

STATE OF UTAH

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Michael Hart

Sun slips behind the Oquirrh Mountains.

State of Utah
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

Spencer J. CoxGovernor
Deidre M. HendersonLt. Governor
John Dougall.....State Auditor
Marlo M. Oaks.....State Treasurer
Sean D. ReyesAttorney General
J. Stuart AdamsPresident of the Senate
Brad R. WilsonSpeaker of the House
Matthew B. Durrant.....Chief Justice, Supreme Court

OTHER STATE OFFICIALS

Jenney ReesExecutive Director, Department of Government Operations
Janica M. Gines, CPA.....Director, Division of Finance
Sophia M. DiCaro.....Executive Director, Governor’s Office of Planning and Budget
Jonathan C. BallDirector, 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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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 photo images and captions throughout the report.



Utah Department of
**Government
Operations**

**Division of Finance Accounting Standards
and Financial Reporting Section**

State of Utah
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

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State of Utah

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

Department of Government Operations

Division of Finance

JENNEY REES
Executive Director

JANICA M. GINES, CPA
Division Director

December 21, 2021

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

It is our pleasure to present the 2021 Annual Comprehensive 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 3,328,000 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.

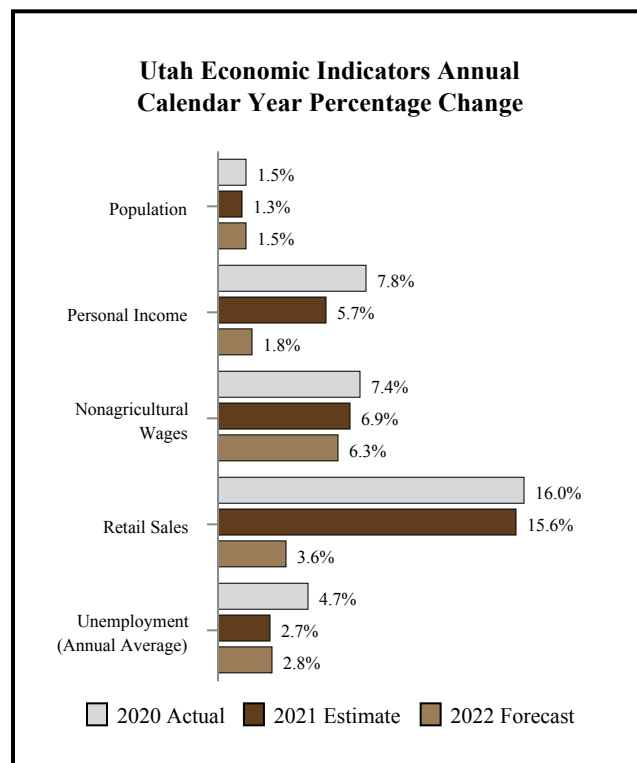
INFORMATION USEFUL IN ASSESSING A GOVERNMENT’S ECONOMIC CONDITION

Local Economy – As the nation recovers from the unprecedented challenges posed by the COVID-19 pandemic that began in the spring of 2020, multiple economic indicators show Utah is in the recovery phase. While the public health crisis has been tragic, the impact of the pandemic on the Utah economy has been much milder than initially expected. A strong recovery is forecast for 2021 with certain sectors, such as leisure and hospitality, recovering at a slower rate.

Utah’s unemployment rate averaged 4.7 percent in calendar year 2020, and is expected to decrease to an average of 2.7 percent in 2021, and 2.8 percent in 2022. In 2020, personal income increased by 7.8 percent and nonagricultural wages increased by 7.4 percent. In 2021, personal income is expected to increase by 5.7 percent and nonagricultural wages are expected to increase by 6.9 percent. Taxable retail sales increased by 16 percent in 2020 and are expected to increase by 15.6 percent in 2021.

Total construction value was \$10.7 billion in 2020, a 9.2 percent increase from the prior year. In 2021, total construction value is expected to increase to \$12.4 billion, a 15.9 percent increase due to continued strength in residential construction. Residential construction was \$6.3 billion in 2020, an 8.6 percent increase from the prior year. Residential permit value is expected to increase 22.2 percent to \$7.7 billion in 2021. Nonresidential construction was \$2.5 billion in 2020, a 3.8 percent decrease from the prior year. Nonresidential construction is expected to increase 8.0 percent to \$2.7 billion in 2021.

In 2021, Utah’s population is estimated at 3,328,000, which is an increase of 1.3 percent over the prior year. Utah had positive net migration of approximately 19,400 people in 2020 and is expected to grow by 20,100 in 2021. Utah has had positive net migration for the past 30 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 Markit.

Industries – At the end of fiscal year 2021, job losses caused by the COVID-19 pandemic stabilized. Utah’s unemployment rate continues to be among the lowest in the nation. Utah’s nonagricultural employment opportunities are expected to increase by 4.7 percent in 2021 with the recovering economy. In 2022, nonagricultural employment opportunities are expected to increase by 2.7 percent, which exceeds the Utah average yearly rate of 3.1 percent (1950 through June 2021). All industrial sectors except for Natural Resources and Mining added jobs to Utah’s employment base. Leisure and Hospitality added 17,600 jobs, primarily in Accommodation and Food Services. Professional and Business added 13,600 jobs, with Professional, Scientific, and Technical Services adding the most jobs. Trade, Transportation, and Utilities added 13,400 jobs, with Transportation and Warehousing contributing most of the gains. Manufacturing added 10,900 jobs, primarily in Durable Goods. The results for September 2020 to September 2021 are presented in the following table:

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

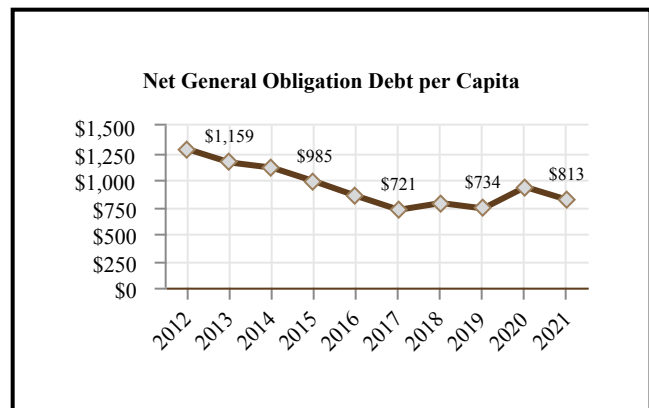
| | Number of Jobs | | | | Components of Labor Force |
|--|-----------------------|-----------------------|---------------------|----------------------|---------------------------|
| | September (p) 2021 | September (r) 2020 | Numerical Change | Percentage Change | September (p) 2021 |
| Trade, Transportation, and Utilities | 307.40 | 294.00 | 13.40 | 4.56 % | 18.91 % |
| Professional and Business | 242.10 | 228.50 | 13.60 | 5.95 % | 14.90 % |
| Education and Health Services | 214.10 | 207.30 | 6.80 | 3.28 % | 13.17 % |
| Government (Local/Federal) | 169.30 | 168.10 | 1.20 | 0.71 % | 10.42 % |
| Leisure and Hospitality | 151.90 | 134.30 | 17.60 | 13.10 % | 9.35 % |
| Manufacturing | 146.20 | 135.30 | 10.90 | 8.06 % | 9.00 % |
| Construction | 124.80 | 117.70 | 7.10 | 6.03 % | 7.68 % |
| Financial Activities | 99.10 | 93.60 | 5.50 | 5.88 % | 6.10 % |
| Government (State/Higher Ed.) | 80.50 | 79.60 | 0.90 | 1.13 % | 4.95 % |
| Other Services | 41.30 | 40.20 | 1.10 | 2.74 % | 2.54 % |
| Information | 40.20 | 38.50 | 1.70 | 4.42 % | 2.47 % |
| Natural Resources and Mining | 8.30 | 8.50 | (0.20) | (2.35)% | 0.51 % |
| Total | 1,625.20 | 1,545.60 | 79.60 | 5.15 % | 100.00 % |

Source: Utah Department of Workforce Services and the U.S. Bureau of Labor Statistics, September 2021.
(p) = preliminary (r) = revised

Outlook –Utah's economy is expected to continue to recover over the next year, anchored by a labor market that has more jobs than it did prior to the pandemic’s onset and which is expected to continue adding jobs at a healthy pace. There remains room for improvement as the population’s labor force participation is below what it was before the pandemic. We view the current labor force participation as a short-term condition that will improve as the pandemic continues to subside. Overall, economic growth in Utah has a positive outlook and forecasts show that we will continue to recover from the effects of the COVID-19 pandemic, barring any disruption caused by new variants.

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 2010 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 buildings, highways, 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 \$1.0 billion in general obligation bonds for highway construction projects and authorized an additional \$101.0 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 advanced 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. In fiscal year 2020, the State authorized \$89.5 million in general obligation bonds for highway projects, cash defeased \$78.4 million of highway bonds, and issued \$600.1 million for highway construction projects and \$295.7 million for the prison project from fiscal year 2020 and prior authorizations. In fiscal year 2021, the State authorized \$52.1 million in general obligation bonds for highway projects and \$266.6 million for rail and transit projects. As of June 30, 2021, the State's general obligation debt per capita was \$813. 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 2021 consensus revenue forecast projected an increase of 27.9 percent in fiscal year 2021 from 2020 actual revenue for the General and Education Funds combined. For fiscal year 2022, a 6.1 percent decrease is projected. The long-term average revenue growth rate, adjusted for inflation, was approximately 3.3 percent for fiscal periods 1971 through 2020. See the Budgetary Highlights – General Fund in the [MD&A](#) for a comparison of budgeted to actual results for fiscal year 2021.

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 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. Both the General Fund and Education Fund had a revenue surplus in fiscal year 2021. A transfer of \$141.5 million was made to the Education Reserve Fund in fiscal year 2021. The Rainy Day Fund met the statutory limit at yearend and no funds were transferred. 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 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. A transfer of \$39.1 million was made into the account in fiscal year 2021. For additional information on the State's budget stabilization accounts see [Note 12.B](#).

Public Education Growth – Projections indicate that an additional 7,245 new students will enroll in fall 2021. 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.

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.

Additionally, the Legislature created the Federalism Commission in Section 63C-4a-302 of the *Utah Code*. 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. Section 63J-1-205 of the *Utah Code* 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 (i.e., spending for public education and for transportation is exempt from the limitation). For the fiscal year ended June 30, 2021, the State was \$643.2 million below the appropriations limitation.

Adequate Funding for Ongoing Programs – The Legislature works to ensure all programs have adequate ongoing funding. Coming into the 2021 General Session of the Legislature, before accounting for growth in either costs or revenues, Utah had a temporal surplus of \$137.2 million (i.e., ongoing projected revenue exceeded ongoing commitments by this amount). A temporal balance is a short-term measure of structural balance, comparing current year revenue to current budget year commitments to determine whether ongoing revenue equals or exceeds ongoing appropriations. However, most of the temporal surplus was associated with budgeted reserves. At the end of the 2021 First Special Session, Utah’s budget had a \$28.2 million temporal surplus—most of which was associated with budgeted reserves.

Operating/Capital Expenditure Accountability – Section 63J-1-205 of the *Utah Code* requires an annual revenue volatility report, with the purpose of managing volatility with rainy day deposit mechanisms and treating windfalls as one-time revenue. Section 36-12-13 of the *Utah Code* adds an in-depth budget review to the regular budget process. It also provides that the Office of the Legislative Fiscal Analyst shall 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. The website can be found at le.utah.gov/lfa/fiscalhealth.

MAJOR INITIATIVES

In addition to Utah’s strong long-term economic and budget outlook, multiple positive signals support optimism in the near term. Utah’s prudent budget practices, including prompt fiscal response to the COVID-19 pandemic, have supported balanced fiscal year 2021 and fiscal year 2022 state budgets even during economic uncertainty.

The General Fund and Education Fund consensus revenue forecast adopted during the 2021 General Session projected \$9.3 billion for fiscal year 2021 and \$8.8 billion for fiscal year 2022. The fiscal year 2021 forecast includes an estimated \$795 million of collections that were shifted from fiscal year 2020 to 2021 due to the income tax filing extension. After controlling for the filing deadline shift, fiscal year 2022 revenue was projected to increase by 4.2 percent compared to the fiscal year 2021 estimate. The combination of projected fiscal year 2021 and 2022 revenue growth and prior year balances provided a total of \$2.4 billion available for appropriation or tax cuts during the 2021 General Session. Acknowledging that a portion of the fiscal year 2022 revenue growth was likely due to federal stimulus, the Legislature set aside \$400 million of the revenue growth for one-time uses, leaving \$881 million available for ongoing uses and \$1.5 billion available for one-time uses.

Actual fiscal year 2021 revenue collections performed better than the 2021 General Session forecast, primarily due to strong sales tax and income tax performance. Fiscal year 2021 closed out with a General Fund and Education Fund revenue surplus of \$793 million before adjustments and statutory transfers.

During the General Session, the legislature allocated \$98 million of the \$881 million ongoing revenue for tax cuts. Of the remaining ongoing revenue growth, \$369 million was appropriated for K-12 education. Key ongoing investments for K-12 education included \$203 million for a 5.9 percent increase in weighted pupil unit, \$27.3 million for enrollment growth, and a net \$103.7 million for the public education economic stabilization account. Additionally, \$105 million ongoing was provided for post-secondary education. A total of \$156 million ongoing was provided for social service agencies, including \$50 million for affordable housing and homelessness, \$24 million for mental health behavioral health crisis response and suicide response funding and related resources, \$36.5 million for Medicaid, and \$56.6 million for anticipated future-year Medicaid expansion costs.

Over half (i.e., \$835 million) of the \$1.5 billion available one-time funding was appropriated to transportation and transit projects. This is a significant investment in General Fund dollars to augment the dedicated transportation funds that also fund these types of projects. A total of \$374 million one-time funding was provided for other capital projects, including \$206 million for higher education buildings.

In fiscal year 2022, the State is depositing an additional \$95 million one-time into the General Fund and Education Fund rainy day accounts, bringing the total balances of those accounts to \$887 million. The legislature also appropriated \$56 million one-time for wildfire suppression, including \$4.8 million for prior costs and \$51.2 million deposited into the Wildland Fire Suppression Fund for future costs.

