections	255,319	254,980	238,902	243,616
Public Safety	191,910	189,069	184,197	204,627
Courts	125,587	123,209	118,577	123,604
Health and Environmental Quality [1]	1,649,209	1,812,067	1,875,775	2,001,233
Higher Education	912,998	997,218	837,479	828,660
Employment and Family Services	423,122	514,915	672,852	707,019
Natural Resources	159,955	174,730	166,749	187,164
Heritage and Arts [2]	132,687	139,840	177,823	159,755
Business, Labor and Agriculture	95,563	101,995	96,895	94,397
Public Education [3]	2,959,311	3,033,574	3,007,905	3,058,046
Transportation	782,194	785,692	704,886	721,240
Interest and Other Charges on Long-Term Debt	58,851	52,070	87,393	104,887
Total Expenses	8,811,957	9,270,039	9,222,527	9,485,247
Program Revenues				
Charges for Services:				
General Government	257,537	154,794	169,808	140,794
Human Services and Juvenile Justice Services	10,840	13,359	12,851	12,140
Corrections	5,332	5,211	6,520	5,988
Public Safety	49,247	51,475	53,504	55,394
Courts	46,517	48,957	77,953	57,959
Health and Environmental Quality	65,666	64,328	88,504	150,763
Higher Education	31	32,981	419	90
Employment and Family Services	7,413	8,067	(2,715)	10,476
Natural Resources	64,407	71,266	70,780	73,645
Heritage and Arts	5,278	3,632	5,030	5,804
Business, Labor and Agriculture	68,622	65,376	74,400	67,582
Public Education	100,919	79,462	73,962	71,757
Transportation	183,369	254,064	275,154	254,682
Operating Grants and Contributions	2,658,284	3,177,737	3,865,150	4,079,907
Capital Grants and Contributions	144,867	145,353	204,237	109,669
Total Program Revenues	3,668,329	4,176,062	4,975,557	5,096,650
Net Program (Expense) - Governmental Activities	(5,143,628)	(5,093,977)	(4,246,970)	(4,388,597)
General Revenues and Other Changes in Net Position				
Taxes:				
Sales Tax and Use Tax [4]	2,006,926	1,762,745	1,735,023	1,812,271
Individual Income Tax Imposed for Education [4]	2,435,059	2,336,528	2,027,884	2,384,025
Corporate Tax Imposed for Education [4]	409,794	252,095	272,535	226,726
Motor and Special Fuel Taxes Imposed for Transportation	350,426	337,395	340,568	355,042
Other Taxes	333,545	354,982	328,703	397,908
Investment Income	63,947	29,267	5,575	7,480
Gain on Sale of Capital Assets	26,980	15,583	10,927	19,727
Miscellaneous	41,659	46,375	35,288	35,403
Special Item:				
Comprehensive Health Insurance Pool Transfer	—	—	—	—
Transfers–Internal Activities	37,733	38,953	55,845	47,431
Prior Period Adjustments and Restatements	—	28,447	—	(56,010)
Total General Revenues and Other Changes in Net Position	5,706,069	5,202,370	4,812,348	5,230,003
Change in Net Position — Governmental Activities – Increase (Decrease)	562,441	108,393	565,378	841,406

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 420,612	$ 406,065	$ 417,067	$ 442,340	$ 457,564	$ 476,428
646,565	671,831	690,117	718,731	765,027	818,058
249,569	255,679	268,346	273,695	282,538	297,587
241,101	254,503	243,783	231,250	245,598	266,032
123,405	124,660	128,877	129,951	142,913	150,066
2,145,929	2,259,695	2,410,760	2,503,794	2,600,928	2,719,553
1,115,301	884,775	908,795	1,004,382	1,137,364	1,104,855
712,388	786,221	693,789	724,477	710,018	760,777
157,145	178,670	189,641	194,026	198,190	225,176
154,759	21,147	22,447	23,207	27,048	28,874
100,385	99,655	105,987	100,566	112,809	106,523
3,000,117	3,096,089	3,202,327	3,338,653	3,554,337	3,748,684
738,877	836,488	847,752	797,392	825,923	888,854
121,192	112,994	110,034	98,442	93,598	84,820
9,927,345	9,988,472	10,239,722	10,580,906	11,153,855	11,676,287
178,354	182,731	148,213	181,907	166,386	182,026
11,905	18,204	12,529	11,744	10,725	12,674
4,715	4,743	5,463	5,106	3,836	4,824
57,257	61,543	63,831	60,528	61,395	59,581
56,148	53,900	52,390	54,615	51,868	51,645
230,318	268,753	289,198	313,376	325,024	315,962
194	—	—	—	—	—
11,802	16,602	12,659	7,440	8,082	8,911
79,577	85,685	91,967	88,304	90,561	101,933
3,148	2,316	2,696	2,524	3,443	3,961
83,758	86,962	89,426	89,722	94,924	94,305
80,425	82,676	110,564	75,123	89,269	191,968
339,488	249,288	253,094	243,301	207,554	206,963
3,704,709	3,802,274	3,954,581	3,717,276	3,632,735	3,994,614
157,564	114,156	100,481	114,490	87,942	132,708
4,999,362	5,029,833	5,187,092	4,965,456	4,833,744	5,362,075
(4,927,983)	(4,958,639)	(5,052,630)	(5,615,450)	(6,320,111)	(6,314,212)
1,931,045	2,090,841	2,121,518	2,206,633	2,300,368	2,402,809
2,525,082	2,969,128	2,918,991	3,280,568	3,435,425	3,646,721
284,666	331,080	321,424	369,747	354,979	327,266
351,346	351,553	359,822	370,974	425,366	483,922
415,190	399,788	431,901	386,228	354,800	355,075
8,464	6,726	8,829	7,804	9,365	22,058
17,294	30,580	20,012	28,131	27,048	54,012
58,851	46,884	40,577	94,616	82,882	106,723
—	—	—	16,288	—	—
43,091	76,231	44,305	109,028	128,148	135,338
—	104,669	—	1,940	—	—
5,635,029	6,407,480	6,267,379	6,871,957	7,118,381	7,533,924
707,046	1,448,841	1,214,749	1,256,507	798,270	1,219,712

Schedule A-2
Changes in Net Position - continued
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year 2008	2009	2010	2011
BUSINESS-TYPE ACTIVITIES				
Expenses				
Student Assistance Programs	$ 164,411	$ 144,007	$ 156,754	$ 93,422
Unemployment Compensation [5]	148,424	489,925	872,826	642,023
Water Loan Programs	10,477	12,900	31,971	38,069
Community and Economic Loan Programs	2,310	2,349	2,166	1,770
Liquor Retail Sales	160,635	168,844	180,401	190,373
Other Business-type Activities	33,417	35,635	30,886	33,796
Total Expenses	519,674	853,660	1,275,004	999,453
Program Revenues				
Charges for Services:				
Student Assistance Programs	117,246	89,805	109,804	71,966
Unemployment Compensation	157,624	144,383	170,224	296,847
Water Loan Programs	12,135	12,234	13,875	10,584
Community and Economic Loan Programs	6,524	7,838	9,033	10,583
Liquor Retail Sales	219,801	228,474	238,767	252,225
Other Business-type Activities	44,140	49,437	41,527	44,230
Operating Grants and Contributions [6 7]	65,036	161,594	518,280	403,847
Total Program Revenues	622,506	693,765	1,101,510	1,090,282
Net Program Revenue (Expense) — Business-type Activities	102,832	(159,895)	(173,494)	90,829
General Revenues and Other Changes in Net Position				
Taxes:				
Sales Tax and Use Tax	23,462	22,976	22,206	21,819
Investment Income [7]	78,817	53,282	28,560	17,169
Gain on Sale of Capital Assets	—	—	—	—
Miscellaneous	—	—	38,188	4,290
Transfers–Internal Activities	(37,733)	(38,953)	(55,845)	(47,431)
Capital Contributions	—	—	—	—
Prior Period Adjustments and Restatements	—	—	—	—
Total General Revenues and Other Changes in Net Position	64,546	37,305	33,109	(4,153)
Change in Net Position — Business-type Activities – Increase (Decrease)	167,378	(122,590)	(140,385)	86,676
Total Primary Government Change in Net Position	$ 729,819	$ (14,197)	$ 424,993	$ 928,082

*This schedule is presented using the accrual basis of accounting.

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

[1] Expenses for health and environmental quality have increased over the last ten fiscal years due to rising Medicaid program costs.

[2] In fiscal year 2013, legislative action moved the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

[3] Public education expenses continue to increase for both enrollment growth and benefit-related costs for educators.

[4] In fiscal years 2009 to 2010, general tax revenues declined due to the recessionary economy. In fiscal years 2011 to 2017, general tax revenues increased due to slightly higher revenues from a strengthening economy.

