



FOR THE FISCAL YEAR  
ENDED JUNE 30, 2019

2019

# STATE OF UTAH

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*Comprehensive Annual  
Financial Report*



**State of Utah**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
For The Fiscal Year Ended June 30, 2019

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**CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH**

Gary R. Herbert.....	Governor
Spencer J. Cox.....	Lt. Governor
John Dougall.....	State Auditor
David C. Damschen, CTP.....	State Treasurer
Sean D. Reyes.....	Attorney General
J. Stuart Adams.....	President of the Senate
Brad R. Wilson.....	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
Kade R. Minchey, CIA, CFE.....	Auditor General, Office of the Legislative Auditor General
John Q. Cannon.....	Director, Office of Legislative Research and General Counsel

**ACKNOWLEDGMENTS**

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- Benjamin D. Higley

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. Thank you also to Clark Kidman at Design Type Service for providing images and captions displaying Utah's many opportunities for outdoor recreation.

**State of Utah**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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## Department of Administrative Services

Tani Pack Downing  
*Executive Director*

### State of Utah

GARY R. HERBERT  
*Governor*

**Division of Finance**  
John C. Reidhead, CPA  
*Director*

SPENCER J. COX  
*Lieutenant Governor*

November 25, 2019

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

It is our pleasure to present the 2019 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 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, Schedule of Findings and Questioned Costs, Summary Schedule of Prior Audit Findings, and the 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 *Utah Constitution*, 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 3,212,000 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 *discretely presented component units*. The *primary government* of the State of Utah includes all funds, departments, boards, and commissions that make up its legal entity. In addition to these *primary government* activities, this report includes information related to discretely presented 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 *Utah Constitution* 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.

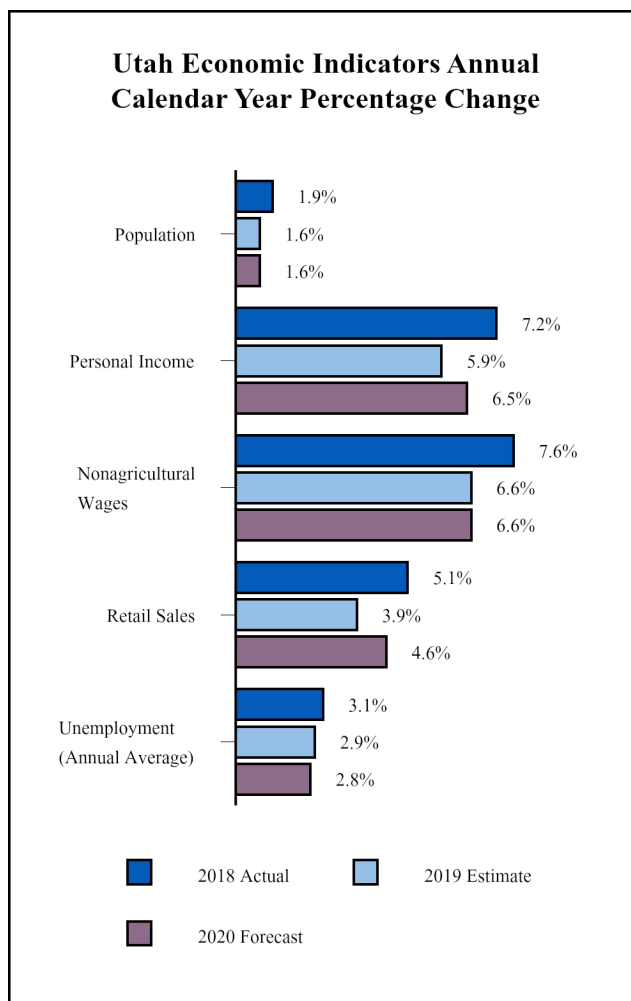
## INFORMATION USEFUL IN ASSESSING A GOVERNMENT'S ECONOMIC CONDITION

**Local Economy** – The Utah economy continues to outperform national averages. Utah's economy is expected to grow moderately through 2020 on the strength of steady job and wage growth.

Utah's unemployment rate averaged 3.1 percent in calendar year 2018, and is expected to decrease to an average of 2.9 percent in 2019, and 2.8 percent in 2020. In 2018, personal income increased by 7.2 percent and nonagricultural wages increased by 7.6 percent. In 2019, personal income is expected to increase by 5.9 percent and nonagricultural wages are expected to increase by 6.6 percent. Taxable retail sales increased by 5.1 percent in 2018 and are expected to increase by 3.9 percent in 2019.

Total construction value was \$8.5 billion in 2018, a 3.7 percent increase from the prior year. In 2019, total construction value is expected to increase to \$9.2 billion, an 8.2 percent increase due to continued strength in residential and commercial construction. Residential construction was \$5.2 billion in 2018, a 10.6 percent increase from the prior year. Residential permit value is expected to increase 7.7 percent to \$5.6 billion in 2019. Nonresidential construction was \$2.2 billion in 2018, a 4.3 percent decrease from the prior year, but still well above the annual average since 2000 of \$1.7 billion (inflation adjusted). Nonresidential construction is expected to increase 4.5 percent in 2019.

In 2019, Utah's population is estimated at 3,212,000, which is an increase of 1.6 percent over the prior year. Utah had positive net migration of approximately 29,100 people in 2018 and is expected to grow by 22,900 in 2019. Utah has had positive net migration for the past 29 years and this trend is expected to continue in the coming years.



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

**Industries** – Utah’s job market has grown 32.6 percent since hitting a low point at the beginning of 2010. At the end of fiscal year 2019, Utah’s unemployment rate was the fifth lowest in the nation. Utah’s nonagricultural employment is expected to increase by 2.8 percent in 2019 and by 2.3 percent in 2020, which is below the Utah average yearly rate of 3.1 percent (1950 through June 2019). All industrial sectors added jobs to Utah’s employment base. Professional and business added 10,200 jobs, with administration, waste management, and remediation contributing most of the gains. Education and health services added 10,000 jobs, with the largest increase in health services and social assistance. Manufacturing added 6,300 jobs, primarily in durable goods. Construction added 5,800 jobs, with specialty trade contractors adding the most jobs. The results for August 2018 to August 2019 are presented in the following table:

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

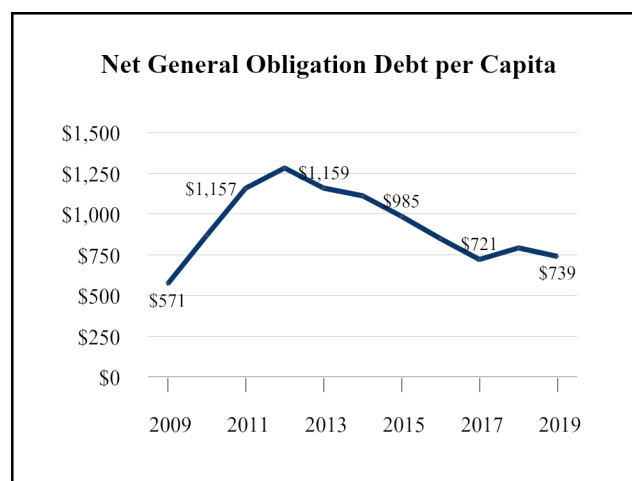
	Number of Jobs		Numerical Change	Percentage Change	Components of Labor Force
	August (p) 2019	August (r) 2018			August (p) 2019
Trade, Transportation, and Utilities .....	290.20	287.80	2.40	0.83%	18.56 %
Professional and Business.....	229.00	218.80	10.20	4.66%	14.66 %
Education and Health Services .....	209.70	199.70	10.00	5.01%	13.42 %
Government (Local/Federal).....	157.70	155.90	1.80	1.15%	10.09 %
Leisure and Hospitality .....	158.10	154.70	3.40	2.20%	10.12 %
Manufacturing.....	140.10	133.80	6.30	4.71%	8.97 %
Construction.....	113.50	107.70	5.80	5.39%	7.26 %
Financial Activities .....	91.20	88.80	2.40	2.70%	5.84 %
Government (State/Higher Ed.) .....	78.70	78.00	0.70	0.90%	5.04 %
Other Services.....	43.40	42.20	1.20	2.84%	2.78 %
Information .....	40.80	39.60	1.20	3.03%	2.61 %
Natural Resources and Mining .....	10.10	9.60	0.50	5.21%	0.65 %
<b>Total</b> .....	<b>1,562.50</b>	<b>1,516.60</b>	<b>45.90</b>		<b>100.00%</b>

Source: Utah Department of Workforce Services and the U.S. Bureau of Labor Statistics, August 2019.  
(p) = preliminary (r) = revised

**Outlook** – The national economy is expected to continue to grow moderately in the last half of 2019 and decelerate in 2020. The Utah economy continues to grow more rapidly than the nation. Utah’s young, educated workforce, diverse mix of industries, and appealing business climate continue to be advantages for the Utah economy. Despite this positive outlook, downside risks remain. Risks to the Utah economy include the supply of workers, housing affordability, interest rates, 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

**General Obligation Debt Administration** – As part of long-term financial planning, the State has used a combination of bonding and pay-as-you-go methods to meet its infrastructure needs. In fiscal years 2009 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. In fiscal year 2018, the State authorized no new general obligation

bonds, but issued \$295.8 million for highway construction projects and \$189.4 million for the prison project from prior authorizations. The State also advance refunded \$118.7 million of general obligation bonds to take advantage of the low interest rate environment. In fiscal year 2019, the State issued \$127.7 million for highway construction projects from prior bond authorizations. As of June 30, 2019, the State's general obligation debt per capita was \$739. The State has an aggressive policy of repaying its general obligation debt within ten 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 2019 consensus revenue forecast projected an increase of 5.7 percent in fiscal year 2019 from 2018 actual revenue for the General and Education Funds combined. For fiscal year 2020, 4.8 percent growth is projected. The long-term average revenue growth rate, adjusted for inflation, was approximately 3.5 percent for fiscal periods 1971 through 2018. See the Budgetary Highlights – General Fund in the [MD&A](#) for a comparison of budgeted to actual results for fiscal year 2019.

**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 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 6,800 new students will enroll in fall 2019. 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 has 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 Federalism Commission. One aspect of the Commission's responsibilities is 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. Utah law 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. Utah law also requires the analyst to evaluate current and long-term trends relating to federal funds receipts and taxes, and prepare a three-year cycle of analysis on revenue volatility and budget matters.

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, 2019, the State was \$597.068 million below the appropriations limitation.



**Adequate Funding for Ongoing Programs** – The Legislature works to ensure all programs have adequate ongoing funding. Coming into the 2019 General Session of the Legislature, before accounting for growth in either costs or revenues, Utah had a small temporal surplus of \$14.5 million – meaning ongoing projected revenue exceeded ongoing commitments. A temporal balance is a short-term measure of structural balance. Legislators closed the 2019 General Session with a temporal surplus of \$427.4 million. However, more than \$300 million of this temporal surplus was from traditionally ongoing appropriations that were shifted to one-time due to uncertainty surrounding future General Fund revenue growth. A revenue restructuring task force will address this issue during the 2019 Interim, and the one-time appropriations may revert to ongoing before the 2020 General Session.

**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 2019, 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 2019 General Session anticipates that fiscal year 2020 will mark the tenth consecutive year of growth in unrestricted General Fund and Education Fund revenue collections.

Approximately \$1.1 billion in new unrestricted revenue was available for appropriation during the 2019 General Session from the fiscal year 2018 surplus and revenue growth forecast for fiscal years 2019 and 2020. Under the consensus forecast, \$670 million of this revenue was available for ongoing appropriations and \$429 million for one-time appropriations. An additional \$44 million was available due to a legal settlement, fiscal note bills and balance transfers, and future tax changes. Highlights of new appropriations for public and higher education, infrastructure, and other priorities are summarized below.

**Public Education** – The Legislature provided \$303 million in new ongoing state-directed funding for the K-12 education system. Among other things, this new funding will support enrollment growth, local decisions about increases in teachers’ compensation, additional support for students at risk of academic failure, greater access to technology for instructional purposes, expansion of the Dual Language Immersion programs, student safety programs, and greater access to school counseling services.

**Higher Education** – The Legislature provided \$105 million in new ongoing state funding for the postsecondary-education systems. Among other things, this new funding will support enrollment growth, efforts to further align educational offerings with workforce demands and efforts to knock down barriers to graduation.

The Legislature provided \$150 million in new one-time state funding for the construction or renovation of three postsecondary-education facilities: Dixie State University Science Building, the Utah Valley University Business Building, and the Weber State University Engineering and Applied Science Building.

The 2019 General Session initiated several changes to higher education capital facilities funding mechanisms. The Legislature created two new higher education capital facilities funds, one for the Technical Colleges, and the other for Higher Education and shifted funding from the ongoing appropriation of \$87 million to the Capital Projects Fund. The Legislature also expressed intent to appropriate \$7 million one-time in fiscal year 2021 and \$14 million ongoing beginning in fiscal year 2022 to the Technical Colleges Capital Projects Fund and \$36.5 million one-time in fiscal year 2021 and \$73 million ongoing beginning in fiscal year 2022 to the Higher Education Capital Projects Fund.

**Social Services** – Social Services programs received \$61.4 million in new ongoing state general funds during the 2019 legislative session. These appropriations will address cost inflation and enrollment growth in current programs, but will also support new programs and the expansion of services associated with various pieces of legislation. The largest share of new state funds allocated to social service agencies went to the state Medicaid program. These dollars covered cost increases associated with programmatic changes, inflation and enrollment growth for individuals covered by Medicaid, and in-home waiver services.

Beyond the status quo, the 2019 General Session addressed the long-standing and much-debated issue of Medicaid expansion by expanding coverage to adults with income up to 100 percent of the Federal Poverty Level (FPL) with provisions in place to



expand to 138 percent FPL if certain Medicaid waivers are not approved by the federal government. As of this writing, the Federal Center for Medicare and Medicaid Services has denied Utah's request for 90 percent federal cost sharing to serve the State's expansion population up to 100 percent FPL as contemplated by Senate Bill 96, *Medicaid Expansion Adjustments*. Consequently, the State is currently developing its next-stage Medicaid expansion waiver request, which will include coverage for newly eligible adults up to 138 percent FPL, along with various other elements such as a self-sufficiency requirement for program beneficiaries and a lock-out period for program violations.

Another noteworthy item is the State's efforts to address air quality. The Legislature appropriated \$28.2 million for air quality related projects in the 2019 legislative session. That funding is for upgrades to equipment, incentives for private individuals and businesses, and messaging activities. This also includes just over \$6 million for state government telework initiatives.

**Transportation** – With Utah's population projected to increase more than 40 percent by 2040, the State faces significant transportation needs. The fiscal year 2020 budget contains approximately \$1.7 billion for the Department of Transportation (UDOT) to help ensure that Utah citizens continue to enjoy a high degree of mobility.

**Other Highlights** – During the 2019 General Session, the Legislature approved the equivalent of a 2.5 percent salary increase for state employees. Legislators appropriated \$24.8 million General Fund to the General Fund Budget Reserve Account and \$69.1 million Education Fund to the Education Fund Budget Reserve Account. The Capitol Preservation Board received \$110 million one-time to address space needs for the Department of Agriculture, Department of Heritage and Arts, and agencies residing on Capitol Hill. Additionally, during the 2018 Third Special Session, the legislature appropriated \$67 million in fiscal year 2019 and \$110 million ongoing (plus \$58 million one-time in fiscal year 2020) for cash funding of the remaining known costs of constructing a new state prison near the Great Salt Lake. The \$110 million ongoing appropriation was later switched to one-time as a component of the State's revenue restructuring process.

**State Employee Other Postemployment Benefit Plan** – The Actuarially Determined Contribution (ADC) for the State Employee Other Postemployment Benefit (OPEB) plan was \$25.9 million. The Legislature considered this ADC when establishing the OPEB budget for fiscal year 2020. The ADC represents a level of funding that, if paid on an ongoing basis, is actuarially projected to fund the unfunded liability over a period of five 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, 2018. This was the thirty-fourth 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 C. Reidhead, CPA  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

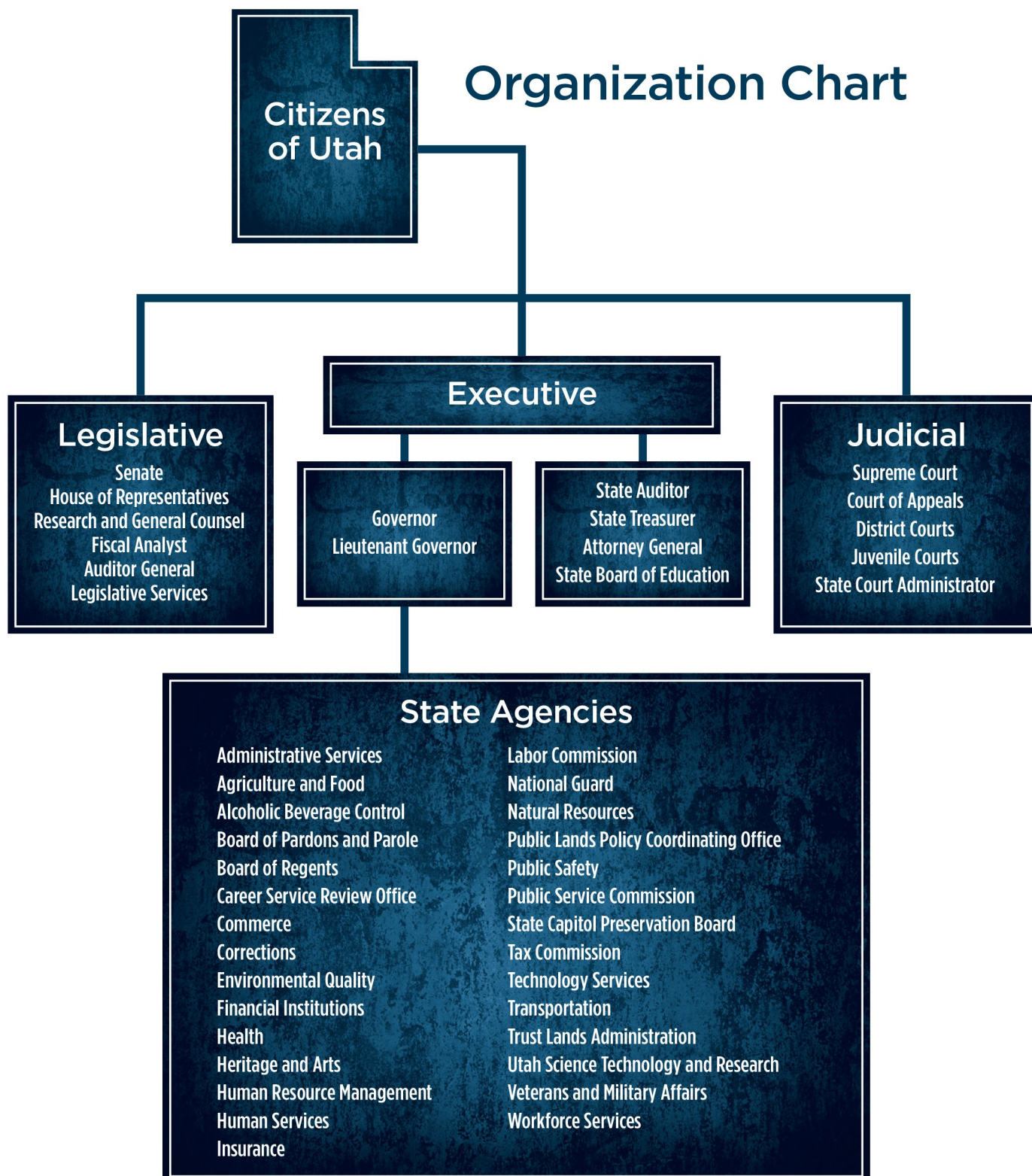
**State of Utah**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrell*

Executive Director/CEO



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# FINANCIAL SECTION

## STATE OF UTAH

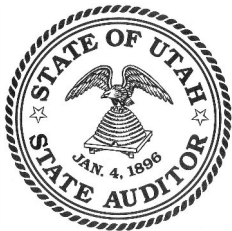
*Comprehensive Annual Financial Report*  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019



Hiking The Narrows in Zion National Park

# 2019





## 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, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

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

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following funds or entities:

- School and Institutional Trust Funds Office which represents 96 percent of the assets, 97 percent of the fund balances, and 53 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, Utah Transit Authority, University of Utah Hospitals and Clinics, the University of Utah's component units, and Utah State University Research Foundation which collectively represent 41 percent of the assets, 27 percent of the net position, and 48 percent of the revenues of the aggregate discretely presented component units.
- Utah Retirement Systems and Utah Educational Savings Plan dba my529 which represent 80 percent of the assets, 81 percent of the fund balance/net position, and 21 percent of the revenues/additions of the aggregate remaining fund information.

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2019, 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***

During the 2018 General Session of the Utah State Legislature, the governance structure of the Utah Transit Authority was modified, creating a governing board appointed by the Governor. Due to this change in governance structure, the State can now impose its will on UTA, effective November 1, 2018. As a result, UTA is now included as part of the State of Utah's reporting entity as a major discrete component unit, and the Statement of Activities - Component Units reflects a \$993.677 million increase in net position restricted for transit services. See further discussion in Note 2. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the following information—management's discussion and analysis (pages 18-30), 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 136-153) - 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. Supplementary information such as the combining and individual fund financial statements and schedules, and 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 158-203) 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. In our opinion, based on our audit, the procedures performed as described above, and the reports of 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 207-243) have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 25, 2019, 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.

A handwritten signature in cursive script that reads "Office of the State Auditor".

Office of the State Auditor  
November 25, 2019

# 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, 2019. Please read this 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 \$27.588 billion (reported as net position). Of this amount, \$3.167 billion (unrestricted net position) may be used to meet the government's ongoing obligations while \$24.421 billion is restricted for specific uses or invested in capital assets.
- The State's total net position increased \$1.278 billion or 4.86 percent over the prior year. Net position of governmental activities increased \$1.178 billion or 5.17 percent. Net position of business-type activities increased \$100.265 million or 2.83 percent.

### Fund Level

- The governmental funds reported combined ending fund balances of \$7.317 billion, an increase of \$696.201 million in comparison with the prior year. Approximately 37.19 percent, or \$2.721 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 zero dollar surplus by using \$21.707 million of the \$112.180 million of General Fund budgeted revenues set aside for fiscal year 2020. Because there was no revenue surplus, there were no statutory transfers from the General Fund to any stabilization or reserve accounts.
- The Education Fund ended the fiscal year with a \$107.275 million surplus after a statutory transfer of \$33.510 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 \$225.121 million, \$74.819 million, and \$471.908 million, respectively.
- Sales tax revenues in the governmental funds increased \$158.622 million or 5.99 percent, compared to \$243.649 million or 10.14 percent increase in the prior year. Total tax revenues increased \$83.919 million or 3.49 percent in the General Fund and \$410.547 million or 9.15 percent in the Education Fund.

### Long-term Debt

- The State's long-term bonded debt decreased by a net \$416.616 million or 9.54 percent. General obligation bonds for the primary government decreased \$123.801 million or 4.96 percent, while revenue bonds for the primary government decreased \$292.815 million or 15.80 percent.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

### Government-wide Statements – Reporting the State as a Whole

The [Statement of Net Position](#) and the [Statement of Activities](#) 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 improving or deteriorating. In evaluating the State's overall condition, 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 discrete 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 the *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 discussed in [Note 2](#) of the financial statements, governmental activities beginning net position decreased \$15.469 million to reflect the removal of land improvements associated with land that was sold in previous years within the Trust Lands Permanent Fund.

Also discussed in [Note 2](#), as a result of legislation passed during the 2018 Legislative General Session, the Utah Transit Authority is now included as part of the reporting entity of the State of Utah as a major discrete component unit. This resulted in an increase of component unit net position restricted for transit services of \$993.677 million as reflected in the government-wide Statement of Activities - Component Units.

## FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

### Net Position

The largest component of the State's net position, 62.28 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 26.25 percent of total net position and is subject to constitutional, legal, or external constraints on use. Net position that is restricted by the *Utah Constitution* includes individual income and corporate income taxes that can be used only for public and higher education costs and proceeds from fees, taxes, charges related to motor vehicles that can be used only for transportation expenses, and earnings received from investment of the permanent State School Fund.

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.

*(MD&A continues on next page.)*



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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Total Percentage Change</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2018-2019</b>
Current and Other Assets .....	\$ 9,433,121	\$ 8,591,245	\$ 4,978,396	\$ 5,129,388	\$ 14,411,517	\$ 13,720,633	5.04 %
Capital Assets .....	19,573,801	19,211,956	96,818	92,779	19,670,619	19,304,735	1.90 %
<b>Total Assets .....</b>	<b>\$ 29,006,922</b>	<b>\$ 27,803,201</b>	<b>\$ 5,075,214</b>	<b>\$ 5,222,167</b>	<b>\$ 34,082,136</b>	<b>\$ 33,025,368</b>	3.20 %
<b>Deferred Outflows of Resources .....</b>	<b>\$ 483,436</b>	<b>\$ 468,008</b>	<b>\$ 12,047</b>	<b>\$ 12,162</b>	<b>\$ 495,483</b>	<b>\$ 480,170</b>	3.19 %
Current and Other Liabilities .....	\$ 1,354,780	\$ 1,221,622	\$ 48,336	\$ 47,821	\$ 1,403,116	\$ 1,269,443	10.53 %
Long-term Liabilities .....	4,100,452	3,886,101	1,380,019	1,628,078	5,480,471	5,514,179	(0.61)%
<b>Total Liabilities .....</b>	<b>\$ 5,455,232</b>	<b>\$ 5,107,723</b>	<b>\$ 1,428,355</b>	<b>\$ 1,675,899</b>	<b>\$ 6,883,587</b>	<b>\$ 6,783,622</b>	1.47 %
<b>Deferred Inflows of Resources .....</b>	<b>\$ 86,312</b>	<b>\$ 392,607</b>	<b>\$ 20,019</b>	<b>\$ 19,808</b>	<b>\$ 106,331</b>	<b>\$ 412,415</b>	(74.22)%
Net Position:							
Net Investment in Capital Assets * .....	\$ 17,147,477	\$ 16,827,887	\$ 32,972	\$ 29,237	\$ 17,180,449	\$ 16,857,124	1.92 %
Restricted .....	4,953,627	4,693,165	2,286,785	2,221,712	7,240,412	6,914,877	4.71 %
Unrestricted .....	1,847,710	1,249,827	1,319,130	1,287,673	3,166,840	2,537,500	24.80 %
<b>Total Net Position * .....</b>	<b>\$ 23,948,814</b>	<b>\$ 22,770,879</b>	<b>\$ 3,638,887</b>	<b>\$ 3,538,622</b>	<b>\$ 27,587,701</b>	<b>\$ 26,309,501</b>	4.86 %
Percent change in total Net Position from prior year .....	5.17%		2.83%		4.86%		

\* This schedule has been restated for prior period adjustments as described in Note 2.

The State's total net position increased \$1.278 billion or 4.86 percent in fiscal year 2019. In comparison, net position in the prior year increased \$1.525 billion or 6.15 percent. The increase in total net position reflects a growing economy and the active management of the State's resources. The change in net position is comprised of the following:

- *Net Investment in Capital Assets* – Total net investment in capital assets increased slightly by 1.92 percent or \$323.325 million. 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 \$325.535 million or 4.71 percent over the prior year adjusted net position:

Restricted Net Position of Governmental Activities increased \$260.462 million or 5.55 percent, as follows:

Transportation net position increased \$93.750 million or 24.23 percent due to an increase in unspent restricted revenues. Public Education - Nonexpendable net position increased \$72.404 million or 4.46 percent, primarily due to revenues generated from land use and gains on sale of trust lands in the Trust Lands Permanent Fund. Public Education – Expendable net position increased \$68.893 million or 2.78 percent primarily due to an increase in individual and corporate income tax revenues from the continued economic expansion. The increase in corporate tax revenues was also due to recent federal tax changes, which created a temporary surge as corporations repatriated foreign corporate earnings.

Restricted Net Position of Business-type Activities increased \$65.073 million or 2.93 percent due in part to a \$41.020 million increase in the Unemployment Compensation and Insurance Program as unemployment compensation revenues exceeded related claims. Net position restricted for loan programs also increased \$26.551 million as a result of additional loan capital provided from federal contracts and grants for Water Loan Programs, Community and Economic Loan Programs, and Student Assistance Programs. These increases were offset by a \$2.498 million decrease in net position restricted for debt service.

- *Unrestricted Net Position* – Total unrestricted net position in governmental activities increased \$597.883 million or 47.84 percent primarily due to an increase in the amount unspent and carried forward in the General Fund and for transportation and capital projects. Unrestricted net position in business-type activities increased \$31.457 million or 2.44 percent due to dedicated sales tax revenues provided by the State as additional capital for the Water Loan Programs.

## Changes in Net Position

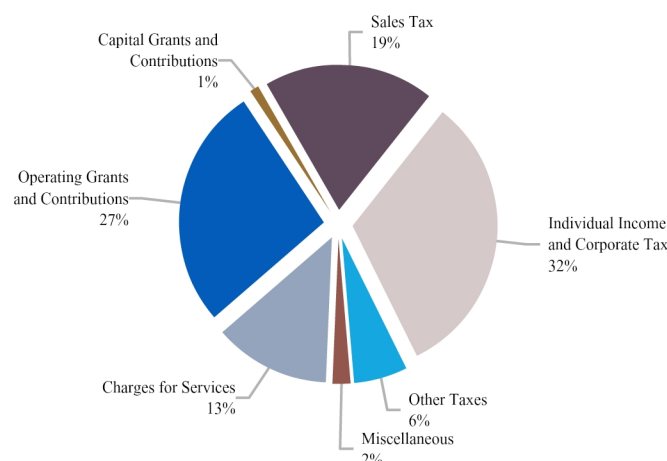
The following table and charts summarize the State's total revenues, expenses, and changes in net position for fiscal year 2019:

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

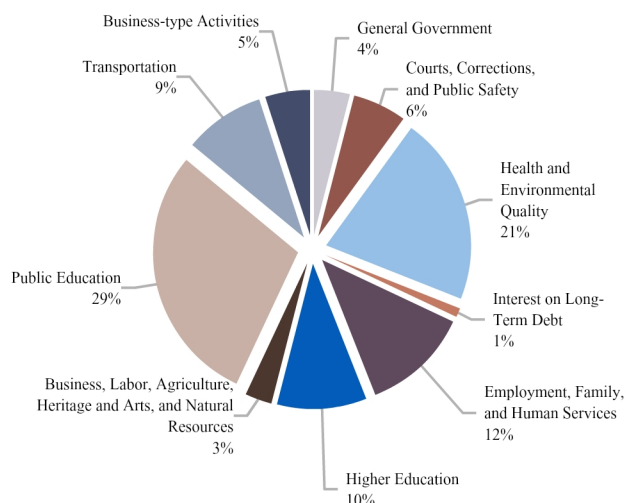
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Total Percentage Change</b>
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2018-2019</b>
<b>Revenues</b>							
General Revenues:							
Taxes.....	\$ 8,600,089	\$ 8,043,471	\$ 34,278	\$ 59,864	\$ 8,634,367	\$ 8,103,335	6.55 %
Other General Revenues.....	230,389	215,048	68,030	59,215	298,419	274,263	8.81 %
Program Revenues:							
Charges for Services.....	1,284,088	1,211,341	747,315	744,160	2,031,403	1,955,501	3.88 %
Operating Grants and Contributions.....	4,162,578	4,057,460	33,575	44,392	4,196,153	4,101,852	2.30 %
Capital Grants and Contributions .....	155,265	164,278	—	—	155,265	164,278	(5.49)%
<b>Total Revenues .....</b>	<b>14,432,409</b>	<b>13,691,598</b>	<b>883,198</b>	<b>907,631</b>	<b>15,315,607</b>	<b>14,599,229</b>	<b>4.91 %</b>
<b>Expenses</b>							
General Government .....	576,183	503,430	—	—	576,183	503,430	14.45 %
Human Services/Juvenile Justice Services .....	932,553	854,614	—	—	932,553	854,614	9.12 %
Corrections .....	340,123	314,701	—	—	340,123	314,701	8.08 %
Public Safety.....	363,510	307,121	—	—	363,510	307,121	18.36 %
Courts .....	165,833	162,049	—	—	165,833	162,049	2.34 %
Health and Environmental Quality .....	2,979,063	2,807,215	—	—	2,979,063	2,807,215	6.12 %
Higher Education.....	1,339,338	1,318,207	—	—	1,339,338	1,318,207	1.60 %
Employment and Family Services.....	769,277	753,205	—	—	769,277	753,205	2.13 %
Natural Resources.....	264,093	238,545	—	—	264,093	238,545	10.71 %
Heritage and Arts.....	31,928	30,279	—	—	31,928	30,279	5.45 %
Business, Labor, and Agriculture .....	122,449	116,964	—	—	122,449	116,964	4.69 %
Public Education.....	4,141,443	3,981,186	—	—	4,141,443	3,981,186	4.03 %
Transportation.....	1,288,760	970,442	—	—	1,288,760	970,442	32.80 %
Interest and Charges on Long-term Debt .....	83,657	85,141	—	—	83,657	85,141	(1.74)%
Student Assistance Programs.....	—	—	114,087	120,169	114,087	120,169	(5.06)%
Unemployment Compensation .....	—	—	152,359	156,121	152,359	156,121	(2.41)%
Water Loan Programs .....	—	—	13,744	12,613	13,744	12,613	8.97 %
Community and Economic Loan Programs .....	—	—	2,402	4,991	2,402	4,991	(51.87)%
Liquor Retail Sales .....	—	—	311,261	292,936	311,261	292,936	6.26 %
Other Business-type Activities .....	—	—	45,344	45,065	45,344	45,065	0.62 %
<b>Total Expenses .....</b>	<b>13,398,210</b>	<b>12,443,099</b>	<b>639,197</b>	<b>631,895</b>	<b>14,037,407</b>	<b>13,074,994</b>	<b>7.36 %</b>
Excess (Deficit) Before Transfers .....	1,034,199	1,248,499	244,001	275,736	1,278,200	1,524,235	
Transfers.....	143,736	96,245	(143,736)	(96,245)	—	—	
Capital Contributions .....	—	—	—	—	—	—	
<b>Change in Net Position.....</b>	<b>1,177,935</b>	<b>1,344,744</b>	<b>100,265</b>	<b>179,491</b>	<b>1,278,200</b>	<b>1,524,235</b>	
Net Position – Beginning .....	22,786,348	21,440,397	3,538,622	3,359,131	26,324,970	24,799,528	
Adjustment to Beginning Net position .....	(15,469)	1,207	—	—	(15,469)	1,207	
Net Position – Beginning as Adjusted.....	22,770,879	21,441,604	3,538,622	3,359,131	26,309,501	24,800,735	
<b>Net Position – Ending.....</b>	<b>\$23,948,814</b>	<b>\$22,786,348</b>	<b>\$ 3,638,887</b>	<b>\$ 3,538,622</b>	<b>\$27,587,701</b>	<b>\$26,324,970</b>	<b>4.80 %</b>

(Charts on next page)

State of Utah Total Revenues FY 2019



State of Utah Total Expenses FY 2019



This year the State received 56.38 percent of its revenues from state taxes and 28.41 percent of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 55.51 percent and grants and contributions were 29.22 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 15.21 percent of total revenues in fiscal year 2019, compared to 15.27 percent in fiscal year 2018.

### Governmental Activities

The State's total governmental revenues from all sources increased \$740.811 million or 5.41 percent. The majority of this increase was due to an increase in tax revenues of \$556.618 million or 6.92 percent due to continued growth in the economy. Significant changes in governmental activities' revenues and expenses at the government-wide level mirror the changes in the governmental funds, except for Transportation expenses as discussed below. 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.

- *Transportation* – Expenses increased \$318.318 million or 32.80 percent, as compared to the prior year, primarily due to a decrease in the amount spent for capital outlay (i.e. land, roads, and bridges). The amount expended for capital outlay is not reported as expense, but as an asset on the government-wide statements.

The following table shows to what extent program revenues (charges for services and grants) covered program expenses. For fiscal year 2019, program revenues covered \$5.602 billion or 41.81 percent of \$13.398 billion in total program expenses. For the remaining \$7.796 billion or 58.19 percent of program expenses, the State relied on state taxes and other general revenues. For further discussion of changes, see the section here entitled "[Financial Analysis of the State's Governmental Funds.](#)"

(Table on next page)

**State of Utah**  
**Net Cost of Governmental Activities**  
*(dollars expressed in thousands)*

	Program Expenses	Less Program Revenues	Net Program (Expenses)/Revenues		Program Revenues as a Percentage of Program Expenses	
	2019	2019	2019	2018	2019	2018
General Government.....	\$ 576,183	\$ 372,412	\$ (203,771)	\$ (161,058)	64.63%	68.01%
Human Services/Juvenile Justice Services .....	932,553	424,787	(507,766)	(467,225)	45.55%	45.33%
Corrections.....	340,123	2,566	(337,557)	(311,502)	0.75%	1.02%
Public Safety .....	363,510	211,274	(152,236)	(133,290)	58.12%	56.60%
Courts.....	165,833	55,380	(110,453)	(107,352)	33.40%	33.75%
Health and Environmental Quality .....	2,979,063	2,428,797	(550,266)	(527,699)	81.53%	81.20%
Higher Education .....	1,339,338	760	(1,338,578)	(1,317,971)	0.06%	0.02%
Employment and Family Services .....	769,277	566,054	(203,223)	(152,053)	73.58%	79.81%
Natural Resources .....	264,093	159,664	(104,429)	(82,150)	60.46%	65.56%
Heritage and Arts .....	31,928	11,507	(20,421)	(19,525)	36.04%	35.52%
Business, Labor, and Agriculture.....	122,449	128,220	5,771	(3,439)	104.71%	97.06%
Public Education .....	4,141,443	608,735	(3,532,708)	(3,295,432)	14.70%	17.22%
Transportation.....	1,288,760	631,775	(656,985)	(346,183)	49.02%	64.33%
Interest and Charges on Long-term Debt.....	83,657	—	(83,657)	(85,141)	0.00%	0.00%
<b>Total Governmental Activities .....</b>	<b>\$ 13,398,210</b>	<b>\$ 5,601,931</b>	<b>\$ (7,796,279)</b>	<b>\$ (7,010,020)</b>	<b>41.81%</b>	<b>43.66%</b>

### Business-type Activities

The State's business-type activities operate primarily from program revenues, except for the Water Loan Programs and Agriculture Loan Fund, that by law receive dedicated sales tax revenues. Accounting standards require unemployment taxes collected from employers and deposited in the Unemployment Compensation Fund 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.

Overall, total revenues from the State's business-type activities decreased \$24.433 million or 2.69 percent from the prior year as follows: Dedicated sales and use tax decreased \$25.586 million or 42.74 percent as a result of a statutory reallocation. Operating grants and contributions decreased \$10.817 million or 24.37 percent due to a decrease in federal contracts and grants in the Water Loan Programs and Community and Economic Loan Programs. These decreases were offset by an increase in unrestricted investment income of \$11.601 million or 20.51 percent due to higher interest rates.

Total expenses for the State's business-type activities increased overall by \$7.302 million or 1.16 percent. The increase was due to an \$18.325 million or 6.26 percent increase in expenses related to liquor retail sales as a result of higher sales volume. This increase was offset by a \$6.082 million or 5.06 percent decrease in the student loan service expenses within the Student Loan Programs and a \$3.762 million or 2.41 percent decrease in the Unemployment Compensation Fund due to fewer claims paid.

Changes in the State's business-type activities at the government-wide level 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 at the government-wide level is presented overall. The changes in the State's proprietary funds are detailed further in the section entitled "[Financial Analysis of the State's Proprietary Funds](#)."

## FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

### Adjustment to Beginning Fund Balance

As described in [Note 2](#) of the financial statements, the beginning fund balance was adjusted to reflect a decrease \$15.469 million in the Trust Lands Permanent Fund to remove land improvements associated with land that was sold in previous years.

### Fund Balances

At June 30, 2019, the State's governmental funds reported combined ending fund balances of \$7.317 billion. Of this amount, \$1.818 billion or 24.85 percent is nonspendable, either due to its form or legal constraints, and \$2.775 billion or 37.92 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, mineral lease revenues, and earnings received from investment of the Trust Lands Permanent Fund are included in restricted fund balance. An additional \$1.835 billion or 25.08 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 \$889.037 million or 12.15 percent of total fund balance has been assigned to specific purposes, as expressed by legislative intent. There was no unassigned fund balance available for future appropriations at yearend.

**State of Utah**  
**Governmental Fund Balances as of June 30**  
*(dollars expressed in thousands)*

	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Funds	Total
Nonspendable.....	\$ 20,109	\$ 43	\$ 13,147	\$ —	\$ 1,785,184	\$ 16	\$ 1,818,499
Restricted .....	43,241	1,203,653	493,984	—	877,152	156,545	2,774,575
Committed.....	835,171	—	—	670,295	—	329,266	1,834,732
Assigned.....	339,999	—	4,475	—	—	544,563	889,037
Unassigned.....	—	—	—	—	—	—	—
<b>Total.....</b>	<b>\$ 1,238,520</b>	<b>\$ 1,203,696</b>	<b>\$ 511,606</b>	<b>\$ 670,295</b>	<b>\$ 2,662,336</b>	<b>\$ 1,030,390</b>	<b>\$ 7,316,843</b>
Percent change from prior year..	17.37%	5.15%	25.50%	2.36%	3.16%	32.54%	10.52%

### General Fund

The General Fund's total fund balance increased \$183.304 million or 17.37 percent in fiscal year 2019. The General Fund ended the year with a zero dollar surplus, or unassigned fund balance, by using \$21.707 million of the \$112.180 million of General Fund budgeted revenues set aside for fiscal year 2020. In the prior year, the General Fund ended the year with a \$7.966 million surplus, or unassigned fund balance. Because there was no surplus, no statutory transfers were made to the General Fund Budget Reserve Account in fiscal year 2019. The Account ended the year with a balance of \$225.121 million after the Legislature elected to appropriate \$73.313 million to the account during the year.

Specific changes in the General Fund balance include the following:

- Nonspendable fund balance increased \$1.975 million or 10.89 percent due to an increase in prepaid items of \$5.162 million as a result of an increase in Medicare premiums paid for dual eligible Medicaid members at yearend. This increase was offset by a \$2.887 million decrease in the long-term portion of loans receivable due to a reduction of loan balances within Internal Services Funds.
- Restricted fund balance increased \$4.263 million or 10.94 percent as a result of an increase in revenues set aside for specific purposes due to constraints that are imposed externally or by law.
- Committed fund balance increased overall by \$159.943 million or 23.69 percent due to an increase in monies set aside for specific purposes as follows: **(1)** Agency carry-forward balances increased \$81.481 million; **(2)** monies set aside for committed purposes in various restricted accounts increased \$5.149 million; and **(3)** the General Fund Budget Reserve Account balance increased \$73.313 million due to a legislative appropriation to the account.
- Assigned fund balance increased \$25.089 million or 7.97 percent. The increase was due in part to a \$13.708 million increase in the amount set aside for next year's budget by the Legislature. Assigned fund balance also increased \$13.355 million due to an increase in tax accruals assigned by law. These increases were offset by a \$1.975 million decrease in nonspendable items, as described above. Items classified as nonspendable reduce assigned fund balance.

Total tax revenues in the General Fund increased \$83.919 million or 3.49 percent, the largest of which was sales and use tax which increased \$83.352 million or 4.04 percent. Overall, sales tax revenue in all governmental funds increased \$158.622 million or 5.99 percent primarily due to growth in the Utah economy.

Total General Fund non-tax revenues increased \$146.172 million or 3.77 percent, explained as follows: **(1)** Federal contracts and grants increased \$125.530 million or 4.22 percent primarily due to an increase in federal funding for Medicaid programs and the National Guard. Additional increases in federal contracts and grants correspond to the increase in related expenditures as explained below; **(2)** Investment income increased \$19.456 million or 80.48 percent due to higher interest rates; **(3)** Charges for services increased \$10.224 million or 2.08 percent driven by demand for government services; and **(4)** Miscellaneous and other revenues decreased \$9.811 million or 3.53 percent primarily due to a one-time increase in tobacco settlement proceeds in the prior year.

Overall, total General Fund expenditures increased \$447.686 million or 6.45 percent as the State responded to a growing economy and an increase in the public's demand for government services. Significant changes in expenditures occurred in the following areas:

- *Health and Environmental Quality* – Total expenditures increased \$173.718 million or 6.16 percent primarily due to growth in the Medicaid program. These expenditures increased \$166.621 million as a result of: **(1)** implementation of the new Medicaid Expansion program; **(2)** an increase in payments to nursing homes for qualifying services; **(3)** increased utilization in the Community Supports Waiver program; **(4)** an increase in expenditures related to the replacement of the

Medicaid Management Information System; and (5) the full fiscal year impact of a 3.50 percent increase in funding authorized for Medicaid's accountable care organizations, which was effective January 2018.

- *Higher Education* – Total expenditures increased \$101.636 million or 9.61 percent due to an increase in state appropriations. The State provided \$29.100 million for higher education employee compensation and benefit increases. Major new state-funded system-wide initiatives included: (1) \$9.200 million for programs to assist institutions in meeting regional workforce needs; (2) \$9.100 million for enrollment growth and to increase capacity; (3) \$4.800 million to implement programs that will reduce barrier to students' completing their degree; (4) \$3.300 million for the Board of Regents' Scholarship; and (5) \$3.300 million for market demand programs for the Utah System of Technical Colleges.
- *Human Services and Juvenile Justice Services* - Total expenditures increased \$57.536 million or 6.76 percent due in part to a \$36.264 million funding increase within Services for People with Disabilities, as follows: (1) \$23.496 million for individuals receiving disability services and youth aging out of services; (2) \$6.634 million to provide services for people on the waiting list in the Medicaid Home and Community Based Waiver Services Program; and (3) \$5 million for salary increases for direct care service workers. Expenditures also increased \$5.020 million to address suicide prevention, crisis help lines, and children's center family support and \$2.270 million for children in family treatment, opioid crisis funding, and medication assisted treatments.
- *Public Safety* – Total expenditures increased \$41.766 million or 16.12 percent. Significant increases included: (1) \$17.628 million for the Utah Communications Authority for the 800 and 150 MHz radio networks and management of the 911 program; (2) \$14.715 million for the National Guard due to additional federal funding provided for the Aaron Butler Special Forces Readiness Center at Camp Williams; and (3) \$4.391 million for the Utah Highway Patrol for the Operation Rio Grande program.
- *General Government* – Total expenditures increased \$26.613 million or 6.76 percent due to \$26 million (\$9 million ongoing and \$17 million in one-time funds) provided to the firefighter retirement program as a result of changes in insurance premium allocation.
- *Natural Resources* – Total expenditures increased \$24.875 million or 11.20 percent due to increases in funding provided for wildland fire suppression and prevention, watershed rehabilitation and habitat restoration 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 \$23.213 million increase as a result of a 2.50 percent salary increase for most state employees, increases in health insurance costs, and targeted compensation increases.

### **Budgetary Highlights – General Fund**

The Legislature adopted the initial fiscal year 2019 budget during the 2018 General Session (January to March 2018). The original consensus revenue estimates in the General Fund budget at the start of fiscal year 2019, excluding department-specific revenue sources such as federal grants and departmental collections, and miscellaneous transfers, were 5.35 percent higher than the final fiscal year 2018 budget. The increase was primarily due to growth in the sales and use tax due to the strong Utah economy. Budgeted expenditures were 10.30 percent higher than the final fiscal year 2018 budget. The Governor and Legislature were able to balance the original fiscal year 2019 budget using revenue growth, prior year reserves, and fund balances.

The fiscal year 2019 budget was again addressed during the 2019 General Session of the Legislature (January to March 2019). General revenue estimates had increased \$41.098 million from the original consensus estimates adopted during the 2018 General Session due to projected increases in sales and use tax and investment income. Revenue estimates and base budget resources allowed the Legislature to set aside \$112.180 million for fiscal year 2020 appropriations. In the end, taxes and other general revenues ended the year \$55.205 million below final budgeted amounts. Various statutory transfers and adjustments that occurred at yearend covered the shortfall in the final budgeted amounts. This included agencies lapsing \$8.707 million of unspent budgeted dollars back to the General Fund and reducing amounts set aside for fiscal year 2020 appropriations by \$21.707 million. Final budgets of department-specific revenue sources decreased from original budgets due to a decrease in expected federal contracts and grants. Actual department-specific revenues increased slightly from final budgets primarily due to an increase in the state mineral lease revenue. Final budgets for many of the departmental-specific revenue sources and related expenditures such as federal grants, departmental collections, and miscellaneous revenues are generally revised based on actual collections. The difference between final budgeted expenditures and actual expenditures is primarily due to nonlapsing and unspent restricted funds that will be carried forward to the next year.



**Education Fund**

The fund balance in the Education Fund increased overall by \$58.958 million or 5.15 percent from the prior year as revenues and transfers in exceeded expenditures and transfers out. The amount unspent and carried forward for education increased \$25.583 million. Education funds set aside for specific purposes increased \$13.477 million. Amounts set aside for fiscal year 2020 appropriations increased \$11.720 million. Tax accruals restricted by law for education increased \$5.264 million.

In addition to these changes, the Education Fund ended the year with a \$107.275 million surplus after a \$6.181 million property tax recapture and a \$33.510 million transfer to the Education Budget Reserve Account from an original revenue surplus of \$134.040 million. 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. The Education Budget Reserve Account ended the year with a balance of \$471.908 million.

Overall, total revenue in the Education Fund increased \$377.509 million or 7.46 percent. Individual income tax increased \$303.117 million or 7.52 percent. Corporate income tax increased \$111.958 million or 26.47 percent. These increases were primarily due to continued economic expansion. The increase in corporate tax revenues was also due to recent federal tax changes, which created a temporary surge as corporations repatriated foreign corporate earnings. Investment income also increased \$9.379 million or 114.70 percent due to rising interest rates and an increase in funds available for investment. These increases were offset by decreases in other revenue sources. Federal contracts and grants expenditures and corresponding revenue decreased \$39.753 million or 8.48 percent due to the timing of federal funding utilized by the local school districts. Other taxes decreased \$4.528 million or 14.36 percent primarily due to a decrease in the Charter School Levy, a property tax imposed by the State to support Charter Schools. Miscellaneous and other revenues decreased \$3.625 million or 8.68 percent due to one-time settlement proceeds received in the prior year.

Overall, expenditures increased \$157.253 million or 3.95 percent in the Education Fund. The increase was primarily due to a \$176.811 million increase in the Minimum School Program to provide for student enrollment growth and 2.5 percent increase in the weighted pupil unit value, which is the primary funding mechanism for public education.

Net other financing uses increased \$424.814 million or 52.05 percent. This change resulted from a \$408.071 million increase in transfers out due to an increase in transfers for higher education and capital projects and a \$16.743 million decrease in transfers in from the Trust Lands Permanent Fund for the School Land Program.

**Transportation Fund**

Total fund balance in the Transportation Fund increased \$103.953 million or 25.50 percent from the prior year. Restricted fund balance increased \$101.862 million or 25.98 percent as restricted revenues and transfers in exceeded expenditures and transfers out. Assigned fund balance increased \$3.335 million or 292.54 percent due to an increase in unspent general revenues appropriated to the Transportation Fund. Nonspendable inventory decreased \$619 thousand or 4.50 percent.

Overall, transportation revenues increased \$20.418 million or 1.83 percent. The increase resulted from the following changes in revenue as compared to the prior year:

- Motor and special fuels tax increased \$21.150 million or 4.23 percent due in part to a six-tenths of a penny per gallon gas tax increase that became effective January 1, 2019, and also the result of higher fuel consumption.
- License, permits, and fees increased \$7.004 million or 7.64 percent primarily due to an increase in registration fees and new fees for alternative fuel vehicles.
- Charges for services increased \$5.259 million or 10.53 percent due to an increase in driver's license fees.
- Investment income increased \$4.415 million or 85.30 percent due to rising interest rates.
- Federal contracts and grants decreased \$15.602 million or 3.88 percent as a result of timing differences related to highway construction projects.

Expenditures within the Transportation Fund decreased \$25.079 million or 2.46 percent due to a decrease in state and federal funding provided for highway construction projects. Net other financing uses decreased \$6.772 million or 16.12 percent due in part to an \$11.713 million increase in the sale of capital assets, which was offset by a \$4.941 million increase in net transfers out of the fund for various purposes.

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**

Total fund balance in the Transportation Investment Fund increased \$15.476 million or 2.36 percent from the prior year. Restricted fund balance decreased \$54.770 million or 100 percent as general obligation bond proceeds were used for highway projects. Committed fund balance increased \$70.246 million or 11.71 percent due to unspent dedicated sales and use tax revenue at yearend.

Overall, revenues increased \$74.353 million or 11.09 percent. Sales and use tax revenues, statutorily reallocated from use in the General Fund to use for highway projects, increased \$59.212 million or 10.29 percent due to growth in the economy. Investment income increased \$13.291 million or 176.23 percent due to rising interest rates and an increase in funds available for investment. Expenditures increased \$100.593 million or 19.65 percent from the prior year due to increased spending on highway construction projects. Net other financing uses increased \$179.130 million or 288.38 percent, due to a \$181.142 million decrease in bond issuance and related premiums in the current compared to the prior year.

**Trust Lands Permanent Fund**

The fund balance of the Trust Lands Permanent Fund increased \$81.560 million or 3.16 percent from the prior year adjusted fund balance largely due to a \$77.735 million or 4.55 percent increase in nonspendable fund balance. This increase was attributable to revenues generated from land use and gains on sale of trust lands. As a result of a constitutional amendment that became effective July 1, 2017, the *Utah Constitution* allows all investment earnings of the of the Trust Lands Fund Permanent Fund to be distributed to beneficiaries, limited to annual distributions not to exceed four percent of the fund (based on a calculation described in statute).

Revenues decreased \$38.762 million or 20.71 percent. The decrease was largely attributable to a \$37.189 million or 27.57 percent decrease in investment income due to a change in investment strategies. Investment fund managers shifted from a heavy equity allocation to private market investments which take much longer to deploy and are slower to return capital. In the long-run, fund managers expect these strategies to have lower volatility and higher returns. Expenditures and transfers out decreased \$15.012 million or 12.93 percent due to a decrease in the amount available for distribution to beneficiaries. Sale of capital assets increased \$13.624 million or 66.24 percent due to an increase of surface and developed land sales. Overall, revenues and transfers in exceeded expenditures and transfers out resulting in an increase in assets of \$182.577 million or 6.99 percent, offset by an increase of liabilities of \$115.609 million or 1447.10 percent. Liabilities increased due to timing of distributions to beneficiaries.

**FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS****Student Assistance Programs**

The net position of the Student Assistance Programs increased slightly by \$5.482 million or 1.47 percent from the prior year. The majority of this change is attributable to a decrease in assets of \$237.891 million or 12.50 percent mainly due to a decrease in student loans receivable and a decrease in total liabilities of \$248.873 million or 16.40 percent primarily due to payments on principal on student loan revenue bonds and notes payable. Operating revenues decreased \$7.436 million or 6.09 percent mainly due to a combination of a decrease in interest on student loans of \$9.420 million and a decrease of \$3.325 million in Federal Reinsurance payments, offset by a \$5.254 million increase in federal loans servicing revenue. Operating expenses decreased \$6.332 million or 5.27 percent primarily due to decreases of \$7.940 in student loan servicing expenses and \$3.328 million in payments to lenders for guaranteed claims, offset by an increase of \$5.678 million of interest expense. Of total net position of \$378.245 million, \$303.845 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 2019 decreased slightly from the prior year. Employer tax revenue decreased \$18.249 million or 9.74 percent due to an overall contribution rate decrease from the prior year. Expenses decreased \$3.762 million or 2.41 percent due to fewer claims paid. Overall, employer taxes and other revenues exceeded benefit payments and transfers out, resulting in an increase of net position of \$41.020 million or 3.57 percent. The entire net position of \$1.189 billion is restricted for use within the program by state and federal law.

**Water Loan Programs**

Revenues and expenses of the Water Loan Programs remained relatively unchanged from the prior year. Net position increased \$38.741 million or 3.77 percent primarily due to \$33.753 million of additional capital for loans provided from dedicated sales tax revenue. This increase is reflected in a corresponding increase of loans receivable of \$37.858 million. Of the total net position of \$1.067 billion, \$472.661 million is restricted for use within the Water Loan Programs by Federal grant requirements and \$152.882 million is restricted pursuant to bond agreements within the programs.

**Community Impact Loan Fund**

The net position of the Community Impact Loan fund decreased slightly by \$4.574 million or 0.65 percent from the prior year as transfers out and expense exceeded nonoperating revenues. Fund expenses remained mostly unchanged, but nonoperating revenues decreased \$29.291 million largely due to a \$27 million reduction in statutorily appropriated mineral lease revenue. This resulted in less funding available for future loan programs. There is no restriction on the Fund's net position of \$703.885 million.

**CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION****Capital Assets**

The State's capital assets increased by a net \$365.884 million during the year. The change consisted of net increases in: infrastructure (i.e., state roads and bridges) of \$147.099 million; land and related assets of \$144.066 million; buildings and improvements of \$76.358 million; construction in progress of \$6.708 million; and machinery and equipment of \$4.630 million. Software decreased \$12.977 million due to current year amortization exceeding software additions. Significant projects included:

- Completion of the SR-108 widening project in Davis and Weber Counties
- Completion of the Provo District Courthouse
- Completion of the Fairpark Days of 47 Arena
- Purchase of the Taylorsville State Office Building and surrounding land

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 discrete 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, 2019, the State had \$59.671 million of outstanding debt related to capital assets of discretely presented component units.

At June 30, 2019, the State had commitments in capital projects funds of \$646.941 million for building projects and \$733.845 million for highway construction and improvement projects. The State also had commitments of \$424.166 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 condition assessment completed in 2018 indicated that 91.40 percent of roads were in "fair" or better condition. These results reflect maintaining roads above target percentages and are consistent with calendar year 2017, when 90.36 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 2019, indicated that 64.38 percent and 2.91 percent of bridges were in "good" and "poor" condition, respectively. These results reflect maintaining bridges at a consistent condition level as 2018 when 64.52 percent of the bridges were assessed as "good" and 2.76 percent assessed were in "poor" condition.

During fiscal year 2019, the State spent \$310.690 million and \$54.828 million to maintain and preserve roads and bridges, respectively. These combined amounts were 22.45 percent above the estimated amounts of \$253.728 million and \$44.775 million needed to maintain these roads and bridges at established condition levels, respectively.

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 *Utah Constitution* 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, 2019, the general obligation indebtedness of the State was \$3.861 billion below the constitutional debt limit and \$1.561 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
	2019	2018	2019	2018	2019	2018	2018 to 2019
General Obligation Bonds.....	\$ 2,374	\$ 2,498	\$ —	\$ —	\$ 2,374	\$ 2,498	(4.96)%
Revenue Bonds:							
State Building Ownership Authority..	205	244	77	83	282	327	(13.76)%
Student Assistance Programs .....	—	—	1,254	1,495	1,254	1,495	(16.12)%
Water Loan Programs.....	—	—	26	31	26	31	(16.13)%
<b>Total Bonds Payable.....</b>	<b>\$ 2,579</b>	<b>\$ 2,742</b>	<b>\$ 1,357</b>	<b>\$ 1,609</b>	<b>\$ 3,936</b>	<b>\$ 4,351</b>	<b>(9.54)%</b>

Total general obligation bonds payable net of premiums and discounts decreased \$123.801 million. Revenue bonds payable net of premiums and discounts decreased \$292.815 million for an overall net decrease of \$416.616 million during the fiscal year. The State issued \$127.715 million of general obligation highway bonds during the fiscal year.

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 2020 are 6.51 percent higher than actual fiscal year 2019 revenues. Original revenue estimates of the Education Fund for fiscal year 2020 are 1.83 percent higher than actual fiscal year 2019 revenues. The Legislature balanced the 2020 budget using projected revenue growth, prior year reserves, and fund balances.

Preliminary data for fiscal year 2020 show tax revenues to be in line with estimates. The State's overall unemployment rate is expected to be 2.90 percent in 2019, a decrease from the average 2018 rate of 3.10 percent. Taxable retail sales are expected to increase 3.90 percent in 2019 and increase 4.60 percent in 2020. Personal income is expected to increase 5.90 percent in 2019, and 6.50 percent in 2020. 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 2020. The Governor and Legislature will review the fiscal year 2020 budget again during the upcoming 2020 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 P.O. Box 141031, Salt Lake City, UT, 84114, phone (801) 538-3082 or by email at [utahcafr@utah.gov](mailto:utahcafr@utah.gov). You may also visit our website at [finance.utah.gov](http://finance.utah.gov).

The preceding discussion and analysis focuses on the State's primary government operations. With the exception of a few nonmajor discretely presented component units, the State's discrete component units each issue separate audited financial statements that include their respective management's discussion and analysis. Discrete 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](http://auditor.utah.gov).

# BASIC FINANCIAL STATEMENTS

## STATE OF UTAH

*Comprehensive Annual Financial Report*  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019



Camping Near Flaming Gorge Reservoir

# 2019

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**Statement of Net Position**  
(expressed in thousands)

June 30, 2019

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents .....	\$ 2,044,503	\$ 1,935,331	\$ 3,979,834	\$ 1,180,237
Investments .....	4,664,195	10,536	4,674,731	3,685,284
Taxes Receivable, net.....	1,556,933	5,014	1,561,947	—
Accounts and Interest Receivable, net .....	863,073	132,333	995,406	837,725
Amounts Due From:				
Component Units .....	77,185	1	77,186	—
Primary Government .....	—	—	—	10,250
Prepaid Items .....	17,779	2,470	20,249	38,788
Inventories.....	16,236	38,650	54,886	147,369
Internal Balances.....	16,400	(16,400)	0	—
Restricted Investments .....	—	58,634	58,634	1,202,779
Restricted Receivables .....	—	—	—	8,236
Notes/Loans/Mortgages/Pledges Receivable, net .....	13,948	2,706,001	2,719,949	291,777
Capital Lease Payments Receivable, net .....	86,350	—	86,350	—
Pledged Loans Receivables.....	—	105,826	105,826	—
Other Assets .....	76,519	—	76,519	98,145
Capital Assets:				
Land and Other Non-depreciable Assets.....	2,187,779	27,683	2,215,462	856,943
Infrastructure.....	14,520,394	—	14,520,394	—
Construction in Progress .....	1,236,466	2,993	1,239,459	668,134
Buildings, Equipment, and Other Depreciable Assets .....	3,259,797	125,150	3,384,947	13,705,568
Less Accumulated Depreciation .....	(1,630,635)	(59,008)	(1,689,643)	(5,905,626)
Total Capital Assets.....	19,573,801	96,818	19,670,619	9,325,019
Total Assets .....	<u>\$ 29,006,922</u>	<u>\$ 5,075,214</u>	<u>\$ 34,082,136</u>	<u>\$ 16,825,609</u>
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources .....	<u>\$ 483,436</u>	<u>\$ 12,047</u>	<u>\$ 495,483</u>	<u>\$ 283,773</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities .....	\$ 1,187,241	\$ 43,491	\$ 1,230,732	\$ 578,565
Amounts Due to:				
Component Units .....	320	—	320	—
Primary Government.....	—	—	—	77,324
Securities Lending .....	77,750	—	77,750	2,923
Unearned Revenue.....	89,469	4,833	94,302	205,144
Deposits.....	—	12	12	214,451
Long-term Liabilities:				
Due Within One Year .....	429,804	285,454	715,258	327,429
Due in More Than One Year .....	3,670,648	1,094,565	4,765,213	4,552,514
Total Liabilities .....	<u>\$ 5,455,232</u>	<u>\$ 1,428,355</u>	<u>\$ 6,883,587</u>	<u>\$ 5,958,350</u>
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources .....	<u>\$ 86,312</u>	<u>\$ 20,019</u>	<u>\$ 106,331</u>	<u>\$ 57,950</u>
NET POSITION				
Net Investment in Capital Assets .....	\$ 17,147,477	\$ 32,972	\$ 17,180,449	\$ 5,590,729
Restricted for:				
Transportation .....	480,698	—	480,698	—
Public Education – Expendable .....	2,546,744	—	2,546,744	—
Public Education – Nonexpendable.....	1,696,660	—	1,696,660	—
Higher Education – Expendable .....	26,075	—	26,075	1,149,212
Higher Education – Nonexpendable .....	63,306	—	63,306	995,301
Capital Projects .....	1,845	—	1,845	—
Debt Service.....	—	152,882	152,882	—
Unemployment Compensation and Insurance Programs .....	8,607	1,189,344	1,197,951	358,670
Loan Programs .....	—	944,559	944,559	—
Transit Services.....	—	—	—	132,735
Other Purposes – Expendable .....	104,474	—	104,474	7,822
Other Purposes – Nonexpendable .....	25,218	—	25,218	—
Unrestricted.....	1,847,710	1,319,130	3,166,840	2,858,613
Total Net Position .....	<u>\$ 23,948,814</u>	<u>\$ 3,638,887</u>	<u>\$ 27,587,701</u>	<u>\$ 11,093,082</u>

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, 2019

Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government .....	\$ 576,183	\$ 208,338	\$ 162,541	\$ 1,533
Human Services and Juvenile Justice Services .....	932,553	10,843	413,944	—
Corrections .....	340,123	1,960	606	—
Public Safety .....	363,510	78,901	132,373	—
Courts .....	165,833	54,481	899	—
Health and Environmental Quality .....	2,979,063	391,072	2,037,725	—
Higher Education .....	1,339,338	500	260	—
Employment and Family Services .....	769,277	9,153	556,901	—
Natural Resources .....	264,093	107,817	51,847	—
Heritage and Arts .....	31,928	3,325	8,182	—
Business, Labor, and Agriculture .....	122,449	119,166	9,054	—
Public Education .....	4,141,443	75,944	532,791	—
Transportation .....	1,288,760	222,588	255,455	153,732
Interest and Other Charges on Long-term Debt .....	83,657	—	—	—
Total Governmental Activities .....	13,398,210	1,284,088	4,162,578	155,265
Business-type:				
Student Assistance Programs .....	114,087	97,239	17,417	—
Unemployment Compensation .....	152,359	169,468	162	—
Water Loan Programs .....	13,744	729	10,026	—
Community and Economic Loan Programs .....	2,402	3,159	5,665	—
Liquor Retail Sales .....	311,261	430,829	305	—
Other Business-type Activities .....	45,344	45,891	—	—
Total Business-type Activities .....	639,197	747,315	33,575	0
Total Primary Government .....	\$ 14,037,407	\$ 2,031,403	\$ 4,196,153	\$ 155,265
Component Units:				
Public Employees Health Program .....	\$ 743,910	\$ 764,289	\$ 26,059	\$ —
University of Utah .....	5,170,867	4,343,261	798,369	111,094
Utah State University .....	840,991	252,298	404,544	54,192
Utah Transit Authority .....	492,162	343,924	61,821	63,879
Nonmajor Colleges and Universities .....	1,277,981	527,808	278,213	107,811
Nonmajor Component Units .....	101,042	32,220	1,432	—
Total Component Units .....	\$ 8,626,953	\$ 6,263,800	\$ 1,570,438	\$ 336,976
General Revenues:				
Taxes:				
Sales and Use Tax .....				
Individual Income Tax Imposed for Education .....				
Corporate Tax Imposed for Education .....				
Motor and Special Fuel Taxes Imposed for Transportation .....				
Other Taxes .....				
Total Taxes .....				
Investment Income .....				
State Funding for Colleges and Universities .....				
State Funding for Other Component Units .....				
Gain on Sale of Capital Assets .....				
Miscellaneous .....				
Permanent Endowments Contributions .....				
Transfers—Internal Activities .....				
Total General Revenues, Contributions and Transfers .....				
Change in Net Position .....				
Net Position—Beginning .....				
Adjustment to Beginning Net Position .....				
Net Position—Beginning as Adjusted .....				
Net Position—Ending .....				

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

# State of Utah

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (203,771)	\$ —	\$ (203,771)	\$ —
(507,766)	—	(507,766)	—
(337,557)	—	(337,557)	—
(152,236)	—	(152,236)	—
(110,453)	—	(110,453)	—
(550,266)	—	(550,266)	—
(1,338,578)	—	(1,338,578)	—
(203,223)	—	(203,223)	—
(104,429)	—	(104,429)	—
(20,421)	—	(20,421)	—
5,771	—	5,771	—
(3,532,708)	—	(3,532,708)	—
(656,985)	—	(656,985)	—
(83,657)	—	(83,657)	—
(7,796,279)	0	(7,796,279)	0
—	569	569	—
—	17,271	17,271	—
—	(2,989)	(2,989)	—
—	6,422	6,422	—
—	119,873	119,873	—
—	547	547	—
0	141,693	141,693	0
(7,796,279)	141,693	(7,654,586)	0
—	—	—	46,438
—	—	—	81,857
—	—	—	(129,957)
—	—	—	(22,538)
—	—	—	(364,149)
—	—	—	(67,390)
0	0	0	(455,739)
2,804,457	34,278	2,838,735	—
4,346,855	—	4,346,855	—
529,279	—	529,279	—
521,012	—	521,012	—
398,486	—	398,486	—
8,600,089	34,278	8,634,367	0
60,503	68,162	128,665	532
—	—	—	1,097,093
—	—	—	68,534
65,471	(132)	65,339	122
104,415	—	104,415	13,514
—	—	—	39,515
143,736	(143,736)	—	—
8,974,214	(41,428)	8,932,786	1,219,310
1,177,935	100,265	1,278,200	763,571
22,786,348	3,538,622	26,324,970	9,401,499
(15,469)	—	(15,469)	928,012
22,770,879	3,538,622	26,309,501	10,329,511
\$ 23,948,814	\$ 3,638,887	\$ 27,587,701	\$ 11,093,082

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## General Fund

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

## Education Fund

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

Nonmajor governmental funds are presented in more detail by fund type within [Supplementary Information – Combining Statements and Individual Fund Statements and Schedules](#).