The State also made significant ongoing funding investments in state employee compensation, including \$24.5 million for a 3.0 percent COLA for state employees; \$6.5 million for health insurance increases for state employees; \$7.9 million for targeted funding to caseworkers, state hospital staff, and employees of Department of Alcoholic Beverage Control; \$7.3 million for corrections and public safety pay plans; and \$512 thousand to fund new paid family leave benefits.

State Employee Other Postemployment Benefit Plan – The Actuarially Determined Contribution (ADC) for the State Employee Other Postemployment Benefit (OPEB) plan was \$26.9 million. The Legislature considered this ADC when establishing the OPEB budget for fiscal year 2022. If paid on an ongoing basis, the ADC represents a level of funding that is projected actuarially to fund the unfunded liability over a period of three 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 annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the thirty-sixth 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 annual comprehensive 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 annual comprehensive 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 Government Operations. 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,

A handwritten signature in blue ink that reads "Janica Gines". The signature is written in a cursive, flowing style.

Janica Gines, CPA
Director of Finance



Government Finance Officers Association

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

Presented to

State of Utah

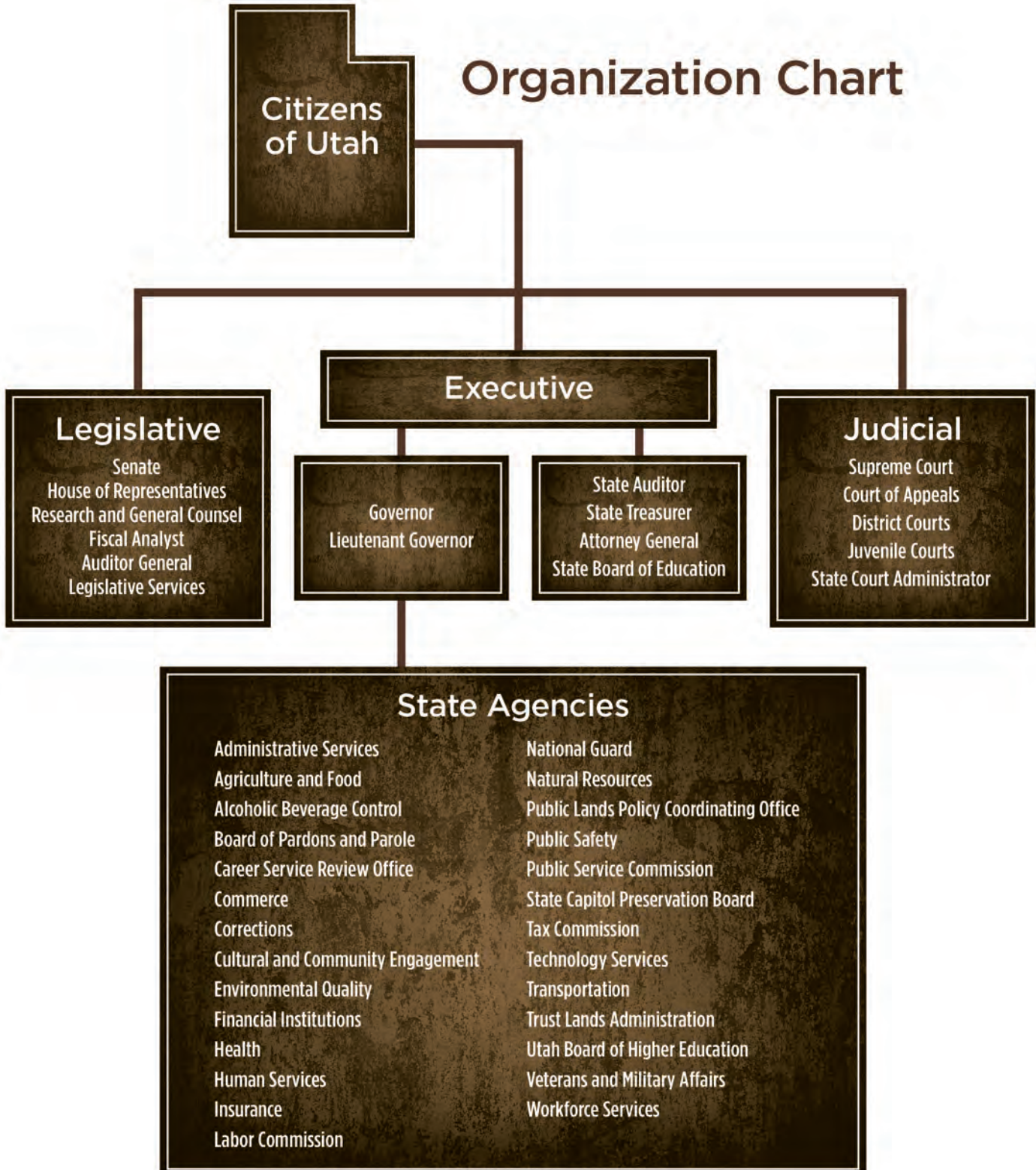
For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Organization Chart



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STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FINANCIAL SECTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Cristina Thompson



OFFICE OF THE
STATE AUDITOR

Independent Auditor's Report

To Members of the Utah State Legislature
and
The Honorable Spencer J. Cox
Governor, State of Utah

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, 2021, 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 97 percent of the assets, 98 percent of the fund balance, and 88 percent of the revenues of the Permanent Trust Lands Fund.
- Student Assistance Programs, which represent 100 percent 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 Space Dynamics Laboratory, which collectively represent 40 percent of the assets, 28 percent of the net position, and 52 percent of the revenues of the aggregate discretely presented component units.

- Utah Retirement Systems and Utah Education Savings Plan dba my 529, which represent 81 percent of the assets, 81 percent of the fund balance/net position, and 41 percent of the revenues/additions of the aggregate remaining fund information.

Those 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, in accordance with accounting principles generally accepted in the United States of America, 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, 2021, and the respective changes in financial position and, where applicable, the cash flows thereof for the year then ended.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the State implemented Governmental Accounting Standards Board (GASB) Statement 84, *Fiduciary Activities*. This statement narrows the definition of a fiduciary fund and the accounting treatments for fiduciary funds. As a result, the State reclassified several funds, previously reported as fiduciary activities, to governmental or proprietary funds. 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; Budgetary Comparison Schedules and Reporting; and, Information about the State’s Pension Plans, Other Postemployment Benefit Plans, and Infrastructure Reporting; comprising the Required Supplementary Information listed in the table of contents—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 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. Other information, such as Supplementary Information and the Introductory and Statistical sections, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Supplementary Information, comprised of Combining Statements and Individual Fund Statements and Schedules, as listed in the table of contents, is the responsibility of management and was 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial

statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021 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 the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the 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
December 21, 2021

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STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

MD&A
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Dana Johnson

Storm at sunset on Alkali Ridge.

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, 2021. Please read this in conjunction with the [Letter of Transmittal](#) located in the Introductory Section of this report along with the State's [Basic 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 \$32.321 billion (reported as net position). Of this amount, \$4.412 billion (unrestricted net position) may be used to meet the government's ongoing obligations, while \$27.910 billion is restricted for specific uses or invested in capital assets.
- The State's total net position increased \$3.681 billion or 12.85 percent over the prior year. Net position of governmental activities increased \$3.734 billion or 14.84 percent. Net position of business-type activities decreased \$53.057 million or 1.53 percent.

Fund Level

- The governmental funds reported combined ending fund balances of \$10.372 billion, an increase of \$1.938 billion in comparison to the prior year. Approximately 33.33 percent, or \$3.457 billion of the ending fund balance is considered unrestricted (i.e., 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 \$109.772 million surplus. There were no statutory transfers to the General Fund Budget Reserve Account (Rainy Day Fund) and Wildland Fire Suppression Fund due to both funds ending the year at their statutory limit. However, \$47.583 million was transferred to the Disaster Recovery Fund and \$2.994 million was transferred to the Local Government Emergency Response Loan Fund.
- The Education Fund ended the fiscal year with a \$504.720 million surplus after a statutory transfer of \$141.483 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 \$256.791 million, \$113.862 million, and \$630.183 million, respectively.
- Sales tax revenues in the governmental funds increased \$501.704 million or 16.35 percent, compared to \$262.384 million or 9.35 percent increase from the prior year. Total tax revenues increased \$429.313 million or 16.09 percent in the General Fund and \$975.410 million or 18.77 percent in the Education Fund.

Long-term Debt

- The State's long-term bonded debt decreased by a net \$519.756 million or 11.76 percent. General obligation bonds for the primary government decreased \$354.587 million or 11.60 percent, while revenue bonds for the primary government decreased \$165.169 million or 12.05 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 [Governmental 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 entities (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 to the Financial Statements](#) 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 that 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

The [Statistical 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, with the implementation of GASB Statement No. 84, *Fiduciary Funds*, several funds previously considered fiduciary in nature were reclassified as governmental or propriety funds, as appropriate. This resulted in an increase of the net position of governmental activities of \$3.513 million and of business-type activities by \$30.824 million.

Also discussed in Note 2, an error was found in the calculation of the allowance for doubtful accounts for the Office of Recovery Services' accounts receivable. This resulted in a decrease in governmental activities net position of \$17.782 million.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

The largest component of the State's net position, 58.73 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 27.62 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, 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)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | | Total Percentage Change |
|---|-------------------------|----------------------|--------------------------|---------------------|--------------------------|----------------------|-------------------------|
| | 2021 | 2020 ¹ | 2021 | 2020 ¹ | 2021 | 2020 ¹ | 2020-2021 |
| Current and Other Assets | \$ 14,164,528 | \$ 11,640,393 | \$ 4,662,065 | \$ 4,709,529 | \$ 18,826,593 | \$ 16,349,922 | 15.15% |
| Capital Assets | 21,410,948 | 20,349,623 | 116,661 | 107,823 | 21,527,609 | 20,457,446 | 5.23% |
| Total Assets | 35,575,476 | 31,990,016 | 4,778,726 | 4,817,352 | 40,354,202 | 36,807,368 | 9.64% |
| Deferred Outflows of Resources | 235,667 | 219,975 | 6,598 | 7,008 | 242,265 | 226,983 | 6.73% |
| Current and Other Liabilities | 2,751,079 | 2,415,787 | 55,269 | 56,567 | 2,806,348 | 2,472,354 | 13.51% |
| Long-term Liabilities | 3,631,876 | 4,309,811 | 1,291,601 | 1,270,730 | 4,923,477 | 5,580,541 | (11.77)% |
| Total Liabilities | 6,382,955 | 6,725,598 | 1,346,870 | 1,327,297 | 7,729,825 | 8,052,895 | (4.01)% |
| Deferred Inflows of Resources | 521,417 | 312,067 | 24,620 | 29,444 | 546,037 | 341,511 | 59.89% |
| Net Position: | | | | | | | |
| Net Investment in Capital Assets | 18,939,682 | 18,041,509 | 44,002 | 41,047 | 18,983,684 | 18,082,556 | 4.98% |
| Restricted | 7,020,889 | 5,579,823 | 1,904,934 | 2,092,141 | 8,925,823 | 7,671,964 | 16.34% |
| Unrestricted | 2,946,200 | 1,550,994 | 1,465,626 | 1,334,431 | 4,411,826 | 2,885,425 | 52.90% |
| Total Net Position | \$ 28,906,771 | \$ 25,172,326 | \$ 3,414,562 | \$ 3,467,619 | \$ 32,321,333 | \$ 28,639,945 | 12.85% |
| Percent change in total Net Position from prior year | 14.84% | | (1.53)% | | 12.85% | | |

¹As reported in the published fiscal year ended June 30, 2020 annual comprehensive financial report.

Current and other assets increased \$2.477 billion or 15.15 percent as follows:

- The majority of the increase in current and other assets in governmental activities of \$2.524 billion or 21.68 percent is related to changes in cash and investments due to: **(1)** a General Fund and Education Fund revenue surplus due to the recovering economy; **(2)** an increase of Trust Lands' investment income of \$763.27 million; and **(3)** a \$207 million increase in General Fund cash and investments due to additional and unspent Federal Coronavirus Aid from the American Rescue Plan Act and Emergency Rental and Housing Assistance programs.
- Current and other assets in business-type activities decreased \$47.464 million or 1.01 percent as follows: **(1)** a decrease of \$194.943 million in the Unemployment Compensation Fund due to payments of claims outpacing the collection of corresponding revenue; and **(2)** a decrease of \$157.619 million million in the Student Assistance Programs due to reductions in accounts receivable as students continue to payoff loans with fewer loans being issued. The Student Assistance Programs' assets also decreased as investments were liquidated as a part of a bond defeasance. Business-type activity asset decreases were offset by **(4)** the inclusion of the Employers' Reinsurance and Petroleum Storage Tank funds combined assets of \$252 million which were reclassified as enterprise funds with the implementation of GASB Statement No. 84, *Fiduciary Funds*; and **(5)** an increase of \$55.488 million in the Water Loan Program due to continued dedicated sales tax revenue available for loan programs.

Current and other liabilities increased \$333.994 million or 13.51 percent as follows:

- Current and other liabilities in governmental activities increased \$335.292 million or 13.88 percent. This is primarily due to **(1)** an increase in received and unspent Federal Rental and Housing Relief Funds of \$188.991 million; **(2)** an increase of \$70.121 million in securities lending activity by the School and Institutional Trust Funds Office due to favorable market conditions; and **(3)** an increase of \$49.268 million in payments due to local educational agencies (LEAs) for expenditures incurred by the LEA but not yet reported to the state.
- Current and other liabilities in business-type activities decreased by \$1.298 million or 2.29 percent from the prior year due to the timing of various yearend payments.

Long-term liabilities decreased \$657.064 million or 11.77 percent due to the repayment of debt and a decrease of net pension liability totaling \$319.355 million.

The State's total net position increased \$3.681 billion or 12.85 percent in fiscal year 2021. In comparison, net position in the prior year increased \$1.052 billion or 3.81 percent. The increase in total net position reflects a recovering 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 by 4.98 percent or \$901.128 million as the state continues to construct the new State prison and other infrastructure projects.
- *Restricted Net Position* – Total restricted net position increased \$1.254 billion or 16.34 percent over the prior year adjusted net position as follows:

Restricted Net Position of Governmental Activities increased \$1.441 billion or 25.83 percent:

- Public Education – Expendable net position increased \$1.257 billion or 40.54 percent due to an increase in individual income tax revenues and investment income due to the recovering economy despite the continuation of the COVID-19 pandemic.
- Public Education – Nonexpendable net position increased \$80.725 million or 4.62 percent, primarily due to revenues generated from land use and gains on the sale of trust lands in the Trust Lands Permanent Fund.