[5] Beginning in fiscal year 2009 and continuing in fiscal year 2010, unemployment compensation expenses increased significantly as the economy continued to weaken at a faster pace than in prior years. In fiscal years 2011 to 2015, expenses decreased reflecting Utah's improving economy and employment.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 111,662	$ 99,379	$ 79,963	$ 111,437	$ 154,247	$ 136,037
436,880	307,444	233,403	177,105	182,516	175,354
19,045	12,828	13,778	18,276	14,913	15,998
2,604	2,420	8,603	2,967	5,253	9,074
201,976	213,395	225,948	242,933	260,755	277,965
47,341	75,361	54,983	36,720	37,849	45,612
819,508	710,827	616,678	589,438	655,533	660,040
66,312	63,727	59,784	88,188	123,218	108,057
380,533	384,114	357,059	295,851	240,709	210,907
13,710	13,464	12,329	406	902	746
11,843	11,152	10,051	5,562	3,208	3,393
272,363	293,978	313,444	338,039	364,482	384,009
33,555	39,010	40,832	38,892	34,968	47,994
262,035	168,514	75,568	48,482	46,118	39,053
1,040,351	973,959	869,067	815,420	813,605	794,159
220,843	263,132	252,389	225,982	158,072	134,119
24,264	25,891	27,304	28,384	29,841	57,528
14,727	16,636	20,073	41,421	45,318	49,349
—	—	—	—	—	529
3,547	425	—	—	—	—
(43,091)	(76,231)	(44,305)	(109,028)	(128,148)	(135,338)
—	—	—	—	—	37
—	(34,550)	—	(367)	—	—
(553)	(67,829)	3,072	(39,590)	(52,989)	(27,895)
220,290	195,303	255,461	186,392	105,083	106,224
$ 927,336	$ 1,644,144	$ 1,470,210	$ 1,442,899	$ 903,353	$ 1,325,936

[6] In fiscal years 2010 and 2011, operating grants and contributions increased overall from the preceding and subsequent years, primarily due to increased federal programs funded in part by the American Recovery and Reinvestment Act in the Unemployment Compensation Fund and additional operating grants issued for loan related programs.

[7] In fiscal year 2016, investment income for business-type activities was reclassified to other general revenues from operating grants and contributions. This change was made to comply with applicable accounting standards. Prior years have been restated.

Schedule A–3
Fund Balances — Governmental Funds*
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
General Fund				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable [1]	$ —	$ —	$ 2,861	$ 10,134
Prepaid Items [1]	—	—	—	—
Inventories	—	—	411	538
Restricted	—	—	35,171	31,523
Committed	—	—	371,354	445,540
Assigned [2]	—	—	222,963	212,002
Unassigned	—	—	14,884	609
Total General Fund	0	0	647,644	700,346
All Other Governmental Funds				
Nonspendable:				
Inventories	$ —	$ —	$ 11,646	$ 10,523
Permanent Fund Principal [3]	—	—	1,066,568	1,355,565
Restricted [4]	—	—	1,333,776	1,191,591
Committed [5]	—	—	347,254	390,278
Assigned [6]	—	—	92,806	174,737
Total All Other Governmental Funds	0	0	2,852,050	3,122,694
Total Fund Balances — Governmental Funds	$ 0	$ 0	$ 3,499,694	$ 3,823,040
General Fund				
Reserved [7]	$ 470,800	$ 305,224	$ —	$ —
Unreserved [8]	394,068	327,467	—	—
Total General Fund	864,868	632,691	0	0
All Other Governmental Funds				
Reserved	1,867,469	1,892,734	—	—
Unreserved reported in:				
Special Revenue Funds	975,035	807,356	—	—
Capital Projects [9]	57,027	(13,219)	—	—
Debt Service	20,801	5,210	—	—
Total All Other Governmental Funds	2,920,332	2,692,081	0	0
Total Fund Balances — Governmental Funds	$ 3,785,200	$ 3,324,772	$ 0	$ 0

*This schedule is presented using the modified accrual basis of accounting.

Notes: Beginning fiscal year 2010, the fund balance categories were reclassified as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balance has not been restated for prior years.

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

[1] Nonspendable fund balance within the General Fund as to prepaid items varies from year to year to due the timing of yearend payments. The long-term portion of interfund loans receivable with Internal Service Funds varies from year to year based on changes in loan balances and projections for repayments for the next year.

[2] In fiscal year 2016, the assigned fund balance within the General Fund decreased due to a reduction in the amount set aside for next year's budget.

[3] In fiscal years 2013 to 2017, the nonspendable fund balance within other governmental funds increased primarily due to a change in investment values as a result of the rebounding and then prospering economy.

[4] In fiscal year 2017, the restricted fund balance within other governmental funds increased primarily due to an increase in the unspent balance of restricted resources within the Transportation Fund as the result of an increase in the motor and special fuels tax and also higher fuel consumption.

[5] In fiscal years 2012 to 2014, the committed fund balance within other governmental funds increased as a result of sales and use tax diversions for transportation projects. In fiscal years 2016 and 2017, the committed fund balance decreased as expenditures increased for transportation projects utilizing sales and use tax revenue.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 13,537	$ 44,360	$ 38,832	$ 26,996	$ 26,747	$ 18,927
23,450	67,790	73,033	96,939	106,745	14,475
662	800	926	662	434	687
39,745	41,931	40,898	34,278	38,124	33,516
489,487	496,795	507,380	496,758	546,782	559,791
159,082	224,452	197,842	255,841	132,126	194,174
11,342	—	7,224	—	7,196	9,585
737,305	876,128	866,135	911,474	858,154	831,155
$ 11,583	$ 11,980	$ 14,018	$ 13,605	$ 13,990	$ 13,905
1,436,623	1,690,261	2,089,334	2,244,902	2,267,538	2,503,353
1,089,030	1,094,754	1,160,581	1,188,672	1,189,881	1,308,585
631,983	698,264	865,786	843,483	758,530	686,583
112,015	63,586	128,631	163,194	347,321	305,065
3,281,234	3,558,845	4,258,350	4,453,856	4,577,260	4,817,491
$ 4,018,539	$ 4,434,973	$ 5,124,485	$ 5,365,330	$ 5,435,414	$ 5,648,646
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—
0	0	0	0	0	0
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
0	0	0	0	0	0
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

[6] The assigned fund balance within other governmental funds varies from year to year due to changes in funding provided for capital projects.

[7] In fiscal year 2009, General Fund reserved fund balance decreased due to less reserves available as a result of the slowing economy.

[8] 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.

[9] In fiscal year 2007, and again in fiscal year 2009, unreserved fund balance for capital projects reported a deficit balance as a result of outstanding encumbrances on various capital related projects.

Schedule A–4
Changes in Fund Balances — Governmental Funds*
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year 2008	2009	2010	2011
Revenues				
Sales and Use Tax [1]	$ 2,031,239	$ 1,761,224	$ 1,733,412	$ 1,812,011
Individual Income Tax [1]	2,560,394	2,340,400	2,124,173	2,332,562
Corporate Tax [1]	410,586	249,177	266,961	230,888
Motor and Special Fuels Tax [2]	357,664	337,529	341,196	352,918
Other Taxes	333,542	354,713	328,753	397,248
Federal Contracts and Grants [3]	2,574,585	3,207,110	3,713,771	3,626,354
Charges for Services/Royalties	468,451	463,248	463,436	528,568
Licenses, Permits, and Fees	121,882	128,212	179,947	188,998
Federal Mineral Lease [4]	134,404	172,642	129,377	135,979
Intergovernmental	12,884	9,446	28,659	18,537
Investment Income [5]	46,716	(132,523)	118,541	274,797
Miscellaneous and Other	373,047	382,614	356,004	332,722
Total Revenues	9,425,394	9,273,792	9,784,230	10,231,582
Expenditures				
General Government	319,389	325,076	313,981	316,440
Human Services and Juvenile Justice Services	677,234	701,099	667,192	646,411
Corrections	251,216	255,448	235,411	238,090
Public Safety	196,008	213,038	199,731	207,426
Courts	131,261	129,125	136,373	128,676
Health and Environmental Quality [6]	1,648,841	1,812,488	1,873,264	2,008,356
Higher Education–State Administration	64,587	60,224	52,084	48,836
Higher Education–Colleges and Universities	793,283	782,650	734,440	718,026
Employment and Family Services [7]	432,955	519,741	673,329	703,786
Natural Resources	174,120	178,306	161,640	189,430
Heritage and Arts [7]	132,413	140,453	178,258	160,338
Business, Labor, and Agriculture	96,072	101,966	96,579	93,149
Public Education [8]	2,960,873	3,035,519	3,002,318	3,059,351
Transportation [9 10]	1,030,793	1,249,080	1,204,955	946,692
Capital Outlay [11]	566,955	607,794	1,007,219	1,236,168
Debt Service — Principal Retirement	193,292	180,613	189,041	223,952
Debt Service — Interest and Other Charges	139,883	64,675	113,876	142,452
Total Expenditures	9,809,175	10,357,295	10,839,691	11,067,579
Revenues Over (Under) Expenditures	(383,781)	(1,083,503)	(1,055,461)	(835,997)
Other Financing Sources (Uses)				
General Obligation Bonds Issued [11]	75,000	498,810	982,170	1,034,970
Revenue Bonds Issued	—	—	101,595	—
Refunding Bonds Issued	—	—	—	196,610
Premium on Bonds Issued	1,557	45,445	65,853	94,689
Payment to Refunded Bond Escrow Agent	—	—	—	(234,873)
Capital Leases/Contracts Issued	2,131	2,010	11,122	—
Sale of Capital Assets	30,824	28,035	13,966	20,256
Transfers In	4,550,400	3,606,534	929,044	1,125,598
Transfers Out	(4,512,711)	(3,557,759)	(873,367)	(1,077,907)
Special Item				
Comprehensive Health Insurance Pool Transfer [12]	—	—	—	—
Prior Period Adjustments and Restatements	—	—	—	—
Total Other Financing Sources (Uses)	147,201	623,075	1,230,383	1,159,343
Net Change in Fund Balances	$ (236,580)	$ (460,428)	$ 174,922	$ 323,346
Debt Service as a Percentage of Noncapital Expenditures	3.75%	2.67%	3.29%	3.85%

*This schedule is presented using the modified accrual basis of accounting.

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

[1] In fiscal years 2009 to 2010, tax revenues decreased significantly as the economy slowed. Sales and use tax diversions along with a reduction in the sales tax rate also contributed to this decrease. In fiscal years 2011 to 2017, tax revenues increased due to a rebounding and then prospering economy.