**Balance Sheet**  
**Governmental Funds**  
*(expressed in thousands)*

June 30, 2019

		Special Revenue Funds		Capital Projects Fund	Permanent Fund		
	General Fund	Education	Transportation	Transportation Investment	Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and Cash Equivalents .....	\$ 686,919	\$ 188,184	\$ 406,718	\$ —	\$ 39,270	\$ 643,444	\$ 1,964,535
Investments .....	254,168	561,611	152,799	594,107	2,647,564	453,946	4,664,195
Receivables:							
Accounts, net .....	525,342	170,525	98,173	—	29,734	31,128	854,902
Accrued Interest .....	108	117	—	—	266	997	1,488
Accrued Taxes, net .....	360,528	1,023,192	85,923	84,684	—	2,606	1,556,933
Notes/Mortgages, net .....	865	11,380	—	—	1,703	—	13,948
Capital Lease Payments, net .....	—	—	—	—	—	86,350	86,350
Due From Other Funds .....	50,187	26,627	482	—	1,401	2,810	81,507
Due From Component Units .....	965	—	—	—	—	75,457	76,422
Prepaid Items .....	7,625	43	378	—	—	16	8,062
Inventories .....	421	—	12,769	—	—	—	13,190
Interfund Loans Receivable .....	31,417	—	—	—	—	—	31,417
Other Assets .....	250	—	—	—	76,161	—	76,411
Total Assets .....	<u>\$ 1,918,795</u>	<u>\$ 1,981,679</u>	<u>\$ 757,242</u>	<u>\$ 678,791</u>	<u>\$ 2,796,099</u>	<u>\$ 1,296,754</u>	<u>\$ 9,429,360</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
Liabilities:							
Accounts Payable and Accrued Liabilities .....	\$ 500,227	\$ 266,275	\$ 217,545	\$ 5,600	\$ 24,845	\$ 140,601	\$ 1,155,093
Due To Other Funds .....	42,461	1,317	7,053	—	20,779	31,428	103,038
Due To Component Units .....	94	—	—	—	224	—	318
Securities Lending .....	—	—	—	—	77,750	—	77,750
Unearned Revenue .....	61,098	—	19,748	—	—	7,985	88,831
Total Liabilities .....	<u>603,880</u>	<u>267,592</u>	<u>244,346</u>	<u>5,600</u>	<u>123,598</u>	<u>180,014</u>	<u>1,425,030</u>
Deferred Inflows of Resources:							
Unavailable Revenue .....	76,395	510,391	1,290	2,896	10,165	86,350	687,487
Total Deferred Inflows of Resources .....	<u>76,395</u>	<u>510,391</u>	<u>1,290</u>	<u>2,896</u>	<u>10,165</u>	<u>86,350</u>	<u>687,487</u>
Fund Balances:							
Nonspendable:							
Long-term Portion of Interfund Loans Receivable .....	12,063	—	—	—	—	—	12,063
Prepaid Items .....	7,625	43	378	—	—	16	8,062
Inventories .....	421	—	12,769	—	—	—	13,190
Permanent Fund Principal .....	—	—	—	—	1,785,184	—	1,785,184
Restricted .....	43,241	1,203,653	493,984	—	877,152	156,545	2,774,575
Committed .....	835,171	—	—	670,295	—	329,266	1,834,732
Assigned .....	339,999	—	4,475	—	—	544,563	889,037
Total Fund Balances .....	<u>1,238,520</u>	<u>1,203,696</u>	<u>511,606</u>	<u>670,295</u>	<u>2,662,336</u>	<u>1,030,390</u>	<u>7,316,843</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances .....	<u>\$ 1,918,795</u>	<u>\$ 1,981,679</u>	<u>\$ 757,242</u>	<u>\$ 678,791</u>	<u>\$ 2,796,099</u>	<u>\$ 1,296,754</u>	<u>\$ 9,429,360</u>

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, 2019

Total Fund Balances – Governmental Funds.....	\$	7,316,843
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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.....	\$ 2,187,779	
Infrastructure, Non-depreciable .....	14,520,394	
Construction in Progress .....	1,236,466	
Buildings, Equipment, and Other Depreciable Assets .....	3,061,497	
Accumulated Depreciation.....	<u>(1,519,375)</u>	19,486,761

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 .....	\$ 680,399	
Related to Pensions .....	(39,355)	
Related to Other Postemployment Benefits .....	<u>(33,629)</u>	607,415

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.....

32,219

Deferred outflows of resources are not reported in the governmental funds:

Amount on Refundings of Bonded Debt.....	\$ 15,517	
Related to Pensions .....	402,786	
Related to OPEB .....	<u>28,889</u>	447,192

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 .....	\$(2,473,203)	
Unamortized Bond Premiums .....	(106,066)	
Accrued Interest on Bonds Payable .....	(1,098)	
Pollution Remediation Obligation .....	(5,324)	
Settlement Obligation .....	(227)	
Arbitrage Liability.....	(544)	
Compensated Absences.....	(211,138)	
Capital Leases .....	(31,006)	
Net Other Postemployment Benefits Liability .....	(63,222)	
Net Pension Liability .....	<u>(1,049,788)</u>	(3,941,616)

Total Net Position – Governmental Activities .....	\$	<u><u>23,948,814</u></u>
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The Notes to the Financial Statements are an integral part of this statement.

# State of Utah

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

For the Fiscal Year Ended June 30, 2019

	Special Revenue Funds			Capital Projects Fund	Permanent Fund	Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Education	Transportation	Transportation Investment	Trust Lands		
<b>REVENUES</b>							
Taxes:							
Sales and Use Tax .....	\$ 2,147,235	\$ —	\$ 65	\$ 634,888	\$ —	\$ 23,430	\$ 2,805,618
Individual Income Tax .....	—	4,336,437	—	—	—	—	4,336,437
Corporate Tax .....	—	534,977	—	—	—	—	534,977
Motor and Special Fuels Tax .....	—	—	521,199	—	—	—	521,199
Other Taxes .....	342,048	27,000	13,546	—	—	16,090	398,684
Total Taxes .....	2,489,283	4,898,414	534,810	634,888	0	39,520	8,596,915
Other Revenues:							
Federal Contracts and Grants .....	3,103,195	428,881	386,374	—	—	54,576	3,973,026
Charges for Services/Royalties .....	501,910	1,152	55,193	—	50,757	171,778	780,790
Licenses, Permits, and Fees .....	25,664	6,449	98,682	89,177	—	—	219,972
Federal Mineral Lease .....	77,607	—	—	—	—	—	77,607
Intergovernmental .....	—	—	—	—	—	16,029	16,029
Investment Income .....	43,630	17,556	9,591	20,833	97,690	28,777	218,077
Miscellaneous Other:							
Liquor Sales Allocated for School Lunch .....	—	48,024	—	—	—	—	48,024
Miscellaneous and Other .....	268,298	38,127	49,345	—	—	29,939	385,709
Total Revenues .....	6,509,587	5,438,603	1,133,995	744,898	148,447	340,619	14,316,149
<b>EXPENDITURES</b>							
Current:							
General Government .....	420,062	—	—	—	14,362	58,376	492,800
Human Services and Juvenile Justice Services .....	908,593	—	—	—	—	10,634	919,227
Corrections .....	322,230	—	—	—	—	6,356	328,586
Public Safety .....	300,839	—	—	—	—	39,371	340,210
Courts .....	159,098	—	—	—	—	6,271	165,369
Health and Environmental Quality .....	2,995,463	—	—	—	—	1,576	2,997,039
Higher Education – State Administration .....	96,323	—	—	—	—	—	96,323
Higher Education – Colleges and Universities .....	1,063,258	—	—	—	4,073	34,979	1,102,310
Employment and Family Services .....	744,336	—	—	—	—	11,277	755,613
Natural Resources .....	247,042	—	—	—	—	4,503	251,545
Heritage and Arts .....	31,145	—	—	—	—	836	31,981
Business, Labor, and Agriculture .....	97,919	—	—	—	—	21,572	119,491
Public Education .....	—	4,138,708	—	—	—	1,555	4,140,263
Transportation .....	—	—	994,803	—	—	1,925	996,728
Capital Outlay .....	—	—	—	612,407	—	235,134	847,541
Debt Service:							
Principal Retirement .....	—	—	—	—	—	260,949	260,949
Interest and Other Charges .....	—	—	—	—	—	103,417	103,417
Total Expenditures .....	7,386,308	4,138,708	994,803	612,407	18,435	798,731	13,949,392
Excess Revenues Over (Under) Expenditures .....	(876,721)	1,299,895	139,192	132,491	130,012	(458,112)	366,757
<b>OTHER FINANCING SOURCES (USES)</b>							
General Obligation Bonds Issued .....	—	—	—	127,715	—	—	127,715
Premium on Bonds Issued .....	—	—	—	22,688	—	620	23,308
Payment to Refunded Bond Escrow Agent .....	—	—	—	—	—	(27,770)	(27,770)
Sale of Capital Assets .....	3	—	31,134	—	34,192	2	65,331
Transfers In .....	1,501,574	94,074	44,027	38,147	19	903,740	2,581,581
Transfers Out .....	(441,552)	(1,335,011)	(110,400)	(305,565)	(82,663)	(165,530)	(2,440,721)
Total Other Financing Sources (Uses) .....	1,060,025	(1,240,937)	(35,239)	(117,015)	(48,452)	711,062	329,444
Net Change in Fund Balances .....	183,304	58,958	103,953	15,476	81,560	252,950	696,201
Fund Balances – Beginning .....	1,055,216	1,144,738	407,653	654,819	2,596,245	777,440	6,636,111
Adjustment to Beginning Fund Balances .....	—	—	—	—	(15,469)	—	(15,469)
Fund Balances – Beginning As Adjusted .....	1,055,216	1,144,738	407,653	654,819	2,580,776	777,440	6,620,642
Fund Balances – Ending .....	\$ 1,238,520	\$ 1,203,696	\$ 511,606	\$ 670,295	\$ 2,662,336	\$ 1,030,390	\$ 7,316,843

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, 2019

Net Change in Fund Balances – Governmental Funds .....	\$	696,201
--	----	---------

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 discrete component units. When the buildings are completed they are “transferred” to the respective discrete component unit and reported as expenses in its Statement of Activities. This is the amount by which capital outlays of \$663,500 exceeded depreciation expense of \$(117,383) and buildings “transferred” to discrete component units of \$(140,747) in the current period. (See <a href="#">Note 8</a> ) .....		405,370
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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. ....		(38,709)
---	--	----------

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.....		2,959
---	--	-------

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. ....		(2,132)
--	--	---------

Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Position. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Position: (See [Note 10](#))

Bonds Issued.....	\$	(127,715)	
Premiums on Bonds Issued .....		(23,308)	
Defeasance on Bonds.....		27,770	
Payment of Bond Principal.....		260,949	
Capital Lease Payments.....		2,126	
		139,822	

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.....	\$	42	
Settlement Obligations .....		46	
Compensated Absences Expense.....		(26,633)	
Accrued Interest on Bonds Payable.....		246	
Amortization of Bond Premiums.....		25,357	
Amortization of Deferred Amount on Refundings of Bonded Debt		(4,305)	
Arbitrage Interest Expense .....		(544)	
Other Postemployment Benefits Expense .....		18,860	
Pension Expense .....		(38,645)	
		(25,576)	

Change in Net Position – Governmental Activities .....	\$	1,177,935
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The Notes to the Financial Statements are an integral part of this statement.

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### Student Assistance Programs

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

### Unemployment Compensation Fund

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

### Water Loan Programs

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

### Community Impact Loan Fund

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

### Nonmajor Enterprise Funds

Nonmajor enterprise funds are presented in more detail 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, 2019

	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
<b>ASSETS</b>							
Current Assets:							
Cash and Cash Equivalents.....	\$ 128,577	\$ 1,145,835	\$ 368,766	\$ 212,975	\$ 79,178	\$ 1,935,331	\$ 79,968
Restricted Investments.....	58,634	—	—	—	—	58,634	—
Receivables:							
Accounts, net.....	8,559	54,968	2,701	—	13,178	79,406	6,608
Accrued Interest.....	33,608	—	4,012	4,763	2,727	45,110	—
Accrued Taxes, net.....	—	—	5,014	—	—	5,014	—
Notes/Loans/Mortgages, net.....	242,115	—	39,122	26,166	14,884	322,287	—
Due From Other Funds.....	—	—	12,149	—	15,728	27,877	40,620
Due From Component Units.....	—	—	—	—	1	1	868
Prepaid Items.....	710	—	—	—	1,760	2,470	4,005
Inventories.....	—	—	—	—	38,650	38,650	3,045
Total Current Assets.....	<u>472,203</u>	<u>1,200,803</u>	<u>431,764</u>	<u>243,904</u>	<u>166,106</u>	<u>2,514,780</u>	<u>135,114</u>
Noncurrent Assets:							
Accounts Receivables.....	—	2,722	—	—	—	2,722	—
Investments.....	10,294	—	—	—	242	10,536	—
Prepaid Items.....	—	—	—	—	—	—	5,712
Accrued Interest Receivable.....	—	—	3,725	70	1,300	5,095	—
Notes/Loans/Mortgages Receivables, net.....	1,172,529	—	552,238	459,934	199,013	2,383,714	—
Pledged Loans Receivables.....	—	—	105,826	—	—	105,826	—
Capital Assets:							
Land.....	—	—	—	—	27,683	27,683	—
Infrastructure – depreciating.....	—	—	—	—	430	430	38
Buildings and Improvements.....	13,436	—	—	—	88,285	101,721	5,455
Machinery and Equipment.....	4,068	—	—	—	14,809	18,877	180,292
Intangible Assets–Software.....	1,174	—	—	—	2,948	4,122	12,515
Construction in Progress.....	—	—	—	—	2,993	2,993	—
Less Accumulated Depreciation.....	(8,998)	—	—	—	(50,010)	(59,008)	(111,260)
Total Capital Assets.....	<u>9,680</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>87,138</u>	<u>96,818</u>	<u>87,040</u>
Total Noncurrent Assets.....	<u>1,192,503</u>	<u>2,722</u>	<u>661,789</u>	<u>460,004</u>	<u>287,693</u>	<u>2,604,711</u>	<u>92,752</u>
Total Assets.....	<u>\$ 1,664,706</u>	<u>\$ 1,203,525</u>	<u>\$ 1,093,553</u>	<u>\$ 703,908</u>	<u>\$ 453,799</u>	<u>\$ 5,119,491</u>	<u>\$ 227,866</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Amount on Refundings of Bonded Debt.....	\$ —	\$ —	\$ —	\$ —	\$ 2,816	\$ 2,816	\$ 1
Deferred Outflows Relating to Pensions.....	1,021	—	—	—	7,717	8,738	34,099
Deferred Outflows Relating to Other Postemployment Benefit.....	—	—	—	—	493	493	2,145
Total Deferred Outflows of Resources.....	<u>\$ 1,021</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,026</u>	<u>\$ 12,047</u>	<u>\$ 36,245</u>
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts Payable and Accrued Liabilities.....	\$ 12,853	\$ 4,128	\$ 1,205	\$ 17	\$ 24,772	\$ 42,975	\$ 30,745
Deposits.....	—	10	—	—	2	12	—
Due To Other Funds.....	—	6,764	82	6	37,425	44,277	2,919
Due To Component Units.....	—	—	—	—	—	—	2
Interfund Loans Payable.....	—	—	—	—	—	—	19,354
Unearned Revenue.....	—	—	—	—	4,833	4,833	603
Policy Claims and Uninsured Liabilities.....	—	3,279	—	—	—	3,279	22,709
Notes Payable.....	—	—	—	—	19	19	45
Revenue Bonds Payable.....	269,492	—	5,955	—	6,709	282,156	37
Total Current Liabilities.....	<u>282,345</u>	<u>14,181</u>	<u>7,242</u>	<u>23</u>	<u>73,760</u>	<u>377,551</u>	<u>76,414</u>
Noncurrent Liabilities:							
Unearned Revenue.....	—	—	—	—	—	—	32
Accrued Liabilities.....	516	—	—	—	—	516	—
Interfund Loans Payable.....	—	—	—	—	—	—	12,063
Policy Claims and Uninsured Liabilities.....	—	—	—	—	—	—	40,849
Notes Payable.....	—	—	—	—	599	599	182
Revenue Bonds Payable.....	984,135	—	19,565	—	70,093	1,073,793	21
Net Pension Liability.....	1,630	—	—	—	17,435	19,065	90,978
Net Other Postemployment Benefit Liability.....	—	—	—	—	1,108	1,108	5,113
Total Noncurrent Liabilities.....	<u>986,281</u>	<u>0</u>	<u>19,565</u>	<u>0</u>	<u>89,235</u>	<u>1,095,081</u>	<u>149,238</u>
Total Liabilities.....	<u>\$ 1,268,626</u>	<u>\$ 14,181</u>	<u>\$ 26,807</u>	<u>\$ 23</u>	<u>\$ 162,995</u>	<u>\$ 1,472,632</u>	<u>\$ 225,652</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Amount on Refundings of Bonded Debt.....	\$ 8,086	\$ —	\$ —	\$ —	\$ —	\$ 8,086	\$ —
Fair Value of Interest Rate Swap Agreements.....	10,293	—	—	—	—	10,293	—
Deferred Inflows Relating to Pensions.....	477	—	—	—	608	1,085	3,814
Deferred Inflows Relating to Other Postemployment Benefit.....	—	—	—	—	555	555	2,426
Total Deferred Inflows of Resources.....	<u>\$ 18,856</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,163</u>	<u>\$ 20,019</u>	<u>\$ 6,240</u>
<b>NET POSITION</b>							
Net Investment in Capital Assets.....	\$ 6,840	\$ —	\$ —	\$ —	\$ 26,132	\$ 32,972	\$ 87,040
Restricted for:							
Unemployment Compensation and Insurance Programs.....	—	1,189,344	—	—	—	1,189,344	8,607
Loan Programs.....	303,845	—	472,661	—	168,053	944,559	—
Debt Service.....	—	—	152,882	—	—	152,882	—
Unrestricted (Deficit).....	67,560	—	441,203	703,885	106,482	1,319,130	(63,428)
Total Net Position.....	<u>\$ 378,245</u>	<u>\$ 1,189,344</u>	<u>\$ 1,066,746</u>	<u>\$ 703,885</u>	<u>\$ 300,667</u>	<u>\$ 3,638,887</u>	<u>\$ 32,219</u>

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, 2019

	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
<b>OPERATING REVENUES</b>							
Sales and Charges for Services/Premiums .....	\$ 25,414	\$ 169,123	\$ 209	\$ —	\$ 469,760	\$ 664,506	\$ 317,041
Fees and Assessments .....	606	345	520	—	6,337	7,808	—
Interest on Notes/Mortgages .....	68,787	—	—	—	3,168	71,955	—
Federal Reinsurance and Allowances/Reimbursements .....	17,417	—	—	—	—	17,417	—
Miscellaneous .....	2,432	—	—	—	614	3,046	408
Total Operating Revenues .....	114,656	169,468	729	—	479,879	764,732	317,449
<b>OPERATING EXPENSES</b>							
Administration .....	4,174	—	—	—	39,497	43,671	134,736
Purchases, Materials, and Services for Resale .....	—	—	—	—	276,567	276,567	70,834
Grants .....	—	—	8,797	—	1,423	10,220	285
Rentals and Leases .....	—	—	25	—	1,961	1,986	5,982
Maintenance .....	—	—	—	—	5,523	5,523	27,417
Interest .....	44,081	—	—	—	—	44,081	—
Depreciation/Amortization .....	1,038	—	—	—	3,805	4,843	18,404
Student Loan Servicing and Related Expenses .....	46,631	—	—	—	—	46,631	—
Payment to Lenders for Guaranteed Claims .....	17,409	—	—	—	—	17,409	—
Benefit Claims and Unemployment Compensation .....	—	152,359	—	—	—	152,359	22,050
Supplies and Other Miscellaneous .....	404	—	3,755	332	26,658	31,149	44,078
Total Operating Expenses .....	113,737	152,359	12,577	332	355,434	634,439	323,786
Operating Income (Loss) .....	919	17,109	(11,848)	(332)	124,445	130,293	(6,337)
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Investment Income .....	4,913	26,496	20,617	13,718	2,418	68,162	2,097
Federal Contracts and Grants .....	—	162	10,026	7	5,963	16,158	—
Disposal of Capital Assets .....	—	—	—	—	(132)	(132)	175
Tax Revenues .....	—	—	33,753	—	525	34,278	—
Interest Expense .....	—	—	(1,167)	—	(3,241)	(4,408)	(15)
Refunds Paid to Federal Government .....	(100)	—	—	—	—	(100)	(2,034)
Other Revenues (Expenses) .....	(250)	—	—	—	—	(250)	(455)
Total Nonoperating Revenues (Expenses) .....	4,563	26,658	63,229	13,725	5,533	113,708	(232)
Income (Loss) before Capital Contributions and Transfers .....	5,482	43,767	51,381	13,393	129,978	244,001	(6,569)
Capital Contributions .....	—	—	—	—	—	—	1,561
Transfers In .....	—	—	1,241	—	12,175	13,416	3,134
Transfers Out .....	—	(2,747)	(13,881)	(17,967)	(122,557)	(157,152)	(258)
Change in Net Position .....	5,482	41,020	38,741	(4,574)	19,596	100,265	(2,132)
Net Position – Beginning .....	372,763	1,148,324	1,028,005	708,459	281,071	3,538,622	45,397
Adjustment to Beginning Net Position .....	—	—	—	—	—	—	(11,046)
Net Position – Beginning as Adjusted .....	372,763	1,148,324	1,028,005	708,459	281,071	3,538,622	34,351
Net Position – Ending .....	\$ 378,245	\$ 1,189,344	\$ 1,066,746	\$ 703,885	\$ 300,667	\$ 3,638,887	\$ 32,219

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, 2019

	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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Receipts from Customers/Loan Interest/Fees/Premiums...	\$ 72,783	\$ 174,274	\$ (1,231)	\$ —	\$ 497,175	\$ 743,001	\$ 61,184
Receipts from Loan Maturities .....	269,463	—	—	—	11,030	280,493	—
Receipts Federal Reinsurance and Allowances/Reimbursements .....	823	(3)	—	—	—	820	—
Receipts from State Customers .....	—	—	—	—	26,161	26,161	469,770
Payments to Suppliers/Claims/Grants .....	(18,775)	(153,306)	(8,271)	17	(299,235)	(479,570)	(322,286)
Disbursements for Loans Receivable .....	(14,127)	—	—	—	(15,658)	(29,785)	—
Payments on Loan Guarantees .....	(17,286)	—	—	—	—	(17,286)	—
Payments for Employee Services and Benefits .....	(26,052)	—	—	—	(39,006)	(65,058)	(133,118)
Payments to State Suppliers and Grants .....	—	—	(3,242)	(326)	(5,887)	(9,455)	(61,603)
Payments of Sales Tax and School Lunch Collections .....	—	—	—	—	(50,039)	(50,039)	—
Net Cash Provided (Used) by Operating Activities .....	266,829	20,965	(12,744)	(309)	124,541	399,282	13,947
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>							
Borrowings Under Interfund Loans .....	—	—	—	—	34,418	34,418	3,697
Repayments Under Interfund Loans .....	—	—	—	—	(34,574)	(34,574)	—
Payments of Bonds, Notes, Deposits, and Refunds .....	(241,085)	—	(5,705)	—	—	(246,790)	(41)
Interest Paid on Bonds, Notes, and Financing Costs .....	(46,282)	—	10,988	—	—	(35,294)	(11)
Federal Contracts and Grants and Other Revenues .....	—	162	10,021	6	7,153	17,342	—
Restricted Sales Tax .....	—	—	33,290	—	525	33,815	—
Transfers In from Other Funds .....	—	—	1,241	—	12,175	13,416	1,349
Transfers Out to Other Funds .....	—	(2,747)	(13,881)	(17,967)	(122,557)	(157,152)	(258)
Net Cash Provided (Used) by Noncapital Financing Activities .....	(287,367)	(2,585)	35,954	(17,961)	(102,860)	(374,819)	4,736
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>							
Borrowings Under Interfund Loans .....	—	—	—	—	—	—	16,944
Repayments Under Interfund Loans .....	—	—	—	—	—	—	(23,464)
Proceeds from Bond and Note Debt Issuance .....	—	—	—	—	305	305	—
Proceeds from Disposition of Capital Assets .....	—	—	—	—	13	13	3,854
Federal Grants and Other Revenues .....	—	—	—	—	—	—	1,561
Principal Paid on Debt and Contract Maturities .....	—	—	—	—	(5,609)	(5,609)	(84)
Acquisition and Construction of Capital Assets .....	(442)	—	—	—	(1,316)	(1,758)	(17,266)
Interest Paid on Bonds, Notes, and Capital Leases .....	—	—	—	—	(3,635)	(3,635)	(1)
Transfers In from Other Funds .....	—	—	—	—	—	—	1,785
Net Cash Provided (Used) by Capital and Related Financing Activities .....	(442)	0	0	0	(10,242)	(10,684)	(16,671)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Proceeds from the Sale and Maturity of Investments .....	322,419	—	—	—	12	322,431	—
Receipts of Interest and Dividends .....	4,924	26,496	8,447	13,718	1,279	54,864	2,097
Receipts from Loan Maturities .....	—	—	39,616	32,316	2,057	73,989	—
Receipts of Interest from Loans .....	—	—	636	21	671	1,328	—
Payments to Purchase Investments .....	(310,740)	—	—	—	—	(310,740)	—
Disbursements for Loans Receivable .....	—	—	(73,659)	(56,208)	(36,750)	(166,617)	—
Net Cash Provided (Used) by Investing Activities .....	16,603	26,496	(24,960)	(10,153)	(32,731)	(24,745)	2,097
Net Cash Provided (Used) – All Activities .....	(4,377)	44,876	(1,750)	(28,423)	(21,292)	(10,966)	4,109
Cash and Cash Equivalents – Beginning .....	132,954	1,100,959	370,516	241,398	100,470	1,946,297	75,859
Cash and Cash Equivalents – Ending .....	<u>\$ 128,577</u>	<u>\$ 1,145,835</u>	<u>\$ 368,766</u>	<u>\$ 212,975</u>	<u>\$ 79,178</u>	<u>\$ 1,935,331</u>	<u>\$ 79,968</u>

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
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>							
Operating Income (Loss) .....	\$ 919	\$ 17,109	\$ (11,848)	\$ (332)	\$ 124,445	\$ 130,293	\$ (6,337)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation/Amortization Expense.....	1,038	—	—	—	3,805	4,843	18,404
Interest Expense for Noncapital and Capital Financing .....	44,689	—	—	—	—	44,689	—
Pension and OPEB Expense Accruals .....	(45)	—	—	—	447	402	1,424
Miscellaneous Gains, Losses, and Other Items .....	(305)	—	—	—	—	(305)	(2,489)
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:							
Accounts Receivable/Due From Other Funds .....	(6,480)	3,777	(1,394)	—	(7,281)	(11,378)	(12,600)
Notes/Accrued Interest Receivables .....	227,579	—	—	—	(4,540)	223,039	—
Inventories .....	—	—	—	—	(701)	(701)	2,330
Prepaid Items/Deferred Charges .....	(210)	—	—	—	(1,368)	(1,578)	(1,689)
Accrued Liabilities/Due to Other Funds .....	(356)	1,164	498	23	9,108	10,437	9,964
Unearned Revenue/Deposits .....	—	—	—	—	626	626	(1,288)
Policy Claims Liabilities .....	—	(1,085)	—	—	—	(1,085)	6,228
Net Cash Provided (Used) by Operating Activities .....	<u>\$ 266,829</u>	<u>\$ 20,965</u>	<u>\$ (12,744)</u>	<u>\$ (309)</u>	<u>\$ 124,541</u>	<u>\$ 399,282</u>	<u>\$ 13,947</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>							
Increase (Decrease) in Fair Value of Investments .....	\$ —	\$ —	\$ 61	\$ 44	\$ (186)	\$ (81)	\$ 42
Total Noncash Investing, Capital, and Financing Activities .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 61</u>	<u>\$ 44</u>	<u>\$ (186)</u>	<u>\$ (81)</u>	<u>\$ 42</u>

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

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### Pension and Other Employee Benefit Trust Funds

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

### Investment Trust Fund

This fund is used to account for the investments related to external participants in the Utah State Public 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 in more detail 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, 2019

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Private Purpose Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents .....	\$ 1,570,443	\$ 64	\$ 10,169	\$ 181,006
Receivables:				
Accounts .....	847	—	6,434	20,048
Contributions .....	58,544	—	—	—
Investments .....	707,266	—	—	—
Accrued Interest .....	—	—	—	—
Accrued Assessments .....	—	—	2,939	—
Loans .....	—	—	1,169	—
Due From Other Funds .....	—	—	182	123
Investments:				
Debt Securities .....	7,623,410	10,221,267	3,426,433	3,309
Equity Investments .....	14,320,272	—	11,196,317	—
Absolute Return .....	4,598,396	—	—	—
Private Equity .....	3,661,356	—	—	—
Real Assets .....	5,445,086	—	—	—
Invested Securities Lending Collateral .....	1,058,056	—	—	—
Total Investments .....	<u>\$ 36,706,576</u>	<u>\$ 10,221,267</u>	<u>\$ 14,622,750</u>	<u>\$ 3,309</u>
Other Assets .....	—	—	12,397	54,121
Capital Assets:				
Land .....	1,781	—	270	—
Buildings and Improvements .....	20,270	—	10,715	—
Machinery and Equipment .....	3,127	—	2,865	—
Intangible Assets .....	6,615	—	11	—
Less Accumulated Depreciation .....	(27,118)	—	(6,949)	—
Total Capital Assets .....	<u>4,675</u>	<u>0</u>	<u>6,912</u>	<u>0</u>
Total Assets .....	<u>\$ 39,048,351</u>	<u>\$ 10,221,331</u>	<u>\$ 14,662,952</u>	<u>\$ 258,607</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows Relating to Pensions .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 578</u>	<u>\$ 0</u>
<b>LIABILITIES</b>				
Accounts Payable .....	\$ 625,006	\$ 17,125	\$ 1,901	\$ —
Securities Lending Liability .....	1,058,056	—	—	—
Due To Other Funds .....	—	—	75	—
Due To Individuals, Organizations, and Other Governments .....	—	—	—	258,607
Unearned Revenue .....	—	—	376	—
Leave/Postemployment Benefits .....	17,490	—	—	—
Policy Claims Liabilities/Insurance Reserves .....	4,822	—	225,087	—
Real Estate Liabilities .....	119,999	—	—	—
Net Pension Obligation .....	—	—	1,007	—
Total Liabilities .....	<u>\$ 1,825,373</u>	<u>\$ 17,125</u>	<u>\$ 228,446</u>	<u>\$ 258,607</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Relating to Pensions .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 318</u>	<u>\$ 0</u>
<b>NET POSITION</b>				
Restricted for:				
Pension Benefits .....	\$ 31,259,522	\$ —	\$ —	
Other Postemployment Benefits .....	287,722	—	—	
Other Employee Benefits .....	45,798	—	—	
Defined Contribution .....	5,629,936	—	—	
Pool Participants .....	—	10,204,206	—	
Individuals, Organizations, and Other Governments .....	—	—	14,434,766	
Total Net Position .....	<u>\$ 37,222,978</u>	<u>\$ 10,204,206</u>	<u>\$ 14,434,766</u>	
Participant Account Balance:				
Net Position Valuation Factor .....		<u>1.00412782</u>		

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, 2019

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Investment Trust Fund</b>	<b>Private Purpose Trust Fund</b>
<b>ADDITIONS</b>			
Contributions:			
Member.....	\$ 441,837	\$ —	\$ 1,328,070
Employer .....	1,203,506	—	—
Court Fees and Fire Insurance Premiums .....	10,265	—	—
Total Contributions .....	<u>1,655,608</u>	<u>0</u>	<u>1,328,070</u>
Pool Participant Deposits .....	<u>—</u>	<u>11,328,498</u>	<u>—</u>
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments .....	(968,209)	6,204	451,890
Interest, Dividends, and Other Investment Income .....	703,823	298,011	409,335
Total Income From Investment Activity .....	<u>(264,386)</u>	<u>304,215</u>	<u>861,225</u>
Less Investment Expenses .....	(68,760)	(552)	—
Net Income from Investment Activity .....	<u>(333,146)</u>	<u>303,663</u>	<u>861,225</u>
Income from Security Lending Activity .....	8,168	—	—
Less Security Lending Expenses .....	(1,062)	—	—
Net Income from Security Lending Activity .....	<u>7,106</u>	<u>0</u>	<u>0</u>
Net Investment Income .....	<u>(326,040)</u>	<u>303,663</u>	<u>861,225</u>
Transfers From Affiliated Systems .....	<u>26,693</u>	<u>—</u>	<u>—</u>
Other Additions:			
Escheats .....	—	—	44,465
Royalties and Rents .....	—	—	4,177
Fees, Assessments, and Revenues .....	—	—	49,195
Miscellaneous .....	—	—	5,285
Total Other .....	<u>—</u>	<u>—</u>	<u>103,122</u>
Total Additions .....	<u>1,356,261</u>	<u>11,632,161</u>	<u>2,292,417</u>
<b>DEDUCTIONS</b>			
Pension Benefits .....	1,670,644	—	—
Retiree Healthcare Benefits .....	30,972	—	—
Refunds/Plan Distributions .....	348,885	—	—
Earnings Distribution .....	—	297,460	—
Pool Participant Withdrawals .....	—	10,620,711	—
Transfers To Affiliated Systems .....	26,693	—	—
Trust Operating Expenses .....	—	—	29,143
Distributions and Benefit Payments .....	—	—	684,383
Administrative and General Expenses .....	21,743	—	29,532
Total Deductions .....	<u>2,098,937</u>	<u>10,918,171</u>	<u>743,058</u>
Change in Net Position Restricted for:			
Pension Benefits .....	(619,096)	—	—
Other Postemployment Benefits .....	22,656	—	—
Other Employee Benefits .....	17,832	—	—
Defined Contributions .....	(164,068)	—	—
Pool Participants .....	—	713,990	—
Individuals, Organizations, and Other Governments .....	—	—	1,549,359
Net Position – Beginning .....	37,965,654	9,490,216	12,885,407
Adjustment to Beginning Net Position .....	<u>—</u>	<u>—</u>	<u>—</u>
Net Position – Beginning as Adjusted .....	<u>37,965,654</u>	<u>9,490,216</u>	<u>12,885,407</u>
Net Position – Ending .....	<u>\$ 37,222,978</u>	<u>\$ 10,204,206</u>	<u>\$ 14,434,766</u>

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

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### 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 the University of Utah Health Insurance Plans, a legally separate non-profit corporation of which the University is the sole corporate member, and its hospitals and clinics.

### Utah Transit Authority

The Authority is an independent, nonprofit corporation whose purpose is to provide a public mass transportation system for Utah communities along the Wasatch Front and a small portion of Juab County. The Authority's operations include commuter rail service, light rail service, bus service, paratransit service for the transit disabled, rideshare and van pool programs system wide.

### Nonmajor Component Units

Nonmajor component units are presented in more detail within [Supplementary Information – Combining Statements and Individual Fund Statements and Schedules](#).

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

June 30, 2019

	Public Employees Health Program	University of Utah	Utah State University	Utah Transit Authority	Nonmajor Component Units	Total
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents.....	\$ 145,062	\$ 607,196	\$ 53,914	\$ 103,038	\$ 271,027	\$ 1,180,237
Investments .....	12,872	958,358	37,832	—	160,802	1,169,864
Receivables:						
Accounts, net .....	55,475	551,913	69,386	79,315	39,909	795,998
Notes/Loans/Mortgages/Pledges, net .....	—	35,511	2,234	—	4,776	42,521
Accrued Interest .....	2,142	10,152	—	—	245	12,539
Due From Primary Government .....	—	—	—	9,930	320	10,250
Prepaid Items .....	21,017	—	4,294	2,842	10,635	38,788
Inventories .....	—	97,148	4,001	35,552	10,668	147,369
Other Assets .....	—	33,032	—	—	466	33,498
Total Current Assets .....	236,568	2,293,310	171,661	230,677	498,848	3,431,064
Noncurrent Assets:						
Restricted Investments .....	—	762,454	243,718	132,734	63,873	1,202,779
Restricted Receivables, net .....	—	—	8,236	—	—	8,236
Accounts Receivables, net .....	—	—	15,168	—	14,020	29,188
Investments .....	264,493	1,378,320	387,801	—	484,806	2,515,420
Notes/Loans/Mortgages/Pledges Receivables, net .....	—	198,757	7,274	—	43,225	249,256
Other Assets .....	85	20,840	—	31,747	11,975	64,647
Capital Assets (net of Accumulated Depreciation) .....	67	3,468,781	956,964	3,089,897	1,809,310	9,325,019
Total Noncurrent Assets .....	264,645	5,829,152	1,619,161	3,254,378	2,427,209	13,394,545
Total Assets .....	\$ 501,213	\$ 8,122,462	\$ 1,790,822	\$ 3,485,055	\$ 2,926,057	\$ 16,825,609
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Amount on Refundings of Bonded Debt .....	\$ —	\$ 7,964	\$ 7,090	\$ 88,490	\$ 626	\$ 104,170
Deferred Outflows Relating to Pensions .....	6,912	64,811	20,411	31,931	55,173	179,238
Deferred Outflows Relating to Other Postemployment Benefits .....	—	—	—	—	365	365
Total Deferred Outflows of Resources .....	\$ 6,912	\$ 72,775	\$ 27,501	\$ 120,421	\$ 56,164	\$ 283,773
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable and Accrued Liabilities .....	\$ 12,617	\$ 348,888	\$ 79,981	\$ 52,042	\$ 56,527	\$ 550,055
Securities Lending Liability .....	2,923	—	—	—	—	2,923
Deposits .....	—	166,599	108	—	3,426	170,133
Due To Primary Government .....	—	61,367	1,441	138	14,378	77,324
Unearned Revenue .....	3,392	125,088	23,484	11,622	39,778	203,364
Current Portion of Long-term Liabilities .....	69,305	158,379	29,613	36,818	33,314	327,429
Total Current Liabilities .....	88,237	860,321	134,627	100,620	147,423	1,331,228
Noncurrent Liabilities:						
Accrued Liabilities .....	13,906	—	7,886	5,626	1,092	28,510
Unearned Revenue .....	—	—	1,265	—	515	1,780
Deposits .....	—	44,318	—	—	—	44,318
Net Pension Liability .....	11,139	174,785	53,846	131,548	125,267	496,585
Net Other Postemployment Benefit Liability .....	—	—	—	—	645	645
Long-term Liabilities .....	77,708	1,119,434	250,092	2,385,003	223,047	4,055,284
Total Noncurrent Liabilities .....	102,753	1,338,537	313,089	2,522,177	350,566	4,627,122
Total Liabilities .....	\$ 190,990	\$ 2,198,858	\$ 447,716	\$ 2,622,797	\$ 497,989	\$ 5,958,350
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Revenue .....	\$ —	\$ —	\$ 559	\$ —	\$ —	\$ 559
Deferred Inflows Relating to Beneficial Interests .....	—	—	3,673	—	9,438	13,111
Deferred Amount on Refundings of Bonded Debt .....	—	1,441	—	—	—	1,441
Deferred Inflows Relating to Pensions .....	3,607	14,917	2,695	3,384	17,818	42,421
Deferred Inflows Relating to Other Postemployment Benefits .....	—	—	—	—	418	418
Total Deferred Inflows of Resources .....	\$ 3,607	\$ 16,358	\$ 6,927	\$ 3,384	\$ 27,674	\$ 57,950
<b>NET POSITION</b>						
Net Investment in Capital Assets .....	\$ 67	\$ 2,411,866	\$ 742,503	\$ 827,646	\$ 1,608,647	\$ 5,590,729
Restricted for:						
Nonexpendable:						
Higher Education .....	—	633,722	149,442	—	212,137	995,301
Expendable:						
Higher Education .....	—	704,999	235,920	—	208,293	1,149,212
Insurance Plan .....	313,461	45,209	—	—	—	358,670
Transit Services .....	—	—	—	132,735	—	132,735
Other .....	—	—	—	—	7,822	7,822
Unrestricted .....	—	2,184,225	235,815	18,914	419,659	2,858,613
Total Net Position .....	\$ 313,528	\$ 5,980,021	\$ 1,363,680	\$ 979,295	\$ 2,456,558	\$ 11,093,082

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, 2019	Public Employees Health Program	University of Utah	Utah State University	Utah Transit Authority	Nonmajor Component Units	Total
Expenses .....	\$ 743,910	\$ 5,170,867	\$ 840,991	\$ 492,162	\$ 1,379,023	\$ 8,626,953
Program Revenues:						
Charges for Services:						
Tuition and Fees .....	—	465,766	243,127	—	589,678	1,298,571
Scholarship Allowances .....	—	(98,592)	(92,879)	—	(170,350)	(361,821)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of \$110,943) .....	764,289	3,976,087	102,050	343,924	140,700	5,327,050
Operating Grants and Contributions .....	26,059	798,369	404,544	61,821	279,645	1,570,438
Capital Grants and Contributions .....	—	111,094	54,192	63,879	107,811	336,976
Total Program Revenues .....	790,348	5,252,724	711,034	469,624	947,484	8,171,214
Net (Expenses) Revenues .....	46,438	81,857	(129,957)	(22,538)	(431,539)	(455,739)
General Revenues:						
State Appropriations .....	—	365,706	220,450	—	579,471	1,165,627
Unrestricted Investment Income .....	—	—	—	—	532	532
Gain (Loss) on Sale of Capital Assets .....	—	—	—	—	122	122
Miscellaneous .....	—	—	—	8,156	5,358	13,514
Permanent Endowments Contributions .....	—	30,637	3,806	—	5,072	39,515
Total General Revenues and Contributions .....	0	396,343	224,256	8,156	590,555	1,219,310
Change in Net Position .....	46,438	478,200	94,299	(14,382)	159,016	763,571
Net Position – Beginning .....	267,090	5,567,486	1,269,381	993,677	2,297,542	10,395,176
Adjustment to Beginning Net Position .....	—	(65,665)	—	—	—	(65,665)
Net Position – Beginning as Adjusted .....	267,090	5,501,821	1,269,381	993,677	2,297,542	10,329,511
Net Position – Ending .....	\$ 313,528	\$ 5,980,021	\$ 1,363,680	\$ 979,295	\$ 2,456,558	\$ 11,093,082

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, 2019

## STATE OF UTAH

*Comprehensive Annual Financial Report*  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019



Paddling Canoe on the Colorado River

# 2019



For the Fiscal Year Ended June 30, 2019

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the State of Utah conform in all material respects with Generally Accepted Accounting Principles (GAAP) as prescribed by the Governmental Accounting Standards Board (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](http://auditor.utah.gov).

Entities such as the local school districts, charter schools, and other local authorities of various kinds that may only partially meet the criteria for inclusion in this report have not been included. The State's support of the public education system is reported in the Education Fund (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 Schools for the Deaf and Blind and the Utah System of Technical Colleges, 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 Schools for the Deaf and Blind and the Utah System of Technical Colleges are included in the reporting entity because they meet both the fiscal dependency and financial benefit and burden relationship. The State approves and modifies the budgets and provides financial support for the Utah Schools for the Deaf and Blind and the Utah System of Technical Colleges.

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

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 the University of Utah Health Insurance Plans, a legally separate non-profit corporation of which the University is the sole corporate member, and its hospital and clinics.

**Utah Transit Authority** – During the 2018 General Session the Legislature passed Senate Bill 136, modifying the governance structure of the Authority, creating a governing board appointed by the Governor. This Authority is an independent, nonprofit corporation whose purpose is to provide a public mass transportation system for Utah communities in the Wasatch Front and a small portion of Juab County. The Authority's operations include commuter rail service, light rail service, bus service, paratransit

service for the transit disabled, rideshare and van pool programs system wide.

The State's nonmajor discrete component units are:

**Utah Communications Authority** – This Authority was established by the Utah State Legislature 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 System of Technical Colleges. These colleges and universities are funded primarily through state appropriations, tuition, federal grants, and private donations and grants. Separately audited financial statements are issued for the technical colleges within the Utah System of Technical Colleges.

**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.

**Utah Inland Port Authority** – This Authority is an independent, nonprofit corporation whose purpose is to facilitate the development of the authority jurisdictional land to maximize the long-term economic and other benefit for the State. The Authority does not issue separate financial statements.

#### **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, dba my529** (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 discretely presented 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, and the ninth member is the State Treasurer, the State does not have the ability to impose its will on UHC since board members can only be removed for cause. 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 discrete 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 Constitution allows all investment

earnings of the permanent fund to be distributed, limited to four percent of the fund (calculation described in statute). 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; the Utah Dairy Commission; and Medical Cannabis funds.

**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, human resource management, and attorney general legal services. 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, and Public Employees Health Program (major discrete component unit), Utah Transit Authority (major discrete component unit), Utah State Fair Corporation (nonmajor discrete component unit), and Utah Dairy Commission (nonmajor enterprise fund), which have fiscal years ending December 31.

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

##### **Cash and Cash Equivalents and Investments**

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

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

Investments (including cash equivalents) are under the control of the State Treasurer or other administrative bodies as determined by law. In certain instances, investments may be restricted by law or other legal instruments. Investments are presented at fair value. 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 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 derivative instruments.

### Receivables

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

Notes/mortgages receivables in the governmental and business-type activities are primarily long-term loans for local governments and agricultural development, home mortgages, and individual student loans. The interest rates on the loans vary but are generally lower than market rates and, in some cases, are non-interest-bearing. Student loans in the Student Assistance Programs (business-type activities) are fixed and variable rate federally insured loans. Student loans are insured at 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 and is presented 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 discrete 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. General Fund state park merchandise inventories held for resale are valued at lower of cost or market and Transportation Fund inventories used in road construction 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 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, 2019, there was no liability for yield reduction payments or for non-purpose interest arbitrage rebate in Student Assistance Programs'.

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 Public Employees Health Plan. 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 expended 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, deferred outflows/inflows of resources and expenses, information about the fiduciary net positions of the State Employee Other Postemployment Benefit 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 the 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, 2019, the State reported revenues and expenditures of \$26.108 million for commodities in the General Fund, and \$17.116 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 \$5.942 million of cash investment earnings, of which \$3.753 million was reported in the General Fund and \$2.189 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, 2019, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement 83, Certain Asset Retirement Obligations.

GASB Statement 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.

**GASB Statement 83** – This Statement addresses accounting and financial reporting for certain asset retirement obligations. For the purposes of this statement, an asset retirement obligation is a legally enforceable liability associated with the future sale, abandonment

recycling, or disposal of a tangible capital asset. This Statement requires the recognition of a liability and a corresponding deferred outflows of resources when the obligation is both incurred and reasonably estimable. The measurement of the liability is based on the best estimate of the current value of outlays expected to be incurred to retire the asset. Neither the primary government nor its discrete component units had any significant asset retirement obligations in fiscal year 2019.

**GASB Statement 88** – This Statement defines debt for purposes of disclosure in notes to financial statements and clarifies which liabilities governments should include when disclosing information related to debt, including direct borrowings and direct placements. This Statement also requires a more comprehensive footnote disclosure related to debt, including that existing and additional information be provided separately for direct borrowings and direct placements of debt. Changes were made to debt disclosures presented in [Note 9](#) and [10.A](#) to reflect the new requirements of this Statement.

During the 2018 General Session the Legislature passed Senate Bill 136, modifying the governance structure of the Utah Transit Authority (UTA), creating a governing board appointed by the Governor. Members of the board serve at the will of the Governor. UTA was incorporated in 1970 as a Utah Public Transit District and is legally separate from the State of Utah. With the change in governance, and in accordance with GASB standards, since the State can impose its will on UTA through the organization of the governing board, UTA is now included as part of the reporting entity of the State of Utah as a major discrete component unit. This resulted in an increase of component unit net position restricted for transit services of \$993.677 million reflected in the government-wide Statement of Activities – Component Units.

During fiscal year 2019, it was discovered that land improvements associated with land sold in previous years from the Trust Lands Permanent Fund had not been removed from the State's financial records. As a result, the beginning fund balance of the Permanent Fund was reduced by \$15.469 million to reflect the sales of the land improvements as reflected in the Balance Sheet – Governmental Funds.

The Office of the Attorney General, included as part of the General Fund, began in fiscal year 2019 recording a portion of payroll costs and charges for its services in the the Attorney General Legal Services Fund, an Internal Service Fund established during the 2016 General Session. As a result, the Internal Service Fund was allocated a proportionate share of the State's Net Pension and OPEB liabilities in accordance with GASB Statements 68 and 75. This resulted in a reduction of the fund's beginning net position of \$11.046 million as reflected on the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.

For the year ended June 30, 2019, the University of Utah (major component unit) made adjustments which decreased beginning net position on the Combining Statement of Activities – University of Utah by a combined \$65.700 million. Certain construction projects totaling \$46.200 million were determined to be non-capital and removed from construction-in-progress. Additionally, a \$19.500 million pledge receivable from the prior fiscal year was removed due to contingencies identified in the pledge agreement.

### Other Adjustments and Changes

During calendar year 2018, the Utah Transit Authority (major component unit) evaluated its capital assets and the associated

accumulated depreciation of those assets which resulted in changes to the useful lives of all categories of assets. The new useful lives reflect the changing understanding of how long a transit asset is lasting after a decade of running service in the northern Utah environment. This change in accounting estimate resulted in a decrease in current year depreciation of \$68.876 million and a decrease of accumulated depreciation of \$57.256 million.

### 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 exempts 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 Trust Lands (permanent fund), State Endowment (nonmajor special revenue fund), Utah Navajo Trust (private purpose trust), Employers' Reinsurance Trust (private purpose trust), Utah Educational Savings Plan Trust (private purpose trust), Pension Trust Funds (fiduciary funds), Post-Retirement Benefits Trust Funds (fiduciary funds), and Other Employee 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 (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, 2019, including those of Utah Retirement Systems (URS) (pension trust and defined contribution plans) and Trust Lands (permanent fund), were \$1.679 billion. These deposits are exposed to custodial credit risk as follows:

- \$150.286 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for \$1.515 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 thousand. 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. Public treasurers conduct investment transactions through qualified depositories, certified dealers, or directly with issuers of the investment securities. The Utah State Treasurer is exempt from the requirement to conduct investment transactions through a certified dealer.

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 instruments, 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; negotiable brokered certificates of deposit and reciprocal deposits subject to rules of the State Money Management Council.

The Utah Educational Savings Plan Trust (private purpose 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 Pension Trust Funds (fiduciary funds) administered by Utah Retirement Systems are 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."

The Trust Lands Fund (permanent fund) 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 following funds are exempt from the Money Management Act where the State Treasurer is responsible for investing with the primary goal of providing for the stability, income, and growth of principal following the "prudent person rule": State Endowment Fund (nonmajor special revenue fund), Post-Retirement Benefits Trust Funds and Other Employee Benefits Trust Funds (fiduciary funds), and Utah Navajo Trust and Employers' Reinsurance Trust (private purpose trust funds).

The primary government's investments at June 30, 2019, are presented below except those of the Pension Trust Funds administered by Utah Retirement Systems (URS) (fiduciary funds) and the Trust Lands Fund (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 Pension Trust Funds (fiduciary funds) administered by Utah Retirement Systems (URS). URS investments are presented consistent with their separately issued financial statements by investment type.

[Note 3.C.](#) presents the investments of the Trust Lands Fund (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, 2019, 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, 2019**  
*(expressed in thousands)*

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<u>Investments by Fair Value Level</u>				
<b>Debt Securities</b>				
U.S. Agencies.....	\$ 823	\$ 823	\$ —	\$ —
Corporate Debt.....	15,028,926	—	15,028,926	—
Money Market Mutual Funds .....	533,529	533,529	—	—
Commercial Paper.....	391,740	—	391,740	—
Bond Mutual Funds .....	3,472,616	3,472,616	—	—
Stable Value Funds.....	693,883	693,883	—	—
Total Debt Securities.....	20,121,517	4,700,851	15,420,666	0
<b>Equity Securities</b>				
Domestic Equity.....	7,114,343	7,114,343	—	—
International Equity .....	2,093,895	2,093,895	—	—
Equity Securities .....	174	174	—	—
Total Equity Securities.....	9,208,412	9,208,412	0	0
Total Investments by Fair Value Level .....	29,329,929	\$ 13,909,263	\$ 15,420,666	\$ 0
<u>Investments Measured at the Net Asset Value (NAV)</u>				
Private Real Estate .....	14,866			
Total Investments Measured at Fair Value .....	\$ 29,344,795			
<u>Investment Derivative Instruments</u>				
Interest Rate Exchange (swap).....	\$ 10,293	\$ 0	\$ 0	\$ 10,293

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 are 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.

### Investments Measured at the Net Asset Value (NAV)

The State Endowment (nonmajor governmental fund) and Post-

Retirement Benefits Trust (fiduciary funds-pension and other employee benefit trust funds) have an investment in an open-end real estate fund measured at the NAV, with fair values of \$7.394 million and \$7.473 million, respectively. The fair values of the investments have been determined using the NAV per share (or its equivalent) of the fund's ownership interest in partners' capital.

The real estate fund is structured as a limited partnership and invests in commercial real estate located in the United States. The fund invests in income producing properties as well as properties that are near core properties with short-term challenges with the intent to sell to the properties to core funds when the challenges have been addressed. The State Endowment and Post-Retirement Benefits Trust original combined capital commitment of \$15 million was fulfilled during fiscal year 2019. The fund allows for quarterly redemptions with 90 days' notice subject to the discretion of the general partner based upon the funds liquidity position and other factors. If redemption requests are greater than available cash, the redemptions are fulfilled on a pro rata basis each quarter, until all redemption requests have been fulfilled.

**Interest Rate Risk**

The following table presents the debt investments and maturities at June 30, 2019, for the primary government, with the exception of URS and Trust Lands.

<b>Primary Government</b> (except Utah Retirement Systems and Trust Lands) <b>Debt Investments at Fair Value</b> <b>At June 30, 2019</b> <i>(expressed in thousands)</i>					
<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturities (in years)</b>			
		<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>
<b>Debt Securities</b>					
U.S. Agencies .....	\$ 823	\$ —	\$ 823	\$ —	\$ —
Corporate Debt .....	15,028,926	15,028,926	—	—	—
Money Market Mutual Funds .....	533,529	533,529	—	—	—
Commercial Paper .....	391,740	391,740	—	—	—
Bond Mutual Funds .....	3,472,616	61,471	—	3,325,997	85,148
Stable Value Funds .....	693,883	693,883	—	—	—
Total .....	20,121,517	\$ 16,709,549	\$ 823	\$ 3,325,997	\$ 85,148
Discrete Component Units Investment in Primary Government's Investment Pool .....	(804,894)				
Total Debt Investments .....	<u>\$ 19,316,623</u>				

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)** – \$6.948 billion, 54.65 percent, in domestic equity mutual fund securities; \$2.931 billion, 23.06 percent, in bond mutual funds; \$2.065 billion, 16.24 percent, in international equity mutual fund securities; \$693.883 million, 5.46 percent, in stable value funds; and \$74.681 million, 0.59 percent, in the Utah Public Treasurers' Investment Fund.
- **Post-Retirement Benefits Trust Funds (fiduciary funds), and Other Employee Benefits Trust Funds (fiduciary funds)** – \$253.138 million, 76.29 percent, in bond mutual funds; \$4.627 million, 1.39 percent, in domestic equity mutual fund securities; \$4.021 million, 1.21 percent, in international equity mutual fund securities; \$7.473 million, 2.25 percent, in private real estate; and \$62.605 million, 18.86 percent, in the Utah Public Treasurers' Investment Fund.

**funds)** – \$253.138 million, 76.29 percent, in bond mutual funds; \$4.627 million, 1.39 percent, in domestic equity mutual fund securities; \$4.021 million, 1.21 percent, in international equity mutual fund securities; \$7.473 million, 2.25 percent, in private real estate; and \$62.605 million, 18.86 percent, in the Utah Public Treasurers' Investment Fund.

- **State Endowment Fund (special revenue fund)** – \$110.684 million, 47.01 percent, in bond mutual funds; \$91.609 million, 38.91 percent, in domestic equity mutual fund securities; \$16.517 million, 7.02 percent, in international equity mutual fund securities; \$7.393 million, 3.14 percent, in private real estate; and \$9.230 million, 3.92 percent, in the Utah Public Treasurers' Investment Fund.
- **Student Assistance Programs (major enterprise fund)** – \$56.939 million, 31.04 percent, in domestic equity mutual fund securities; \$125.658 million, 68.51 percent, in the Utah Public Treasurers' Investment Fund; and \$823 thousand, 0.45 percent, in the U.S. Government agency securities.
- **Employers' Reinsurance Trust (private purpose trust)** – \$149.872 million, 74.01 percent, in bond mutual funds; \$7.845 million, 3.87 percent, in domestic equity mutual fund securities; \$5.083 million, 2.51 percent, in international equity mutual fund securities; and \$39.713 million, 19.61 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, 2019, 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, 2019**  
(expressed in thousands)

Debt Investments	Fair Value	Quality Ratings						
		AAA	AA	A	BBB	BB	A1*	Not Rated
U.S. Agencies.....	\$ 823	\$ 823	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Corporate Debt.....	15,028,926	—	2,114,707	10,652,977	2,231,285	29,957	—	—
Money Market Mutual Funds .....	533,529	—	—	—	—	—	—	533,529
Commercial Paper.....	391,740	—	—	—	—	—	391,740	—
Bond Mutual Funds .....	3,472,616	—	—	—	—	—	—	3,472,616
Stable Value Funds.....	693,883	—	—	—	—	—	—	693,883
	\$ 20,121,517	<u>\$ 823</u>	<u>\$ 2,114,707</u>	<u>\$ 10,652,977</u>	<u>\$ 2,231,285</u>	<u>\$ 29,957</u>	<u>\$ 391,740</u>	<u>\$ 4,700,028</u>

\*A1 is Commercial Paper rating

### 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, 2019, 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, 2019, 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) \$2.065 billion, Post-Retirement Benefits Trust Funds (fiduciary funds), and Other Employee Benefits Trust Funds (fiduciary funds) \$4.021 million, State Endowment Fund (special revenue fund) \$16.517 million, Employers' Reinsurance Trust (private purpose trust) \$5.083 million, Utah Navajo Trust (private purpose trust fund) \$2.253 million, and General Fund \$906 thousand.

## 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, 2018**  
(expressed in thousands)

Investment Type	Defined Benefit	Defined Contribution	Total All Systems and Plans
Short-term Securities Pools .....	\$ 1,590,727	\$ —	\$ 1,590,727
Debt Securities .....	4,925,751	1,994,543	6,920,294
Equity Securities.....	10,400,703	3,304,974	13,705,677
Absolute Return.....	4,598,396	—	4,598,396
Private Equity .....	3,661,356	—	3,661,356
Real Assets .....	5,206,229	231,384	5,437,613
Investments Held by Broker-dealers under Securities Lending Program:			
Equity Securities.....	605,947	—	605,947
Debt Securities .....	387,281	—	387,281
Total .....	31,376,390	5,530,901	36,907,291
Securities Lending Collateral Pool.....	1,058,056	—	1,058,056
Total Investments.....	<u>\$ 32,434,446</u>	<u>\$ 5,530,901</u>	<u>\$ 37,965,347</u>

URS values these investments in good faith at URS's pro-rata interest in the net assets of these investments based upon audited financial statements or other information provided to URS 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**

URS categorizes 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. URS's 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 URS.

Debt, equity, and derivative instruments classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and debt derivative instruments 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 instruments 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. URS's policy is to obtain an external appraisal a minimum of every three years for properties or portfolios that URS has 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, 2018**  
(expressed in thousands)

Investment Type	Fair Value	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	
		Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3
<b>Investments by Fair Value Level</b>								
<b>Short-term Securities</b> .....	\$ 1,242,660	\$ 66,763	\$ 1,175,897	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Debt Securities</b>								
Asset-backed Securities .....	264,390	—	204,696	59,694	59,674	—	36,528	23,146
Commercial Mortgage-backed .....	108,506	—	86,915	21,591	698	—	308	390
Corporate Bonds .....	1,396,850	—	1,395,729	1,121	289,947	—	289,517	430
Funds – Other Fixed Income .....	—	—	—	—	98,580	—	98,580	—
Government Agencies .....	95,456	—	95,456	—	31,854	—	31,854	—
Government Bonds .....	1,043,102	—	1,043,102	—	172,613	—	172,613	—
Government Mortgage-backed Securities .....	924,939	—	837,841	87,098	249,149	—	223,891	25,258
Index-linked Government Bonds .....	1,413,408	—	1,413,408	—	142,185	—	142,185	—
Non-government Backed C.M.O.s .....	77,202	—	61,721	15,481	187	—	187	—
Total Debt Securities .....	5,323,853	0	5,138,868	184,985	1,044,887	0	995,663	49,224
<b>Equity Investments</b>								
Consumer Goods .....	1,969,686	1,969,602	—	84	317,317	317,317	—	—
Energy .....	628,872	624,552	4,164	156	61,265	61,265	—	—
Equity Other .....	8,478	8,270	2	206	223,130	223,130	—	—
Financials .....	1,606,241	1,572,422	27,147	6,672	157,815	157,815	—	—
Health Care .....	1,178,456	1,178,391	—	65	240,105	240,105	—	—
Industrials .....	1,272,409	1,272,284	—	125	126,061	126,061	—	—
Information Technology .....	1,371,576	1,371,498	—	78	377,683	377,683	—	—
Materials .....	547,738	546,103	4	1,631	35,833	35,833	—	—
Real Estate Investment Trusts .....	402,993	402,966	—	27	89,744	89,744	—	—
Telecommunication Services .....	736,082	736,062	—	20	186,210	186,210	—	—
Utilities .....	275,742	275,742	—	—	32,374	32,374	—	—
Total Equity Investments .....	9,998,273	9,957,892	31,317	9,064	1,847,537	1,847,537	0	0



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

Investment Type	Defined Benefit				Defined Contribution			
	Fair Value	Fair Value Measures Using			Fair Value	Fair Value Measures Using		
		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3		Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Real Assets</b>								
Agriculture .....	163,191	—	—	163,191	—	—	—	—
Commodities .....	40,253	40,253	—	—	—	—	—	—
Real Estate .....	1,998,259	—	—	1,998,259	—	—	—	—
Total Real Assets .....	2,201,703	40,253	0	2,161,450	0	0	0	0
Total Investments by Fair Value Level .....	\$ 18,766,489	\$ 10,064,908	\$ 6,346,082	\$ 2,355,499	\$ 2,892,424	\$ 1,847,537	\$ 995,663	\$ 49,224
<b>Investments Measured at the Net Asset Value (NAV)</b>								
<b>Short-Term Securities</b> .....	\$ 347,503				\$ —			
<b>Equity Investments</b>								
Co-mingled International Equity Fund .....	715,813				569,326			
Co-mingled U.S. Small Cap Equity Fund .....	288,086				373,364			
Co-mingled Large Cap Equity Fund .....	—				503,251			
Co-mingled Russell 1000 Growth Equity Fund .....	—				11,496			
Total Equity Investments Measured at the NAV .....	1,003,899				1,457,437			
<b>Absolute Return</b>								
Directional .....	1,217,950				—			
Equity Long/Short .....	196,330				—			
Event Driven .....	997,085				—			
Multistrategy .....	826,387				—			
Relative Value .....	1,360,644				—			
Total Absolute Return Measured at the NAV .....	4,598,396				0			
<b>Private Equity – Private Equity Partnerships</b> .....	3,661,356				0			
<b>Real Assets</b>								
Co-mingled Commodities Fund .....	—				65,605			
Co-mingled Real Estate Fund .....	—				165,779			
Agriculture .....	35,697				—			
Energy .....	1,222,968				—			
Minerals .....	328,632				—			
<b>Investments Measured at the Net Asset Value (NAV) (continued)</b>								
<b>Real Assets (continued)</b>								
Real Estate .....	1,118,897				—			
Royalty .....	11,683				—			
Timber .....	293,133				—			
Total Real Assets Measured at the NAV .....	3,011,010				231,384			
Total Investments Measured at the NAV .....	12,622,164				1,688,821			
Total Investments Measured at Fair Value .....	\$ 31,388,653				\$ 4,581,245			
Synthetic Guaranteed Investments Contracts Measured at Contract Value .....	\$ —				\$ 950,049			
<b>Investment Derivative Instruments</b>								
Short-term Securities – Options .....	\$ 564	\$ 564	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Debt Securities</b>								
Options .....	(125)	—	(125)	—	(13)	—	(13)	—
Swaptions .....	(3,378)	—	(3,378)	—	(47)	—	(47)	—
Swap Liabilities .....	(17,480)	—	(17,480)	—	(733)	—	(733)	—
Swap Assets .....	10,162	—	10,162	—	400	—	400	—
Total Debt Security Derivative Instruments .....	(10,821)	—	(10,821)	—	(393)	—	(393)	—
Equity Investments – Options .....	4,478	4,478	—	—	—	—	—	—
Real Assets – Swap Liabilities .....	(6,484)	—	(6,484)	—	—	—	—	—
Total Investment Derivative Instruments .....	\$ (12,263)	\$ 5,042	\$ (17,305)	\$ 0	\$ (393)	\$ 0	\$ (393)	\$ 0
<b>Invested Securities Lending Collateral</b>								
Short-Term Securities .....	\$ 179,260	\$ 179,260	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Debt Securities .....	159,470	53,425	11,021	95,024	—	—	—	—
Equity Investments .....	719,326	719,326	—	—	—	—	—	—
Total Invested Securities Lending Collateral .....	\$ 1,058,056	\$ 952,011	\$ 11,021	\$ 95,024	\$ 0	\$ 0	\$ 0	\$ 0

**Investments Measured at the Net Asset Value (NAV)**

The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the alternative investments measure at NAV.

<b>Utah Retirement Systems</b> (pension trust and defined contribution plans) <b>Investments Measured at the Net Asset Value (NAV) — Defined Benefit</b> <b>At December 31, 2018</b> <i>(expressed in thousands)</i>				
<b>Investment Type</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (if currently eligible)</b>	<b>Redemption Notice Period</b>
<b>Short-term Securities – Beta/Overlays</b> .....	\$ 347,503	\$ —	Daily	None
<b>Equity Investments</b>				
Co-mingled International Equity Fund .....	715,813	—	Daily	None
Co-mingled U.S. Small Cap Equity Fund.....	288,086	—	Daily	None
Total Equity Investments .....	1,003,899	0		
<b>Absolute Return</b>				
Directional .....	1,217,950	16,192	Monthly, quarterly	30–60 days
Equity Long/Short .....	196,330	—	Monthly, quarterly, annually	30–60 days
Event Driven .....	997,085	14,400	Monthly, quarterly, semi-annually, annually, bi-annually	45–120 days
Multistrategy .....	826,387	—	Monthly, quarterly, semi-annually, annually	45–90 days
Relative Value .....	1,360,644	—	Weekly, monthly, quarterly, semi-annually, annually	30–90 days, N/A
Total Absolute Return .....	4,598,396	30,592		
<b>Private Equity – Partnerships</b> .....	3,661,356	1,722,618	Not eligible	N/A
<b>Real Assets</b>				
Agriculture .....	35,697	36,658	Not eligible	N/A
Energy .....	1,222,968	547,214	Not eligible	N/A
Minerals .....	328,632	161,367	Not eligible	N/A
Real Estate * .....	1,118,897	73,998	Not eligible	N/A
Royalty .....	11,683	203,300	Not eligible	N/A
Timber * .....	293,133	—	Not eligible	N/A
Total Real Assets .....	3,011,010	1,022,537		
Total Investments Measured at the NAV ..	\$ 12,622,164	\$ 2,775,747		

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

The valuation method for investments measured at the NAV per share (or its equivalent) is presented on the table above and on the table below. 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 eleven 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 nine 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 nineteen 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 \$23 thousand over the next two to ten 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 \$23 million over the next 1-5 years. *Relative value funds* include investments in twenty-one funds. These funds seek returns by capitalizing on the mispricing of related securities or financial instruments. One new fund with a value of \$154 million has a redemption restriction of two years. All other funds currently have no redemption restrictions.

- **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 ten years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships distributions are received as underlying partnership investments are realized. The majority of the private equity partnership investments are managed by two gatekeepers. Both gatekeepers manage discretionary accounts for URS. The gatekeepers are required to manage the private equity portfolio in accordance with guidelines established by URS. URS has no plans to liquidate the total portfolio. As of December 31, 2018, 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 URS's ownership interest in partners' capital.
- **Energy, Mineral, and Royalty Funds** – Investments in *Energy* consist of 29 private equity partnerships, which invest primarily in oil and gas related investments. *Mineral funds* include seven private equity partnerships, which invest in

mineral mining equity securities, commodities and other mining investments. *Royalty funds* include two private equity partnerships, which invest 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, 2018, 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 URS's 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 38 investments, which are invested primarily in apartments and retail space in the United States. *Timber* includes three funds, which invest in timber-related resources. *Agriculture* includes four investments which operate in the production, processing, and distribution of high-value foods. Investments in these types can never be redeemed with the funds. Instead, the nature of these investments are that distributions from each investment will be received as the underlying investments are liquidated. Because it is probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of URS's ownership interest in partners' capital.

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Investments Measured at the Net Asset Value (NAV) — Defined Contribution**  
**At December 31, 2018**  
(expressed in thousands)

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
<b>Equity Securities</b>				
Co-mingled Large Cap Equity Fund.....	\$ 569,326	\$ —	Daily	None
Co-mingled International Equity Fund.....	373,364	—	Daily	None
Co-mingled U.S. Small Cap Equity Fund.....	503,251	—	Daily	None
Co-mingled Russell 1000 Growth Equity Fund....	11,496	—	Daily	None
Total Equity Securities.....	1,457,437	0		
<b>Real Assets</b>				
Co-mingled Real Estate Equity Fund .....	65,605	—	Quarterly	None
Co-mingled Commodities Fund.....	165,779	—	Daily	None
Total Real Asset .....	231,384	0		
Total Investments Measured at the NAV .....	\$ 1,688,821	\$ 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 US 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 duration range as of December 31, 2018, was 4.40 to 7.34 for domestic debt securities, 5.22 to 8.70 for global debt securities, and 9.65 to 14.47 for inflation-linked debt securities.

URS compares an investment's effective duration against the Bloomberg Barclays US Intermediate Aggregate Bond Index for domestic debt securities, the Bloomberg Barclays Global Aggregate ex-US Bond Index (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 duration range as of December 31, 2018, was 4.40 to 7.34 for domestic debt securities, 6.34 to 9.50 for international debt securities, and 4.02 to 6.04 for inflation-linked debt securities.

As of December 31, 2018, no individual debt securities investment manager's portfolio was outside of the policy guidelines, except one manager that was 0.02 below its index duration range. This manager brought its portfolio back into range on the next business day.