Restricted Net Position of Business-type Activities decreased \$187.207 million or 8.95 percent due in large part to a \$111.299 million decrease in the Unemployment Compensation and Insurance Programs as unemployment compensation-related claims continue to exceed revenues due to the COVID-19 pandemic. In addition, there was an overall decrease of \$71.828 million in restricted net position for loan programs, mainly as a result of a \$115.737 million decrease in the Student Assistance Programs caused by changes resulting from a defeased and reissued revenue bond. This decrease was offset by an increase in Water Loan Programs of \$31.970 million due to increased dedicated sales tax revenue, creating additional funding available for the loan program.

- *Unrestricted Net Position* – Total unrestricted net position in governmental activities increased \$1.395 billion or 89.96 percent primarily due to an increase in the amount unspent and carried forward in the General Fund. Unrestricted net position in business-type activities increased \$133.439 million or 10.00 percent, primarily due to an increase in funds available for unrestricted Student Assistance Programs due to a bond defeasance.

(MD&A continues on next page.)

Changes in Net Position

The following table and charts summarize the State's total revenues, expenses, and changes in net position for fiscal year 2021:

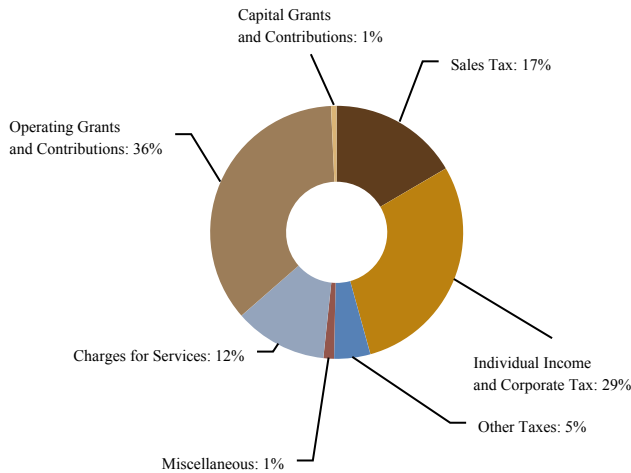
State of Utah
Changes in Net Position
for the Fiscal Year Ended June 30
(dollars expressed in thousands)

| | Governmental Activities | | Business-type Activities | | Total Primary Government | | Total Percentage Change |
|---|-------------------------|---------------------|--------------------------|---------------------|--------------------------|---------------------|-------------------------|
| | 2021 | 2020 ¹ | 2021 | 2020 ¹ | 2021 | 2020 ¹ | 2020-2021 |
| Revenues | | | | | | | |
| General Revenues: | | | | | | | |
| Taxes | \$10,910,260 | \$ 9,180,911 | \$ 48,927 | \$ 36,607 | \$10,959,187 | \$ 9,217,518 | 18.90 % |
| Other General Revenues | 243,218 | 214,027 | 50,781 | 63,102 | 293,999 | 277,129 | 6.09 % |
| Program Revenues: | | | | | | | |
| Charges for Services | 1,785,833 | 1,442,650 | 799,208 | 772,864 | 2,585,041 | 2,215,514 | 16.68 % |
| Operating Grants and Contributions | 6,993,130 | 4,595,460 | 783,845 | 755,894 | 7,776,975 | 5,351,354 | 45.33 % |
| Capital Grants and Contributions | 154,058 | 180,207 | — | — | 154,058 | 180,207 | (14.51)% |
| Total Revenues | 20,086,499 | 15,613,255 | 1,682,761 | 1,628,467 | 21,769,260 | 17,241,722 | 26.26 % |
| Expenses | | | | | | | |
| General Government | 1,284,195 | 682,799 | — | — | 1,284,195 | 682,799 | 88.08 % |
| Human Services and Juvenile Justice Services .. | 995,914 | 987,683 | — | — | 995,914 | 987,683 | 0.83 % |
| Corrections | 313,584 | 339,380 | — | — | 313,584 | 339,380 | (7.60)% |
| Public Safety | 361,004 | 314,582 | — | — | 361,004 | 314,582 | 14.76 % |
| Courts | 153,986 | 172,154 | — | — | 153,986 | 172,154 | (10.55)% |
| Health and Environmental Quality | 4,007,254 | 3,410,176 | — | — | 4,007,254 | 3,410,176 | 17.51 % |
| Higher Education | 1,561,004 | 1,312,020 | — | — | 1,561,004 | 1,312,020 | 18.98 % |
| Employment and Family Services | 1,063,022 | 781,075 | — | — | 1,063,022 | 781,075 | 36.10 % |
| Natural Resources | 264,901 | 279,871 | — | — | 264,901 | 279,871 | (5.35)% |
| Heritage and Arts | 67,086 | 42,670 | — | — | 67,086 | 42,670 | 57.22 % |
| Business, Labor, and Agriculture | 147,102 | 133,129 | — | — | 147,102 | 133,129 | 10.50 % |
| Public Education | 4,827,043 | 4,422,984 | — | — | 4,827,043 | 4,422,984 | 9.14 % |
| Transportation | 1,368,487 | 1,583,608 | — | — | 1,368,487 | 1,583,608 | (13.58)% |
| Interest and Charges on Long-term Debt | 74,879 | 78,745 | — | — | 74,879 | 78,745 | (4.91)% |
| Student Assistance Programs | — | — | 77,918 | 107,416 | 77,918 | 107,416 | (27.46)% |
| Unemployment Compensation | — | — | 1,115,481 | 1,152,794 | 1,115,481 | 1,152,794 | (3.24)% |
| Water Loan Programs | — | — | 15,463 | 12,266 | 15,463 | 12,266 | 26.06 % |
| Community and Economic Loan Programs | — | — | 18,556 | 5,361 | 18,556 | 5,361 | 246.13 % |
| Liquor Retail Sales | — | — | 340,951 | 327,070 | 340,951 | 327,070 | 4.24 % |
| Other Business-type Activities | — | — | 46,597 | 43,694 | 46,597 | 43,694 | 6.64 % |
| Total Expenses | 16,489,461 | 14,540,876 | 1,614,966 | 1,648,601 | 18,104,427 | 16,189,477 | 11.83 % |
| Excess (Deficit) Before Transfers | 3,597,038 | 1,072,379 | 67,795 | (20,134) | 3,664,833 | 1,052,245 | |
| Transfers | 151,676 | 151,133 | (151,676) | (151,133) | — | — | |
| Change in Net Position | 3,748,714 | 1,223,512 | (83,881) | (171,267) | 3,664,833 | 1,052,245 | |
| Net Position – Beginning | 25,172,326 | 23,948,814 | 3,467,619 | 3,638,886 | 28,639,945 | 27,587,700 | |
| Adjustment to Beginning Net position | (14,269) | — | 30,824 | — | 16,555 | — | |
| Net Position – Beginning as Adjusted | 25,158,057 | 23,948,814 | 3,498,443 | 3,638,886 | 28,656,500 | 27,587,700 | |
| Net Position – Ending | \$28,906,771 | \$25,172,326 | \$ 3,414,562 | \$ 3,467,619 | \$32,321,333 | \$28,639,945 | 12.85 % |

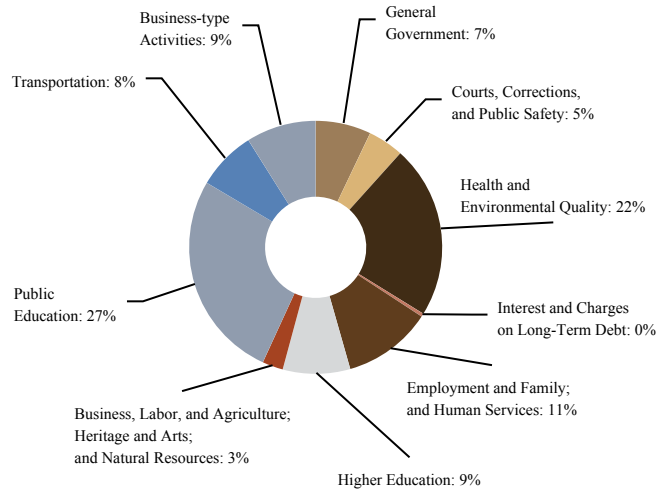
¹As reported in the published fiscal year ended June 30, 2020 annual comprehensive financial report.

(Charts on next page)

State of Utah Total Revenues FY 2021



State of Utah Total Expenses FY 2021



This year the State received 50.34 percent of its revenues from state taxes and 36.43 percent of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 53.46 percent and grants and contributions were 32.08 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 13.23 percent of total revenues in fiscal year 2021 as compared to 14.46 percent in fiscal year 2020.

Governmental Activities

The State’s total governmental revenues from all sources increased \$4.473 billion or 28.65 percent. The increase was due in part to an increase in tax revenues of \$1.729 billion or 18.84 percent due to economic growth despite the continuing COVID-19 pandemic and a \$2.398 billion or 52.17 percent increase of operating grants and contributions of federal funding provided for aid and relief for the COVID-19 pandemic. The balance of the increase was due to an increase in demand for services. Significant changes in governmental activities’ revenues and expenses at the government-wide level mirror changes in the governmental funds, except for Transportation and Public Safety 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 decreased \$215.121 million or 13.58 percent, as compared to the prior year, due to an increase in the amount spent for transportation related capital outlay (i.e. land, roads, and bridges) as compared to prior year, primarily for completion of the I-15 Lehi project. The amount expended for capital outlay is not reported as an expense, but as an asset on the government-wide statements.
- *Public Safety* — Expenses increased \$46.422 million or 14.76 percent as compared to the prior year. Prior year expenses were lower due to the capitalization of the Camp Williams Readiness Center in the prior year with no corresponding capital projects during fiscal year 2021.

The following table shows to what extent program revenues (i.e., charges for services and grants) covered program expenses. For fiscal year 2021, program revenues covered \$8.933 billion or 54.17 percent of \$16.489 billion in total program expenses. For the remaining \$7.556 billion or 45.83 percent of program expenses, the State relied on state taxes and other general revenues. For further discussion of changes, see the section entitled “[Financial Analysis of the State’s Governmental Funds](#).”

(MD&A continues 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 | |
|--|----------------------|-----------------------------|---------------------------------------|-----------------------|--|----------|
| | 2021 | 2021 | 2021 | 2020 | 2021 | 2020 |
| General Government | \$ 1,284,195 | \$ 1,470,569 | \$ 186,374 | \$ (188,488) | 114.51 % | 72.39 % |
| Human Services and Juvenile Justice Services | 995,914 | 500,870 | (495,044) | (506,759) | 50.29 % | 48.69 % |
| Corrections | 313,584 | 4,212 | (309,372) | (335,622) | 1.34 % | 1.11 % |
| Public Safety | 361,004 | 295,532 | (65,472) | (119,115) | 81.86 % | 62.14 % |
| Courts | 153,986 | 55,007 | (98,979) | (119,819) | 35.72 % | 30.40 % |
| Health and Environmental Quality | 4,007,254 | 3,321,912 | (685,342) | (545,599) | 82.90 % | 84.00 % |
| Higher Education | 1,561,004 | — | (1,561,004) | (1,312,020) | 0.00 % | 0.00 % |
| Employment and Family Services | 1,063,022 | 861,705 | (201,317) | (181,623) | 81.06 % | 76.75 % |
| Natural Resources | 264,901 | 207,015 | (57,886) | (88,932) | 78.15 % | 68.22 % |
| Heritage and Arts | 67,086 | 12,911 | (54,175) | (29,683) | 19.25 % | 30.44 % |
| Business, Labor, and Agriculture | 147,102 | 141,167 | (5,935) | 5,688 | 95.97 % | 104.27 % |
| Public Education | 4,827,043 | 1,361,864 | (3,465,179) | (3,960,452) | 28.21 % | 10.46 % |
| Transportation | 1,368,487 | 700,257 | (668,230) | (861,390) | 51.17 % | 45.61 % |
| Interest and Charges on Long-term Debt | 74,879 | — | (74,879) | (78,745) | 0.00 % | 0.00 % |
| Total Governmental Activities | \$ 16,489,461 | \$ 8,933,021 | \$ (7,556,440) | \$ (8,322,559) | 54.17 % | 42.76 % |

Business-type Activities

The State's business-type activities operate primarily from program revenues, except for the Water Loan Programs and Agriculture Loan Fund, which by law receive dedicated sales tax revenues. Accounting standards require unemployment taxes collected from employers and deposited in the Unemployment Compensation Fund to be reported as charges for services rather than taxes. Therefore, taxes in business-type activities are comprised entirely of sales tax revenues reported for water and agriculture loan programs.

Overall, total revenues from the State's business-type activities increased by \$54.294 million, or 3.33 percent. This was due to increased revenues in the Unemployment Compensation Fund. Total expenses for the State's business-type activities decreased \$33.635 million or 2.04 percent from the prior year.

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

Fund Balances

At June 30, 2021, the State's governmental funds reported combined ending fund balances of \$10.372 billion. Of this amount, \$2.206 billion or 21.27 percent is nonspendable, either due to its form or legal constraints, and \$4.709 billion or 45.40 percent is restricted for specific programs by either external constraints, constitutional provisions, or contractual obligations. 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 \$2.437 billion or 23.50 percent of the 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 \$909.263 million or 8.77 percent of the total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining \$109.774 million or 1.06 percent of the fund balance is unassigned and available for future appropriations.

(MD&A continues on next page.)

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 | \$ 260,028 | \$ 61 | \$ 13,552 | \$ — | \$ 1,932,765 | \$ 14 | \$ 2,206,420 |
| Restricted | 85,032 | 2,435,674 | 486,816 | — | 1,250,833 | 450,717 | 4,709,072 |
| Committed | 1,181,796 | — | — | 688,839 | — | 566,864 | 2,437,499 |
| Assigned | 607,794 | — | 3,119 | — | — | 298,350 | 909,263 |
| Unassigned | 109,774 | — | — | — | — | — | 109,774 |
| Total | \$ 2,244,424 | \$ 2,435,735 | \$ 503,487 | \$ 688,839 | \$ 3,183,598 | \$ 1,315,945 | \$ 10,372,028 |
| Percent change from prior year .. | 54.36 % | 26.88 % | 3.32 % | (28.10)% | 26.08 % | 20.76 % | 22.98 % |

General Fund

The General Fund's total fund balance increased \$790.396 million or 54.36 percent in fiscal year 2021. The General Fund ended the year with a \$109.771 million surplus, or unassigned fund balance, primarily due to an unexpected increase in sales taxes due to the recovering economy. In the prior year, the General Fund ended the year with a \$14.456 million surplus, or unassigned fund balance.