[2] In fiscal years 2016 and 2017, motor and special fuels tax increased due in part to a tax increase that became effective in mid-2016, and also as a result of higher fuel consumption.

[3] In fiscal years 2009 and 2010, federal contracts and grants increased due in part to funding provided by the American Recovery and Reinvestment Act. In fiscal year 2017, federal contracts and grants increased due to an increase in funding provided for the Medicaid program and highway projects.

[4] In fiscal year 2016, federal mineral lease revenue decreased due to lower energy prices and a decline in production.

[5] Significant changes in investment income from year to year are due to the change in the fair value of investments as a result of general market conditions.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 1,934,035	$ 2,094,132	$ 2,121,249	$ 2,204,389	$ 2,302,886	$ 2,403,347
2,518,373	2,865,195	2,916,015	3,211,476	3,393,087	3,646,112
285,541	329,726	322,748	366,543	354,615	325,701
353,299	351,197	359,176	371,412	425,343	484,677
414,744	400,111	432,178	386,066	355,229	354,863
3,561,512	3,489,515	3,463,045	3,478,563	3,573,699	3,828,715
625,831	677,119	706,125	682,288	630,300	667,665
183,630	185,976	188,653	194,648	199,748	203,830
183,739	138,122	158,193	138,635	69,245	73,787
34,407	32,704	7,211	12,620	11,264	19,273
46,133	221,139	353,653	133,092	34,168	266,775
393,010	305,267	327,880	384,968	388,295	394,167
10,534,254	11,090,203	11,356,126	11,564,700	11,737,879	12,668,912
356,752	362,845	374,134	386,059	412,204	409,626
645,418	669,091	692,277	723,663	766,186	804,283
245,829	251,118	266,246	272,053	290,217	305,438
239,453	255,727	271,716	266,586	263,417	253,976
127,066	129,693	132,886	137,901	146,510	152,262
2,141,835	2,252,166	2,434,410	2,517,513	2,622,797	2,733,374
49,359	51,901	48,920	56,935	79,567	73,641
721,074	735,438	781,998	875,610	915,432	981,938
706,181	781,178	703,441	730,972	708,184	754,530
153,698	178,330	184,465	190,378	196,188	225,387
155,575	22,428	24,231	24,041	27,826	29,335
99,689	99,828	105,915	101,331	111,186	107,800
2,999,706	3,097,161	3,202,007	3,340,290	3,556,897	3,732,813
1,064,449	951,277	902,788	903,700	835,111	975,662
973,206	524,582	380,930	499,705	523,937	668,768
266,300	309,268	329,659	319,739	348,576	342,622
168,047	154,472	150,101	135,994	118,805	105,023
11,113,637	10,826,503	10,986,124	11,482,470	11,923,040	12,656,478
(579,383)	263,700	370,002	82,230	(185,161)	12,434
609,920	33,240	226,175	—	—	—
5,250	1,900	—	—	93,625	—
—	22,612	—	221,765	—	—
92,558	8,346	24,656	47,562	4,405	—
—	(24,358)	—	(267,870)	—	—
—	2,824	—	—	5,100	—
22,158	31,243	24,596	29,274	30,688	53,025
1,097,387	1,360,691	1,489,272	1,659,616	1,998,019	1,792,074
(1,052,391)	(1,283,764)	(1,445,189)	(1,549,960)	(1,876,592)	(1,657,967)
—	—	—	16,288	—	—
—	—	—	1,940		
774,882	152,734	319,510	158,615	255,245	187,132
$ 195,499	$ 416,434	$ 689,512	$ 240,845	$ 70,084	$ 199,566
4.45%	4.59%	4.60%	4.22%	4.17%	3.78%

[6] Expenditures for Health and Environmental Quality have increased over the last ten fiscal years due to rising Medicaid program costs.

[7] In fiscal year 2013, legislative action moved the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

[8] Public education expenditures continue to increase for both enrollment growth and benefit-related costs for educators.

[9] In fiscal year 2012, the Transportation Investment Fund was reclassified as a capital projects fund. Expenditures relating to this fund have been reclassified from transportation expenditures to capital outlay for prior years.

[10] Expenditures for transportation vary from year to year due to the timing of highway construction projects.

[11] Expenditures for capital outlay vary from year to year due to changes in funding from bond proceeds or state appropriations provided for buildings, highways, and other projects.

[12] In fiscal year 2015, the Comprehensive Health Insurance Pool (discrete component unit) was dissolved and the remaining cash balance was transferred to the State's General Fund.

Schedule B–1
Revenue Base
Last Ten Calendar Years
(dollars expressed in thousands)

	Calendar Year			
	2007	**2008**	**2009**	**2010**
Taxable Sales, Services, and Use Tax Purchases [1]				
Agriculture, Forestry, and Fishing	$ 73,621	$ 10,822	$ 10,938	$ 12,747
Mining	477,342	923,107	560,727	757,601
Construction	792,084	785,217	685,598	662,141
Manufacturing	2,678,207	2,635,317	2,079,294	2,082,345
Transportation	205,763	169,209	150,891	236,609
Communications and Utilities	3,591,019	4,138,623	4,060,387	4,147,437
Wholesale Trade	5,318,425	4,637,872	3,457,754	3,615,569
Retail	27,428,307	24,972,519	22,613,395	21,480,510
Finance, Insurance, and Real Estate	429,446	1,803,420	1,430,640	1,328,491
Services	5,689,281	6,889,315	6,289,414	6,737,174
Public Administration	116,614	224,402	225,935	224,668
Prior Period Payments and Refunds	889,925	193,380	359,249	622,276
Total Taxable Sales, Services and Use Tax Purchases	$ 47,690,034	$ 47,383,203	$ 41,924,222	$ 41,907,568
State Sales Tax Rate	4.75%	4.65%	4.70%	4.70%
Personal Income by Industry				
Federal Civilian	$ 3,136,970	$ 3,138,234	$ 3,262,129	$ 3,427,143
Federal Military	911,267	956,758	1,059,773	1,066,165
State and Local Government	7,994,668	8,619,692	8,996,163	9,056,491
Forestry, Fishing, and Related Activities	68,862	64,322	56,230	59,568
Mining	1,071,608	1,325,928	905,190	939,571
Utilities	454,072	520,216	500,769	517,919
Construction	6,366,934	5,938,557	4,880,333	4,851,542
Manufacturing	7,603,852	7,987,992	7,243,424	7,523,277
Wholesale Trade	3,219,149	3,313,418	3,145,582	3,142,845
Retail Trade	5,414,830	5,409,252	5,248,220	5,352,492
Transportation and Warehousing	3,025,714	2,943,658	2,818,544	2,871,728
Information	1,855,191	1,911,065	1,837,118	1,931,461
Financial, Insurance, Real Estate, Rental, and Leasing	5,180,794	5,592,421	5,432,615	5,578,130
Services	21,817,272	22,905,660	22,798,279	23,756,996
Farm Earnings	197,116	216,580	105,542	202,854
Other [2]	16,787,369	19,766,570	18,640,550	19,972,051
Total Personal Income	$ 85,105,668	$ 90,610,323	$ 86,930,461	$ 90,250,233
Highest Income Tax Rate	6.98%	5.00%	5.00%	5.00%

Sources: Taxable Sales, Services, and Use Tax Purchases – Utah State Tax Commission; Personal Income by Industry – U.S. Department of Commerce, Bureau of Economic Analysis and the Utah Department of Workforce Services. Prior year information has been updated with the most recent data available.

[1] Taxable Sales, Services, and Use Tax Purchases utilize *American Industrial Classification* codes starting in 2008. Prior to 2008 are based on *Standard Industrial Classification* codes.

[2] Other personal income includes dividends, interest, rents, residence adjustment, government transfers to individuals, and deduction for social insurance contributions.

Calendar Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
$ 14,082	$ 13,880	$ 15,083	$ 16,721	$ 15,400	$ 16,790
848,168	961,570	850,275	842,837	606,129	473,021
654,043	749,572	686,116	718,877	719,199	793,332
2,209,327	2,283,863	2,251,708	2,439,019	2,394,889	2,334,180
274,577	123,695	151,582	116,776	119,530	129,326
4,250,457	4,515,800	4,609,452	4,764,084	4,640,315	4,603,701
4,065,152	4,647,539	4,397,645	4,564,362	4,544,672	4,508,459
22,794,901	24,351,361	25,848,614	27,160,751	28,847,726	30,458,131
1,337,530	1,327,864	1,378,991	1,441,941	1,518,729	1,562,251
7,137,503	7,670,035	8,108,526	8,696,364	9,383,910	10,058,980
229,227	245,093	250,212	262,250	254,337	256,124
339,856	640,908	855,842	685,181	888,441	1,308,139
$ 44,154,823	$ 47,531,180	$ 49,404,046	$ 51,709,163	$ 53,933,277	$ 56,502,434
4.70%	4.70%	4.70%	4.70%	4.70%	4.70%
$ 3,556,359	$ 3,201,034	$ 3,127,049	$ 3,226,299	$ 3,362,932	$ 3,494,522
1,023,592	782,075	758,348	732,507	715,450	747,912
9,440,193	10,479,690	10,438,482	10,932,387	11,214,437	11,793,702
69,173	69,036	79,070	71,162	73,334	81,058
1,134,370	1,451,372	1,488,131	1,055,022	919,572	743,532
531,434	510,476	509,579	518,729	559,871	604,241
5,033,034	5,310,328	5,749,752	6,139,119	6,757,362	7,427,478
7,787,202	8,079,603	8,372,774	8,607,123	9,074,439	9,427,995
3,473,443	3,778,828	3,920,138	4,019,735	4,457,942	4,751,333
5,478,538	5,817,378	6,245,965	6,688,936	7,036,881	7,651,862
2,977,382	2,983,157	3,148,136	3,319,368	3,664,221	3,944,571
2,146,263	2,426,304	2,527,863	2,729,627	2,939,164	3,232,553
6,113,185	6,281,226	7,101,517	7,068,780	7,951,465	8,567,667
24,676,881	26,044,184	27,872,193	28,810,801	30,551,475	32,744,596
266,260	231,074	510,235	509,130	465,109	168,731
20,693,761	23,716,925	24,223,342	26,415,095	28,980,981	29,489,446
$ 94,401,070	$ 101,162,690	$ 106,072,574	$ 110,843,820	$ 118,724,635	$ 124,871,199
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Schedule B–2
Revenue Payers by Industry – Taxable Sales, Services, and Use Tax Purchases
Most Current Calendar Year and Historical Comparison
(dollars expressed in thousands)