As of December 31, 2018, the following table shows the investments by investment type, amount, and the effective weighted duration.

<b>Utah Retirement Systems</b> (pension trust and defined contribution plans) <b>Debt Securities Investments</b> <b>At December 31, 2018</b> <i>(dollars expressed in thousands)</i>					
Investment	Defined Benefit Plans		Defined Contribution Plans		Total All Systems and Plans
	Fair Value	Effective Weighted Duration	Fair Value	Effective Weighted Duration	
Asset-backed Securities .....	\$ 264,390	1.51	\$ 59,674	0.55	\$ 324,064
Commercial Mortgage-backed.....	108,505	3.91	698	0.80	109,203
Corporate Bonds .....	1,396,243	4.97	289,947	6.05	1,686,190
Fixed Income Other .....	39,774	—	98,187	—	137,961
Government Agencies.....	108,221	4.74	31,854	8.14	140,075
Government Bonds .....	1,030,337	9.46	172,613	8.07	1,202,950
Government Mortgage-backed Securities.....	924,939	5.52	249,149	3.55	1,174,088
Index Linked Bonds.....	1,413,408	11.48	142,185	5.17	1,555,593
Non-government Backed C.M.O.s.....	27,215	3.66	187	4.60	27,402
Synthetic Guaranteed Investment Contracts – measured at contract value .....	—	—	950,049	—	950,049
Total Debt Securities Investments .....	<u>\$ 5,313,032</u>	7.47	<u>\$ 1,994,543</u>	5.33	<u>\$ 7,307,575</u>

### 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, 2018, there is \$41.820 million of cash and cash equivalents exposed to custodial credit risk and \$518.972 million of other assets where exposure to custodial credit risk is not determined. The \$41.820 million frictional cash and cash equivalents subject to custodial credit risk are in foreign banks in URS's 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 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 will constitute more than 10 percent of the fair value of outstanding debt of a single issuer with the exception of the U.S. Government or its agencies, or collateralized mortgage obligations.

As of December 31, 2018, 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".
- Securities with a quality rating of below BBB- are considered below investment grade. No more than 5 percent of an investment manager's assets can be below investment grade and no more than 1 percent of an investment manager's assets can be with a single below investment grade issuer. No more than 15 percent of an investment manager's assets 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 global debt securities investment managers may hold up to 25 percent of the fair value of their portfolios in securities rated below investment grade (below BBB-/Baa3). The remaining assets will have on average an investment grade rating. International debt securities investment managers may hold up to 20 percent of the fair value of their portfolios in securities rated below investment grade (below BBB-/Baa3). The remaining assets will have an investment grade rating.

URS's weighted quality rating average of the global debt securities, excluding pooled investments, as of December 31, 2018, was A+, and the fair value of below grade investments was \$99.411 million or 1.87 percent.

The government mortgage-backed securities in URS that are not rated include \$250 thousand Federal Home Loan Mortgage Corporation and \$632 thousand of Federal National Mortgage Association securities, which are implicitly guaranteed by the U.S. government.

*(Notes continue on next page.)*

The following table presents URS's credit risk ratings as of December 31, 2018:

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Credit Risk of Debt Securities at Fair Value**  
**At December 31, 2018**  
(expressed in thousands)

<b>Defined Benefit Plans</b>										
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	\$ 218,728	\$ 111,025	\$ 45,582	\$ 11,015	\$ —	\$ 17,211	\$ 8,407	\$ 1,023	\$ 24,426	\$ 39
AA+	98,886	293	3,420	26,503	—	21,370	—	—	46,672	628
AA	17,163	9,253	—	6,370	—	1,540	—	—	—	—
AA-	159,073	1,907	595	150,657	—	1,782	4,132	—	—	—
A+	94,728	6,662	—	74,499	—	7,359	6,094	—	—	114
A	146,095	14,728	1,979	126,591	—	864	—	—	—	1,933
A-	247,610	—	2,768	244,436	—	—	341	—	—	65
BBB+	322,392	3,796	—	291,835	—	10,919	15,490	—	—	352
BBB	238,960	297	—	222,297	—	—	15,366	—	—	1,000
BBB-	178,389	—	—	160,931	—	—	17,339	—	—	119
BB+	3,998	51	—	3,746	—	—	—	—	—	201
BB	3,386	—	—	3,038	—	—	—	—	—	348
BB-	4,555	207	2,419	1,929	—	—	—	—	—	—
B+	6,906	—	—	1,532	—	—	5,374	—	—	—
B	10,476	632	—	1,206	—	1,531	6,000	—	1,084	23
B-	10,284	—	—	8,396	—	—	928	—	—	960
CCC+	2,004	—	—	2,004	—	—	—	—	—	—
CCC	855	106	—	—	—	—	—	—	—	749
CCC-	789	789	—	—	—	—	—	—	—	—
D	673	173	—	500	—	—	—	—	—	—
NR	1,985,402	114,471	51,742	58,758	39,774	45,645	204,193	672,625	777,510	20,684
Subtotal .....	3,751,352	\$ 264,390	\$ 108,505	\$ 1,396,243	\$ 39,774	\$ 108,221	\$ 283,664	\$ 673,648	\$ 849,692	\$ 27,215
U.S. Treasuries .....	1,310,389									
Explicit U.S. Government Agencies...	251,291									
Total Debt Securities Investments .....	\$ 5,313,032									

<b>Defined Contribution Plans</b>										
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	\$ 7,292	\$ 2,504	\$ 190	\$ —	\$ —	\$ 2,736	\$ 1,221	\$ —	\$ 641	\$ —
AA+	47,824	40,524	—	1,787	—	—	—	—	5,513	—
AA	1,391	1,000	—	391	—	—	—	—	—	—
AA-	8,359	76	99	1,092	—	6,455	637	—	—	—
A+	16,385	389	—	11,016	—	4,269	711	—	—	—
A	9,306	2,183	—	7,123	—	—	—	—	—	—
A-	29,565	—	—	29,565	—	—	—	—	—	—
BBB+	78,076	302	—	65,178	—	12,596	—	—	—	—
BBB	75,460	59	—	74,242	—	—	1,159	—	—	—
BBB-	52,962	—	—	46,494	—	4,246	2,222	—	—	—
BB+	20,152	18	—	20,134	—	—	—	—	—	—
BB	17,098	—	—	17,098	—	—	—	—	—	—
BB-	13,840	—	349	13,491	—	—	—	—	—	—
B+	2,060	—	—	215	—	—	1,845	—	—	—
B	2,052	—	—	79	—	257	1,523	—	193	—
B-	283	—	—	109	—	—	174	—	—	—
NR	503,806	12,619	60	1,933	98,187	1,295	76,680	228,446	84,399	187
Subtotal .....	885,911	\$ 59,674	\$ 698	\$ 289,947	\$ 98,187	\$ 31,854	\$ 86,172	\$ 228,446	\$ 90,746	\$ 187
U.S. Treasuries .....	137,880									
Explicit U.S. Government Agencies...	20,703									
Synthetic Guaranteed Investment Contracts .....	950,049									
Total Debt Securities Investments .....	\$ 1,994,543									

**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 Depositary Receipts (ADRs).
- Portfolios should be adequately diversified to limit foreign currency and security risk.

Risk of loss arises from changes in currency exchange rates. URS's 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, 2018**  
(expressed in thousands)

Currency	Defined Benefit Plans						Defined Contribution Plans			Total All Systems and Plans
	Short-term	Debt	Equity	Absolute Return	Private Equity	Total	Debt	Equity	Total	
Argentine peso .....	\$ 227	\$ 3,606	\$ —	\$ —	\$ —	\$ 3,833	\$ 876	\$ —	\$ 876	\$ 4,709
Australian dollar .....	889	22,620	167,882	—	3,269	194,660	11,156	22,954	34,110	228,770
Brazilian real .....	453	—	91,601	—	—	92,054	—	10,611	10,611	102,665
British pound sterling .....	9,696	324,287	627,377	1,461	46,631	1,009,452	20,279	57,566	77,845	1,087,297
Canadian dollar .....	1,144	51,280	295,399	—	—	347,823	9,440	92,588	102,028	449,851
Cayman Islands dollar .....	—	—	—	—	—	—	—	18	18	18
Chilean peso .....	113	3,307	10,477	—	—	13,897	545	1,649	2,194	16,091
Chinese yuan renminbi .....	—	—	5,556	—	—	5,556	—	39,966	39,966	45,522
Colombian peso .....	154	—	3,967	—	—	4,121	—	562	562	4,683
Czech koruna .....	64	—	1,308	—	—	1,372	—	233	233	1,605
Danish krone .....	224	2,153	37,700	—	—	40,077	321	5,821	6,142	46,219
Egyptian pound .....	—	—	895	—	—	895	71,658	250	71,908	72,803
European euro .....	10,766	375,779	1,055,328	470,383	164,704	2,076,960	—	105,312	105,312	2,182,272
Hong Kong dollar .....	2,002	—	455,822	—	—	457,824	—	13,248	13,248	471,072
Hungarian forint .....	10	—	12,927	—	—	12,937	—	438	438	13,375
Indian rupee .....	375	3,054	85,970	—	—	89,399	571	14,443	15,014	104,413
Indonesian rupiah .....	142	—	18,636	—	—	18,778	—	3,329	3,329	22,107
Japanese yen .....	2,200	241,281	914,997	8,788	—	1,167,266	50,589	80,564	131,153	1,298,419
Malaysian ringgit .....	130	—	25,558	—	—	25,688	—	3,590	3,590	29,278
Mexican peso .....	106	—	58,386	28,871	—	87,363	—	3,983	3,983	91,346
Moroccan dirham .....	17	—	—	—	—	17	—	—	—	17
Israeli new shekel .....	459	917	9,056	—	—	10,432	260	1,772	2,032	12,464
New Taiwan dollar .....	1,300	—	117,351	—	—	118,651	—	17,289	17,289	135,940
New Zealand dollar .....	538	56,936	8,374	—	—	65,848	7,173	774	7,947	73,795
Norwegian krone .....	389	4,472	17,921	—	—	22,782	576	2,425	3,001	25,783
Pakistani rupee .....	—	—	—	—	—	—	—	174	174	174
Peruvian nuevo sol .....	39	—	203	—	—	242	—	550	550	792
Philippine peso .....	102	—	14,041	—	—	14,143	—	1,562	1,562	15,705
Polish zloty .....	135	—	8,571	—	—	8,706	—	1,787	1,787	10,493
Qatar riyal .....	—	—	—	—	—	—	—	1,554	1,554	1,554
Russian ruble .....	100	—	16,653	—	—	16,753	—	4,823	4,823	21,576
Singapore dollar .....	1,133	—	48,653	—	—	49,786	—	4,601	4,601	54,387
South African rand .....	166	—	52,435	—	—	52,601	—	8,818	8,818	61,419
South Korean won .....	98	—	201,404	—	—	201,502	—	20,353	20,353	221,855
Swedish krona .....	447	9,389	83,803	—	—	93,639	2,042	9,009	11,051	104,690
Swiss franc .....	1,029	—	261,365	—	—	262,394	—	28,770	28,770	291,164
Thai baht .....	142	1,955	36,999	—	—	39,096	575	3,673	4,248	43,344
Turkish lira .....	28	—	11,826	—	—	11,854	—	1,008	1,008	12,862
United Arab Emirates dirham ..	289	—	8,553	—	—	8,842	—	1,049	1,049	9,891
Total Securities Subject to Foreign Currency Risk .....	\$ 35,106	\$ 1,101,036	\$ 4,766,994	\$ 509,503	\$ 214,604	\$ 6,627,243	\$ 176,061	\$ 567,116	\$ 743,177	\$ 7,370,420

**C. Primary Government – Trust Lands****Investments**

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

<b>Trust Lands</b> (permanent fund) <b>Investments at Fair Value</b> <b>June 30, 2019</b> <i>(expressed in thousands)</i>	
<b>Investment Category</b>	<b>Fair Value (with accruals)</b>
Growth .....	\$ 1,010,106
Real Assets .....	439,354
Income .....	796,627
Defensive .....	324,621
Total Investments .....	<u>\$ 2,570,708</u>

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, 2019, Trust Lands had the following recurring fair value measurements:

<b>Trust Lands</b> (permanent fund) <b>Investments Measured at Fair Value</b> <b>June 30, 2019</b> <i>(expressed in thousands)</i>				
<b>Investment Type</b>	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets Level 1</b>	<b>Significant Other Observable Inputs Level 2</b>	<b>Significant Unobservable Inputs Level 3</b>
<b><u>Investments by Fair Value Level</u></b>				
<b>Growth</b>				
US Equity .....	\$ 391,858	\$ 391,638	\$ 220	\$ —
International Equity .....	430,878	260,846	169,921	111
Total Growth .....	822,736	652,484	170,141	111
<b>Real Assets</b>				
TIPS .....	69,017	69,017	—	—
Public Real Assets .....	147,678	147,432	246	—
Total Real Assets .....	216,695	216,449	246	—
<b>Income</b>				
Credit .....	93,142	11,073	81,617	452
Securitized .....	32,137	32,137	—	—
Non-U.S. ....	96,302	96,785	(483)	—
Total Income .....	221,581	139,995	81,134	452

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 instruments and 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 (NAV) 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 NAV per share of the investments (or its equivalent) as reported in current 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 transaction information for similar investments. The objectives and valuation approach for investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient are more fully described below.



<b>Defensive</b>				
Long US Treasury .....	\$	86,110	\$	86,110
Cash and Cash Equivalents .....		44,079		37,190
Total Defensive .....		130,189		123,300
Total Investments by Fair Value Level .....		1,391,201		1,132,228
<b>Investments Measured at the Net Asset Value (NAV)</b>				
<b>Growth</b>				
International Equity .....	\$	97,516		
Private Equity .....		89,854		
<b>Real Assets</b>				
Public Real Assets .....		5,147		
Private Real Estate .....		178,891		
Private Real Assets .....		38,621		
<b>Income</b>				
Credit .....		103,577		
Securitized .....		251,484		
Non-US .....		52,168		
Insurance-Linked Securities .....		67,524		
Private Debt .....		100,293		
<b>Defensive</b>				
Systematic Convexity .....		194,432		
Total Investments Measured at the NAV .....	\$	1,179,507		
Total Investments Measured at Fair Value .....	\$	2,570,708		

### Investments Measured at Net Asset Value (NAV)

The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the alternative investments measured at NAV.

<b>Trust Lands</b> (permanent fund) <b>Investments Measured at Net Asset Value (NAV)</b> <b>June 30, 2019</b> (expressed in thousands)				
Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<b>Growth</b>				
International Equity .....	\$ 97,516	\$ —	30-90 Days	90 Days
Private Equity .....	89,854	77,675	Limited	N/A
Total Growth .....	187,370	77,675		
<b>Real Assets</b>				
Public Real Assets .....	5,147	—	90 Days, Limited	90 Days, N/A
Private Real Estate .....	178,891	86,772	Limited	N/A
Private Real Assets .....	38,621	83,873	Limited	N/A
Total Real Assets .....	222,659	170,645		
<b>Income</b>				
Credit .....	103,577	—	90 Days	60 Days
Securitized .....	251,484	—	91 Days (calendar qtr.)	91 Days (1/8 gate)
Non-US .....	52,168	—	180 Days (May 1, Nov1)	180 Days
Insurance-Linked Securities .....	67,524	46,489	Limited	N/A
Private Debt .....	100,293	32,657	Limited	N/A
Total Income .....	575,046	79,146		
<b>Defensive</b>				
Systematic Convexity .....	194,432	—	5 Days	4 Days (30% investor gate)
Total Defensive .....	194,432	—		
Total Investments Measured at NAV .....	\$ 1,179,507	\$ 327,466		

The description of underlying holdings and valuation methodologies for investments measured at the NAV, detailed above, are described further as follows:

**Growth—International Equity:** Consists of one investment in a limited partnership with equity investments and one 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 Trust Lands' investments held or ownership interest in partners' capital.

**Growth—Private Equity:** Consists of eight investments in private equity limited partnerships. Generally speaking, the types of strategies included in this portfolio include venture capital, growth equity, opportunistic real estate equity, buyouts and special situations. These investment commitments were made in 2016 onward 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 partnership, distributions are received as underlying partnership investments are realized.

Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2019, 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 Trust Lands' ownership interest in partners' capital.

**Real Assets—Public Real Assets:** consists of one investment in a preferred equity investment in a Master Limited Partnership (MLP) and associated investment strategies. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of Trust Lands' ownership interest in partners' capital.

**Real Assets – Private Real Estate:** Consists of eleven 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 onward 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 partnership, distributions are received as underlying partnership investments are realized. Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2019, 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 Trust Lands' ownership interest in partners' capital. This category also includes one investment 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 Trust Lands' investments ownership interest in partners' capital.

**Real Assets – Private Real Assets:** Consists of four 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 onward 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, 2019, 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 – Credit:** Consists of two investments in limited partnerships with underlying credit/securitized fixed income investments and associated investments. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the Trust Lands' ownership interest in partners' capital.

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

**Income – Non US:** Consists of one investment in a limited partnership with underlying global derivative instruments and associated strategies. The fair value of the investment in this type

has been determined using the NAV per share (or its equivalent) of Trust Lands' ownership interest in partners' capital.

**Income – Insurance-Linked Securities:** Consists of four investments in limited partnerships with underlying insurance-linked securities investments and associated strategies. The fair value of the investments 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 five 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, co-investments and related investments. These investment commitments were made over a period ranging from 2016 onwards 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, 2019, 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 Trust Lands' ownership interest in partners' capital.

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

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates 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, 2019, Trust Lands' debt security investments (including the underlying portfolios of indirectly held investments, where available) had the following weighted average maturities:

<b>Trust Lands</b> (permanent fund) <b>Debt Securities Investments</b> <b>June 30, 2019</b> <i>(dollars expressed in thousands)</i>		
<b>Investment Category</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (Years)</b>
Bank Loans .....	\$ 10,022	5.35
Corporate Bonds .....	54,161	11.14
Corporate Convertible Bonds .....	5,202	29.28
Funds – Corporate Bond .....	32,146	3.69
Funds – Fixed Income ETF .....	165,319	6.99
Funds – Municipal/Provincial Bond .....	18	16.03
Funds – Short-term Investment .....	37,872	0.28
Government Agencies .....	429	2.58
Government Bonds .....	85,267	24.99
Other Fixed Income .....	6,889	0.13
<b>Total Debt Securities Investments</b>	<b>\$ 397,325</b>	<b>10.64</b>

As of June 30, 2019, Trust Lands held \$418.856 million in seven 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, 2019, the fair value of 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, 2019 (expressed in thousands)										
Quality Rating	Total	Bank Loans	Corporate Bonds	Corporate Convertible Bonds	Funds— Corporate Bond	Funds— Government Bond	Funds— Municipal/ Provincial Bond	Funds— Short-term Investment	Government Agencies	Other Fixed Income
AAA	\$ 427	\$ —	\$ 427	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
AA-	\$ 168	—	168	—	—	—	—	—	—	—
A	\$ 1,333	—	1,333	—	—	—	—	—	—	—
A-	\$ 3,707	—	3,707	—	—	—	—	—	—	—
BBB+	\$ 5,619	—	5,190	—	—	—	—	—	429	—
BBB	\$ 9,722	—	9,722	—	—	—	—	—	—	—
BBB-	\$ 10,361	827	9,534	—	—	—	—	—	—	—
BB+	\$ 5,404	377	4,508	519	—	—	—	—	—	—
BB	\$ 6,005	892	4,183	930	—	—	—	—	—	—
BB-	\$ 6,474	2,046	3,034	1,394	—	—	—	—	—	—
B+	\$ 5,881	2,047	3,273	561	—	—	—	—	—	—
B	\$ 4,470	1,541	2,929	—	—	—	—	—	—	—
B-	\$ 4,990	1,131	3,859	—	—	—	—	—	—	—
CCC+	\$ 1,563	—	1,378	185	—	—	—	—	—	—
CCC	\$ 99	—	99	—	—	—	—	—	—	—
Not Rated	\$ 245,835	1,161	817	1,613	32,146	165,319	18	37,872	—	6,889
Total Rated Securities	312,058	\$ 10,022	\$ 54,161	\$ 5,202	\$ 32,146	\$ 165,319	\$ 18	\$ 37,872	\$ 429	\$ 6,889
U.S. Treasuries	85,267									
Total Debt Securities Investments	\$ 397,325									

As of June 30, 2019, the Trust Funds held \$37.872 million in the Northern Trust Institutional Funds Treasury Portfolio - Premier Class, an AAA-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, 2019, the following investments, including accrued income/expense, have custodial credit risk:

- Cash and Cash Equivalents – The \$1.732 million 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 – The \$625.417 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, 2019, 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.

Trust Lands' exposure to foreign currency (inclusive of pending foreign exchange purchases and sales) as of June 30, 2019, is as follows:

Trust Lands (permanent fund) Foreign Currency Risk June 30, 2019 (expressed in thousands)					
Currency	Alternative Investments	Debt	Short-term	Equity	Total
Australian dollar .....	\$ —	\$ —	\$ 155	\$ 22,868	\$ 23,023
British pound sterling .....	—	—	151	23,542	\$ 23,693
Danish krone .....	—	—	41	5,466	\$ 5,507
Euro .....	18,620	430	722	98,324	\$ 118,096
Hong Kong dollar .....	—	—	157	10,306	\$ 10,463
Israeli new shekel .....	—	—	16	4,726	\$ 4,742
Japanese yen .....	—	—	373	34,213	\$ 34,586
New Zealand dollar .....	—	—	19	2,725	\$ 2,744
Norwegian krone .....	—	—	104	5,727	\$ 5,831
Singapore dollar .....	—	—	16	5,467	\$ 5,483
Swedish krona .....	—	—	48	11,999	\$ 12,047
Swiss franc .....	—	—	290	25,025	\$ 25,315
Total Securities Subject to Foreign Currency Risk ..	\$ 18,620	\$ 430	\$ 2,092	\$ 250,388	\$ 271,530

## 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 units' 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, 2019, were \$312.874 million. Of these, \$251.124 million were exposed to custodial credit risk as uninsured and uncollateralized and \$52.717 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 the 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

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, 2019, are presented on the next page. 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, 2019, for the discrete component units.

(Table on next page)

**Discrete Component Units Debt Securities Investments  
Investments and Derivative Instruments Measured at Fair Value  
At June 30, 2019  
(expressed in thousands)**

		Fair Value Measurements Using		
	Fair Value	Level 1	Level 2	Level 3
<b><u>Investments by Fair Value Level</u></b>				
<b>Debt Securities</b>				
U.S. Treasuries .....	\$ 137,538	\$ 3,999	\$ 133,539	\$ —
U.S. Agency – full faith.....	375	—	375	—
U.S. Agencies .....	2,077,964	51,638	2,025,962	364
Government Mortgage-backed Securities .....	100,677	—	88,712	11,965
Corporate Debt .....	654,265	—	653,695	570
Negotiable Certificates of Deposit .....	10,315	—	10,315	—
Money Market Mutual Funds .....	210,469	43,582	166,887	—
Municipal/Public Bonds .....	29,322	—	29,322	—
Asset-backed Securities .....	30,823	—	30,591	232
Bond Mutual Funds .....	254,225	7,260	217,669	29,296
Unit Investment Trusts .....	6,680	—	6,680	—
Non-government-backed CMOs .....	299	—	—	299
Repurchase Agreement: U.S. Agency .....	81,500	—	81,500	—
Utah Public Treasurers’ Investment Fund .....	804,894	—	804,894	—
Total Debt Securities .....	4,399,346	106,479	4,250,141	42,726
<b>Equity Securities</b>				
Domestic Equity .....	648,571	25,880	582,167	40,524
International Equity .....	1,935	—	1,935	—
Equity Securities .....	86,145	73,330	7,675	5,140
Total Equity Securities .....	736,651	99,210	591,777	45,664
<b>Other Investments</b>				
Real Estate .....	5,924	—	—	5,924
Total Other Investments .....	5,924	0	0	5,924
Total Investments by Fair Value Level .....	5,141,921	\$ 205,689	\$ 4,841,918	\$ 94,314
<b><u>Investments Measured at the Net Asset Value (NAV)</u></b>				
Credit Sensitive Fixed Income .....	28,703			
Diversifying Strategies .....	171,054			
Emerging Markets Equity .....	4,881			
Global Distressed .....	52			
Hedge Funds .....	79,154			
Interest in an LLC .....	650			
International Equity .....	9,189			
Other Real Assets .....	72,225			
Private Equity .....	54,959			
Private Equity Core Real Estate .....	8,479			
Private Equity Natural Resources .....	9,216			
Private Equity Partnerships .....	30,001			
Private Infrastructure .....	2,479			
Private Real Estate .....	21,200			
Secondary Partners .....	400			
Venture Capital Funds .....	49,284			
Total Investments Measured at the NAV .....	541,926			
Total Investments Measured at Fair Value .....	\$ 5,683,847			
<b><u>Invested Securities Lending Collateral</u></b>				
Debt Securities .....	\$ 2,923	\$ 0	\$ 2,923	\$ 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. Agencies, and International Equity:

- Valued using quoted prices for identical securities in markets that are not active or using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

Corporate Debt, Municipal/Public Bonds, Negotiable Certificates of Deposit, and Equity Securities:

- Valued using quoted prices for similar securities in active markets or using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

Repurchase Agreement—U.S. Agency:

- Valued at cost due to very short-term maturity.

Asset-backed Securities:

- Valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

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.

## Unit Investment Trusts:

- Valued using average published fair value of investments included in the UIT.

## Utah Public Treasurers' Investment Fund:

- Valued using the application of the June 30, 2019, fair value factor, as calculated by the Utah State Treasurer, to the June 30, 2019 balance.

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

U.S. Agencies, Corporate Debt, and Government Mortgage-backed:

- Valued using discounted cash flow techniques.
- Asset-backed Securities and Non-government-backed CMOs:
- Valued using consensus pricing.

Bond Mutual Funds, Domestic Equity, and Equity Securities:

- 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 market approaches that consider, as applicable, benchmark interest rates or foreign exchange rates.

## 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 NAV per share (or its equivalent) as they generally do not have readily obtainable fair values and often 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, 2019**

(dollars expressed in thousands)

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Credit Sensitive Fixed Income.....	\$ 28,703	\$ 26,303	Quarterly	90 days
Diversifying Strategies.....	171,054	—	Daily, quarterly, annually	0 – 90 Days
Emerging Markets Equity .....	4,881	—	N/A	N/A
Global Distressed .....	52	76	N/A	N/A
Hedge Funds .....	4,758	—	Quarterly	100 Days
Hedge Funds .....	5,200	—	Daily, monthly, quarterly	1 – 90 Days
Hedge Funds .....	69,196	—	Monthly, quarterly	30 – 75 Days
Interest in an LLC .....	650	—	N/A	N/A
International Equity .....	9,189	—	Quarterly	100 Days
Other Real Assets.....	72,225	168,248	N/A	N/A
Private Equity.....	54,959	31,042	N/A	N/A
Private Equity Core Real Estate.....	8,479	—	Quarterly	30 – 60 Days
Private Equity Natural Resources .....	9,216	7,808	N/A	N/A
Private Equity Partnerships.....	860	—	Quarterly	45 – 60 Days
Private Equity Partnerships.....	50	—	Monthly	10 Days
Private Equity Partnerships.....	83	15	Initial 10 year with five 1-year extensions	60 Days
Private Equity Partnerships.....	29,008	21,091	N/A	N/A
Private Infrastructure .....	2,479	5,901	N/A	N/A
Private Real Estate .....	21,200	8,687	N/A	N/A
Secondary Partners.....	400	988	N/A	N/A
Venture Capital Funds.....	49,284	36,078	N/A	N/A
Total Investments Measured at NAV .....	<u>\$ 541,926</u>	<u>\$ 306,237</u>		

**Interest Rate Risk**

The following table presents the debt investments and maturities at June 30, 2019, for the discrete component units.

**Discrete Component Units**  
**Debt Investments at Fair Value**  
**At June 30, 2019**  
*(expressed in thousands)*

Investment Type	Fair Value	Investment Maturities (in years)				
		Less Than 1	1-5	6-10	11-20	More Than 20
U.S. Treasuries.....	\$ 137,538	\$ 4,992	\$ 111,080	\$ 21,466	\$ —	\$ —
U.S. Agency – full faith.....	375	—	—	—	375	—
U.S. Agencies.....	2,077,964	969,898	851,752	256,092	222	—
Government Mortgage-backed Securities.....	100,677	—	322	2,232	19,153	78,970
Corporate Debt.....	654,265	166,343	382,909	44,252	60,761	—
Negotiable Certificates of Deposit.....	10,315	3,453	6,862	—	—	—
Money Market Mutual Funds.....	210,469	210,469	—	—	—	—
Municipal/Public Bonds.....	29,322	9,251	8,794	7,640	3,637	—
Asset-backed Securities.....	30,823	—	11,250	1,449	1,610	16,514
Bond Mutual Funds.....	254,225	2,286	90,902	161,037	—	—
Unit Investment Trusts.....	6,680	6,680	—	—	—	—
Non-government-backed CMOs.....	299	—	—	—	—	299
Repurchase Agreement: U.S. Agency.....	81,500	81,500	—	—	—	—
Securities Lending Cash Collateral Pool.....	2,923	2,923	—	—	—	—
Utah Public Treasurers' Investment Fund.....	804,894	804,894	—	—	—	—
Total Debt Investments.....	<u>\$ 4,402,269</u>	<u>\$ 2,262,689</u>	<u>\$ 1,463,871</u>	<u>\$ 494,168</u>	<u>\$ 85,758</u>	<u>\$ 95,783</u>

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 in general 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.

For the fixed income portfolio, the Public Employees Health Program's (PEHP) (major discrete component unit) policy to manages its exposure to fair value loss arising from increasing interest rates is that the investment manager's portfolio will have an effective duration between 75 - 125 percent of the effective duration 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 investments full price. PEHP compares an investment's effective duration against the Barclays U.S. Intermediate Aggregate Bond Index. The allowable duration range was 4.40 to 7.34 and the portfolio was within the policy guidelines.

**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, 2019, 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, 2019**  
*(expressed in thousands)*

Debt Investments	Fair Value	Quality Ratings						
		AAA	AA	A	BBB	BB	B	Not Rated
U.S. Agencies.....	\$ 2,077,964	\$ 666,100	\$1,145,380	\$ 4,863	\$ 4,867	\$ —	\$ —	\$ 256,754
Government Mortgage-backed Securities.....	100,677	—	—	91,673	—	—	—	9,004
Corporate Debt.....	654,265	1,944	62,520	360,431	202,593	9,758	—	17,019
Negotiable Certificates of Deposit.....	10,315	2,502	—	3,098	—	—	—	4,715
Money Market Mutual Funds.....	210,469	—	—	—	—	—	—	210,469
Municipal/Public Bonds.....	29,322	15,059	7,397	5,886	51	—	—	929
Asset-backed Securities.....	30,823	9,814	4,611	70	—	—	16,166	162
Bond Mutual Funds.....	254,225	—	47,820	—	—	—	—	206,405
Unit Investment Trusts.....	6,680	—	—	—	—	—	—	6,680
Non-government-backed CMOs.....	299	—	—	—	—	—	—	299
Repurchase Agreement: U.S. Agency.....	81,500	—	81,500	—	—	—	—	—
Securities Lending Cash Collateral Pool.....	2,923	—	—	—	—	—	—	2,923
Utah Public Treasurers' Investment Fund.....	804,894	—	—	—	—	—	—	804,894
	<u>\$ 4,264,356</u>	<u>\$ 695,419</u>	<u>\$1,349,228</u>	<u>\$ 466,021</u>	<u>\$ 207,511</u>	<u>\$ 9,758</u>	<u>\$ 16,166</u>	<u>\$1,520,253</u>

### 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, 2019, 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.....	\$ 108,704
U.S. Agency – full faith.....	\$ 375
U.S. Agencies.....	\$ 1,954,566
Corporate Debt.....	\$ 294,500
Municipal/Public Bonds.....	\$ 23,402
Unit Investment Trusts.....	\$ 6,680
Domestic Equity.....	\$ 1,313
Equity Securities.....	\$ 40,016
Investments Measured at the Net Asset Value...	\$ 133

#### Counterparty's Trust Department or Agent

U.S. Treasuries.....	\$ 3,253
U.S. Agencies.....	\$ 69,867
Corporate Debt.....	\$ 133,589

### 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 Home Loan Mortgage Corporation, the Federal Farm Credit Bank, and the Federal Agricultural Mortgage Corporation. These investments represent 24.70 percent, 7.60 percent, 6.40 percent, and 6.10 percent, respectively, of the University's total investments.

Utah State University held more than 5 percent of total investments in securities of the Federal Home Loan Bank and Federal Farm Credit Bank. These investments represent 7.91 percent and 8.78 percent respectively of the total investments.

Salt Lake Community College held more than 5 percent of total investments in securities of Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, Federal Farm Credit Bank, Federal National Mortgage Association, and Federal Agriculture Mortgage Corporation. These investments represent 12.40 percent, 10.70 percent, 8.30 percent, 7.60 percent, and 6.90 percent, respectively, of the College's total investments. These investments represent 45.90 percent of the Colleges 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.

University of Utah's exposure to foreign currency risk is \$10.959 million in private real estate investments that are held in Euro currency denomination.

Dixie State University held investments in international equity funds of \$1.935 million, and as such, no foreign currency risk is presented.

### E. Securities Lending

Utah Retirement Systems (URS) (pension trust and defined contribution plans), Public Employees Health Program (PEHP)



(major discrete component unit) and Trust Lands (permanent fund) 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 for URS and Trust Lands, irrevocable bank letters of credit equal to approximately 102 percent of the fair value of the domestic securities on loan and 105 percent of the fair value of the international securities on loan, and for PEHP 102 percent of the fair value of the domestic securities on loan, with simultaneous agreements to return the collateral for the same securities in the future. For all three state entities, their custodial bank is the agent for each of their securities lending programs. URS securities under loan are maintained in the financial records, and corresponding liabilities are recorded for the market value of the collateral received. PEHP and Trust Lands securities are classified as investments. For the state entities, a corresponding liability is recorded for the market value of the collateral received. For PEHP and Trust Lands, under provision of GASB Statement 28, collateral which cannot be pledged or sold is not recorded as investments nor is the related liability recorded in the financial statements. Pledged non-cash collateral was \$1.996 million and \$53.962 million for PEHP and Trust Lands, respectively.

At yearend, URS, PEHP and Trust Lands had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were \$993.228 million for URS, \$2.792 million for PEHP, and \$126.953 million for Trust Lands. Collateral received for those securities on loan was \$1.058 billion for URS, \$2.923 million for PEHP, and \$131.712 million for Trust Lands. Under the terms of the lending agreement, all three 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.

Regarding URS and PEHP, 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. Trust Lands' average term of securities loans was 74 days.

## F. Derivative Instruments

### Utah Retirement Systems

The Utah Retirement Systems (URS) (pension trust and defined

contribution plans) invests in derivative instruments as authorized by Board policy. Derivative instruments are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed-upon benchmark. All derivative instruments are considered investments. The fair value of all derivative 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, 2018, URS had five types of derivative 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, 2018, 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, 2018**  
(expressed in thousands)

	<b>Defined Benefit Plans</b>	<b>Defined Contribution Plans</b>
Cash and Cash Equivalent		
Long .....	\$ —	\$ —
Short .....	(90,724)	—
Equity		
Long .....	106,895	—
Short .....	(72,151)	—
Fixed Income		
Long .....	765,935	43,327
Short .....	(728,552)	(62,298)
Total Futures .....	<u>\$ (18,597)</u>	<u>\$ (18,971)</u>

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency 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 net realized gains or losses on foreign currency related transactions in the Combining Statement of Fiduciary Net Position—Pension. At December 31, 2018, URS investments included the following currency forwards balances as shown in the following table:

(Table on next page)

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Currency Forwards**  
**December 31, 2018**  
(expressed in thousands)

Defined Benefit Plans					Defined Contribution Plans				
Currency	Notional Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value	Currency	Notional Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value
Argentine peso.....	\$ (2,094)	\$ 765	\$ (2,902)	\$ (2,137)	Argentine peso.....	\$ (569)	\$ —	\$ (581)	\$ (581)
Australian dollar.....	(14,006)	11,989	(25,383)	(13,394)	Australian dollar.....	(7,302)	1,723	(8,827)	(7,104)
Brazilian real .....	1,972	1,985	—	1,985	Brazilian real .....	436	439	—	439
British pound sterling .....	(332,404)	32,305	(363,949)	(331,644)	British pound sterling .....	(14,916)	1,309	(16,243)	(14,934)
Canadian dollar .....	(51,435)	5,389	(55,506)	(50,117)	Canadian dollar .....	(5,755)	131	(5,750)	(5,619)
Chilean peso.....	501	1,947	(1,410)	537	Chilean peso.....	210	382	(169)	213
Colombian peso.....	1,530	1,540	—	1,540	Colombian peso.....	159	160	—	160
Czech koruna.....	11,416	11,495	—	11,495	Czech koruna.....	2,187	2,202	—	2,202
Danish krone .....	(2,519)	—	(2,528)	(2,528)	Danish krone .....	(303)	—	(304)	(304)
Euro .....	(399,880)	15,404	(417,599)	(402,195)	Euro .....	(81,036)	126	(81,575)	(81,449)
Hong Kong dollar.....	(4,667)	3,766	(8,416)	(4,650)	Hong Kong dollar.....	(1,412)	—	(1,409)	(1,409)
Hungarian forint.....	(1,988)	973	(2,991)	(2,018)	Hungarian forint.....	(483)	—	(488)	(488)
Indian rupee.....	700	715	—	715	Indian rupee.....	210	214	—	214
Indonesian rupiah .....	3,273	3,354	(38)	3,316	Indonesian rupiah .....	538	545	—	545
Japanese yen.....	(233,729)	10,507	(251,805)	(241,298)	Japanese yen.....	(44,997)	312	(46,752)	(46,440)
Malaysian ringgit .....	(1,949)	—	(1,980)	(1,980)	Malaysian ringgit .....	(377)	—	(382)	(382)
Mexican peso .....	(3,702)	22,327	(25,969)	(3,642)	Mexican peso .....	(723)	627	(1,377)	(750)
Israeli new shekel .....	(473)	—	(470)	(470)	Israeli new shekel .....	(176)	—	(175)	(175)
New Romanian leu.....	(3,678)	—	(3,696)	(3,696)	New Romanian leu.....	(727)	—	(731)	(731)
New Zealand dollar.....	(59,941)	176	(58,770)	(58,594)	New Zealand dollar.....	(7,512)	—	(7,345)	(7,345)
Norwegian krone.....	12,847	12,716	—	12,716	Norwegian krone.....	2,834	2,804	—	2,804
Peruvian nuevo sol .....	(3,842)	—	(3,842)	(3,842)	Peruvian nuevo sol .....	(739)	—	(739)	(739)
Philippine peso .....	(3,645)	36	(3,696)	(3,660)	Philippine peso .....	(728)	—	(731)	(731)
Russian ruble .....	1,913	1,839	—	1,839	Russian ruble .....	376	361	—	361
Singapore dollar .....	2,058	2,946	(887)	2,059	Singapore dollar .....	462	463	—	463
South Korean won.....	(25,985)	21	(26,179)	(26,158)	South Korean won.....	(2,982)	—	(3,014)	(3,014)
Swedish krona .....	(1,097)	13,087	(14,170)	(1,083)	Swedish krona .....	(582)	430	(1,022)	(592)
Swiss franc .....	625	2,571	(1,970)	601	Thai baht.....	(552)	—	(558)	(558)
Thai baht.....	(1,880)	—	(1,899)	(1,899)	United States dollar.....	164,459	176,096	(11,634)	164,462
United States dollar .....	1,112,079	1,262,229	(150,149)	1,112,080					
Total Forwards Subject to Foreign Currency Risk .....	\$ 0	\$ 1,420,082	\$ (1,426,204)	\$ (6,122)	Total Forwards Subject to Foreign Currency Risk .....	\$ 0	\$ 188,324	\$ (189,806)	\$ (1,482)

At December 31, 2018, 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, 2018**  
(expressed in thousands)

	Defined Benefit Plans	Defined Contribution Plans
Cash and Cash Equivalent		
Call .....	\$ 328	\$ 41
Put.....	236	46
Equity		
Call .....	—	—
Put.....	4,478	—
Fixed Income		
Call .....	(282)	(8)
Put.....	(16)	(5)
Swaptions		
Call .....	(2,713)	(47)
Put.....	(665)	—
Interest Rate Contracts .....	173	5
Total Options .....	\$ 1,539	\$ 32

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.

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 fair values and are recorded in the Combining Statement of Fiduciary Net Position-Pension. Swap fair values are determined by an independent third party.

As of December 31, 2018, 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, 2018**  
(dollars expressed in thousands)

	<b>Notional Amount</b>	<b>URS Rate</b>	<b>Counterparty Rate</b>	<b>Maturity Date</b>	<b>Credit Rating</b>	<b>Fair Value</b>
<b>Defined Benefit</b>						
Goldman Sachs	\$ 125,000	3M LIBOR	1.8%	9/18/20	A+	\$ (1,196)
Bank of America	32,940	2.23%	CPI	9/18/20	A-	(542)
Bank of America	19,930	(0.14)%	6M EURIB	11/12/20	A-	(17)
Bank of America	12,810	(0.16)%	6M EURIB	11/12/20	A-	(4)
Bank of America	7,120	(0.17)%	6M EURIB	11/12/20	A-	(2)
Goldman Sachs	44,810	(0.14)%	6M EURIB	12/11/20	A+	(38)
Goldman Sachs	28,810	0.16%	6M EURIB	12/11/20	A+	(10)
Goldman Sachs	16,000	(0.17)%	6M EURIB	12/11/20	A+	(4)
Goldman Sachs	57,050	2.86%	3M LIBOR	12/31/20	A+	(219)
Goldman Sachs	48,560	2.77%	3M LIBOR	12/31/20	A+	(112)
Bank of America	25,330	2.86%	3M LIBOR	12/31/20	A-	(97)
Bank of America	21,680	2.77%	3M LIBOR	12/31/20	A-	(50)
Bank of America	4,460	3M LIBOR	3.07%	11/22/21	A-	47
Goldman Sachs	940	3M LIBOR	3.02%	12/3/21	A+	9
Bank of America	4,310	3M LIBOR	3.02%	12/3/21	A-	42
Bank of America	4,310	3M LIBOR	3.02%	12/3/21	A-	42
Goldman Sachs	15,280	3M LIBOR	2.98%	12/6/21	A+	141
Bank of America	10,460	3M LIBOR	2.98%	12/6/21	A-	93
Goldman Sachs	2,995	3M LIBOR	2.9%	12/9/21	A+	22
Bank of America	4,395	3M LIBOR	2.89%	12/10/21	A-	32
Bank of America	7,580	3M LIBOR	2.84%	12/10/21	A-	47
Bank of America	8,790	3M LIBOR	2.93%	12/10/21	A-	70
Goldman Sachs	9,870	3M LIBOR	2.89%	12/10/21	A+	72
Goldman Sachs	19,740	3M LIBOR	2.93%	12/10/21	A+	157
Goldman Sachs	9,870	3M LIBOR	2.82%	12/12/21	A+	58
Bank of America	1,265	3M LIBOR	2.82%	12/12/21	A-	8
Bank of America	3,300	3M LIBOR	2.78%	12/12/21	A-	17
Bank of America	4,395	3M LIBOR	2.82%	12/12/21	A-	26
Goldman Sachs	7,430	3M LIBOR	2.78%	12/12/21	A+	39
Goldman Sachs	7,420	3M LIBOR	2.82%	12/12/21	A+	45
Goldman Sachs	7,965	3M LIBOR	2.89%	12/16/21	A+	58
Bank of America	4,390	3M LIBOR	2.85%	12/17/21	A-	28
Goldman Sachs	9,910	3M LIBOR	2.85%	12/17/21	A+	64
Bank of America	4,390	3M LIBOR	2.81%	12/19/21	A-	25
Goldman Sachs	9,900	3M LIBOR	2.81%	12/19/21	A+	57
Bank of America	6,600	3M LIBOR	2.75%	12/20/21	A-	31
Goldman Sachs	14,900	3M LIBOR	2.75%	12/20/21	A+	70
Bank of America	8,510	3M LIBOR	2.77%	12/23/21	A-	33
Goldman Sachs	19,150	3M LIBOR	2.77%	12/23/21	A+	75
Bank of America	4,235	3M LIBOR	2.59%	12/30/21	A-	7
Goldman Sachs	9,580	3M LIBOR	2.59%	12/30/21	A+	16
Goldman Sachs	9,590	3M LIBOR	2.64%	12/30/21	A+	26
Bank of America	4,230	3M LIBOR	2.64%	12/30/21	A-	11
Bank of America	2,120	3M LIBOR	2.6%	12/31/21	A-	4
Bank of America	2,120	3M LIBOR	2.59%	12/31/21	A-	4
Goldman Sachs	4,780	3M LIBOR	2.59%	12/31/21	A+	8
Goldman Sachs	4,780	3M LIBOR	2.6%	12/31/21	A+	9
Goldman Sachs	2,315	3M LIBOR	2.56%	1/3/22	A+	3
Bank of America	5,800	3M LIBOR	2.56%	1/3/22	A-	6
Goldman Sachs	142,960	3.02%	3M LIBOR	9/14/22	A+	(675)
Goldman Sachs	44,710	3.06%	3M LIBOR	9/14/22	A+	(228)
Bank of America	27,839	3M LIBOR	2.23%	10/6/22	A-	(335)
Goldman Sachs	20,375	3.12%	3M LIBOR	10/6/22	A+	(245)
Goldman Sachs	17,580	0.42%	6M EURIB	12/17/22	A+	(58)
Bank of America	7,790	0.42%	6M EURIB	12/17/22	A-	(26)
Bank of America	2,779	3M LIBOR	2.83%	12/17/22	A-	18
Goldman Sachs	6	3M LIBOR	2.83%	12/17/22	A+	40
Bank of America	3,895	6M EURIB	0.36%	12/21/22	A-	8
Goldman Sachs	6,760	6M EURIB	0.36%	12/21/22	A+	13
Bank of America	6,550	6M EURIB	2.64%	12/22/22	A-	21
Bank of America	12,360	3M LIBOR	2.63%	12/22/22	A-	33

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Fixed Income Portfolio Swaps**  
**At December 31, 2018**  
(dollars expressed in thousands)

	<b>Notional Amount</b>	<b>URS Rate</b>	<b>Counterparty Rate</b>	<b>Maturity Date</b>	<b>Credit Rating</b>	<b>Fair Value</b>
<b>Defined Benefit – Continued</b>						
Bank of America	\$ 12,360	3M LIBOR	2.65%	12/22/22	A-	\$ 37
Bank of America	10,320	3M LIBOR	2.7%	12/22/22	A-	39
Bank of America	9,010	3M LIBOR	2.73%	12/22/22	A-	41
Goldman Sachs	14,740	3M LIBOR	2.64%	12/22/22	A+	41
Goldman Sachs	23,830	3M LIBOR	2.63%	12/22/22	A+	63
Goldman Sachs	23,830	3M LIBOR	2.65%	12/22/22	A+	72
Goldman Sachs	20,360	3M LIBOR	2.73%	12/22/22	A+	92
Goldman Sachs	39,610	3M LIBOR	2.7%	12/22/22	A+	151
Bank of America	32,830	1.38%	CPTFE	4/15/23	A-	(107)
Bank of America	6,296,410	6M LIBOR	0.13%	4/26/23	A-	297
Bank of America	10,820	3.26%	RPI	5/15/23	A-	303
Bank of America	27,250	1DFFUND	2.68%	5/31/23	A-	442
Goldman Sachs	61,430	1DFFUND	2.68%	5/31/23	A+	997
Bank of America	12,660	1.55%	CPTFE	7/15/23	A-	(270)
Bank of America	3,300	RPI	3.36%	8/15/23	A-	(617)
Bank of America	1,880	3.36%	RPI	8/15/23	A-	216
Bank of America	17,280	3.35%	RPI	8/15/23	A-	227
Bank of America	17,280	3.48%	RPI	9/15/23	A-	39
Goldman Sachs	7,860	3.45%	RPI	10/15/23	A+	(30)
Bank of America	17,280	3.45%	RPI	10/15/23	A-	(13)
Bank of America	32,940	RPI	3.45%	10/15/23	A-	13
Goldman Sachs	10,820	3.41%	RPI	10/15/23	A+	15
Goldman Sachs	3,310	CPI	2.16%	10/30/23	A+	266
Goldman Sachs	1,615	CPI	2.16%	10/30/23	A+	608
Goldman Sachs	38,428	3.05%	3M LIBOR	11/29/23	A+	(840)
Bank of America	25,951	3.05%	3M LIBOR	11/29/23	A-	(567)
Bank of America	1,460	3.58%	RPI	12/15/23	A-	(37)
Bank of America	250	—%	—%	12/20/23	A-	14
Goldman Sachs	15,290	5%	1%	12/20/23	A+	60
Goldman Sachs	53,240	2.92%	3M LIBOR	7/19/24	A+	(283)
Bank of America	23,720	2.92%	3M LIBOR	7/19/24	A-	(126)
Goldman Sachs	7,010	3.02%	3M LIBOR	12/3/24	A+	(145)
Bank of America	3,064	3.02%	3M LIBOR	12/3/24	A-	(63)
Bank of America	35,162	3M LIBOR	2.9%	12/10/24	A-	533
Goldman Sachs	15,010	2.87%	3M LIBOR	12/16/24	A+	(208)
Bank of America	6,530	2.87%	3M LIBOR	12/16/24	A-	(90)
Goldman Sachs	13,154	2.9%	3M LIBOR	12/19/24	A+	(58)
Bank of America	5,839	2.9%	3M LIBOR	12/19/24	A-	(26)
Goldman Sachs	6,190	2.78%	3M LIBOR	12/20/24	A+	(58)
Bank of America	2,740	2.78%	3M LIBOR	12/20/24	A-	(26)
Goldman Sachs	7,940	2.74%	3M LIBOR	12/23/24	A+	(61)
Bank of America	3,530	2.74%	3M LIBOR	12/23/24	A-	(27)
Goldman Sachs	21,625	2.91%	3M LIBOR	12/7/25	A+	(291)
Bank of America	9,625	2.91%	3M LIBOR	12/7/25	A-	(129)
Goldman Sachs	12,035	2.72%	3M LIBOR	12/21/25	A+	(55)
Bank of America	5,325	2.72%	3M LIBOR	12/21/25	A-	(23)
Bank of America	12,500	3M LIBOR	2.98%	7/19/26	A-	35
Goldman Sachs	28,060	3M LIBOR	2.98%	7/19/26	A+	79
Goldman Sachs	6,912	3M LIBOR	3.05%	12/17/26	A+	22
Bank of America	723,570	0.27%	6M LIBOR	8/11/27	A-	(88)
Bank of America	12,660	3.46%	UK RPI	11/15/27	A-	97
Bank of America	3,300	RPI	3.41%	1/15/28	A-	(221)
Bank of America	1,510	6M EURIB	0.76%	2/15/28	A-	3
Goldman Sachs	3,390	6M EURIB	0.76%	2/15/28	A+	7
Bank of America	2,720	6M EURIB	0.78%	2/15/28	A-	11
Goldman Sachs	6,100	6M EURIB	0.78%	2/15/28	A+	25
Bank of America	4,230	6M EURIB	0.8%	2/15/28	A-	25
Goldman Sachs	9,490	6M EURIB	0.8%	2/15/28	A+	55
Bank of America	7,950	6M EURIB	0.82%	2/15/28	A-	59
Goldman Sachs	18,090	6M EURIB	0.82%	2/15/28	A+	135
Bank of America	19,230	6M EURIB	0.83%	2/15/28	A-	167
Bank of America	12,930	3.21%	3M BBR	3/19/28	A-	(512)
Bank of America	17,250	3.21%	3M BBR	3/20/28	A-	(683)
Bank of America	3,775	1.04%	6M EURIB	3/23/28	A-	(160)

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Fixed Income Portfolio Swaps**  
**At December 31, 2018**  
(dollars expressed in thousands)

	<b>Notional Amount</b>	<b>URS Rate</b>	<b>Counterparty Rate</b>	<b>Maturity Date</b>	<b>Credit Rating</b>	<b>Fair Value</b>
<b>Defined Benefit – Continued</b> .....						
Bank of America	\$ 1,530,490	0.32%	6M LIBOR	4/27/28	A-	\$ (235)
Bank of America	52,640	RPI	3.34%	6/15/28	A-	(110)
Goldman Sachs	2,180	3.05%	3M LIBOR	7/25/28	A+	(82)
Bank of America	980	3.05%	3M LIBOR	7/25/28	A-	(37)
Goldman Sachs	11,862	3.12%	3M LIBOR	8/15/28	A+	(403)
Bank of America	6,825	RPI	3.39%	8/15/28	A-	(219)
Bank of America	5,146	3.12%	3M LIBOR	8/15/28	A-	(175)
Bank of America	4,840	3M LIBOR	2.83%	8/15/28	A-	48
Goldman Sachs	10,980	3M LIBOR	2.83%	8/15/28	A+	109
Goldman Sachs	369	6M EURIB	0.88%	8/28/28	A+	6
Bank of America	760	6M EURIB	0.88%	8/28/28	A-	12
Bank of America	1,880	RPI	3.5%	9/15/28	A-	(104)
Goldman Sachs	19,030	3.12%	3M LIBOR	10/4/28	A+	(679)
Bank of America	250	3.12%	3M LIBOR	10/4/28	A-	(9)
Bank of America	5,580	3.27%	3M LIBOR	10/9/28	A-	(276)
Goldman Sachs	2,150	3.28%	3M LIBOR	10/9/28	A+	(108)
Bank of America	950	3.28%	3M LIBOR	10/9/28	A-	(48)
Bank of America	1,370	3M LIBOR	3.25%	10/9/28	A-	65
Goldman Sachs	3,110	3M LIBOR	3.25%	10/9/28	A+	148
Goldman Sachs	8,540	RPI	3.49%	10/15/28	A+	(43)
Bank of America	17,970	RPI	3.51%	10/15/28	A-	5
Goldman Sachs	1,565	RPI	3.51%	10/15/28	A+	10
Goldman Sachs	11,335	2.25%	CPI	10/30/28	A+	(924)
Bank of America	7,860	2.25%	CPI	10/30/28	A-	(404)
Bank of America	716,795	0.0035	6M LIBOR	11/1/28	A-	(138)
Goldman Sachs	5,508	3.27%	3M LIBOR	11/9/28	A+	(270)
Bank of America	2,450	3.27%	3M LIBOR	11/9/28	A-	(120)
Bank of America	14,510	3M LIBOR	3.14%	11/29/28	A-	539
Goldman Sachs	33,030	3M LIBOR	3.14%	12/29/28	A+	1,228
Goldman Sachs	5,590	1.37%	6M EURIB	2/20/29	A+	(333)
Bank of America	38,770	2.8%	3M BBR	3/20/29	A-	(9)
Bank of America	14,410	UKRPI	3.55%	11/15/32	A-	11
Bank of America	3,060	3M LIBOR	3%	2/15/36	A-	64
Goldman Sachs	7,040	3M LIBOR	3%	12/15/36	A+	148
Bank of America	3,800	UKRPI	3.6%	11/15/42	A-	212
Goldman Sachs	23,710	3.23%	3M LIBOR	5/15/44	A+	(1,582)
Bank of America	10,540	3.23%	3M LIBOR	5/15/44	A-	(703)
Goldman Sachs	5,117	3.09%	3M LIBOR	5/15/44	A+	(206)
Bank of America	2,195	3.09%	3M LIBOR	5/15/44	A-	(88)
Bank of America	220	EUR CPI	1.83%	5/15/47	A-	39
Bank of America	17,280	3.55%	RPI	11/15/47	A-	(346)
Bank of America	15,290	EUR P	1.97%	1/15/48	A-	104
Bank of America	1,605	EUR P	1.99%	1/15/48	A-	114
Bank of America	3,800	3.51%	RPI	2/15/48	A-	(104)
Bank of America	1,460	3.41%	RPI	3/15/48	A-	72
Bank of America	1,460	EUR P	1.98%	6/15/48	A-	110
Bank of America	3,310	RPI	3.44%	8/15/48	A-	(53)
Bank of America	18,825	3.43%	RPI	8/15/48	A-	7
Bank of America	17,970	EUR P	1.9%	12/15/48	A-	130
Goldman Sachs	1,810	3M LIBOR	3.08%	2/20/53	A+	60
Total Interest Rate and Credit Default Swaps - Defined Benefit	\$ 11,589,746					\$ (7,318)

*Table continues on next page.*

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Fixed Income Portfolio Swaps**  
**At December 31, 2018**  
(dollars expressed in thousands)

	<b>Notional Amount</b>	<b>URS Rate</b>	<b>Counterparty Rate</b>	<b>Maturity Date</b>	<b>Credit Rating</b>	<b>Fair Value</b>
<b>Defined Contribution</b>						
Credit Suisse First Boston	\$ 1,500	2.23%	US CPI	9/18/20	BBB+	\$ (24)
Credit Suisse First Boston	1,780	—%	6M EURIB	11/12/20	BBB+	(1)
Credit Suisse First Boston	2,300	2.86%	3M LIBOR	12/31/20	BBB+	(9)
Credit Suisse First Boston	1,950	2.77%	3M LIBOR	12/31/20	BBB+	(5)
Credit Suisse First Boston	960	3M LIBOR	2.98%	12/31/20	BBB+	8
Credit Suisse First Boston	410	3M LIBOR	3.07%	11/22/21	BBB+	4
Credit Suisse First Boston	400	3M LIBOR	3.02%	12/3/21	BBB+	4
Credit Suisse First Boston	400	3M LIBOR	3.02%	12/3/21	BBB+	4
Credit Suisse First Boston	400	3M LIBOR	2.89%	12/10/21	BBB+	3
Credit Suisse First Boston	800	3M LIBOR	2.93%	12/10/21	BBB+	6
Credit Suisse First Boston	300	3M LIBOR	2.82%	12/12/21	BBB+	2
Credit Suisse First Boston	400	3M LIBOR	2.85%	12/17/21	BBB+	2
Credit Suisse First Boston	400	3M LIBOR	2.82%	12/12/21	BBB+	2
Credit Suisse First Boston	400	3M LIBOR	2.81%	12/19/21	BBB+	2
Credit Suisse First Boston	600	3M LIBOR	2.75%	12/20/21	BBB+	3
Credit Suisse First Boston	800	3M LIBOR	2.71%	12/23/21	BBB+	3
Credit Suisse First Boston	395	3M LIBOR	2.59%	12/30/21	BBB+	1
Credit Suisse First Boston	400	3M LIBOR	2.64%	12/30/21	BBB+	1
Credit Suisse First Boston	2,087	3.12%	3M LIBOR	10/6/22	BBB+	(24)
Credit Suisse First Boston	710	0.42%	6M EURIB	12/17/22	BBB+	(2)
Credit Suisse First Boston	252	3M LIBOR	2.83%	12/17/22	BBB+	2
Credit Suisse First Boston	330	6M EURIB	0.36%	12/21/22	BBB+	1
Credit Suisse First Boston	610	3M LIBOR	2.64%	12/22/22	BBB+	2
Credit Suisse First Boston	975	3M LIBOR	2.63%	12/22/22	BBB+	3
Credit Suisse First Boston	820	3M LIBOR	2.73%	12/22/22	BBB+	4
Credit Suisse First Boston	975	3M LIBOR	2.65%	12/22/22	BBB+	3
Credit Suisse First Boston	815	1.38%	EUR CPI	4/15/23	BBB+	(10)
Credit Suisse First Boston	498,280	6M LIBOR	0.13%	4/26/23	BBB+	22
Credit Suisse First Boston	1,395	3.26%	UK RPI	5/15/23	BBB+	24
Credit Suisse First Boston	2,550	1DFF	2.68%	5/31/23	BBB+	41
Credit Suisse First Boston	980	1.55%	EUR CPI	7/15/23	BBB+	(19)
Credit Suisse First Boston	4,035	UK RPI	3.36%	8/15/23	BBB+	(47)
Credit Suisse First Boston	1,695	3.36%	UK RPI	8/15/23	BBB+	20
Credit Suisse First Boston	1,695	3.35%	UK RPI	8/15/23	BBB+	20
Credit Suisse First Boston	1,395	3.48%	UK RPI	9/15/23	BBB+	3
Credit Suisse First Boston	820	UK RPI	3.45%	10/15/23	BBB+	1
Credit Suisse First Boston	715	3.45%	UK RPI	10/15/23	BBB+	(1)
Credit Suisse First Boston	1,315	US CPI	2.16%	10/30/23	BBB+	24
Credit Suisse First Boston	2,482	3.05%	3M LIBOR	11/29/23	BBB+	(60)
Credit Suisse First Boston	2,482	3.05%	3M LIBOR	11/29/23	BBB+	6
Credit Suisse First Boston	250	3.21%	1.97%	12/20/23	BBB+	13
Credit Suisse First Boston	750	3.21%	1.8%	12/20/23	BBB+	16
Credit Suisse First Boston	2,150	2.92%	3M LIBOR	7/19/24	BBB+	(12)
Credit Suisse First Boston	330	2.87%	3M LIBOR	12/16/24	BBB+	(4)
Credit Suisse First Boston	529	2.9%	3M LIBOR	12/19/24	BBB+	(2)
Credit Suisse First Boston	250	2.78%	3M LIBOR	12/20/24	BBB+	(2)
Credit Suisse First Boston	330	2.74%	3M LIBOR	12/23/24	BBB+	(2)
Credit Suisse First Boston	875	2.91%	3M LIBOR	12/7/25	BBB+	(12)
Credit Suisse First Boston	500	2.71%	3M LIBOR	12/21/25	BBB+	(2)
Credit Suisse First Boston	1,810	6M EURIB	0.83%	7/19/26	BBB+	15
Credit Suisse First Boston	1,130	3M LIBOR	2.98%	7/19/26	BBB+	3
Credit Suisse First Boston	228	3M LIBOR	3.05%	12/17/26	BBB+	1
Credit Suisse First Boston	59,100	0.27%	6M LIBOR	8/11/27	BBB+	(7)
Credit Suisse First Boston	925	3.46%	UK RPI	11/15/27	BBB+	8
Credit Suisse First Boston	1,050	UK RPI	3.41%	1/15/28	BBB+	(19)
Credit Suisse First Boston	220	6M EURIB	0.78%	2/15/28	BBB+	1
Credit Suisse First Boston	340	6M EURIB	0.8%	2/15/28	BBB+	2
Credit Suisse First Boston	850	6M EURIB	0.82%	2/15/28	BBB+	6

**Utah Retirement Systems**  
 (pension trust and defined contribution plans)  
**Fixed Income Portfolio Swaps**  
**At December 31, 2018**  
*(dollars expressed in thousands)*

	<b>Notional Amount</b>	<b>URS Rate</b>	<b>Counterparty Rate</b>	<b>Maturity Date</b>	<b>Credit Rating</b>	<b>Fair Value</b>
<b>Defined Contribution – Continued</b>						
Bank of America	\$ 2,150	3.21%	3M LIBOR	3/19/28	A-	\$ (85)
Bank of America	2,150	3.21%	3M NDBBB3	3/19/28	A-	1
Bank of America	2,860	3.21%	3M NDBBB4	3/19/28	A-	1
Bank of America	2,860	3.21%	3M LIBOR	3/20/28	A-	(112)
Credit Suisse First Boston	290	1.04%	6M EURIB	3/23/28	BBB+	(12)
Credit Suisse First Boston	118,900	0.32%	6M LIBOR	4/27/28	BBB+	(18)
Credit Suisse First Boston	140	UK RPI	3.34%	6/15/28	BBB+	(5)
Credit Suisse First Boston	90	3.05%	3M LIBOR	7/25/28	BBB+	(4)
Credit Suisse First Boston	770	UK RPI	3.39%	8/15/28	BBB+	(20)
Credit Suisse First Boston	522	3.12%	3M LIBOR	8/15/28	BBB+	(18)
Credit Suisse First Boston	390	3M LIBOR	3.05%	8/15/28	BBB+	4
Credit Suisse First Boston	40	6M EURIB	0.88%	8/28/28	BBB+	1
Credit Suisse First Boston	1,395	UK RPI	3.5%	9/15/28	BBB+	(9)
Credit Suisse First Boston	130	3M LIBOR	3.05%	10/9/28	BBB+	7
Credit Suisse First Boston	90	3.28%	3M LIBOR	10/9/28	BBB+	(5)
Credit Suisse First Boston	130	3M LIBOR	3.25%	10/9/28	BBB+	(1)
Credit Suisse First Boston	460	3.27%	3M LIBOR	10/9/28	BBB+	(25)
Credit Suisse First Boston	90	3.28%	3M LIBOR	10/9/28	BBB+	1
Credit Suisse First Boston	460	3.27%	3M LIBOR	10/9/28	BBB+	3
Credit Suisse First Boston	1,315	2.25%	US CPI	10/30/28	BBB+	(35)
Credit Suisse First Boston	59,140	0.35%	6M LIBOR	11/1/28	BBB+	(11)
Credit Suisse First Boston	225	3.27%	3M LIBOR	11/9/28	BBB+	(12)
Credit Suisse First Boston	225	3.27%	3M LIBOR	11/9/28	BBB+	1
Credit Suisse First Boston	1,330	3M LIBOR	3.14%	11/29/28	BBB+	(3)
Credit Suisse First Boston	1,330	3.14%	3M LIBOR	11/29/28	BBB+	52
Credit Suisse First Boston	3,450	2.8%	3M LIBOR	3/20/29	BBB+	(20)
Credit Suisse First Boston	115	EUR CPI	1.83%	5/15/47	BBB+	3
Credit Suisse First Boston	555	3.55%	UK RPI	11/15/47	BBB+	(28)
Credit Suisse First Boston	925	UK RPI	3.55%	11/15/32	BBB+	1
Credit Suisse First Boston	270	3M LIBOR	3.25%	2/15/36	BBB+	6
Credit Suisse First Boston	555	UK RPI	3.6%	11/15/42	BBB+	17
Credit Suisse First Boston	880	3.23%	3M LIBOR	5/15/44	BBB+	(60)
Credit Suisse First Boston	120	EUR CPI	1.97%	1/15/48	BBB+	8
Credit Suisse First Boston	120	EUR CPI	1.99%	1/15/48	BBB+	9
Credit Suisse First Boston	265	UK RPI	3.51%	2/15/48	BBB+	8
Credit Suisse First Boston	255	3.51%	UK RPI	2/15/48	BBB+	(8)
Credit Suisse First Boston	120	3.41%	UK RPI	3/15/48	BBB+	6
Credit Suisse First Boston	125	EUR CPI	1.98%	6/15/48	BBB+	9
Credit Suisse First Boston	145	2.8%	EUR CPI	7/15/48	BBB+	(12)
Credit Suisse First Boston	170	UK RPI	3.44%	8/15/48	BBB+	(5)
Credit Suisse First Boston	60	EUR CPI	1.95%	8/15/48	BBB+	3
Credit Suisse First Boston	260	3.47%	UK RPI	9/15/48	BBB+	2
Credit Suisse First Boston	300	EUR CPI	1.9%	12/15/48	BBB+	10
Total Interest Rate and Credit Default Swaps - Defined Contribution	\$ 819,797					\$ (333)
Grand Total Interest Rate and Credit Default Swaps	\$ 12,409,543					\$ (7,651)

3M LIBOR - Three Month London Interbank Offered Rate  
 6M LIBOR - Six Month London Interbank Offered Rate  
 RPI - Retail Price Index  
 1DF FUND - One Day Federal Funds Rate  
 3M BBR - New Zealand Base Bank Rate

6M EURIB - Six Month Europe Interbank Offered Rate  
 EUR CPI - European Consumer Price Index  
 UK RPI - United Kingdom Retail Price Index  
 EUR P CPTFE - Eurostat Eurozone HICP Ex Tobacco (Unrevised)

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Real Estate Portfolio Interest Swaps**  
**At December 31, 2018**  
(dollars expressed in thousands)

<b>Defined Benefit</b>						
	<b>Notional Amount</b>	<b>URS Rate</b>	<b>Counterparty Rate</b>	<b>Maturity Date</b>	<b>Credit Rating</b>	<b>Fair Value</b>
Morgan Stanley.....	\$ 71,700	4.720%	1M LIBOR	10/1/20	BBB+	\$ (2,910)
Morgan Stanley.....	43,660	5.294%	1M LIBOR	11/1/21	BBB+	(3,574)
Total Real Estate Swaps.....	<u>\$ 115,360</u>					<u>\$ (6,484)</u>

Derivative instruments that are exchange traded are not subject to credit risk. No derivative instruments held are subject to custodial credit risk. The maximum loss that would be recognized as of December 31, 2018, if all counterparties fail to perform as contracted, was \$1.632 billion. Derivative instrument credit risk at fair value is shown in the table below.

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Credit Risk Derivative Instruments at Fair Value**  
**At December 31, 2018**  
(expressed in thousands)

<b>Quality Rating</b>	<b>Forwards</b>	<b>Options</b>	<b>Swaps</b>	<b>Total</b>
AA+	\$ (262)	\$ —	\$ —	\$ (262)
AA-	(466)	—	—	(466)
A+	(315)	433	—	118
A	(334)	411	—	77
A-	(435)	1,226	(1,778)	(987)
BBB+	(141)	(1,687)	(103)	(1,931)
BBB	(5,148)	(3,127)	—	(8,275)
BBB-	(487)	—	—	(487)
NA	(14)	4,315	361	4,662
Total Subject to Credit Risk.....	<u>\$ (7,602)</u>	<u>\$ 1,571</u>	<u>\$ (1,520)</u>	<u>\$ (7,551)</u>

This maximum exposure is reduced by \$1.644 billion of liabilities, resulting in \$0 exposure to credit risk. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts (SGICs) are noted in a subsequent table. As of December 31, 2018, the counterparties' credit ratings for currency forwards, options, and swaps are subject to credit risk.

URS Defined Contribution Plans members are able to participate in 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, 2018, was \$950.049 million and the market value was \$944.737 million. Credit ratings for the wrap contracts associated with the SGICs are also noted below.