Specific changes in the General Fund balance include the following:

- Nonspendable fund balance increased \$40.002 million or 18.18 percent primarily due to a \$16.259 million increase in inventory related to the purchase and stockpile of personal protective equipment in response to the COVID-19 pandemic and a \$26.859 million increase in prepaid items related to advanced payment of COVID-19 funds for software costs for distance learning.
- Restricted fund balance increased \$15.666 million or 22.58 percent. The increase was in part due to an \$11.218 million increase in revenues set aside for specific purposes due to constraints that are imposed externally or by law.
- Committed fund balance increased \$325.871 million or 38.07 percent due to an increase in funding set aside for specific purposes as follows: **(1)** agency carry-forward balances increased \$117.641 million; **(2)** funding set aside for committed purposes in various restricted accounts increased \$157.272 million; and **(3)** the General Fund Budget Reserve Account balance increased \$56.201 million due to a legislative appropriation of \$17.316 million and the statutory surplus transfer of \$50.632 million to the account.
- Assigned fund balance increased \$313.539 million or 106.55 percent. The increase was due in part to a \$274.830 million increase in the amount set aside for next year's budget by the Legislature. Assigned fund balance also increased \$38.709 million due to an increase in tax accruals assigned by law.

Total tax revenues in the General Fund increased \$429.313 million or 16.09 percent, the largest of which was sales and use tax increasing \$408.472 million or 17.74 percent. Overall, sales and use tax revenue in all governmental funds also increased \$501.704 million or 16.35 percent primarily due to growth in the Utah economy.

Total General Fund non-related tax revenues increased \$1.549 billion or 33.29 percent as explained below:

- Federal contracts and grants increased \$1.465 billion or 40.11 percent primarily due to an increase in federal funding for Medicaid and homeless programs and COVID-19 relief funding from the CARES Act, American Rescue Plan Act of 2021 and the Federal Emergency Management Agency.
- Miscellaneous and other revenues increased \$86.055 million or 25.02 percent. This was primarily due to **(1)** a \$42.668 million increase in Medicaid drug manufacturer rebates; **(2)** \$24.317 million of revenue from local governments for the Emergency Rental Assistance program; and **(3)** court surcharge fees of \$14.372 million collected due to the passage of House Bill 485, *Amendments Related to Surcharge Fees* effective fiscal year 2021 that rerouted the criminal conviction surcharge collections into the General Fund.
- Federal mineral lease revenue decreased \$9.567 million or 16.32 percent due to a decline in prices and production.
- Investment income decreased \$7.733 million or 22.00 percent due to lower interest rates.

Overall, total General Fund expenditures increased \$1.625 billion or 20.12 percent as the State responded to a growing economy and an increase in the public's demand for government services due to the COVID-19 pandemic. Significant changes in expenditures occurred in the following areas:

- *Health and Environmental Quality* – Total expenditures increased \$619.825 million or 18.11 percent as a result of: **(1)** \$266.825 million growth in the Medicaid Expansion program to include adults earning up to 138.01 percent of the federal poverty level; **(2)** \$129.677 million increase in COVID-19 related expenses (e.g., medical/testing, lab and supplies, professional and technical services-medical, etc.); and **(3)** \$123.533 million increase in payments to Accountable Care Organizations resulting from COVID-19 pandemic public health emergency's maintenance of effort requirements.
- *General Government* – Total expenditures increased \$325.756 million or 61.95 percent primarily due to an increase in COVID-19 costs and programs, including an \$163.986 million increase in pass through COVID-19 funding to local governments.
- *Employment and Family Services*– Total expenditures increased by \$288.488 million or 37.51 percent as a result of: **(1)** \$25.316 million increase in child care operations grant payments funded through pandemic Child Care and Development Fund (CCDF) monies; **(2)** \$179.299 million increase in Supplemental Nutrition Assistance Program (SNAP); and **(3)** \$76.382 million increase in rental assistance payments made with pandemic funding to keep individuals in their homes during the uncertainty of the pandemic and other pandemic affordable housing projects.

In addition to the significant changes in expenditures described above, the increase in overall expenditures is also due to a \$30.800 million increase as a result of a 3.00 percent salary increase for most state employees, increases in health insurance costs, workers' compensation rate reduction, and other payroll adjustments.

Budgetary Highlights – General Fund

The Legislature adopted the initial fiscal year 2021 budget during the 2020 General Session (January to March 2020). The original consensus revenue estimates for the General Fund budget at the start of fiscal year 2021, excluding department-specific revenue sources such as federal grants and departmental collections, and miscellaneous transfers, were 1.54 percent higher than the final fiscal year 2020 budget. The increase was primarily due to growth in the sales and use tax based on the strong Utah economy. Budgeted expenditures were 6.10 percent higher than the final fiscal year 2020 budget. The Governor and Legislature were able to balance the original fiscal year 2021 budget using revenue growth, prior year reserves, and fund balances.

The fiscal year 2021 budget was again addressed during the 2020 Third, Fourth, Fifth, and Sixth Special Sessions and further modified in the 2021 General and First Special Sessions of the Legislature held in early calendar year 2021. Final general revenue estimates increased \$190.139 million from the original consensus estimates adopted during the 2020 General Session due to projected increases in sales and use tax, insurance premium tax, beer, cigarette, tobacco, and other revenues. Revenue estimates and base budget resources allowed the Legislature to set aside \$485.444 million for fiscal year 2022 appropriations. In the end, taxes and other general revenues ended the year \$133.313 million above final budgeted amounts. Final budgets of department-specific revenue sources decreased in total from original budgets primarily due to a decrease in expected federal contracts and grants. Final budgets for departmental-specific revenue sources and related expenditures are revised based on actual collections. The difference between final budgeted and actual expenditures is primarily due to nonlapsing and unspent restricted funds that will be carried forward into the next year. However, \$40.888 million of unspent budgeted funds were lapsed back to the General Fund by various state agencies.

Education Fund

The fund balance in the Education Fund increased overall by \$515.996 million or 26.88 percent from the prior year. The Education Fund ended the year with a \$504.720 million surplus after a \$9.652 million property tax recapture and a \$141.483 million transfer to the Education Budget Reserve Account from an original revenue surplus of \$634.566 million. In the event of a "revenue surplus" in the Education Fund, state law requires that 25.00 percent of the surplus be transferred to the Education Budget Reserve Account, a budget stabilization account as explained in [Note 12.B.](#) State law further requires an additional 25.00 percent be transferred to repay prior year transfers out of the account, but limits these transfers to 11.00 percent of Education Fund appropriations. The Education Budget Reserve Account ended the year with a balance of \$630.183 million.

Overall, total revenues in the Education Fund increased \$1.096 billion or 18.88 percent. Individual income tax increased \$693.215 million or 14.57 percent and corporate tax increased \$282.159 million or 69.56 percent in large part due to the shift in the individual income and corporate franchise tax filing extension being changed from April 2020 to July 2020 due economic conditions related to the COVID-19 pandemic. Federal contracts and grants revenue increased \$145.169 million or 29.57 percent as a result of an increase in federally funded expenditures, as described below, including additional COVID-19 Federal Education Stabilization funding of \$49.394 million.

Overall, expenditures increased \$420.581 million or 9.54 percent in the Education Fund. The increase in spending was primarily due to a \$240.598 million increase in expenditures within the Minimum School Program to provide for growth in student enrollment, and fund a 6.00 percent increase in the weighted pupil unit value, which is the primary funding mechanism for public education.

The remaining balance of the increase in expenditures was primarily due to a \$179.983 million increases in the following education programs: (1) \$64.566 million for child nutrition and food commodities for school children due to the impacts of the COVID-19 pandemic; (2) \$81.174 million increase in administrative expenses primarily due to student support services and COVID-19 recovery; and (3) \$13.336 million increase in appropriations to the Utah School of Deaf and Blind.

Net other financing uses increased \$875.105 million or 129.18 percent. This change resulted from a \$920.034 million increase in transfers to the General Fund for higher education, offset by a \$44.929 million increase in transfers in from the Trust Lands Permanent Fund for the School Land Program. Transfers for higher education increased this year largely due to restoring funding that was shifted forward one year as a result of the effects of the COVID-19 pandemic and shift in income and corporate tax filing periods from April 2020 to July 2020.

Transportation Fund

The total fund balance in the Transportation Fund increased \$16.164 million or 3.32 percent from the prior year. Expenditures within the Transportation Fund increased \$39.835 million or 3.43 percent due to an increase in pass through funding to local governments due to several new large projects. Overall, transportation revenues increased \$44.700 million or 3.69 percent. The increase resulted from the following changes in revenue as compared to the prior year:

- Motor and special fuels tax increased \$62.361 million or 12.51 percent due to an increase in fuel rates and taxable gallons sold.
- Charges for services increased \$5.740 million or 9.31 percent primarily due to a \$5.062 million increase in driver's license fees as the legislature changed the driver license renewal period from 5 years to 8 years with a corresponding increase in the renewal fee.
- Miscellaneous and other revenue increased \$7.347 million or 9.66 percent due to an increase in cooperative agreements for transportation projects.
- License, permits, and fees increased \$10.256 million or 9.98 percent primarily due to an increase in vehicle registration fees.
- Miscellaneous and other revenue increased \$7.347 million or 9.66 percent due to an increase in COVID-19 pandemic response funding and cooperative agreements for transportation projects.
- Federal contracts and grants decreased \$34.128 million or 7.53 percent as a result of federal highway construction projects delayed due to steel, concrete and labor shortages.

Authorized federal funding for highway construction remains relatively stable from year to year. However, the spending of state and federal revenue may vary from year to year since it reflects the timing of highway construction projects. These projects may span fiscal years and are 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

The total fund balance in the Transportation Investment Fund decreased \$269.146 million or 28.10 percent from the prior year. Restricted fund balance decreased \$492.224 million due to bond proceeds being spent over the course of the year. Committed fund balance increased \$223.078 million or 47.90 percent due to unspent dedicated sales and use tax revenue at yearend.

Overall, revenues increased \$85.609 million or 11.38 percent. Sales and use tax revenues, statutorily reallocated from use in the General Fund to use for highway projects, increased \$88.280 million or 13.53 percent due to growth in the economy. Investment income decreased \$5.463 million or 58.37 percent primarily due to declining interest rates. Expenditures decreased \$24.761 million or 3.07 percent from the prior year due to decreased spending on highway construction projects. Net other financing sources decreased \$667.206 million or 195.40 percent, primarily due to not issuing general obligation bonds for highway projects in the current year as compared to \$716.796 million from the prior year.

Trust Lands Permanent Fund

The fund balance of the Trust Lands Permanent Fund increased \$658.545 million or 26.08 percent from the prior year. This increase was due to an increase in investment returns as explained below. The increase in nonspendable fund balance of \$91.510 million or 4.97 percent was attributable to revenues generated from investment income and increased investment returns over the prior year. As a result of a constitutional amendment that became effective July 1, 2017, the *Utah Constitution* allows all investment earnings of the Trust Lands Fund Permanent Fund to be distributed to beneficiaries, limited to annual distributions not to exceed 4.00 percent of the fund, which is based on a calculation described in Section 53C-3-102 of the *Utah Code*.

Revenues increased \$764.066 million or 1,425.12 percent. The increase was attributable to a \$763.267 million or 804.39 percent increase in investment income due to improved performance of investments and a return to expected investment performance. Expenditures and transfers out increased \$7.572 million or 6.74 percent primarily due to an increase in the amount available for distribution to beneficiaries based on the statutory formula. The sale of capital assets increased \$22.195 million or 77.49 percent due to an increase in surface and developed land sales. Therefore, overall revenues exceeded expenditures resulting in an increase in fund assets. Securities lending liabilities also increased \$70.121 million or 121.63 percent primarily due to changes in investment strategies employed in managing these funds along with increased investing opportunities and earning-outlook horizons that were taken advantage of to increase the overall fund's investment performance.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Student Assistance Programs

The net position of the Student Assistance Programs decreased slightly by \$9.188 million or 2.43 percent from the prior year. Total assets decreased \$158.762 million or 10.67 percent mainly due to a decrease of \$133.330 million in student loans receivable and a \$16.848 million decrease in investments due to the elimination of a derivative instrument–interest rate swap, which occurred as a result of defeasance. Total Liabilities decreased \$141.822 million or 13.07 percent primarily due to a \$137.387 million or 12.86 percent reduction in bonds and notes payable, due to a combination of principal payments and changes in issuance and retirement of certain outstanding obligations. Revenue decreased by a total of \$36.156 million or 34.76 percent. Student loan interest revenue decreased \$10.632 million or 18.44 percent from the prior year due in large part to continued relief provided by the CARES Act to federal borrowers in the form of an interest waiver. Federal reinsurance decreased \$10.753 million or 65.82 percent as a result of portfolio closure. Sales and charges for services were reduced by \$14.824 million or 55.05 percent primarily due to a decline in federal loan servicing revenue as a result of portfolio closure. The Programs experienced an overall decrease in operating expenses of \$29.698 million or 27.74 percent. This is mostly comprised of a decrease in interest expense of \$21.010 million or 73.73 percent due to both declining market rates as a continued result of the COVID-19 pandemic, reductions in outstanding debt balances, and a decrease in the payments to lenders for guaranteed claims of \$10.777 million or 65.84 percent. Of a total net position of \$368.941 million, \$189.615 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 2021 decreased to an estimated 2.70 percent from 4.90 percent the prior year. Employer tax revenue increased \$33.140 million or 18.30 percent due to an overall contribution rate increase from the prior year. Expenses decreased \$37.313 million or 3.24 percent due to fewer claims as the economy recovers, but are still high due to the continued COVID-19 pandemic. Overall, benefit payments far exceeded employer taxes and other revenues, resulting in a decrease in net position of \$148.364 million or 15.54 percent. The entire net position of \$806.448 million is restricted for use within the fund by state and federal law.