	Calendar Year 2007		Calendar Year 2016	
	Taxable Sales and Purchases	**Percent of Total**	**Taxable Sales and Purchases**	**Percent of Total**
Agriculture, Forestry, and Fishing	$ 73,621	0.20%	$ 16,790	0.10%
Mining	477,342	1.00%	473,021	0.80%
Construction	792,084	1.70%	793,332	1.40%
Manufacturing	2,678,207	5.60%	2,334,180	4.10%
Transportation	205,763	0.40%	129,326	0.20%
Communications and Utilities	3,591,019	7.50%	4,603,701	8.10%
Wholesale Trade	5,318,425	11.20%	4,508,459	8.00%
Retail	27,428,307	57.50%	30,458,131	53.90%
Finance, Insurance, and Real Estate	429,446	0.90%	1,562,251	2.80%
Services	5,689,281	11.90%	10,058,980	17.80%
Public Administration	116,614	0.20%	256,124	0.50%
Prior Period Payments, Refunds	889,925	1.90%	1,308,139	2.30%
Total Taxable Sales, Services, and Use Tax Purchases	$ 47,690,034	100.00%	$ 56,502,434	100.00%
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 2016.

Schedule B–3
Revenue Payers – Personal Income Tax
Most Current Calendar Year and Historical Comparison
(dollars expressed in thousands)

	Calendar Year 2006				Calendar Year 2015			
	Number of Filers	**Percent of Total**	**Tax Liability**	**Percent of Total**	**Number of Filers**	**Percent of Total**	**Tax Liability**	**Percent of Total**
Adjusted Gross Income Class								
$10,000 and under	164,982	16.90%	$ 2,588	0.10%	168,736	14.40%	$ 926	0.10%
$10,001–20,000	149,967	15.40%	29,908	1.30%	158,020	13.50%	21,125	0.70%
$20,001–30,000	129,476	13.30%	69,329	3.10%	144,408	12.40%	66,946	2.30%
$30,001–40,000	100,443	10.30%	95,425	4.20%	117,560	10.10%	104,158	3.60%
$40,001–50,000	81,415	8.30%	115,898	5.10%	94,546	8.10%	129,438	4.50%
$50,001–75,000	149,762	15.30%	336,416	14.80%	177,557	15.20%	396,112	13.60%
$75,001–100,000	88,301	9.00%	310,165	13.70%	120,878	10.30%	419,438	14.50%
$100,001–250,000	94,592	9.70%	587,617	25.90%	160,648	13.80%	1,019,997	35.10%
Over $250,000	17,942	1.80%	722,619	31.80%	25,883	2.20%	744,154	25.60%
Total	976,880	100.00%	$ 2,269,965	100.00%	1,168,236	100.00%	$ 2,902,294	100.00%

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 2015.

Schedule B–4
Personal Income Tax Rates
Last Ten Calendar Years

	Calendar Years 2007	Calendar Years 2008 to 2016
	Single and Married Filing Separately [1 2]	
Tax Rate	2.30%	—
Taxable Income Levels	$0–1,000	—
Tax Rate	3.30%	—
Taxable Income Levels	$1,001–2,000	—
Tax Rate	4.20%	—
Taxable Income Levels	$2,001–3,000	—
Tax Rate	5.20%	—
Taxable Income Levels	$3,001–4,000	—
Tax Rate	6.00%	—
Taxable Income Levels	$4,001–5,500	—
Tax Rate	6.98%	—
Taxable Income Levels	Over $5,500	—
Tax Rate	5.35%	5.00%
	Married Filing Joint, Head of Household, and Qualifying Widow(er) [1 2]	
Tax Rate	2.30%	—
Taxable Income Levels	$0–2,000	—
Tax Rate	3.30%	—
Taxable Income Levels	$2,001–4,000	—
Tax Rate	4.20%	—
Taxable Income Levels	$4,001–6,000	—
Tax Rate	5.20%	—
Taxable Income Levels	$6,001–8,000	—
Tax Rate	6.00%	—
Taxable Income Levels	$8,001–11,000	—
Tax Rate	6.98%	—
Taxable Income Levels	Over $11,000	—
Tax Rate	5.35%	5.00%

Source: Utah State Tax Commission

Note: The Utah State Legislature can raise the income tax rates by legislation, no vote of the populace is required; *Utah Constitution*, Article XIII, Section 5.

[1] The Legislature passed an option for the taxpayer to use the single rate of 5.35 percent or the tax tables for calendar year 2007.

[2] The Legislature passed a single tax rate for all taxpayers beginning with calendar year 2008.

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Schedule C–1

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(dollars expressed in millions)

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
Governmental Activities				
General Obligation Bonds	$ 1,198	$ 1,563	$ 2,410	$ 3,256
State Building Ownership Authority Lease Revenue Bonds	162	149	239	223
Capital Leases	19	19	28	26
Contracts/Notes Payable	1	1	—	—
Total Governmental Activities	1,380	1,732	2,677	3,505
Business-type Activities				
Student Assistance Revenue Bonds [1]	2,165	2,235	1,389	1,243
State Building Ownership Authority Lease Revenue Bonds	51	75	98	95
Water Loan Recapitalization Revenue Bonds	—	—	68	67
Contracts/Notes Payable [1]	—	297	811	648
Total Business-type Activities	2,216	2,607	2,366	2,053
Total Primary Government	$ 3,596	$ 4,339	$ 5,043	$ 5,558
Debt as a Percentage of Personal Income [2]	4.04%	4.93%	5.59%	5.89%
Amount of Debt Per Capita (expressed in dollars) [2]	$ 1,304	$ 1,586	$ 1,817	$ 1,975
Net General Obligation Bonded Debt				
General Obligation Bonds	$ 1,198	$ 1,563	$ 2,410	$ 3,256
Net General Obligation Bonded Debt as a Percentage of Taxable Property Value [3]	0.59%	0.70%	1.13%	1.59%
Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) [2]	$ 434	$ 571	$ 868	$ 1,157

Sources: Utah Department of Administrative Services, Division of Finance; Utah State Tax Commission – Property Tax; and Utah Governor's Office of Management and Budget – Demographics.

Note: Net general obligation and revenue bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amounts on refunding of bonded debt is no longer reported as part of long-term liabilities, but now as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

[1] In 2015 the Student Assistance Programs issued a line of credit to acquire federally guaranteed student loans. In 2017, the Student Assistance Programs issued additional bonds to retire its line of credit issued in 2015 related to acquiring federally guaranteed student loans.

[2] Ratios are calculated using personal income and population data. See Schedule D–1 for personal income and population data. During 2010 to 2012, the State issued just under $1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

[3] The percentage of Net General Obligation Bonded Debt based upon taxable property value is presented for comparative purposes. The State does not presently levy ad valorem property taxes for General Obligation Bonded Debt, but is authorized to do so in accordance with Title 59, Chapter 2, Part 901 of the *Utah Code*. See Schedule C–3 for taxable property value.

	Fiscal Year					
	2012	2013	2014	2015	2016	2017
	$ 3,660	$ 3,361	$ 3,271	$ 2,950	$ 2,585	$ 2,235
	213	200	187	170	249	230
	24	23	22	20	23	22
	—	10	6	—	—	—
	3,897	3,594	3,486	3,140	2,857	2,487
	970	1,274	1,284	1,511	1,255	1,812
	90	85	81	80	79	73
	62	58	52	47	42	37
	552	—	—	1,152	922	—
	1,674	1,417	1,417	2,790	2,298	1,922
	$ 5,571	$ 5,011	$ 4,903	$ 5,930	$ 5,155	$ 4,409
	5.51%	4.78%	4.42%	5.04%	4.14%	3.32%
	$ 1,951	$ 1,727	$ 1,665	$ 1,979	$ 1,692	$ 1,418
	$ 3,660	$ 3,361	$ 3,271	$ 2,950	$ 2,585	$ 2,235
	1.82%	1.67%	1.58%	1.33%	1.10%	0.89%
	$ 1,282	$ 1,159	$ 1,111	$ 985	$ 848	$ 719