**Utah Retirement Systems**  
(pension trust and defined contribution plans)  
**Synthetic Guaranteed Investment Contracts Underlying Investments**  
**At December 31, 2018**  
(dollars expressed in thousands)

	<b>1-5 Yr. Government/Credit Bond</b>				<b>Intermediate Government/Credit Bond</b>				<b>MetLife Separate Account</b>				<b>Total Underlying Investments</b>	
	<b>Fair Value</b>	<b>Market Value</b>	<b>Duration</b>	<b>Credit Rating</b>	<b>Fair Value</b>	<b>Market Value</b>	<b>Duration</b>	<b>Credit Rating</b>	<b>Fair Value</b>	<b>Market Value</b>	<b>Duration</b>	<b>Credit Rating</b>	<b>Fair Value</b>	<b>Market Value</b>
Asset-backed Securities.....	\$ 99,295	\$ 98,526	1.27	AAA	\$ 39,569	\$ 39,263	1.39	AAA	\$ 47,931	\$ 48,062	1.32	AAA	\$186,795	\$185,851
Agencies.....	49,874	49,488	2.19	AA+	33,201	32,944	3.83	AA+	11,714	11,746	2.60	AA+	94,789	94,178
Corporates.....	153,653	152,463	3.65	A-	102,439	101,646	4.87	A-	69,427	69,616	1.85	A-	325,519	323,725
Government Mortgage-backed Securities..	40,724	40,408	3.06	AA+	24,085	23,899	3.83	AA+	6,052	6,069	2.60	AA+	70,861	70,376
U.S. Treasuries.....	45,253	44,903	3.98	AA+	60,606	60,137	7.01	AA+	23,468	23,532	3.13	AA+	129,327	128,572
Commercial Mortgage-backed Securities..	59,296	58,837	1.31	AA+	38,422	38,125	1.33	AA+	33,913	34,005	1.50	AA+	131,631	130,967
Cash.....	4,892	4,854	—	—	3,501	3,474	—	—	2,734	2,740	—	—	11,127	11,068
Total.....	<u>\$452,987</u>	<u>\$449,479</u>			<u>\$301,823</u>	<u>\$299,488</u>			<u>\$195,239</u>	<u>\$195,770</u>			<u>\$950,049</u>	<u>\$944,737</u>



**Utah Retirement Systems**  
 (pension trust and defined contribution plans)  
**Wrap Contracts**  
**At December 31, 2018**  
*(dollars expressed in thousands)*

<b>Contract Issuer</b>	<b>Fair Value</b>	<b>Market Value</b>	<b>Rate</b>	<b>Duration</b>	<b>Quality Ratings</b>
American General.....	\$ 86,295	\$ 85,701	2.49%	3.08	A+
Lincoln National Life .....	118,535	117,257	2.28%	3.08	AA-
MetLife .....	195,239	195,770	3.40%	1.85	AA-
Transamerica .....	189,467	188,331	2.16%	3.08	AA-
Pacific Life .....	206,054	203,770	2.91%	3.08	AA-
Royal Bank of Canada.....	154,459	153,908	2.76%	3.08	AA-
Subtotal Wrap Contracts.....	950,049	944,737			
Merrill Lynch Repurchase .....	74,164	74,164			
Total.....	<u>\$ 1,024,213</u>	<u>\$ 1,018,901</u>			

### Trust Lands

Trust Lands (permanent fund) invests in derivative instruments through external investment managers retained by the Board and subject to investment management agreements and other policy requirements. Derivative instruments are financial arrangements

between two parties whose payments are based on, or “derived” from, the performance of some agreed-upon benchmark. All derivative instruments are considered investments. The fair value of all derivative instruments is reported in the Statement of Net Position. Trust Lands does not have a formal policy for derivative instruments.

As of June 30, 2019, Trust Lands had the following exposure types classified within Derivative Instruments: Equity Rights/Warrants, Currency Forwards, Options, Swaps, and Futures as shown in the table below.

**Trust Lands**  
 (permanent fund)  
**Derivative Financial Instruments**  
**June 30, 2019**  
*(expressed in thousands)*

<b>Risk Type</b>	<b>Gross Notional Value</b>	<b>Asset Fair Market Value</b>	<b>Liability Fair Market Value</b>	<b>Earnings (Losses)</b>
Equity Rights/Warrants.....	\$ 388	\$ 30	\$ —	\$ 36
Currency Forwards.....	900	—	(6)	106
SWAPs .....	8,900	206	(473)	(27)
Futures.....	5,790	—	—	547
Total .....	<u>\$ 15,978</u>	<u>\$ 236</u>	<u>\$ (479)</u>	<u>\$ 662</u>

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 bears 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.

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.

Futures represent a financial contract obligating the buyer to purchase an asset or the seller to sell an asset, such as a physical commodity or a financial instrument, at a predetermined future date and price. Futures contracts are valued at their last reported sales

price as of measurement date and are included in the Statements of Changes in Net Position.

### Student Assistance Program

The following are disclosures for derivative 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
June 30, 2019 Notional Amount ..	\$178,100,000
Board Pays Floating.....	3 Month LIBOR + 1.64905 percent
Counterparty Pays Fixed.....	Stepped fixed-rates ranging from 4.664 to 5.000 percent
Payment Dates .....	The 1 <sup>st</sup> day of May and November

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

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

Derivative Instrument	Fair Value			Change in Fair Value
	June 30, 2019	June 30, 2018		
Interest Rate Exchange ..	\$ 10,293	\$ 3,618	\$	6,675

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

Fiscal Year	Counterparty Swap Payment			Interest Payments to Bondholders	Total Payments
	To	From	Net		
2020	\$ (6,618)	\$ 8,110	\$ 1,492	\$ (8,110)	\$ (6,618)
2021	(4,415)	5,410	995	(5,410)	(4,415)
2022	(2,754)	3,375	621	(3,375)	(2,754)
2023	(894)	1,095	201	(1,095)	(894)
2024	(117)	145	28	(145)	(117)
Total ..	<u>\$(14,798)</u>	<u>\$18,135</u>	<u>\$ 3,337</u>	<u>\$ (18,135)</u>	<u>\$ (14,798)</u>

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 "Aa2/Aa2", "AA-/A+" and "AA/AA-" by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively.

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

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

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

**Basis Risk** – The risk that arises when variable rates or prices of a swap agreement and a hedged item are based on different interest rate indexes. Because the swap agreement requires the Board to pay a variable rate to the counterparty, and 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, 2019.

**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

The PTIF condensed financial statements, inclusive of external and internal participants along with the portfolio statistics for the fiscal year ended June 30, 2019, are shown in the tables below:

**Utah Public Treasurers' Investment Fund**  
**Statement of Net Position**  
**June 30, 2019**  
*(expressed in thousands)*

<b>Assets</b>	
Cash and Cash Equivalents .....	\$ 795,473
Investments.....	15,228,316
Total Assets.....	<u>\$ 16,023,789</u>
<b>Liabilities</b>	
Payable for Unsettled Trades	<u>\$ 17,125</u>
<b>Net Position</b>	
External Participant Account Balances:	
External Participants.....	10,193,185
Unrealized Gains/(Losses) .....	11,021
Total External Participants .....	<u>10,204,206</u>
Internal Participant Account Balances:	
Primary Government .....	5,007,291
Discrete Component Units .....	788,910
Unrealized Gains/(Losses) .....	6,257
Total Internal Participants.....	<u>5,802,458</u>
Total Net Position .....	<u>\$ 16,006,664</u>
Participant Account Balance Net Position	1.00412782
Valuation Factor.....	

**Utah Public Treasurers' Investment Fund**  
**Statement of Changes in Net Position**  
**For the Fiscal Year Ended June 30, 2019**  
*(expressed in thousands)*

<b>Additions</b>	
Pool Participant Deposits.....	<u>\$ 15,440,211</u>
Investment Income:	
Investment Earnings.....	437,578
Fair Value Increases (Decreases) .....	10,485
Total Investment Income.....	<u>448,063</u>
Less Administrative Expenses .....	<u>(718)</u>
Net Investment Income .....	<u>447,345</u>
Total Additions.....	<u>15,887,556</u>
<b>Deductions</b>	
Pool Participant Withdrawals.....	14,048,019
Earnings Distributions .....	436,425
Total Deductions .....	<u>14,484,444</u>
Net Increase/(Decrease) From Operations.	<u>1,403,112</u>
<b>Net Position</b>	
Beginning of Year .....	<u>14,603,552</u>
Net Position – End of Year.....	<u>\$ 16,006,664</u>

**Utah Public Treasurers' Investment Fund**  
**Portfolio Statistics**  
**At June 30, 2019**

	<b>Range of Yields</b>	<b>Weighted Average Maturity</b>
Money Market Mutual Funds .....	2.25 – 2.45%	1 day
Corporate Bonds and Notes .....	2.38 – 3.55%	50.34 days
Commercial Paper.....	2.36 – 2.88%	5.61 days
<b>Weighted Average Yield</b>		<b>Average Adjusted Maturity</b>
Total Investment Fund .....	2.84%	47.67 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, 2019, were \$21 million. Of those, \$20.500 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, 2019, for the PTIF:

Utah Public Treasurers' Investment Fund Investments Measured at Fair Value At June 30, 2019 (expressed in thousands)			
Investments by Fair Value Level	Fair Value	Fair Value Measurements Using	
		Level 1	Level 2
<b>Debt Securities</b>			
Corporate Bonds and Notes .....	\$ 15,028,926	\$ —	\$ 15,028,926
Money Market Mutual Funds .....	533,529	533,529	—
Commercial Paper .....	391,740	—	391,740
Total Debt Securities .....	<u>\$ 15,954,195</u>	<u>\$ 533,529</u>	<u>\$ 15,420,666</u>

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.
- Negotiable Certificates of Deposit and 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, 2019, are presented on the following table.

Utah Public Treasurers' Investment Fund At June 30, 2019 (expressed in thousands)		
Investment Type	Fair Value	Investment Maturities (in years)
		Less Than 1
<b>Debt Securities</b>		
Corporate Bonds and Notes .....	\$ 15,028,926	\$ 15,028,926
Money Market Mutual Funds .....	533,529	533,529
Commercial Paper .....	391,740	391,740
Total Debt Securities Investments .....	<u>\$ 15,954,195</u>	<u>\$ 15,954,195</u>

#### Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The 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, 2019, 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, 2019 (expressed in thousands)							
Debt Investments	Fair Value	Quality Ratings					
		AA	A	BBB	BB	A1*	Not Rated
Corporate Bonds and Notes .....	\$ 15,028,926	\$ 2,114,707	\$ 10,652,977	\$ 2,231,285	\$ 29,957	\$ —	\$ —
Money Market Mutual Funds .....	\$ 533,529	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 533,529
Commercial Paper .....	\$ 391,740	\$ —	\$ —	\$ —	\$ —	\$ 391,740	\$ —

\* A1 is Commercial Paper Rating

**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, 2019, 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, 2019, with more than 5 percent of the total investments in a single issuer.

**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, 2019, were \$1.036 billion and \$102.175 million, respectively. These receivables are net of an allowance for doubtful accounts of \$372.527 million and \$12.048 million, respectively.

Receivables as of June 30, 2019, consisted of the following (in thousands):

	Accounts Receivable					
	Federal	Customer	Other	Interest	Taxes	Notes/Mortgages
<b>Governmental Activities:</b>						
General Fund .....	\$ 283,582	\$ 279,542	\$ 28,223	\$ 108	\$ 372,940	\$ 2,333
Education Fund .....	168,425	19	2,081	117	1,239,245	11,380
Transportation Fund .....	85,860	7,458	5,055	—	87,476	—
Transportation Investment Fund .....	—	—	—	—	87,976	—
Trust Lands Fund .....	—	—	29,734	266	—	1,703
Nonmajor Funds .....	4,070	27,058	—	997	2,606	—
Internal Service Funds .....	—	6,608	—	—	—	—
Adjustments:						
Fiduciary Funds .....	—	—	75	—	—	—
Total Receivables .....	541,937	320,685	65,168	1,488	1,790,243	15,416
Less Allowance for Uncollectibles:						
General Fund .....	—	(66,005)	—	—	(12,412)	(1,468)
Education Fund .....	—	—	—	—	(216,053)	—
Transportation Fund .....	—	(200)	—	—	(1,553)	—
Transportation Investment Fund .....	—	—	—	—	(3,292)	—
Receivables, net .....	541,937	254,480	65,168	1,488	1,556,933	13,948
Current Receivables .....	541,937	217,195	58,665	1,488	1,413,629	3,269
Noncurrent Receivables .....	—	37,285	6,503	—	143,304	10,679
Total Receivables, net .....	\$ 541,937	\$ 254,480	\$ 65,168	\$ 1,488	\$ 1,556,933	\$ 13,948
<b>Business-type Activities:</b>						
Student Assistance Programs .....	\$ 2,729	\$ 5,594	\$ 236	\$ 33,608	\$ —	\$ 1,421,720
Unemployment Compensation .....	115	106,488	—	—	—	—
Water Loan Programs .....	2,276	425	—	7,737	5,014	697,186
Community Impact Loan Fund .....	—	—	—	4,833	—	486,100
Nonmajor Funds .....	760	12,418	—	4,027	—	213,897
Total Receivables .....	5,880	124,925	236	50,205	5,014	2,818,903
Less Allowance for Uncollectibles:						
Student Assistance Programs .....	—	—	—	—	—	(7,076)
Unemployment Compensation .....	—	(48,913)	—	—	—	—
Total Receivables, net .....	\$ 5,880	\$ 76,012	\$ 236	\$ 50,205	\$ 5,014	\$ 2,811,827

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

Accounts payable and accrued liabilities as of June 30, 2019, consisted of the following (in thousands):

	<b>Salaries/ Benefits</b>	<b>Service Providers</b>	<b>Vendors/ Other</b>	<b>Government</b>	<b>Tax Refunds/ Credits</b>	<b>Interest</b>	<b>Total</b>
<b>Governmental Activities:</b>							
General Fund.....	\$ 61,246	\$ 271,519	\$ 55,858	\$ 104,118	\$ 7,486	\$ —	\$ 500,227
Education Fund.....	1,418	3,397	15,308	173,750	72,402	—	266,275
Transportation Fund.....	6,186	—	164,221	46,416	722	—	217,545
Transportation Investment Fund.....	—	—	—	5,600	—	—	5,600
Trust Lands Fund.....	—	—	24,407	—	—	438	24,845
Nonmajor Governmental Funds.....	324	3	86,160	5,814	415	47,885	140,601
Internal Service Funds.....	5,273	—	23,550	1,922	—	—	30,745
Adjustments:							
Fiduciary Funds.....	—	—	—	305	—	—	305
Other.....	—	—	—	—	—	1,098	1,098
Total Governmental Activities.....	<u>\$ 74,447</u>	<u>\$ 274,919</u>	<u>\$ 369,504</u>	<u>\$ 337,925</u>	<u>\$ 81,025</u>	<u>\$ 49,421</u>	<u>\$ 1,187,241</u>
<b>Business-type Activities:</b>							
Student Assistance Programs.....	\$ 2,395	\$ —	\$ 5,153	\$ 3,294	\$ —	\$ 2,527	\$ 13,369
Unemployment Compensation Fund.....	—	4,020	—	108	—	—	4,128
Water Loan Programs.....	—	206	999	—	—	—	1,205
Community Impact Loan Fund.....	—	—	17	—	—	—	17
Nonmajor Enterprise Funds.....	2,301	5,872	16,108	—	66	425	24,772
Total Business-type Activities.....	<u>\$ 4,696</u>	<u>\$ 10,098</u>	<u>\$ 22,277</u>	<u>\$ 3,402</u>	<u>\$ 66</u>	<u>\$ 2,952</u>	<u>\$ 43,491</u>

Accounts payable and accrued liability balances are an aggregation of amounts due to: (1) state employees for salaries/benefits; (2) service providers for childcare, job and health services; (3) vendors, miscellaneous suppliers, brokers, dealers, and clearing organizations for unsettled investment trades (Trust Lands Fund); (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, 2019, consisted of the following (in thousands):

<b>Due to General Fund from:</b>		Trust Lands Fund.....	67
Education Fund.....	\$ 882	Nonmajor Governmental Funds .....	12,080
Transportation Fund .....	2,627	Total due to Water Loan Programs from other funds.....	\$ 12,149
Trust Lands Fund.....	46		
Nonmajor Governmental Funds .....	3,575	<b>Due to Nonmajor Enterprise Funds from:</b>	
Unemployment Compensation Fund.....	6,505	General Fund .....	\$ 1,689
Water Loan Programs .....	82	Education Fund.....	3
Community Impact Loan Fund .....	6	Transportation Fund .....	7
Nonmajor Enterprise Funds.....	35,073	Trust Lands Fund.....	—
Internal Service Funds.....	1,373	Nonmajor Governmental Funds .....	14,020
Fiduciary Funds.....	18	Internal Service Funds.....	9
Total due to General Fund from other funds .....	\$ 50,187	Total due to Nonmajor Enterprise Funds from other funds .....	\$ 15,728
<b>Due to Education Fund from:</b>		<b>Due to Internal Service Funds from:</b>	
General Fund .....	\$ 5,702	General Fund .....	\$ 31,946
Unemployment Compensation Fund.....	259	Education Fund.....	432
Trust Lands Fund.....	20,666	Transportation Fund .....	4,419
Total due to Education Fund from other funds.....	\$ 26,627	Nonmajor Governmental Funds .....	1,313
		Nonmajor Enterprise Funds.....	1,061
<b>Due to Transportation Fund from:</b>		Internal Service Funds.....	1,420
General Fund .....	\$ 122	Fiduciary Funds.....	29
Nonmajor Governmental Funds .....	260	Total due to Internal Service Funds from other funds.....	\$ 40,620
Nonmajor Enterprise Funds.....	3		
Internal Service Funds.....	97	<b>Due to Fiduciary Funds from:</b>	
Total due to Transportation Fund from other funds.....	\$ 482	General Fund .....	\$ 123
		Nonmajor Governmental Funds .....	180
<b>Due to Trust Lands from:</b>		Internal Service Funds.....	2
General Fund .....	\$ 113	Total due to Fiduciary Funds from other funds .....	\$ 305
Nonmajor Enterprise Funds.....	1,288		
Total due to Trust Lands from other fund.....	\$ 1,401	Total Due to/Due froms .....	\$ 150,309
<b>Due to Nonmajor Governmental Funds from:</b>			
General Fund .....	\$ 2,764		
Internal Service Funds.....	18		
Fiduciary Funds.....	28		
Total due to Nonmajor Governmental Funds from other funds.....	\$ 2,810		
<b>Due to Water Loan Programs from:</b>			
General Fund .....	\$ 2		

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, 2019, interfund loans receivable/payable balances consist of \$31.417 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of \$31.417 million includes \$12.063 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, 2019, was as follows (in thousands):

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
<b>Governmental Activities:</b>				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets.....	\$ 2,045,451	\$ 153,349	\$ (11,021)	\$ 2,187,779
Infrastructure .....	14,371,953	174,069	(25,628)	14,520,394
Construction in Progress .....	1,231,647	464,452	(459,633)	1,236,466
Total Capital Assets Not Depreciated/Amortized.....	<u>17,649,051</u>	<u>791,870</u>	<u>(496,282)</u>	<u>17,944,639</u>
Capital Assets Depreciated/Amortized:				
Buildings and Improvements.....	2,196,283	139,541	(312)	2,335,512
Infrastructure .....	74,529	1,242	(20)	75,751
Machinery and Equipment .....	561,280	42,879	(77,685)	526,474
Intangible Assets—Software .....	299,856	24,119	(1,915)	322,060
Total Capital Assets Depreciated/Amortized.....	<u>3,131,948</u>	<u>207,781</u>	<u>(79,932)</u>	<u>3,259,797</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements.....	(959,926)	(63,383)	216	(1,023,093)
Infrastructure .....	(36,191)	(2,572)	20	(38,743)
Machinery and Equipment .....	(363,955)	(33,094)	72,330	(324,719)
Intangible Assets—Software .....	(208,971)	(36,738)	1,629	(244,080)
Total Accumulated Depreciation/Amortization.....	<u>(1,569,043)</u>	<u>(135,787)</u>	<u>74,195</u>	<u>(1,630,635)</u>
Total Capital Assets Depreciated/Amortized, Net.....	<u>1,562,905</u>	<u>71,994</u>	<u>(5,737)</u>	<u>1,629,162</u>
Capital Assets, Net .....	<u>\$ 19,211,956</u>	<u>\$ 863,864</u>	<u>\$ (502,019)</u>	<u>\$ 19,573,801</u>
<b>Business-type Activities:</b>				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets.....	\$ 25,945	\$ 1,738	\$ —	\$ 27,683
Construction in Progress .....	1,104	2,649	(760)	2,993
Total Capital Assets Not Depreciated/Amortized.....	<u>27,049</u>	<u>4,387</u>	<u>(760)</u>	<u>30,676</u>
Capital Assets Depreciated/Amortized:				
Buildings and Improvements.....	98,080	3,838	(197)	101,721
Infrastructure .....	430	—	—	430
Machinery and Equipment .....	18,419	1,418	(960)	18,877
Intangible Assets—Software .....	3,781	341	—	4,122
Total Capital Assets Depreciated/Amortized.....	<u>120,710</u>	<u>5,597</u>	<u>(1,157)</u>	<u>125,150</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements.....	(38,616)	(3,345)	—	(41,961)
Infrastructure .....	(149)	(12)	—	(161)
Machinery and Equipment .....	(13,636)	(1,073)	815	(13,894)
Intangible Assets—Software .....	(2,579)	(413)	—	(2,992)
Total Accumulated Depreciation/Amortization.....	<u>(54,980)</u>	<u>(4,843)</u>	<u>815</u>	<u>(59,008)</u>
Total Capital Assets Depreciated/Amortized, Net.....	<u>65,730</u>	<u>754</u>	<u>(342)</u>	<u>66,142</u>
Capital Assets, Net .....	<u>\$ 92,779</u>	<u>\$ 5,141</u>	<u>\$ (1,102)</u>	<u>\$ 96,818</u>

Construction in progress of governmental activities includes amounts for buildings the State is constructing for colleges and universities and other discrete component units that are funded by state appropriations or state bond proceeds. As the buildings are completed, the applicable amounts are deleted from construction in progress of governmental activities and “transferred” to the colleges

and universities and other discrete component units. For fiscal year 2019, \$140.747 million of buildings were completed for colleges and universities. On the government-wide statement of activities, the building “transfers” are reported as higher education expenses of governmental activities and as program revenues of discrete component units.



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

General Government .....	\$ 18,026
Human Services and Juvenile Justice Services.....	10,535
Corrections .....	8,279
Public Safety .....	18,670
Courts .....	7,909
Health and Environmental Quality .....	5,395
Employment and Family Services .....	18,692
Natural Resources .....	10,780
Heritage and Arts .....	560
Business, Labor, and Agriculture.....	1,275
Public Education .....	709
Transportation .....	16,553
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided .....	18,404
Total Depreciation Expense .....	<u>\$ 135,787</u>

### 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	Utah Transit Authority	Nonmajor Component Units	Total
Capital Assets Not Depreciated/Amortized:						
Land and Related Assets .....	\$ —	\$ 85,265	\$ 43,936	\$ 440,917	\$ 149,648	\$ 719,766
Art and Special Collections .....	—	83,162	43,739	—	10,276	137,177
Construction in Progress .....	—	504,037	22,160	109,973	31,964	668,134
Total Capital Assets Not Depreciated/Amortized .....	<u>0</u>	<u>672,464</u>	<u>109,835</u>	<u>550,890</u>	<u>191,888</u>	<u>1,525,077</u>
Capital Assets Depreciated/Amortized:						
Building and Improvements.....	—	3,725,033	1,255,582	302,473	2,231,969	7,515,057
Infrastructure .....	—	465,357	—	2,670,372	123,611	3,259,340
Machinery and Equipment .....	430	1,359,149	280,668	968,419	322,505	2,931,171
Total Capital Assets Depreciated/Amortized .....	<u>430</u>	<u>5,549,539</u>	<u>1,536,250</u>	<u>3,941,264</u>	<u>2,678,085</u>	<u>13,705,568</u>
Less Accumulated Depreciation/Amortization .....	<u>(363)</u>	<u>(2,753,222)</u>	<u>(689,121)</u>	<u>(1,402,257)</u>	<u>(1,060,663)</u>	<u>(5,905,626)</u>
Total Capital Assets Depreciated/Amortized, Net .....	<u>67</u>	<u>2,796,317</u>	<u>847,129</u>	<u>2,539,007</u>	<u>1,617,422</u>	<u>7,799,942</u>
Discrete Component Units – Capital Assets, Net .....	<u>\$ 67</u>	<u>\$ 3,468,781</u>	<u>\$ 956,964</u>	<u>\$ 3,089,897</u>	<u>\$ 1,809,310</u>	<u>\$ 9,325,019</u>

### 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 \$2.335 million in principal and \$978 thousand in interest for fiscal year 2019. As of June 30, 2019, the historical cost of the primary government's assets acquired through capital leases was \$55.832 million of which \$55.063 million was buildings and land

and \$769 thousand was equipment and other depreciable assets. As of June 30, 2019, the accumulated depreciation of the primary government's assets acquired through capital leases was \$19.432 million of which \$18.663 million was buildings and \$769 thousand was equipment and other depreciable assets. Of the \$214.309 million in discrete component unit present value of future minimum lease payments noted below, \$86.350 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 2019 were \$45.844 million for the primary government and \$43.210 million for discrete component units. For fiscal year 2018, the operating lease expenditures were \$37.617 million for the primary government and

\$33.618 million for discrete component units. Future minimum lease commitments for non-cancellable operating leases and capital

leases as of June 30, 2019, and for Utah Transit Authority (major discrete component unit) as of December 31, 2018, were as follows:

**Future Minimum Lease Commitments**  
**Operating Leases**  
*(expressed in thousands)*

Fiscal Year	Primary Government	Discrete Component Units
2020 .....	\$ 20,097	\$ 40,860
2021 .....	17,551	37,438
2022 .....	14,683	32,553
2023 .....	11,724	28,745
2024 .....	8,138	26,691
2025-2029 .....	14,479	70,040
2030-2034 .....	1,200	22,304
2035-2039 .....	1,153	17,721
2040-2044 .....	874	16,928
2045-2049 .....	10	16,582
2050-2054 .....	10	2,198
2055-2059 .....	6	45
Total Future Minimum Lease Payments .....	<u>\$ 89,925</u>	<u>\$ 312,105</u>

**Future Minimum Lease Commitments**  
**Capital Leases**  
*(expressed in thousands)*

Fiscal Year	Primary Government			Discrete Component Units		
	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
2020 .....	\$ 338	\$ 65	\$ 273	\$ 38,061	\$ 6,221	\$ 31,840
2021 .....	338	58	280	37,986	5,586	32,400
2022 .....	327	50	277	35,647	4,724	30,923
2023 .....	317	42	275	31,693	3,920	27,773
2024 .....	317	33	284	17,874	3,312	14,562
2025-2029 .....	1,019	74	945	69,752	10,839	58,913
2030-2034 .....	482	13	469	16,754	1,978	14,776
2035-2039 .....	—	—	—	3,311	189	3,122
Total .....	<u>\$ 3,138</u>	<u>\$ 335</u>	<u>\$ 2,803</u>	<u>\$ 251,078</u>	<u>\$ 36,769</u>	<u>\$ 214,309</u>

**Future Minimum Lease Commitments**  
**Capital Leases - Direct Borrowings**  
*(expressed in thousands)*

Fiscal Year	Primary Government			Discrete Component Units		
	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
2020 .....	\$ 3,183	\$ 830	\$ 2,353	\$ 7,758	\$ 1,120	\$ 6,638
2021 .....	3,222	745	2,477	7,104	986	6,118
2022 .....	3,262	655	2,607	6,096	861	5,235
2023 .....	2,871	560	2,311	5,033	748	4,285
2024 .....	2,032	480	1,552	4,384	648	3,736
2025-2029 .....	8,257	1,769	6,488	20,779	1,823	18,956
2030-2034 .....	5,467	1,162	4,305	4,546	102	4,444
2035-2039 .....	4,455	630	3,825	—	—	—
2040-2044 .....	2,416	131	2,285	—	—	—
Total .....	<u>\$ 35,165</u>	<u>\$ 6,962</u>	<u>\$ 28,203</u>	<u>\$ 55,700</u>	<u>\$ 6,288</u>	<u>\$ 49,412</u>

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

Changes in long-term debt and other long-term liabilities for the year ended June 30, 2019 are presented in the following table. Changes for Utah Transit Authority and PEHP (major discrete component units) are included as of year ended December 31, 2018. As referenced below, certain long-term debt and other long-term liabilities are discussed in other Notes to the Financial Statements.

<b>Long-term Debt and Other Long-term Liabilities</b> (expressed in thousands)					
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
<b>Governmental Activities</b>					
Long-term Debt:					
General Obligation Bonds.....	\$ 2,278,175	\$ 127,715	\$ (250,215)	\$ 2,155,675	\$ 268,350
General Obligation Bonds - Direct Placement.....	118,700	—	(1,100)	117,600	1,300
State Building Ownership Authority (SBOA) Lease Revenue Bonds.....	211,516	—	(37,440)	174,076	7,383
SBOA Lease Revenue Bonds - Direct Placement.....	25,910	—	—	25,910	4,805
Net Unamortized Premiums.....	108,115	23,308	(25,357)	106,066	22,391
Capital Leases (Note 9) - Direct Borrowing.....	30,064	—	(1,861)	28,203	2,353
Notes Payable - Direct Borrowing.....	268	—	(41)	227	45
Other Long-term Liabilities:					
Capital Leases (Note 9).....	3,068	—	(265)	2,803	273
Compensated Absences (Note 1) **.....	184,505	125,572	(98,939)	211,138	99,608
Claims Liability (Note 20) **.....	57,330	22,050	(15,822)	63,558	22,709
Pollution Remediation Obligation **.....	5,366	492	(534)	5,324	541
Settlement Obligations **.....	273	—	(46)	227	46
Net Pension Liability (Note 18) *.....	763,753	377,013	—	1,140,766	—
Net OPEB Liability (Note 19) *.....	99,058	—	(30,723)	68,335	—
Arbitrage Liability (Note 1).....	—	544	—	544	—
Total Governmental Long-term Debt and Liabilities.....	<u>\$ 3,886,101</u>	<u>\$ 676,694</u>	<u>\$ (462,343)</u>	<u>\$ 4,100,452</u>	<u>\$ 429,804</u>
<b>Business-type Activities</b>					
Long-term Debt:					
Student Assistance Revenue Bonds.....	\$ 1,506,965	\$ —	\$ (241,085)	\$ 1,265,880	\$ 269,305
State Building Ownership Authority Lease Revenue Bonds.....	77,704	—	(5,155)	72,549	5,802
Water Loan Recapitalization Revenue Bonds.....	31,225	—	(5,705)	25,520	5,955
Net Unamortized Premiums/(Discounts).....	(6,418)	—	(1,582)	(8,000)	1,094
Notes Payable - Direct Borrowing.....	635	618	(635)	618	19
Other Long-term Liabilities:					
Claims and Uninsured Liabilities.....	4,365	152,359	(153,445)	3,279	3,279
Net Pension Liability (Note 18) *.....	12,038	7,027	—	19,065	—
Net OPEB Liability (Note 19) *.....	1,564	—	(456)	1,108	—
Total Business-type Long-term Debt and Liabilities.....	<u>\$ 1,628,078</u>	<u>\$ 160,004</u>	<u>\$ (408,063)</u>	<u>\$ 1,380,019</u>	<u>\$ 285,454</u>
<b>Discrete Component Units</b>					
Long-term Debt:					
Revenue Bonds.....	\$ 3,478,766	\$ 294,391	\$ (223,570)	\$ 3,549,587	\$ 83,431
Net Unamortized Premiums/(Discounts).....	183,858	17,839	(17,029)	184,668	656
Capital Leases (Note 9) - Direct Borrowing.....	40,779	14,377	(5,744)	49,412	6,638
Notes Payable - Direct Borrowings.....	51,754	509	(14,896)	37,367	5,716
Other Long-term Liabilities:					
Capital Leases/Contracts Payable (Notes 9 and 10).....	202,663	45,457	(28,783)	219,337	35,492
Claims Liability (Note 20).....	151,103	698,051	(700,985)	148,169	70,461
Leave/Termination Benefits (Note 1).....	173,394	145,781	(137,522)	181,653	124,631
Capital Assets Held for Others.....	12,923	—	(403)	12,520	404
Net Pension Liability (Note 18) *.....	373,894	122,691	—	496,585	—
Net OPEB Liability (Note 19) *.....	998	—	(353)	645	—
Total Discrete Component Long-term Debt and Liabilities.....	<u>\$ 4,670,132</u>	<u>\$ 1,339,096</u>	<u>\$ (1,129,285)</u>	<u>\$ 4,879,943</u>	<u>\$ 327,429</u>

The beginning balance for Discrete Component Units increased due to the inclusion of Utah Transit Authority (major discrete component unit) as follows: \$2.127 billion and \$163.890 million in Revenue Bonds and unamortized premiums, respectively, \$40.779 million in Capital Leases - Direct Borrowing; \$1.496 million in Claims Liability; \$9.326 million in Leave/Termination benefits; and \$100.877 million in Net Pension Liability. See [Note 2](#) for further information.

\* The Net Pension Liability and Net Other Postemployment Benefit (OPEB) Liability of governmental activities are 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 further 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 Liability of governmental activities are liquidated in the Risk Management Internal Service Fund. Settlement Obligations of governmental activities are liquidated in the Crime Victim Reparation Fund (nonmajor governmental fund). The Pollution Remediation Obligations of the governmental activities are liquidated in the Environmental Reclamation Fund (nonmajor governmental fund).

**Differences in Net Pension Liability** – The Net Pension Liability (NPL) ending balances for governmental activities of \$1.141 billion and for business-type activities of \$19.065 million differ from the NPL for the primary government of \$1.170 billion as reported in [Note 18](#) due to the following: the NPL for Student Assistance Programs of \$1.630 million and Utah Dairy Commission of \$387 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 \$12.663 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, 2019, the State had \$637.610 million of unissued general obligation highway bond authorizations remaining, and \$355.003 million of unissued general obligation building bond authorizations remaining.

During fiscal year 2019, the State issued \$127.715 million Series 2019 general obligation highway bonds to fund transportation projects.

General obligation bonds payable information is presented below.

### General Obligation Bonds Payable (expressed in thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2019
2009 D Highway Issue .....	09/29/09	2019, 2024	4.15% - 4.55%	\$ 491,760	\$ 491,760
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	44,475
2011 A Highway/Capital Facility Issue .....	07/06/11	2012 - 2021	2.00% - 5.00%	\$ 609,920	131,970
2013 Highway Issue .....	07/30/13	2014 - 2028	3.00% - 5.00%	\$ 226,175	58,375
2015 Refunding Issue .....	04/29/15	2019 - 2026	3.50% - 5.00%	\$ 220,980	220,980
2017 Highway/Prison Issue .....	07/10/17	2018 - 2032	3.00% - 5.00%	\$ 142,070	135,555
2017 Refunding Issue - Direct Placement .....	12/15/17	2018 - 2028	2.21%	\$ 118,700	117,600
2018 Highway/Prison Issue .....	02/28/18	2018 - 2032	3.13% - 5.00%	\$ 343,155	322,865
2019 Highway Issue .....	01/15/19	2019 - 2033	5.00%	\$ 127,715	127,715
Total General Obligation Bonds Outstanding .....					2,273,275
Plus Unamortized Bond Premium .....					101,116
Total General Obligation Bonds Payable .....					<u>\$ 2,374,391</u>

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

Fiscal Year	Principal						
	2009D Highway Bonds	2010B Highway Bonds	2010C Refunding Bonds	2011A Highway / Capital Bonds	2013 Highway Bonds	2015 Refunding Bonds	2017 Highway/ Prison Bonds
2020 .....	\$ 74,145	\$ 29,470	\$ 44,475	\$ 43,990	\$ 13,525	\$ 24,765	\$ 10,700
2021 .....	87,715	101,775	—	43,990	14,200	—	11,225
2022 .....	86,740	102,480	—	43,990	14,950	—	11,825
2023 .....	90,825	103,250	—	—	15,700	39,290	12,400
2024 .....	64,420	104,160	—	—	—	39,260	13,050
2025-2029 .....	87,915	180,845	—	—	—	117,665	62,430
2030-2034 .....	—	—	—	—	—	—	13,925
Total .....	<u>\$ 491,760</u>	<u>\$ 621,980</u>	<u>\$ 44,475</u>	<u>\$ 131,970</u>	<u>\$ 58,375</u>	<u>\$ 220,980</u>	<u>\$ 135,555</u>

Continues Below

Fiscal Year	Principal					
	2017 Refunding - Direct Placement	2018 Highway/ Prison Bonds	2019 Highway Bonds	Total Principal Required	Total Interest Required	Total Amount Required
2020 .....	\$ 1,300	\$ 20,855	\$ 6,425	\$ 269,650	\$ 83,666	\$ 353,316
2021 .....	1,300	21,925	6,135	\$ 288,265	71,435	\$ 359,700
2022 .....	1,400	23,005	6,450	\$ 290,840	59,304	\$ 350,144
2023 .....	1,400	24,180	6,780	\$ 293,825	46,566	\$ 340,391
2024 .....	17,700	25,385	7,125	\$ 271,100	35,340	\$ 306,440
2025-2029 .....	94,500	121,710	41,500	\$ 706,565	63,758	\$ 770,323
2030-2034 .....	—	85,805	53,300	\$ 153,030	10,605	\$ 163,635
Total .....	<u>\$ 117,600</u>	<u>\$ 322,865</u>	<u>\$ 127,715</u>	<u>\$ 2,273,275</u>	<u>\$ 370,674</u>	<u>\$ 2,643,949</u>

### 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, 2019, are reported as a long-term liability of the governmental activities, except for \$75.834 million and \$968 thousand, 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 \$180.795 million of fixed-rate bonds, \$75.211 million of bonds at a rate set at the 3-month LIBOR plus spread, and \$1.971 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 \$292.411 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 \$58.507 million and \$10.963 million, respectively.

The Student Assistance Programs' notes issued under the 2012 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 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 \$154.214 million of outstanding student loan backed notes which are payable through 2032. Principal and interest paid for the current year and total net revenue before interest expense were \$31.991 million and \$5.879 million, respectively.

The notes issued under the 2014 Trust Estate are 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 \$115.836 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 \$24.637 million and \$4.864 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 \$169.522 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 \$45.385 million and \$6.398 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 \$263.902 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 \$64.429 million and \$9.027 million, respectively.

The notes issued under the 2017 Trust Estate are 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 \$267.300 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 \$60.951 million and \$9.011 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 \$2.695 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 \$812 thousand and \$369 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 \$27.385 million. For the current year, principal and interest paid was \$6.872 million and total repayment from pledged revenues was \$19.565 million. Of the bonds payable outstanding at June 30, 2019, \$25.520 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

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.

Utah Transit Authority issued revenue bonds to partially finance the purchase and construction of various capital assets, and to refund other outstanding bond issues. The bonds are secured by a pledge of sales tax revenues and other revenues of the Authority.

Information on pledged revenues for discrete component units for the fiscal year ended June 30, 2019, is presented below.

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

	University of Utah	Utah State University	Utah Transit Authority	Nonmajor Component Units
Type of Revenue Pledged *	A, B, C	A, B	D	A
Amount of Pledged Revenue	\$1,323,572	\$340,646	\$3,725,328	\$232,724
Term of Commitment	Thru 2044	Thru 2050	Thru 2042	Thru 2049
Percent of Revenue Pledged	100.00%	100.00%	100.00%	100.00%
Current Year Pledged Revenue	\$312,587	\$65,886	\$273,007	\$23,083
Current Year Principal and Interest Paid	\$100,759	\$14,506	\$99,955	\$14,760

\* Type of Revenue Pledged:

A = Student and housing fees, auxiliary net revenues from bookstores, parking, stadium and event centers, and other campus generated charges and fees.

B = Research net revenue generated from the recovery of allocated facilities and administrative rates to grants and contracts.

C = Hospital and clinic net revenues from providing various health and psychiatric services to the community.

D = Sales tax revenues and other transit revenues.

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

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2019
<b>SBOA Lease Revenue Bonds:</b>					
Series 2009 E	09/09/09	2018 – 2030	4.62% – 5.77%	\$ 89,470	\$ 57,690
Series 2010	11/30/10	2011 – 2024	2.00% – 5.00%	\$ 24,555	9,919
Series 2011	10/25/11	2012 – 2031	2.13% – 4.00%	\$ 5,250	2,375
Series 2012 A	11/20/12	2017 – 2027	1.50% – 5.00%	\$ 11,755	9,080
Series 2012 B	11/20/12	2013 – 2022	1.50% – 2.25%	\$ 9,100	1,552
Series 2015	04/29/15	2016 – 2030	3.00% – 5.00%	\$ 785	65
Series 2016	04/05/16	2016 – 2038	2.25% – 5.00%	\$ 93,625	90,475
Series 2017 - Direct Placement	12/15/17	2020 – 2024	5.00%	\$ 25,910	25,910
Series 2018	02/21/18	2020 – 2039	3.00% – 5.00%	\$ 2,920	2,920
Total Lease Revenue Bonds Outstanding					199,986
Plus Unamortized Bond Premium					4,950
Total Lease Revenue Bonds Payable					<u>\$ 204,936</u>

Table continues on next page

**Business-type Activities**  
(dollars expressed in thousands)

**Student Assistance Programs:**

1993 Trust Estate Student Loan Indentures.....	1999 – 2011	2030 – 2046	Variable and Fixed	\$	1,337,655	\$	292,411
2012 Trust Estate Student Loan Indentures.....	2012	2032	Variable	\$	518,700		154,214
2014 Trust Estate Student Loan Indentures.....	2014	2039	Variable	\$	277,000		115,836
2015 Trust Estate Student Loan Indentures.....	2015	2043	Variable	\$	415,500		169,522
2016 Trust Estate Student Loan Indentures.....	2016	2057	Variable	\$	452,250		263,902
2017 Trust Estate Student Loan Indentures.....	2017	2057	Variable	\$	420,000		267,300
SLPP Office Facility Bond Fund.....	2012	2014 – 2024	2.00% – 5.00%	\$	7,295		2,695
Total Revenue Bonds Outstanding.....							1,265,880
Plus Unamortized Bond Discount.....							(12,253)
Total Revenue Bonds Payable.....							<u>\$ 1,253,627</u>

**SBOA Lease Revenue Bonds:**

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		5,646
Series 2012 A.....	11/20/12	2017 – 2027	1.50% – 5.00%	\$	3,855		3,090
Series 2012 B.....	11/20/12	2013 – 2022	1.50% – 2.25%	\$	2,600		333
Series 2015.....	04/29/15	2016 – 2030	3.00% – 5.00%	\$	29,230		26,995
Series 2016.....	04/05/16	2016 – 2038	2.25% – 5.00%	\$	4,525		4,225
Series 2018.....	02/21/18	2020 – 2039	3.00% – 5.00%	\$	15,545		15,545
Total Lease Revenue Bonds Outstanding.....							72,549
Plus Unamortized Bond Premium.....							4,253
Total Lease Revenue Bonds Payable.....							<u>\$ 76,802</u>

**Water Loan Programs:**

Series 2010 C Recapitalization Revenue Bonds.....	02/23/10	2018 – 2022	4.19% – 4.79%	\$	31,225	\$	25,520
Total Recapitalization Revenue Bonds Outstanding.....							25,520
Plus Unamortized Bond Premium.....							0
Total Recapitalization Revenue Bonds Payable.....							<u>\$ 25,520</u>
Total Revenue/Lease Revenue/Recapitalization Revenue Bonds Payable.....							<u>\$ 1,560,885</u>

**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	2009C SBOA Bonds
2020.....	\$ 81,500	\$ 30,140	\$ 18,587	\$ 32,855	\$ 52,176	\$ 53,332	\$ 715	\$ 1,305
2021.....	47,800	29,982	18,413	31,527	50,289	51,846	725	1,370
2022.....	48,000	27,166	16,999	26,612	42,265	44,792	765	1,445
2023.....	42,000	20,362	13,699	20,773	32,375	34,642	240	1,520
2024.....	41,011	19,963	13,447	20,040	30,945	33,288	250	1,605
2025-2029.....	32,100	26,601	34,691	37,715	55,852	49,400	—	9,470
2030-2034.....	—	—	—	—	—	—	—	—
2035-2039.....	—	—	—	—	—	—	—	—
Total.....	<u>\$ 292,411</u>	<u>\$ 154,214</u>	<u>\$ 115,836</u>	<u>\$ 169,522</u>	<u>\$ 263,902</u>	<u>\$ 267,300</u>	<u>\$ 2,695</u>	<u>\$ 16,715</u>

Continues Below

Fiscal Year	Principal							
	2009E SBOA Bonds	2010 SBOA Bonds	2011 SBOA Bonds	2012A SBOA Bonds	2012B SBOA Bonds	2015 SBOA Bonds	2016 SBOA Bonds	2017 SBOA - Direct Placement
2020.....	\$ —	\$ 2,995	\$ 415	\$ 1,490	\$ 1,005	\$ 1,910	\$ 3,475	\$ 4,805
2021.....	—	3,145	430	1,555	665	2,020	3,625	5,120
2022.....	—	3,275	440	1,630	215	2,115	3,800	5,460
2023.....	—	3,445	455	1,710	—	2,220	4,025	5,085
2024.....	—	2,705	70	1,230	—	2,875	4,200	5,440
2025-2029.....	45,745	—	390	4,555	—	14,110	23,650	—
2030-2034.....	11,945	—	175	—	—	1,810	27,300	—
2035-2039.....	—	—	—	—	—	—	24,625	—
Total.....	<u>\$ 57,690</u>	<u>\$ 15,565</u>	<u>\$ 2,375</u>	<u>\$ 12,170</u>	<u>\$ 1,885</u>	<u>\$ 27,060</u>	<u>\$ 94,700</u>	<u>\$ 25,910</u>

Continues Below

Fiscal Year	Principal		Total Principal Amount Required	Total Interest Amount Required	Total Amount Required
	2018 SBOA Bonds	2010C Water Loan Recap Bond			
2020 .....	\$ 590	\$ 5,955	\$ 293,250	\$ 49,704	\$ 342,954
2021 .....	610	6,220	\$ 255,342	40,174	\$ 295,516
2022 .....	645	6,515	\$ 232,139	31,916	\$ 264,055
2023 .....	675	6,830	\$ 190,056	24,847	\$ 214,903
2024 .....	720	—	\$ 177,789	18,900	\$ 196,689
2025-2029 .....	4,125	—	\$ 338,404	35,842	\$ 374,246
2030-2034 .....	5,050	—	\$ 46,280	8,688	\$ 54,968
2035-2039 .....	6,050	—	\$ 30,675	2,580	\$ 33,255
Total .....	<u>\$ 18,465</u>	<u>\$ 25,520</u>	<u>\$ 1,563,935</u>	<u>\$ 212,651</u>	<u>\$ 1,776,586</u>

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

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2019
University of Utah Revenue Bonds .....	1998 - 2018	2018 – 2043	1.50% - 6.28%	\$ 1,418,685	\$ 967,058
Utah State University Revenue Bonds .....	2007 - 2018	2007 – 2050	1.03% - 5.25%	\$ 300,811	224,750
Utah Transit Authority .....	2005 - 2018	2009 – 2042	3.00% - 5.94%	\$ 3,162,942	2,193,617
Nonmajor Component Units Revenue Bonds .....	2004 – 2018	2013 – 2049	1.75% - 6.00%	\$ 211,000	164,162
Total Revenue Bonds Outstanding .....					3,549,587
Plus Unamortized Bond Premium .....					184,668
Total Revenue Bonds Payable .....					<u>\$ 3,734,255</u>

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

Fiscal Year	Principal				Total Principal Required	Interest Required	Total Amount Required
	University of Utah	Utah State University	Utah Transit Authority	Nonmajor Component Units			
2020 .....	\$ 50,175	\$ 6,838	\$ 17,500	\$ 8,918	\$ 83,431	\$ 160,851	\$ 244,282
2021 .....	56,986	7,660	25,920	9,226	99,792	156,757	256,549
2022 .....	59,345	7,993	35,075	9,199	111,612	152,406	264,018
2023 .....	65,340	8,351	44,020	9,568	127,279	146,706	273,985
2024 .....	68,924	8,695	55,090	11,236	143,945	140,581	284,526
2025-2029 .....	314,510	46,148	423,661	49,624	833,943	618,829	1,452,772
2030-2034 .....	208,161	45,835	534,121	32,926	821,043	423,919	1,244,962
2035-2039 .....	98,402	37,650	636,590	13,935	786,577	227,535	1,014,112
2040-2044 .....	35,602	34,100	421,640	9,805	501,147	52,563	553,710
2045-2049 .....	9,613	19,730	—	8,540	37,883	3,072	40,955
2050-2054 .....	—	1,750	—	1,185	2,935	85	3,020
Total .....	<u>\$ 967,058</u>	<u>\$ 224,750</u>	<u>\$ 2,193,617</u>	<u>\$ 164,162</u>	<u>\$ 3,549,587</u>	<u>\$ 2,083,304</u>	<u>\$ 5,632,891</u>

#### 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, 2019, is \$356.244 million in taxable and 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, 2019, the total amount outstanding of defeased general obligation bonds was \$308.780 million. At June 30, 2019, there were no outstanding defeased lease revenue bonds.



On March 15, 2018, Utah Transit Authority (major discrete component unit) issued Series 2018 Senior Lien Revenue Bonds in the amount of \$83.765 million and \$115.540 million in Series 2018 Subordinate Lien Revenue Bonds to provide resources to purchase qualifying open market securities that were placed in an irrevocable trust for the purpose of generating resources for the advanced refunding of certain 2017 revenue bonds, certain 2007A revenue bonds, and to finance certain capital projects. These resources are intended to provide all future debt payments for the 2017 and 2007A Bonds in the amount of \$125.172 million of sales tax revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Authority's financial statements. The advanced refundings were undertaken to reduce total debt service payments over the next 14 years by \$122.907 million, and resulted in an economic gain of \$5.587 million.

In prior years, discrete component units defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the component unit column on the Statement of Net Position. At June 30, 2019, \$406.770 million of college and university bonds outstanding are considered defeased.

## F. Contracts Payable

Discrete component units capital leases/contracts payable include \$5.047 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 five 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, 2019, the liability is \$5.324 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 10 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			Total Principal Required	Interest Required	Total Amount Required
	University of Utah	Utah State University	Nonmajor Component Units			
2020.....	\$ 2,907	\$ 2,205	\$ 604	\$ 5,716	\$ 1,677	\$ 7,393
2021.....	2,411	2,208	612	5,231	1,450	6,681
2022.....	2,298	1,836	679	4,813	1,246	6,059
2023.....	2,341	1,233	375	3,949	1,047	4,996
2024.....	2,473	1,065	372	3,910	866	4,776
2025-2029 .....	12,168	435	1,145	13,748	1,833	15,581
2030-2034 .....	—	—	—	—	—	—
Total .....	<u>\$ 24,598</u>	<u>\$ 8,982</u>	<u>\$ 3,787</u>	<u>\$ 37,367</u>	<u>\$ 8,119</u>	<u>\$ 45,486</u>

## I. Debt Service Requirements for Derivative Instruments

### Business-type Activities

As explained in [Note 3.F](#), the Student Assistance Programs (major enterprise 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			Interest Payments to Bondholders	Total Payments
	To	From	Net		
2020.....	\$ (6,618)	\$ 8,110	\$ 1,492	\$ (8,110)	\$ (6,618)
2021.....	(4,415)	5,410	995	(5,410)	(4,415)
2022.....	(2,754)	3,375	621	(3,375)	(2,754)
2023.....	(894)	1,095	201	(1,095)	(894)
2024.....	(117)	145	28	(145)	(117)
Total.....	<u>\$ (14,798)</u>	<u>\$ 18,135</u>	<u>\$ 3,337</u>	<u>\$ (18,135)</u>	<u>\$ (14,798)</u>

**NOTE 11. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

Deferred Outflows and Inflows of Resources reported on the Statement of Net Position as of June 30, 2019, consisted of the following:

Deferred Outflows and Inflows of Resources (expressed in thousands)			
	Primary Government		Discrete Component Units
	Governmental Activities	Business-type Activities	
<b>Deferred Outflows:</b>			
Deferred Amount on Refundings of Bonded Debt .....	\$ 15,518	\$ 2,816	\$ 104,170
Relating to Pensions.....	436,885	8,738	179,238
Relating to Other Postemployment Benefits.....	31,034	493	365
Total Deferred Outflows .....	<u>\$ 483,437</u>	<u>\$ 12,047</u>	<u>\$ 283,773</u>
<b>Deferred Inflows:</b>			
Deferred Revenue .....	\$ 7,088	\$ —	\$ 559
Relating to Beneficial Interests .....	—	—	13,111
Deferred Amount on Refundings of Bonded Debt .....	—	8,086	1,441
Fair Value of Interest Rate Swap Agreements .....	—	10,293	—
Relating to Pensions.....	43,169	1,085	42,421
Relating to Other Postemployment Benefits.....	36,055	555	418
Total Deferred Inflows .....	<u>\$ 86,312</u>	<u>\$ 20,019</u>	<u>\$ 57,950</u>

Of the \$483.436 million deferred outflows of resources reported in the governmental activities column on the government-wide Statement of Net Position, \$436.885 million represent deferred outflows relating to pensions, of which \$34.099 million are reported in the Internal Service Funds; and \$31.034 million represent deferred outflows relating to other postemployment, of which \$2.145 million are reported in the Internal Service Funds. The remaining \$15.517 million represent deferred amount on refundings of bonded debt, of which \$1 thousand are reported in the Internal Service Funds.

Of the \$86.312 million deferred inflows of resources reported in the governmental activities column on the government-wide Statement of Net Position, \$43.169 million represent deferred inflows relating to pensions, of which \$3.814 million are reported in the Internal Service Funds; and \$36.055 million represent deferred inflows relating to other postemployment, of which \$2.426 million are reported in the Internal Service Funds. The remaining \$7.088 million in deferred 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 fund financial statements reported deferred inflows of resources of \$687.487 million in unavailable revenue. This was comprised of \$526.034 million from various taxes and \$161.453 million from other sources.

The deferred outflows of resources relating to pensions for govern-

mental activities of \$436.885 million and for business-type activities of \$8.738 million differ from the deferred outflows of resources for the primary government of \$450.084 million as reported in [Note 18](#) due to the following: Student Assistance Programs of \$1.021 million and Utah Dairy Commission of \$144 thousand are included in business-type activities, but are excluded in the deferred outflows of resources reported for the primary government; the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of \$5.626 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.

The deferred inflows of resources relating to pensions for governmental activities of \$43.169 million and for business-type activities of \$1.085 million differ from the deferred inflows of resources for the primary government of \$44.011 million in [Note 18](#) due to the following: Student Assistance Programs of \$477 thousand and Utah Dairy Commission of \$139 thousand are included in business-type activities, but are excluded in the deferred inflows of resources reported for the primary government; the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of \$373 thousand 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.

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, 2019, follows:

**Governmental Fund Balances**  
(expressed in thousands)

	<b>Restricted Purposes</b>	<b>Committed Purposes</b>	<b>Assigned Purposes</b>
<b>General Fund:</b>			
General Government:			
Legislature .....	\$ —	\$ 15,065	\$ —
Elected Officials .....	282	14,211	—
Governor's Office .....	38	31,116	—
Administrative Services .....	128	57,665	—
Revenue Assessments and Collections .....	—	14,362	—
Human Services .....	2	15,233	—
Corrections .....	—	10,262	—
Public Safety .....	9,944	31,574	—
Courts .....	—	8,263	—
Health .....	148	31,244	—
Environmental Quality .....	—	19,683	—
Employment and Family Services .....	271	31,634	—
Natural Resources .....	22,505	125,981	—
Heritage and Arts .....	6	6,761	—
Business, Labor, and Agriculture .....	79	52,573	—
Budget Reserve (Rainy Day) Account .....	—	225,121	—
Medicaid Budget Stabilization Account .....	—	74,819	—
Industrial Assistance .....	—	18,995	—
Tax Accruals and Other Liabilities .....	—	—	249,526
Fiscal Year 2020 Appropriations:			
Line Item Appropriations .....	—	—	90,473
Other Purposes .....	9,838	50,609	—
Total .....	<u>\$ 43,241</u>	<u>\$ 835,171</u>	<u>\$ 339,999</u>
<b>Education Fund:</b>			
Minimum School Program .....	\$ 64,636	\$ —	\$ —
State Office of Education .....	84,327	—	—
School Building Program .....	27,842	—	—
School LAND Trust Program .....	85,790	—	—
Education Budget Reserve Account .....	471,908	—	—
Tax Accruals and Other Purposes * .....	267,147	—	—
Fiscal Year 2020 Appropriations:			
Line Item Appropriations .....	94,025	—	—
Available for Appropriation .....	107,275	—	—
Other Purposes .....	703	—	—
Total .....	<u>\$ 1,203,653</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Transportation Fund:</b>			
Transportation – Construction/Maintenance .....	\$ 370,628	\$ —	\$ 4,475
Public Safety .....	24,233	—	—
Corridor Preservation .....	29,580	—	—
Aeronautical Programs .....	6,263	—	—
Tax Accruals and Other Purposes * .....	63,280	—	—
Total .....	<u>\$ 493,984</u>	<u>\$ —</u>	<u>\$ 4,475</u>
<b>Transportation Investment Fund:</b>			
Transportation Investment Capacity Projects .....	\$ —	\$ 601,773	\$ —
Other Purposes .....	—	68,522	—
Total .....	<u>\$ —</u>	<u>\$ 670,295</u>	<u>\$ 0</u>
<b>Permanent Fund - Trust Lands:</b>			
Public Education System* .....	\$ 837,820	\$ —	\$ —
Higher Education and Other Purposes .....	39,332	—	—
Total .....	<u>\$ 877,152</u>	<u>\$ —</u>	<u>\$ 0</u>
<b>Nonmajor Governmental Funds:</b>			
Capital Projects .....	\$ 108,571	\$ —	\$ 490,664
Debt Service .....	—	—	20,541
State Endowment Fund .....	—	245,153	—
Environmental Reclamation .....	8,438	6,644	—
Rural Development .....	—	23,498	—
Other Purposes .....	39,536	53,971	33,358
Total .....	<u>\$ 156,545</u>	<u>\$ 329,266</u>	<u>\$ 544,563</u>

\* Resources restricted through constitutional provisions.

**B. Budget Stabilization Accounts**

In accordance with Sections 63J-1-312 and 313 of the *Utah Code*, the State maintains the General Fund Budget Reserve Account in the General Fund (the “Rainy Day Fund”) and an Education Fund Budget Reserve Account in the Education Fund (the “Education Reserve”). These stabilization balances can generally only be used for specific purposes detailed in Section 63J-1-312 and 313, upon appropriation by the Legislature. State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund after any required Medicaid growth savings transfer is made (see Medicaid Budget Sustainability Account discussion below) and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve to 9 and 11 percent of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred.

The Rainy Day Fund and Education Reserve are available only under specific circumstances detailed in the *Utah Code*. Historically, resources from the Rainy Day Fund or Education Reserve have only been expended during recessionary periods to cover overall budget shortfalls after the Legislature has exhausted other budgetary measures. In two instances, resources from the Rainy Day Fund were also appropriated for state settlement agreements.

Section 63J-1-217 of the *Utah Code* requires the State to maintain a balanced budget. If a budget 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 is able to take action to rectify the shortfall. The Legislature utilizes funding reallocations, spending cuts, and reserve funds to address a shortfall. If these measures do not rectify the shortfall, the Legislature may use the stabilization funds in extreme cases. Over the past 15 years, the Rainy Day Fund has been used three times, once for a budget shortfall and twice to pay state settlement agreements. Over the same period of time, the Education reserve has been used twice for budget shortfalls.

The Rainy Day Fund and the Education Reserve ended the year with balances of \$225.121 million and \$471.908 million, respectively. For the fiscal year ended June 30, 2019, there was no transfer into the Rainy Day Fund because there was no revenue surplus, as defined by law. The Education Reserve received \$33.510 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 account can only be used for specific purposes detailed in Section 63J-1-315, upon appropriation by the Legislature. 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. This is not expected to occur routinely, as the state has implemented reforms in the Medicaid Program to bring Medicaid growth more in line with overall state revenue growth. In the seven years since the fund was created, there have been no appropriations from the fund. 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, 2019, there was no transfer to the Medicaid Budget Stabilization Account because there was no revenue surplus, as defined by law. The account ended the year with a balance of \$74.819 million.

**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 \$7.240 billion of restricted net position, of which \$33.370 million is restricted by enabling legislation.

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

Funds reporting a deficit total net position at June 30, 2019, are (in thousands):

Private Purpose Trust Funds:	
Petroleum Storage Tank .....	\$ (8,349)
Internal Service Funds:	
Technology Services .....	\$ (16,887)
Human Resource Management .....	\$ (2,692)
Attorney General Legal Services .....	\$ (11,169)
Enterprise Funds:	
State Trust Lands Administration.....	\$ (140)

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, Human Resource Management, and Attorney General Legal Services Funds are the result recording the funds’ portions of pensions and other postemployment benefits (OPEB) as required by GASB Statements. These Statements require the recognition and reporting of the net pension liability, net OPEB liability, and related transactions, often resulting in a deficit net position. The Technology Services, Human Resource Management, and Attorney General Legal Services Funds also reported a \$25.778 million deficit, a \$4.691 million deficit, and a \$11.169 million deficit respectively, in the unrestricted portions of their net positions at June 30, 2019, 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 in previous years because of general market conditions at that time. State Trust Lands Administration also reported a deficit of \$675 thousand in the unrestricted portion of its net position also due to recording the fund’s portions of pensions and other postemployment benefits (OPEB).

Other than noted above, funds reporting a deficit position in the unrestricted portion of their net position at June 30, 2019, are (in thousands):

Internal Service Funds:

Fleet Operations .....	\$	(20,791)
Risk Management .....	\$	(5,308)

Enterprise Funds:

Alcoholic Beverage Control.....	\$	(10,361)
Utah Correctional Industries .....	\$	(888)

The deficit in the Fleet Operations Internal Service Fund is mainly due to the significant investment in capital assets required for these

operations. Management is working on changing how fleet vehicles are acquired, which should help reduce this deficit.

The deficit in the Risk Management Internal Service Fund is mainly because this fund experienced higher claims than it received in premiums during the fiscal year. Consequently, Risk Management has adjusted its rates and deductibles for the coming fiscal year. This deficit was also due to recording the funds' portions of pensions and other postemployment benefits (OPEB).

The deficit in the Alcoholic Beverage Control Enterprise Fund and Utah Correctional Industries is due to recording the funds' portions of pensions and other postemployment benefits (OPEB).

#### 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, 2019, are as follows (in thousands):

Transferred From	Transferred To									Total
	Governmental Funds						Enterprise Funds			
	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Governmental Funds	Water Loan Programs	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund .....	\$ —	\$ 9,620	\$ 34,100	\$ —	\$ 19	\$ 383,622	\$ 1,241	\$ 12,175	\$ 775	\$ 441,552
Education Fund .....	1,134,724	—	—	—	—	200,287	—	—	—	1,335,011
Transportation Fund .....	51,143	—	—	38,147	—	20,077	—	—	1,033	110,400
Transportation Investment Fund .....	—	—	9,927	—	—	295,638	—	—	—	305,565
Trust Lands Fund .....	—	82,663	—	—	—	—	—	—	—	82,663
Nonmajor Governmental Funds .....	160,088	—	—	—	—	4,116	—	—	1,326	165,530
Unemployment Compensation Fund .....	2,747	—	—	—	—	—	—	—	—	2,747
Water Loan Programs .....	13,881	—	—	—	—	—	—	—	—	13,881
Community Impact Loan Fund .....	17,967	—	—	—	—	—	—	—	—	17,967
Nonmajor Enterprise Funds .....	120,766	1,791	—	—	—	—	—	—	—	122,557
Internal Service Funds .....	258	—	—	—	—	—	—	—	—	258
Total .....	\$ 1,501,574	\$ 94,074	\$ 44,027	\$ 38,147	\$ 19	\$ 903,740	\$ 1,241	\$ 12,175	\$ 3,134	\$2,598,131

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. Transfers of Trust Lands Fund (permanent fund) investment earnings are required by State constitution and statute to be deposited in the Education Fund (major governmental fund). In addition, mineral lease revenue was transferred to the Transportation Investment Fund (major capital projects fund) for the development of impacted communities related to various transportation needs. All other transfers are made to finance various programs as authorized by the Legislature.

During fiscal year 2019, the Legislature authorized transfers of \$258 thousand from the Internal Service Funds to the General Fund to subsidize general fund revenues. In addition, the Legislature authorized payments of \$1.166 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 through a number of programs administered by the Governor's Office of Economic Development (GOED): the Economic Development Tax Increment Financing (EDTIF) program, the Motion Picture Incentive Program (MPIP), the New Markets Tax Credit program (NMTC), and the Utah Rural Jobs Act program (URJA). 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. GOED also administers the New Convention Facility Development Incentives program (NCFDI). This program offers tax abatement of sales tax revenues, which would otherwise fund government services, in exchange for specific actions that are intended to benefit the State or its citizens.

The EDTIF program provides incentives in the form of a refundable tax credit to accelerate business growth, job creation, and to 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*, the project must: **(1)** be within the development zone; **(2)** include direct investment in the zone; **(3)** bring new incremental jobs to Utah; **(4)** create high-paying jobs and significant capital investment in the State or significant purchases from vendors, contractors, or service providers in the State; **(5)** generate new State revenues; and **(6)** meet the procedural eligibility requirements to qualify for a tax credit.

Each year, a business entity must apply to GOED for a tax credit certificate. 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 from the new project 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 \$1.5 billion capital investment is made. A tax credit may not exceed 50 percent of new state tax revenues from the new project 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 excess amount must be returned and any future claim for credit may be denied and/or the contract may be nullified.

The MPIP provides tax credits to encourage television and movie producers to film in the State of Utah. This refundable tax credit provides financial incentives to qualified, pre-approved participants in the film industry to develop a strong motion picture presence in the State and boost the State's economy. Section 63N-8-104 of the *Utah Code* allows up to a 20 percent refundable tax credit, and an additional 5 percent, not to exceed 25 percent of the dollars left in the state by the motion picture company, if the applicant: **(1)** employs a significant percentage of cast and crew locally; **(2)** highlights Utah and the Utah Film Commission in the motion picture credits; and **(3)** meets other agreed-upon promotion requirements. The tax credit certificates are issued after the company completes production, pays in full all Utah-based vendors, and provides an independently reviewed financial report for verification. Each fiscal year, GOED may issue up to \$6.794 million in tax credit certificates, or more if there are remaining unissued tax credits from a prior year.

The NMTC program provides incentives in the form of nonrefundable tax credits to Community Development Entities (CDE) that make qualified equity investments in small businesses. Similar to the federal program of the same name, the State NMTC program was designed to use \$50 million raised by Private Community Investment Firms to bolster the most severely distressed, low-income areas of the State. According to Section 63N-2-603 of the *Utah Code*, a CDE that seeks to have an equity investment or long-term debt security certified as a qualified equity investment and as eligible for tax credits, must submit an application to GOED. Within 45 days of receiving notice of certification, the applicant must: **(1)** issue the qualified equity investment; **(2)** receive cash in the amount of the certified amount; and **(3)** if applicable, designate the required amount of qualified equity investment authority as federal qualified equity investments.

An entity may claim a tax credit if the entity makes a qualified equity investment and if the entity obtains a tax credit certificate. The entity may claim a portion of the tax credit during the calendar year that includes the credit allowance date. GOED calculates the tax credit amount, by multiplying the purchase price of the investment by the applicable percentage at each credit allowance date. The credit allowance percentages are: 0 percent on the first and second credit allowance dates; 12 percent on the third through fifth credit allowance dates; and 11 percent on the sixth and seventh credit allowance dates. As authorized by 63N-2-604 of the *Utah Code*, the credit may be recaptured in the following situations: **(1)** If any amount of the federal tax credit available is recaptured; **(2)** If the

Qualified Community Development Entity (QCDE) redeems or makes principal repayment of a qualified equity investment before the seventh anniversary of the issuance of the qualified equity investment; **(3)** If the QCDE fails to invest at least 85 percent of the purchase price of the qualified equity investment in qualified low-income community investments in Utah within one year of the issuance of the qualified equity investment and fails to maintain the required investment in Utah until the last credit allowance date; and **(4)** If the QCDE violates the provisions of sections 63N-2-607 or 609 of the *Utah Code*.

The NCFDI program was created in order to spur the development of a co-located Utah hotel and convention space to attract larger conventions that will benefit the State by bringing in tax revenue and contributing to the economy. This tax abatement provides financial incentives to a qualified, pre-approved hotel owner or host local government. Section 63N-2-503 of the *Utah Code* allows a refund of sales tax up to a maximum annual amount based on a maximum percentage specified in the agreement, and limited to \$75 million in the aggregate for the eligibility period, if the applicant develops a qualified hotel on or after July 1, 2014 that meets the following requirements: **(1)** the project requires a significant capital investment; **(2)** includes at least 85 square feet of convention, exhibit, and meeting space per guest room; and **(3)** is located within 1,000 feet of a convention center that contains at least 500,000 square feet of convention, exhibit, and meeting space. A qualified hotel owner or host local government that wishes to qualify for the convention incentive must submit a written claim that includes all required components described in 63N-2-505 of the *Utah Code*.

GOED entered into an agreement with a qualified hotel owner during fiscal year 2019, however, the eligibility period does not commence until construction of the qualified hotel begins and this has not yet occurred for the existing agreement. Therefore, no taxes were abated related to this project during fiscal year 2019.

The URJA program enables an eligible small business located in a rural county to expand and create high-paying jobs by providing flexible and affordable capital. This tax abatement provides financial incentives to a qualified claimant in a rural investment company that makes a credit-eligible investment of cash. Section 63N-4-304 of the *Utah Code* allows a tax credit equal to 25 percent of the claimant's total credit-eligible capital contribution in each of the taxable years that include the fourth through the seventh anniversaries of the closing date. According to Section 63N-4-303 of the *Utah Code*, a Rural Investment Company (RIC) must submit an application that includes the following: **(1)** a copy of a license as a federally licensed rural business investment company or as a federally licensed small business investment company; **(2)** evidence that before the date the application is submitted, the applicant have invested at least \$50 million in nonpublic companies located in counties in the U.S. with fewer than 50,000 inhabitants; **(3)** a signed affidavit from each claimant stating the amount of the commitment; and **(4)** the sum of all credit-eligible contribution commitments, which must equal 58 percent of the total investment authority sought by the applicant. In addition, an RIC must perform the following within sixty five days of approval: **(1)** collect the total amount of committed credit-eligible capital contributions from each claimant included in the application; **(2)** collect one or more cash equity investments contributed by affiliates of the RIC; and **(3)** collect one or more cash investments when combined with collections in **(1)** and **(2)** equal the RICs investment authority.