Employers' Reinsurance Fund

This fund was reported as a Private Purpose Trust Fund in the prior year and reclassified as a Proprietary Fund as a result of implementing GASB Statement 84, *Fiduciary Activities*. The net position of the Employers' Reinsurance Fund increased \$1.376 million or 3.86 percent. Benefit claims increased \$6.472 million or 88.91 percent due to an increase in the actuarial estimate of claims incurred but not yet reported. Overall, revenue decreased as follows: (1) Investment income decreased \$7.153 million or 42.37 percent due to a decline in interest rates; (2) tax revenues decreased \$4.867 million or 43.10 percent due to a decrease in the assessment rate; and (3) fees and assessment decreased \$3.006 million or 98.69 percent since the receipt of prior year fees were considered an anomaly. The entire net position of \$37.065 million is restricted for use within the fund.

Water Loan Programs

Net position increased \$63.944 million or 5.69 percent from the prior year. Additional capital for loans issued was provided by \$41.977 million in dedicated sales tax revenues, \$12.454 million in investment income, and \$25.829 million in federal grants. Of the total net position of \$1.187 billion, \$529.376 million is restricted for use within the Water Loan Programs by federal grant requirements, and \$145.825 million is restricted pursuant to bond agreements within the programs.

Community Impact Loan Fund

The net position of the Community Impact Loan Fund decreased \$10.858 million or 1.57 percent from the prior year as transfers out of the fund for community development programs continue to exceed revenues resulting in less funding available for future loan programs. There is no restriction on the Fund's net position of \$680.846 million.

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

The State's capital assets increased by a net \$1.070 billion during the year. The change consisted of net increases in the following: (1) construction in progress of \$593.982 million; (2) infrastructure (i.e., state roads and bridges) of \$413.191 million; land and related assets of \$63.250 million; (3) buildings and improvements of \$11.480 million; and (4) machinery and equipment of \$9.085 million. Software decreased \$20.826 million due to current year amortization exceeding additions. Significant projects include the following:

- New State Prison construction in progress
- Completion of the Lehi I-15 project
- Taylorsville State Office building

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 the 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, 2021, the State had \$58.929 million of outstanding debt related to capital assets of discretely presented component units.

At June 30, 2021, the State had commitments in capital projects funds of \$624.622 million for building projects and \$770.228 million for highway construction and improvement projects. The State also had commitments of \$421.020 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 80.00 percent rated as "fair" or better. The most recent condition assessment completed in 2020 indicated that 93.26 percent of roads were in "fair" or better condition. These results reflect maintaining roads above target percentages and are consistent with calendar year 2019, when 91.18 percent of roads were assessed as "fair" or better condition.

The State's established condition level for bridges is to maintain 50.00 percent with a rating of "good" and no more than 10.00 percent of bridges with a "poor" rating. The most recent condition assessment, completed in April 2021, indicated that 61.50 percent and 2.90 percent of bridges were in "good" and "poor" condition, respectively. These results reflect maintaining bridges at a consistent condition level as 2020 when 61.63 percent of the bridges were assessed as "good" and 2.95 percent assessed were in "poor" condition.

During fiscal year 2021, the State spent \$415.212 million and \$73.273 million to maintain and preserve roads and bridges, respectively. These combined amounts were 9.95 percent below the estimated amounts of \$461.097 million and \$81.370 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 45.00 percent of the maximum allowable state budget appropriation limit. As of June 30, 2021, the general obligation indebtedness of the State was \$4.763 billion below the constitutional debt limit and \$1.381 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 |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2020 to 2021 |
| General Obligation Bonds | \$ 2,706 | \$ 3,061 | \$ — | \$ — | \$ 2,706 | \$ 3,061 | (11.60)% |
| Revenue Bonds: | | | | | | | |
| State Building Ownership Authority | 177 | 191 | 84 | 91 | 261 | 282 | (7.45)% |
| Student Assistance Programs | — | — | 931 | 1,069 | 931 | 1,069 | (12.91)% |
| Water Loan Programs | — | — | 13 | 20 | 13 | 20 | (35.00)% |
| Total Bonds Payable | \$ 2,883 | \$ 3,252 | \$ 1,028 | \$ 1,180 | \$ 3,911 | \$ 4,432 | (11.76)% |

Total general obligation bonds payable net of premiums and discounts decreased \$354.587 million. Revenue bonds payable net of premiums and discounts decreased \$165.169 million for an overall net decrease of \$519.756 million during the fiscal year. [Note 10](#) contains more information about the State's outstanding debt.

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.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Original general revenue estimates of the General Fund for fiscal year 2022 are 1.65 percent lower than actual fiscal year 2021 revenues. Original revenue estimates of the Education Fund for fiscal year 2022 are 17.37 percent lower than actual fiscal year 2021 revenues. The Legislature balanced the 2022 budget using projected revenue growth, prior year reserves, and fund balances.

Preliminary data for fiscal year 2022 show tax revenues to be in line with estimates. The State's overall unemployment rate is expected to be 2.70 percent in 2021, a decrease from the average 2020 rate of 4.70 percent. Taxable retail sales are expected to increase 15.60 percent in 2021 and increase 3.60 percent in 2022. Personal income is expected to increase 5.70 percent in 2021, and 1.80 percent in 2022. 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 2022. The Governor and Legislature will review the fiscal year 2022 budget again during the upcoming 2022 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 Government Operations: Division of Finance, Financial Reporting Section at P.O. Box 141031, Salt Lake City, UT, 84114, phone (801) 957-7780 or by email at utahcafr@utah.gov. You may also visit our website at finance.utah.gov.

The preceding discussion and analysis focuses on the State's primary government operations. With the exception of a few nonmajor 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.

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STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Scott Osborn

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Statement of Net Position
(expressed in thousands)

June 30, 2021

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|----------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 5,024,389 | \$ 1,671,325 | \$ 6,695,714 | \$ 2,852,549 |
| Investments | 5,757,697 | 313 | 5,758,010 | 3,379,326 |
| Taxes Receivable, net | 1,856,948 | 5,626 | 1,862,574 | — |
| Accounts and Interest Receivable, net | 958,269 | 183,996 | 1,142,265 | 1,137,749 |
| Amounts Due From: | | | | |
| Component Units | 56,314 | — | 56,314 | — |
| Primary Government | — | — | — | 4,149 |
| Prepaid Items | 220,972 | 6,694 | 227,666 | 55,141 |
| Inventories | 61,121 | 30,528 | 91,649 | 169,480 |
| Internal Balances | 21,727 | (21,727) | — | — |
| Restricted Investments | — | 187,095 | 187,095 | 1,818,214 |
| Restricted Receivables | — | — | — | 25,539 |
| Notes/Loans/Mortgages/Pledges Receivable, net | 18,518 | 2,528,105 | 2,546,623 | 216,398 |
| Capital Lease Payments Receivable, net | 58,455 | — | 58,455 | — |
| Pledged Loans Receivables | — | 70,110 | 70,110 | — |
| Other Assets | 130,118 | — | 130,118 | 215,020 |
| Capital Assets: | | | | |
| Land and Other Non-depreciable Assets | 2,411,058 | 39,722 | 2,450,780 | 878,650 |
| Infrastructure | 15,067,888 | — | 15,067,888 | — |
| Construction in Progress | 2,321,879 | 2,709 | 2,324,588 | 785,685 |
| Buildings, Equipment, and Other Depreciable Assets | 3,441,360 | 142,632 | 3,583,992 | 15,097,961 |
| Less Accumulated Depreciation | (1,831,237) | (68,402) | (1,899,639) | (6,703,585) |
| Total Capital Assets | 21,410,948 | 116,661 | 21,527,609 | 10,058,711 |
| Total Assets | 35,575,476 | 4,778,726 | 40,354,202 | 19,932,276 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Total Deferred Outflows of Resources | 235,667 | 6,598 | 242,265 | 266,991 |
| LIABILITIES | | | | |
| Accounts Payable and Accrued Liabilities | 1,473,723 | 45,569 | 1,519,292 | 686,564 |
| Amounts Due to: | | | | |
| Component Units | 423 | — | 423 | — |
| Primary Government | — | — | — | 56,628 |
| Other Governments | 434 | — | 434 | — |
| Securities Lending | 127,771 | — | 127,771 | 34,023 |
| Unearned Revenue | 1,111,517 | 9,665 | 1,121,182 | 250,834 |
| Deposits | 37,211 | 35 | 37,246 | 343,753 |
| Long-term Liabilities: | | | | |
| Due Within One Year | 548,260 | 200,882 | 749,142 | 463,002 |
| Due in More Than One Year | 3,083,616 | 1,090,719 | 4,174,335 | 4,901,742 |
| Total Liabilities | 6,382,955 | 1,346,870 | 7,729,825 | 6,736,546 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Total Deferred Inflows of Resources | 521,417 | 24,620 | 546,037 | 220,296 |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 18,939,682 | 44,002 | 18,983,684 | 6,056,721 |
| Restricted for: | | | | |
| Transportation | 474,149 | — | 474,149 | — |
| Public Education – Expendable | 4,356,084 | — | 4,356,084 | — |
| Public Education – Nonexpendable | 1,827,664 | — | 1,827,664 | — |
| Higher Education – Expendable | 39,498 | — | 39,498 | 1,344,249 |
| Higher Education – Nonexpendable | 79,550 | — | 79,550 | 1,255,381 |
| Capital Projects | 2,068 | — | 2,068 | — |
| Debt Service | — | 145,825 | 145,825 | — |
| Unemployment Compensation and Insurance Programs | 4,951 | 843,513 | 848,464 | 458,017 |
| Loan Programs | — | 915,596 | 915,596 | — |
| Transit Services | — | — | — | 40,517 |
| Other Purposes – Expendable | 209,556 | — | 209,556 | 85,659 |
| Other Purposes – Nonexpendable | 27,369 | — | 27,369 | — |
| Unrestricted | 2,946,200 | 1,465,626 | 4,411,826 | 4,001,881 |
| Total Net Position | <u>\$ 28,906,771</u> | <u>\$ 3,414,562</u> | <u>\$ 32,321,333</u> | <u>\$ 13,242,425</u> |

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

State of Utah

Statement of Activities (expressed in thousands)

For the Fiscal Year Ended June 30, 2021

| Activities | Expenses | Program Revenues | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government: | | | | |
| Governmental: | | | | |
| General Government | \$ 1,284,195 | \$ 550,574 | \$ 918,253 | \$ 1,742 |
| Human Services and Juvenile Justice Services | 995,914 | 17,188 | 483,682 | — |
| Corrections | 313,584 | 3,573 | 639 | — |
| Public Safety | 361,004 | 60,804 | 234,728 | — |
| Courts | 153,986 | 52,195 | 2,812 | — |
| Health and Environmental Quality | 4,007,254 | 479,732 | 2,842,180 | — |
| Higher Education | 1,561,004 | — | — | — |
| Employment and Family Services | 1,063,022 | 18,957 | 842,748 | — |
| Natural Resources | 264,901 | 136,753 | 70,262 | — |
| Heritage and Arts | 67,086 | 1,667 | 11,244 | — |
| Business, Labor, and Agriculture | 147,102 | 132,149 | 9,018 | — |
| Public Education | 4,827,043 | 55,036 | 1,306,828 | — |
| Transportation | 1,368,487 | 277,205 | 270,736 | 152,316 |
| Interest and Other Charges on Long-term Debt | 74,879 | — | — | — |
| Total Governmental Activities | <u>16,489,461</u> | <u>1,785,833</u> | <u>6,993,130</u> | <u>154,058</u> |
| Business-type: | | | | |
| Student Assistance Programs | 77,918 | 62,288 | 5,584 | — |
| Unemployment Compensation | 1,115,481 | 214,488 | 744,283 | — |
| Water Loan Programs | 15,463 | 1,927 | 25,829 | — |
| Community and Economic Loan Programs | 18,556 | 2,999 | 7,865 | — |
| Liquor Retail Sales | 340,951 | 466,012 | 284 | — |
| Other Business-type Activities | 46,597 | 51,494 | — | — |
| Total Business-type Activities | <u>1,614,966</u> | <u>799,208</u> | <u>783,845</u> | <u>0</u> |
| Total Primary Government | <u>\$ 18,104,427</u> | <u>\$ 2,585,041</u> | <u>\$ 7,776,975</u> | <u>\$ 154,058</u> |
| Component Units: | | | | |
| Public Employees Health Program | \$ 881,612 | \$ 871,935 | \$ 52,055 | \$ — |
| University of Utah | 5,966,089 | 5,116,750 | 1,111,822 | 115,928 |
| Utah State University | 877,044 | 234,039 | 541,810 | 20,252 |
| Utah Transit Authority | 559,372 | 399,997 | 160,258 | 24,289 |
| Nonmajor Colleges and Universities | 1,432,753 | 522,374 | 532,370 | 115,019 |
| Nonmajor Component Units | 74,976 | 30,477 | 3,111 | 32,500 |
| Total Component Units | <u>\$ 9,791,846</u> | <u>\$ 7,175,572</u> | <u>\$ 2,401,426</u> | <u>\$ 307,988</u> |

Continues

Statement of Activities
(expressed in thousands)