Schedule C–2
Other Long-Term Liabilities
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
Governmental Activities				
General Obligation Bonds [1]	$ 1,161,510	$ 1,492,620	$ 2,299,300	$ 3,128,890
State Building Ownership Authority				
Lease Revenue Bonds	161,614	148,654	236,629	220,380
Net Unamortized Premiums	51,011	80,962	119,694	162,003
Deferred Amount on Refundings [2]	(13,621)	(10,151)	(7,080)	(31,904)
Capital Leases	18,769	19,210	27,542	25,799
Notes Payable	559	512	484	466
Compensated Absences [3]	186,581	162,689	162,120	182,543
Claims	41,285	43,650	41,897	42,731
Pollution Remediation Obligation	7,842	7,687	7,690	7,083
Settlement Obligation	—	—	39,422	38,926
Net Pension Liability	—	—	—	—
Net Other Post Employment Benefit Obligation [6]	—	3,918	5,693	7,142
Net Other Post Employment Benefit Liability [6]	—	—	—	—
Total Governmental Activities	1,615,550	1,949,751	2,933,391	3,784,059
Business-type Activities				
Student Assistance Revenue Bonds [4]	2,165,180	2,235,322	1,388,922	1,218,390
State Building Ownership Authority				
Lease Revenue Bonds	50,246	73,676	96,476	92,445
Water Loan Recapitalization Revenue Bonds	—	—	65,800	65,800
Net Unamortized Premiums	1,117	1,491	4,093	29,092
Deferred Amount on Refundings [2]	(318)	(267)	(221)	(994)
Notes Payable [5]	—	297,381	811,354	647,842
Claims and Uninsured Liabilities	5,786	14,941	19,105	16,179
Arbitrage Liability	65,945	57,782	50,214	11,968
Net Pension Liability	—	—	—	—
Net Other Post Employment Benefit Liability [6]	—	—	—	—
Total Business-type Activities	2,287,956	2,680,326	2,435,743	2,080,722
Total Primary Government Other Long-term Liabilities	$ 3,903,506	$ 4,630,077	$ 5,369,134	$ 5,864,781

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

[1] During 2010 to 2012, the State issued just under $1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

[2] Beginning in 2014, deferred amount on refundings are no longer reported in the financial statements as part of other long-term liabilities under Governmental and Business-type Activities. This obligation is now being reported as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

[3] During 2009, a new actuary valuation was performed for GASB Statement 16, *Accounting for Compensated Absences* and as a result the total liability decreased.

[4] During 2012, the Student Assistance Programs advance refunded certain outstanding student loan revenue bonds to manage its interest costs. In 2017, the Student Assistance Programs issued additional bonds to retire its line of credit issued in 2015 related to acquiring federally guaranteed student loans.

[5] During 2010, the Student Assistance Programs began participating in the U.S. Department of Education Loan Participation Purchase Program. This program was created to assist lenders in obtaining financing for student loans during 2008-2010 academic years. In 2015, the Student Assistance Programs issued a line of credit to acquire federally guaranteed student loans.

[6] In 2017, the State implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaced GASB Statement 45. In part, GASB Statement 75 requires the reporting of the net Other Postemployment Benefit (OPEB) liability; GASB Statement 45 only required the reporting of an OPEB obligation when contributions were less than the actuary's Annual Required Contribution.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 3,487,680	$ 3,225,435	$ 3,136,755	$ 2,830,150	$ 2,498,895	$ 2,173,985
210,384	198,485	183,590	166,773	242,976	225,163
200,979	159,882	138,187	122,321	92,827	66,423
(26,248)	(22,546)	—	—	—	—
24,270	23,213	21,794	20,287	23,498	21,616
446	9,758	5,983	370	339	305
185,701	185,711	184,679	185,792	182,707	181,557
44,700	48,190	48,585	46,931	48,092	53,645
6,640	6,222	5,327	5,086	6,401	5,891
34,007	25,020	6,928	4,471	365	319
—	—	—	802,543	992,495	1,031,449
5,439	5,206	4,331	4,126	3,848	—
—	—	—	—	—	109,618
4,173,998	3,864,576	3,736,159	4,188,850	4,092,443	3,869,971
930,422	1,240,407	1,277,837	1,509,543	1,256,026	1,822,807
88,161	83,795	79,106	73,207	72,674	67,438
61,205	56,545	51,800	46,940	41,915	36,680
16,917	13,143	9,110	8,696	5,434	(5,437)
25,445	23,413	—	—	—	—
552,423	—	—	1,152,207	921,995	—
17,866	18,694	9,283	7,587	5,726	4,810
10,000	—	—	—	—	—
—	—	—	12,853	17,845	17,468
—	—	—	—	—	1,731
1,702,439	1,435,997	1,427,136	2,811,033	2,321,615	1,945,497
$ 5,876,437	$ 5,300,573	$ 5,163,295	$ 6,999,883	$ 6,414,058	$ 5,815,468

Schedule C–3
Legal Debt Margin
Last Ten Fiscal Years
(dollars expressed in millions)

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Taxable Property, Taxable Value [1]	$ 201,774	$ 224,689	$ 212,423	$ 205,284
Taxable Property, Fair Market Value [1]	282,176	311,525	291,460	280,846
Debt Limit (Fair Market Value times 1.50 %)	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount	4,233	4,673	4,372	4,213
Net General Obligation Bonded Debt [2 3]	1,198	1,563	2,410	3,256
Legal Debt Margin	$ 3,035	$ 3,110	$ 1,962	$ 957
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount	28.30%	33.45%	55.12%	77.28%

Source: Utah State Tax Commission and the Utah Department of Administrative Services, Division of Finance.

Note: Article XIV, Section 1 of the *Utah Constitution* allows the State to contract debts not exceeding 1.50 percent of the total taxable property in the State. The Legislature authorizes general obligation indebtedness within this limit. The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. The State has other long-term contract liabilities consisting of unused vacation for employees of $92.010 million as of fiscal yearend. These contract liabilities do not affect the State's compliance with the constitutional debt limit.

[1] Taxable property is assessed January 1 of each year. The value used for the fiscal year limitation is from the prior calendar year; assessed values as of January 1, 2016, are used for fiscal year 2017.

Schedule C–4
Statutory Debt Limit
Last Ten Fiscal Years
(dollars expressed in thousands)

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Appropriations Limitation Amount	$ 2,477,629	$ 2,515,576	$ 2,657,135	$ 2,849,469
Limit (Appropriations Limitation Amount times applicable percentage)	45.00%	45.00%	45.00%	45.00%
Statutory Debt Limit Amount	1,114,933	1,132,009	1,195,711	1,282,261
Net General Obligation Bonded Debt [1]	1,198,172	1,562,815	2,409,939	3,256,114
Less: Exempt Highway Construction Bonds	(763,583)	(1,079,270)	(1,860,685)	(2,698,330)
Net General Obligation Bonded Debt Subject to Statutory Debt Limit	434,589	483,545	549,254	557,784
Additional General Obligation Debt Incurring Capacity	$ 680,344	$ 648,464	$ 646,457	$ 724,477

Source: Utah Governor's Office of Management and Budget and the Utah Department of Administrative Services, Division of Finance.

Note: Article XIV, Section 5 of the *Utah Constitution* limits any funds borrowed to be used solely for purposes as authorized by law. In addition, Title 63J-3-402 of the *Utah Code* limits outstanding state general obligation debt to not exceed the applicable percentage (unless approved by more than two-thirds of both houses of the Legislature) of that fiscal year's appropriations limit. The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. The State has other long-term contract liabilities consisting of unused vacation for employees of $92.010 million as of fiscal yearend. These contract liabilities do not affect the State's compliance with the constitutional debt limit.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 201,473	$ 201,294	$ 207,211	$ 221,650	$ 235,273	$ 251,598
274,806	272,954	282,489	303,725	323,367	347,716
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
4,122	4,094	4,237	4,556	4,851	5,216
3,660	3,361	3,271	2,950	2,585	2,235
$ 462	$ 733	$ 966	$ 1,606	$ 2,266	$ 2,981
88.79%	82.1%	77.2%	64.75%	53.29%	42.85%

[2] During 2010 to 2012, the State issued general obligation bonds to take advantage of low interest rates and ease budget constraints.

[3] Net general obligation bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amount on refundings of bonded debt is no longer reported as part of long-term liabilities, but as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 3,033,826	$ 3,141,740	$ 3,250,227	$ 3,315,101	$ 3,468,856	$ 3,566,544
45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
1,365,222	1,413,783	1,462,602	1,491,795	1,560,985	1,604,945
3,660,089	3,360,901	3,271,302	2,949,659	2,585,224	2,235,433
(3,131,784)	(2,869,046)	(2,860,178)	(2,621,976)	(2,402,000)	(2,180,428)
528,305	491,855	411,124	327,683	183,224	55,005
$ 836,917	$ 921,928	$ 1,051,478	$ 1,164,112	$ 1,377,761	$ 1,549,940

[1] Net general obligation bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amount on refundings of bonded debt is no longer reported as part of long-term liabilities, but as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

Schedule C–5
Pledged Revenue Coverage
Last Ten Fiscal Years
(dollars expressed in thousands)

Fiscal Year	Gross Revenues [1]	Less Operating Expenses [2]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage [3]
Water Loan Programs [4]						
2008	$ —	$ —	$ —	$ —	$ —	—
2009	$ —	$ —	$ —	$ —	$ —	—
2010	$ 1,295	$ —	$ 1,295	$ —	$ 862	1.50
2011	$ 3,742	$ —	$ 3,742	$ —	$ 2,424	1.54
2012	$ 3,860	$ —	$ 3,860	$ 4,595	$ 2,371	0.55
2013	$ 3,649	$ —	$ 3,649	$ 4,660	$ 2,297	0.52
2014	$ 3,877	$ —	$ 3,877	$ 4,745	$ 2,197	0.56
2015	$ 3,920	$ —	$ 3,920	$ 4,860	$ 2,067	0.57
2016	$ 3,744	$ —	$ 3,744	$ 5,025	$ 1,851	0.54
2017	$ 3,628	$ —	$ 3,628	$ 5,235	$ 1,658	0.53
Student Assistance Programs [5]						
2008	$ 129,255	$ 19,682	$ 109,573	$ 72,145	$ 98,154	0.64
2009	$ 84,465	$ 25,658	$ 58,807	$ 121,358	$ 62,839	0.32
2010	$ 70,616	$ 42,470	$ 28,146	$ 966,668	$ 35,967	0.03
2011 [6]	$ 27,188	$ (20,137)	$ 47,325	$ 557,894	$ 20,655	0.08
2012	$ 25,404	$ 14,904	$ 10,500	$ 797,350	$ 10,620	0.01
2013	$ 44,378	$ 27,914	$ 16,464	$ 208,715	$ 9,747	0.08
2014	$ 49,679	$ 36,697	$ 12,982	$ 171,000	$ 7,631	0.07
2015	$ 75,796	$ 59,463	$ 16,333	$ 967,584	$ 6,646	0.02
2016	$ 110,982	$ 87,889	$ 23,093	$ 483,729	$ 25,338	0.05
2017	$ 92,421	$ 65,327	$ 27,094	$ 1,227,465	$ 30,833	0.02

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

[1] Revenues for Water Loan Programs are primarily interest on revolving loan receivables; principal repayments are not included in gross revenues, but are pledged to cover debt service payments. Revenues for Student Assistance Programs are primarily interest on student loans and federal allowances.