As authorized by 63N-4-305 of the *Utah Code*, the credit may be recaptured in the following situations: **(1)** if the RIC fails to invest 100 percent of its investment authority until the seventh anniversary

of the closing date; (2) if the RIC fails to maintain growth investments in this state equal to 100 percent of its investment authority until the seventh anniversary of the closing date; (3) if the RIC makes a distribution or payment that results in the RIC having less than 100 percent of its investment authority invested in growth investments in this state or available for growth investments and held in cash and other marketable securities; (4) if the RIC fails to maintain growth investments equal to 70 percent of its investment authority in eligible small businesses that maintain their principal business operations in a rural county; (5) if the RIC invests more than \$5 million from its investment authority in the same eligible small business; and (6) if the RIC makes a growth investment in an eligible small business that owns or has the right to acquire an ownership interest in the RIC or makes a loan to or an investment in the RIC.

Three RICs have been given investment authority of \$42 million. The applications were approved in calendar year 2017. Credits can only be claimed in taxable years that include the fourth through the seventh anniversary of the closing date; therefore, no credits will be claimed until 2022.

The gross dollar amounts, on an accrual basis, by which the State's revenues were reduced for the fiscal year ended June 30, 2019 are:

**Tax Abatement Programs**  
(expressed in thousands)

Program	Amount of Taxes Abated
Motion Picture Incentive Program.....	\$ 16,404
Economic Development Tax Increment Financing.....	9,117
New Markets Tax Credit Program .....	6,000
Total .....	<u>\$ 31,521</u>

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.
- In addition to the items above, the State is contesting other legal actions totaling over \$14.030 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.
- The University of Utah (major discrete component unit) is vigorously contesting a legal action where the amount of potential loss is indeterminable but estimated to be less than \$10 million.

**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, 2019, will be available in December 2019.
- 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, 2018, a \$38 million note payable was outstanding and invested in venture capital and private equity funds. The note will mature in 2021. 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 \$3.5 million in aggregate claims and beyond the excess insurance policy limit of \$1 billion per occurrence. According to an actuarial study and



other known factors, \$63.558 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 53G-4-801 to 808 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 \$3.367 billion principal amount of Guaranteed Bonds outstanding at June 30, 2019, with the last maturity date being 2039. 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, 2019, \$327.010 million of debt was outstanding under the Program.

- At June 30, 2019, 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 \$684.579 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 \$25.677 million from tobacco companies in fiscal year 2019 and expects to receive approximately \$26 million in fiscal year 2020. 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 (Title 35A Chapter 15 of the *Utah Code*) created the School Readiness Board (the 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 maximum number of students the program will pay on is 427 per year for each of the remaining 6 years. As of June 30, 2019, the State of Utah has reserved a total of \$5.860 million to cover student evaluations and any repayment of the social impact bond. The program has repaid \$1.780 million to investors as of June 30, 2019. The Board authorized an additional payment to investors of \$1.234 million at the October 2019 board meeting. It is anticipated the State of Utah will commit additional funds in future years as necessary.

#### C. Commitments

- At June 30, 2019, the Industrial Assistance Program of the General Fund had grant commitments of \$18.612 million, contingent on participating companies meeting certain performance criteria.
- At June 30, 2019, the Economic Development Tax Increment Financing incentive program had outstanding long-term contract commitments for General Fund cash rebates of \$83.677 million and Education Fund tax credits (tax abatements) of \$577.629 million. These cash rebates and tax credits are contingent on participating companies meeting certain economic development performance criteria.
- At June 30, 2019, the Motion Picture Incentive Program had outstanding contract commitments for General Fund cash rebates of \$2.248 million and Education Fund tax credits (tax



abatements) of \$44.449 million. These cash rebates and credits are contingent upon participating motion picture companies meeting certain within-the-state production criteria.

- At June 30, 2019, the New Markets Tax Credit program had outstanding contract commitments for Education Fund tax credits (tax abatements) of \$11.000 million. These tax credits are contingent on the participating entities meeting a statutory required amount of investment in Utah companies.
- At June 30, 2019, the New Convention Facilities Development Incentives program had outstanding contract commitments for General Fund tax credits (tax abatements) of \$75.000 million. These tax credits are contingent on the participating entities meeting statutorily required construction criteria.
- At June 30, 2019, the Utah Rural Jobs Act program had outstanding commitments for Education Fund tax credits (tax abatements) of \$24.360 million. These tax credits are contingent on the participating entities meeting statutorily required construction criteria.
- At June 30, 2019, the Utah Department of Transportation had construction and other contract commitments of \$1.158 billion, of which \$424.166 million is for Transportation Fund (major fund) and \$733.845 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, 2019, the permanent Trust Lands Fund had contractual commitments of \$880.053 million, of which an estimated \$327.466 million remain unfunded and subject to call.
- At June 30, 2019, the capital projects funds had construction commitments of \$646.941 million. These commitments will be funded with legislative appropriations, intergovernmental revenues, and proceeds of general obligation and lease revenue bonds.
- At June 30, 2019, the enterprise funds had loan commitments of approximately \$474.086 million and grant commitments of approximately \$52.375 million.
- At its yearend December 31, 2018, the Utah Retirement Systems (pension trust and defined contribution plans) had committed to fund certain private equity partnerships, absolute return, and real asset funds projects for an amount of \$12.170 billion. Funding of \$9.394 billion had been provided by December 31, 2018, leaving an unfunded commitment of \$2.776 billion.
- At June 30, 2019, the University of Utah (major discrete component unit) had outstanding commitments for the construction and remodeling of its buildings of approximately \$62.700 million.
- The University of Utah, under the terms of various limited partnership agreements approved by the Board of Trustees or University officers, is obligated to make periodic payments for advance commitments to venture capital and private equity investments. As of June 30, 2019, the University had committed, but not paid, a total of \$264.422 million in funding for these alternative investments.
- At June 30, 2019, Utah State University (major discrete component unit) had outstanding commitments for the construction and remodeling of its buildings of approximately \$27.600 million.
- Utah State University, under the terms of various limited partnership agreements approved by the Board of Trustees or by University officers, is obligated to make periodic payments for advance commitments to venture capital, natural resource, and private equity investments. As of June 30, 2019, the University had committed, but not paid, a total of \$28.639 million in funding for these alternative investments.
- At its yearend of December 31, 2018, the Utah Transit Authority (major discrete component unit) had outstanding purchasing commitments of approximately \$91.900 million for several capital projects.

## 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 \$33.801 million for the year ended June 30, 2019. UEN is not separately audited, but is included in the audited financial statements of KUEN, a public broadcasting television station operated by the University of Utah. 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, 2018, 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](http://www.urs.org). Utah Transit Authority (major discrete component unit) does not participate in URS. See [Note 18.B](#) for a description of Utah Transit Authority pension plans.

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 public employee 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;
- Four defined contribution plans comprised of the 401(k) Plan, 457 Plan, and Roth and Traditional IRA Plans.

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 - Utah Retirement Systems

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	30 years any age	30 years any age		20 years any age	25 years any age	35 years any age	25 years any age
Required and/or Age	25 years any age*	20 years age 60*		10 years age 60	20 years age 55*	20 years age 60*	20 years age 60*
Eligible for Benefit .....	20 years age 60*	10 years age 62*		4 years age 65	10 years age 62	10 years age 62*	10 years age 62*
	10 years age 62*	4 years age 65			6 years age 70	4 years age 65	4 years age 65
	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 2.50% or 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 3.00 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 \$1,400 per month per term. Legislators with four or more years of service receive a benefit at age 65 at the rate of \$30.40 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, 2018, the following number of employees were covered by the State's (primary government) single-employer plans:

Single-employer Plans Covered Employees  
December 31, 2018

	Judges System	Governors and Legislators Retirement Plan
Inactive Employees or Beneficiaries Currently Receiving Benefits.....	148	253
Inactive Employees Entitled to But Not Yet Receiving Benefits.....	4	99
Active Employees .....	114	52
Total Single-employer Plans Covered Employees.....	266	404

#### 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, 2019, are presented in the following table (dollars expressed in thousands):

Systems/Plan	Contributions			Primary Government	Discrete Component Units (except UTA)
	Employee Paid	Paid by Employer for Employee	Employer Paid		
Noncontributory Public Employees.....	\$ —	—%	22.19%	\$ 126,809	\$ 54,083
Contributory:					
Contributory Public Employees.....	\$ —	6.00%	17.70%	\$ 863	\$ 967
Tier 2 Public Employees *.....	\$ —	—%	18.87%	\$ 44,102	\$ 11,282
Public Safety:					
Contributory Public Safety .....	\$ —	—%	—%	\$ —	\$ —
Noncontributory Public Safety .....	\$ —	—%	41.35%	\$ 42,189	\$ 1,071
Tier 2 Public Safety *.....	\$ —	—%	29.80%	\$ 10,217	\$ 284
Firefighters:					
Contributory Firefighters .....	\$ —	15.05%	4.61%	\$ 58	\$ —
Tier 2 Firefighters * .....	\$ —	—%	11.34%	\$ 49	\$ —
Judges.....	\$ —	—%	43.68%	\$ 8,501	\$ —
Utah Governors and Legislators .....		Annual Appropriation		\$ 384	

\* 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.

In addition to the contributions noted above, the primary government and discrete component units (except UTA) also paid to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements of \$482 thousand and \$331 thousand, respectively.

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, 2018**  
*(dollars expressed in thousands)*

	Judges System	Utah Governors and Legislators Retirement Plan
<b>Total Pension Liability</b>		
Service Cost.....	\$ 5,682	\$ 65
Interest .....	15,697	877
Difference between Actual and Expected Experience.....	7,873	139
Assumption Changes .....	—	—
Benefit Payments.....	(16,195)	(1,034)
Net Change in Total Pension Liability .....	13,057	47
Total Pension Liability – Beginning.....	230,993	13,069
Total Pension Liability – Ending..... <i>A</i>	<u>\$ 244,050</u>	<u>\$ 13,116</u>
<b>Plan Fiduciary Net Position</b>		
Contributions – Employee.....	\$ —	\$ —
Contributions – Employer .....	8,091	392
Court Fees *.....	1,518	—
Net Investment Income .....	(730)	(41)
Benefit Payments.....	(16,111)	(978)
Administrative Expense .....	(84)	(5)
Net Transfers with Affiliated Systems.....	4,403	(51)
Net Change in Plan Fiduciary Net Position.....	(2,913)	(683)
Plan Fiduciary Net Position – Beginning .....	198,483	11,220
Plan Fiduciary Net Position – Ending .....	<u><i>B</i> \$ 195,570</u>	<u>\$ 10,537</u>
<b>Net Pension Liability / (Asset) – Ending (A – B).....</b>	<u>\$ 48,480</u>	<u>\$ 2,579</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability ..	80.14%	80.34%
Covered Payroll .....	\$ 18,802	\$ 639
Net Pension Liability as a Percentage of Covered Payroll.....	257.84%	403.60%

\* 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 (except UTA) as well as to public education and other political subdivisions of the State. At December 31, 2018, the net pension asset and the net pension liability for all URS systems is \$0 and \$5.449 billion respectively. The plan's fiduciary net position as a percent of the total pension liability is 85 percent. At December 31, 2018, the primary government's net pension asset and net pension liability is \$0 and \$1.170 billion, respectively. The following table summarizes the State's (primary government) net pension asset and liability by plan.

<b>Primary Government Net Pension Asset and Liability December 31, 2018</b> <i>(dollars expressed in thousands)</i>					
System	Net Pension Asset	Net Pension Liability	Proportionate Share		
			2018	2017	Change
Noncontributory System .....	\$ —	\$ 856,314	23.02%	23.46%	(0.44)%
Contributory System .....	—	20,484	28.85%	30.98%	(2.13)%
Public Safety System .....	—	233,535	97.56%	97.53%	0.03 %
Firefighters System .....	—	494	3.80%	3.84%	(0.04)%
Judges System .....	—	48,480	100.00%	100.00%	— %
Utah Governors and Legislators Retirement Plan ....	—	2,579	100.00%	100.00%	— %
Tier 2 Public Employees System .....	—	7,772	18.15%	18.41%	(0.26)%
Tier 2 Public Safety and Firefighters System .....	—	603	24.07%	25.32%	(1.25)%
Total Net Pension Asset / Liability .....	<u>\$ —</u>	<u>\$ 1,170,261</u>			

At December 31, 2018, the net pension asset and the net pension liability for the discrete component units (except UTA) is \$0 and \$365.037 million, respectively. The following table summarizes the discrete component unit's net pension asset and liability by system.

<b>Discrete Component Units (except UTA) Net Pension Asset and Liability December 31, 2018</b> <i>(dollars expressed in thousands)</i>					
System	Net Pension Asset	Net Pension Liability	Proportionate Share		
			2018	2017	Change
Noncontributory System .....	\$ —	\$ 336,338	9.23%	9.62%	(0.39)%
Contributory System .....	—	20,956	30.23%	29.06%	1.17 %
Public Safety System .....	—	5,745	2.46%	2.51%	(0.05)%
Tier 2 Public Employees System .....	—	1,987	5.28%	6.92%	(1.64)%
Tier 2 Public Safety and Firefighters System .....	—	11	0.49%	0.41%	0.08 %
Total Net Pension Asset / Liability .....	<u>\$ —</u>	<u>\$ 365,037</u>			

**Deferred Outflows and Inflows of Resources**

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018, 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, 2018, the State (primary government) recognized pension expense of \$284.214 million. The State's discrete component units (except UTA) recognized pension expense of \$83.542 million. Deferred outflows of resources and deferred inflows of resources related to the recognition of pension expense are from the following sources:

*(Notes continue on next page.)*

**Deferred Outflows and Inflows of Resources \***  
**Related to Pensions**

**December 31, 2018**

*(expressed in thousands)*

System	Source	Primary Government	
		Deferred Outflows of Resources	Deferred Inflows of Resources
Noncontributory System .....	Differences between Expected and Actual Experience .....	\$ 4,562	\$ 12,015
	Changes in Assumptions .....	87,098	—
	Net Differences between Projected and Actual Earnings on Pension Plan Investments .....	142,467	—
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions .....	4,349	24,757
	Contributions Subsequent to the Measurement Date .....	62,618	—
	Total .....	<u>\$ 301,094</u>	<u>\$ 36,772</u>
Contributory System .....	Differences between Expected and Actual Experience .....	\$ —	\$ —
	Changes in Assumptions .....	—	—
	Net Differences between Projected and Actual Earnings on Pension Plan Investments .....	6,753	—
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions .....	—	—
	Contributions Subsequent to the Measurement Date .....	379	—
	Total .....	<u>\$ 7,132</u>	<u>\$ —</u>
Public Safety System .....	Differences between Expected and Actual Experience .....	\$ 1,363	\$ 5,301
	Changes in Assumptions .....	16,499	—
	Net Differences between Projected and Actual Earnings on Pension Plan Investments .....	36,180	—
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions .....	617	—
	Contributions Subsequent to the Measurement Date .....	20,703	—
	Total .....	<u>\$ 75,362</u>	<u>\$ 5,301</u>
Firefighters System .....	Differences between Expected and Actual Experience .....	\$ 105	\$ 89
	Changes in Assumptions .....	263	57
	Net Differences between Projected and Actual Earnings on Pension Plan Investments .....	257	—
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions .....	17	23
	Contributions Subsequent to the Measurement Date .....	29	—
	Total .....	<u>\$ 671</u>	<u>\$ 169</u>
Judges Retirement System .....	Differences between Expected and Actual Experience .....	\$ 6,756	\$ —
	Changes in Assumptions .....	7,135	—
	Net Differences between Projected and Actual Earnings on Pension Plan Investments .....	6,104	—
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions .....	—	—
	Contributions Subsequent to the Measurement Date .....	4,280	—
	Total .....	<u>\$ 24,275</u>	<u>\$ —</u>
Governor & Legislators Plan	Differences between Expected and Actual Experience .....	\$ —	\$ —
	Changes in Assumptions .....	—	—
	Net Differences between Projected and Actual Earnings on Pension Plan Investments .....	321	—
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions .....	—	—
	Contributions Subsequent to the Measurement Date .....	—	—
	Total .....	<u>\$ 321</u>	<u>\$ —</u>
Tier 2 Public Employees System .....	Differences between Expected and Actual Experience .....	\$ 55	\$ 1,606
	Changes in Assumptions .....	1,948	140
	Net Differences between Projected and Actual Earnings on Pension Plan Investments .....	2,531	—
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions .....	2,301	—
	Contributions Subsequent to the Measurement Date .....	27,040	—
	Total .....	<u>\$ 33,875</u>	<u>\$ 1,746</u>
Tier 2 Public Safety and Firefighters System .....	Differences between Expected and Actual Experience .....	\$ 277	\$ 1
	Changes in Assumptions .....	574	22
	Net Differences between Projected and Actual Earnings on Pension Plan Investments .....	425	—
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions .....	370	—
	Contributions Subsequent to the Measurement Date .....	5,708	—
	Total .....	<u>\$ 7,354</u>	<u>\$ 23</u>
Grand Total .....	Differences between Expected and Actual Experience .....	\$ 13,118	\$ 19,012
	Changes in Assumptions .....	113,517	219
	Net Differences between Projected and Actual Earnings on Pension Plan Investments .....	195,038	—
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions .....	7,654	24,780
	Contributions Subsequent to the Measurement Date .....	120,757	—
	Total .....	<u>\$ 450,084</u>	<u>\$ 44,011</u>

\* Before amounts allocated for financial statement presentation.

**Deferred Outflows and Inflows of Resources \***  
**Related to Pensions**

**December 31, 2018**

*(expressed in thousands)*

Source	Discrete Component Units (except UTA)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience.....	\$ 1,592	\$ 7,100
Changes in Assumptions .....	39,445	320
Net Differences between Projected and Actual Earnings on Pension Plan Investments.....	65,795	13,434
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions.....	4,085	18,183
Contributions Subsequent to the Measurement Date .....	36,390	—
Total.....	<u>\$ 147,307</u>	<u>\$ 39,037</u>

\* Before amounts allocated for financial statement presentation.

The \$120.757 million and \$36.390 million reported as deferred outflows of resources by the primary government and discrete component units (except UTA), respectively, are the result of contributions subsequent to the measurement date of December 31, 2018. 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	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges Retirement System
	Primary Government	Primary Government	Primary Government	Primary Government	Primary Government
2019 .....	\$ 91,179	\$ 2,676	\$ 25,440	\$ 127	\$ 8,657
2020 .....	\$ 27,333	\$ 73	\$ 2,494	\$ 52	\$ 5,696
2021 .....	\$ 15,719	\$ 656	\$ 4,318	\$ 69	\$ 2,678
2022 .....	\$ 67,472	\$ 3,347	\$ 17,106	\$ 187	\$ 2,964
2023 .....	\$ —	\$ —	\$ —	\$ 33	\$ —
Thereafter .....	\$ —	\$ —	\$ —	\$ 5	\$ —

Year Ended December 31	Governors & Legislators Plan	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System	Grand Total	
	Primary Government	Primary Government	Primary Government	Primary Government	Discrete Component Units (except UTA)
2019 .....	\$ 121	\$ 875	\$ 180	\$ 129,255	\$ 32,970
2020 .....	\$ 6	\$ 636	\$ 146	\$ 36,436	\$ 9,772
2021 .....	\$ 35	\$ 696	\$ 156	\$ 24,327	\$ 3,636
2022 .....	\$ 160	\$ 1,233	\$ 242	\$ 92,711	\$ 25,072
2023 .....	\$ —	\$ 227	\$ 75	\$ 335	\$ 43
Thereafter .....	\$ —	\$ 1,422	\$ 825	\$ 2,252	\$ 387

The total pension liability in the December 31, 2018, 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 .....	01/01/18	01/01/18	01/01/18	01/01/18	01/01/18	01/01/18	01/01/18	01/01/18
Measurement Date .....	12/31/18	12/31/18	12/31/18	12/31/18	12/31/18	12/31/18	12/31/18	12/31/18
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...	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%
Projected Salary Increases .....	3.25-9.75%	3.25-9.75%	3.25-7.25%	3.25-8.75%	3.25%	None	3.25-9.75%	3.25-8.75%
Inflation Rate .....	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Post-retirement Cost-of-living Adjustment.....	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	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, 2018, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016. 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, 2018, 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%	6.15%	2.46%
Debt Securities .....	20.00%	0.40%	0.08%
Real Assets .....	15.00%	5.75%	0.86%
Private Equity .....	9.00%	9.95%	0.89%
Absolute Return.....	16.00%	2.85%	0.46%
Cash and Cash Equivalents .....	0.00%	0.00%	0.00%
Total Asset Classes .....	100.00%		4.75%
Inflation .....			2.50%
Expected Arithmetic Nominal Return ...			7.25%

\* The total URS Defined Benefit long-term expected rate of return is 6.95 percent. It is comprised of a 2.50 percent inflation rate, a real long-term expected rate of return of 4.45 percent that is net of investment expense.

### Discount Rate

The discount rate used to measure the total pension liability was 6.95 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 6.95 percent from 7.20 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 6.95 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 (5.95 percent) or 1 percentage-point higher (7.95 percent) than the current rate:

Primary Government Changes in Discount Rate Net Pension Liability / (Asset) (expressed in thousands)			
System	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System .....	\$ 1,539,192	\$ 856,314	\$ 285,002
Contributory System .....	42,926	20,484	1,333
Public Safety System .....	420,996	233,535	79,444
Firefighters System .....	1,844	494	(599)
Judges System .....	75,935	48,639	25,403
Utah Governors and Legislators Retirement Plan ...	3,912	2,640	1,559
Tier 2 Public Employees System .....	31,136	7,772	(10,259)
Tier 2 Public Safety and Firefighters System .....	4,549	603	(2,416)
Total Net Pension Liability / (Asset) .....	\$ 2,120,490	\$ 1,170,481	\$ 379,467

**B. Defined Benefit Plans - Utah Transit Authority**

Utah Transit Authority (UTA) (major discrete component unit) offers its employees a single employer non-contributory defined benefit pension plan, The Utah Transit Authority Retirement Plan and Trust (Plan), which includes all employees of UTA who are eligible and who have completed six months of service. The Plan is a qualified government plan and is not subject to all of the provisions of ERISA. As a defined benefit pension plan, UTA contributes such amounts as are necessary, on an actuarially sound basis, to provide assets sufficient to meet the benefits to be paid. Required employee contributions were discontinued effective June 1, 1992. Participants may make voluntary contributions as described below. Interest on existing account balances is credited at 5.00 percent per year.

Although UTA has not expressed any intention to do so, UTA has the right under the Plan to discontinue its contributions at any time and to terminate the Plan. In the event the Plan terminates, the trustee will liquidate all assets of the Plan and will determine the value of the trust fund as of the next business day following the date of such termination. The trustee will allocate assets of the Plan among the participants and beneficiaries as required by law.

The Plan is administered by the Pension Committee that consists of nine (9) members, seven (7) appointed by UTA and two (2) appointed by the Amalgamated Transit Union Local 382 in accordance with a collective bargaining agreement. The members of the Pension Committee may (but need not) be participants in the Plan. In the absence of a Pension Committee, the Plan Administrator assumes the powers, duties and responsibilities of the Pension Committee with respect to the administration of the Plan. U.S. Bank serves as the administrator and custodian of the Plan, with Cambridge Associates, LLC (CA) serving as a third-party investment manager.

The Plan prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, 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 in accordance with the terms of the Plan. Accordingly, the valuation of investments is shown at fair value and both realized and unrealized gains (losses) are included in net appreciation and depreciation in fair value of investments. The Plan does not issue a publicly available financial report, but is reported in UTA's financial statements as a component unit.

**Retirement Benefits**

Employees with five or more years of service are entitled to annual pension benefits beginning at normal retirement age 65, or any age with 37.5 years of service in the Plan. For participants who began participating in the Administrative Plan prior to January 1, 1994, the annual benefit is based on a retirement benefit formula equal to:

- 2.30 percent of average compensation multiplied by the participant's years of service (not exceeding 20 years), plus
- 1.50 percent of the average compensation multiplied by the participant's years of service in excess of 20 years (but such excess not to exceed 9 years of service), plus
- 0.50 percent for one year plus 2.00 percent for years in excess of 30 years not to exceed 75 percent of average compensation.

For all other active participants, the annual benefit is based on a retirement benefit formula equal to 2.00 percent of average compensation multiplied by the participant's years of service (not to exceed 37.5 years or 75 percent of average compensation).

Upon termination of employment, members 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. If employees terminate employment before rendering five years of service, they forfeit the right to receive their non-vested accrued plan benefits.

**Early Retirement Benefits**

The Plan allows for early retirement benefits if the participant has not reached the age of 65 but is at least age 55 with a vested benefit. Benefits under early retirement are equal to the value of the accrued pension, if the participant had retired at the age of 65, reduced 5.00 percent per year if the payments begin before age 65.

**Disability Benefits**

The Plan allows for disability benefits. A member who becomes permanently disabled after 5 years of service will immediately receive the greater of the actuarially-reduced monthly accrued benefit or \$90 per month, reduced by any UTA sponsored disability plans. Payment of the disability benefit ends at age 65.

**Death Benefits**

If a participant's death occurs before age 55, but after 5 years of service, the present value of the participant's accrued vested benefit is payable to the participant's beneficiary in the form of a single lump sum regardless of the amount. If a participant's death occurs after age 55 and 5 years of service, the participant's beneficiary can elect to receive a benefit equal to the greater of:

- 1) A survivor's pension as if the participant had retired on the date before the death with a 100 percent joint and survivor annuity in effect, or
- 2) The present value of the survivor's pension, or
- 3) If a spouse of 2 or more years or a minor child, the participant's contribution with interest, plus 50 percent of the average compensation, payable in the form of a lump sum, or
- 4) A 10-year term certain.

A participant may elect a joint and survivor annuity with 100, 75 or 50 percent to be continued to the beneficiary upon the death of the participant.

**Lump Sum Distributions**

Payment in a lump sum, regardless of amount, may be made with the participant's written consent. Effective September 1, 2012, a participant who has not previously received benefits may elect a partial lump sum payment with the remaining part to be paid in the same manner as the traditional annuity. During calendar year 2018, 37 participants in each respective year elected to receive their benefit in the form of lump sum distribution. Lump sum distributions collectively totaled \$4.650 million for 2018. Individuals are removed from the Plan's membership if they choose to take all of their benefit as a lump sum distribution.

As of December 31, 2018, the Plan's membership consisted of:

**Utah Transit Authority Retirement Plan and Trust Membership  
December 31, 2018**

Active participants .....	2,165
Inactive participants not receiving benefits .....	343
Participants due refunds .....	12
Retirees and beneficiaries receiving benefits .....	629
Total .....	<u>3,149</u>



**Contributions***Employer Contribution Requirements*

UTA's contribution rates are determined by the Pension Committee and approved by the Board of Trustees based on the current collective bargaining agreement and the minimum and maximum funding levels recommended by the Plan's actuary. The Authority's contribution rate consists of (1) an amount for normal cost, the estimated amount necessary to finance benefits earned by participants during the current year, and (2) an amount for amortization of the unfunded or excess funded actuarial accrued liability over the service life of the vested participants. The rates are determined using the entry age actuarial cost method. The Authority's Board of Trustees adopted a contribution rate policy of 16.00 percent for calendar year 2018 and subsequent years. Employer contributions in calendar year 2018 totaled \$22.355 million, which represented 105.43 percent of the annual actuarial recommended contributions.

*Participant Voluntary Contributions*

A participant who is vested in the Plan may make voluntary contributions into the Plan, and transfer funds from the Employee 457 Deferred Compensation Plan, for the purpose of purchasing "permissive service credit" (as defined in Internal Revenue Code Section 415(N)(3)(A)), in the Plan. No more than 5 years of "permissive service credit" may be purchased. Any purchase of "permissive service credit" must be made in the final year of employment with UTA.

Below are the changes in net pension liability for the Plan:

**Utah Transit Authority Retirement Plan and Trust**  
**Changes in Net Position Liability and Related Ratios**  
**Increases (Decreases)**  
**For the Fiscal Year Ended December 31, 2018**  
*(expressed in thousands)*

<b>Total Pension Liability</b>	
Service Cost .....	\$ 9,551
Interest .....	21,513
Difference between Actual and Expected Experience .....	4,893
Assumption Changes .....	—
Member voluntary contributions .....	224
Benefit Payments .....	(15,475)
Net Change in Total Pension Liability .....	20,706
Total Pension Liability – Beginning .....	305,381
Total Pension Liability – Ending .....	<b>A \$ 326,087</b>
<b>Plan Fiduciary Net Position</b>	
Member voluntary contributions .....	\$ 224
Contributions – Employer .....	22,355
Net Investment Income .....	(16,630)
Benefit Payments .....	(15,475)
Administrative Expense .....	(440)
Net Change in Plan Fiduciary Net Position .....	(9,966)
Plan Fiduciary Net Position – Beginning .....	204,505
Plan Fiduciary Net Position – Ending .....	<b>B \$ 194,539</b>
<b>Net Pension Liability / (Asset) – Ending (A – B) .....</b>	<b>\$ 131,548</b>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability .....	59.66%
Covered Payroll .....	\$ 132,521
Net Pension Liability as a Percentage of Covered Payroll .....	99.27%

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2018, UTA reported a net pension liability of \$131.548 million. The net pension liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. For the year ended December 31, 2018, UTA recognized pension expense of \$25.104 million.

**Utah Transit Authority Retirement Plan and Trust**  
**Deferred Outflows and Inflows of Resources Related to Pensions**  
**December 31, 2018**  
*(expressed in thousands)*

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience .....	\$ (1,226)	\$ 7,633
Changes in Assumptions .....	(2,158)	6,406
Net Differences between Projected and Actual on Pension Plan Earnings .....	—	17,892
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions ....	—	—
Contributions Subsequent to the Measurement Date .....	—	—
Total .....	<b>\$ (3,384)</b>	<b>\$ 31,931</b>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

**Utah Transit Authority Retirement Plan and Trust**  
**Recognition of Remaining Deferred Outflows and (Inflows) of Resources**  
*(expressed in thousands)*

For the Fiscal Year End December 31	
2019 .....	\$ 8,144
2020 .....	\$ 5,681
2021 .....	\$ 4,313
2022 .....	\$ 7,991
2023 .....	\$ 1,906
Thereafter .....	\$ 511

**Actuarial assumptions**

Actuarial valuation of the Plan involves estimates of the reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was performed for the five consecutive calendar years ending December 31, 2008. The total pension liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The significant actuarial assumptions and methods used in the January 1, 2018 valuation are as follows:

*(Table on next page)*

**Utah Transit Authority Retirement Plan and Trust****Summary of Actuarial Assumptions**

Actuarial Cost Method .....	Entry Age Normal
Inflation .....	2.30%
Salary Increases .....	5.40% per annum for the first five (5) years of employment; 3.40% per annum thereafter
Investment rate of return .....	7.00%
Cost of Living Adjustments.....	None
Mortality.....	RP-2014 Blue Collar Mortality Table, with MP-2014 Project Scale (Preretirement; Employee Table; Post-retirement Annuitant Table)
Bond Buyer General Obligation 20-Bond Municipal Bond Index	3.44%
Percent of Future Retirement Electing Lump Sum.....	20.00%

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2008.

**Investment Policy and Target Allocation**

The Pension Committee has adopted an Investment Policy Statement (IPS). The IPS is reviewed by the Pension Committee once a year, and was amended effective February 2016 to revise the asset classes. A normal weighting is now indicated for each asset class. The IPS was also amended to provide a list of prohibited investments.

All Plan investments are stated at fair value. Most types of marketable or actively traded investments are priced by nationally known vendors. In the event that an investment is not priced by the primary vendor, the Custodian (US Bank) engages a secondary vendor or other source. Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

In setting the long-term asset policy for the Plan, the Committee has opted to provide a minimum and maximum allowable allocation to the major asset classes. Best estimates of the compound nominal rates of return for each major asset class included in the Plan's target asset allocation is summarized in the table below:

**Utah Transit Authority Retirement Plan and Trust**  
**Policy Allocation**

	Target Asset Allocation	Range	Long-term Expected Return
Global Equity .....	63.00%	51% - 75%	6.90%
Liquid Diversifiers .....	10.00%	0% - 15%	5.80%
Real Assets .....	4.00%	0% - 8%	7.80%
Fixed Income.....	22.00%	12% - 32%	4.40%
Cash & Equivalents .....	1.00%	0% - 5%	3.30%
Total.....	<u>100.00%</u>		

The long-term rate of return is selected by the Plan's Pension Committee after a review of the expected inflation and long term real returns, reflecting expected volatility and correlation. The 7.00 percent assumed investment rate of return is comprised of an inflation rate of 2.30 percent and a real return of 4.70 percent net of investment expense.

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle of each month.

External cash inflows are netted with external cash outflows, resulting in a net external cash flow each month. The money-weighted rate of return is calculated net of investment expenses. For the calendar year ending, December 31, 2018, the annual money-weighted rate of return, net of investments was (7.77) percent.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00 percent. The discount rate incorporates a municipal bond rate of 3.44 percent based on the Bond Buyer General, Obligation 20-Bond Municipal Bond Index. The projection of cash flows used to determine the discount rate assumed that contributions will be made based on the actuarially determined rates recommended by UTA's Pension Committee and approved by the Board of Trustees. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all the projected future benefit payments of current active and inactive Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following sensitivity analysis assumes rate volatility of plus and minus one percent of the discount rate of 7.00 percent.

**Utah Transit Authority Retirement Plans Changes in Discount Rate Net Pension Liability (Asset)**

(expressed in thousands)

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net Pension Liability.....	\$ 173,037	\$ 131,548	\$ 97,093

**C. Defined Contribution Plans**

The 401(k), 457, and Roth and Traditional IRA Plans, in which the State participates and administered by URS, 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 Plans at rates determined by the employers and according to Title 49 of the *Utah Code*. There are 466 employers participating in the 401(k) Plan and 293 employers participating in the 457 Plan. There are 178,010 plan participants in the 401(k) Plan, 18,336 participants in the 457 Plan, 12,232 participants in the Roth IRA Plan, and 2,383 participants in the Traditional IRA Plan.

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, and Roth and Traditional IRA Plans. Employees, who contribute to a 401(k), 457, 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, 2019, by employees and employers are as follows: for primary government,

\$38.459 million and \$33.781 million; for component units, \$5.446 million and \$8.444 million, respectively. The amounts contributed by employees to the 457, and Roth and Traditional IRA Plans (primary government and discrete component units) were \$7.484 million, \$5.843 million, and \$297 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 0.74 to 1.15 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 in 401(k) defined contributions required by statute \$8.810 million and \$1.754 million, respectively. In addition to these contributions, the Tier 2 plans provide a statutory required contribution (0.08 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

Teachers Insurance and Annuity Association (TIAA) 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 retirement system for June 30, 2019 and 2018, were \$266.359 million and \$246.549 million, respectively.

#### Utah Transit Authority

The Utah Transit Authority (UTA) (major discrete component unit) offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all employees on a voluntary basis and permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. As part of its fiduciary role, UTA has an obligation of due care in selecting the third party administrators. In the opinion of management, UTA has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan. The deferred compensation assets are held by third party plan administrators and are generally invested in money market funds, stock or bond mutual funds or guarantee funds as selected by the employee.

#### 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 (nonmajor 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 began service as an elected official prior to July 1, 2013. The Plan is closed to new entrants.

At June 30, 2019, the following number of employees were covered by the State's single-employer OPEB plans: *(Table on next page)*

**Single-employer Plans Covered Employees**  
**June 30, 2019**

	<b>State Employee OPEB Plan</b>	<b>Elected Official OPEB Plan</b>
Inactive Employees or Beneficiaries Currently Receiving Benefits.....	3,171	91
Inactive Employees Entitled to But Not Yet Receiving Benefits.....	—	115
Active Employees.....	5,438	49
Total Single-employer Plans Covered Employees.....	<u>8,609</u>	<u>255</u>

**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 30.1 percent, toward the cost of health insurance premiums. For the fiscal year ended June 30, 2019, retirees contributed \$1.541 million, or approximately 4.80 percent of total premiums, through their required contributions of \$0 to \$802.80 per month depending on the coverage (single, double, or family) and health plan selected.

The Actuarially Determined Contribution (ADC) of \$25.9 million, from the December 31, 2016, actuarial valuation, was used to establish the fiscal year 2019 annual budget and fund employer contributions. The State Legislature funded \$26.510 million in employer contributions, \$582 thousand more than the ADC.

**Elected Official OPEB Plan Contributions**

For the fiscal year ended June 30, 2019, elected officials who participated in the Elected Official OPEB Plan contributed \$30 thousand, or approximately 6.79 percent of total premiums, through

their required contributions of \$0 (for 10 or more years of service) to \$922.22 per month (for four years of service) depending on the coverage (single or double) and health plan selected.

The Actuarially Determined Contribution (ADC) of \$1.026 million from the December 31, 2016, actuarial valuation was used to establish the fiscal year 2019 annual budget and fund employer contributions. For the fiscal year 2019, the State Legislature funded \$1.388 million in employer contributions, \$362 thousand more than the ADC.

**Net OPEB Liability**

The net OPEB liability was measured as of June 30, 2019. The total OPEB liability, used to calculate the net OPEB liability, was determined by an actuarial valuation as of December 31, 2018, and rolled-forward using generally accepted actuarial procedures. The combined total net OPEB liability, for both single-employer plans, was \$70.088 million, and of that amount, the State's (primary government) net OPEB liability was \$69.443 million, and \$645 thousand was allocated to the Utah Schools for the Deaf and Blind (nonmajor 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, 2019**  
*(dollars expressed in thousands)*

	<b>State Employee OPEB Plan</b>	<b>Elected Official OPEB Plan</b>
<b>Total OPEB Liability</b>		
Service Cost.....	\$ 5,189	\$ 733
Interest.....	12,749	908
Difference between Actual and Expected Experience.....	(28,055)	(245)
Assumption Changes.....	31,163	(347)
Benefit Payments.....	(30,560)	(412)
Net Change in Total OPEB Liability.....	(9,514)	637
Total OPEB Liability – Beginning.....	349,916	16,766
Total OPEB Liability – Ending..... <b>A</b>	<u>\$ 340,402</u>	<u>\$ 17,403</u>
<b>Plan Fiduciary Net Position</b>		
Contributions – Employee.....	\$ —	\$ —
Contributions – Employer.....	26,510	1,388
Net Investment Income (Loss).....	24,082	1,287
Benefit Payments.....	(30,560)	(412)
Administrative Expense.....	—	—
Net Transfers with Affiliated Systems.....	356	—
Net Change in Plan Fiduciary Net Position.....	20,388	2,263
Plan Fiduciary Net Position – Beginning.....	251,464	13,602
Plan Fiduciary Net Position – Ending..... <b>B</b>	<u>\$ 271,852</u>	<u>\$ 15,865</u>
<b>Net OPEB Liability / (Asset) – Ending (A – B)</b>	<u>\$ 68,550</u>	<u>\$ 1,538</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability.....	79.86%	91.16%
Covered Payroll*.....	\$ 1,032,288	
Net OPEB Liability as a Percentage of Covered Payroll.....	6.64%	
Covered-employee Payroll*.....		\$ 1,317
Net OPEB Liability as a Percentage of Covered-employee Payroll.....		116.78%

\* 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 Outflows and Inflows of Resources and OPEB Expense**

For the year ended June 30, 2019, the total OPEB expense was \$7.233 million, \$7.164 million for the State Employee OPEB Plan, and \$69 thousand for the Elected Official OPEB Plan. Of the total OPEB expense, the State (primary government) recognized \$7.149 million, and \$84 thousand was allocated to the Utah Schools for the Deaf and Blind (nonmajor discrete component unit).

Total deferred inflows of resources related to the recognition of

OPEB expense was \$37.028 million, of which \$36.610 million was recognized by the State, and \$418 thousand was allocated to the Utah Schools for the Deaf and Blind.

Total deferred outflows of resources related to the recognition of OPEB expense was \$31.892 million, of which \$31.527 million was recognized by the State, and \$365 thousand was allocated to the Utah Schools for the Deaf and Blind.

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

**Deferred Outflows and Inflows of Resources Related to OPEB**

June 30, 2019

(expressed in thousands)

Source	State Employee OPEB Plan		Elected Official OPEB Plan		Total Deferred Outflows	Total Deferred Inflows
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows		
Differences between expected and Actual Experience.....	\$ —	\$ 22,444	\$ —	\$ —	\$ —	\$ 22,444
Changes in Assumption.....	\$ 24,931	\$ —	\$ —	\$ —	\$ 24,931	\$ —
Net Differences between Projected and Actual Earnings on OPEB Plan Investments.....	\$ 6,951	\$ 13,878	\$ 10	\$ 706	\$ 6,961	\$ 14,584

Amounts reported above as deferred inflows and deferred outflows of resources related to OPEB will be recognized in OPEB expenses as follows:

**Recognition of Remaining Deferred Outflows and Inflows of Resources**

Fiscal Year Ended June 30, 2019

(expressed in thousands)

Fiscal Year	Deferred Outflows		Deferred Inflows	
	State Employee OPEB Plan	Elected Official OPEB Plan	State Employee OPEB Plan	Elected Official OPEB Plan
2020.....	\$ 8,550	\$ 4	\$ 9,606	\$ 243
2021.....	\$ 8,550	\$ 3	\$ 9,606	\$ 243
2022.....	\$ 8,549	\$ 3	\$ 8,555	\$ 110
2023.....	\$ 6,233	\$ —	\$ 8,555	\$ 110

The total OPEB liability in the December 31, 2018, 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.....	12/31/2018	12/31/2018
Measurement Date.....	6/30/2019	6/30/2019
Actuarial Cost Method.....	Entry Age Normal	
Investment Rate of Return.....	3.00%	5.25%
Inflation Rate.....	2.40%	
Healthcare Inflation Rate.....	5.40% initial 3.94% ultimate	

Mortality rates were based on the RP-2014 mortality table for both pre-retirement and post-retirement mortality assumption, along with 75 percent of the MP-2015 projection scale for mortality improvement. This projection scale applies “generational” improvements to longevity, based on the concept that children will live longer than their parents. The actuarial assumptions were updated since the prior measurement period based on the assumptions used in the Utah Retirement Systems actuarial valuation as of January 1, 2017 based on the results of an actuarial experience study for the five-year period ending December 31, 2016. The medical trend assumptions used in the valuation were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model (version 2019\_b). The Per Capita Claims Costs

(PCCC) aging factors were updated for pre-Medicare and post-Medicare retirees from the prior measurement date. The healthcare trend rate assumption was also updated from the prior measurement date to reflect the 2019 SOA Long-Run Medical Cost Trend model.

**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, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 9.72 percent for the State Employee OPEB Plan and 11.65 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, 2019, 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 .....	90.00%	0.90%	0.80%
Real Estate .....	10.00%	2.00%	0.20%
Total Asset Classes..	<u>100.00%</u>		1.00%
Inflation .....			2.00%
Expected Arithmetic Nominal Return .....			<u>3.00%</u>

**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
Equity Securities .....	55.00%	5.00%	2.73%
Debt Securities .....	35.00%	0.90%	0.32%
Real Estate .....	10.00%	2.00%	0.20%
Total Asset Classes..	<u>100.00%</u>		3.25%
Inflation .....			2.00%
Expected Arithmetic Nominal Return .....			<u>5.25%</u>

### Discount Rates

The discount rate used to measure the total OPEB liability was 3.00 percent for the State Employee OPEB Plan and 5.25 percent for the Elected Official OPEB Plan. The discount rate for the State Employee OPEB Plan was reduced from 3.75 percent to 3.00 percent from the prior measurement period based on lower expected inflation in the future.

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 discount rates do not incorporate a municipal bond rate.

The following presents the net OPEB liability for the State for both plans, calculated using the discount rate of 3.00 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 (2.0 percent - State Employee OPEB Plan, 4.25 percent - Elected Official OPEB Plan) or 1 percentage-point higher (4.00 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 (2.00%)	Current Discount Rate	1% Increase (4.00%)
State Employee OPEB Plan .....	\$ 88,297	\$ 68,550	\$ 49,896
	<u>1% Decrease (4.25%)</u>	<u>Current Discount Rate</u>	<u>1% Increase (6.25%)</u>
Elected Official OPEB Plan .....	\$ 4,257	\$ 1,538	\$ (643)
Total Net OPEB Liability / (Asset) .....	<u>\$ 92,554</u>	<u>\$ 70,088</u>	<u>\$ 49,253</u>

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 (4.4 percent decreasing to 2.9 percent) or 1 percentage-point higher (6.4 percent decreasing to 4.9 percent) than the current healthcare cost trend rates:

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

OPEB Plan	1% Decrease (4.4% decreasing to 2.9%)	Current Discount Rate (5.4% decreasing to 3.9%)	1% Increase (6.4% decreasing to 4.9%)
State Employee OPEB Plan .....	\$ 45,067	\$ 68,550	\$ 94,573
Elected Official OPEB Plan .....	(715)	1,538	4,325
Total Net OPEB Liability / (Asset) .....	<u>\$ 44,352</u>	<u>\$ 70,088</u>	<u>\$ 98,898</u>

### 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, school districts, most charter schools, and other state discrete component units participate in the Risk Management Fund. PEHP also provides insurance coverage to approximately 370 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, Medicare Supplement, 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 \$3.5 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, 2017 and June 30, 2018. The fund had losses that exceeded the State's self-insured claim limit of \$1 million for the fiscal year ended June 30, 2019.

PEHP has reinsurance coverage for a life catastrophic occurrence in excess of \$7.5 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 \$1.25 million on a person per year to a maximum of \$2 to \$5 million during the person's lifetime, depending on the participating group's lifetime maximum.

The Risk Management Fund and PEHP allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a premium to each participating public entity or employee. Premiums are based on each organization's recent trends in actual claims experience and property values. The primary government and discrete component units of the State paid premiums to PEHP for health and life insurance coverage in fiscal year 2019 of \$323.112 million and \$48.394 million, respectively.

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 \$60.414 million are reported using a discount rate of 2 percent. The PEHP long-term disability benefit reserves of \$18.726 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 beginning after a three-month waiting period are paid 100 percent by the program. As of June 30, 2019, there were 157 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, 2019, the primary government and the discrete component units of the State paid premiums for the Long-term Disability Program of \$5.165 million and \$291 thousand, respectively.

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.

Utah Transit Authority (UTA) (major discrete component unit) is self-insured for amounts up to the maximum statutory liability in any one accident of \$2.5 million. UTA has Railroad Liability Coverage of \$100 million per annum with \$5 million of risk retention. UTA is self-insured for worker's compensation up to the amount of \$1 million per incident and has excess insurance for claims over this amount. UTA has insurance for errors and omissions and damage to property in excess of \$100 thousand per annum.

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, 2018 and June 30, 2019. The PEHP and UTA balances are for the calendar years ended December 31, 2017 and December 31, 2018:

*(Table on next page)*

		Changes in Claims Liabilities (expressed in thousands)			
	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance	
Risk Management:					
2018 .....	\$ 53,645	\$ 17,404	\$ (13,719)	\$ 57,330	
2019 .....	\$ 57,330	\$ 22,050	\$ (15,822)	\$ 63,558	
Public Employees Health Program:					
December 31, 2017 .....	\$ 148,268	\$ 654,802	\$ (653,463)	\$ 149,607	
December 31, 2018 .....	\$ 149,607	\$ 694,933	\$ (697,527)	\$ 147,013	
Utah Transit Authority:					
December 31, 2017 .....	\$ 5,096	\$ 1,082	\$ (4,682)	\$ 1,496	
December 31, 2018 .....	\$ 1,496	\$ 3,118	\$ (3,458)	\$ 1,156	
College and University Self-Insurance:					
2018 .....	\$ 99,474	\$ 256,444	\$ (258,733)	\$ 97,185	
2019 .....	\$ 97,185	\$ 355,736	\$ (346,063)	\$ 106,858	

**NOTE 21. SUBSEQUENT EVENTS**

Subsequent to June 30, 2019, the Governor's Office of Economic Development Board recommended and the director approved \$50.4 million of additional commitments to be credited over the next several years for the Economic Development Tax Increment Financing (EDTIF) and Motion Picture Incentive (MPIP) programs. These commitments are contingent on participating companies meeting certain economic development performance criteria and within-the-state production criteria.

On August 30, 2019, University of Utah (major discrete component unit) issued \$50 million of new capital lease debt at 2.29 percent interest, for furniture and technology equipment related to its hospital.

On August 22, 2019, Utah State University (USU) (major discrete component unit) issued \$54.995 million of Student Fee and Housing System Revenue Bonds, Series 2019. Principal on the bonds is due annually commencing April 1, 2021 through June 30, 2049. Bond interest is due semi-annually commencing October 1, 2019 at rates ranging from 2.125 to 5.00 percent. Proceeds from these bonds are

for the purpose of financing the costs of constructing a six-story student apartment building; a multi-level parking structure on the University main campus; and to pay costs of issuance.

On October 16, 2019, USU issued \$5.745 million Series 2019A Research Revenue Refunding Bonds to refund the Series 2018A Research Revenue Bonds.

On July 10, 2019, the Utah Transit Authority (UTA) (major discrete component unit) approved a \$7.100 million agreement with a private organization to provide micro-transit service to the cities of Bluffdale, Draper, Herriman, Riverton, Sandy, and South Jordan.

On August 8, 2019, UTA entered into three new service vehicle leases totaling \$9.880 million with lease terms ranging from 5 to 12 years.

UTA is currently in the process of issuing up to \$540 million of sales tax revenue and refunding bonds to refund and restructure portions of the 2012 and 2015 outstanding bonds and provide up to \$75 million for capital projects. The bond sale date was November 6, 2019 with bond closing to occur around November 26, 2019.

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# REQUIRED SUPPLEMENTARY INFORMATION

## STATE OF UTAH

*Comprehensive Annual Financial Report*  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019



Horseback riding in Bryce Canyon National Park

# 2019

## Budgetary Comparison Schedule

## General Fund

(expressed in thousands)

For the Fiscal Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
General Revenues				
Sales Tax.....	\$ 2,101,634	\$ 2,130,444	\$ 2,116,255	\$ (14,189)
Licenses, Permits, and Fees:				
Court Fees.....	24,858	26,629	14,325	(12,304)
Other Licenses, Permits, and Fees.....	12,944	12,722	11,361	(1,361)
Investment Income.....	18,251	32,023	34,771	2,748
Miscellaneous Taxes and Other:				
Beer Tax.....	7,692	8,361	8,347	(14)
Cigarette and Tobacco Tax.....	105,432	100,720	97,691	(3,029)
Insurance Premium Tax.....	135,361	143,602	136,637	(6,965)
Oil, Gas, and Mining Severance Tax.....	28,971	29,261	24,520	(4,741)
Taxpayer Rebates.....	—	—	—	—
Court Collections.....	5,871	7,350	4,338	(3,012)
Other Taxes.....	48,913	50,483	40,746	(9,737)
Miscellaneous Other.....	14,517	12,398	9,797	(2,601)
Total General Revenues.....	<u>2,504,444</u>	<u>2,553,993</u>	<u>2,498,788</u>	<u>(55,205)</u>
Department Specific Revenues				
Sales Tax.....	6,314	22,648	22,902	254
Federal Contracts and Grants.....	3,417,380	3,100,506	3,100,506	—
Departmental Collections.....	522,905	523,113	523,160	47
Higher Education Collections.....	843,359	866,404	866,404	—
Federal Mineral Lease.....	74,348	77,104	77,607	503
Investment Income.....	2,650	5,881	6,132	251
Miscellaneous.....	690,939	766,924	766,957	33
Total Department Specific Revenues.....	<u>5,557,895</u>	<u>5,362,580</u>	<u>5,363,668</u>	<u>1,088</u>
Total Revenues.....	<u>8,062,339</u>	<u>7,916,573</u>	<u>7,862,456</u>	<u>(54,117)</u>
<b>Expenditures</b>				
General Government.....	515,095	520,846	392,611	128,235
Human Services and Juvenile Justice Services.....	959,199	936,728	920,636	16,092
Corrections.....	339,829	335,964	325,004	10,960
Public Safety.....	327,488	344,201	304,305	39,896
Courts.....	173,656	167,663	159,328	8,335
Health and Environmental Quality.....	3,619,646	3,511,633	3,433,626	78,007
Higher Education – State Administration.....	115,024	96,323	96,323	—
Higher Education – Colleges and Universities.....	1,896,598	1,934,617	1,934,582	35
Employment and Family Services.....	969,574	794,943	769,815	25,128
Natural Resources.....	313,125	328,761	263,504	65,257
Heritage and Arts.....	40,497	38,102	31,231	6,871
Business, Labor, and Agriculture.....	147,143	126,377	99,519	26,858
Total Expenditures.....	<u>9,416,874</u>	<u>9,136,158</u>	<u>8,730,484</u>	<u>405,674</u>
Excess Revenues Over (Under) Expenditures.....	<u>(1,354,535)</u>	<u>(1,219,585)</u>	<u>(868,028)</u>	<u>351,557</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets.....	3	3	3	—
Transfers In.....	1,057,461	1,505,527	1,505,527	—
Transfers Out.....	(223,034)	(467,552)	(467,552)	—
Total Other Financing Sources (Uses).....	<u>834,430</u>	<u>1,037,978</u>	<u>1,037,978</u>	<u>0</u>
Net Change in Fund Balance.....	<u>(520,105)</u>	<u>(181,607)</u>	<u>169,950</u>	<u>351,557</u>
Budgetary Fund Balance – Beginning.....	787,520	787,520	787,520	—
Budgetary Fund Balance – Ending.....	<u>\$ 267,415</u>	<u>\$ 605,913</u>	<u>\$ 957,470</u>	<u>\$ 351,557</u>

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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
General Revenues				
Individual Income Tax .....	\$ 4,138,628	\$ 4,171,942	\$ 4,338,732	\$ 166,790
Corporate Tax .....	364,648	549,426	527,070	(22,356)
Miscellaneous Other .....	38,206	47,156	42,944	(4,212)
Total General Revenues .....	4,541,482	4,768,524	4,908,746	140,222
Department Specific Revenues				
Federal Contracts and Grants .....	520,392	361,777	361,777	—
Departmental Collections .....	9,887	9,276	9,276	—
Federal Mineral Lease .....	—	—	—	—
Investment Income .....	919	4,579	5,217	638
Miscellaneous:				
Liquor Sales Allocated for School Lunch .....	41,036	48,024	48,024	—
Driver Education Fee .....	5,922	6,449	6,449	—
Property Tax for Charter Schools .....	29,055	22,206	22,661	455
Other .....	12,538	10,946	10,944	(2)
Total Department Specific Revenues .....	619,749	463,257	464,348	1,091
Total Revenues .....	5,161,231	5,231,781	5,373,094	141,313
<b>Expenditures</b>				
Public Education .....	5,275,077	4,220,663	4,078,783	141,880
Total Expenditures .....	5,275,077	4,220,663	4,078,783	141,880
Excess Revenues Over (Under) Expenditures .....	(113,846)	1,011,118	1,294,311	283,193
<b>Other Financing Sources (Uses)</b>				
Transfers In .....	93,499	94,074	94,074	—
Transfers Out .....	(1,037,906)	(1,335,011)	(1,335,011)	—
Total Other Financing Sources (Uses) .....	(944,407)	(1,240,937)	(1,240,937)	0
Net Change in Fund Balance .....	(1,058,253)	(229,819)	53,374	283,193
Budgetary Fund Balance – Beginning .....	882,715	882,715	882,715	—
Budgetary Fund Balance – Ending .....	\$ (175,538)	\$ 652,896	\$ 936,089	\$ 283,193

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, 2019

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>Revenues</b>				
General Revenues				
Motor Fuel Tax .....	\$ 366,912	\$ 364,127	\$ 371,619	\$ 7,492
Special Fuel Tax .....	147,782	139,379	142,333	2,954
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees .....	48,041	48,750	49,745	995
Proportional Registration Fees .....	16,783	17,368	17,863	495
Temporary Permits .....	224	226	223	(3)
Special Transportation Permits .....	11,371	11,233	11,365	132
Highway Use Permits .....	11,119	12,933	13,260	327
Motor Vehicle Control Fees .....	6,499	6,332	6,390	58
Investment Income .....	700	4,000	7,105	3,105
Miscellaneous Other .....	—	—	12	12
Total General Revenues .....	609,431	604,348	619,915	15,567
Department Specific Revenues				
Sales and Aviation Fuel Taxes .....	6,200	6,200	6,542	342
Federal Contracts and Grants .....	382,098	386,374	386,374	—
Departmental Collections .....	43,685	56,759	58,244	1,485
Investment Income .....	217	2,017	2,412	395
Miscellaneous .....	24,897	56,180	56,180	—
Total Department Specific Revenues .....	457,097	507,530	509,752	2,222
Total Revenues .....	1,066,528	1,111,878	1,129,667	17,789
<b>Expenditures</b>				
Transportation .....	1,049,388	1,115,600	998,100	117,500
Total Expenditures .....	1,049,388	1,115,600	998,100	117,500
Excess Revenues Over (Under) Expenditures .....	17,140	(3,722)	131,567	135,289
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets .....	—	31,134	31,134	—
Transfers In .....	44,158	44,027	44,027	—
Transfers Out .....	(99,335)	(110,400)	(110,400)	—
Total Other Financing Sources (Uses) .....	(55,177)	(35,239)	(35,239)	0
Net Change in Fund Balance .....	(38,037)	(38,961)	96,328	135,289
Budgetary Fund Balance – Beginning .....	351,996	351,996	351,996	—
Budgetary Fund Balance – Ending .....	\$ 313,959	\$ 313,035	\$ 448,324	\$ 135,289

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, 2019

	General Fund	Education Fund	Transportation Fund
<b>Revenues</b>			
Actual total revenues (budgetary basis).....	\$ 7,862,456	\$ 5,373,094	\$ 1,129,667
Differences – Budget to GAAP:			
Intrafund revenues are budgetary revenues but are not revenues for financial reporting.....	(511,334)	—	(3,051)
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting.....	(871,324)	(8,224)	—
Change in revenue accrual for nonbudgetary Medicaid claims.....	7,643	—	—
Change in tax accruals designated by law and other liabilities are revenues for financial reporting but not for budgetary reporting .....	22,146	6,224	7,379
Change in estimated federal receivables recorded as revenues for financial reporting but not for budgetary reporting .....	—	67,205	—
Education related collections that are revenues for financial reporting but not for budgetary reporting.....	—	304	—
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	<u>\$ 6,509,587</u>	<u>\$ 5,438,603</u>	<u>\$ 1,133,995</u>
<b>Expenditures</b>			
Actual total expenditures (budgetary basis).....	\$ 8,730,484	\$ 4,078,783	\$ 998,100
Differences – Budget to GAAP:			
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting.....	(511,334)	—	(3,051)
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.....	(871,324)	(8,224)	—
Certain budgetary transfers and other charges are reported as an increase or reduction of expenditures for financial reporting .....	22,047	—	—
Leave charges budgeted as expenditures when earned rather than when taken or due.....	(516)	(15)	(246)
Change in estimated liabilities recorded as expenditures for financial reporting but not for budgetary reporting .....	—	68,164	—
Change in accrual for Medicaid (incurred but not reported) claims excluded from the budget by statute .....	10,285	—	—
Change in accrual for Rehabilitation (incurred but not reported) claims excluded from the budget by statute .....	866	—	—
Taxpayer rebates budgeted as revenue offset but recorded as expenditures for financial reporting.....	5,800	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	<u>\$ 7,386,308</u>	<u>\$ 4,138,708</u>	<u>\$ 994,803</u>

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, 2019, 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. All 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, 2019, the State was \$597.068 million below the appropriations limitation.

## INFORMATION ABOUT THE STATE'S PENSION PLANS

**A. Single-employer Plans - Utah Retirement Systems**

The State's defined benefit pension systems/plan is administered by 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 Changes in the Net Pension Liability and Related Ratios and Schedule of Employer Contributions.

**Changes in Net Pension Liability**  
**Single-employer Plans - Utah Retirement Systems**  
**Last Five Calendar Years ending December 31 \***  
*(dollars expressed in thousands)*

Judges System	Calendar Year				
	2014	2015	2016	2017	2018
<b>Total Pension Liability</b>					
Service Cost.....	\$ 4,895	\$ 4,794	\$ 5,023	\$ 5,328	\$ 5,682
Interest.....	13,641	14,136	14,064	14,866	15,697
Difference between Actual and Expected Experience....	2,602	171	1,995	809	7,873
Assumption Changes.....	(130)	—	2,885	13,067	—
Benefit Payments.....	(11,361)	(12,400)	(12,330)	(13,700)	(16,195)
Net Change in Total Pension Liability.....	9,647	6,701	11,637	20,370	13,057
Total Pension Liability – Beginning.....	182,638	192,285	198,986	210,623	230,993
Total Pension Liability – Ending..... <b>A</b>	<u>\$ 192,285</u>	<u>\$ 198,986</u>	<u>\$ 210,623</u>	<u>\$ 230,993</u>	<u>\$ 244,050</u>
<b>Plan Fiduciary Net Position</b>					
Contributions – Employee.....	\$ 317	\$ —	\$ —	\$ —	\$ —
Contributions – Employer **.....	5,627	6,555	7,382	7,563	8,091
Court Fees ***.....	1,486	1,653	1,470	1,477	1,518
Net Investment Income.....	11,068	2,842	13,820	23,435	(730)
Benefit Payments.....	(11,361)	(12,400)	(12,330)	(13,621)	(16,111)
Administrative Expense.....	(71)	(71)	(71)	(79)	(84)
Net Transfers with Affiliated Systems.....	1,092	1,334	1,600	4,090	4,403
Net Change in Plan Fiduciary Net Position.....	8,158	(87)	11,871	22,865	(2,913)
Plan Fiduciary Net Position – Beginning.....	155,676	163,834	163,747	175,618	198,483
Plan Fiduciary Net Position – Ending..... <b>B</b>	<u>\$ 163,834</u>	<u>\$ 163,747</u>	<u>\$ 175,618</u>	<u>\$ 198,483</u>	<u>\$ 195,570</u>
<b>Net Pension Liability (A - B).....</b>	<u>\$ 28,451</u>	<u>\$ 35,239</u>	<u>\$ 35,005</u>	<u>\$ 32,510</u>	<u>\$ 48,480</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	85.20%	82.29%	83.38%	85.93%	80.14%
Covered Payroll.....	\$ 15,264	\$ 16,372	\$ 16,755	\$ 18,661	\$ 18,802
Net Pension Liability as a Percentage of Covered Payroll	186.39%	215.24%	208.92%	174.21%	257.84%
<b>Utah Governors and Legislators Retirement Plan</b>					
<b>Total Pension Liability</b>					
Service Cost.....	\$ 106	\$ 99	\$ 90	\$ 67	\$ 65
Interest.....	884	890	851	879	877
Difference between Actual and Expected Experience....	307	(105)	167	182	139
Assumption Changes.....	—	—	241	264	—
Benefit Payments.....	(909)	(904)	(941)	(978)	(1,034)
Net Change in Total Pension Liability.....	388	(20)	408	414	47
Total Pension Liability – Beginning.....	11,879	12,267	12,247	12,655	13,069
Total Pension Liability – Ending..... <b>A</b>	<u>\$ 12,267</u>	<u>\$ 12,247</u>	<u>\$ 12,655</u>	<u>\$ 13,069</u>	<u>\$ 13,116</u>
<b>Plan Fiduciary Net Position</b>					
Contributions – Employer.....	\$ 411	\$ 421	\$ 421	\$ 404	\$ 392
Net Investment Income.....	717	181	849	1,353	(41)
Benefit Payments.....	(909)	(904)	(941)	(973)	(978)
Administrative Expense.....	(5)	(5)	(4)	(5)	(5)
Net Transfers with Affiliated Systems.....	(14)	(20)	(12)	89	(51)
Net Change in Plan Fiduciary Net Position.....	200	(327)	313	868	(683)
Plan Fiduciary Net Position – Beginning.....	10,166	10,366	10,039	10,352	11,220
Plan Fiduciary Net Position – Ending..... <b>B</b>	<u>\$ 10,366</u>	<u>\$ 10,039</u>	<u>\$ 10,352</u>	<u>\$ 11,220</u>	<u>\$ 10,537</u>
<b>Net Pension Liability (A - B).....</b>	<u>\$ 1,901</u>	<u>\$ 2,208</u>	<u>\$ 2,303</u>	<u>\$ 1,849</u>	<u>\$ 2,579</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	84.50%	81.97%	81.80%	85.85%	80.34%
Covered Payroll.....	\$ 1,045	\$ 946	\$ 799	\$ 722	\$ 639
Net Pension Liability as a Percentage of Covered Payroll	181.91%	233.40%	288.24%	256.09%	403.60%

\* 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 increase (substantial substitute) that is not reflected in this schedule.

\*\*\* These court fees were recognized as revenue for support provided by nonemployer contributing entities.



# State of Utah

# Required Supplementary Information

**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 - Utah Retirement System (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
<b>Judges System</b> .....	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	\$ 18,347	42.12%
	2018	\$ 7,958	\$ 7,958	\$ 0	\$ 18,641	42.69%
	2019	\$ 8,501	\$ 8,501	\$ 0	\$ 19,462	43.68%
<b>Utah Governors and Legislators Retirement Plan<sup>1</sup></b> .....	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%
	2018	\$ 392	\$ 392	\$ 0	\$ 860	45.58%
	2019	\$ 384	\$ 384	\$ 0	\$ 848	45.28%

<sup>1</sup> Complete information not available prior to fiscal year 2011.

## Footnotes to Single-employer Plans - Utah Retirement Systems Schedule of Contributions

### Methods and Assumptions Used to Determine Contribution Rates

	Judges System	Utah Governors and Legislators Retirement Plan
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level Percent of Payroll	Level Dollar Amount
Amortization period	Open Group 20 -Year Open Period	Closed Group 16-Year Closed Period
Actuarial asset valuation method	Based on the total fair value income of investments with the excess or shortfall of actual investment income over or under the expected investment return smoothed over 5 years. One-fifth of the excess or shortfall is recognized each year for five years.	
Actuarial assumptions:		
Investment rate of return		6.95%
Projected salary increases**	3.25%	None
Inflation rate		2.50%
Post-retirement cost-of-living adjustment*		2.50%
Mortality: (Judges):	Male: 90% of 2017 Public Retirees of Utah (PR Utah) Mortality Table for males, projected with Scale AA from the year 2017. Female: 90% of 2017 Public Retirees of Utah (PR Utah) Mortality Table for females, projected with Scale AA from the year 2017.	
Mortality: (Utah Governors and Legislators):	Male: 110% of 2017 Public Retirees of Utah (PR Utah) Mortality Table for males, projected with Scale AA from the year 2017. Female: 110% of 2017 Public Retirees of Utah (PR Utah) Mortality Table for females, projected with Scale AA from the year 2017.	

\*All post-retirement cost-of-living adjustments are noncompounding 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.

\*\*Composed of 2.50 percent inflation, plus 0.75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.



Footnotes to Single-employer Plans - Utah Retirement Systems Schedule of Contributions *(continued)***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 and was again reduced in 2018 to 6.95 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
- Amortization  
Changes implemented in 2009 included amortizing 2008 losses over the next 5 years (20 percent per year) and modifying the unfunded actuarial accrued liability (UAAL) amortization period from 20 to 25 years.
- Inflation Rate  
In 2017, the assumed rate of inflation was decreased from 2.75 to 2.60 percent. In 2018, the assumed rate of inflation was decreased from 2.60 to 2.50 percent.
- Projected Salary Increases  
In 2019, the wage inflation assumption decreased from 3.35 to 3.25 percent and payroll growth assumption also decreased from 3.10 to 3.00 percent.

*(The remainder of this page has been intentionally left blank.)*

**B. Single-employer Plans - Utah Transit Authority**

Utah Transit Authority (UTA) (major discrete component unit) offers its employees a single-employer non-contributory defined benefit pension plan, The Utah Transit Authority Retirement Plan and Trust (Plan), which includes all employees of UTA who are eligible and who have completed six months of service.

The following schedules present for UTA's single-employer retirement plan Changes in the Net Pension Liability and Related Ratios and Schedule of Employer Contributions.

**Changes in Net Pension Liability**  
**Single-employer Plan - Utah Transit Authority (discrete component unit)**  
**Last Five Calendar Years ending December 31 \***

Utah Transit Authority	Calendar Year				
	2014	2015	2016	2017	2018
<b>Total Pension Liability</b>					
Service Cost.....	\$ 7,284	\$ 7,546	\$ 7,712	\$ 8,368	\$ 9,551
Interest.....	17,623	18,717	19,604	20,368	21,513
Voluntary Member Contributions.....	276	917	438	698	224
Differences between expected and actual experience ....	—	(1,973)	(927)	4,916	4,893
Assumption Changes.....	—	7,725	(3,956)	5,079	—
Benefit Payments.....	(10,181)	(11,555)	(12,981)	(13,008)	(15,475)
Net Change in Total Pension Liability .....	15,002	21,377	9,890	26,421	20,706
Total Pension Liability – Beginning.....	232,691	247,693	269,070	278,960	305,381
Total Pension Liability – Ending..... <b>A</b>	<u>\$ 247,693</u>	<u>\$ 269,070</u>	<u>\$ 278,960</u>	<u>\$ 305,381</u>	<u>\$ 326,087</u>
<b>Plan Fiduciary Net Position</b>					
Contributions – Employer .....	\$ 15,366	\$ 16,745	\$ 19,604	\$ 20,506	\$ 22,355
Contributions – Members .....	276	917	438	698	224
Net Investment Income .....	5,947	(1,085)	7,591	30,599	(16,630)
Benefit Payments.....	(10,181)	(11,555)	(12,981)	(13,008)	(15,475)
Administrative Expense .....	(220)	(244)	(249)	(325)	(440)
Net Change in Plan Fiduciary Net Position.....	11,188	4,778	14,403	38,470	(9,966)
Plan Fiduciary Net Position – Beginning.....	135,666	146,854	151,632	166,035	204,505
Plan Fiduciary Net Position – Ending..... <b>B</b>	<u>\$ 146,854</u>	<u>\$ 151,632</u>	<u>\$ 166,035</u>	<u>\$ 204,505</u>	<u>\$ 194,539</u>
<b>Net Pension Liability (A - B).....</b>	<u>\$ 100,839</u>	<u>\$ 117,438</u>	<u>\$ 112,925</u>	<u>\$ 100,876</u>	<u>\$ 131,548</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability.....	59.29%	56.35%	59.52%	66.97%	59.66%
Covered Payroll.....	\$ 106,004	\$ 110,727	\$ 115,431	\$ 126,691	\$ 132,521
Net Pension Liability as a Percentage of Covered Payroll	95.13%	106.06%	97.83%	79.62%	99.27%

\* The Utah Transit Authority adopted GASB Statement 68 in calendar year 2014. This schedule will eventually include ten years of history.