For the Fiscal Year Ended June 30, 2021
Continued

| | Net (Expense) Revenue and Changes in Net Position | | | |
|---|---|--------------------------|----------------------|----------------------|
| | Primary Government | | | Component Units |
| | Governmental Activities | Business-type Activities | Total | |
| Governmental: | | | | |
| General Government | \$ 186,374 | \$ — | \$ 186,374 | \$ — |
| Human Services and Juvenile Justice Services | (495,044) | — | (495,044) | — |
| Corrections | (309,372) | — | (309,372) | — |
| Public Safety | (65,472) | — | (65,472) | — |
| Courts | (98,979) | — | (98,979) | — |
| Health and Environmental Quality | (685,342) | — | (685,342) | — |
| Higher Education | (1,561,004) | — | (1,561,004) | — |
| Employment and Family Services | (201,317) | — | (201,317) | — |
| Natural Resources | (57,886) | — | (57,886) | — |
| Heritage and Arts | (54,175) | — | (54,175) | — |
| Business, Labor, and Agriculture | (5,935) | — | (5,935) | — |
| Public Education | (3,465,179) | — | (3,465,179) | — |
| Transportation | (668,230) | — | (668,230) | — |
| Interest and Other Charges on Long-term Debt | (74,879) | — | (74,879) | — |
| Total Governmental Activities | <u>(7,556,440)</u> | <u>0</u> | <u>(7,556,440)</u> | <u>0</u> |
| Business-type: | | | | |
| Student Assistance Programs | — | (10,046) | (10,046) | — |
| Unemployment Compensation | — | (156,710) | (156,710) | — |
| Water Loan Programs | — | 12,293 | 12,293 | — |
| Community and Economic Loan Programs | — | (7,692) | (7,692) | — |
| Liquor Retail Sales | — | 125,345 | 125,345 | — |
| Other Business-type Activities | — | 4,897 | 4,897 | — |
| Total Business-type Activities | <u>0</u> | <u>(31,913)</u> | <u>(31,913)</u> | <u>0</u> |
| Total Primary Government | <u>(7,556,440)</u> | <u>(31,913)</u> | <u>(7,588,353)</u> | <u>0</u> |
| Component Units: | | | | |
| Public Employees Health Program | — | — | — | 42,378 |
| University of Utah | — | — | — | 378,411 |
| Utah State University | — | — | — | (80,943) |
| Utah Transit Authority | — | — | — | 25,172 |
| Nonmajor Colleges and Universities | — | — | — | (262,990) |
| Nonmajor Component Units | — | — | — | (8,888) |
| Total Component Units | <u>0</u> | <u>0</u> | <u>0</u> | <u>93,140</u> |
| General Revenues: | | | | |
| Taxes: | | | | |
| Sales and Use Tax | 3,567,337 | 48,927 | 3,616,264 | — |
| Individual Income Tax Imposed for Education | 5,652,907 | — | 5,652,907 | — |
| Corporate Tax Imposed for Education | 688,583 | — | 688,583 | — |
| Motor and Special Fuel Taxes Imposed for Transportation | 561,443 | — | 561,443 | — |
| Other Taxes | 439,990 | — | 439,990 | — |
| Total Taxes | <u>10,910,260</u> | <u>48,927</u> | <u>10,959,187</u> | <u>0</u> |
| Investment Income | 26,247 | 50,781 | 77,028 | — |
| State Funding for Colleges and Universities | — | — | — | 1,221,905 |
| State Funding for Other Component Units | — | — | — | 76,604 |
| Gain on Sale of Capital Assets | 79,625 | — | 79,625 | 1,071 |
| Miscellaneous | 137,346 | — | 137,346 | 29,682 |
| Permanent Endowments Contributions | — | — | — | 67,718 |
| Transfers—Internal Activities | 151,676 | (151,676) | — | — |
| Total General Revenues, Contributions and Transfers | <u>11,305,154</u> | <u>(51,968)</u> | <u>11,253,186</u> | <u>1,396,980</u> |
| Change in Net Position | <u>3,748,714</u> | <u>(83,881)</u> | <u>3,664,833</u> | <u>1,490,120</u> |
| Net Position—Beginning | 25,172,326 | 3,467,619 | 28,639,945 | 11,798,159 |
| Adjustment to Beginning Net Position | (14,269) | 30,824 | 16,555 | (45,854) |
| Net Position—Beginning as Adjusted | <u>25,158,057</u> | <u>3,498,443</u> | <u>28,656,500</u> | <u>11,752,305</u> |
| Net Position—Ending | <u>\$ 28,906,771</u> | <u>\$ 3,414,562</u> | <u>\$ 32,321,333</u> | <u>\$ 13,242,425</u> |

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

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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](#).

State of Utah

Balance Sheet
Governmental Funds
(expressed in thousands)

June 30, 2021

| | General Fund | Special Revenue Funds | | Capital Projects Fund | Permanent Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|-----------------------|-------------------|---------------------------|---------------------|-----------------------------|--------------------------|
| | | Education | Transportation | Transportation Investment | Trust Lands | | |
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | \$ 2,152,689 | \$ 1,238,704 | \$ 524,574 | \$ — | \$ 38,093 | \$ 952,211 | \$ 4,906,271 |
| Investments | 624,983 | 684,133 | 83,923 | 609,598 | 3,201,608 | 553,452 | 5,757,697 |
| Receivables: | | | | | | | |
| Accounts, net | 526,062 | 275,502 | 84,789 | — | 42,786 | 20,047 | 949,186 |
| Accrued Interest | 31 | 55 | — | — | 191 | 1 | 278 |
| Accrued Taxes, net | 381,506 | 1,302,797 | 78,664 | 81,978 | — | 12,002 | 1,856,947 |
| Notes/Mortgages, net | 10,630 | 6,954 | — | — | 934 | — | 18,518 |
| Capital Lease Payments, net | — | — | — | — | — | 58,455 | 58,455 |
| Due From Other Funds | 50,055 | 32,027 | 2,300 | — | 1,861 | 6,879 | 93,122 |
| Due From Component Units | 1,271 | — | — | — | — | 54,141 | 55,412 |
| Prepaid Items | 209,933 | 61 | 494 | — | — | 14 | 210,502 |
| Inventories | 43,823 | — | 13,058 | — | — | — | 56,881 |
| Interfund Loans Receivable | 20,523 | — | — | — | — | — | 20,523 |
| Other Assets | 16,620 | — | — | — | 76,675 | — | 93,295 |
| Total Assets | \$ 4,038,126 | \$ 3,540,233 | \$ 787,802 | \$ 691,576 | \$ 3,362,148 | \$ 1,657,202 | \$ 14,077,087 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable and Accrued Liabilities .. | \$ 571,206 | \$ 368,076 | \$ 261,598 | \$ — | \$ 13,077 | \$ 228,081 | \$ 1,442,038 |
| Deposits | 35,291 | — | — | — | 1,920 | — | 37,211 |
| Due To Other Funds | 51,197 | 575 | 6,509 | — | 23,902 | 30,569 | 112,752 |
| Due To Component Units | 178 | — | — | — | 237 | — | 415 |
| Due To Other Governments | 434 | — | — | — | — | — | 434 |
| Securities Lending | — | — | — | — | 127,771 | — | 127,771 |
| Unearned Revenue | 1,071,211 | — | 14,804 | — | — | 24,152 | 1,110,167 |
| Total Liabilities | 1,729,517 | 368,651 | 282,911 | 0 | 166,907 | 282,802 | 2,830,788 |
| Deferred Inflows of Resources: | | | | | | | |
| Unavailable Revenue | 64,185 | 735,847 | 1,404 | 2,737 | 11,643 | 58,455 | 874,271 |
| Total Deferred Inflows of Resources ... | 64,185 | 735,847 | 1,404 | 2,737 | 11,643 | 58,455 | 874,271 |
| Fund Balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Long-term Portion of Interfund Loans Receivable | 6,272 | — | — | — | — | — | 6,272 |
| Prepaid Items | 209,933 | 61 | 494 | — | — | 14 | 210,502 |
| Inventories | 43,823 | — | 13,058 | — | — | — | 56,881 |
| Permanent Fund Principal | — | — | — | — | 1,932,765 | — | 1,932,765 |
| Restricted | 85,032 | 2,435,674 | 486,816 | — | 1,250,833 | 450,717 | 4,709,072 |
| Committed | 1,181,796 | — | — | 688,839 | — | 566,864 | 2,437,499 |
| Assigned | 607,794 | — | 3,119 | — | — | 298,350 | 909,263 |
| Unassigned | 109,774 | — | — | — | — | — | 109,774 |
| Total Fund Balances | 2,244,424 | 2,435,735 | 503,487 | 688,839 | 3,183,598 | 1,315,945 | 10,372,028 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 4,038,126 | \$ 3,540,233 | \$ 787,802 | \$ 691,576 | \$ 3,362,148 | \$ 1,657,202 | \$ 14,077,087 |

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, 2021

Total Fund Balances – Governmental Funds \$ 10,372,028

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 | \$ 2,411,058 | |
| Infrastructure, Non-depreciable | 15,067,888 | |
| Construction in Progress | 2,321,879 | |
| Buildings, Equipment, and Other Depreciable Assets | 3,256,481 | |
| Accumulated Depreciation | <u>(1,722,926)</u> | 21,334,380 |

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 | 863,641 | |
| Related to Pensions | (416,658) | |
| Related to Other Postemployment Benefits | <u>(51,528)</u> | 395,455 |

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.

64,521

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

| | | |
|---|---------------|---------|
| Amount on Refundings of Bonded Debt | 9,823 | |
| Related to Pensions | 195,855 | |
| Related to OPEB | <u>11,216</u> | 216,894 |

Other assets not available in the current period and therefore are not reported in the governmental funds:

| | | |
|---|--------------|--------|
| Other Postemployment Benefit Asset, net | 26,029 | |
| Net Pension Asset | <u>8,511</u> | 34,540 |

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 | (2,688,171) | |
| Unamortized Bond Premiums | (195,167) | |
| Accrued Interest on Bonds Payable | (953) | |
| Pollution Remediation Obligation | (10,639) | |
| Settlement Obligation | (768) | |
| Arbitrage Liability | (198) | |
| Compensated Absences | (217,280) | |
| Capital Leases | (25,624) | |
| Net Other Postemployment Benefits Liability | (608) | |
| Net Pension Liability | <u>(371,639)</u> | <u>(3,511,047)</u> |

Total Net Position – Governmental Activities \$ 28,906,771

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, 2021

| | Special Revenue Funds | | | Capital Projects Fund | Permanent Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-----------------------|--------------|----------------|------------------------------|-------------------|-----------------------------------|--------------------------------|
| | General Fund | Education | Transportation | Transportation Investment | Trust Lands | | |
| REVENUES | | | | | | | |
| Taxes: | | | | | | | |
| Sales and Use Tax | \$ 2,711,382 | \$ 289 | \$ — | \$ 740,623 | \$ — | \$ 117,412 | \$ 3,569,706 |
| Individual Income Tax | — | 5,451,297 | — | — | — | — | 5,451,297 |
| Corporate Tax | — | 687,791 | — | — | — | — | 687,791 |
| Motor and Special Fuels Tax | — | — | 560,763 | — | — | — | 560,763 |
| Other Taxes | 385,635 | 31,544 | 10,521 | — | — | 11,611 | 439,311 |
| Total Taxes | 3,097,017 | 6,170,921 | 571,284 | 740,623 | 0 | 129,023 | 10,708,868 |
| Other Revenues: | | | | | | | |
| Federal Contracts and Grants | 5,117,824 | 636,024 | 419,130 | — | — | 50,508 | 6,223,486 |
| Charges for Services/Royalties | 552,524 | 2,584 | 67,380 | — | 42,073 | 448,276 | 1,112,837 |
| Licenses, Permits, and Fees | 25,635 | 6,761 | 112,993 | 92,313 | — | — | 237,702 |
| Federal Mineral Lease | 49,039 | — | — | — | — | — | 49,039 |
| Intergovernmental | — | — | — | — | — | — | — |
| Investment Income | 27,415 | 4,946 | 1,854 | 3,897 | 668,379 | 50,455 | 756,946 |
| Liquor Sales Allocated for School Lunch | — | 51,746 | — | — | — | — | 51,746 |
| Miscellaneous and Other | 430,007 | 24,859 | 83,406 | 750 | — | 56,047 | 595,069 |
| Total Revenues | 9,299,461 | 6,897,841 | 1,256,047 | 837,583 | 710,452 | 734,309 | 19,735,693 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | 851,602 | — | — | — | 7,343 | 346,041 | 1,204,986 |
| Human Services and Juvenile Justice Services | 1,013,956 | — | — | — | — | 9,172 | 1,023,128 |
| Corrections | 330,760 | — | — | — | — | 10,414 | 341,174 |
| Public Safety | 320,785 | — | — | — | — | 42,733 | 363,518 |
| Courts | 159,020 | — | — | — | — | 3,446 | 162,466 |
| Health and Environmental Quality | 4,043,152 | — | — | — | — | 5,567 | 4,048,719 |
| Higher Education – State Administration | 182,070 | — | — | — | — | — | 182,070 |
| Higher Education – Colleges and Universities | 1,221,898 | — | — | — | 4,568 | 45,478 | 1,271,944 |
| Employment and Family Services | 1,057,614 | — | — | — | — | 10,234 | 1,067,848 |
| Natural Resources | 271,596 | — | — | — | — | 2,904 | 274,500 |
| Heritage and Arts | 66,373 | — | — | — | — | 1,346 | 67,719 |
| Business, Labor, and Agriculture | 129,151 | — | — | — | — | 20,817 | 149,968 |
| Public Education | — | 4,829,288 | — | — | — | 327 | 4,829,615 |
| Transportation | — | — | 1,202,511 | — | — | 4,275 | 1,206,786 |
| Capital Outlay | — | — | — | 780,978 | — | 613,548 | 1,394,526 |
| Debt Service: | | | | | | | |
| Principal Retirement | — | — | — | — | — | 320,546 | 320,546 |
| Interest and Other Charges | — | — | — | — | — | 119,504 | 119,504 |
| Total Expenditures | 9,647,977 | 4,829,288 | 1,202,511 | 780,978 | 11,911 | 1,556,352 | 18,029,017 |
| Excess Revenues Over (Under) Expenditures | (348,516) | 2,068,553 | 53,536 | 56,605 | 698,541 | (822,043) | 1,706,676 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Sale of Capital Assets | — | — | 18,644 | — | 50,837 | 9,209 | 78,690 |
| Transfers In | 1,907,321 | 145,119 | 53,352 | 44,254 | 10 | 1,258,327 | 3,408,383 |
| Transfers Out | (768,776) | (1,697,676) | (109,368) | (370,005) | (92,843) | (220,445) | (3,259,113) |
| Total Other Financing Sources (Uses) | 1,138,545 | (1,552,557) | (37,372) | (325,751) | (41,996) | 1,047,091 | 227,960 |
| Net Change in Fund Balances | 790,029 | 515,996 | 16,164 | (269,146) | 656,545 | 225,048 | 1,934,636 |
| Fund Balances – Beginning | 1,454,028 | 1,919,739 | 487,323 | 957,985 | 2,525,053 | 1,089,751 | 8,433,879 |
| Adjustment to Beginning Fund Balances | 367 | — | — | — | 2,000 | 1,146 | 3,513 |
| Fund Balances – Beginning As Adjusted | 1,454,395 | 1,919,739 | 487,323 | 957,985 | 2,527,053 | 1,090,897 | 8,437,392 |
| Fund Balances – Ending | \$ 2,244,424 | \$ 2,435,735 | \$ 503,487 | \$ 688,839 | \$ 3,183,598 | \$ 1,315,945 | \$ 10,372,028 |

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

State of Utah

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, 2021

Net Change in Fund Balances – Governmental Funds \$ 1,934,636

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 \$1,318,105 exceeded depreciation expense of \$(119,521) and buildings “transferred” to discrete component units of \$(107,010) in the current period. (See [Note 8](#)) 1,091,574

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. (25,000)

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. 204,164

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. 22,574

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

| | | |
|---------------------------------|------------|---------|
| Payment of Bond Principal | \$ 320,546 | |
| Capital Lease Payments | 2,756 | 323,302 |
| | | |

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 | (5,331) | |
| Settlement Obligations | 345 | |
| Compensated Absences Expense | (6,469) | |
| Accrued Interest on Bonds Payable | 75 | |
| Amortization of Bond Premiums | 47,953 | |
| Amortization of Deferred Amount on Refundings of Bonded Debt | (2,810) | |
| Arbitrage Interest Expense | 220 | |
| Other Postemployment Benefits Expense | 27,976 | |
| Pension Expense | 135,505 | 197,464 |
| | | |

Change in Net Position – Governmental Activities \$ 3,748,714

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

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PROPRIETARY FUND FINANCIAL STATEMENTS

STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

Photo by Dana Johnson

Contrails at sunset.