[2] Operating Expenses do not include interest, depreciation, or amortization expenses.

[3] Coverage equals net available revenue divided by debt service.

[4] Between years 2008 and 2009, the State did not issue any water loan recapitalization bonds.

[5] Prior to 2015, only Student Loan Purchase Program bonds were presented. During 2015, the Warehouse Facility Fund line of credit was issued for $1.600 billion in order to acquire federally guaranteed student loans. In 2017, the Student Assistance Programs retired its line of credit issued in 2015 related to acquiring federally guaranteed student loans.

[6] During 2011, the Student Assistance Programs had a substantial decrease in its provision for interest arbitrage rebate of $37.200 million on its 1988 and 1993 revenue bonds.

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Schedule D–1
Demographic and Economic Indicators
Last Ten Calendar Years

Calendar Year	Population (in thousands)				Unemployment Rate		Utah Net Migration
	Utah		U.S.				
	Number	Change	Number	Change	Utah	U.S.	
2008	2,758	2.15%	304,992	0.98%	3.30%	5.80%	16,648
2009	2,735	(0.83)%	307,800	0.92%	7.80%	9.30%	3,700
2010	2,775	1.46%	310,100	0.75%	8.10%	9.60%	4,500
2011	2,814	1.41%	312,300	0.71%	6.80%	8.90%	2,300
2012	2,855	1.46%	314,500	0.70%	5.40%	8.10%	3,700
2013	2,901	1.61%	316,700	0.70%	4.40%	7.40%	9,200
2014	2,945	1.52%	319,500	0.88%	3.80%	6.20%	6,000
2015	2,991	1.56%	321,500	0.63%	3.50%	5.30%	14,200
2016	3,052	2.04%	323,700	0.68%	3.40%	4.90%	25,600
2017 (est.)	3,109	1.87%	325,900	0.68%	3.50%	4.40%	22,700

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
2008	$ 88,902	4.95%	$12,391,000	4.18%	$ 32,234	2.74%	$ 40,627	3.17%
2009	$ 87,947	(1.07)%	$11,930,000	(3.72)%	$ 32,156	(0.24)%	$ 38,759	(4.60)%
2010	$ 90,250	2.62%	$12,322,000	3.29%	$ 32,523	1.14%	$ 39,736	2.52%
2011	$ 94,401	4.60%	$12,947,000	5.07%	$ 33,547	3.15%	$ 41,457	4.33%
2012	$ 101,163	7.16%	$13,888,000	7.27%	$ 35,434	5.62%	$ 44,159	6.52%
2013	$ 104,910	3.70%	$14,167,000	2.01%	$ 36,163	2.06%	$ 44,733	1.30%
2014	$ 110,844	5.66%	$14,810,000	4.54%	$ 37,638	4.08%	$ 46,354	3.62%
2015	$ 118,725	7.11%	$15,553,000	5.02%	$ 39,694	5.46%	$ 48,376	4.36%
2016	$ 124,871	5.18%	$15,929,000	2.42%	$ 40,914	3.07%	$ 49,209	1.72%
2017 (est.)	$ 132,731	6.29%	$16,433,000	3.16%	$ 42,693	4.35%	$ 50,423	2.47%

Source: Population – Utah Population Estimates Committee at July 1 each year. The 2017 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate – Utah Department of Workforce Services. The 2017 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration – Utah Population Estimates Committee at July 1 each year. The 2017 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 2017 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.

Schedule D–2
Principal Employers
Most Current Calendar Year and Historical Comparisons

Entity Name	Calendar Year 2007 Number of Employees	Calendar Year 2007 Rank	Calendar Year 2007 Percent of All Employees	Calendar Year 2016 Number of Employees	Calendar Year 2016 Rank	Calendar Year 2016 Percent of All Employees
Intermountain Health Care (IHC)	20,000 +	1	2.20%	20,000 +	1	2.70%
University of Utah (includes Hospital)	15,000 – 19,999	3	1.30%	20,000 +	2	1.90%
State of Utah	20,000 +	2	1.70%	20,000 +	3	1.60%
Brigham Young University	15,000 – 19,999	4	1.20%	15,000 – 19,999	4	1.30%
Wal-Mart Stores	15,000 – 19,999	5	1.20%	15,000 – 19,999	5	1.20%
Hill Air Force Base	10,000 – 14,999	6	0.90%	10,000 – 14,999	6	0.90%
Utah State University	7,000 – 9,999	9	0.70%	7,000 – 9,999	7	0.70%
Davis County School District	5,000 – 6,999	10	0.60%	7,000 – 9,999	8	0.60%
Granite School District	7,000 – 9,999	7	0.80%	7,000 – 9,999	9	0.60%
Smith's Food and Drug Centers				7,000 – 9,999	10	0.50%
Jordan School District	7,000 – 9,999	8	0.70%			
Total Employees of Principal Employers	141,340		11.30%	171,500		12.00%

Source: Utah Department of Workforce Services.

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

Schedule D–3
Composition of the Labor Force
Last Ten Calendar Years

	Calendar Year			
	2007	**2008**	**2009**	**2010**
Nonagricultural Jobs				
Government	206,868	211,710	214,679	216,828
Mining	11,034	12,506	10,694	10,442
Construction	103,450	90,469	70,492	65,223
Manufacturing	127,695	125,852	112,879	111,075
Trade, Transportation, and Utilities	245,672	247,978	234,098	229,108
Information	32,448	30,747	29,570	29,276
Financial Activity	74,739	74,050	71,092	67,981
Professional and Business Services	161,022	162,194	149,532	152,335
Education and Health Services	139,991	146,617	150,866	155,001
Leisure and Hospitality	112,821	114,813	110,859	110,662
Other Services	35,542	35,534	34,028	33,625
Total Nonagricultural Jobs	1,251,282	1,252,470	1,188,789	1,181,556
Civilian Labor Force	1,364,769	1,376,458	1,382,861	1,362,489
Total Employed	1,329,174	1,330,369	1,275,514	1,252,517
Unemployed	35,595	46,089	107,347	109,972
Unemployment Rate	2.60%	3.30%	7.80%	8.10%

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					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
220,772	223,298	225,917	230,619	233,658	239,418
11,659	12,553	12,107	12,160	10,372	8,494
65,166	69,231	73,462	78,676	84,676	91,537
113,684	116,667	118,747	120,706	123,695	125,926
233,251	241,815	246,900	252,574	263,158	271,433
29,495	31,295	32,427	33,320	34,402	36,757
68,391	69,537	72,869	74,965	79,020	81,711
159,420	167,268	177,462	185,121	194,127	202,175
159,210	163,590	170,541	174,309	182,273	190,935
113,512	118,640	123,521	128,086	133,657	138,591
34,090	35,054	36,425	37,604	38,689	39,405
1,208,650	1,248,948	1,290,378	1,328,140	1,377,727	1,426,382
1,353,257	1,376,628	1,418,522	1,431,553	1,464,404	1,511,465
1,261,698	1,302,641	1,355,720	1,377,013	1,412,473	1,459,703
91,559	73,987	62,802	54,540	51,931	51,762
6.80%	5.40%	4.40%	3.80%	3.50%	3.40%

Schedule D–4
Public Education Student Enrollment (K-12)
Last Ten Academic Years

	Academic Year			
	2007–08	**2008–09**	**2009–10**	**2010–11**
Elementary	303,807	314,676	322,704	329,111
Secondary	233,846	236,694	240,569	247,134
Total All Grades	537,653	551,370	563,273	576,245

Source: State of Utah Office of Education

Note: Public Education Student Enrollment count is based on October 1st counts.

Schedule D–5
Public Higher Education Enrollment
Last Ten Academic Years

	Academic Year			
	2008–09	**2009–10**	**2010–11**	**2011–12**
University of Utah	30,228	31,407	30,833	31,673
Utah State University [1]	23,925	25,065	25,767	28,994
Weber State University	21,674	23,331	24,126	25,483
Southern Utah University	7,516	8,066	8,024	7,750
Salt Lake Community College	29,866	33,774	33,983	33,167
Utah Valley University	26,696	28,765	32,670	33,395
Dixie State University	6,443	7,911	8,755	9,086
College of Eastern Utah [1]	2,082	2,173	2,634	—
Snow College	3,798	4,368	4,386	4,465
Utah College of Applied Technology	20,321	18,831	18,476	15,536
Total All Institutions	172,549	183,691	189,654	189,549

Source: Utah State Board of Regents

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

[1] Includes USU-Eastern (formerly College of Eastern Utah) beginning in academic year 2011–12.