**Contributions** – The following schedule presents a ten-year history of UTA's (discrete component unit) contributions to its single-employer plan:

**Employer Contributions**  
**Single-employer Plans - Utah Transit Authority (discrete component unit)**  
*(dollars expressed in thousands)*

Last Ten Calendar Years						
	Calendar Year	Actuarial Required Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Utah Transit Authority.....	2009	\$ 10,658	\$ 10,658	\$ 0	\$ 88,835	12.00%
	2010	\$ 10,048	\$ 10,048	\$ 0	\$ 93,259	10.77%
	2011	\$ 10,115	\$ 10,115	\$ 0	\$ 91,265	11.08%
	2012	\$ 12,206	\$ 11,646	\$ 560	\$ 96,750	12.04%
	2013	\$ 14,352	\$ 13,338	\$ 1,014	\$ 102,100	13.06%
	2014	\$ 14,757	\$ 15,367	\$ (610)	\$ 106,004	14.50%
	2015	\$ 16,609	\$ 16,745	\$ (136)	\$ 110,727	15.12%
	2016	\$ 17,148	\$ 19,604	\$ (2,456)	\$ 115,431	16.98%
	2017	\$ 20,270	\$ 20,506	\$ (236)	\$ 126,691	16.19%
	2018	\$ 21,203	\$ 22,355	\$ (1,152)	\$ 132,521	16.87%

## Footnotes to Single-employer Plans - Utah Transit Authority Schedule of Contributions

## Methods and Assumptions Used to Determine Contribution Rates

	<u>Utah Transit Authority</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, open
Amortization period	18 years
Actuarial asset valuation method	5-year smoothed market less unrealized
Actuarial assumptions:	
Investment rate of return	7.00%, net of investment expenses
Projected salary increases	5.40% per annum for the first five years of employment; 3.40% per annum thereafter
Inflation rate	2.30%
Cost-of-living adjustment	None
Retirement Age	Table of Rates by Age and Eligibility
Mortality	RP-2014 Blue Collar Mortality Table, with MP-2014 projection scale (Preretirement; Employee Table; Post-retirement Annuitant Table)

## Other Information:

The valuation date is January 1, 2018. This is the date as of which the actuarial valuation is performed. The measurement date is December 31, 2018. This is the date as of which the net pension liability is determined. The reporting date is December 31, 2018. This is the employer's fiscal year ending date.

## Money-Weighted Rate of Return - 10 Years

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow each month. The money-weighted rate of return is calculated net of investment expenses.

**Schedule of Investment Returns**  
**Single-employer Plans - Utah Transit Authority**

Last Ten Calendar Years		
	<u>Calendar Year*</u>	<u>Annual Money-Weighted Rate of Return (Net of Investment Expense)</u>
Utah Transit Authority .....	2009	—
	2010	—
	2011	—
	2012	—
	2013	—
	2014	4.31 %
	2015	(0.72)%
	2016	4.90 %
	2017	18.01 %
	2018	(7.77)%

\* Utah Transit Authority adopted GASB Statements 74, 75, and 85 in calendar year 2014. This schedule will eventually include ten years of history.

**C. Multiple-employer Systems - Utah Retirement Systems**

The State's defined benefit pension systems are administered by 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 Four Calendar Years ending December 31\***  
*(dollars expressed in thousands)*

Noncontributory System	Calendar Year				
	2014	2015	2016	2017	2018
Proportion of the Net Pension Liability (Asset) .....	24.07%	23.84%	24.46%	23.46%	23.02%
Proportionate Share of the Net Pension Liability (Asset).....	\$604,765	\$748,863	\$792,635	\$573,675	\$856,314
Covered Payroll .....	\$645,747	\$630,251	\$639,263	\$598,938	\$585,155
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll .....	93.65%	118.82%	123.99%	95.78%	146.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability...	87.20%	87.20%	84.90%	89.20%	84.10%
<b>Contributory System</b>					
Proportion of the Net Pension Liability (Asset) .....	34.02%	32.52%	30.90%	30.98%	28.85%
Proportionate Share of the Net Pension Liability (Asset).....	\$3,731	\$20,378	\$16,932	\$2,039	\$20,484
Covered Payroll .....	\$12,280	\$10,301	\$8,283	\$7,049	\$5,599
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll .....	30.38%	197.83%	204.42%	28.93%	365.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability...	98.70%	92.40%	93.40%	99.20%	91.40%
<b>Public Safety System</b>					
Proportion of the Net Pension Liability (Asset) .....	98.11%	97.81%	97.73%	97.53%	97.56%
Proportionate Share of the Net Pension Liability (Asset).....	\$182,306	\$210,570	\$208,964	\$169,585	\$233,535
Covered Payroll .....	\$111,391	\$109,909	\$112,155	\$107,429	\$106,255
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll .....	163.66%	191.59%	186.32%	157.86%	219.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability...	84.30%	82.30%	83.50%	87.40%	83.20%
<b>Firefighters System</b>					
Proportion of the Net Pension Liability (Asset) .....	2.59%	3.90%	4.30%	3.84%	3.80%
Proportionate Share of the Net Pension Liability (Asset).....	\$(148)	\$(71)	\$(34)	\$(240)	\$494
Covered Payroll .....	\$851	\$1,047	\$1,208	\$1,123	\$1,175
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll .....	(17.39)%	(6.78)%	(2.81)%	(21.37)%	42.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability...	103.50%	101.00%	100.40%	103.00%	94.30%
<b>Tier 2 Public Employees System</b>					
Proportion of the Net Pension Liability (Asset) .....	17.95%	17.66%	19.04%	18.41%	18.15%
Proportionate Share of the Net Pension Liability (Asset).....	\$(544)	\$(39)	\$2,123	\$1,623	\$7,772
Covered Payroll .....	\$88,068	\$114,106	\$156,103	\$180,218	\$211,942
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll .....	(0.62)%	(0.03)%	1.36%	0.90%	3.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability...	103.50%	100.20%	95.10%	97.40%	90.80%
<b>Tier 2 Public Safety and Firefighters System</b>					
Proportion of the Net Pension Liability (Asset) .....	26.64%	25.84%	26.95%	25.32%	24.07%
Proportionate Share of the Net Pension Liability (Asset).....	\$(394)	\$(377)	\$(234)	\$(293)	\$603
Covered Payroll .....	\$11,011	\$15,378	\$22,263	\$26,727	\$32,199
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll .....	(3.58)%	(2.45)%	(1.05)%	(1.10)%	1.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability...	120.50%	110.70%	103.60%	103.00%	95.60%

\* 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**  
*(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
<b>Noncontributory System .....</b>	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%
	2018	\$ 129,414	\$ 129,414	\$ 0	\$ 591,404	21.88%
	2019	\$ 126,809	\$ 126,809	\$ 0	\$ 579,713	21.87%
<b>Contributory System .....</b>	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%
	2018	\$ 1,118	\$ 1,118	\$ 0	\$ 6,317	17.70%
	2019	\$ 863	\$ 863	\$ 0	\$ 4,875	17.70%
<b>Public Safety System .....</b>	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%
	2018	\$ 43,333	\$ 43,333	\$ 0	\$ 107,565	40.29%
	2019	\$ 42,189	\$ 42,189	\$ 0	\$ 104,652	40.31%
<b>Firefighters System .....</b>	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%
	2018	\$ 43	\$ 43	\$ 0	\$ 1,086	3.96%
	2019	\$ 58	\$ 58	\$ 0	\$ 1,260	4.60%
<b>Tier 2 Public Employees System .....</b>	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%

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**Employer Contributions**  
**Multiple-employer Plans (continued)**  
*(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
	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%
	2018	\$ 36,277	\$ 36,277	\$ 0	\$ 196,807	18.43%
	2019	\$ 44,102	\$ 44,102	\$ 0	\$ 233,714	18.87%
<b>Tier 2 Public Safety and Firefighters System .....</b>	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%
	2018	\$ 8,534	\$ 8,534	\$ 0	\$ 29,390	29.04%
	2019	\$ 10,266	\$ 10,266	\$ 0	\$ 34,716	29.57%

**Footnotes 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 and was again reduced in 2018 to 6.95 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
- **Amortization**  
Changes implemented in 2009 included amortizing 2008 losses over the next 5 years (20 percent per year) and modifying the unfunded actuarial accrued liability (UAAL) amortization period from 20 to 25 years.
- **Inflation Rate**  
In 2017, the assumed rate of inflation was decreased from 2.75 to 2.60 percent. In 2018, the assumed rate of inflation was decreased from 2.60 to 2.50 percent.
- **Projected Salary Increases**  
In 2019, the wage inflation assumption decreased from 3.35 to 3.25 percent and the payroll growth assumption also decreased from 3.10 to 3.00 percent.

**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)*

State Employee Plan	Fiscal Year *		
	2019	2018	2017
<b>Total OPEB Liability</b>			
Service Cost .....	\$ 5,189	\$ 5,063	\$ 4,939
Interest.....	12,749	13,219	13,661
Difference between Actual and Expected Experience .....	(28,055)	—	—
Assumption Changes.....	31,163	—	—
Benefit Payments .....	(30,560)	(31,339)	(30,158)
Net Change in Total OPEB Liability.....	(9,514)	(13,057)	(11,558)
Total OPEB Liability – Beginning .....	349,916	362,973	374,531
Total OPEB Liability – Ending .....	<b>A \$ 340,402</b>	<b>\$ 349,916</b>	<b>\$ 362,973</b>
<b>Plan Fiduciary Net Position</b>			
Contributions – Employee .....	\$ —	\$ —	\$ —
Contributions – Employer .....	26,510	29,735	33,361
Net Investment Income (Loss) .....	24,082	(2,065)	14,194
Benefit Payments .....	(30,560)	(31,339)	(30,158)
Administrative Expense .....	—	—	—
Net Transfers with Affiliated Systems .....	356	961	—
Net Change in Plan Fiduciary Net Position.....	20,388	(2,708)	17,397
Plan Fiduciary Net Position – Beginning .....	251,464	254,172	236,775
Plan Fiduciary Net Position – Ending .....	<b>B \$ 271,852</b>	<b>\$ 251,464</b>	<b>\$ 254,172</b>
<b>Net OPEB Liability (A - B)</b>	<b>\$ 68,550</b>	<b>\$ 98,452</b>	<b>\$ 108,801</b>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability.....	79.86%	71.86%	70.03%
Covered Payroll ** .....	\$ 1,032,288	\$ 994,839	\$ 966,279
Net OPEB Liability as a Percentage of Covered Payroll .....	6.64%	9.90%	11.26%
<b>Elected Official OPEB Plan</b>			
<b>Total OPEB Liability</b>			
Service Cost .....	\$ 733	\$ 715	\$ 698
Interest.....	908	850	789
Difference between Actual and Expected Experience .....	(245)	—	—
Assumption Changes.....	(347)	—	—
Benefit Payments .....	(412)	(534)	(503)
Net Change in Total OPEB Liability.....	637	1,031	984
Total OPEB Liability – Beginning .....	16,766	15,735	14,751
Total OPEB Liability – Ending .....	<b>A \$ 17,403</b>	<b>\$ 16,766</b>	<b>\$ 15,735</b>
<b>Plan Fiduciary Net Position</b>			
Contributions – Employee .....	\$ —	\$ —	\$ —
Contributions – Employer .....	1,388	1,388	1,388
Net Investment Income .....	1,287	667	1,214
Benefit Payments .....	(412)	(534)	(503)
Administrative Expense .....	—	—	—
Net Transfers with Affiliated Systems .....	—	1	—
Net Change in Plan Fiduciary Net Position.....	2,263	1,522	2,099
Plan Fiduciary Net Position – Beginning .....	13,602	12,080	9,981
Plan Fiduciary Net Position – Ending .....	<b>B \$ 15,865</b>	<b>\$ 13,602</b>	<b>\$ 12,080</b>
<b>Net OPEB Liability (A - B)</b>	<b>\$ 1,538</b>	<b>\$ 3,164</b>	<b>\$ 3,655</b>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability.....	91.16%	81.13%	76.77%
Covered-employee Payroll ** .....	\$ 1,317	\$ 1,421	\$ 1,478
Net OPEB Liability as a Percentage of Covered-employee Payroll .....	116.78%	222.66%	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
<b>State Employee OPEB Plan.....</b>	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%
	2018	\$ 29,100	\$ 29,735	\$ (635)	\$ 994,839	2.99%
	2019	\$ 25,928	\$ 26,510	\$ (582)	\$ 1,032,288	2.57%
<b>Elected Official OPEB Plan.....</b>	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%
	2018	\$ 1,241	\$ 1,388	\$ (147)	\$ 1,421	97.68%
	2019	\$ 1,026	\$ 1,388	\$ (362)	\$ 1,317	105.39%

\* 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, the covered-employee payroll is presented for that plan.

**Footnotes to Single-employer OPEB Plans Schedule of Contributions**

**Methods and Assumptions Used to Determine Contribution Rates**

	State Employee OPEB Plan	Elected Official OPEB Plan
Actuarial cost method	Entry Age Normal Level Percent of Salary	
Amortization method	Level Dollar Closed Period	Level Dollar Open Period
Amortization period	5 years	10 years
Actuarial asset valuation method	Fair Value	
Actuarial assumptions:		
Investment rate of return	3.00%	5.25%
Projected salary increases	2.50%	N/A
Inflation rate	2.40%	
Health Care Cost Trends	Initial health care trend rate of 5.40% which declines to an ultimate rate of 3.94% by 2075. The health care trend rate assumptions used were developed using the 2019 SOA Long-Run Medical Cost Trend model.	

**Other Information:**

- Only the last eight 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 who 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 OPEB Plan was modified from 4.00 to 4.50 percent. In fiscal year 2015, the discount rate for the Elected Official OPEB Plan was modified from 4.50 to 5.25 percent. In fiscal year 2019, the discount rate for the State Employee OPEB Plan was modified from 3.75 to 3.00 percent.
- **Amortization Period**  
In fiscal year 2012, the amortization period for the State Employee OPEB Plan was changed from a 25 year open to a 20 year open. The amortization period for State Employee OPEB Plan was changed again in fiscal year 2014 from a 20 year open to a 10 year open. In fiscal year 2012, the amortization period for the Elected Official OPEB Plan was changed from a 30 year open to a 20 year open. In fiscal year 2019, the amortization period for the Elected Official OPEB Plan was changed again from a 20 year open to a 10 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. In fiscal year 2019, the health care trend rate assumption was updated to reflect the latest cost trend model, resulting in a decrease of the initial and ultimate rates from 5.90 to 5.40 percent and 4.14 to 3.94 percent, respectively.
- **Other**  
In fiscal year 2019, the Per Capita Claims Costs (PCCC) aging factors were updated for pre-Medicare and post-Medicare retirees. The pre-Medicare PCCC now vary by age instead of 5-year age bands used in the prior valuation. Additionally, the post-Medicare PCCC varied by 5-year age bands in the prior valuation, but they are now based on the annualized premium rates provided for Medicare Supplement 100 and Enhanced Rx.

#### 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 .....	2010	—
	2011	—
	2012	—
	2013	—
	2014	—
	2015	—
	2016	—
	2017	5.79 %
	2018	(0.43)%
	2019	9.72 %
Elected Official OPEB Plan .....	2010	—
	2011	—
	2012	—
	2013	—
	2014	—
	2015	—
	2016	—
	2017	11.24 %
	2018	5.09 %
	2019	11.65 %

\* The State of Utah adopted GASB Statements 74, 75, and 85 in fiscal year 2017. This schedule will eventually include ten years of history.

## 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 5,787 centerline miles of state roads. The assessment is based on Ride Quality, using the International Roughness Index (IRI) data. This data is also reported to the Federal Highways Administration (FHWA) and used for the National Condition Assessment reported to Congress. Ranges for Good, Fair and Poor condition were established to correlate with the national FHWA ranges. Additional condition measures for age, wheel path rutting, and surface cracking are considered in project recommendations.

Category	IRI Range	Description
Good	< 95	Pavements that provide a smooth ride and typically exhibit few signs of visible distress suitable for surface seals and preservation.
Fair	95 to 170	Pavements with noticeable deterioration beginning to affect the ride in need of resurfacing.
Poor	> 170	Pavements with an unacceptable ride that have deteriorated to such an extent that they are in need of major rehabilitation.

**Condition Level – Roads**

UDOT performs pavement condition assessments at a minimum of every other calendar year. The State has established 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 with 80 percent or more of the mileage rated in “Fair or Better” condition. UDOT utilizes a number of additional 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. Some of these additional measures include strategic goals for both High Volume and Low Volume systems, internal goals for each pavement category, and annual national performance targets for reporting to the Federal Highway Administration for the Interstate system and the National Highway system. Ultimately these additional strategies and measures are only used as a mechanism to distribute funding and are adjusted as needed to assure the Statewide system remains with 80 percent or more of the pavement mileage rated in “Fair or Better” condition.

The following table reports the percentage of pavements with ratings of “Fair or Better” for the last three assessments for the Statewide system:

	2018	2017	2015
Statewide System	91.40%	90.36%	89.32%

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
2019	\$253,728	\$310,690
2018	\$252,563	\$307,815
2017	\$217,593	\$346,112
2016	\$202,516	\$291,847
2015	\$198,526	\$279,878

**Bridges**

UDOT uses the Structures Inventory System to monitor the condition of the 1,957 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. 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	2019	2018	2017
Good	64.38%	64.52%	67.91%
Poor	2.91%	2.76%	1.45%

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
2019	\$44,775	\$54,828
2018	\$44,570	\$54,320
2017	\$38,399	\$61,079
2016	\$35,738	\$51,502
2015	\$35,034	\$49,390

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# SUPPLEMENTARY INFORMATION

## STATE OF UTAH

*Comprehensive Annual Financial Report*  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019



Crater Springs Golf Course in Midway

# 2019

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### State Endowment Fund

This fund accounts for a portion of proceeds relating to the State's settlement agreement with major tobacco manufacturers, severance tax revenue in excess of statutory base amounts, and money or other assets authorized under any provision of law. The principal of the fund cannot be appropriated except by a three-fourths vote of both houses of the Legislature and with the concurrence of the Governor. One-half of all interest and dividends earned on tobacco settlement proceeds in this fund is deposited in the General Fund.

### Environmental Reclamation

This fund consists of various programs aimed at preserving open land, improving irrigation in the State, funding recycling programs, and funding cleanup and reclamation projects. Funds received are from state appropriations, fees and fines, recovered liens and costs, and voluntary contributions.

### Crime Victim Reparation

This fund accounts for court-ordered restitution and a surcharge on criminal fines, penalties, and forfeitures. Monies deposited in this fund are for victim reparations, other victim services, and, as appropriated, costs of administering the fund.

### Universal Telephone Services

This fund is designed to preserve and promote universal telephone service throughout the State by ensuring that all citizens have access to affordable basic telephone service. Revenues come from surcharges on customers' phone bills and from fines and penalties levied against telephone service providers by the Public Service Commission.

### Consumer Education Fund

This fund accounts for revenues and expenditures associated with educating and training Utah residents in various consumer matters. Funding is provided through the assessment and collection of fines and penalties from various regulated professions.

### Rural Development Fund

This fund promotes various programs in rural areas of the State including construction of communications systems and economic development grants to Native American tribes. Funding comes from oil and gas severance taxes and from royalties on mineral extractions on federal land within the State.

### State Capitol Fund

This fund was created to account for the funding and operations of the State Capitol Preservation Board. Funds are used in part to pay for repairs and maintenance of Capitol Hill facilities and grounds. Funding is provided through fees and private donations.

### Miscellaneous Special Revenue

This fund is made up of individual small funds set up to account for various revenue sources that are legally restricted to expenditures for specific purposes.

### Capital Projects – General Government

This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by the State and its discrete 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, 2019

	Special Revenue				
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services	Consumer Education
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 2,260	\$ 5,232	\$ 1,407	\$ 5,982	\$ 1,325
Investments.....	242,893	10,246	3,512	—	4,065
Receivables:					
Accounts, net .....	—	31	1,157	—	45
Accrued Interest.....	—	—	—	—	—
Accrued Taxes, net.....	—	—	—	—	—
Capital Lease Payments, net.....	—	—	—	—	—
Due From Other Funds.....	—	—	—	—	—
Due From Component Units .....	—	—	—	—	—
Prepaid Items .....	—	—	—	—	—
Total Assets .....	<u>\$ 245,153</u>	<u>\$ 15,509</u>	<u>\$ 6,076</u>	<u>\$ 5,982</u>	<u>\$ 5,435</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable and Accrued Liabilities.....	\$ —	\$ 427	\$ 140	\$ 412	\$ 277
Due To Other Funds .....	—	—	—	4	129
Unearned Revenue .....	—	—	—	—	—
Total Liabilities .....	<u>0</u>	<u>427</u>	<u>140</u>	<u>416</u>	<u>406</u>
Deferred Inflows of Resources:					
Unavailable Revenue.....	—	—	—	—	—
Total Deferred Inflows of Resources .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Nonspendable:					
Prepaid Items .....	—	—	—	—	—
Restricted.....	—	8,438	—	5,566	—
Committed .....	245,153	6,644	5,936	—	5,029
Assigned .....	—	—	—	—	—
Total Fund Balances .....	<u>245,153</u>	<u>15,082</u>	<u>5,936</u>	<u>5,566</u>	<u>5,029</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances .....	<u>\$ 245,153</u>	<u>\$ 15,509</u>	<u>\$ 6,076</u>	<u>\$ 5,982</u>	<u>\$ 5,435</u>



# State of Utah

Special Revenue			Capital Projects		Debt Service		Total Nonmajor Governmental Funds
Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority	General Government	State Building Ownership Authority	
\$ 2,741	\$ 1,361	\$ 56,382	\$ 488,985	\$ —	\$ 64,223	\$ 13,546	\$ 643,444
22,443	239	40,126	106,044	14,017	9,934	427	453,946
—	—	29,473	123	—	—	299	31,128
—	—	—	—	37	17	943	997
—	—	2,606	—	—	—	—	2,606
—	—	—	—	—	—	86,350	86,350
—	26	7	2,744	33	—	—	2,810
—	—	—	75,457	—	—	—	75,457
—	—	16	—	—	—	—	16
<u>\$ 25,184</u>	<u>\$ 1,626</u>	<u>\$ 128,610</u>	<u>\$ 673,353</u>	<u>\$ 14,087</u>	<u>\$ 74,174</u>	<u>\$ 101,565</u>	<u>\$ 1,296,754</u>
\$ 1,505	\$ 4	\$ 11,113	\$ 78,023	\$ 815	\$ 47,885	\$ —	\$ 140,601
181	7	777	2,124	7,243	12,080	8,883	31,428
—	60	7,925	—	—	—	—	7,985
<u>1,686</u>	<u>71</u>	<u>19,815</u>	<u>80,147</u>	<u>8,058</u>	<u>59,965</u>	<u>8,883</u>	<u>180,014</u>
—	—	—	—	—	—	86,350	86,350
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>86,350</u>	<u>86,350</u>
—	—	16	—	—	—	—	16
—	—	33,970	105,133	3,438	—	—	156,545
23,498	1,555	41,451	—	—	—	—	329,266
—	—	33,358	488,073	2,591	14,209	6,332	544,563
<u>23,498</u>	<u>1,555</u>	<u>108,795</u>	<u>593,206</u>	<u>6,029</u>	<u>14,209</u>	<u>6,332</u>	<u>1,030,390</u>
<u>\$ 25,184</u>	<u>\$ 1,626</u>	<u>\$ 128,610</u>	<u>\$ 673,353</u>	<u>\$ 14,087</u>	<u>\$ 74,174</u>	<u>\$ 101,565</u>	<u>\$ 1,296,754</u>

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

For the Fiscal Year Ended June 30, 2019

	<b>Special Revenue</b>				
	<b>State Endowment</b>	<b>Environmental Reclamation</b>	<b>Crime Victim Reparation</b>	<b>Universal Telephone Services</b>	<b>Consumer Education</b>
<b>REVENUES</b>					
Taxes:					
Sales and Use Tax .....	\$ —	\$ —	\$ —	\$ —	\$ —
Other Taxes .....	8,173	—	—	—	—
Total Taxes .....	8,173	0	0	0	0
Other Revenues:					
Federal Contracts and Grants .....	—	—	2,657	—	—
Charges for Services .....	—	3,584	6,836	14,879	16,772
Intergovernmental .....	—	—	—	—	—
Investment Income .....	21,796	316	80	—	113
Miscellaneous and Other .....	—	187	—	—	—
Total Revenues .....	29,969	4,087	9,573	14,879	16,885
<b>EXPENDITURES</b>					
Current:					
General Government .....	—	3,494	6,241	—	—
Human Services and Juvenile Justice Services .....	—	—	—	—	—
Corrections .....	—	—	—	—	—
Public Safety .....	—	—	—	—	—
Courts .....	—	—	—	—	—
Health and Environmental Quality .....	—	859	—	—	—
Higher Education – Colleges and Universities .....	—	—	—	—	—
Employment and Family Services .....	—	—	—	—	—
Natural Resources .....	—	—	—	—	—
Heritage and Arts .....	—	—	—	—	—
Business, Labor, and Agriculture .....	—	1,671	—	16,194	2,267
Public Education .....	—	—	—	—	—
Transportation .....	—	—	—	—	—
Capital Outlay .....	—	—	—	—	—
Debt Service:					
Principal Retirement .....	—	—	—	—	—
Interest and Other Charges .....	—	—	—	—	—
Total Expenditures .....	0	6,024	6,241	16,194	2,267
Excess Revenues Over (Under) .....	29,969	(1,937)	3,332	(1,315)	14,618
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on Bonds Issued .....	—	—	—	—	—
Payment to Refunded Bond Escrow Agent .....	—	—	—	—	—
Sale of Capital Assets .....	—	—	—	—	—
Transfers In .....	—	600	—	—	—
Transfers Out .....	—	(132)	(1,619)	—	(14,508)
Total Other Financing Sources (Uses) .....	0	468	(1,619)	0	(14,508)
Net Change in Fund Balances .....	29,969	(1,469)	1,713	(1,315)	110
Fund Balances – Beginning .....	215,184	16,551	4,223	6,881	4,919
Fund Balances – Ending .....	\$ 245,153	\$ 15,082	\$ 5,936	\$ 5,566	\$ 5,029

# State of Utah

Special Revenue			Capital Projects		Debt Service		Total Nonmajor Governmental Funds
Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority	General Government	State Building Ownership Authority	
\$ —	\$ —	\$ 23,430	\$ —	\$ —	\$ —	\$ —	\$ 23,430
7,916	—	1	—	—	—	—	16,090
7,916	0	23,431	0	0	0	0	39,520
—	—	36,052	—	—	14,307	1,560	54,576
—	672	129,035	—	—	—	—	171,778
—	—	—	16,029	—	—	—	16,029
645	7	1,243	3,745	335	198	299	28,777
—	—	11,377	1,386	—	—	16,989	29,939
8,561	679	201,138	21,160	335	14,505	18,848	340,619
—	156	33,673	14,812	—	—	—	58,376
—	—	501	10,133	—	—	—	10,634
—	—	—	6,356	—	—	—	6,356
—	—	38,504	867	—	—	—	39,371
—	—	—	6,271	—	—	—	6,271
—	—	717	—	—	—	—	1,576
—	—	—	34,979	—	—	—	34,979
9,301	—	1,152	824	—	—	—	11,277
—	—	1,808	2,695	—	—	—	4,503
—	—	13	823	—	—	—	836
—	—	154	1,286	—	—	—	21,572
—	—	—	1,555	—	—	—	1,555
—	—	—	1,925	—	—	—	1,925
—	—	—	225,301	9,833	—	—	235,134
—	—	—	—	—	251,315	9,634	260,949
—	—	—	—	—	92,653	10,764	103,417
9,301	156	76,522	307,827	9,833	343,968	20,398	798,731
(740)	523	124,616	(286,667)	(9,498)	(329,463)	(1,550)	(458,112)
—	—	—	—	6	616	(2)	620
—	—	—	—	—	—	(27,770)	(27,770)
—	2	—	—	—	—	—	2
—	—	65,383	488,616	—	349,141	—	903,740
(67)	—	(124,396)	(10,501)	—	(14,307)	—	(165,530)
(67)	2	(59,013)	478,115	6	335,450	(27,772)	711,062
(807)	525	65,603	191,448	(9,492)	5,987	(29,322)	252,950
24,305	1,030	43,192	401,758	15,521	8,222	35,654	777,440
\$ 23,498	\$ 1,555	\$ 108,795	\$ 593,206	\$ 6,029	\$ 14,209	\$ 6,332	\$ 1,030,390

**Detail Schedule of Expenditures – Budget and Actual**  
**General Fund**  
*(expressed in thousands)*

For the Fiscal Year Ended June 30, 2019

Appropriation Line Item Name	Source of Funding			Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
	State Funds	Federal Funds	Restricted and Other Funds					
GENERAL GOVERNMENT								
Legislature								
Senate .....	\$ 4,829	\$ —	\$ —	\$ 4,829	\$ 2,991	\$ —	\$ —	\$ 1,838
House.....	8,816	—	—	8,816	5,026	—	—	3,790
Printing.....	1,221	—	279	1,500	943	—	—	557
Research and General Counsel.....	15,340	—	—	15,340	10,278	—	—	5,062
Fiscal Analyst .....	5,138	—	—	5,138	3,732	—	—	1,406
Auditor General.....	5,617	—	—	5,617	4,568	—	—	1,049
Legislative Support .....	678	—	—	678	372	—	—	306
Legislative Services.....	4,778	—	—	4,778	3,720	—	—	1,058
Total Legislature .....	46,417	0	279	46,696	31,630	0	0	15,066
Elected Officials								
Governor’s Office.....	\$ 14,134	\$ —	\$ 1,538	\$ 15,672	\$ 11,910	\$ 1	\$ 113	\$ 3,648
GOV Office of Management & Budget .....	6,494	—	1	6,495	4,469	—	—	2,026
GOV GOMB - Operations & Policy .....	999	—	—	999	141	—	—	858
GOV Character Education.....	351	—	—	351	227	—	—	124
GOV Criminal & Juvenile Justice.....	14,725	23,862	85	38,672	32,609	—	1,768	4,295
GOV Salt Lake County Bed Housing .....	2,960	—	—	2,960	2,687	—	—	273
GOV CCJJ Factual Innocence Payments.....	274	—	—	274	57	—	—	217
GOV Indigent Defense Commission.....	5,496	—	—	5,496	3,147	—	—	2,349
GOV Emergency Fund.....	100	—	—	100	—	—	—	100
GOV LeRay McAllister Program.....	526	—	274	800	88	—	—	712
GOV CCJJ Jail Reimbursement .....	13,967	—	—	13,967	13,967	—	—	—
GOV Pete Suazo Athletic Commission.....	296	—	46	342	259	—	—	83
GOV Economic Development Administration.....	5,098	—	—	5,098	3,262	—	—	1,836
GOV ED Office of Tourism .....	35,466	—	245	35,711	29,163	—	—	6,548
GOV ED Business Development .....	10,721	407	150	11,278	7,818	—	—	3,460
GOV STEM Action Center .....	12,961	71	852	13,884	13,595	—	—	289
GOV ED Pass Through .....	12,664	—	—	12,664	11,157	162	—	1,345
GOV ED Inland Port Authority.....	1,975	—	—	1,975	1,975	—	—	—
GOV ED Utah Office of Outdoor Recreation .....	1,130	—	—	1,130	130	—	1,000	—
GOV ED Talent Ready Utah Center .....	325	—	20	345	295	—	—	50
GOV Industrial Assistance .....	3,476	—	—	3,476	3,476	—	—	—
GOV Office of Energy Development.....	4,258	1,013	279	5,550	3,567	1	116	1,866
GOV Constitutional Defense Council.....	13	—	—	13	—	—	—	13
USTAR Administration .....	1,851	—	—	1,851	1,751	—	—	100
USTAR Grant Programs .....	16,237	—	—	16,237	7,103	—	—	9,134
USTAR Support Programs .....	3,953	—	82	4,035	1,865	62	—	2,108
AG Attorney General .....	42,250	2,265	7,851	52,366	49,901	200	—	2,265
AG Contract Attorneys.....	13	—	1,247	1,260	1,260	—	—	—
AG Prosecution Council.....	863	73	883	1,819	1,737	—	50	32
AG Children’s Justice Centers .....	4,790	210	225	5,225	4,843	—	—	382
AG State Settlement Agreements.....	1,503	—	—	1,503	1,487	16	—	—
State Treasurer.....	3,433	—	838	4,271	3,835	—	243	193
State Auditor.....	4,192	—	2,591	6,783	6,637	—	—	146
Total Elected Officials .....	227,494	27,901	17,207	272,602	224,418	442	3,290	44,452
Government Operations								
Capitol Preservation Board .....	\$ 58,271	\$ —	\$ —	\$ 58,271	\$ 4,672	\$ —	\$ —	\$ 53,599
DAS Executive Director.....	1,697	—	—	1,697	1,290	—	—	407
DAS Administrative Rules.....	1,186	—	—	1,186	802	—	—	384
DAS DFCM Administration.....	6,905	—	801	7,706	7,103	—	—	603
DAS State Archives.....	3,286	34	60	3,380	3,258	—	—	122
DAS Finance Administration .....	11,091	—	1,775	12,866	10,566	—	—	2,300
DAS Office of Inspector General - Medicaid Services.....	1,323	—	1,828	3,151	3,147	—	—	4
DAS Post Conviction Indigent Defense.....	134	—	—	134	31	—	—	103
DAS Elected Official Post Retirement Benefits Contribution.....	1,388	—	—	1,388	1,388	—	—	—
DAS Finance Mandated .....	3,925	—	—	3,925	2,958	—	967	—
DAS Judicial Conduct Commission.....	300	—	—	300	258	—	—	42
DAS-Finance-Mandated-Ethics Commission .....	104	—	—	104	13	—	—	91
DAS Finance Mandated Parental Defense .....	127	—	34	161	121	—	—	40

**Detail Schedule of Expenditures – Budget and Actual**  
**General Fund**  
*(expressed in thousands)*  
**Continued**

For the Fiscal Year Ended June 30, 2019

Appropriation Line Item Name	Source of Funding			Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
	State Funds	Federal Funds	Restricted and Other Funds					
DAS Purchasing .....	725	—	—	725	725	—	—	—
DAS Building Board Program .....	1,313	—	—	1,313	1,216	—	—	97
Tax Commission Administration .....	80,740	521	7,659	88,920	84,168	3,486	266	1,000
TAX License Plate Production .....	375	—	3,400	3,775	3,047	—	—	728
TAX Liquor Profits Distribution .....	5,856	—	—	5,856	5,856	—	—	—
TAX Rural Health Care .....	219	—	—	219	219	—	—	—
HRM Human Resource Management .....	113	—	133	246	187	26	—	33
CSR Career Service Review Office .....	314	—	—	314	298	—	—	16
DTS Chief Information Officer .....	2,364	—	—	2,364	2,123	—	—	241
DTS Integrated Technology .....	1,750	654	1,143	3,547	3,117	—	—	430
Total Government Operations .....	183,506	1,209	16,833	201,548	136,563	3,512	1,233	60,240
Total General Government .....	<u>\$ 457,417</u>	<u>\$ 29,110</u>	<u>\$ 34,319</u>	<u>\$ 520,846</u>	<u>\$ 392,611</u>	<u>\$ 3,954</u>	<u>\$ 4,523</u>	<u>\$ 119,758</u>
<b>HUMAN SERVICES</b>								
Administration .....	\$ 9,487	\$ 8,817	\$ 6,117	\$ 24,421	\$ 24,411	\$ —	\$ —	\$ 10
Substance Abuse and Mental Health .....	134,561	36,231	23,643	194,435	192,892	—	271	1,272
Office of Public Guardian .....	503	40	343	886	869	—	—	17
Services for People with Disabilities .....	110,803	1,465	252,744	365,012	364,839	—	—	173
Recovery Services .....	14,109	19,603	10,861	44,573	44,568	5	—	—
Child and Family Services .....	121,625	70,057	(9,045)	182,637	181,048	—	40	1,549
JJS Community Providers .....	17,635	841	(501)	17,975	13,092	—	2,883	2,000
Juvenile Justice Services .....	78,719	1,017	(5)	79,731	72,682	—	2,049	5,000
Aging and Adult Services .....	15,500	12,147	(589)	27,058	26,235	573	—	250
Total Human Services .....	<u>\$ 502,942</u>	<u>\$ 150,218</u>	<u>\$ 283,568</u>	<u>\$ 936,728</u>	<u>\$ 920,636</u>	<u>\$ 578</u>	<u>\$ 5,243</u>	<u>\$ 10,271</u>
<b>CORRECTIONS</b>								
<b>Department of Corrections</b>								
Programs and Operations .....	\$ 256,029	\$ 605	\$ 4,302	\$ 260,936	\$ 254,026	\$ —	\$ 8	\$ 6,902
Medical Services .....	36,767	—	594	37,361	35,831	—	—	1,530
Jail Contracting .....	31,318	—	—	31,318	29,571	—	—	1,747
Total Department of Corrections .....	<u>324,114</u>	<u>605</u>	<u>4,896</u>	<u>329,615</u>	<u>319,428</u>	<u>0</u>	<u>8</u>	<u>10,179</u>
<b>Board of Pardons and Parole</b>								
Board of Pardons and Parole .....	\$ 6,348	\$ —	\$ 1	\$ 6,349	\$ 5,576	\$ 273	\$ —	\$ 500
Total Board of Pardons and Parole .....	<u>6,348</u>	<u>0</u>	<u>1</u>	<u>6,349</u>	<u>5,576</u>	<u>273</u>	<u>0</u>	<u>500</u>
Total Corrections .....	<u>\$ 330,462</u>	<u>\$ 605</u>	<u>\$ 4,897</u>	<u>\$ 335,964</u>	<u>\$ 325,004</u>	<u>\$ 273</u>	<u>\$ 8</u>	<u>\$ 10,679</u>
<b>PUBLIC SAFETY</b>								
<b>Department of Public Safety</b>								
UCA Administrative Services Division .....	\$ 35,357	\$ —	\$ —	\$ 35,357	\$ 31,768	\$ —	\$ 3,589	\$ —
Programs and Operations .....	110,086	728	19,775	130,589	115,668	—	2,141	12,780
Emergency Management .....	4,792	16,133	427	21,352	21,352	—	—	—
Emergency Management – National Guard .....	150	—	—	150	—	—	—	150
Emergency and Disaster Management .....	8,700	—	—	8,700	982	—	—	7,718
Bureau of Criminal Identification .....	6,857	11	6,800	13,668	10,173	65	1,430	2,000
Peace Officer's Standards and Training .....	4,913	—	51	4,964	3,633	—	831	500
Driver License .....	39,646	6	18	39,670	32,400	—	—	7,270
Highway Safety .....	2,115	4,157	327	6,599	5,878	—	—	721
Total Department of Public Safety .....	<u>212,616</u>	<u>21,035</u>	<u>27,398</u>	<u>261,049</u>	<u>221,854</u>	<u>65</u>	<u>7,991</u>	<u>31,139</u>
<b>Utah National Guard</b>								
Utah National Guard Administration .....	\$ 6,864	\$ 69,810	\$ 715	\$ 77,389	\$ 77,235	\$ —	\$ —	\$ 154
Total Utah National Guard .....	<u>6,864</u>	<u>69,810</u>	<u>715</u>	<u>77,389</u>	<u>77,235</u>	<u>0</u>	<u>0</u>	<u>154</u>
<b>Department of Veteran's and Military Affairs</b>								
Veteran's and Military Affairs .....	\$ 4,933	\$ 521	\$ 309	\$ 5,763	\$ 5,216	\$ —	\$ —	\$ 547
Total Department of Veteran's and Military Affairs .....	<u>4,933</u>	<u>521</u>	<u>309</u>	<u>5,763</u>	<u>5,216</u>	<u>—</u>	<u>—</u>	<u>547</u>
Total Public Safety .....	<u>\$ 224,413</u>	<u>\$ 91,366</u>	<u>\$ 28,422</u>	<u>\$ 344,201</u>	<u>\$ 304,305</u>	<u>\$ 65</u>	<u>\$ 7,991</u>	<u>\$ 31,840</u>
<b>STATE COURTS</b>								
Judicial Council .....	\$ 131,583	\$ 604	\$ 1,996	\$ 134,183	\$ 126,766	\$ 55	\$ 4,510	\$ 2,852
Grand Jury .....	1	—	—	1	1	—	—	—
Contracts and Leases .....	21,474	—	202	21,676	21,226	—	—	450
Jury and Witness Fees .....	2,709	—	9	2,718	2,438	—	—	280
Guardian Ad Litem .....	9,016	—	69	9,085	8,897	—	95	93

**Detail Schedule of Expenditures – Budget and Actual**  
**General Fund**  
*(expressed in thousands)*  
**Continued**

For the Fiscal Year Ended June 30, 2019

Appropriation Line Item Name	Source of Funding			Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
	State Funds	Federal Funds	Restricted and Other Funds					
Total State Courts .....	\$ 164,783	\$ 604	\$ 2,276	\$ 167,663	\$ 159,328	\$ 55	\$ 4,605	\$ 3,675
<b>HEALTH and ENVIRONMENTAL QUALITY</b>								
DOH Executive Director .....	\$ 7,359	\$ 5,399	\$ 5,644	\$ 18,402	\$ 17,627	\$ —	\$ 4	\$ 771
DOH Rural Physicians Loan Repayment Assistance .....	601	—	—	601	290	—	—	311
DOH Disease Control & Prevention .....	26,019	39,004	18,800	83,823	82,293	—	124	1,406
DOH Family Health & Preparedness .....	27,316	66,685	21,264	115,265	111,537	15	42	3,671
DOH Medicaid & Health Financing .....	7,756	85,307	42,556	135,619	134,273	38	235	1,073
DOH Medicaid Services .....	631,876	1,847,620	430,468	2,909,964	2,862,778	—	38,165	9,021
DOH Local Health Department Funding .....	2,138	—	—	2,138	2,138	—	—	—
DOH Children's Health Insurance .....	11,391	127,306	6,830	145,527	134,100	—	10,700	727
DOH Workforce Financial Assistance .....	694	—	—	694	372	—	—	322
DOH Medicaid Sanctions .....	1,979	—	—	1,979	—	—	—	1,979
DOH Federal Commodities .....	—	26,108	—	26,108	26,108	—	—	—
DEQ Executive Director .....	3,436	242	2,531	6,209	5,599	—	—	610
DEQ Air Quality .....	12,472	10,920	5,120	28,512	22,929	—	92	5,491
DEQ Environmental Response & Remediation .....	4,072	2,971	318	7,361	6,390	—	946	25
DEQ Water Quality .....	6,027	4,991	1,675	12,693	12,230	—	—	463
DEQ Drinking Water .....	3,058	3,569	(45)	6,582	5,990	—	204	388
DEQ Waste Management & Radiation Control .....	8,108	803	1,245	10,156	8,972	—	684	500
Total Health and Environmental Quality .....	\$ 754,302	\$ 2,220,925	\$ 536,406	\$ 3,511,633	\$ 3,433,626	\$ 53	\$ 51,196	\$ 26,758
<b>HIGHER EDUCATION</b>								
RGT Board of Regents Administration .....	\$ 3,952	\$ 260	\$ 500	\$ 4,712	\$ 4,712	\$ —	\$ —	\$ —
RGT Student Support .....	1,565	—	—	1,565	1,565	—	—	—
RGT Economic Development .....	378	—	—	378	378	—	—	—
RGT Student Assistance .....	28,104	—	—	28,104	28,104	—	—	—
RGT Math Competency Initiative .....	1,926	—	—	1,926	1,926	—	—	—
RGT Technology .....	7,984	—	—	7,984	7,984	—	—	—
RGT Education Excellence .....	4,527	—	—	4,527	4,527	—	—	—
RGT Medical Education Council .....	1,822	—	—	1,822	1,822	—	—	—
UOU Education & General .....	268,552	—	295,361	563,913	563,913	—	—	—
UOU Educationally Disadvantaged .....	716	—	—	716	716	—	—	—
UOU School of Medicine .....	38,621	—	32,955	71,576	71,576	—	—	—
UOU University Hospital .....	5,254	—	—	5,254	5,254	—	—	—
UOU Regional Dental Education .....	1,228	—	9,825	11,053	11,053	—	—	—
UOU Public Service .....	2,235	—	—	2,235	2,235	—	—	—
UOU Statewide TV Administration .....	2,672	—	—	2,672	2,672	—	—	—
UOU Cancer Research and Treatment .....	9,502	—	2,000	11,502	11,502	—	—	—
UOU Rocky Mountain Center for Occupational & Environmental Health .....	169	—	—	169	133	—	36	—
UOU Poison Control Center .....	2,844	—	—	2,844	2,844	—	—	—
UOU Center on Aging .....	112	—	—	112	112	—	—	—
USU Education & General .....	153,005	—	125,290	278,295	278,295	—	—	—
USU Educationally Disadvantaged .....	100	—	—	100	100	—	—	—
USU Water Research Lab .....	3,664	—	—	3,664	3,664	—	—	—
USU Agriculture Experiment Station .....	13,450	2,480	—	15,930	15,930	—	—	—
USU Cooperative Extension Service .....	17,725	2,440	—	20,165	20,165	—	—	—
USU Eastern Education & General .....	12,257	—	2,805	15,062	15,062	—	—	—
USU Eastern Educationally Disadvantaged .....	105	—	—	105	105	—	—	—
USU Eastern Career & Technical Education .....	1,444	—	22	1,466	1,466	—	—	—
USU Prehistoric Museum .....	518	—	—	518	518	—	—	—
USU Blanding Campus .....	2,989	—	1,035	4,024	4,024	—	—	—
USU – Regional Campus .....	15,193	—	27,691	42,884	42,884	—	—	—
Weber – Education and General .....	90,356	—	76,624	166,980	166,980	—	—	—
Weber – Educationally Disadvantaged .....	388	—	—	388	388	—	—	—
SUU – Education and General .....	42,436	—	50,190	92,626	92,626	—	—	—
SUU – Educationally Disadvantaged .....	96	—	—	96	96	—	—	—
SUU – Shakespeare Festival .....	22	—	—	22	22	—	—	—
SUU – Rural Development .....	107	—	—	107	107	—	—	—
Snow College – Education and General .....	32,156	—	11,365	43,521	43,521	—	—	—
Snow College – Educationally Disadvantaged .....	32	—	—	32	32	—	—	—

**Detail Schedule of Expenditures – Budget and Actual**  
**General Fund**  
*(expressed in thousands)*  
**Continued**

For the Fiscal Year Ended June 30, 2019

Appropriation Line Item Name	Source of Funding			Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
	State Funds	Federal Funds	Restricted and Other Funds					
Snow College – Career Technology Education.....	1,423	—	—	1,423	1,423	—	—	—
Dixie – Education and General .....	39,730	—	32,877	72,607	72,607	—	—	—
Dixie – Educationally Disadvantaged .....	26	—	—	26	26	—	—	—
Dixie – Zion Park Amphitheater .....	57	—	19	76	76	—	—	—
UVU – Education and General .....	117,092	—	140,958	258,050	258,050	—	—	—
UVU – Educationally Disadvantaged .....	179	—	—	179	179	—	—	—
SLCC – Education and General .....	96,032	—	56,606	152,638	152,638	—	—	—
SLCC – Educationally Disadvantaged .....	178	—	—	178	178	—	—	—
SLCC – School of Applied Technology .....	6,846	—	779	7,625	7,625	—	—	—
USTC – Administration.....	11,507	—	—	11,507	11,507	—	—	—
USTC – Bridgerland.....	14,062	—	—	14,062	14,062	—	—	—
USTC – Davis .....	16,164	—	—	16,164	16,164	—	—	—
USTC – Ogden/Weber.....	15,646	—	—	15,646	15,646	—	—	—
USTC – Uintah Basin .....	8,197	—	—	8,197	8,197	—	—	—
USTC – Mountainland .....	12,248	—	—	12,248	12,248	—	—	—
USTC – Southwest .....	5,484	—	—	5,484	5,484	—	—	—
USTC – Dixie.....	7,696	—	—	7,696	7,696	—	—	—
USTC – Tooele.....	4,284	—	—	4,284	4,284	—	—	—
Utah Education and Telehealth Network.....	33,636	—	—	33,636	33,636	—	—	—
UETN – Digital Teaching and Learning Program.....	165	—	—	165	165	—	—	—
Total Higher Education.....	<u>\$ 1,158,858</u>	<u>\$ 5,180</u>	<u>\$ 866,902</u>	<u>\$ 2,030,940</u>	<u>\$ 2,030,904</u>	<u>\$ 0</u>	<u>\$ 36</u>	<u>\$ 0</u>
<b>WORKFORCE SERVICES</b>								
Office of Rehabilitation.....	\$ 27,985	\$ 44,847	\$ 639	\$ 73,471	\$ 66,380	\$ 1	\$ 8	\$ 7,082
Office of Child Care .....	280	—	—	280	110	170	—	—
Administration.....	4,392	6,475	2,563	13,430	13,167	76	187	—
Operations and Policy .....	68,637	189,795	43,353	301,785	293,779	180	6,632	1,194
Nutritional Assistance – SNAP .....	—	239,724	—	239,724	239,724	—	—	—
General Assistance .....	4,959	—	250	5,209	3,582	—	—	1,627
Unemployment Insurance Administration .....	2,677	16,321	527	19,525	18,852	—	673	—
Operation Rio Grande .....	10,368	—	—	10,368	8,323	45	—	2,000
Housing and Community Development.....	33,389	38,972	2,015	74,376	69,124	2	2,907	2,343
HCD Capital Development .....	53,505	—	—	53,505	53,505	—	—	—
HCD Special Districts .....	3,270	—	—	3,270	3,269	—	1	—
Total Workforce Services .....	<u>\$ 209,462</u>	<u>\$ 536,134</u>	<u>\$ 49,347</u>	<u>\$ 794,943</u>	<u>\$ 769,815</u>	<u>\$ 474</u>	<u>\$ 10,408</u>	<u>\$ 14,246</u>
<b>NATURAL RESOURCES</b>								
Department of Natural Resources .....	\$ 3,040	\$ —	\$ —	\$ 3,040	\$ 2,807	\$ 8	\$ —	\$ 225
Building Operations .....	1,789	—	—	1,789	1,789	—	—	—
Forestry, Fire, and State Lands.....	51,716	4,085	6,970	62,771	47,763	2,094	704	12,210
Oil, Gas, and Mining .....	9,919	6,344	132	16,395	11,355	175	1,314	3,551
Wildlife Resources .....	52,202	18,015	280	70,497	67,179	25	2,707	586
Species Protection .....	1,109	—	2,450	3,559	3,228	—	131	200
Predator Control .....	60	—	—	60	60	—	—	—
Watershed Development.....	5,407	—	500	5,907	5,212	—	—	695
Pass Through .....	9,152	—	—	9,152	3,857	344	1	4,950
Contributed Research .....	—	—	1,130	1,130	1,130	—	—	—
Cooperative Environmental Studies .....	—	16,788	21,090	37,878	37,878	—	—	—
Parks and Recreation .....	39,843	1,546	860	42,249	38,903	75	2,964	307
Parks and Recreation – Capital Development.....	11,953	1,190	122	13,265	5,390	—	—	7,875
Utah Geological Survey .....	11,382	747	974	13,103	7,498	5	—	5,600
Water Resources .....	22,010	—	150	22,160	10,257	373	1,046	10,484
Wildlife Resources – Capital Development .....	1,432	1,105	—	2,537	1,849	—	688	—
Water Rights.....	9,515	147	4,449	14,111	12,370	—	1,241	500
Public Lands Policy Office.....	9,158	—	—	9,158	4,979	—	179	4,000
Total Natural Resources .....	<u>\$ 239,687</u>	<u>\$ 49,967</u>	<u>\$ 39,107</u>	<u>\$ 328,761</u>	<u>\$ 263,504</u>	<u>\$ 3,099</u>	<u>\$ 10,975</u>	<u>\$ 51,183</u>
<b>HERITAGE and ARTS</b>								
Heritage and Arts Administration.....	\$ 5,018	\$ —	\$ 44	\$ 5,062	\$ 3,916	\$ —	\$ 8	\$ 1,138
Indian Affairs.....	496	—	45	541	376	—	100	65
State History .....	2,482	912	134	3,528	3,468	—	—	60
Historical Society .....	122	—	76	198	80	—	—	118
Arts and Museums.....	5,763	879	1,332	7,974	4,918	—	—	3,056

**Detail Schedule of Expenditures – Budget and Actual**  
**General Fund**  
*(expressed in thousands)*  
**Continued**

For the Fiscal Year Ended June 30, 2019

Appropriation Line Item Name	Source of Funding			Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
	State Funds	Federal Funds	Restricted and Other Funds					
Museum Services .....	263	—	—	263	253	—	—	10
State Library .....	4,828	2,199	1,975	9,002	8,533	—	—	469
Commission on Service & Volunteerism .....	240	3,830	33	4,103	4,103	—	—	—
DHA Pass Through.....	7,431	—	—	7,431	5,584	—	62	1,785
Total Heritage and Arts.....	<u>\$ 26,643</u>	<u>\$ 7,820</u>	<u>\$ 3,639</u>	<u>\$ 38,102</u>	<u>\$ 31,231</u>	<u>\$ 0</u>	<u>\$ 170</u>	<u>\$ 6,701</u>
<b>BUSINESS, LABOR, and AGRICULTURE</b>								
DAG Agriculture & Food - Administration .....	\$ 3,129	\$ 491	\$ 961	\$ 4,581	\$ 3,948	\$ —	\$ 2	\$ 631
DAG Building Operations.....	357	—	—	357	357	—	—	—
DAG Utah State Fair .....	300	—	—	300	300	—	—	—
DAG Predatory Animal Control.....	1,621	—	615	2,236	2,043	80	108	5
DAG Invasive Species Mitigation.....	2,971	—	—	2,971	2,012	—	209	750
DAG Rangeland Improvement.....	2,418	—	—	2,418	1,757	—	161	500
DAG Animal Health.....	4,946	1,394	170	6,510	6,065	—	—	445
DAG Plant Industry.....	2,281	1,310	4,669	8,260	7,268	—	—	992
DAG Regulatory Services .....	3,228	1,422	3,145	7,795	6,627	—	—	1,168
DAG Marketing & Economic Development.....	880	—	8	888	841	—	—	47
DAG Resource Conservation .....	2,770	425	386	3,581	3,581	—	—	—
Labor Commission .....	12,008	2,924	72	15,004	14,184	—	820	—
Commerce Administration .....	31,012	356	1,041	32,409	28,848	76	270	3,215
COM Building Inspector Training .....	1,044	—	607	1,651	423	—	—	1,228
CRC DPU Professional & Technical Services .....	4,273	—	—	4,273	315	—	—	3,958
CRC CCS Professional & Technical Services.....	4,945	—	—	4,945	83	—	—	4,862
Financial Institutions.....	7,832	—	—	7,832	6,711	—	1,121	—
Insurance Department.....	16,332	91	—	16,423	11,379	—	1,089	3,955
INS Bail Bond Program .....	36	—	—	36	11	—	25	—
INS Title Insurance Program.....	243	—	—	243	100	—	24	119
INS Health Insurance Actuary.....	355	—	—	355	192	—	—	163
Public Service Commission .....	3,300	—	9	3,309	2,474	—	—	835
Total Business, Labor, and Agriculture .....	<u>\$ 106,281</u>	<u>\$ 8,413</u>	<u>\$ 11,683</u>	<u>\$ 126,377</u>	<u>\$ 99,519</u>	<u>\$ 156</u>	<u>\$ 3,829</u>	<u>\$ 22,873</u>
<b>TOTAL GENERAL FUND</b>								
Total Expenditures .....	<u>\$ 4,175,250</u>	<u>\$ 3,100,342</u>	<u>\$ 1,860,566</u>	<u>\$ 9,136,158</u>	<u>\$ 8,730,483</u>	<u>\$ 8,707</u>	<u>\$ 98,984</u>	<u>\$ 297,984</u>



# State of Utah

## 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, 2019

Appropriation Line Item Name	Source of Funding			Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
	State Funds	Federal Funds	Restricted and Other Funds					
EDUCATION FUND								
State Board of Education								
Office of Education .....	\$ 48,183	\$ 157,202	\$ 2,874	\$ 208,259	\$ 182,638	\$ —	\$ 285	\$ 25,336
Teaching & Learning.....	169	—	8,618	8,787	8,735	—	—	52
Child Nutrition.....	3,915	159,220	47,799	210,934	206,951	—	—	3,983
Fine Arts Outreach.....	4,853	—	—	4,853	4,724	—	—	129
Educational Contracts.....	24	—	(2)	22	9	—	—	13
State Charter School Board .....	6,324	—	(203)	6,121	2,182	—	—	3,939
Science Outreach.....	5,290	—	—	5,290	5,241	—	—	49
Regional Service Centers .....	2,000	—	—	2,000	2,000	—	—	—
Educator Licensing.....	2,755	—	(393)	2,362	2,292	20	—	50
Initiative Programs .....	67,861	—	1,529	69,390	46,281	—	40	23,069
MSP Categorical Program Administration .....	5,350	—	(421)	4,929	2,649	—	—	2,280
Federal Commodities.....	—	17,116	—	17,116	17,116	—	—	—
MSP Basic School Program .....	2,510,860	—	—	2,510,860	2,481,047	—	—	29,813
MSP Related to Basic Programs.....	801,610	—	—	801,610	774,350	—	343	26,917
MSP Voted & Board Leeway Programs.....	215,338	—	—	215,338	215,338	—	—	—
MSP School Building Programs.....	33,250	—	—	33,250	33,250	—	—	—
General System Support.....	46,134	28,138	6,097	80,369	54,857	—	85	25,427
Charter School Finance Authority.....	50	—	—	50	—	—	50	—
Total State Board of Education .....	\$ 3,753,966	\$ 361,676	\$ 65,898	\$ 4,181,540	\$ 4,039,660	\$ 20	\$ 803	\$ 141,057
Schools for the Deaf and the Blind								
Schools for the Deaf and the Blind.....	\$ 30,900	\$ 99	\$ 8,124	\$ 39,123	\$ 39,123	\$ —	\$ —	\$ —
Total Schools for the Deaf and the Blind .....	30,900	99	8,124	39,123	39,123	0	0	0
Total Education Fund.....	\$ 3,784,866	\$ 361,775	\$ 74,022	\$ 4,220,663	\$ 4,078,783	\$ 20	\$ 803	\$ 141,057
TRANSPORTATION FUND								
Support Services.....	\$ 40,697	\$ 3,430	\$ —	\$ 44,127	\$ 42,956	\$ —	\$ —	\$ 1,171
Engineering Services.....	24,855	22,790	—	47,645	47,262	83	—	300
Maintenance Management.....	169,977	8,358	8,138	186,473	179,113	4,636	2,137	587
Construction Management.....	137,481	314,599	5,206	457,286	380,176	77,110	—	—
Region Management.....	26,389	2,691	—	29,080	28,446	434	—	200
Aeronautics.....	10,493	242	430	11,165	8,444	—	459	2,262
Share the Road.....	25	—	—	25	25	—	—	—
B and C Roads .....	178,930	—	—	178,930	178,930	—	—	—
Safe Sidewalk Construction .....	1,229	—	—	1,229	727	—	—	502
Mineral Lease .....	29,601	—	—	29,601	29,601	—	—	—
Corridor Preservation .....	25,444	—	—	25,444	25,444	—	—	—
Cooperative Agreements .....	—	34,265	16,970	51,235	51,235	—	—	—
Tollway.....	1,435	—	—	1,435	1,435	—	—	—
Counties of the 1st and 2nd Class.....	22,062	—	—	22,062	22,062	—	—	—
Inventory and Miscellaneous.....	—	—	29,863	29,863	2,244	27,619	—	—
Total Transportation Fund .....	\$ 668,618	\$ 386,375	\$ 60,607	\$ 1,115,600	\$ 998,100	\$ 109,882	\$ 2,596	\$ 5,022
TRANSPORTATION INVESTMENT FUND								
TIF Capacity Program .....	\$ 578,001	\$ —	\$ —	\$ 578,001	\$ 451,913	\$ 126,088	\$ —	\$ —
Total Transportation Investment Fund.....	\$ 578,001	\$ 0	\$ 0	\$ 578,001	\$ 451,913	\$ 126,088	\$ 0	\$ 0
DEBT SERVICE FUNDS								
General Government .....	\$ 352,175	\$ 14,307	\$ 6,003	\$ 372,485	\$ 343,969	\$ 14,307	\$ —	\$ 14,209
State Building Ownership Authority .....	35,654	1,560	(10,484)	26,730	20,398	—	—	6,332
Total Debt Service Funds.....	\$ 387,829	\$ 15,867	\$ (4,481)	\$ 399,215	\$ 364,367	\$ 14,307	\$ 0	\$ 20,541

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### 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, plant nursery, and textile products, and provides printing services and miscellaneous other 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.

### Medical Cannabis Fund

The purpose of this fund is to conduct, license, and regulate the sale of cannabis related products. Funding consists primarily of fees from cannabis growers.

**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
*(expressed in thousands)*

June 30, 2019

	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Energy Efficiency Fund</b>	<b>Local Government Loan Fund</b>
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents .....	\$ 17,561	\$ 26,019	\$ 2,256	\$ 17,095
Receivables:				
Accounts, net .....	760	—	—	—
Accrued Interest .....	1,988	411	4	324
Notes/Loans/Mortgages, net .....	6,718	4,674	322	3,170
Due From Other Funds .....	—	—	—	—
Due From Component Units .....	—	—	—	—
Prepaid Items .....	—	—	—	—
Inventories .....	595	—	—	—
Total Current Assets .....	<u>27,622</u>	<u>31,104</u>	<u>2,582</u>	<u>20,589</u>
Noncurrent Assets:				
Investments .....	—	—	—	—
Accrued Interest Receivable .....	1,098	—	—	202
Notes/Loans/Mortgages Receivables, net .....	127,195	23,571	1,360	45,765
Capital Assets:				
Land .....	—	—	—	—
Infrastructure – depreciating .....	—	—	—	—
Buildings and Improvements .....	—	—	—	—
Machinery and Equipment .....	—	20	—	—
Intangible Assets – Software .....	—	—	—	—
Construction in Progress .....	—	—	—	—
Less Accumulated Depreciation .....	—	(20)	—	—
Total Capital Assets .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Noncurrent Assets .....	<u>128,293</u>	<u>23,571</u>	<u>1,360</u>	<u>45,967</u>
Total Assets .....	<u>\$ 155,915</u>	<u>\$ 54,675</u>	<u>\$ 3,942</u>	<u>\$ 66,556</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Amount on Refundings of Bonded Debt .....	\$ —	\$ —	\$ —	\$ —
Deferred Outflows Relating to Pensions .....	—	—	—	—
Deferred Outflows Relating to Other Postemployment Benefits ..	—	—	—	—
Total Deferred Outflows of Resources .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Liabilities .....	\$ 431	\$ 196	\$ —	\$ —
Deposits .....	1	—	—	—
Due To Other Funds .....	3	1	—	—
Unearned Revenue .....	—	—	—	—
Notes Payable .....	—	—	—	—
Revenue Bonds Payable .....	—	—	—	—
Total Current Liabilities .....	<u>435</u>	<u>197</u>	<u>0</u>	<u>0</u>
Noncurrent Liabilities:				
Notes Payable .....	—	—	—	—
Revenue Bonds Payable .....	—	—	—	—
Net Pension Liability .....	—	—	—	—
Net Other Postemployment Benefit Liability .....	—	—	—	—
Total Noncurrent Liabilities .....	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities .....	<u>\$ 435</u>	<u>\$ 197</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows Relating to Pensions .....	\$ —	\$ —	\$ —	\$ —
Deferred Inflows Relating to Other Postemployment Benefits .....	—	—	—	—
Total Deferred Inflows of Resources .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets .....	\$ —	\$ —	\$ —	\$ —
Restricted for:				
Loan Programs .....	97,671	5,352	—	65,030
Unrestricted .....	57,809	49,126	3,942	1,526
Total Net Position .....	<u>\$ 155,480</u>	<u>\$ 54,478</u>	<u>\$ 3,942</u>	<u>\$ 66,556</u>

# State of Utah

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Medical Cannabis Fund	Total Nonmajor Enterprise Funds
\$ 5,206	\$ 581	\$ 4,521	\$ 793	\$ 5,146	\$ 79,178
742	318	11,081	277	—	13,178
—	—	—	—	—	2,727
—	—	—	—	—	14,884
13,930	1,793	5	—	—	15,728
—	1	—	—	—	1
1,759	—	—	—	1	1,760
36,619	1,436	—	—	—	38,650
58,256	4,129	15,607	1,070	5,147	166,106
—	—	—	242	—	242
—	—	—	—	—	1,300
1,122	—	—	—	—	199,013
27,123	—	263	297	—	27,683
126	304	—	—	—	430
82,528	4,027	233	1,497	—	88,285
8,402	5,029	1,321	37	—	14,809
2,304	644	—	—	—	2,948
2,993	—	—	—	—	2,993
(43,381)	(5,258)	(1,282)	(69)	—	(50,010)
80,095	4,746	535	1,762	0	87,138
81,217	4,746	535	2,004	0	287,693
\$ 139,473	\$ 8,875	\$ 16,142	\$ 3,074	\$ 5,147	\$ 453,799
\$ 2,708	\$ 108	\$ —	\$ —	\$ —	\$ 2,816
3,145	2,398	2,030	144	—	7,717
270	90	133	—	—	493
\$ 6,123	\$ 2,596	\$ 2,163	\$ 144	\$ 0	\$ 11,026
\$ 15,120	\$ 1,654	\$ 7,300	\$ 58	\$ 13	\$ 24,772
—	—	1	—	—	2
35,299	121	1,999	—	2	37,425
1,122	8	3,703	—	—	4,833
—	—	—	19	—	19
6,571	138	—	—	—	6,709
58,112	1,921	13,003	77	15	73,760
—	—	—	599	—	599
69,263	830	—	—	—	70,093
7,024	5,063	4,961	387	—	17,435
561	222	325	—	—	1,108
76,848	6,115	5,286	986	0	89,235
\$ 134,960	\$ 8,036	\$ 18,289	\$ 1,063	\$ 15	\$ 162,995
\$ 219	\$ 244	\$ 6	\$ 139	\$ —	\$ 608
303	102	150	—	—	555
\$ 522	\$ 346	\$ 156	\$ 139	\$ 0	\$ 1,163
\$ 20,475	\$ 3,977	\$ 535	\$ 1,145	\$ —	\$ 26,132
—	—	—	—	—	168,053
(10,361)	(888)	(675)	871	5,132	106,482
\$ 10,114	\$ 3,089	\$ (140)	\$ 2,016	\$ 5,132	\$ 300,667

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Nonmajor Enterprise Funds**  
*(expressed in thousands)*

For the Fiscal Year Ended June 30, 2019

	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Energy Efficiency Fund</b>	<b>Local Government Loan Fund</b>
<b>OPERATING REVENUES</b>				
Sales and Charges for Services/Premiums .....	\$ —	\$ —	\$ 1	\$ —
Fees and Assessments .....	—	—	—	—
Interest on Notes/Mortgages .....	2,254	887	—	—
Miscellaneous .....	13	4	—	—
Total Operating Revenues .....	<u>2,267</u>	<u>891</u>	<u>1</u>	<u>0</u>
<b>OPERATING EXPENSES</b>				
Administration .....	38	239	—	—
Purchases, Materials, and Services for Resale .....	—	—	—	—
Grants .....	1,161	—	262	—
Rentals and Leases .....	1	3	—	—
Maintenance .....	8	4	—	—
Depreciation/Amortization .....	—	—	—	—
Miscellaneous Other:				
Data Processing .....	—	17	—	—
Supplies .....	—	2	—	—
Utilities .....	—	2	—	—
Advertising and Other .....	327	4	1	1
Total Operating Expenses .....	<u>1,535</u>	<u>271</u>	<u>263</u>	<u>1</u>
Operating Income (Loss) .....	<u>732</u>	<u>620</u>	<u>(262)</u>	<u>(1)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income .....	233	511	74	1,527
Federal Contracts and Grants .....	5,658	—	—	—
Disposal of Capital Assets .....	—	—	—	—
Tax Revenues .....	—	525	—	—
Interest Expense .....	—	—	—	—
Total Nonoperating Revenues (Expenses) .....	<u>5,891</u>	<u>1,036</u>	<u>74</u>	<u>1,527</u>
Income (Loss) before Transfers .....	<u>6,623</u>	<u>1,656</u>	<u>(188)</u>	<u>1,526</u>
Capital Contributions .....	—	—	—	—
Transfers In .....	1,775	—	—	—
Transfers Out .....	(635)	(1,752)	(127)	—
Change in Net Position .....	<u>7,763</u>	<u>(96)</u>	<u>(315)</u>	<u>1,526</u>
Net Position – Beginning .....	147,717	54,574	4,257	65,030
Adjustment to Beginning Net Position .....	—	—	—	—
Net Position – Beginning as Adjusted .....	<u>147,717</u>	<u>54,574</u>	<u>4,257</u>	<u>65,030</u>
Net Position – Ending .....	<u>\$ 155,480</u>	<u>\$ 54,478</u>	<u>\$ 3,942</u>	<u>\$ 66,556</u>

# State of Utah

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Medical Cannabis Fund	Total Nonmajor Enterprise Funds
\$ 426,588	\$ 22,897	\$ 20,274	\$ —	\$ —	\$ 469,760
3,617	—	22	2,550	148	6,337
27	—	—	—	—	3,168
597	—	—	—	—	614
430,829	22,897	20,296	2,550	148	479,879
23,694	5,903	8,996	244	383	39,497
261,897	14,503	—	167	—	276,567
—	—	—	—	—	1,423
985	274	698	—	—	1,961
4,463	374	674	—	—	5,523
3,312	446	2	45	—	3,805
2,926	331	215	—	20	3,509
500	1,210	165	—	2	1,879
256	128	108	—	4	498
10,058	414	8,201	1,755	11	20,772
308,091	23,583	19,059	2,211	420	355,434
122,738	(686)	1,237	339	(272)	124,445
69	—	—	—	4	2,418
305	—	—	—	—	5,963
(14)	(112)	—	(6)	—	(132)
—	—	—	—	—	525
(3,170)	(24)	—	(47)	—	(3,241)
(2,810)	(136)	0	(53)	4	5,533
119,928	(822)	1,237	286	(268)	129,978
—	—	—	—	—	—
5,000	—	—	—	5,400	12,175
(119,928)	—	(115)	—	—	(122,557)
5,000	(822)	1,122	286	5,132	19,596
5,114	3,911	(1,262)	1,730	—	281,071
—	—	—	—	—	—
5,114	3,911	(1,262)	1,730	—	281,071
\$ 10,114	\$ 3,089	\$ (140)	\$ 2,016	\$ 5,132	\$ 300,667

**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
*(expressed in thousands)*

For the Fiscal Year Ended June 30, 2019

	<b>Housing Loan Programs</b>	<b>Agriculture Loan Fund</b>	<b>Energy Efficiency Fund</b>	<b>Local Government Loan Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers/Loan Interest/Fees/Premiums .....	\$ 2,260	\$ 889	\$ 1	\$ —
Receipts from Loan Maturities .....	6,920	4,110	—	—
Receipts from State Customers .....	—	—	—	—
Payments to Suppliers/Claims/Grants .....	(365)	(4,818)	(262)	—
Disbursements for Loans Receivable .....	(12,204)	(3,454)	—	—
Payments for Employee Services and Benefits .....	(38)	(239)	—	—
Payments to State Suppliers .....	(874)	4,967	(1)	(1)
Payments of Sales Tax and School Lunch Collections .....	—	—	—	—
Net Cash Provided (Used) by Operating Activities .....	(4,301)	1,455	(262)	(1)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Borrowings Under Interfund Loans .....	—	—	—	—
Repayments Under Interfund Loans .....	—	—	—	—
Federal Contracts, Grants and Other Revenues .....	7,153	—	—	—
Restricted Sales Tax .....	—	525	—	—
Transfers In from Other Funds .....	1,775	—	—	—
Transfers Out to Other Funds .....	(635)	(1,752)	(127)	—
Net Cash Provided (Used) by Noncapital Financing Activities .....	8,293	(1,227)	(127)	0
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from the Sale and Maturity of Investments .....	—	—	—	—
Receipts of Interest and Dividends .....	233	511	—	472
Receipts from Loan Maturities .....	—	—	335	1,722
Receipts of Interest from Loans .....	—	—	74	597
Disbursements for Loans Receivable .....	—	—	—	(36,750)
Net Cash Provided (Used) by Investing Activities .....	233	511	409	(33,959)
Net Cash Provided (Used) – All Activities .....	4,225	739	20	(33,960)
Cash and Cash Equivalents – Beginning .....	13,336	25,280	2,236	51,055
Cash and Cash Equivalents – Ending .....	\$ 17,561	\$ 26,019	\$ 2,256	\$ 17,095



# State of Utah

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Medical Cannabis Fund	Total Nonmajor Enterprise Funds
\$ 481,419	\$ 9,935	\$ —	\$ 2,523	\$ 148	\$ 497,175
—	—	—	—	—	11,030
—	11,915	14,246	—	—	26,161
(272,443)	(14,670)	(4,587)	(2,103)	13	(299,235)
—	—	—	—	—	(15,658)
(23,585)	(5,771)	(8,742)	(248)	(383)	(39,006)
(6,824)	(2,903)	(215)	—	(36)	(5,887)
(50,039)	—	—	—	—	(50,039)
128,528	(1,494)	702	172	(258)	124,541
34,418	—	—	—	—	34,418
(34,574)	—	—	—	—	(34,574)
—	—	—	—	—	7,153
—	—	—	—	—	525
5,000	—	—	—	5,400	12,175
(119,928)	—	(115)	—	—	(122,557)
(115,084)	0	(115)	0	5,400	(102,860)
305	—	—	—	—	305
—	13	—	—	—	13
(5,418)	(174)	—	(17)	—	(5,609)
(812)	(504)	—	—	—	(1,316)
(3,554)	(44)	—	(37)	—	(3,635)
(9,479)	(709)	0	(54)	0	(10,242)
—	—	—	12	—	12
69	—	—	(10)	4	1,279
—	—	—	—	—	2,057
—	—	—	—	—	671
—	—	—	—	—	(36,750)
69	0	0	2	4	(32,731)
4,034	(2,203)	587	120	5,146	(21,292)
1,172	2,784	3,934	673	—	100,470
\$ 5,206	\$ 581	\$ 4,521	\$ 793	\$ 5,146	\$ 79,178

**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
*(expressed in thousands)*  
**Continued**

For the Fiscal Year Ended June 30, 2019

	<b>Housing Loan Program</b>	<b>Agriculture Loan Fund</b>	<b>Energy Efficiency Fund</b>	<b>Local Government Loan Fund</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating Income (Loss) .....	\$ 732	\$ 620	\$ (262)	\$ (1)
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 .....	—	—	—	—
Notes/Accrued Interest Receivables .....	(5,235)	653	—	—
Inventories .....	(57)	—	—	—
Prepaid Items .....	—	1	—	—
Accrued Liabilities/Due to Other Funds .....	259	181	—	—
Unearned Revenue/Deposits .....	—	—	—	—
Net Cash Provided (Used) by Operating Activities .....	<u>\$ (4,301)</u>	<u>\$ 1,455</u>	<u>\$ (262)</u>	<u>\$ (1)</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>				
Increase (Decrease) in Fair Value of Investments .....	\$ —	\$ —	\$ —	\$ (186)
Total Noncash Investing, Capital, and Financing Activities .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (186)</u>

# State of Utah

<u>Alcoholic Beverage Control</u>	<u>Utah Correctional Industries</u>	<u>State Trust Lands Administration</u>	<u>Utah Dairy Commission</u>	<u>Medical Cannabis Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
\$ 122,738	\$ (686)	\$ 1,237	\$ 339	\$ (272)	\$ 124,445
3,312	446	2	45	—	3,805
26	160	254	7	—	447
551	(931)	(6,834)	(67)	—	(7,281)
42	—	—	—	—	(4,540)
(766)	110	—	12	—	(701)
(1,664)	285	—	11	(1)	(1,368)
4,331	(762)	5,259	(175)	15	9,108
(42)	(116)	784	—	—	626
<u>\$ 128,528</u>	<u>\$ (1,494)</u>	<u>\$ 702</u>	<u>\$ 172</u>	<u>\$ (258)</u>	<u>\$ 124,541</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ (186)
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (186)</u>

**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, 2019

Appropriation Line Item Name	Source of Funding			Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted And Other	Nonlapse or (Deficit) Carry Forward
	State Funds	Federal Funds	Restricted and Other Funds					
ALCOHOLIC BEVERAGE CONTROL								
Alcoholic Beverage Control Administration .....	\$ 52,384	\$ —	\$ —	\$ 52,384	\$ 51,335	\$ 549	\$ —	\$ 500
ABC – Parents Empowered .....	2,607	—	—	2,607	2,530	—	—	77
Total Alcoholic Beverage Control.....	\$ 54,991	\$ 0	\$ 0	\$ 54,991	\$ 53,865	\$ 549	\$ 0	\$ 577



### 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 warehouse services for the Department of Natural Resources.

### Fleet Operations

This fund provides motor pool, fuel network, and travel services to state agencies. This fund also provides transaction entry services for the Department of Administrative Services.