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Student Assistance Programs

These programs are administered by the Utah Board of Higher Education 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.

Employers' Reinsurance Fund

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 for use for injured workers and cannot be used for any other purpose.

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, 2021

| | Business-type Activities - Enterprise Funds | | | | | | | Governmental Activities |
|--|---|--------------------------------|----------------------|----------------------------|-----------------------------|---------------------------|-------------------------|-------------------------|
| | Student Assistance Programs | Unemployment Compensation Fund | Water Loans Programs | Community Impact Loan Fund | Employers' Reinsurance Fund | Nonmajor Enterprise Funds | Total Proprietary Funds | Internal Service Funds |
| ASSETS | | | | | | | | |
| Current Assets: | | | | | | | | |
| Cash and Cash Equivalents | \$ 141,720 | \$ 754,377 | \$ 377,941 | \$ 223,967 | \$ 61,916 | \$ 111,404 | \$ 1,671,325 | \$ 118,118 |
| Restricted Investments | 27,329 | — | — | — | 159,766 | — | 187,095 | — |
| Receivables: | | | | | | | | |
| Accounts, net | 2,648 | 106,629 | 1,220 | — | — | 9,238 | 119,735 | 8,631 |
| Accrued Interest | 35,324 | — | 3,604 | 5,656 | — | 2,478 | 47,062 | — |
| Accrued Taxes, net | — | — | 4,989 | — | 637 | — | 5,626 | — |
| Notes/Loans/Mortgages, net | 182,582 | — | 46,639 | 31,219 | — | 12,897 | 273,337 | — |
| Due From Other Funds | — | — | 12,663 | — | — | 13,889 | 26,552 | 44,583 |
| Due From Component Units | — | — | — | — | — | — | — | 902 |
| Prepaid Items | 602 | — | — | — | — | 6,092 | 6,694 | 4,061 |
| Inventories | — | — | — | — | — | 30,528 | 30,528 | 4,239 |
| Total Current Assets | 390,205 | 861,006 | 447,056 | 260,842 | 222,319 | 186,526 | 2,367,954 | 180,534 |
| Noncurrent Assets: | | | | | | | | |
| Accounts Receivables | — | 8,479 | — | — | 3,693 | — | 12,172 | — |
| Investments | — | — | — | — | — | 313 | 313 | — |
| Prepaid Items | — | — | — | — | — | — | — | 6,409 |
| Accrued Interest Receivable | — | — | 3,725 | 70 | — | 1,232 | 5,027 | — |
| Notes/Loans/Mortgages Receivables, net | 930,063 | — | 679,886 | 419,934 | — | 224,885 | 2,254,768 | — |
| Pledged Loans Receivables | — | — | 70,110 | — | — | — | 70,110 | — |
| Other Assets | — | — | — | — | — | — | — | 692 |
| Net Pension Asset | 415 | — | — | — | — | — | 415 | 296 |
| Net Other Postemployment Benefit Asset | — | — | — | — | — | 315 | 315 | 1,296 |
| Capital Assets: | | | | | | | | |
| Land | — | — | 636 | — | — | 39,086 | 39,722 | — |
| Infrastructure – depreciating | — | — | — | — | — | 430 | 430 | 38 |
| Buildings and Improvements | 13,471 | — | 1,956 | — | — | 103,382 | 118,809 | 5,455 |
| Machinery and Equipment | 4,743 | — | — | — | — | 14,498 | 19,241 | 168,259 |
| Intangible Assets–Software | 1,174 | — | — | — | — | 2,978 | 4,152 | 11,127 |
| Construction in Progress | — | — | — | — | — | 2,709 | 2,709 | — |
| Less Accumulated Depreciation | (11,445) | — | (26) | — | — | (56,931) | (68,402) | (108,311) |
| Total Capital Assets | 7,943 | 0 | 2,566 | 0 | 0 | 106,152 | 116,661 | 76,568 |
| Total Noncurrent Assets | 938,421 | 8,479 | 756,287 | 420,004 | 3,693 | 332,897 | 2,459,781 | 85,261 |
| Total Assets | 1,328,626 | 869,485 | 1,203,343 | 680,846 | 226,012 | 519,423 | 4,827,735 | 265,795 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | |
| Deferred Amount on Refundings of Bonded Debt | — | — | — | — | — | 1,815 | 1,815 | — |
| Deferred Outflows Relating to Pensions | 357 | — | — | — | — | 4,162 | 4,519 | 18,008 |
| Deferred Outflows Relating to Other Postemployment Benefit | — | — | — | — | — | 264 | 264 | 765 |
| Total Deferred Outflows of Resources | 357 | 0 | 0 | 0 | 0 | 6,241 | 6,598 | 18,773 |

Continues

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

Statement of Net Position
 Proprietary Funds
 (expressed in thousands)

June 30, 2021

| | Business-type Activities - Enterprise Funds | | | | | | | Governmental Activities |
|---|---|--------------------------------|----------------------|----------------------------|-----------------------------|---------------------------|-------------------------|-------------------------|
| | Student Assistance Programs | Unemployment Compensation Fund | Water Loans Programs | Community Impact Loan Fund | Employers' Reinsurance Fund | Nonmajor Enterprise Funds | Total Proprietary Funds | Internal Service Funds |
| <i>Continued</i> | | | | | | | | |
| LIABILITIES | | | | | | | | |
| Current Liabilities: | | | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 10,953 | \$ 8,041 | \$ 2,455 | \$ — | \$ 422 | \$ 22,556 | \$ 44,427 | \$ 29,400 |
| Deposits | — | 9 | 10 | — | — | 16 | 35 | — |
| Due To Other Funds | — | 9,099 | 47 | — | 33 | 39,100 | 48,279 | 4,384 |
| Due To Component Units | — | — | — | — | — | — | — | 8 |
| Interfund Loans Payable | — | — | — | — | — | — | — | 14,251 |
| Unearned Revenue | 28 | 3,912 | — | — | — | 5,725 | 9,665 | 933 |
| Policy Claims and Uninsured Liabilities | — | 41,976 | — | — | 14,651 | 4,309 | 60,936 | 38,981 |
| Notes Payable | — | — | — | — | — | — | — | 53 |
| Revenue Bonds Payable | 125,575 | — | 6,515 | — | — | 7,856 | 139,946 | — |
| Total Current Liabilities | <u>136,556</u> | <u>63,037</u> | <u>9,027</u> | <u>0</u> | <u>15,106</u> | <u>79,562</u> | <u>303,288</u> | <u>88,010</u> |
| Noncurrent Liabilities: | | | | | | | | |
| Unearned Revenue | — | — | — | — | — | — | — | 418 |
| Accrued Liabilities | 1,142 | — | — | — | — | — | 1,142 | — |
| Interfund Loans Payable | — | — | — | — | — | — | — | 6,272 |
| Policy Claims and Uninsured Liabilities | — | — | — | — | 173,841 | 23,087 | 196,928 | 48,336 |
| Notes Payable | — | — | — | — | — | — | — | 81 |
| Revenue Bonds Payable | 805,761 | — | 6,830 | — | — | 75,753 | 888,344 | — |
| Net Pension Liability | — | — | — | — | — | 5,447 | 5,447 | 34,331 |
| Total Noncurrent Liabilities | <u>806,903</u> | <u>0</u> | <u>6,830</u> | <u>0</u> | <u>173,841</u> | <u>104,287</u> | <u>1,091,861</u> | <u>89,438</u> |
| Total Liabilities | <u>943,459</u> | <u>63,037</u> | <u>15,857</u> | <u>0</u> | <u>188,947</u> | <u>183,849</u> | <u>1,395,149</u> | <u>177,448</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Deferred Amount on Refundings of Bonded Debt | 15,907 | — | — | — | — | — | 15,907 | — |
| Deferred Inflows Relating to Pensions | 676 | — | — | — | — | 7,163 | 7,839 | 39,286 |
| Deferred Inflows Relating to Other Postemployment Benefit | — | — | — | — | — | 874 | 874 | 3,313 |
| Total Deferred Inflows of Resources | <u>16,583</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>8,037</u> | <u>24,620</u> | <u>42,599</u> |
| NET POSITION | | | | | | | | |
| Net Investment in Capital Assets | \$ 6,607 | \$ — | \$ — | \$ — | \$ — | \$ 37,395 | \$ 44,002 | \$ 76,568 |
| Restricted for: | | | | | | | | |
| Unemployment Compensation and Insurance Programs | — | 806,448 | — | — | 37,065 | — | 843,513 | 4,951 |
| Loan Programs | 189,615 | — | 529,376 | — | — | 196,605 | 915,596 | — |
| Debt Service | — | — | 145,825 | — | — | — | 145,825 | — |
| Unrestricted (Deficit) | 172,719 | — | 512,285 | 680,846 | — | 99,776 | 1,465,626 | (16,998) |
| Total Net Position | <u>\$ 368,941</u> | <u>\$ 806,448</u> | <u>\$ 1,187,486</u> | <u>\$ 680,846</u> | <u>\$ 37,065</u> | <u>\$ 333,776</u> | <u>\$ 3,414,562</u> | <u>\$ 64,521</u> |

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

State of Utah

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

For the Fiscal Year Ended June 30, 2021

| | Business-type Activities - Enterprise Funds | | | | | | Governmental Activities | |
|---|---|--------------------------------|----------------------|----------------------------|-----------------------------|---------------------------|-------------------------|------------------------|
| | Student Assistance Programs | Unemployment Compensation Fund | Water Loans Programs | Community Impact Loan Fund | Employers' Reinsurance Fund | Nonmajor Enterprise Funds | Total Proprietary Funds | Internal Service Funds |
| OPERATING REVENUES | | | | | | | | |
| Sales and Charges for Services/Premiums | \$ 12,102 | \$ 214,224 | \$ 1,037 | \$ — | \$ — | \$ 504,570 | \$ 731,933 | \$ 361,994 |
| Fees and Assessments | 492 | 264 | 846 | — | 40 | 11,424 | 13,066 | — |
| Interest on Notes/Mortgages | 47,034 | — | — | — | — | 2,968 | 50,002 | — |
| Federal Reinsurance and Allowances/ Reimbursements | 5,584 | — | — | — | — | — | 5,584 | — |
| Miscellaneous | 2,660 | — | 44 | — | — | 1,503 | 4,207 | 289 |
| Total Operating Revenues | <u>67,872</u> | <u>214,488</u> | <u>1,927</u> | <u>0</u> | <u>40</u> | <u>520,465</u> | <u>804,792</u> | <u>362,283</u> |
| OPERATING EXPENSES | | | | | | | | |
| Administration | 4,260 | — | — | — | 184 | 39,423 | 43,867 | 146,369 |
| Purchases, Materials, and Services for Resale | — | — | — | — | 3 | 297,037 | 297,040 | 86,927 |
| Grants | — | — | 12,224 | — | — | 2,676 | 14,900 | — |
| Rentals and Leases | — | — | 16 | — | — | 1,800 | 1,816 | 7,540 |
| Maintenance | — | — | — | — | — | 5,469 | 5,469 | 18,750 |
| Interest | 7,486 | — | — | — | — | — | 7,486 | — |
| Depreciation/Amortization | 1,626 | — | 26 | — | — | 3,823 | 5,475 | 15,793 |
| Student Loan Servicing and Related Expenses | 57,637 | — | — | — | — | — | 57,637 | — |
| Payment to Lenders for Guaranteed Claims | 5,591 | — | — | — | — | — | 5,591 | — |
| Benefit Claims and Unemployment Compensation | — | 1,115,481 | — | — | 13,752 | 3,512 | 1,132,745 | 20,784 |
| Supplies and Other Miscellaneous | 768 | — | 2,882 | 74 | 794 | 34,411 | 38,929 | 48,666 |
| Total Operating Expenses | <u>77,368</u> | <u>1,115,481</u> | <u>15,148</u> | <u>74</u> | <u>14,733</u> | <u>388,151</u> | <u>1,610,955</u> | <u>344,829</u> |
| Operating Income (Loss) | <u>(9,496)</u> | <u>(900,993)</u> | <u>(13,221)</u> | <u>(74)</u> | <u>(14,693)</u> | <u>132,314</u> | <u>(806,163)</u> | <u>17,454</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | | |
| Investment Income | 858 | 18,080 | 12,454 | 7,795 | 9,728 | 1,866 | 50,781 | 511 |
| Federal Contracts and Grants | — | 744,283 | 25,829 | 2,902 | — | 5,247 | 778,261 | — |
| Disposal of Capital Assets | — | — | — | — | — | (8) | (8) | 1,357 |
| Tax Revenues | — | — | 41,977 | — | 6,425 | 525 | 48,927 | — |
| Interest Expense | — | — | (315) | — | — | (3,138) | (3,453) | (9) |
| Refunds Paid to Federal Government | — | — | — | — | — | — | — | (100) |
| Other Revenues (Expenses) | (550) | — | — | — | — | — | (550) | (787) |
| Total Nonoperating Revenues (Expenses) | <u>308</u> | <u>762,363</u> | <u>79,945</u> | <u>10,697</u> | <u>16,153</u> | <u>4,492</u> | <u>873,958</u> | <u>972</u> |
| Income (Loss) before Capital Contributions and Transfers | <u>(9,188)</u> | <u>(138,630)</u> | <u>66,724</u> | <u>10,623</u> | <u>1,460</u> | <u>136,806</u> | <u>67,795</u> | <u>18,426</u> |
| Capital Contributions | — | — | — | — | — | — | — | 1,742 |
| Transfers In | — | — | 3,247 | — | — | 10,244 | 13,491 | 2,692 |
| Transfers Out | — | (9,734) | (6,027) | (21,481) | (84) | (127,841) | (165,167) | (286) |
| Change in Net Position | <u>(9,188)</u> | <u>(148,364)</u> | <u>63,944</u> | <u>(10,858)</u> | <u>1,376</u> | <u>19,209</u> | <u>(83,881)</u> | <u>22,574</u> |
| Net Position – Beginning | 378,129 | 954,812 | 1,123,542 | 691,704 | 35,689 | 314,567 | 3,498,443 | 44,650 |
| Adjustment to Beginning Net Position | — | — | — | — | — | — | — | (2,703) |
| Net Position – Beginning as Adjusted | <u>378,129</u> | <u>954,812</u> | <u>1,123,542</u> | <u>691,704</u> | <u>35,689</u> | <u>314,567</u> | <u>3,498,443</u> | <u>41,947</u> |
| Net Position – Ending | <u>\$ 368,941</u> | <u>\$ 806,448</u> | <u>\$ 1,187,486</u> | <u>\$ 680,846</u> | <u>\$ 37,065</u> | <u>\$ 333,776</u> | <u>\$ 3,414,562</u> | <u>\$ 64,521</u> |