Academic Year					
2011–12	**2012–13**	**2013–14**	**2014–15**	**2015–16**	**2016–17**
334,110	340,443	345,967	349,382	353,050	356,686
253,635	260,542	266,584	272,771	280,846	287,790
587,745	600,985	612,551	622,153	633,896	644,476

Academic Year					
2012–13	**2013–14**	**2014–15**	**2015–16**	**2016–17**	**2017–18**
32,398	32,080	31,515	31,673	32,061	32,800
28,786	27,812	27,662	28,622	28,118	27,679
26,680	25,301	26,266	25,955	26,809	27,949
8,297	7,745	7,656	8,881	8,955	9,468
30,112	31,137	29,537	28,814	29,901	29,620
31,556	30,564	31,332	33,211	34,978	37,282
8,863	8,350	8,570	8,503	8,993	9,673
—	—	—	—	—	—
4,599	4,605	4,779	5,111	5,350	5,563
15,418	14,851	14,834	16,933	17,293	16,838
186,709	182,445	182,151	187,703	192,458	196,872

Schedule E–1
Full-Time Equivalent State Employees by Function
Last Ten Fiscal Years

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
General Government:				
Government Operations	2,114	2,084	2,018	1,976
Tax Commission	777	763	723	719
All Other	157	154	157	152
Human Services and Juvenile Justice Services	4,546	4,464	4,155	3,935
Corrections	2,377	2,439	2,271	2,243
Public Safety:				
Department of Public Safety	1,153	1,202	1,218	1,241
Utah National Guard	237	239	196	214
State Courts	1,112	1,096	1,068	1,042
Health and Environmental Quality:				
Department of Health	991	988	950	937
Department of Environmental Quality	385	383	384	376
Employment and Family Services [1]	2,030	2,062	2,066	2,041
Natural Resources	1,330	1,361	1,350	1,361
Heritage and Arts [1]	188	191	193	190
Business, Labor, and Agriculture	722	715	691	686
Education:				
Public Education Support	1,168	1,178	1,170	1,137
Higher Education Support	223	205	171	195
Transportation	1,716	1,685	1,637	1,612
Total Full-time Equivalent State Employees	21,226	21,209	20,418	20,057

Source: Utah Department of Administrative Services, Division of Finance

[1] In fiscal year 2013, Legislative action moved the Housing and Community Development Division from the Heritage and Arts to the Employment and Family Services.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
2,024	2,069	2,066	2,055	2,063	2,095
716	718	715	708	697	690
159	165	166	176	181	185
3,907	3,955	3,991	3,942	4,037	4,113
2,244	2,265	2,295	2,307	2,392	2,453
1,275	1,314	1,327	1,324	1,329	1,333
226	243	218	210	226	247
1,038	1,031	1,009	994	994	986
923	933	946	946	943	954
372	376	371	373	367	365
1,912	1,872	1,768	1,758	1,719	1,989
1,302	1,304	1,304	1,315	1,320	1,334
169	117	117	120	125	126
701	722	728	748	767	773
1,094	1,119	1,119	1,135	1,138	816
204	213	227	277	236	274
1,604	1,603	1,583	1,569	1,616	1,642
19,870	20,019	19,950	19,957	20,150	20,375

Schedule E–2
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
General Government				
Government Operations:				
Construction Projects Managed	946	841	847	898
Tax Commission:				
Percent of Data Managed Electronically	62.90%	65.30%	70.50%	77.00%
Number of Returns Filed Electronically	725,293	748,879	777,485	863,907
Motor Vehicle Registrations (in thousands)	2,779	2,759	2,681	2,583
Human Services and Juvenile Justice Services				
Food Stamp Recipients	224,313	293,151	363,714	394,170
Percent of Population	8.13%	10.72%	13.11%	14.01%
Juveniles, Daily Average in Justice System Placement	1,132	1,105	1,023	946
Rate of Recommitment to Juvenile Custody	7.30%	7.20%	8.30%	6.90%
Corrections: [1]				
Incarcerated Offenders	6,489	6,521	6,692	6,812
Supervised Offenders	12,519	12,423	12,702	12,906
Utah Incarceration Rate (per 100,000 population)	232	232	232	238
US Incarceration Rate (per 100,000 population)	509	504	502	500
State Courts: [2]				
State Court Filings	270,684	369,830	367,541	348,548
State Court Dispositions	225,362	369,772	341,626	312,953
Health				
Children's Health Insurance Program Enrollment	32,101	38,036	41,503	38,498
Medicaid Eligible (unduplicated)	267,378	298,372	325,204	340,805
Percent of Population	9.69%	10.91%	11.72%	12.11%
Employment and Family Services				
Individuals Registered for Employment	211,906	283,692	317,998	316,703
Percent Who Entered Employment	74.00%	71.00%	59.00%	56.00%
Natural Resources				
Hatchery Fish, Pounds Raised	964,630	1,106,719	1,334,782	1,240,499
Hunting and Fishing Licenses Sold [1 3]	599,691	607,875	598,474	661,239
State Park Visitations (in thousands)	4,549	4,624	4,620	4,821
Business, Labor, and Agriculture				
Department of Commerce:				
Licenses and Registrations Issued [4]	314,894	321,943	308,717	315,238
Department of Agriculture and Food: [1]				
Dairy Farm Inspections	718	743	667	718
Pounds of Turkey Inspected and Graded (in thousands)	81,945	55,685	77,257	106,016
Gas Pumps and Scales Inspected	19,631	22,216	15,548	21,499
Higher Education				
Number of Certificates and Degrees Awarded	33,608	26,990	28,639	30,199
Transportation				
Percent of Roads Which are Deficient [5]	13.90%	13.10%	14.70%	10.90%
Vehicles Weighed or Inspected (in thousands)	6,278	4,790	4,686	4,622

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

Note: N/A = Not Available

[1] Data is provided on a calendar year basis.

[2] State Courts includes filings and dispositions for the appellate, district, and juvenile courts; it does not include the justice courts which are operated by cities and counties.

[3] Includes only licenses for elk, deer, fishing and all other big game.

[4] Includes professional, occupational, real estate, and securities licenses. Does not include corporation and other business registrations or filings.

[5] Assessments are completed at a minimum of every other calendar year. See Information About Infrastructure Assets Reported Using The Modified Approach.

		Fiscal Year			
2012	**2013**	**2014**	**2015**	**2016**	**2017**
849	815	1,020	802	645	644
75.50%	78.10%	79.90%	81.80%	83.20%	83.80%
946,606	997,329	1,051,940	1,103,323	1,171,287	1,196,647
2,725	2,759	2,863	2,846	2,961	3,027
404,316	389,426	363,154	348,459	338,362	323,768
14.16%	13.42%	12.33%	11.65%	11.09%	10.41%
928	923	922	812	686	604
6.40%	5.90%	6.60%	7.80%	8.40%	9.90%
6,893	7,065	7,113	6,723	6,298	N/A
12,759	12,730	15,307	13,897	16,590	N/A
242	242	237	215	N/A	N/A
492	477	471	458	N/A	N/A
329,176	324,523	311,187	305,778	288,797	283,449
309,307	309,420	279,903	273,731	260,952	262,841
37,872	35,446	29,953	15,775	17,058	19,248
361,457	366,061	391,139	415,843	418,356	414,519
12.66%	12.62%	13.28%	13.90%	13.71%	13.33%
351,629	318,008	260,138	215,861	185,347	150,168
59.00%	61.00%	65.00%	66.00%	71.00%	73.00%
1,058,375	1,180,927	1,204,984	1,212,696	1,093,205	1,081,766
659,534	682,594	583,460	585,666	558,893	582,751
5,051	5,054	3,741	4,482	5,176	5,691
325,769	333,646	350,416	355,124	378,478	387,348
678	672	693	560	533	N/A
45,869	33,743	107,833	79,060	102,511	N/A
20,492	20,377	26,612	32,131	32,486	N/A
31,553	31,970	32,491	32,797	33,822	36,701
10.90%	—	12.50%	10.70%	—	N/A
4,807	6,071	7,484	6,706	5,969	7,893