### 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.

### Attorney General Legal Services

This fund includes legal services provided to state agencies by the civil division of the Utah Office of the Attorney General.

**Combining Statement of Net Position**  
**Internal Service Funds**  
*(expressed in thousands)*

June 30, 2019

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resource Management	Attorney General Legal Services	Total
<b>ASSETS</b>								
Current Assets:								
Cash and Cash Equivalents.....	\$ —	\$ 3,336	\$ 102	\$ 69,790	\$ 6,160	\$ 580	\$ —	\$ 79,968
Receivables:								
Accounts, net .....	514	3,085	2,650	202	79	—	78	6,608
Due From Other Funds .....	28,445	2,589	3,928	708	907	534	3,509	40,620
Due From Component Units .....	—	20	23	9	815	—	1	868
Prepaid Items .....	2,964	194	3	766	78	—	—	4,005
Inventories .....	147	1,222	1,676	—	—	—	—	3,045
Total Current Assets .....	<u>32,070</u>	<u>10,446</u>	<u>8,382</u>	<u>71,475</u>	<u>8,039</u>	<u>1,114</u>	<u>3,588</u>	<u>135,114</u>
Noncurrent Assets:								
Prepaid Items .....	5,530	—	—	—	182	—	—	5,712
Capital Assets:								
Infrastructure .....	38	—	—	—	—	—	—	38
Buildings and Improvements .....	3,883	1,379	193	—	—	—	—	5,455
Machinery and Equipment .....	32,966	12,524	134,115	—	638	49	—	180,292
Intangible Assets—Software .....	7,268	1,572	432	655	120	2,468	—	12,515
Less Accumulated Depreciation .....	(35,264)	(11,741)	(62,447)	(655)	(635)	(518)	—	(111,260)
Total Capital Assets .....	<u>8,891</u>	<u>3,734</u>	<u>72,293</u>	<u>—</u>	<u>123</u>	<u>1,999</u>	<u>—</u>	<u>87,040</u>
Total Noncurrent Assets .....	<u>14,421</u>	<u>3,734</u>	<u>72,293</u>	<u>—</u>	<u>305</u>	<u>1,999</u>	<u>—</u>	<u>92,752</u>
Total Assets .....	<u>\$ 46,491</u>	<u>\$ 14,180</u>	<u>\$ 80,675</u>	<u>\$ 71,475</u>	<u>\$ 8,344</u>	<u>\$ 3,113</u>	<u>\$ 3,588</u>	<u>\$ 227,866</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred Amount on Refundings of Bonded Debt.....	\$ —	\$ 1	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1
Deferred Outflows Relating to Pensions .....	21,559	1,561	478	956	1,917	2,809	4,819	34,099
Deferred Outflows Relating to Other Postemployment Benefit .....	1,379	81	—	—	156	200	329	2,145
Total Deferred Outflows of Resources .....	<u>\$ 22,938</u>	<u>\$ 1,643</u>	<u>\$ 478</u>	<u>\$ 956</u>	<u>\$ 2,073</u>	<u>\$ 3,009</u>	<u>\$ 5,148</u>	<u>\$ 36,245</u>
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts Payable and Accrued Liabilities .....	\$ 18,987	\$ 2,866	\$ 4,431	\$ 1,619	\$ 2,330	\$ 512	\$ —	\$ 30,745
Due To Other Funds .....	923	103	224	1,445	5	5	214	2,919
Due To Component Units .....	—	—	—	2	—	—	—	2
Interfund Loans Payable .....	2,669	901	15,784	—	—	—	—	19,354
Unearned Revenue .....	227	371	—	—	5	—	—	603
Policy Claims Liabilities .....	—	—	—	22,709	—	—	—	22,709
Contracts/Notes Payable .....	—	—	—	—	45	—	—	45
Revenue Bonds Payable .....	—	37	—	—	—	—	—	37
Total Current Liabilities .....	<u>22,806</u>	<u>4,278</u>	<u>20,439</u>	<u>25,775</u>	<u>2,385</u>	<u>517</u>	<u>214</u>	<u>76,414</u>
Noncurrent Liabilities:								
Unearned Revenue .....	32	—	—	—	—	—	—	32
Interfund Loans Payable .....	—	1,033	7,805	—	—	—	3,225	12,063
Policy Claims Liabilities .....	—	—	—	40,849	—	—	—	40,849
Contracts/Notes Payable .....	—	—	—	—	182	—	—	182
Revenue Bonds Payable .....	—	21	—	—	—	—	—	21
Net Pension Liability .....	56,012	3,623	1,433	2,373	5,039	7,306	15,192	90,978
Net Other Postemployment Benefit Liability .....	3,364	301	—	—	296	519	633	5,113
Total Noncurrent Liabilities .....	<u>59,408</u>	<u>4,978</u>	<u>9,238</u>	<u>43,222</u>	<u>5,517</u>	<u>7,825</u>	<u>19,050</u>	<u>149,238</u>
Total Liabilities .....	<u>\$ 82,214</u>	<u>\$ 9,256</u>	<u>\$ 29,677</u>	<u>\$ 68,997</u>	<u>\$ 7,902</u>	<u>\$ 8,342</u>	<u>\$ 19,264</u>	<u>\$ 225,652</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred Inflows Relating to Pensions .....	\$ 2,549	\$ 569	\$ (26)	\$ 135	\$ 81	\$ 246	\$ 260	\$ 3,814
Deferred Inflows Relating to Other Postemployment Benefit .....	1,553	90	—	—	176	226	381	2,426
Total Deferred Inflows of Resources .....	<u>\$ 4,102</u>	<u>\$ 659</u>	<u>\$ (26)</u>	<u>\$ 135</u>	<u>\$ 257</u>	<u>\$ 472</u>	<u>\$ 641</u>	<u>\$ 6,240</u>
<b>NET POSITION</b>								
Net Investment in Capital Assets .....	\$ 8,891	\$ 3,734	\$ 72,293	\$ —	\$ 123	\$ 1,999	\$ —	\$ 87,040
Restricted for:								
Insurance Programs .....	—	—	—	8,607	—	—	—	8,607
Unrestricted (Deficit) .....	(25,778)	2,174	(20,791)	(5,308)	2,135	(4,691)	(11,169)	(63,428)
Total Net Position .....	<u>\$ (16,887)</u>	<u>\$ 5,908</u>	<u>\$ 51,502</u>	<u>\$ 3,299</u>	<u>\$ 2,258</u>	<u>\$ (2,692)</u>	<u>\$ (11,169)</u>	<u>\$ 32,219</u>

**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Internal Service Funds**  
*(expressed in thousands)*

For the Fiscal Year Ended June 30, 2019

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resource Management	Attorney General Legal Services	Total
<b>OPERATING REVENUES</b>								
Charges for Services/Premiums.....	\$ 121,036	\$ 21,401	\$ 64,341	\$ 47,951	\$ 34,821	\$ 14,202	\$ 13,289	\$ 317,041
Miscellaneous .....	—	74	246	—	88	—	—	408
Total Operating Revenues.....	<u>121,036</u>	<u>21,475</u>	<u>64,587</u>	<u>47,951</u>	<u>34,909</u>	<u>14,202</u>	<u>13,289</u>	<u>317,449</u>
<b>OPERATING EXPENSES</b>								
Administration .....	86,059	4,853	3,317	3,647	10,770	12,381	13,709	134,736
Materials and Services for Resale.....	5,274	10,818	31,527	23,215	—	—	—	70,834
Grants.....	—	—	—	285	—	—	—	285
Rentals and Leases.....	209	107	5,354	16	277	19	—	5,982
Maintenance.....	461	468	14,071	10	12,402	4	1	27,417
Depreciation/Amortization .....	4,711	1,558	11,671	7	30	427	—	18,404
Benefit Claims .....	—	—	—	22,050	—	—	—	22,050
Miscellaneous Other:								
Data Processing .....	11,798	605	630	532	561	1,789	—	15,915
Supplies .....	188	88	324	260	184	74	—	1,118
Utilities .....	8,877	42	163	25	9,145	103	—	18,355
Other.....	2,480	1,278	2,251	1,117	1,336	228	—	8,690
Total Operating Expenses .....	<u>120,057</u>	<u>19,817</u>	<u>69,308</u>	<u>51,164</u>	<u>34,705</u>	<u>15,025</u>	<u>13,710</u>	<u>323,786</u>
Operating Income (Loss) .....	<u>979</u>	<u>1,658</u>	<u>(4,721)</u>	<u>(3,213)</u>	<u>204</u>	<u>(823)</u>	<u>(421)</u>	<u>(6,337)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Investment Earnings .....	—	—	—	2,059	38	—	—	2,097
Disposal of Capital Assets .....	(3)	(8)	186	—	—	—	—	175
Interest Expense.....	—	(3)	—	—	(12)	—	—	(15)
Refunds Paid to Federal Government.....	—	(248)	(921)	(838)	(3)	(24)	—	(2,034)
Other Revenues (Expenses).....	—	(530)	—	75	—	—	—	(455)
Total Nonoperating Revenues (Expenses) ....	<u>(3)</u>	<u>(789)</u>	<u>(735)</u>	<u>1,296</u>	<u>23</u>	<u>(24)</u>	<u>0</u>	<u>(232)</u>
Income (Loss) before Capital Contributions and Transfers .....	976	869	(5,456)	(1,917)	227	(847)	(421)	(6,569)
Capital Contributions .....	—	—	1,541	—	20	—	—	1,561
Transfers In .....	1,200	—	1,785	—	—	—	149	3,134
Transfers Out.....	—	(200)	—	—	—	(58)	—	(258)
Change in Net Position .....	<u>2,176</u>	<u>669</u>	<u>(2,130)</u>	<u>(1,917)</u>	<u>247</u>	<u>(905)</u>	<u>(272)</u>	<u>(2,132)</u>
Net Position – Beginning .....	(19,063)	5,239	53,632	5,216	2,011	(1,787)	149	45,397
Adjustment to Beginning Net Position .....	—	—	—	—	—	—	(11,046)	(11,046)
Net Position – Beginning as Adjusted.....	<u>(19,063)</u>	<u>5,239</u>	<u>53,632</u>	<u>5,216</u>	<u>2,011</u>	<u>(1,787)</u>	<u>(10,897)</u>	<u>34,351</u>
Net Position – Ending .....	<u>\$ (16,887)</u>	<u>\$ 5,908</u>	<u>\$ 51,502</u>	<u>\$ 3,299</u>	<u>\$ 2,258</u>	<u>\$ (2,692)</u>	<u>\$ (11,169)</u>	<u>\$ 32,219</u>

**Combining Statement of Cash Flows**  
**Internal Service Funds**  
*(expressed in thousands)*

For the Fiscal Year Ended June 30, 2019

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resource Management	Attorney General Legal Services	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from Customers/Fees/Premiums .....	\$ 827	\$ 13,785	\$ 18,003	\$ 26,529	\$ 898	\$ 277	\$ 865	\$ 61,184
Receipts from State Customers .....	300,449	47,075	45,081	20,817	33,908	13,391	9,049	469,770
Payments to Suppliers/Claims/Grants .....	(200,645)	(48,960)	(19,021)	(29,657)	(24,003)	—	—	(322,286)
Payments for Employee Services and Benefits .....	(85,061)	(4,883)	(3,215)	(3,570)	(10,715)	(12,237)	(13,437)	(133,118)
Payments to State Suppliers and Grants .....	(10,449)	(4,955)	(32,935)	(10,833)	(321)	(2,110)	—	(61,603)
Net Cash Provided (Used) by Operating Activities .....	5,121	2,062	7,913	3,286	(233)	(679)	(3,523)	13,947
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Borrowings Under Interfund Loans .....	—	464	8	—	—	—	3,225	3,697
Payments of Bonds, Notes, Deposits, and Refunds .....	—	—	—	—	(41)	—	—	(41)
Interest Paid on Bonds, Notes, and Financing Costs .....	—	—	—	—	(11)	—	—	(11)
Transfers In from Other Funds .....	1,200	—	—	—	—	—	149	1,349
Transfers Out to Other Funds .....	—	(200)	—	—	—	(58)	—	(258)
Net Cash Provided (Used) by Noncapital Financing Activities .....	1,200	264	8	0	(52)	(58)	3,374	4,736
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Borrowings Under Interfund Loans .....	3,810	718	12,416	—	—	—	—	16,944
Repayments Under Interfund Loans .....	(6,321)	(2,030)	(15,113)	—	—	—	—	(23,464)
Proceeds from Disposition of Capital Assets .....	—	32	3,822	—	—	—	—	3,854
Federal Grants and Other Revenues .....	—	—	1,541	—	20	—	—	1,561
Principal Paid on Debt and Contract Maturities .....	—	(84)	—	—	—	—	—	(84)
Acquisition and Construction of Capital Assets .....	(3,810)	(865)	(12,416)	—	(84)	(91)	—	(17,266)
Interest Paid on Bonds, Notes, and Capital Leases .....	—	(1)	—	—	—	—	—	(1)
Transfers In from Other Funds .....	—	—	1,785	—	—	—	—	1,785
Net Cash Provided (Used) by Capital and Related Financing Activities .....	(6,321)	(2,230)	(7,965)	0	(64)	(91)	0	(16,671)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Receipts of Interest and Dividends from Investments .....	—	—	—	2,059	38	—	—	2,097
Net Cash Provided (Used) by Investing Activities .....	0	0	0	2,059	38	0	0	2,097
Net Cash Provided (Used) – All Activities .....	0	96	(44)	5,345	(311)	(828)	(149)	4,109
Cash and Cash Equivalents – Beginning .....	0	3,240	146	64,445	6,471	1,408	149	75,859
Cash and Cash Equivalents – Ending .....	\$ 0	\$ 3,336	\$ 102	\$ 69,790	\$ 6,160	\$ 580	\$ 0	\$ 79,968

Continues



**Combining Statement of Cash Flows**  
**Internal Service Funds**  
*(expressed in thousands)*  
**Continued**

For the Fiscal Year Ended June 30, 2019

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resource Management	Attorney General Legal Services	Total
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>								
Operating Income (Loss) .....	\$ 979	\$ 1,658	\$ (4,721)	\$ (3,213)	\$ 204	\$ (823)	\$ (421)	\$ (6,337)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Depreciation/Amortization Expense .....	4,711	1,558	11,671	7	30	427	—	18,404
Pension and OPEB Expense Accruals.....	832	1	60	74	50	135	272	1,424
Miscellaneous Gains, Losses, and Other Items .....	—	(778)	(921)	(763)	(3)	(24)	—	(2,489)
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:								
Accounts Receivable/Due From Other Funds .....	(8,900)	1,193	(501)	(167)	(103)	(534)	(3,588)	(12,600)
Inventories .....	(13)	130	2,213	—	—	—	—	2,330
Prepaid Items/Other Assets .....	(1,649)	(188)	117	(71)	19	83	—	(1,689)
Accrued Liabilities/Due to Other Funds .....	9,684	(1,749)	997	1,191	(430)	57	214	9,964
Unearned Revenue/Deposits .....	(523)	237	(1,002)	—	—	—	—	(1,288)
Policy Claims Liabilities .....	—	—	—	6,228	—	—	—	6,228
Net Cash Provided (Used) by Operating Activities.....	<u>\$ 5,121</u>	<u>\$ 2,062</u>	<u>\$ 7,913</u>	<u>\$ 3,286</u>	<u>\$ (233)</u>	<u>\$ (679)</u>	<u>\$ (3,523)</u>	<u>\$ 13,947</u>
<b>SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>								
Increase (Decrease) in Fair Value of Investments .....	\$ —	\$ —	\$ —	\$ 42	\$ —	\$ —	\$ —	\$ 42
Total Noncash Investing, Capital, and Financing Activities .....	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42</u>

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## 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 (dba My529)

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, 2019

	<b>Pension Trust</b>			
	<b>Non-Contributory System</b>	<b>Contributory System</b>	<b>Public Safety System</b>	<b>Firefighters System</b>
<b>ASSETS</b>				
Cash and Cash Equivalents.....	\$ 1,229,259	\$ 58,549	\$ 175,994	\$ 60,256
Receivables:				
Member Contributions.....	—	94	8	675
Employer Contributions.....	42,975	274	5,278	274
Court Fees and Fire Insurance Premiums .....	—	—	—	747
Investments .....	482,626	22,973	69,048	23,642
Total Receivables .....	525,601	23,341	74,334	25,338
Investments:				
Debt Securities .....	4,192,709	199,572	599,837	205,383
Equity Investments.....	8,685,749	413,440	1,242,643	425,480
Absolute Return .....	3,628,762	172,728	519,156	177,758
Private Equity.....	2,889,312	137,531	413,362	141,536
Real Assets .....	4,108,426	195,560	587,778	201,256
Invested Securities Lending Collateral .....	834,951	39,744	119,453	40,901
Total Investments .....	24,339,909	1,158,575	3,482,229	1,192,314
Capital Assets:				
Land .....	1,405	67	201	69
Buildings and Improvements .....	15,995	763	2,289	780
Machinery and Equipment.....	2,469	118	353	120
Intangible Assets .....	5,220	249	747	255
Less Accumulated Depreciation.....	(21,400)	(1,021)	(3,062)	(1,044)
Total Capital Assets .....	3,689	176	528	180
Total Assets .....	\$ 26,098,458	\$ 1,240,641	\$ 3,733,085	\$ 1,278,088
<b>LIABILITIES</b>				
Accounts Payable .....	\$ 486,062	\$ 23,166	\$ 69,629	\$ 23,841
Securities Lending Liability .....	834,951	39,744	119,453	40,901
Leave/Postemployment Benefits .....	12,885	614	1,843	631
Insurance Reserves .....	3,805	181	544	187
Real Estate Liabilities .....	94,696	4,507	13,547	4,639
Total Liabilities .....	\$ 1,432,399	\$ 68,212	\$ 205,016	\$ 70,199
<b>NET POSITION</b>				
Restricted for:				
Pension Benefits.....	\$ 24,666,059	\$ 1,172,429	\$ 3,528,069	\$ 1,207,889
Other Postemployment Benefits .....	—	—	—	—
Other Employee Benefits.....	—	—	—	—
Defined Contribution .....	—	—	—	—
Total Net Position .....	\$ 24,666,059	\$ 1,172,429	\$ 3,528,069	\$ 1,207,889

Pension Trust				Defined Contributions Plans		
Judges System	Governors and Legislative Pension Plan	Tier 2 Public Employees	Tier 2 Public Safety and Firefighters	401(k) Plan	457(b) Plan	IRA Plans
\$ 9,750	\$ 527	\$ 20,937	\$ 2,687	\$ 10,812	\$ 377	\$ 1,065
—	—	—	—	—	—	—
324	—	5,547	598	—	—	—
100	—	—	—	—	—	—
3,825	207	8,214	1,053	85,580	10,098	—
4,249	207	13,761	1,651	85,580	10,098	0
33,228	1,794	71,359	9,150	1,710,943	180,850	102,750
68,836	3,716	147,831	18,955	2,837,348	331,403	136,223
28,759	1,553	61,761	7,919	—	—	—
22,898	1,236	49,176	6,305	—	—	—
32,560	1,758	69,925	8,966	198,016	21,616	11,752
6,617	357	14,211	1,822	—	—	—
192,898	10,414	414,263	53,117	4,746,307	533,869	250,725
11	1	24	3	—	—	—
126	9	273	35	—	—	—
19	1	42	5	—	—	—
41	3	89	11	—	—	—
(168)	(12)	(365)	(46)	—	—	—
29	2	63	8	0	0	0
\$ 206,926	\$ 11,150	\$ 449,024	\$ 57,463	\$ 4,842,699	\$ 544,344	\$ 251,790
\$ 3,857	\$ 208	\$ 8,284	\$ 1,062	\$ 8,616	\$ 187	\$ 94
6,617	357	14,211	1,822	—	—	—
102	5	219	28	—	—	—
30	2	65	8	—	—	—
750	41	1,612	207	—	—	—
\$ 11,356	\$ 613	\$ 24,391	\$ 3,127	\$ 8,616	\$ 187	\$ 94
\$ 195,570	\$ 10,537	\$ 424,633	\$ 54,336	\$ —	\$ —	\$ —
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	4,834,083	544,157	251,696
\$ 195,570	\$ 10,537	\$ 424,633	\$ 54,336	\$ 4,834,083	\$ 544,157	\$ 251,696

Continues

**Combining Statement of Fiduciary Net Position**  
**Pension and Other Employee Benefits Trust Funds**  
*(expressed in thousands)*  
**Continued**

June 30, 2019

	Post-Retirement Benefits Trust		Other Employee Benefits Trust		Total
	State Employee	Elected Official	Other Employee Benefits	Annual Leave	
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 224	\$ 0	\$ 4	\$ 2	\$ 1,570,443
Receivables:					
Member Contributions .....	—	—	—	—	777
Employer Contributions .....	1,050	—	920	527	57,767
Court Fees and Fire Insurance Premiums .....	—	—	—	—	847
Investments .....	—	—	—	—	707,266
Total Receivables .....	1,050	0	920	527	766,657
Investments:					
Debt Securities .....	263,573	7,220	37,719	7,323	7,623,410
Equity Investments .....	—	8,648	—	—	14,320,272
Absolute Return .....	—	—	—	—	4,598,396
Private Equity .....	—	—	—	—	3,661,356
Real Assets .....	7,070	403	—	—	5,445,086
Invested Securities Lending Collateral .....	—	—	—	—	1,058,056
Total Investments .....	270,643	16,271	37,719	7,323	36,706,576
Capital Assets:					
Land .....	—	—	—	—	1,781
Buildings and Improvements .....	—	—	—	—	20,270
Machinery and Equipment .....	—	—	—	—	3,127
Intangible Assets .....	—	—	—	—	6,615
Less Accumulated Depreciation .....	—	—	—	—	(27,118)
Total Capital Assets .....	0	0	0	0	4,675
Total Assets .....	\$ 271,917	\$ 16,271	\$ 38,643	\$ 7,852	\$ 39,048,351
<b>LIABILITIES</b>					
Accounts Payable .....	\$ —	\$ —	\$ —	\$ —	\$ 625,006
Securities Lending Liability .....	—	—	—	—	1,058,056
Leave/Postemployment Benefits .....	61	405	329	368	17,490
Insurance Reserves .....	—	—	—	—	4,822
Real Estate Liabilities .....	—	—	—	—	119,999
Total Liabilities .....	\$ 61	\$ 405	\$ 329	\$ 368	\$ 1,825,373
<b>NET POSITION</b>					
Restricted for:					
Pension Benefits .....	\$ —	\$ —	\$ —	\$ —	\$ 31,259,522
Other Postemployment Benefits .....	271,856	15,866	—	—	287,722
Other Employee Benefits .....	—	—	38,314	7,484	45,798
Defined Contribution .....	—	—	—	—	5,629,936
Total Net Position .....	\$ 271,856	\$ 15,866	\$ 38,314	\$ 7,484	\$ 37,222,978

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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, 2019

	<b>Pension Trust</b>			
	<b>Non-Contributory System</b>	<b>Contributory System</b>	<b>Public Safety System</b>	<b>Firefighters System</b>
<b>ADDITIONS</b>				
Contributions:				
Member .....	\$ 14,602	\$ 2,455	\$ 895	\$ 18,305
Employer .....	858,444	6,027	147,101	7,021
Court Fees and Fire Insurance Premiums .....	—	—	—	8,747
Total Contributions .....	873,046	8,482	147,996	34,073
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments .....	(589,575)	(28,859)	(83,966)	(28,833)
Interest, Dividends, and Other Investment Income .....	541,933	26,527	77,181	26,503
Total Income From Investment Activity .....	(47,642)	(2,332)	(6,785)	(2,330)
Less Investment Expenses .....	(50,182)	(2,456)	(7,147)	(2,454)
Net Income from Investment Activity .....	(97,824)	(4,788)	(13,932)	(4,784)
Income from Security Lending Activity .....	6,456	316	918	316
Less Security Lending Expenses .....	(839)	(41)	(120)	(41)
Net Income from Security Lending Activity .....	5,617	275	798	275
Net Investment Income .....	(92,207)	(4,513)	(13,134)	(4,509)
Transfers From Affiliated Systems .....	13,035	—	6,982	1,917
Other .....	—	—	—	—
Total Additions .....	793,874	3,969	141,844	31,481
<b>DEDUCTIONS</b>				
Retirement Benefits .....	1,125,160	74,106	157,682	46,547
Cost of Living Benefits .....	195,054	12,638	30,517	10,700
Supplemental Retirement Benefits .....	—	51	215	193
Retiree Healthcare Benefits .....	—	—	—	—
Refunds/Plan Distributions .....	2,766	1,471	428	132
Administrative Expenses .....	9,962	454	1,450	427
Transfers To Affiliated Systems .....	—	26,286	—	—
Total Deductions .....	1,332,942	115,006	190,292	57,999
Change in Net Position Restricted for:				
Pension Benefits .....	(539,068)	(111,037)	(48,448)	(26,518)
Other Postemployment Benefits .....	—	—	—	—
Other Employee Benefits .....	—	—	—	—
Defined Contribution .....	—	—	—	—
Net Position – Beginning .....	25,205,127	1,283,466	3,576,517	1,234,407
Net Position – Ending .....	<u>\$ 24,666,059</u>	<u>\$ 1,172,429</u>	<u>\$ 3,528,069</u>	<u>\$ 1,207,889</u>



Pension Trust				Defined Contribution Plans		
Judges System	Governors and Legislative Pension Plan	Tier 2 Public Employees	Tier 2 Public Safety and Firefighters	401(k) Plan	457(b) Plan	IRA Plans
\$ —	\$ —	\$ —	\$ 55	\$ 317,548	\$ 32,589	\$ 55,388
8,091	392	97,680	14,295	—	—	—
1,518	—	—	—	—	—	—
9,609	392	97,680	14,350	317,548	32,589	55,388
(4,660)	(262)	(8,842)	(1,106)	(201,890)	(24,176)	(9,407)
4,283	240	8,049	1,009	4,022	465	—
(377)	(22)	(793)	(97)	(197,868)	(23,711)	(9,407)
(397)	(22)	(745)	(93)	(4,530)	(501)	(233)
(774)	(44)	(1,538)	(190)	(202,398)	(24,212)	(9,640)
51	3	96	12	—	—	—
(7)	—	(12)	(2)	—	—	—
44	3	84	10	—	—	—
(730)	(41)	(1,454)	(180)	(202,398)	(24,212)	(9,640)
4,403	—	—	—	—	—	—
—	—	—	—	—	—	—
13,282	351	96,226	14,170	115,150	8,377	45,748
13,805	814	691	—	—	—	—
2,306	164	1	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	276,023	32,709	15,383
84	5	119	14	7,952	901	375
—	51	—	—	—	—	—
16,195	1,034	811	14	283,975	33,610	15,758
(2,913)	(683)	95,415	14,156	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	(168,825)	(25,233)	29,990
198,483	11,220	329,218	40,180	5,002,908	569,390	221,706
\$ 195,570	\$ 10,537	\$ 424,633	\$ 54,336	\$ 4,834,083	\$ 544,157	\$ 251,696

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, 2019

	Post-Retirement Benefits Trust		Other Employee Benefits Trust		
	State Employee	Elected Official	Other Employee Benefits	Annual Leave	Total
ADDITIONS					
Contributions:					
Member .....	\$ —	\$ —	\$ —	\$ —	\$ 441,837
Employer .....	26,514	1,388	23,238	13,315	1,203,506
Court Fees and Fire Insurance Premiums .....	—	—	—	—	10,265
Total Contributions .....	26,514	1,388	23,238	13,315	1,655,608
Investment Income:					
Net Increase (Decrease) in Fair Value of Investments .....	11,451	1,155	761	—	(968,209)
Interest, Dividends, and Other Investment Income .....	12,631	133	719	128	703,823
Total Income From Investment Activity .....	24,082	1,288	1,480	128	(264,386)
Less Investment Expenses .....	—	—	—	—	(68,760)
Net Income from Investment Activity .....	24,082	1,288	1,480	128	(333,146)
Income from Security Lending Activity .....	—	—	—	—	8,168
Less Security Lending Expenses .....	—	—	—	—	(1,062)
Net Income from Security Lending Activity .....	0	0	0	0	7,106
Net Investment Income .....	24,082	1,288	1,480	128	(326,040)
Transfers From Affiliated Systems .....	356	—	—	—	26,693
Total Additions .....	50,952	2,676	24,718	13,443	1,356,261
DEDUCTIONS					
Retirement Benefits .....	—	—	—	—	1,418,805
Cost of Living Benefits .....	—	—	—	—	251,380
Supplemental Retirement Benefits .....	—	—	—	—	459
Retiree Healthcare Benefits .....	30,560	412	—	—	30,972
Refunds/Plan Distributions .....	—	—	11,869	8,104	348,885
Administrative Expenses .....	—	—	—	—	21,743
Transfers To Affiliated Systems .....	—	—	356	—	26,693
Total Deductions .....	30,560	412	12,225	8,104	2,098,937
Change in Net Position Restricted for:					
Pension Benefits .....	—	—	—	—	(619,096)
Other Postemployment Benefits .....	20,392	2,264	—	—	22,656
Other Employee Benefits .....	—	—	12,493	5,339	17,832
Defined Contribution .....	—	—	—	—	(164,068)
Net Position – Beginning .....	251,464	13,602	25,821	2,145	37,965,654
Net Position – Ending .....	\$ 271,856	\$ 15,866	\$ 38,314	\$ 7,484	\$37,222,978

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**Combining Statement of Fiduciary Net Position**  
**Private Purpose Trust Funds**  
*(expressed in thousands)*

June 30, 2019

	Utah Navajo Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust	Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
<b>ASSETS</b>							
Cash and Cash Equivalents .....	\$ 1,506	\$ —	\$ 594	\$ 601	\$ 3,676	\$ 3,792	\$ 10,169
Receivables:							
Accounts .....	—	—	6,075	57	21	281	6,434
Accrued Interest .....	—	—	—	—	—	—	—
Accrued Assessments .....	—	—	2,939	—	—	—	2,939
Loans .....	36	—	—	1,133	—	—	1,169
Due From Other Funds .....	182	—	—	—	—	—	182
Investments:							
Debt Securities .....	66,691	95,304	189,742	16,459	3,051,055	7,182	3,426,433
Equity Investments .....	5,796	—	12,928	—	11,177,593	—	11,196,317
Total Investments .....	72,487	95,304	202,670	16,459	14,228,648	7,182	14,622,750
Other Assets .....	197	12,200	—	—	—	—	12,397
Capital Assets:							
Land .....	270	—	—	—	—	—	270
Buildings and Improvements .....	10,715	—	—	—	—	—	10,715
Machinery and Equipment .....	310	—	—	—	2,545	10	2,865
Intangible Assets .....	11	—	—	—	—	—	11
Less Accumulated Depreciation .....	(5,093)	—	—	—	(1,854)	(2)	(6,949)
Total Capital Assets .....	6,213	0	0	0	691	8	6,912
Total Assets .....	\$ 80,621	\$ 107,504	\$ 212,278	\$ 18,250	\$ 14,233,036	\$ 11,263	\$ 14,662,952
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Outflows Relating to Pensions .....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 578	\$ 0	\$ 578
<b>LIABILITIES</b>							
Accounts Payable .....	\$ 85	\$ 56	\$ 357	\$ 105	\$ 1,194	\$ 104	\$ 1,901
Due To Other Funds .....	56	—	19	—	—	—	75
Unearned Revenue .....	—	—	—	376	—	—	376
Policy Claims Liabilities .....	—	—	198,969	26,118	—	—	225,087
Net Pension Obligation .....	—	—	—	—	1,007	—	1,007
Total Liabilities .....	\$ 141	\$ 56	\$ 199,345	\$ 26,599	\$ 2,201	\$ 104	\$ 228,446
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Inflows Relating to Pensions .....	\$ 0	\$ 0	\$ 0	\$ 0	\$ 318	\$ 0	\$ 318
<b>NET POSITION</b>							
Restricted for:							
Individuals, Organizations, and Other Governments .....	\$ 80,480	\$ 107,448	\$ 12,933	\$ (8,349)	\$ 14,231,095	\$ 11,159	\$ 14,434,766
Total Net Position .....	\$ 80,480	\$ 107,448	\$ 12,933	\$ (8,349)	\$ 14,231,095	\$ 11,159	\$ 14,434,766

**Combining Statement of Changes in Fiduciary Net Position**  
**Private Purpose Trust Funds**  
*(expressed in thousands)*

For the Fiscal Year Ended June 30, 2019

	Utah Navajo Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust	Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
<b>ADDITIONS</b>							
Contributions:							
Member .....	\$ —	\$ —	\$ —	\$ —	\$ 1,320,797	\$ 7,273	\$ 1,328,070
Total Contributions .....	0	0	0	0	1,320,797	7,273	1,328,070
Investment Income:							
Net Increase (Decrease) in Fair Value of Investments .....	2,426	102	15,706	—	433,656	—	451,890
Interest, Dividends, and Other Investment Income ...	1,248	3,032	2,406	466	401,995	188	409,335
Total Income From Investment Activity .....	3,674	3,134	18,112	466	835,651	188	861,225
Other Additions:							
Escheats .....	—	44,465	—	—	—	—	44,465
Royalties and Rents .....	4,177	—	—	—	—	—	4,177
Fees, Assessments, and Revenues .....	1,585	—	17,721	6,735	—	23,154	49,195
Court Settlement / Miscellaneous .....	—	—	—	84	—	5,201	5,285
Total Other .....	5,762	44,465	17,721	6,819	0	28,355	103,122
Total Additions .....	9,436	47,599	35,833	7,285	2,156,448	35,816	2,292,417
<b>DEDUCTIONS</b>							
Trust Operating Expenses .....	1,988	—	—	—	—	27,155	29,143
Distributions and Benefit Payments .....	481	27,488	23,201	—	626,212	7,001	684,383
Administrative and General Expenses .....	1,391	3,556	3,772	6,610	13,355	848	29,532
Total Deductions .....	3,860	31,044	26,973	6,610	639,567	35,004	743,058
Change in Net Position Restricted for:							
Individuals, Organizations, and Other Governments	5,576	16,555	8,860	675	1,516,881	812	1,549,359
Net Position – Beginning .....	74,904	90,893	4,073	(9,024)	12,714,214	10,347	12,885,407
Net Position – Ending .....	\$ 80,480	\$ 107,448	\$ 12,933	\$ (8,349)	\$ 14,231,095	\$ 11,159	\$ 14,434,766

**Combining Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
*(expressed in thousands)*

June 30, 2019

	<b>Taxes and Social Security</b>	<b>Country and Local Collections</b>	<b>State Courts</b>	<b>Deposits, Suspense, and Miscellaneous</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$ 39	\$ 148,606	\$ 6,706	\$ 25,655	\$ 181,006
Accounts Receivable .....	—	—	—	20,048	20,048
Due From Other Funds .....	—	—	—	123	123
Investments:					
Debt Securities .....	—	117	—	3,192	3,309
Other Assets .....	—	—	37,791	16,330	54,121
Total Assets .....	<u>\$ 39</u>	<u>\$ 148,723</u>	<u>\$ 44,497</u>	<u>\$ 65,348</u>	<u>\$ 258,607</u>
<b>LIABILITIES</b>					
Due To Individuals, Organizations, and Other Governments....	\$ 39	\$ 148,723	\$ 44,497	\$ 65,348	\$ 258,607
Total Liabilities .....	<u>\$ 39</u>	<u>\$ 148,723</u>	<u>\$ 44,497</u>	<u>\$ 65,348</u>	<u>\$ 258,607</u>

# State of Utah

## Combining Statement of Changes in Assets and Liabilities

### Agency Funds

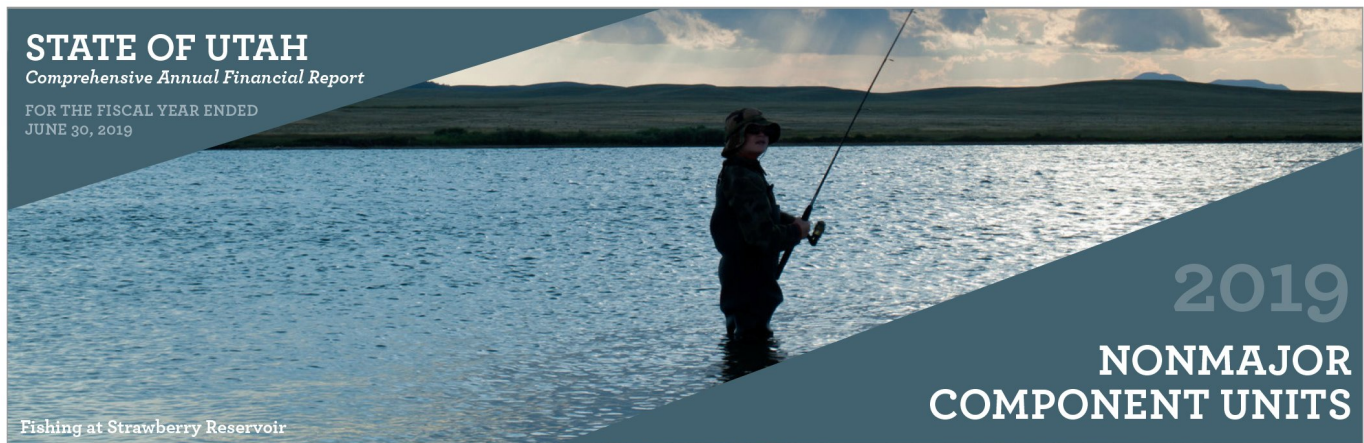
(expressed in thousands)

For the Fiscal Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
<b>TAXES AND SOCIAL SECURITY</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 5	\$ 267,399	\$ 267,365	\$ 39
Total Assets .....	\$ 5	\$ 267,399	\$ 267,365	\$ 39
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments....	\$ 5	\$ 267,433	\$ 267,399	\$ 39
Total Liabilities .....	\$ 5	\$ 267,433	\$ 267,399	\$ 39
<b>COUNTY AND LOCAL COLLECTIONS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 142,820	\$ 2,019,290	\$ 2,013,504	\$ 148,606
Investments .....	39	3,104	3,026	117
Total Assets .....	\$ 142,859	\$ 2,022,394	\$ 2,016,530	\$ 148,723
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments....	\$ 142,859	\$ 2,037,275	\$ 2,031,411	\$ 148,723
Total Liabilities .....	\$ 142,859	\$ 2,037,275	\$ 2,031,411	\$ 148,723
<b>STATE COURTS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 818	\$ 22,422	\$ 16,534	\$ 6,706
Other Assets .....	43,860	103,515	109,584	37,791
Total Assets .....	\$ 44,678	\$ 125,937	\$ 126,118	\$ 44,497
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments....	\$ 44,678	\$ 125,943	\$ 126,124	\$ 44,497
Total Liabilities .....	\$ 44,678	\$ 125,943	\$ 126,124	\$ 44,497
<b>DEPOSITS, SUSPENSE, AND MISCELLANEOUS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 32,743	\$ 517,311	\$ 524,399	\$ 25,655
Investments .....	3,069	1,204	1,081	3,192
Receivables:				
Accounts Receivable .....	18,864	2,334	1,150	20,048
Due From Other Funds .....	152	123	152	123
Other Assets .....	15,930	400	—	16,330
Total Assets .....	\$ 70,758	\$ 521,372	\$ 526,782	\$ 65,348
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments....	\$ 70,758	\$ 511,511	\$ 516,921	\$ 65,348
Total Liabilities .....	\$ 70,758	\$ 511,511	\$ 516,921	\$ 65,348
<b>TOTAL — ALL AGENCY FUNDS</b>				
<b>Assets</b>				
Cash and Cash Equivalents .....	\$ 176,386	\$ 2,826,422	\$ 2,821,802	\$ 181,006
Investments .....	3,108	4,308	4,107	3,309
Receivables:				
Accounts Receivable .....	18,864	2,334	1,150	20,048
Due From Other Funds .....	152	123	152	123
Other Assets .....	59,790	103,915	109,584	54,121
Total Assets .....	\$ 258,300	\$ 2,937,102	\$ 2,936,795	\$ 258,607
<b>Liabilities</b>				
Due To Individuals, Organizations, and Other Governments....	\$ 258,300	\$ 2,942,162	\$ 2,941,855	\$ 258,607
Total Liabilities .....	\$ 258,300	\$ 2,942,162	\$ 2,941,855	\$ 258,607

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### 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

This 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

This 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.

### Utah Inland Port Authority

This Authority is an independent, nonprofit corporation whose purpose is to facilitate the development of the authority jurisdictional land to maximize the long-term economic and other benefits for the State. Operations are funded through 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 System of Technical Colleges*

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

June 30, 2019

	Utah Communications Authority	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
<b>ASSETS</b>					
Current Assets:					
Cash and Cash Equivalents .....	\$ 212	\$ 5,738	\$ 2,529	\$ 99	\$ 2,840
Investments.....	27,625	—	—	—	—
Receivables:					
Accounts, net.....	439	531	224	5	61
Notes/Loans/Mortgages/Pledges, net.....	—	—	—	—	—
Accrued Interest.....	—	—	—	—	—
Due From Primary Government.....	—	320	—	—	—
Prepaid Items.....	55	—	—	—	139
Inventories.....	168	—	—	9	—
Other Assets.....	—	—	—	—	—
Total Current Assets.....	28,499	6,589	2,753	113	3,040
Noncurrent Assets:					
Restricted Investments .....	—	—	4,632	—	—
Accounts Receivables, net.....	—	—	—	—	—
Investments.....	—	—	—	—	—
Notes/Loans/Mortgages/Pledges Receivables, net.....	—	—	—	—	—
Other Assets.....	142	—	—	—	—
Capital Assets (net of Accumulated Depreciation).....	12,889	26,726	6,981	3,415	1,040
Total Noncurrent Assets.....	13,031	26,726	11,613	3,415	1,040
Total Assets.....	\$ 41,530	\$ 33,315	\$ 14,366	\$ 3,528	\$ 4,080
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Amount on Refundings of Bonded Debt.....	\$ —	\$ —	\$ —	\$ —	\$ —
Deferred Outflows Relating to Pensions.....	1,189	5,626	93	139	235
Deferred Outflows Relating to Other Postemployment Benefit .....	—	365	—	—	—
Total Deferred Outflows of Resources.....	\$ 1,189	\$ 5,991	\$ 93	\$ 139	\$ 235
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable and Accrued Liabilities.....	\$ 1,665	\$ 1,327	\$ 1,840	\$ 28	\$ 250
Deposits .....	—	—	—	—	—
Due To Primary Government .....	—	169	—	1	10
Unearned Revenue .....	321	—	3,478	—	45
Current Portion of Long-term Liabilities .....	346	—	122	104	—
Total Current Liabilities .....	2,332	1,496	5,440	133	305
Noncurrent Liabilities:					
Accounts Payable and Accrued Liabilities.....	—	—	—	—	—
Unearned Revenue .....	10	—	—	—	—
Net Pension Liability.....	1,717	12,663	122	195	397
Net Other Postemployment Benefit Liability.....	—	645	—	—	—
Long-term Liabilities.....	1,069	—	2,555	473	—
Total Noncurrent Liabilities .....	2,796	13,308	2,677	668	397
Total Liabilities.....	\$ 5,128	\$ 14,804	\$ 8,117	\$ 801	\$ 702
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows Relating to Beneficial Interests.....	\$ —	\$ —	\$ —	\$ —	\$ —
Deferred Amount on Refundings of Bonded Debt.....	—	—	—	—	—
Deferred Inflows Relating to Pensions.....	544	373	79	97	132
Deferred Inflows Relating to Other Postemployment Benefit .....	—	418	—	—	—
Total Deferred Inflows of Resources.....	\$ 544	\$ 791	\$ 79	\$ 97	\$ 132
<b>NET POSITION</b>					
Net Investment in Capital Assets .....	\$ 12,247	\$ 26,726	\$ 4,379	\$ 2,831	\$ 1,040
Restricted for:					
Nonexpendable:					
Higher Education.....	—	—	—	—	—
Expendable:					
Higher Education.....	—	—	—	—	—
Other.....	5,154	—	399	—	6
Unrestricted (Deficit) .....	19,646	(3,015)	1,485	(62)	2,435
Total Net Position .....	\$ 37,047	\$ 23,711	\$ 6,263	\$ 2,769	\$ 3,481

# State of Utah

Utah Inland Port Authority	Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State University	Snow College	Utah System of Technical Colleges	Total Nonmajor Component Units
\$ 1,402	\$ 46,733	\$ 11,584	\$ 37,286	\$ 103,186	\$ 22,197	\$ 6,458	\$ 30,763	\$ 271,027
—	12,599	16,946	35,854	53,512	8,147	4,162	1,957	160,802
—	9,527	7,008	7,392	6,192	4,047	907	3,576	39,909
—	1,608	447	299	2,384	—	—	38	4,776
—	245	—	—	—	—	—	—	245
—	—	—	—	—	—	—	—	320
—	1,134	4,536	2,084	2,063	211	173	240	10,635
—	2,494	756	993	3,463	615	156	2,014	10,668
—	437	—	29	—	—	—	—	466
1,402	74,777	41,277	83,937	170,800	35,217	11,856	38,588	498,848
—	18,704	1,651	15,781	4,017	16,541	160	2,387	63,873
—	4,122	—	1,099	5,454	3,345	—	—	14,020
—	208,732	63,192	87,752	80,931	28,330	15,032	837	484,806
—	6,628	11,393	197	24,507	—	—	500	43,225
—	9,052	846	—	1,935	—	—	—	11,975
—	391,991	163,531	255,564	447,291	165,141	111,175	223,566	1,809,310
0	639,229	240,613	360,393	564,135	213,357	126,367	227,290	2,427,209
\$ 1,402	\$ 714,006	\$ 281,890	\$ 444,330	\$ 734,935	\$ 248,574	\$ 138,223	\$ 265,878	\$ 2,926,057
\$ —	\$ 536	\$ —	\$ —	\$ 90	\$ —	\$ —	\$ —	\$ 626
—	7,809	5,901	9,178	11,020	2,410	2,032	9,541	55,173
—	—	—	—	—	—	—	—	365
\$ 0	\$ 8,345	\$ 5,901	\$ 9,178	\$ 11,110	\$ 2,410	\$ 2,032	\$ 9,541	\$ 56,164
\$ —	\$ 3,509	\$ 8,113	\$ 11,667	\$ 20,806	\$ 1,368	\$ 925	\$ 5,029	\$ 56,527
—	—	866	515	768	561	649	67	3,426
—	3,783	84	911	2,516	5,234	1,447	223	14,378
—	8,651	7,401	7,179	9,245	1,500	392	1,566	39,778
—	6,591	5,709	6,913	6,578	3,190	1,248	2,513	33,314
0	22,534	22,173	27,185	39,913	11,853	4,661	9,398	147,423
—	—	—	1,063	—	—	29	—	1,092
—	—	—	—	505	—	—	—	515
—	20,866	14,868	22,295	28,963	4,227	3,405	15,549	125,267
—	—	—	—	—	—	—	—	645
—	48,378	20,389	14,305	46,018	49,249	14,522	26,089	223,047
0	69,244	35,257	37,663	75,486	53,476	17,956	41,638	350,566
\$ 0	\$ 91,778	\$ 57,430	\$ 64,848	\$ 115,399	\$ 65,329	\$ 22,617	\$ 51,036	\$ 497,989
\$ —	\$ 8,961	\$ 477	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 9,438
—	—	—	—	—	—	—	—	—
—	963	276	1,162	1,487	2,499	1,841	8,365	17,818
—	—	—	—	—	—	—	—	418
\$ 0	\$ 9,924	\$ 753	\$ 1,162	\$ 1,487	\$ 2,499	\$ 1,841	\$ 8,365	\$ 27,674
\$ —	\$ 345,235	\$ 138,497	\$ 254,635	\$ 398,206	\$ 130,207	\$ 96,288	\$ 198,356	\$ 1,608,647
—	110,974	23,705	7,994	39,786	21,876	5,839	1,963	212,137
—	68,673	35,653	12,841	64,708	19,595	4,062	2,761	208,293
—	—	—	—	—	—	1,204	1,059	7,822
1,402	95,767	31,753	112,028	126,459	11,478	8,404	11,879	419,659
\$ 1,402	\$ 620,649	\$ 229,608	\$ 387,498	\$ 629,159	\$ 183,156	\$ 115,797	\$ 216,018	\$ 2,456,558

**Combining Statement of Activities**  
**Nonmajor Component Units**  
*(expressed in thousands)*

For the Fiscal Year Ended June 30, 2019

	<b>Utah Communications Authority</b>	<b>Utah Schools for the Deaf and the Blind</b>	<b>Military Installation Development Authority</b>	<b>Heber Valley Historic Railroad Authority</b>	<b>Utah State Fair Corporation</b>
Expenses .....	\$ 33,907	\$ 40,856	\$ 18,345	\$ 1,961	\$ 5,400
Program Revenues:					
Charges for Services:					
Tuition and Fees .....	—	—	—	—	—
Scholarship Allowances .....	—	—	—	—	—
Sales, Services, and Other Revenues .....	459	7,227	16,663	2,225	5,646
Operating Grants and Contributions .....	164	1,224	—	44	—
Capital Grants and Contributions .....	—	—	—	—	—
Total Program Revenues .....	623	8,451	16,663	2,269	5,646
Net (Expenses) Revenues .....	(33,284)	(32,405)	(1,682)	308	246
General Revenues:					
State Appropriations .....	35,357	30,902	—	—	300
Unrestricted Investment Income .....	438	27	24	—	43
Gain (Loss) on Sale of Capital Assets .....	—	—	1	—	—
Miscellaneous .....	10	—	5,162	—	—
Permanent Endowments Contributions .....	—	—	—	—	—
Total General Revenues and Contributions .....	35,805	30,929	5,187	0	343
Change in Net Position .....	2,521	(1,476)	3,505	308	589
Net Position – Beginning .....	34,526	25,187	2,758	2,461	2,892
Net Position – Ending .....	<u>\$ 37,047</u>	<u>\$ 23,711</u>	<u>\$ 6,263</u>	<u>\$ 2,769</u>	<u>\$ 3,481</u>

# State of Utah

Utah Inland Port Authority	Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State University	Snow College	Utah System of Technical Colleges	Total Nonmajor Component Units
\$ 573	\$ 255,529	\$ 170,421	\$ 207,300	\$ 335,620	\$ 120,255	\$ 57,157	\$ 131,699	\$ 1,379,023
—	125,293	93,834	78,550	202,749	57,769	16,465	15,018	589,678
—	(39,471)	(32,347)	(19,183)	(54,576)	(14,344)	(6,789)	(3,640)	(170,350)
—	25,856	25,037	15,835	28,801	8,823	(1,416)	5,544	140,700
—	65,075	33,991	41,509	92,579	22,858	1,614	20,587	279,645
—	34,070	14,926	2,754	31,215	1,293	11,350	12,203	107,811
0	210,823	135,441	119,465	300,768	76,399	21,224	49,712	947,484
(573)	(44,706)	(34,980)	(87,835)	(34,852)	(43,856)	(35,933)	(81,987)	(431,539)
1,975	90,744	42,661	103,056	117,271	39,813	33,611	83,781	579,471
—	—	—	—	—	—	—	—	532
—	—	—	—	—	—	—	121	122
—	—	—	—	—	—	186	—	5,358
—	3,874	388	638	—	132	—	40	5,072
1,975	94,618	43,049	103,694	117,271	39,945	33,797	83,942	590,555
1,402	49,912	8,069	15,859	82,419	(3,911)	(2,136)	1,955	159,016
—	570,737	221,539	371,639	546,740	187,067	117,933	214,063	2,297,542
\$ 1,402	\$ 620,649	\$ 229,608	\$ 387,498	\$ 629,159	\$ 183,156	\$ 115,797	\$ 216,018	\$ 2,456,558

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# STATISTICAL SECTION

## STATE OF UTAH

*Comprehensive Annual Financial Report*  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019



Hiking Canyonlands National Park

# 2019

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## STATISTICAL SECTION

Fiscal Year Ended June 30, 2019

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.

	Page
Schedule A-1 Net Position by Component.....	208
Schedule A-2 Changes in Net Position.....	210
Schedule A-3 Fund Balances – Governmental Funds.....	214
Schedule A-4 Changes in Fund Balances – Governmental Funds.....	216

**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.

Schedule B-1 Revenue Base.....	218
Schedule B-2 Revenue Payers by Industry – Taxable Sales, Services and Use Tax Purchases.....	220
Schedule B-3 Revenue Payers – Personal Income Tax.....	220
Schedule B-4 Personal Income Tax Rates.....	221

**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.

Schedule C-1 Ratios of Outstanding Debt by Type.....	222
Schedule C-2 Long-term Debt and Other Long-Term Liabilities.....	224
Schedule C-3 Legal Debt Margin.....	226
Schedule C-4 Statutory Debt Limit.....	226
Schedule C-5 Pledged Revenue Bond Coverage.....	228

**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.

Schedule D-1 Demographic and Economic Indicators.....	230
Schedule D-2 Principal Employers.....	231
Schedule D-3 Composition of Labor Force.....	232
Schedule D-4 Public Education Student Enrollment (K-12).....	234
Schedule D-5 Public Higher Education Enrollment.....	234

**Operating Information**

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

Schedule E-1 Full-Time Equivalent State Employees by Function.....	236
Schedule E-2 Operating Indicators by Function.....	238
Schedule E-3 Capital Asset Statistics by Function.....	240

**Other Information**

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

Schedule F-1 Expenditures – Historical and Constant Dollars.....	242
Schedule F-2 Per Capita Expenditures – Historical and Constant Dollars.....	243

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			
	2019	2018	2017	2016
<b>Governmental Activities</b>				
Net Investment in Capital Assets .....	\$ 17,147,477	\$ 16,827,887	\$ 16,370,572	\$ 15,478,397
Restricted <sup>1</sup> .....	4,953,627	4,693,165	4,251,152	3,864,294
Unrestricted <sup>2</sup> .....	1,847,710	1,249,827	819,880	1,011,204
Total Governmental Activities Net Position.....	23,948,814	22,770,879	21,441,604	20,353,895
<b>Business-type Activities</b>				
Net Investment in Capital Assets .....	32,972	29,237	19,440	20,384
Restricted <sup>3</sup> .....	2,286,785	2,221,712	2,110,776	2,065,552
Unrestricted <sup>4</sup> .....	1,319,130	1,287,673	1,228,915	1,169,162
Total Business-type Activities Net Position.....	3,638,887	3,538,622	3,359,131	3,255,098
<b>Primary Government</b>				
Net Investment in Capital Assets .....	17,180,449	16,857,124	16,390,012	15,498,781
Restricted .....	7,240,412	6,914,877	6,361,928	5,929,846
Unrestricted.....	3,166,840	2,537,500	2,048,795	2,180,366
Total Primary Government Net Position.....	\$ 27,587,701	\$ 26,309,501	\$ 24,800,735	\$ 23,608,993

\*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.

<sup>1</sup> 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, unspent restricted revenue as a result of a gas tax increase also contributed to the increase in restricted net position. In fiscal year 2018, restricted net position increased due to higher tax revenues from continued growth in the economy, an increase in unspent bond proceeds for transportation and capital projects, and an increase in investment values because of general market conditions. In fiscal year 2019, restricted net position increased due to an increase in investment values because of general market conditions and higher tax revenues from continued growth in the economy. Recent federal tax changes also caused a temporary surge in corporate tax revenues as corporations repatriated foreign corporate earnings.

<sup>2</sup> 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. In fiscal years 2018 and 2019, unrestricted net position increased due to an increase in amounts unspent and carried forward in the General Fund and for transportation projects. In fiscal year 2019, capital projects also contributed to this increase.

<sup>3</sup> From fiscal year 2011 to 2019, restricted net position has continued to steadily increase due to unemployment revenues exceeding related claims.

<sup>4</sup> In fiscal years 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 years 2017 to 2019, 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.

# State of Utah

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 14,789,631	\$ 14,025,472	\$ 13,481,005	\$ 12,773,959	\$ 12,358,579	\$ 12,005,321
3,877,468	3,600,039	3,120,501	2,601,082	2,337,607	2,009,168
888,526	1,496,537	1,305,793	1,083,417	1,055,226	895,517
19,555,625	19,122,048	17,907,299	16,458,458	15,751,412	14,910,006
16,740	14,198	14,012	13,293	12,862	13,061
1,975,859	1,734,512	1,616,819	1,463,006	1,311,865	1,272,090
1,157,416	1,231,623	1,094,041	1,053,270	984,552	937,452
3,150,015	2,980,333	2,724,872	2,529,569	2,309,279	2,222,603
14,806,371	14,039,670	13,495,017	12,787,252	12,371,441	12,018,382
5,853,327	5,334,551	4,737,320	4,064,088	3,649,472	3,281,258
2,045,942	2,728,160	2,399,834	2,136,687	2,039,778	1,832,969
\$ 22,705,640	\$ 22,102,381	\$ 20,632,171	\$ 18,988,027	\$ 18,060,691	\$ 17,132,609

**Schedule A-2**  
**Changes in Net Position\***  
 Last Ten Fiscal Years  
*(expressed in thousands)*

	Fiscal Year			
	2019	2018	2017	2016
<b>GOVERNMENTAL ACTIVITIES</b>				
<b>Expenses</b>				
General Government.....	\$ 576,183	\$ 503,430	\$ 476,428	\$ 457,564
Human Services and Juvenile Justice Services.....	932,553	854,614	818,058	765,027
Corrections.....	340,123	314,701	297,587	282,538
Public Safety.....	363,510	307,121	266,032	245,598
Courts.....	165,833	162,049	150,066	142,913
Health and Environmental Quality <sup>1</sup> .....	2,979,063	2,807,215	2,719,553	2,600,928
Higher Education.....	1,339,338	1,318,207	1,104,855	1,137,364
Employment and Family Services.....	769,277	753,205	760,777	710,018
Natural Resources.....	264,093	238,545	225,176	198,190
Heritage and Arts <sup>2</sup> .....	31,928	30,279	28,874	27,048
Business, Labor, and Agriculture.....	122,449	116,964	106,523	112,809
Public Education <sup>3</sup> .....	4,141,443	3,981,186	3,748,684	3,554,337
Transportation <sup>4</sup> .....	1,288,760	970,442	888,854	825,923
Interest and Other Charges on Long-Term Debt.....	83,657	85,141	84,820	93,598
Total Expenses.....	13,398,210	12,443,099	11,676,287	11,153,855
<b>Program Revenues</b>				
Charges for Services:				
General Government.....	208,338	216,929	182,026	166,386
Human Services and Juvenile Justice Services.....	10,843	11,399	12,674	10,725
Corrections.....	1,960	3,199	4,824	3,836
Public Safety.....	78,901	73,939	59,581	61,395
Courts.....	54,481	52,563	51,645	51,868
Health and Environmental Quality.....	391,072	337,171	315,962	325,024
Higher Education.....	500	—	—	—
Employment and Family Services.....	9,153	9,639	8,911	8,082
Natural Resources.....	107,817	105,790	101,933	90,561
Heritage and Arts.....	3,325	3,041	3,961	3,443
Business, Labor, and Agriculture.....	119,166	104,113	94,305	94,924
Public Education.....	75,944	79,337	191,968	89,269
Transportation.....	222,588	214,221	206,963	207,554
Operating Grants and Contributions.....	4,162,578	4,057,460	3,994,614	3,632,735
Capital Grants and Contributions.....	155,265	164,278	132,708	87,942
Total Program Revenues.....	5,601,931	5,433,079	5,362,075	4,833,744
Net Program (Expense) - Governmental Activities.....	(7,796,279)	(7,010,020)	(6,314,212)	(6,320,111)
<b>General Revenues and Other Changes in Net Position</b>				
Taxes:				
Sales Tax and Use Tax <sup>5</sup> .....	2,804,457	2,648,552	2,402,809	2,300,368
Individual Income Tax Imposed for Education <sup>5</sup> .....	4,346,855	4,072,919	3,646,721	3,435,425
Corporate Tax Imposed for Education <sup>5</sup> .....	529,279	422,980	327,266	354,979
Motor and Special Fuel Taxes				
Imposed for Transportation.....	521,012	500,080	483,922	425,366
Other Taxes.....	398,486	398,940	355,075	354,800
Investment Income.....	60,503	34,424	22,058	9,365
Gain on Sale of Capital Assets.....	65,471	40,871	54,012	27,048
Miscellaneous.....	104,415	139,753	106,723	82,882
Special Item:				
Comprehensive Health Insurance Pool Transfer.....	—	—	—	—
Transfers—Internal Activities.....	143,736	96,245	135,338	128,148
Prior Period Adjustments and Restatements.....	—	(15,469)	1,207	—
Total General Revenues and Other Changes in Net Position.....	8,974,214	8,339,295	7,535,131	7,118,381
Change in Net Position — Governmental Activities — Increase (Decrease).....	1,177,935	1,329,275	1,220,919	798,270

# State of Utah

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 442,340	\$ 417,067	\$ 406,065	\$ 420,612	\$ 402,543	\$ 383,925
718,731	690,117	671,831	646,565	648,456	669,169
273,695	268,346	255,679	249,569	243,616	238,902
231,250	243,783	254,503	241,101	204,627	184,197
129,951	128,877	124,660	123,405	123,604	118,577
2,503,794	2,410,760	2,259,695	2,145,929	2,001,233	1,875,775
1,004,382	908,795	884,775	1,115,301	828,660	837,479
724,477	693,789	786,221	712,388	707,019	672,852
194,026	189,641	178,670	157,145	187,164	166,749
23,207	22,447	21,147	154,759	159,755	177,823
100,566	105,987	99,655	100,385	94,397	96,895
3,338,653	3,202,327	3,096,089	3,000,117	3,058,046	3,007,905
797,392	847,752	836,488	738,877	721,240	704,886
98,442	110,034	112,994	121,192	104,887	87,393
10,580,906	10,239,722	9,988,472	9,927,345	9,485,247	9,222,527
181,907	148,213	182,731	178,354	140,794	169,808
11,744	12,529	18,204	11,905	12,140	12,851
5,106	5,463	4,743	4,715	5,988	6,520
60,528	63,831	61,543	57,257	55,394	53,504
54,615	52,390	53,900	56,148	57,959	77,953
313,376	289,198	268,753	230,318	150,763	88,504
—	—	—	194	90	419
7,440	12,659	16,602	11,802	10,476	(2,715)
88,304	91,967	85,685	79,577	73,645	70,780
2,524	2,696	2,316	3,148	5,804	5,030
89,722	89,426	86,962	83,758	67,582	74,400
75,123	110,564	82,676	80,425	71,757	73,962
243,301	253,094	249,288	339,488	254,682	275,154
3,717,276	3,954,581	3,802,274	3,704,709	4,079,907	3,865,150
114,490	100,481	114,156	157,564	109,669	204,237
4,965,456	5,187,092	5,029,833	4,999,362	5,096,650	4,975,557
(5,615,450)	(5,052,630)	(4,958,639)	(4,927,983)	(4,388,597)	(4,246,970)
2,206,633	2,121,518	2,090,841	1,931,045	1,812,271	1,735,023
3,280,568	2,918,991	2,969,128	2,525,082	2,384,025	2,027,884
369,747	321,424	331,080	284,666	226,726	272,535
370,974	359,822	351,553	351,346	355,042	340,568
386,228	431,901	399,788	415,190	397,908	328,703
7,804	8,829	6,726	8,464	7,480	5,575
28,131	20,012	30,580	17,294	19,727	10,927
94,616	40,577	46,884	58,851	35,403	35,288
16,288	—	—	—	—	—
109,028	44,305	76,231	43,091	47,431	55,845
1,940	—	104,669	—	(56,010)	—
6,871,957	6,267,379	6,407,480	5,635,029	5,230,003	4,812,348
1,256,507	1,214,749	1,448,841	707,046	841,406	565,378

**Schedule A-2**  
**Changes in Net Position\* - continued**  
 Last Ten Fiscal Years  
*(expressed in thousands)*

	Fiscal Year			
	2019	2018	2017	2016
<b>BUSINESS-TYPE ACTIVITIES</b>				
<b>Expenses</b>				
Student Assistance Programs .....	\$ 114,087	\$ 120,169	\$ 136,037	\$ 154,247
Unemployment Compensation <sup>6</sup> .....	152,359	156,121	175,354	182,516
Water Loan Programs.....	13,744	12,613	15,998	14,913
Community and Economic Loan Programs .....	2,402	4,991	9,074	5,253
Liquor Retail Sales.....	311,261	292,936	277,965	260,755
Other Business-type Activities.....	45,344	45,065	45,612	37,849
Total Expenses .....	<u>639,197</u>	<u>631,895</u>	<u>660,040</u>	<u>655,533</u>
<b>Program Revenues</b>				
Charges for Services:				
Student Assistance Programs .....	97,239	101,350	108,057	123,218
Unemployment Compensation.....	169,468	187,754	210,907	240,709
Water Loan Programs.....	729	234	746	902
Community and Economic Loan Programs .....	3,159	3,137	3,393	3,208
Liquor Retail Sales .....	430,829	407,694	384,009	364,482
Other Business-type Activities .....	45,891	43,991	47,994	34,968
Operating Grants and Contributions <sup>7, 8</sup> .....	33,575	44,392	39,053	46,118
Total Program Revenues .....	<u>780,890</u>	<u>788,552</u>	<u>794,159</u>	<u>813,605</u>
Net Program Revenue (Expense) —				
Business-type Activities .....	<u>141,693</u>	<u>156,657</u>	<u>134,119</u>	<u>158,072</u>
<b>General Revenues and Other Changes in Net Position</b>				
Taxes:				
Sales Tax and Use Tax.....	34,278	59,864	57,528	29,841
Investment Income <sup>8</sup> .....	68,162	56,561	49,349	45,318
Gain on Sale of Capital Assets .....	(132)	—	529	—
Miscellaneous.....	—	2,654	—	—
Transfers—Internal Activities .....	(143,736)	(96,245)	(135,338)	(128,148)
Capital Contributions .....	—	—	37	—
Prior Period Adjustments and Restatements .....	—	—	—	—
Total General Revenues and Other Changes in Net Position .....	<u>(41,428)</u>	<u>22,834</u>	<u>(27,895)</u>	<u>(52,989)</u>
Change in Net Position — Business-type Activities — Increase (Decrease).....	<u>100,265</u>	<u>179,491</u>	<u>106,224</u>	<u>105,083</u>
Total Primary Government Change in Net Position.....	<u>\$ 1,278,200</u>	<u>\$ 1,508,766</u>	<u>\$ 1,327,143</u>	<u>\$ 903,353</u>

\*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.