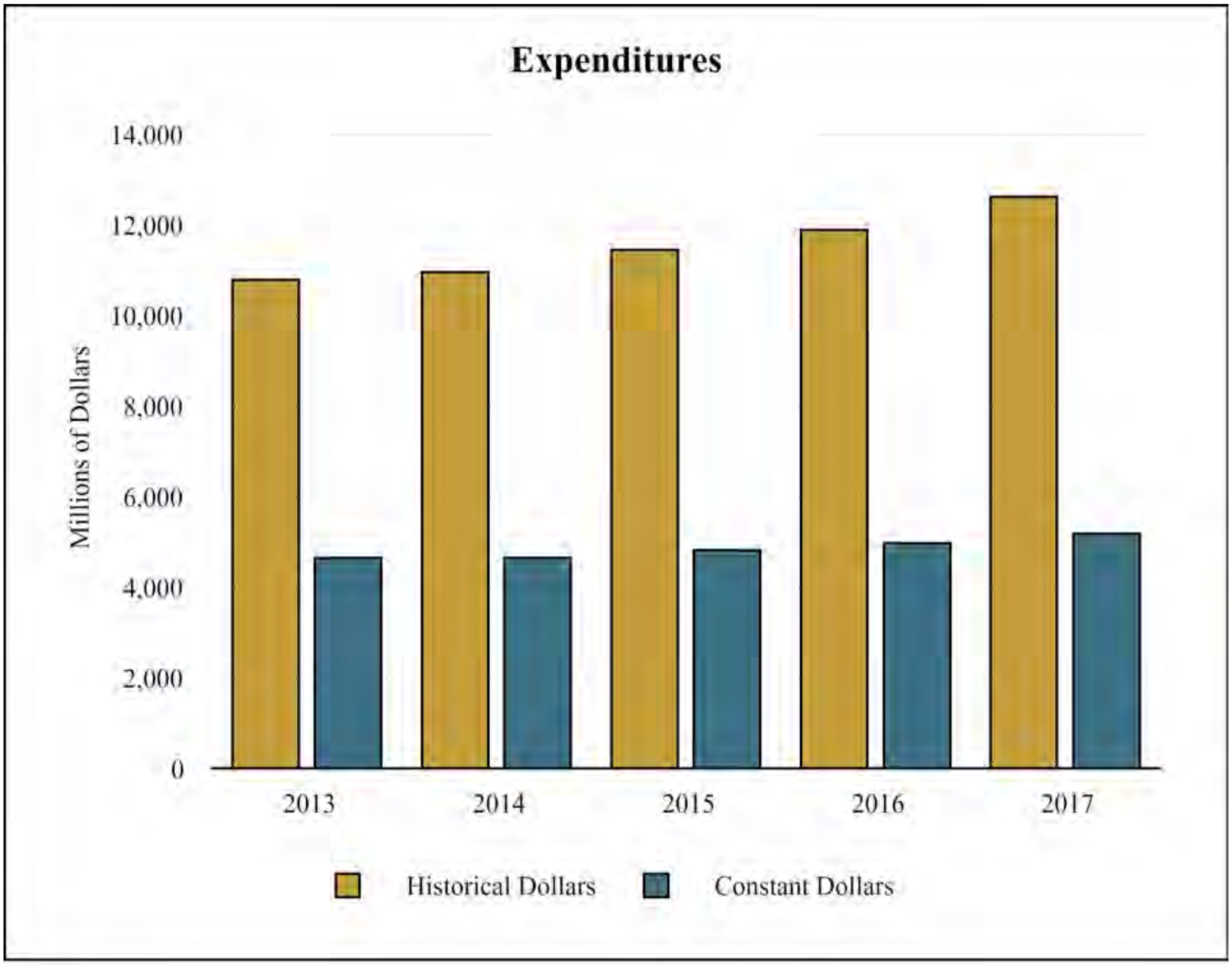
Schedule E–3
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
General Government				
Buildings	289	290	299	305
Vehicles	7,437	7,256	7,266	7,323
Data Processing Equipment and Software	2,302	2,448	2,437	2,541
Reproduction and Printing Equipment	1,020	994	1,003	1,065
Human Services and Juvenile Justice Services				
Data Processing Equipment and Software	61	45	64	52
Corrections				
Data Processing Equipment and Software	230	219	226	218
Security and Surveillance Equipment	52	55	59	59
Public Safety				
Department of Public Safety:				
Vehicles	28	28	34	34
Data Processing Equipment and Software	127	182	200	222
Medical and Lab Equipment	146	147	174	184
Utah National Guard:				
Buildings	192	193	206	213
State Courts				
Data Processing Equipment and Software	95	95	105	64
Audio Visual Equipment	191	190	192	192
Health and Environmental Quality				
Department of Health:				
Data Processing Equipment and Software	211	216	147	143
Medical and Lab Equipment	228	218	257	287
Department of Environmental Quality:				
Monitoring and Lab Equipment	313	327	316	349
Employment and Family Services				
Data Processing Equipment and Software	458	464	449	422
Natural Resources				
Division of Parks and Recreation:				
State Parks	42	42	42	43
Buildings	667	681	684	719
Vehicles	292	315	329	333
Division of Wildlife Resources:				
Wildlife Management Areas	87	92	92	92
Fish Hatcheries	11	11	11	11
Buildings	165	163	166	175
Vehicles	189	193	208	212
Business, Labor, and Agriculture				
Data Processing Equipment and Software	99	91	94	97
Monitoring and Lab Equipment	106	106	105	108
Transportation				
Highway Center Line Miles	5,754	5,699	5,753	5,772
Buildings	345	358	361	386
Vehicles	832	832	824	838
Heavy Equipment	2,543	2,544	2,538	2,549

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

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
311	314	314	315	319	323
7,309	7,360	7,524	7,781	7,886	7,732
2,691	2,794	2,931	2,383	2,428	1,397
1,127	1,165	1,209	1,178	1,140	1,138
52	59	64	64	64	68
216	216	216	220	222	220
67	59	55	69	73	75
35	35	35	34	35	35
230	247	249	204	213	222
187	193	197	207	220	236
215	221	223	229	235	237
64	64	52	63	63	60
145	146	143	151	150	146
127	131	120	112	89	69
303	288	302	291	295	283
376	384	404	433	448	510
389	396	358	365	370	387
43	43	43	43	43	43
722	727	736	756	778	779
332	332	334	340	344	351
92	92	92	92	92	92
11	11	11	12	11	11
180	181	182	183	190	191
201	202	203	209	214	220
102	117	117	114	101	110
111	111	114	118	122	138
5,724	5,719	5,719	5,830	5,825	5,880
387	391	402	423	440	442
844	861	878	904	931	956
2,574	2,582	2,593	2,595	2,599	2,602

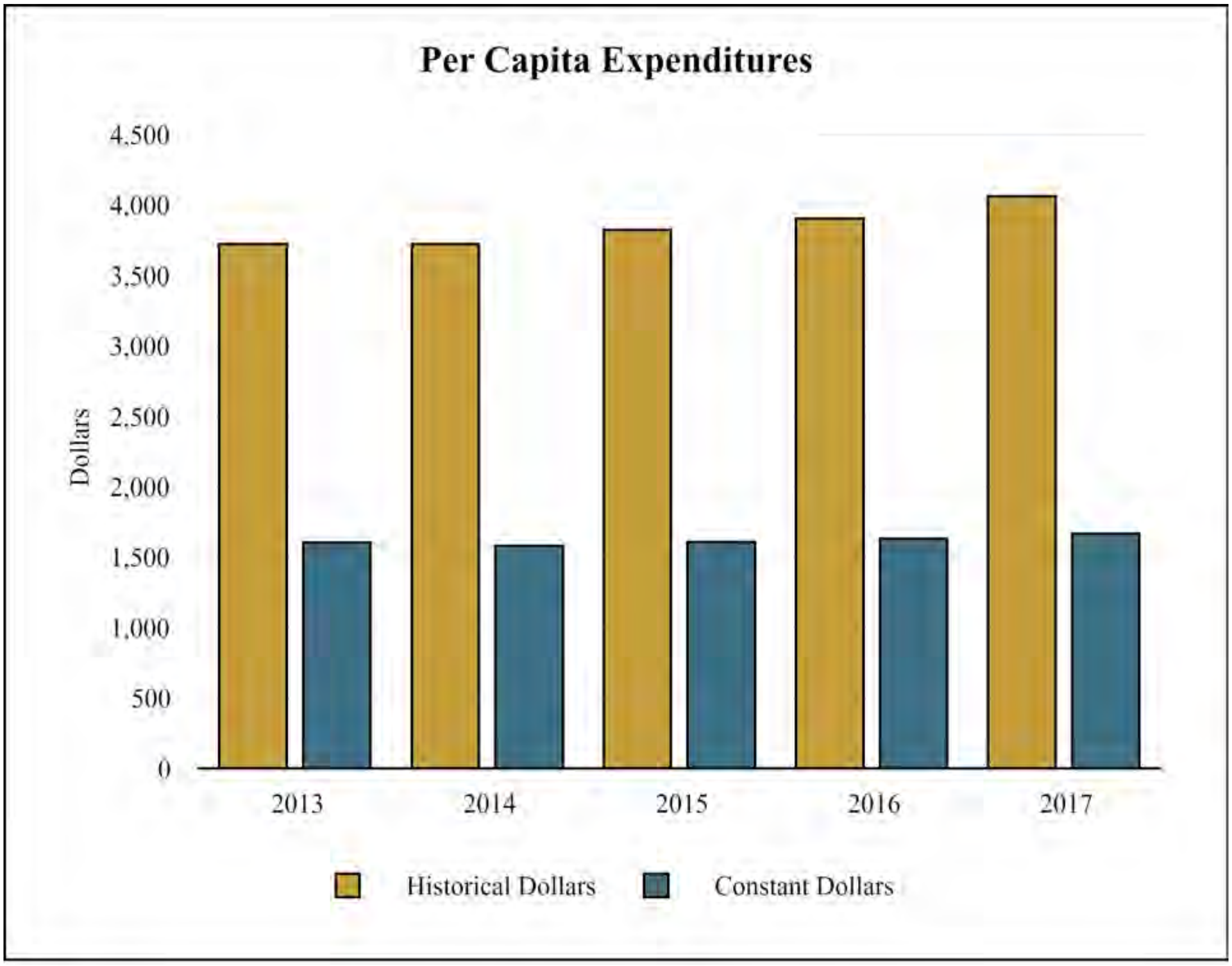
Schedule F–1
Expenditures — Historical and Constant Dollars
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Historical Dollars		Constant Dollars	
	(in millions)	Change	(in millions)	Change
2013	$10,827	(2.58)%	$4,680	(4.18)%
2014	$10,986	1.47%	$4,676	(0.09)%
2015	$11,482	4.51%	$4,851	3.74%
2016	$11,923	3.84%	$5,004	3.15%
2017	$12,656	6.15%	$5,216	4.24%

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

Schedule F–2
Per Capita Expenditures — Historical and Constant Dollars
All Governmental Fund Types
Last Five Fiscal Years



Per Capita Expenditures

Fiscal Year	Historical Dollars		Constant Dollars	
		Change		Change
2013	$3,732	(4.14)%	$1,613	(5.73)%
2014	$3,730	(0.05)%	$1,588	(1.55)%
2015	$3,832	2.73%	$1,619	1.95%
2016	$3,913	2.11%	$1,642	1.42%
2017	$4,071	4.03%	$1,678	2.16%

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

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State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2017

Utah Department of Administrative Services

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