<sup>1</sup> Health and Environmental Quality expenses have increased over the last ten fiscal years due to rising Medicaid program costs.

<sup>2</sup> In fiscal year 2013, legislative action moved the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

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

<sup>4</sup> In fiscal year 2019, Transportation expenses increased primarily due to a decrease in the amount spent for capital outlay.

<sup>5</sup> In fiscal years 2011 to 2019, general tax revenues increased due to higher revenues from a strengthening economy. In fiscal year 2019, corporate tax revenues also increased due to recent federal tax changes, which created a temporary surge as corporations repatriated foreign corporate earnings.

# State of Utah

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 111,437	\$ 79,963	\$ 99,379	\$ 111,662	\$ 93,422	\$ 156,754
177,105	233,403	307,444	436,880	642,023	872,826
18,276	13,778	12,828	19,045	38,069	31,971
2,967	8,603	2,420	2,604	1,770	2,166
242,933	225,948	213,395	201,976	190,373	180,401
36,720	54,983	75,361	47,341	33,796	30,886
589,438	616,678	710,827	819,508	999,453	1,275,004
88,188	59,784	63,727	66,312	71,966	109,804
295,851	357,059	384,114	380,533	296,847	170,224
406	12,329	13,464	13,710	10,584	13,875
5,562	10,051	11,152	11,843	10,583	9,033
338,039	313,444	293,978	272,363	252,225	238,767
38,892	40,832	39,010	33,555	44,230	41,527
48,482	75,568	168,514	262,035	403,847	518,280
815,420	869,067	973,959	1,040,351	1,090,282	1,101,510
225,982	252,389	263,132	220,843	90,829	(173,494)
28,384	27,304	25,891	24,264	21,819	22,206
41,421	20,073	16,636	14,727	17,169	28,560
—	—	—	—	—	—
—	—	425	3,547	4,290	38,188
(109,028)	(44,305)	(76,231)	(43,091)	(47,431)	(55,845)
—	—	—	—	—	—
(367)	—	(34,550)	—	—	—
(39,590)	3,072	(67,829)	(553)	(4,153)	33,109
186,392	255,461	195,303	220,290	86,676	(140,385)
\$ 1,442,899	\$ 1,470,210	\$ 1,644,144	\$ 927,336	\$ 928,082	\$ 424,993

<sup>6</sup> In fiscal years 2011 to 2015, Unemployment Compensation expenses decreased reflecting Utah's improving economy and employment.

<sup>7</sup> In fiscal years 2010 and 2011, Operating Grants and Contributions increased overall from the preceding and subsequent years, primarily due to increased federal programs funded in part by the American Recovery and Reinvestment Act in the Unemployment Compensation Fund and additional operating grants issued for loan related programs.

<sup>8</sup> In fiscal year 2016, Investment Income of business-type activities was reclassified to other general revenues from operating grants and contributions. This change was made to comply with applicable governmental accounting standards. Prior years have been restated.

**Schedule A-3**  
**Fund Balances — Governmental Funds\***  
 Last Ten Fiscal Years  
*(expressed in thousands)*

	Fiscal Year			
	2019	2018	2017	2016
<b>General Fund</b>				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable <sup>1</sup> .....	\$ 12,063	\$ 14,950	\$ 18,927	\$ 26,747
Prepaid Items <sup>1</sup> .....	7,625	2,463	14,475	106,745
Inventories .....	421	721	687	434
Restricted .....	43,241	38,978	33,516	38,124
Committed <sup>2</sup> .....	835,171	675,228	559,791	546,782
Assigned <sup>3</sup> .....	339,999	314,910	194,174	132,126
Unassigned .....	—	7,966	9,585	7,196
Total General Fund .....	<u>1,238,520</u>	<u>1,055,216</u>	<u>831,155</u>	<u>858,154</u>
<b>All Other Governmental Funds</b>				
Nonspendable:				
Prepaid Items .....	\$ 437	\$ 874	\$ —	\$ —
Inventories .....	12,769	12,959	13,905	13,990
Permanent Fund Principal <sup>4</sup> .....	1,785,184	1,707,449	2,504,560	2,267,538
Restricted <sup>5</sup> .....	2,733,925	2,731,594	1,308,585	1,189,881
Committed <sup>6</sup> .....	999,561	876,576	686,583	758,530
Assigned <sup>7</sup> .....	546,447	235,974	305,065	347,321
Total All Other Governmental Funds .....	<u>6,078,323</u>	<u>5,565,426</u>	<u>4,818,698</u>	<u>4,577,260</u>
Total Fund Balances — Governmental Funds .....	<u>\$ 7,316,843</u>	<u>\$ 6,620,642</u>	<u>\$ 5,649,853</u>	<u>\$ 5,435,414</u>

\*This schedule is presented using the modified accrual basis of accounting.

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

<sup>1</sup> 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.

<sup>2</sup> In fiscal year 2018 and 2019, the committed fund balance within the General Fund increased due to an increase in monies set aside for specific purposes.

<sup>3</sup> 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. In fiscal year 2018, the assigned fund balance increased due to an increase in the amount set aside for next year's budget.

<sup>4</sup> 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. In fiscal year 2018, the nonspendable balance decreased due to the reclassification of a portion of the fund balance within the Permanent Fund to restricted fund balance. This reclassification was the result of a constitutional amendment that implemented a new spending plan to allow the distribution of Permanent Fund earnings.

<sup>5</sup> 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. In fiscal year 2018, the increase within other governmental funds was primarily due to the reclassification of a portion of the Permanent Fund, as explained in note 4. The balance of the increase was due to an increase in the unspent balance of restricted resources within the Education Fund as a result of growth in the individual and corporate income tax and increases within the Capital Projects and Transportation Investment Funds due to unspent bond proceeds.

<sup>6</sup> In fiscal years 2012 to 2014, the committed fund balance within other governmental funds increased as a result of sales and use tax diversions for transportation projects. In fiscal years 2016 and 2017, the committed fund balance decreased as expenditures increased for transportation projects utilizing sales and use tax revenue. In fiscal year 2018, the committed fund balance within other governmental funds increased due to growth in sales and use tax revenue allocated for transportation projects. In fiscal year 2019, the committed fund balance within other governmental funds increased primarily due to growth in sales and use tax revenue for transportation, and also due to new sales and use tax diversions for the Medicaid and outdoor recreation grant programs.

<sup>7</sup> The assigned fund balance within other governmental funds varies from year to year due to changes in funding provided for capital projects.



# State of Utah

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 26,996	\$ 38,832	\$ 44,360	\$ 13,537	\$ 10,134	\$ 2,861
96,939	73,033	67,790	23,450	—	—
662	926	800	662	538	411
34,278	40,898	41,931	39,745	31,523	35,171
496,758	507,380	496,795	489,487	445,540	371,354
255,841	197,842	224,452	159,082	212,002	222,963
—	7,224	—	11,342	609	14,884
911,474	866,135	876,128	737,305	700,346	647,644
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
13,605	14,018	11,980	11,583	10,523	11,646
2,244,902	2,089,334	1,690,261	1,436,623	1,355,565	1,066,568
1,188,672	1,160,581	1,094,754	1,089,030	1,191,591	1,333,776
843,483	865,786	698,264	631,983	390,278	347,254
163,194	128,631	63,586	112,015	174,737	92,806
4,453,856	4,258,350	3,558,845	3,281,234	3,122,694	2,852,050
\$ 5,365,330	\$ 5,124,485	\$ 4,434,973	\$ 4,018,539	\$ 3,823,040	\$ 3,499,694

**Schedule A-4**  
**Changes in Fund Balances — Governmental Funds\***  
 Last Ten Fiscal Years  
*(dollars expressed in thousands)*

	Fiscal Year			
	2019	2018	2017	2016
<b>Revenues</b>				
Sales and Use Tax <sup>1</sup>	\$ 2,805,618	\$ 2,646,996	\$ 2,403,347	\$ 2,302,886
Individual Income Tax <sup>1</sup>	4,336,437	4,033,320	3,646,112	3,393,087
Corporate Tax <sup>1</sup>	534,977	423,019	325,701	354,615
Motor and Special Fuels Tax <sup>2</sup>	521,199	500,049	484,677	425,343
Other Taxes	398,684	399,286	354,863	355,229
Federal Contracts and Grants <sup>3</sup>	3,973,026	3,893,654	3,828,715	3,573,699
Charges for Services/Royalties	780,790	740,282	667,665	630,300
Licenses, Permits, and Fees	219,972	211,045	203,830	199,748
Federal Mineral Lease <sup>4</sup>	77,607	76,693	73,787	69,245
Intergovernmental	16,029	11,801	19,273	11,264
Investment Income <sup>5</sup>	218,077	198,082	266,775	34,168
Miscellaneous and Other	433,733	448,431	394,167	388,295
Total Revenues	14,316,149	13,582,658	12,668,912	11,737,879
<b>Expenditures</b>				
General Government	492,800	460,569	409,626	412,204
Human Services and Juvenile Justice Services	919,227	858,099	804,283	766,186
Corrections	328,586	317,425	305,438	290,217
Public Safety	340,210	294,693	253,976	263,417
Courts	165,369	170,233	152,262	146,510
Health and Environmental Quality <sup>6</sup>	2,997,039	2,823,947	2,733,374	2,622,797
Higher Education—State Administration	96,323	78,773	73,641	79,567
Higher Education—Colleges and Universities	1,102,310	1,018,286	981,938	915,432
Employment and Family Services <sup>7</sup>	755,613	749,620	754,530	708,184
Natural Resources	251,545	231,665	225,387	196,188
Heritage and Arts <sup>7</sup>	31,981	30,965	29,335	27,826
Business, Labor, and Agriculture	119,491	119,158	107,800	111,186
Public Education <sup>8</sup>	4,140,263	3,983,098	3,732,813	3,556,897
Transportation <sup>9, 10</sup>	996,728	1,024,576	975,662	835,111
Capital Outlay <sup>11</sup>	847,541	778,543	668,768	523,937
Debt Service — Principal Retirement	260,949	288,051	342,622	348,576
Debt Service — Interest and Other Charges	103,417	103,866	105,023	118,805
Total Expenditures	13,949,392	13,331,567	12,656,478	11,923,040
Revenues Over (Under) Expenditures	366,757	251,091	12,434	(185,161)
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued <sup>11</sup>	127,715	485,225	—	—
Revenue Bonds Issued	—	2,920	—	93,625
Refunding Bonds Issued	—	144,610	—	—
Premium on Bonds Issued	23,308	71,360	—	4,405
Payment to Refunded Bond Escrow Agent	(27,770)	(118,495)	—	—
Capital Leases/Contracts Issued	—	13,705	—	5,100
Sale of Capital Assets	65,331	40,277	53,025	30,688
Transfers In	2,581,581	1,880,116	1,792,074	1,998,019
Transfers Out	(2,440,721)	(1,784,551)	(1,657,967)	(1,876,592)
<b>Special Item</b>				
Comprehensive Health Insurance Pool Transfer <sup>12</sup>	—	—	—	—
Prior Period Adjustments and Restatements	—	(15,469)	1,207	—
Total Other Financing Sources (Uses)	329,444	719,698	188,339	255,245
Net Change in Fund Balances	\$ 696,201	\$ 970,789	\$ 200,773	\$ 70,084
Debt Service as a Percentage of Noncapital Expenditures	2.74%	3.18%	3.78%	4.17%

\*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.

<sup>1</sup> In fiscal years 2011 to 2019, tax revenues increased due to a rebounding and then prospering economy. In fiscal year 2019, the increase in corporate tax revenues was also due to recent federal tax changes, which created a temporary surge as corporations repatriated foreign corporate earnings.

<sup>2</sup> 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. In fiscal 2019, the increase in motor and special fuels tax was due in part to a tax increase that became effective in mid-2019, and also as a result of higher fuel consumption.

<sup>3</sup> In fiscal year 2017, federal contracts and grants increased due to an increase in funding provided for the Medicaid program and highway projects. In fiscal years 2018 and 2019, the increase was the result of an increase in funding provided for the Medicaid program.

<sup>4</sup> In fiscal year 2016, federal mineral lease revenue decreased due to lower energy prices and a decline in production.

<sup>5</sup> 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.

# State of Utah

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 2,204,389	\$ 2,121,249	\$ 2,094,132	\$ 1,934,035	\$ 1,812,011	\$ 1,733,412
3,211,476	2,916,015	2,865,195	2,518,373	2,332,562	2,124,173
366,543	322,748	329,726	285,541	230,888	266,961
371,412	359,176	351,197	353,299	352,918	341,196
386,066	432,178	400,111	414,744	397,248	328,753
3,478,563	3,463,045	3,489,515	3,561,512	3,626,354	3,713,771
682,288	706,125	677,119	625,831	528,568	463,436
194,648	188,653	185,976	183,630	188,998	179,947
138,635	158,193	138,122	183,739	135,979	129,377
12,620	7,211	32,704	34,407	18,537	28,659
133,092	353,653	221,139	46,133	274,797	118,541
384,968	327,880	305,267	393,010	332,722	356,004
11,564,700	11,356,126	11,090,203	10,534,254	10,231,582	9,784,230
386,059	374,134	362,845	356,752	316,440	313,981
723,663	692,277	669,091	645,418	646,411	667,192
272,053	266,246	251,118	245,829	238,090	235,411
266,586	271,716	255,727	239,453	207,426	199,731
137,901	132,886	129,693	127,066	128,676	136,373
2,517,513	2,434,410	2,252,166	2,141,835	2,008,356	1,873,264
56,935	48,920	51,901	49,359	48,836	52,084
875,610	781,998	735,438	721,074	718,026	734,440
730,972	703,441	781,178	706,181	703,786	673,329
190,378	184,465	178,330	153,698	189,430	161,640
24,041	24,231	22,428	155,575	160,338	178,258
101,331	105,915	99,828	99,689	93,149	96,579
3,340,290	3,202,007	3,097,161	2,999,706	3,059,351	3,002,318
903,700	902,788	951,277	1,064,449	946,692	1,204,955
499,705	380,930	524,582	973,206	1,236,168	1,007,219
319,739	329,659	309,268	266,300	223,952	189,041
135,994	150,101	154,472	168,047	142,452	113,876
11,482,470	10,986,124	10,826,503	11,113,637	11,067,579	10,839,691
82,230	370,002	263,700	(579,383)	(835,997)	(1,055,461)
—	226,175	33,240	609,920	1,034,970	982,170
—	—	1,900	5,250	—	101,595
221,765	—	22,612	—	196,610	—
47,562	24,656	8,346	92,558	94,689	65,853
(267,870)	—	(24,358)	—	(234,873)	—
—	—	2,824	—	—	11,122
29,274	24,596	31,243	22,158	20,256	13,966
1,659,616	1,489,272	1,360,691	1,097,387	1,125,598	929,044
(1,549,960)	(1,445,189)	(1,283,764)	(1,052,391)	(1,077,907)	(873,367)
16,288	—	—	—	—	—
1,940	—	—	—	—	—
158,615	319,510	152,734	774,882	1,159,343	1,230,383
\$ 240,845	\$ 689,512	\$ 416,434	\$ 195,499	\$ 323,346	\$ 174,922
4.22%	4.60%	4.59%	4.45%	3.85%	3.29%

<sup>6</sup> Expenditures for Health and Environmental Quality have increased over the last ten fiscal years due to rising Medicaid program costs.

<sup>7</sup> In fiscal year 2013, legislative action moved the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

<sup>8</sup> Public education expenditures continue to increase for both enrollment growth and benefit-related costs for educators.

<sup>9</sup> In fiscal year 2012, the Transportation Investment Fund was reclassified as a capital projects fund. Expenditures relating to this fund have been reclassified from transportation expenditures to capital outlay for prior years.

<sup>10</sup> Expenditures for transportation vary from year to year due to the timing of highway construction projects.

<sup>11</sup> 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.

<sup>12</sup> In fiscal year 2015, the Comprehensive Health Insurance Pool (nonmajor 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			
	2018	2017	2016	2015
<b>Taxable Sales, Services, and Use Tax Purchases <sup>1</sup></b>				
Agriculture, Forestry, and Fishing.....	\$ 20,664	\$ 19,438	\$ 16,790	\$ 15,400
Mining .....	562,722	555,332	473,021	606,129
Construction .....	1,048,607	930,707	793,332	719,199
Manufacturing .....	2,692,334	2,500,510	2,334,180	2,394,889
Transportation.....	165,418	150,783	129,326	119,530
Communications and Utilities.....	4,554,313	4,575,019	4,603,701	4,640,315
Wholesale Trade.....	5,420,375	4,922,340	4,508,459	4,544,672
Retail .....	34,806,178	33,029,982	30,458,131	28,847,726
Finance, Insurance, and Real Estate .....	1,835,800	1,715,813	1,562,251	1,518,729
Services .....	11,229,829	10,636,808	10,058,980	9,383,910
Public Administration.....	275,969	265,678	256,124	254,337
Prior Period Payments and Refunds.....	2,370,315	1,729,282	1,308,139	888,441
Total Taxable Sales, Services and Use Tax Purchases .....	<u>\$ 64,982,524</u>	<u>\$ 61,031,692</u>	<u>\$ 56,502,434</u>	<u>\$ 53,933,277</u>
State Sales Tax Rate .....	4.70%	4.70%	4.70%	4.70%
<b>Personal Income by Industry</b>				
Federal Civilian .....	\$ 3,778,271	\$ 3,640,850	\$ 3,503,288	\$ 3,362,932
Federal Military .....	811,704	754,588	745,003	715,450
State and Local Government .....	12,673,085	12,023,320	11,377,417	11,214,437
Forestry, Fishing, and Related Activities.....	88,548	81,560	79,894	73,334
Mining .....	830,860	728,766	677,740	919,572
Utilities .....	792,597	734,147	581,721	559,871
Construction .....	8,871,956	8,126,268	7,497,605	6,757,362
Manufacturing .....	10,410,291	9,839,547	9,335,841	9,074,439
Wholesale Trade .....	4,919,835	4,772,174	4,433,918	4,457,942
Retail Trade .....	8,193,653	7,659,363	7,462,318	7,036,881
Transportation and Warehousing.....	4,537,486	4,219,443	4,055,241	3,664,221
Information .....	3,802,217	3,508,693	3,308,820	2,939,164
Financial, Insurance, Real Estate, Rental, and Leasing.....	10,361,683	9,683,027	9,169,397	7,951,465
Services .....	37,575,359	34,897,156	32,839,863	30,551,475
Farm Earnings .....	272,101	334,015	338,436	465,109
Other <sup>2</sup> .....	38,502,883	35,540,769	33,000,523	28,980,981
Total Personal Income .....	<u>\$ 146,422,529</u>	<u>\$ 136,543,686</u>	<u>\$ 128,407,025</u>	<u>\$ 118,724,635</u>
Highest Income Tax Rate .....	4.95%	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.

<sup>1</sup> Taxable Sales, Services, and Use Tax Purchases utilize *American Industrial Classification* codes.

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

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Calendar Year					
2014	2013	2012	2011	2010	2009
\$ 16,721	\$ 15,083	\$ 13,880	\$ 14,082	\$ 12,747	\$ 10,938
842,837	850,275	961,570	848,168	757,601	560,727
718,877	686,116	749,572	654,043	662,141	685,598
2,439,019	2,251,708	2,283,863	2,209,327	2,082,345	2,079,294
116,776	151,582	123,695	274,577	236,609	150,891
4,764,084	4,609,452	4,515,800	4,250,457	4,147,437	4,060,387
4,564,362	4,397,645	4,647,539	4,065,152	3,615,569	3,457,754
27,160,751	25,848,614	24,351,361	22,794,901	21,480,510	22,613,395
1,441,941	1,378,991	1,327,864	1,337,530	1,328,491	1,430,640
8,696,364	8,108,526	7,670,035	7,137,503	6,737,174	6,289,414
262,250	250,212	245,093	229,227	224,668	225,935
685,181	855,842	640,908	339,856	622,276	359,249
<u>\$ 51,709,163</u>	<u>\$ 49,404,046</u>	<u>\$ 47,531,180</u>	<u>\$ 44,154,823</u>	<u>\$ 41,907,568</u>	<u>\$ 41,924,222</u>
4.70%	4.70%	4.70%	4.70%	4.70%	4.70%
\$ 3,226,299	\$ 3,127,049	\$ 3,201,034	\$ 3,556,359	\$ 3,427,143	\$ 3,262,129
732,507	758,348	782,075	1,023,592	1,066,165	1,059,773
10,932,387	10,438,482	10,479,690	9,440,193	9,056,491	8,996,163
71,162	79,070	69,036	69,173	59,568	56,230
1,055,022	1,488,131	1,451,372	1,134,370	939,571	905,190
518,729	509,579	510,476	531,434	517,919	500,769
6,139,119	5,749,752	5,310,328	5,033,034	4,851,542	4,880,333
8,607,123	8,372,774	8,079,603	7,787,202	7,523,277	7,243,424
4,019,735	3,920,138	3,778,828	3,473,443	3,142,845	3,145,582
6,688,936	6,245,965	5,817,378	5,478,538	5,352,492	5,248,220
3,319,368	3,148,136	2,983,157	2,977,382	2,871,728	2,818,544
2,729,627	2,527,863	2,426,304	2,146,263	1,931,461	1,837,118
7,068,780	7,101,517	6,281,226	6,113,185	5,578,130	5,432,615
28,810,801	27,872,193	26,044,184	24,676,881	23,756,996	22,798,279
509,130	510,235	231,074	266,260	202,854	105,542
26,415,095	24,223,342	23,716,925	20,693,761	19,972,051	18,640,550
<u>\$ 110,843,820</u>	<u>\$ 106,072,574</u>	<u>\$ 101,162,690</u>	<u>\$ 94,401,070</u>	<u>\$ 90,250,233</u>	<u>\$ 86,930,461</u>
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 2009		Calendar Year 2018	
	<b>Taxable Sales and Purchases</b>	<b>Percent of Total</b>	<b>Taxable Sales and Purchases</b>	<b>Percent of Total</b>
Agriculture, Forestry, and Fishing .....	\$ 10,938	0.10%	\$ 20,664	0.10%
Mining .....	560,727	1.30%	562,722	0.90%
Construction .....	685,598	1.60%	1,048,607	1.60%
Manufacturing .....	2,079,294	5.00%	2,692,334	4.10%
Transportation .....	150,891	0.40%	165,418	0.30%
Communications and Utilities .....	4,060,387	9.70%	4,554,313	7.00%
Wholesale Trade .....	3,457,754	8.20%	5,420,375	8.30%
Retail .....	22,613,395	53.90%	34,806,178	53.60%
Finance, Insurance, and Real Estate .....	1,430,640	3.40%	1,835,800	2.80%
Services .....	6,289,414	15.00%	11,229,829	17.30%
Public Administration .....	225,935	0.50%	275,969	0.40%
Prior Period Payments, Refunds .....	359,249	0.90%	2,370,315	3.60%
Total Taxable Sales, Services, and Use Tax Purchases .....	<u>\$ 41,924,222</u>	<u>100.00%</u>	<u>\$ 64,982,524</u>	<u>100.00%</u>
State Sales Tax Rates .....	4.70% 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.

**Schedule B-3**  
**Revenue Payers – Personal Income Tax**  
Most Current Calendar Year and Historical Comparison  
*(dollars expressed in thousands)*

	Calendar Year 2008				Calendar Year 2017			
	<b>Number of Filers</b>	<b>Percent of Total</b>	<b>Tax Liability</b>	<b>Percent of Total</b>	<b>Number of Filers</b>	<b>Percent of Total</b>	<b>Tax Liability</b>	<b>Percent of Total</b>
<b>Adjusted Gross Income Class</b>								
\$10,000 and under .....	168,575	16.40%	\$ 1,645	0.10%	164,351	13.43%	\$ 956	0.10%
\$10,001–20,000 .....	153,906	14.90%	24,645	1.20%	154,108	12.59%	21,975	0.60%
\$20,001–30,000 .....	137,722	13.40%	67,157	3.40%	145,577	11.90%	72,371	2.16%
\$30,001–40,000 .....	109,522	10.60%	99,020	5.00%	124,388	10.17%	115,596	3.44%
\$40,001–50,000 .....	87,555	8.50%	119,038	6.00%	99,574	8.14%	140,856	4.20%
\$50,001–75,000 .....	161,759	15.70%	353,082	17.80%	188,287	15.39%	424,359	12.65%
\$75,001–100,000 .....	98,409	9.50%	335,364	16.90%	129,457	10.58%	448,909	13.39%
\$100,001–250,000 .....	99,075	9.60%	600,572	30.20%	186,299	15.23%	1,187,880	35.42%
Over \$250,000 .....	13,983	1.40%	387,798	19.40%	31,446	2.57%	940,537	28.04%
Total .....	<u>1,030,506</u>	<u>100.00%</u>	<u>\$ 1,988,321</u>	<u>100.00%</u>	<u>1,223,487</u>	<u>100.00%</u>	<u>\$ 3,353,439</u>	<u>100.00%</u>

Source: Utah State Tax Commission, for full-year residents only.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for personal income tax information is calendar year 2017.

**Schedule B–4**  
**Personal Income Tax Rates**  
 Last Ten Calendar Years

	Calendar Year	
	2018	2009 to 2017
	Single and Married Filing Separately	
Tax Rate .....	4.95%	5.00%
	Married Filing Joint, Head of Household, and Qualifying Widow(er) <sup>1</sup>	
Tax Rate .....	4.95%	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.

**Schedule C–1**  
**Ratios of Outstanding Debt by Type**  
 Last Ten Fiscal Years  
*(dollars expressed in millions)*

	Fiscal Year			
	2019	2018	2017	2016
<b>Governmental Activities</b>				
General Obligation Bonds.....	\$ 2,374	\$ 2,498	\$ 2,235	\$ 2,585
State Building Ownership Authority				
Lease Revenue Bonds .....	205	244	230	249
Capital Leases .....	31	33	22	23
Contracts/Notes Payable .....	—	—	—	—
Total Governmental Activities.....	2,610	2,775	2,487	2,857
<b>Business-type Activities</b>				
Student Assistance Revenue Bonds <sup>1</sup> .....	1,254	1,495	1,812	1,255
State Building Ownership Authority				
Lease Revenue Bonds .....	77	83	73	79
Water Loan Recapitalization Revenue Bonds.....	26	31	37	42
Contracts/Notes Payable <sup>1</sup> .....	1	1	—	922
Total Business-type Activities .....	1,358	1,610	1,922	2,298
Total Primary Government .....	\$ 3,968	\$ 4,385	\$ 4,409	\$ 5,155
Debt as a Percentage of Personal Income <sup>2</sup> .....	2.57%	2.99%	3.23%	4.01%
Amount of Debt Per Capita (expressed in dollars) <sup>2</sup> .....	\$ 1,235	\$ 1,387	\$ 1,421	\$ 1,693
<b>Net General Obligation Bonded Debt</b>				
General Obligation Bonds.....	\$ 2,374	\$ 2,498	\$ 2,235	\$ 2,585
Net General Obligation Bonded Debt as a Percentage of Taxable Property Value <sup>3</sup> .....	0.80%	0.92%	0.89%	1.10%
Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) <sup>2</sup> .....	\$ 739	\$ 791	\$ 721	\$ 849

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 was 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*.

<sup>1</sup> During 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.

<sup>2</sup> Ratios are calculated using personal income and population data. See Schedule D–1 for personal income and population data. During 2010 to 2012, the State issued just under \$1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

<sup>3</sup> The percentage of Net General Obligation Bonded Debt based upon taxable property value is presented for comparative purposes. The State does not presently levy ad valorem property taxes for General Obligation Bonded Debt, but is authorized to do so in accordance with Title 59, Chapter 2, Part 901 of the *Utah Code*. See Schedule C–3 for taxable property value.



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Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 2,950	\$ 3,271	\$ 3,361	\$ 3,660	\$ 3,256	\$ 2,410
170	187	200	213	223	239
20	22	23	24	26	28
—	6	10	—	—	—
3,140	3,486	3,594	3,897	3,505	2,677
1,511	1,284	1,274	970	1,243	1,389
80	81	85	90	95	98
47	52	58	62	67	68
1,152	—	—	552	648	811
2,790	1,417	1,417	1,674	2,053	2,366
\$ 5,930	\$ 4,903	\$ 5,011	\$ 5,571	\$ 5,558	\$ 5,043
5.04%	4.42%	4.78%	5.51%	5.89%	5.59%
\$ 1,979	\$ 1,665	\$ 1,727	\$ 1,951	\$ 1,975	\$ 1,817
\$ 2,950	\$ 3,271	\$ 3,361	\$ 3,660	\$ 3,256	\$ 2,410
1.33%	1.58%	1.67%	1.82%	1.59%	1.13%
\$ 985	\$ 1,111	\$ 1,159	\$ 1,282	\$ 1,157	\$ 868

**Schedule C-2**  
**Long-term Debt and Other Long-term Liabilities**  
Last Ten Fiscal Years  
*(expressed in thousands)*

	Fiscal Year			
	2019	2018	2017	2016
<b>Governmental Activities</b>				
General Obligation Bonds <sup>1</sup> .....	\$ 2,155,675	\$ 2,396,875	\$ 2,173,985	\$ 2,498,895
General Obligation Bonds - Direct Placement <sup>2</sup> .....	117,600	—	—	—
State Building Ownership Authority (SBOA)				
Lease Revenue Bonds.....	174,076	237,426	225,163	242,976
SBOA Lease Revenue Bonds - Direct Placement <sup>2</sup> .....	25,910	—	—	—
Net Unamortized Premiums .....	106,066	108,115	66,423	92,827
Deferred Amount on Refundings <sup>3</sup> .....	—	—	—	—
Capital Leases - Direct Borrowing <sup>2</sup> .....	28,203	33,132	21,616	23,498
Notes Payable - Direct Borrowing <sup>2</sup> .....	227	268	305	339
Capital Leases.....	2,803	—	—	—
Compensated Absences <sup>4</sup> .....	211,138	184,505	181,557	182,707
Claims Liability .....	63,558	57,330	53,645	48,092
Pollution Remediation Obligation .....	5,324	5,366	5,891	6,401
Settlement Obligations .....	227	273	319	365
Net Pension Liability <sup>7</sup> .....	1,140,766	763,753	1,031,449	992,495
Net Other Post Employment Benefit Obligation <sup>8</sup> .....	—	—	—	3,848
Net Other Post Employment Benefit Liability <sup>8</sup> .....	68,335	99,058	109,618	—
Arbitrage Liability .....	544	—	—	—
Total Governmental Activities .....	4,100,452	3,886,101	3,869,971	4,092,443
<b>Business-type Activities</b>				
Student Assistance Revenue Bonds <sup>5</sup> .....	1,265,880	1,506,965	1,822,807	1,256,026
State Building Ownership Authority				
Lease Revenue Bonds.....	72,549	77,704	67,438	72,674
Water Loan Recapitalization Revenue Bonds .....	25,520	31,225	36,680	41,915
Net Unamortized Premiums/(Discounts) .....	(8,000)	(6,418)	(5,437)	5,434
Deferred Amount on Refundings <sup>3</sup> .....	—	—	—	—
Notes Payable - Direct Borrowing <sup>2,6</sup> .....	618	635	—	921,995
Claims and Uninsured Liabilities .....	3,279	4,365	4,810	5,726
Arbitrage Liability .....	—	—	—	—
Net Pension Liability <sup>7</sup> .....	19,065	12,038	17,468	17,845
Net Other Post Employment Benefit Liability <sup>8</sup> .....	1,108	1,564	1,731	—
Total Business-type Activities .....	1,380,019	1,628,078	1,945,497	2,321,615
Total Primary Government				
Other Long-term Liabilities .....	\$ 5,480,471	\$ 5,514,179	\$ 5,815,468	\$ 6,414,058

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

<sup>1</sup> During 2010 to 2012, the State issued just under \$1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

<sup>2</sup> In 2019, GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires separate disclosure of debt issued directly to an investor.

<sup>3</sup> Beginning in 2014, deferred amount on refundings are no longer reported in the financial statements as part of other long-term liabilities under Governmental and Business-type Activities. This obligation is now being reported as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

<sup>4</sup> During 2011 and 2019, a new actuary valuation was performed for GASB Statement 16, *Accounting for Compensated Absences* and as a result the total liability increased.

<sup>5</sup> 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.

<sup>6</sup> In 2015, the Student Assistance Programs issued a line of credit to acquire federally guaranteed student loans.

# State of Utah

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 2,830,150	\$ 3,136,755	\$ 3,225,435	\$ 3,487,680	\$ 3,128,890	\$ 2,299,300
—	—	—	—	—	—
166,773	183,590	198,485	210,384	220,380	236,629
—	—	—	—	—	—
122,321	138,187	159,882	200,979	162,003	119,694
—	—	(22,546)	(26,248)	(31,904)	(7,080)
20,287	21,794	23,213	24,270	25,799	27,542
370	5,983	9,758	446	466	484
—	—	—	—	—	—
185,792	184,679	185,711	185,701	182,543	162,120
46,931	48,585	48,190	44,700	42,731	41,897
5,086	5,327	6,222	6,640	7,083	7,690
4,471	6,928	25,020	34,007	38,926	39,422
802,543	—	—	—	—	—
4,126	4,331	5,206	5,439	7,142	5,693
—	—	—	—	—	—
—	—	—	—	—	—
4,188,850	3,736,159	3,864,576	4,173,998	3,784,059	2,933,391
1,509,543	1,277,837	1,240,407	930,422	1,218,390	1,388,922
73,207	79,106	83,795	88,161	92,445	96,476
46,940	51,800	56,545	61,205	65,800	65,800
8,696	9,110	13,143	16,917	29,092	4,093
—	—	23,413	25,445	(994)	(221)
1,152,207	—	—	552,423	647,842	811,354
7,587	9,283	18,694	17,866	16,179	19,105
—	—	—	10,000	11,968	50,214
12,853	—	—	—	—	—
—	—	—	—	—	—
2,811,033	1,427,136	1,435,997	1,702,439	2,080,722	2,435,743
\$ 6,999,883	\$ 5,163,295	\$ 5,300,573	\$ 5,876,437	\$ 5,864,781	\$ 5,369,134

<sup>7</sup> During 2015, the State implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions* which replaced GASB Statements 27 and 50 as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. In part, GASB Statement 68 requires the reporting of the net Pension liability. GASB Statement 27 only required the reporting of a Pension obligation when contributions were less than the actuary's Annual Required Contribution.

<sup>8</sup> During 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.

**Schedule C-3**  
**Legal Debt Margin**  
Last Ten Fiscal Years  
(dollars expressed in millions)

	Fiscal Year			
	2019	2018	2017	2016
Taxable Property, Taxable Value <sup>1</sup> .....	\$ 298,114	\$ 271,649	\$ 251,598	\$ 235,273
Taxable Property, Fair Market Value <sup>1</sup> .....	415,650	377,260	347,716	323,367
Debt Limit (Fair Market Value times 1.50 %) .....	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount.....	6,235	5,659	5,216	4,851
Net General Obligation Bonded Debt <sup>2,3</sup> .....	2,374	2,498	2,235	2,585
Legal Debt Margin .....	<u>\$ 3,861</u>	<u>\$ 3,161</u>	<u>\$ 2,981</u>	<u>\$ 2,266</u>
Net General Obligation Bonded Debt				
As a Percentage of the Debt Limit Amount .....	38.08%	44.14%	42.85%	53.29%

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 \$100.062 million as of fiscal yearend. These contract liabilities do not affect the State's compliance with the constitutional debt limit.

<sup>1</sup> Taxable property is assessed January 1 of each year. The value used for the fiscal year limitation is from the prior calendar year; assessed values as of January 1, 2018, are used for fiscal year 2019.

**Schedule C-4**  
**Statutory Debt Limit**  
Last Ten Fiscal Years  
(dollars expressed in millions)

	Fiscal Year			
	2019	2018	2017	2016
Appropriations Limitation Amount.....	\$ 3,911	\$ 3,738	\$ 3,567	\$ 3,469
Limit (Appropriations Limitation Amount times applicable percentage).....	45.00%	45.00%	45.00%	45.00%
Statutory Debt Limit Amount.....	1,760	1,682	1,605	1,561
Net General Obligation Bonded Debt <sup>1</sup> .....	2,374	2,498	2,235	2,585
Less: Exempt Highway Construction Bonds .....	(2,175)	(2,282)	(2,180)	(2,402)
Net General Obligation Bonded Debt Subject to Statutory Debt Limit.....	199	217	55	183
Additional General Obligation Debt Incurring Capacity ...	<u>\$ 1,561</u>	<u>\$ 1,466</u>	<u>\$ 1,550</u>	<u>\$ 1,378</u>

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 \$100.062 million as of fiscal yearend. These contract liabilities do not affect the State's compliance with the constitutional debt limit.

# State of Utah

Fiscal Year					
2015	2014	2013	2012	2011	2010
\$ 221,650	\$ 207,211	\$ 201,294	\$ 201,473	\$ 205,284	\$ 212,423
303,725	282,489	272,954	274,806	280,846	291,460
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
4,556	4,237	4,094	4,122	4,213	4,372
2,950	3,271	3,361	3,660	3,256	2,410
\$ 1,606	\$ 966	\$ 733	\$ 462	\$ 957	\$ 1,962
64.75%	77.20%	82.10%	88.79%	77.28%	55.12%

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

<sup>3</sup> 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 was 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					
2015	2014	2013	2012	2011	2010
\$ 3,315	\$ 3,250	\$ 3,142	\$ 3,034	\$ 2,849	\$ 2,657
45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
1,492	1,463	1,414	1,365	1,282	1,196
2,950	3,271	3,361	3,660	3,256	2,410
(2,622)	(2,860)	(2,869)	(3,132)	(2,698)	(1,861)
328	411	492	528	558	549
\$ 1,164	\$ 1,051	\$ 922	\$ 837	\$ 724	\$ 646

<sup>1</sup> 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 was 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 Bond Coverage**  
 Last Ten Fiscal Years  
*(dollars expressed in thousands)*

Fiscal Year	Gross Revenues <sup>1</sup>	Less Operating Expenses <sup>2</sup>	Net Available Revenue	Debt Service		Coverage <sup>3</sup>
				Principal	Interest	
Water Loan Programs						
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
2018	\$ 3,756	\$ —	\$ 3,756	\$ 5,455	\$ 1,406	0.55
2019	\$ 4,113	\$ —	\$ 4,113	\$ 5,705	\$ 1,167	0.60
Student Assistance Programs						
2010	\$ 70,616	\$ 42,470	\$ 28,146	\$ 966,668	\$ 35,967	0.03
2011	\$ 27,188 <sup>4</sup>	\$ (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 <sup>5</sup>	\$ 6,646	0.02
2016	\$ 110,982 <sup>6</sup>	\$ 87,889	\$ 23,093	\$ 483,729	\$ 25,338	0.05
2017	\$ 92,421	\$ 65,327	\$ 27,094	\$ 1,227,465 <sup>7</sup>	\$ 30,833	0.02
2018	\$ 79,408	\$ 40,098	\$ 39,310	\$ 315,842	\$ 38,403	0.11
2019	\$ 69,749	\$ 22,821	\$ 46,928	\$ 241,085	\$ 44,081	0.16

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

<sup>1</sup> Revenues for Water Loan Programs are primarily interest on revolving loan receivables; 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.

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

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

<sup>4</sup> 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.

<sup>5</sup> Prior to 2015, only Student Loan Purchase Program bonds were presented. During 2015, a line of credit was issued for \$1.600 billion in order to acquire federally guaranteed student loans.

<sup>6</sup> During 2016, the Student Assistance Programs had a substantial increase in interest on loans related to the line of credit that was issued in 2015 to acquire federally guaranteed student loans.

<sup>7</sup> During 2017, the Student Assistance Programs retired its line of credit issued in 2015 related to acquiring federally guaranteed student loans.

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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.		Utah	U.S.	
	Number	Change	Number	Change			
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	3,044	1.77%	324,000	0.78%	3.40%	4.90%	25,300
2017	3,103	1.94%	326,000	0.62%	3.30%	4.40%	30,000
2018	3,161	1.87%	328,000	0.61%	3.10%	3.90%	29,100
2019 (est.)	3,212	1.61%	330,000	0.61%	2.90%	3.70%	22,900

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
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	\$ 128,407	8.15%	\$16,125,000	3.68%	\$ 42,184	6.27%	\$ 49,769	2.88%
2017	\$ 136,544	6.34%	\$ 16,879,000	4.68%	\$ 44,004	4.31%	\$ 51,776	4.03%
2018	\$ 146,423	7.24%	\$17,819,000	5.57%	\$ 46,322	5.27%	\$ 54,326	4.93%
2019 (est.)	\$ 154,636	5.61%	\$18,684,000	4.85%	\$ 48,143	3.93%	\$ 56,618	4.22%

Source: Population – Utah Population Estimates Committee at July 1 each year. The 2019 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate – Utah Department of Workforce Services. The 2019 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration – Utah Population Estimates Committee at July 1 each year. The 2019 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 2019 estimate is from the Utah Revenue Assumption Committee.

Note: Prior year information has been updated with the most recent data available. 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 2009			Calendar Year 2018		
	Number of Employees	Rank	Percent of All Employees	Number of Employees	Rank	Percent of All Employees
Intermountain Health Care (IHC) .....	20,000 +	1	2.20%	20,000 +	1	2.40%
University of Utah (includes Hospital) .....	15,000 – 19,999	5	1.30%	20,000 +	2	2.20%
State of Utah.....	20,000 +	2	1.90%	20,000 +	3	1.40%
Brigham Young University.....	15,000 – 19,999	4	1.40%	15,000 – 19,999	4	1.30%
Wal-Mart Stores .....	15,000 – 19,999	3	1.50%	15,000 – 19,999	5	1.10%
Hill Air Force Base.....	10,000 – 14,999	6	1.00%	10,000 – 14,999	6	0.80%
Davis County School District.....	7,000 – 9,999	8	0.70%	7,000 – 9,999	7	0.60%
Utah State University .....				7,000 – 9,999	8	0.60%
Smith's Food and Drug Centers.....	5,000 – 6,999	10	0.60%	7,000 – 9,999	9	0.60%
Granite School District.....	7,000 – 9,999	7	0.80%	7,000 – 9,999	10	0.60%
Jordan School District .....	5,000 – 6,999	9	0.70%			
Total Employees of Principal Employers .....	146,600		12.10%	176,700		11.60%

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			
	2018	2017	2016	2015
<b>Nonagricultural Jobs</b>				
Government.....	247,904	244,311	239,416	233,658
Mining.....	9,470	8,618	8,494	10,372
Construction.....	104,341	97,495	91,537	84,676
Manufacturing.....	133,006	129,199	125,926	123,695
Trade, Transportation, and Utilities.....	286,355	278,526	271,432	263,158
Information.....	38,080	38,429	36,860	34,402
Financial Activity.....	87,540	84,072	81,710	79,020
Professional and Business Services.....	217,642	206,987	202,175	194,127
Education and Health Services.....	203,484	198,251	190,935	182,273
Leisure and Hospitality.....	148,530	143,029	138,591	133,657
Other Services.....	41,189	40,210	39,472	38,689
Total Nonagricultural Jobs.....	1,517,541	1,469,127	1,426,548	1,377,727
Civilian Labor Force.....	1,572,136	1,548,263	1,511,279	1,464,404
Total Employed.....	1,523,158	1,497,812	1,459,309	1,412,473
Unemployed.....	48,978	50,451	51,970	51,931
Unemployment Rate.....	3.10%	3.30%	3.40%	3.50%

Source: Utah Department of Workforce Services and the Utah Revenue Assumption Committee. Prior year information has been updated with the most recent data available.

# State of Utah

Calendar Year					
2014	2013	2012	2011	2010	2009
230,619	225,917	223,298	220,772	216,828	214,679
12,160	12,107	12,553	11,659	10,442	10,694
78,676	73,462	69,231	65,166	65,223	70,492
120,706	118,747	116,667	113,684	111,075	112,879
252,574	246,900	241,815	233,251	229,108	234,098
33,320	32,427	31,295	29,495	29,276	29,570
74,965	72,869	69,537	68,391	67,981	71,092
185,121	177,462	167,268	159,420	152,335	149,532
174,309	170,541	163,590	159,210	155,001	150,866
128,086	123,521	118,640	113,512	110,662	110,859
37,604	36,425	35,054	34,090	33,625	34,028
1,328,140	1,290,378	1,248,948	1,208,650	1,181,556	1,188,789
1,431,553	1,418,522	1,376,628	1,353,257	1,362,489	1,382,861
1,377,013	1,355,720	1,302,641	1,261,698	1,252,517	1,275,514
54,540	62,802	73,987	91,559	109,972	107,347
3.80%	4.40%	5.40%	6.80%	8.10%	7.80%

# State of Utah

## Schedule D-4 Public Education Student Enrollment (K-12) Last Ten Academic Years

	Academic Year			
	2018-19	2017-18	2016-17	2015-16
Elementary.....	358,908	358,190	356,686	353,050
Secondary .....	299,893	294,158	287,790	280,846
Total All Grades .....	658,801	652,348	644,476	633,896

Source: State of Utah Office of Education

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

## Schedule D-5 Public Higher Education Enrollment Last Ten Academic Years

	Academic Year			
	2019-20	2018-19	2017-18	2016-17
University of Utah .....	32,852	33,023	32,800	32,061
Utah State University <sup>1</sup> .....	27,810	27,932	27,679	28,118
Weber State University.....	29,644	28,247	27,949	26,809
Southern Utah University .....	11,224	10,196	9,468	8,955
Salt Lake Community College .....	29,517	29,156	29,620	29,901
Utah Valley University .....	41,728	39,931	37,282	34,978
Dixie State University .....	11,193	9,950	9,673	8,993
College of Eastern Utah <sup>1</sup> .....	—	—	—	—
Snow College.....	5,383	5,514	5,563	5,350
Utah System of Technical Colleges.....	20,130	19,418	16,838	17,293
Total All Institutions .....	209,481	203,367	196,872	192,458

Source: Utah State Board of Regents

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

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

# State of Utah

Academic Year					
2014–15	2013–14	2012–13	2011–12	2010–11	2009–10
349,382	345,967	340,443	334,110	329,111	322,704
272,771	266,584	260,542	253,635	247,134	240,569
622,153	612,551	600,985	587,745	576,245	563,273

Academic Year					
2015–16	2014–15	2013–14	2012–13	2011–12	2010–11
31,673	31,515	32,080	32,398	31,673	30,833
28,622	27,662	27,812	28,786	28,994	25,767
25,955	26,266	25,301	26,680	25,483	24,126
8,881	7,656	7,745	8,297	7,750	8,024
28,814	29,537	31,137	30,112	33,167	33,983
33,211	31,332	30,564	31,556	33,395	32,670
8,503	8,570	8,350	8,863	9,086	8,755
—	—	—	—	—	2,634
5,111	4,779	4,605	4,599	4,465	4,386
16,933	14,834	14,851	15,418	15,536	18,476
187,703	182,151	182,445	186,709	189,549	189,654

**Schedule E-1**  
**Full-Time Equivalent State Employees by Function**  
 Last Ten Fiscal Years

	Fiscal Year			
	2019	2018	2017	2016
General Government:				
Government Operations.....	2,150	2,122	2,095	2,063
Tax Commission.....	685	690	690	697
All Other.....	191	184	185	181
Human Services and Juvenile Justice Services.....	3,978	4,046	4,113	4,037
Corrections.....	2,513	2,527	2,453	2,392
Public Safety:				
Department of Public Safety.....	1,403	1,341	1,333	1,329
Utah National Guard.....	261	253	247	226
State Courts.....	1,004	983	986	994
Health and Environmental Quality:				
Department of Health.....	992	977	954	943
Department of Environmental Quality.....	358	361	365	367
Employment and Family Services <sup>1,2</sup> .....	2,013	2,043	1,989	1,719
Natural Resources.....	1,355	1,361	1,334	1,320
Heritage and Arts <sup>1</sup> .....	128	124	126	125
Business, Labor, and Agriculture.....	796	786	773	767
Education:				
Public Education Support <sup>2</sup> .....	749	721	816	1,138
Higher Education Support.....	422	399	274	236
Transportation.....	1,693	1,638	1,642	1,616
Total Full-time Equivalent State Employees.....	<u>20,691</u>	<u>20,556</u>	<u>20,375</u>	<u>20,150</u>

Source: Utah Department of Administrative Services, Division of Finance

<sup>1</sup> In fiscal year 2013, Legislative action moved the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

<sup>2</sup> In fiscal year 2017, Legislative action moved the Utah State Office of Rehabilitation from Public Education Support to Employment and Family Services.

# State of Utah

Fiscal Year					
2015	2014	2013	2012	2011	2010
2,055	2,066	2,069	2,024	1,976	2,018
708	715	718	716	719	723
176	166	165	159	152	157
3,942	3,991	3,955	3,907	3,935	4,155
2,307	2,295	2,265	2,244	2,243	2,271
1,324	1,327	1,314	1,275	1,241	1,218
210	218	243	226	214	196
994	1,009	1,031	1,038	1,042	1,068
946	946	933	923	937	950
373	371	376	372	376	384
1,758	1,768	1,872	1,912	2,041	2,066
1,315	1,304	1,304	1,302	1,361	1,350
120	117	117	169	190	193
748	728	722	701	686	691
1,135	1,119	1,119	1,094	1,137	1,170
277	227	213	204	195	171
1,569	1,583	1,603	1,604	1,612	1,637
19,957	19,950	20,019	19,870	20,057	20,418

**Schedule E-2**  
**Operating Indicators by Function**  
 Last Ten Fiscal Years

	Fiscal Year			
	2019	2018	2017	2016
<b>General Government</b>				
Government Operations:				
Construction Projects Managed .....	1,052	1,155	896	910
Tax Commission:				
Percent of Data Managed Electronically .....	86.00%	84.50%	83.80%	83.20%
Number of Returns Filed Electronically .....	1,307,267	1,246,011	1,196,647	1,171,287
Motor Vehicle Registrations (in thousands).....	2,976	2,950	3,027	2,961
<b>Human Services and Juvenile Justice Services</b>				
Food Stamp Recipients.....	273,779	298,396	323,768	338,362
Percent of Population.....	8.52%	9.45%	10.41%	11.09%
Juveniles, Daily Average in Justice System Placement.....	425	467	604	686
Rate of Recombitment to Juvenile Custody .....	16.90%	14.90%	9.90%	8.40%
Corrections: <sup>1</sup>				
Incarcerated Offenders.....	N/A	6,522	6,309	6,298
Supervised Offenders.....	N/A	17,329	16,855	16,590
Utah Incarceration Rate (per 100,000 population) .....	N/A	N/A	206	201
US Incarceration Rate (per 100,000 population) .....	N/A	N/A	440	450
State Courts: <sup>2</sup>				
State Court Filings .....	284,152	278,392	283,449	288,797
State Court Dispositions .....	255,926	245,764	262,841	260,952
<b>Health</b>				
Children's Health Insurance Program Enrollment.....	18,198	19,338	19,248	17,058
Medicaid Eligible (unduplicated) .....	404,861	404,303	414,519	418,356
Percent of Population.....	12.60%	12.80%	13.33%	13.71%
<b>Employment and Family Services</b>				
Individuals Registered for Employment.....	121,759	131,386	150,168	185,347
Percent Who Entered Employment .....	67.00%	67.00%	73.00%	71.00%
<b>Natural Resources</b>				
Hatchery Fish, Pounds Raised .....	1,155,821	1,089,720	1,081,766	1,093,205
Hunting and Fishing Licenses Sold <sup>1, 3</sup> .....	590,111	587,443	582,751	558,893
State Park Visitations (in thousands).....	7,424	6,712	5,691	5,176
<b>Business, Labor, and Agriculture</b>				
Department of Commerce:				
Licenses and Registrations Issued <sup>4</sup> .....	417,172	409,301	387,348	378,478
Department of Agriculture and Food: <sup>1</sup>				
Dairy Farm Inspections.....	N/A	515	525	533
Pounds of Turkey Inspected and Graded (in thousands) ...	N/A	108,130	121,106	102,511
Gas Pumps and Scales Inspected .....	N/A	33,774	30,116	32,486
<b>Higher Education</b>				
Number of Certificates and Degrees Awarded .....	38,622	37,756	36,701	33,822
<b>Transportation</b>				
Percent of Roads Which are Deficient <sup>5</sup> .....	N/A	8.60%	9.64%	N/A
Vehicles Weighed or Inspected (in thousands) .....	8,542	8,116	7,893	5,969

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

Note: N/A = Data Not Available

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

<sup>2</sup> State Courts includes filings and dispositions for the appellate, district, and juvenile courts; it does not include the justice courts which are operated by cities and counties.

<sup>3</sup> Includes only licenses for elk, deer, fishing, and all other big game.

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

<sup>5</sup> Assessments are completed at a minimum of every other calendar year. See [Information About Infrastructure Assets Reported Using The Modified Approach](#).



# State of Utah

Fiscal Year					
2015	2014	2013	2012	2011	2010
802	1,020	815	849	898	847
81.80%	79.90%	78.10%	75.50%	77.00%	70.50%
1,103,323	1,051,940	997,329	946,606	863,907	777,485
2,846	2,863	2,759	2,725	2,583	2,681
348,459	363,154	389,426	404,316	394,170	363,714
11.65%	12.33%	13.42%	14.16%	14.01%	13.11%
812	922	923	928	946	1,023
7.80%	6.60%	5.90%	6.40%	6.90%	8.30%
6,723	7,113	7,065	6,893	6,812	6,692
13,897	15,307	12,730	12,759	12,906	12,702
215	237	242	242	238	232
458	471	477	492	500	502
305,778	311,187	324,523	329,176	348,548	367,541
273,731	279,903	309,420	309,307	312,953	341,626
15,775	29,953	35,446	37,872	38,498	41,503
415,843	391,139	366,061	361,457	340,805	325,204
13.90%	13.28%	12.62%	12.66%	12.11%	11.72%
215,861	260,138	318,008	351,629	316,703	317,998
66.00%	65.00%	61.00%	59.00%	56.00%	59.00%
1,212,696	1,204,984	1,180,927	1,058,375	1,240,499	1,334,782
585,666	583,460	682,594	659,534	661,239	598,474
4,482	3,741	5,054	5,051	4,821	4,620
355,124	350,416	333,646	325,769	315,238	308,717
560	693	672	678	718	667
79,060	107,833	33,743	45,869	106,016	77,257
32,131	26,612	20,377	20,492	21,499	15,548
32,797	32,491	31,970	31,553	30,199	28,639
10.68%	12.49%	N/A	10.90%	10.90%	14.70%
6,706	7,484	6,071	4,807	4,622	4,686

# State of Utah

## Schedule E-3 Capital Asset Statistics by Function Last Ten Fiscal Years

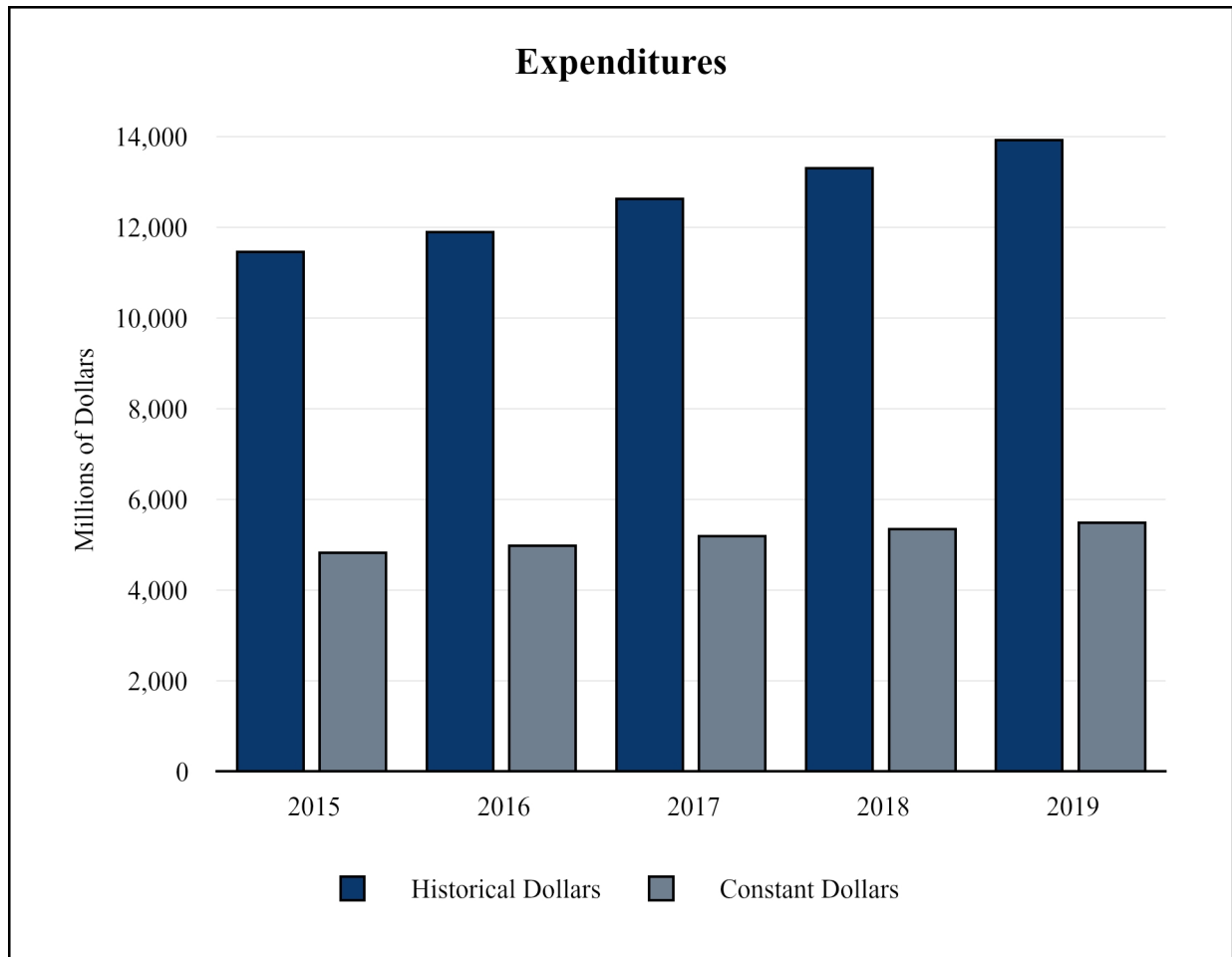
	Fiscal Year			
	2019	2018	2017	2016
<b>General Government</b>				
Buildings.....	332	326	323	319
Vehicles.....	7,969	7,828	7,732	7,886
Data Processing Equipment and Software.....	1,315	1,314	1,397	2,428
Reproduction and Printing Equipment .....	1,133	1,112	1,138	1,140
<b>Human Services and Juvenile Justice Services</b>				
Data Processing Equipment and Software.....	73	71	68	64
<b>Corrections</b>				
Data Processing Equipment and Software.....	217	219	220	222
Security and Surveillance Equipment.....	83	70	75	73
<b>Public Safety</b>				
Department of Public Safety:				
Vehicles.....	35	35	35	35
Data Processing Equipment and Software.....	219	208	222	213
Medical and Lab Equipment.....	208	205	236	220
Utah National Guard:				
Buildings.....	237	237	237	235
<b>State Courts</b>				
Data Processing Equipment and Software.....	72	65	60	63
Audio Visual Equipment .....	134	134	146	150
<b>Health and Environmental Quality</b>				
Department of Health:				
Data Processing Equipment and Software.....	71	72	69	89
Medical and Lab Equipment.....	299	287	283	295
Department of Environmental Quality:				
Monitoring and Lab Equipment.....	555	562	510	448
<b>Employment and Family Services</b>				
Data Processing Equipment and Software.....	402	393	387	370
<b>Natural Resources</b>				
Division of Parks and Recreation:				
State Parks.....	44	44	43	43
Buildings.....	789	785	779	778
Vehicles.....	359	356	351	344
Division of Wildlife Resources:				
Wildlife Management Areas .....	92	92	92	92
Fish Hatcheries.....	12	12	11	11
Buildings.....	195	192	191	190
Vehicles .....	229	224	220	214
<b>Business, Labor, and Agriculture</b>				
Data Processing Equipment and Software.....	115	112	110	101
Monitoring and Lab Equipment .....	142	143	138	122
<b>Transportation</b>				
Highway Center Line Miles .....	5,787	5,780	5,880	5,825
Buildings.....	456	446	442	440
Vehicles.....	330	1,010	956	931
Heavy Equipment .....	2,412	2,635	2,602	2,599

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

# State of Utah

Fiscal Year					
2015	2014	2013	2012	2011	2010
315	314	314	311	305	299
7,781	7,524	7,360	7,309	7,323	7,266
2,383	2,931	2,794	2,691	2,541	2,437
1,178	1,209	1,165	1,127	1,065	1,003
64	64	59	52	52	64
220	216	216	216	218	226
69	55	59	67	59	59
34	35	35	35	34	34
204	249	247	230	222	200
207	197	193	187	184	174
229	223	221	215	213	206
63	52	64	64	64	105
151	143	146	145	192	192
112	120	131	127	143	147
291	302	288	303	287	257
433	404	384	376	349	316
365	358	396	389	422	449
43	43	43	43	43	42
756	736	727	722	719	684
340	334	332	332	333	329
92	92	92	92	92	92
12	11	11	11	11	11
183	182	181	180	175	166
209	203	202	201	212	208
114	117	117	102	97	94
118	114	111	111	108	105
5,830	5,719	5,719	5,724	5,772	5,753
423	402	391	387	386	361
904	878	861	844	838	824
2,595	2,593	2,582	2,574	2,549	2,538

**Schedule F-1**  
**Expenditures — Historical and Constant Dollars**  
**All Governmental Fund Types**  
 Last Five Fiscal Years

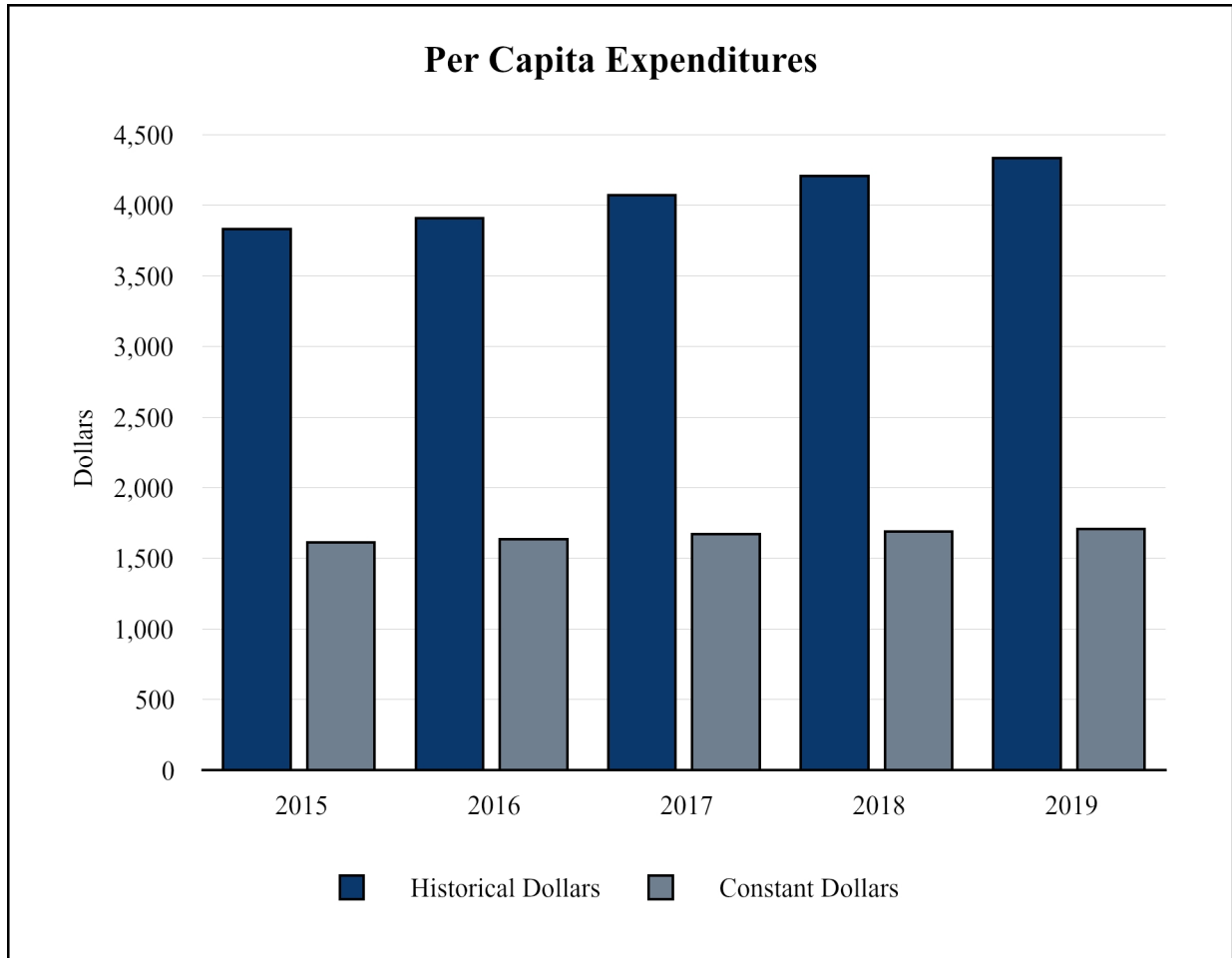


Fiscal Year	Historical Dollars		Constant Dollars	
	(in millions)	Change	(in millions)	Change
2015	\$11,482	4.52%	\$4,852	3.76%
2016	\$11,923	3.84%	\$5,004	3.15%
2017	\$12,656	6.15%	\$5,216	4.23%
2018	\$13,332	5.33%	\$5,373	3.01%
2019	\$13,949	4.63%	\$5,508	2.51%

Note: Historical and Constant percentage changes may not be exact due to rounding.

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**



Fiscal Year	Per Capita Expenditures			
	Historical Dollars		Constant Dollars	
		Change		Change
2015	\$3,839	2.91%	\$1,622	2.16%
2016	\$3,917	2.03%	\$1,644	1.35%
2017	\$4,079	4.13%	\$1,681	2.25%
2018	\$4,218	3.40%	\$1,700	1.12%
2019	\$4,343	2.97%	\$1,715	0.88%

Note: Prior year information has been updated with the most recent population data available. Historical and Constant percentage changes may not be exact due to rounding.

Source: Historical Dollars are derived by dividing total expenditures of governmental funds by population data (See Schedule D-1). 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



*Skiing powder near Alta.*

# 2019

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**DAS** | Utah Department of  
Administrative Services

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