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

State of Utah

Statement of Cash Flows

Proprietary Funds

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

| | Business-type Activities – Enterprise Funds | | | | | | | Governmental Activities |
|---|---|--------------------------------|-----------------|----------------------------|-----------------------------|---------------------------|-------------------------|-------------------------|
| | Student Assistance Programs | Unemployment Compensation Fund | Water Loan Fund | Community Impact Loan Fund | Employers' Reinsurance Fund | Nonmajor Enterprise Funds | Total Proprietary Funds | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | |
| Receipts from Customers/Loan Interest/Fees/Premiums | \$ 43,797 | \$ 184,476 | \$ 1,940 | \$ — | \$ 4,540 | \$ 549,559 | \$ 784,312 | \$ 54,926 |
| Receipts from Loan Maturities | 159,797 | — | — | — | — | 12,573 | 172,370 | — |
| Receipts (Payments) Federal Reinsurance and Allowances/Reimbursements | (20,608) | — | — | — | — | — | (20,608) | — |
| Receipts from State Departments and Component Unit Customers | — | — | — | — | — | 24,965 | 24,965 | 543,013 |
| Payments to Suppliers/Claims/Grants | (11,996) | (1,172,260) | (12,697) | — | (15,425) | (326,387) | (1,538,765) | (385,512) |
| Disbursements for Loans Receivable | (9,894) | — | — | — | — | (18,279) | (28,173) | — |
| Payments on Loan Guarantees | (5,941) | — | — | — | — | — | (5,941) | — |
| Payments for Employee Services and Benefits | (21,945) | — | — | — | (188) | (38,884) | (61,017) | (160,240) |
| Payments to State Suppliers and Grants | — | — | (2,127) | (74) | (454) | (12,697) | (15,352) | (26,910) |
| Payments of Sales Tax and School Lunch Collections | — | — | — | — | — | (56,276) | (56,276) | — |
| Net Cash Provided (Used) by Operating Activities | 133,210 | (987,784) | (12,884) | (74) | (11,527) | 134,574 | (744,485) | 25,277 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | | |
| Borrowings Under Interfund Loans | — | — | — | — | — | 35,182 | 35,182 | 367 |
| Repayments Under Interfund Loans | — | — | — | — | — | (36,787) | (36,787) | (17) |
| Receipts from Bonds, Notes, and Deposits | 440,402 | — | 10 | — | — | — | 440,412 | — |
| Payments of Bonds, Notes, Deposits, and Refunds | (434,866) | — | (6,220) | — | — | — | (441,086) | (49) |
| Payments to Escrow Agent | (149,958) | — | — | — | — | — | (149,958) | — |
| Interest Paid on Bonds, Notes, and Financing Costs | (13,781) | — | (764) | — | — | — | (14,545) | (8) |
| Federal Contracts and Grants and Other Revenues | — | 817,860 | 25,829 | 2,901 | — | 5,359 | 851,949 | — |
| Restricted Sales Tax | — | — | 41,508 | — | 6,425 | 525 | 48,458 | — |
| Transfers In from Other Funds | — | — | 3,247 | — | — | 10,244 | 13,491 | 79 |
| Transfers Out to Other Funds | — | (9,734) | (6,027) | (21,481) | (84) | (127,841) | (165,167) | (286) |
| Net Cash Provided (Used) by Noncapital Financing Activities | (158,203) | 808,126 | 57,583 | (18,580) | 6,341 | (113,318) | 581,949 | 86 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | | |
| Borrowings Under Interfund Loans | — | — | — | — | — | — | — | 11,840 |
| Repayments Under Interfund Loans | — | — | — | — | — | — | — | (16,555) |
| Proceeds from Bond and Note Debt Issuance | — | — | — | — | — | 299 | 299 | — |
| Proceeds from Disposition of Capital Assets | — | — | — | — | — | — | — | 4,342 |
| Federal Grants and Other Revenues | — | — | — | — | — | — | — | 1,742 |
| Principal Paid on Debt and Contract Maturities | — | — | — | — | — | (7,266) | (7,266) | (86) |
| Acquisition and Construction of Capital Assets | (225) | — | (2,562) | — | — | (96) | (2,883) | (13,528) |
| Interest Paid on Bonds, Notes, and Capital Leases | — | — | — | — | — | (2,724) | (2,724) | — |
| Transfers In from Other Funds | — | — | — | — | — | — | — | 2,613 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | (225) | 0 | (2,562) | 0 | 0 | (9,787) | (12,574) | (9,632) |

Continues

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, 2021

| | Business-type Activities – Enterprise Funds | | | | | | | Governmental Activities |
|--|---|--------------------------------|-----------------|----------------------------|-----------------------------|---------------------------|-------------------------|-------------------------|
| | Student Assistance Programs | Unemployment Compensation Fund | Water Loan Fund | Community Impact Loan Fund | Employers' Reinsurance Fund | Nonmajor Enterprise Funds | Total Proprietary Funds | Internal Service Funds |
| <i>Continued</i> | | | | | | | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Proceeds from the Sale and Maturity of Investments | \$ 1,087,697 | \$ — | \$ — | \$ — | \$ — | \$ (7) | \$ 1,087,690 | \$ — |
| Receipts of Interest and Dividends | 735 | 18,080 | 12,446 | 7,796 | 9,728 | 445 | 49,230 | 512 |
| Receipts from Loan Maturities | — | — | 103,090 | 42,528 | — | 5,493 | 151,111 | — |
| Receipts of Interest from Loans | — | — | 506 | (468) | — | 1,997 | 2,035 | — |
| Payments to Purchase Investments | (1,044,978) | — | — | — | (20,629) | — | (1,065,607) | — |
| Disbursements for Loans Receivable | — | — | (124,149) | (32,186) | — | (7,613) | (163,948) | — |
| Net Cash Provided (Used) by Investing Activities | 43,454 | 18,080 | (8,107) | 17,670 | (10,901) | 315 | 60,511 | 512 |
| Net Cash Provided (Used) – All Activities | 18,236 | (161,578) | 34,030 | (984) | (16,087) | 11,784 | (114,599) | 16,243 |
| Cash and Cash Equivalents – Beginning | 123,484 | 915,955 | 343,911 | 224,951 | 78,003 | 99,619 | 1,785,923 | 101,875 |
| Cash and Cash Equivalents – Ending | \$ 141,720 | \$ 754,377 | \$ 377,941 | \$ 223,967 | \$ 61,916 | \$ 111,403 | \$ 1,671,324 | \$ 118,118 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | | | | |
| Operating Income (Loss) | \$ (9,496) | \$ (900,993) | \$ (13,221) | \$ (74) | \$ (14,693) | \$ 132,314 | \$ (806,163) | \$ 17,454 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | | | | |
| Depreciation/Amortization Expense | 1,626 | — | 26 | — | — | 3,823 | 5,475 | 15,793 |
| Interest Expense for Noncapital and Capital Financing | 4,085 | — | — | — | — | — | 4,085 | — |
| Pension and OPEB Expense Accruals | (384) | — | — | — | — | (2,907) | (3,291) | (14,217) |
| Miscellaneous Gains, Losses, and Other Items | 6,783 | — | — | — | — | — | 6,783 | (887) |
| Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources: | | | | | | | | |
| Accounts Receivable/Due From Other Funds | 298 | (37,548) | 13 | — | 2,106 | (2,298) | (37,429) | (11,506) |
| Notes/Accrued Interest Receivables | 132,009 | — | — | — | 2,394 | (6,183) | 128,220 | — |
| Inventories | — | — | — | — | — | 7,505 | 7,505 | (1,235) |
| Prepaid Items/Deferred Charges | 321 | — | — | — | — | (2,162) | (1,841) | 73 |
| Accrued Liabilities/Due to Other Funds | (2,032) | (11,430) | 298 | — | 9 | 2,702 | (10,453) | 5,901 |
| Unearned Revenue/Deposits | — | — | — | — | — | 328 | 328 | 206 |
| Policy Claims Liabilities | — | (37,813) | — | — | (1,343) | 1,452 | (37,704) | 13,695 |
| Net Cash Provided (Used) by Operating Activities | \$ 133,210 | \$ (987,784) | \$ (12,884) | \$ (74) | \$ (11,527) | \$ 134,574 | \$ (744,485) | \$ 25,277 |
| SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES | | | | | | | | |
| Increase (Decrease) in Fair Value of Investments | \$ — | \$ — | \$ (399) | \$ (56) | \$ 1,986 | \$ — | \$ 1,531 | \$ 86 |
| Total Noncash Investing, Capital, and Financing Activities | \$ 0 | \$ 0 | \$ (399) | \$ (56) | \$ 1,986 | \$ 0 | \$ 1,531 | \$ 86 |

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



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.

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.

Custodial Funds

Custodial 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, 2021

| | Pension and Other Employee Benefit Trust Funds | Private Purpose Trust Funds | Custodial Funds |
|---|---|--|----------------------------|
| ASSETS | | | |
| Cash and Cash Equivalents | \$ 2,761,436 | \$ 1,827 | \$ 1,541,495 |
| Receivables: | | | |
| Accounts | 243 | — | 21,393 |
| Contributions | 63,514 | — | — |
| Investments | 504,159 | — | — |
| Loans | — | 36 | — |
| Due From Other Funds | — | 549 | 783 |
| Investments: | | | |
| Debt Securities | 8,163,550 | 4,044,440 | 11,910,820 |
| Equity Investments | 20,690,813 | 16,223,870 | — |
| Absolute Return | 5,920,978 | — | — |
| Private Equity | 4,535,107 | — | — |
| Real Assets | 5,496,112 | — | — |
| Invested Securities Lending Collateral | 1,142,783 | — | — |
| Total Investments | <u>45,949,343</u> | <u>20,268,310</u> | <u>11,910,820</u> |
| Other Assets | — | 169 | 54,973 |
| Net Pension Asset | — | 376 | — |
| Capital Assets: | | | |
| Land | 1,780 | 687 | — |
| Infrastructure | — | 236 | — |
| Buildings and Improvements | 20,870 | 10,715 | — |
| Machinery and Equipment | 5,093 | 2,770 | — |
| Intangible Assets | 14,810 | 11 | — |
| Less Accumulated Depreciation | (30,960) | (7,616) | — |
| Total Capital Assets | <u>11,593</u> | <u>6,803</u> | <u>0</u> |
| Total Assets | <u>49,290,288</u> | <u>20,278,070</u> | <u>13,529,464</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows Relating to Pensions | <u>0</u> | <u>257</u> | <u>0</u> |
| LIABILITIES | | | |
| Accounts Payable | 626,806 | 1,684 | 1,752 |
| Securities Lending Liability | 1,142,783 | — | — |
| Disbursements in Excess of Cash Balance | 154,486 | — | — |
| Due To Other Funds | — | 173 | 1 |
| Due To Other Governments | — | — | 209,694 |
| Unearned Revenue | — | — | 386 |
| Leave/Postemployment Benefits | 23,450 | — | — |
| Policy Claims Liabilities/Insurance Reserves | 5,000 | — | — |
| Real Estate Liabilities | 120,000 | — | — |
| Total Liabilities | <u>2,072,525</u> | <u>1,857</u> | <u>211,833</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows Relating to Pensions | <u>0</u> | <u>551</u> | <u>0</u> |
| NET POSITION | | | |
| Restricted for: | | | |
| Pension Benefits | 38,996,379 | — | — |
| Other Postemployment Benefits | 319,819 | — | — |
| Other Employee Benefits | 83,581 | — | — |
| Defined Contribution | 7,817,984 | — | — |
| Pool Participants | — | — | 13,085,908 |
| Individuals, Organizations, and Other Governments | — | 20,275,919 | 231,723 |
| Total Net Position | <u>\$ 47,217,763</u> | <u>\$ 20,275,919</u> | <u>\$ 13,317,631</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, 2021

| | Pension and Other Employee Benefit Trust Funds | Private Purpose Trust Funds | Custodial Funds |
|--|---|--|----------------------------|
| ADDITIONS | | | |
| Contributions: | | | |
| Member | \$ 485,947 | \$ 1,572,124 | \$ 27,729 |
| Employer | 1,315,345 | — | — |
| Court Fees and Fire Insurance Premiums | 21,689 | — | — |
| Total Contributions | <u>1,822,981</u> | <u>1,572,124</u> | <u>27,729</u> |
| Pool Participant Deposits | — | — | 13,615,438 |
| Investment Income: | | | |
| Net Increase (Decrease) in Fair Value of Investments | 4,866,189 | 3,676,040 | 17,089 |
| Interest, Dividends, and Other Investment Income | 630,583 | 303,414 | 61,767 |
| Total Income From Investment Activity | <u>5,496,772</u> | <u>3,979,454</u> | <u>78,856</u> |
| Less Investment Expenses | (83,204) | — | (629) |
| Net Income from Investment Activity | <u>5,413,568</u> | <u>3,979,454</u> | <u>78,227</u> |
| Income from Security Lending Activity | 5,722 | — | — |
| Less Security Lending Expenses | (715) | — | — |
| Net Income from Security Lending Activity | <u>5,007</u> | <u>—</u> | <u>—</u> |
| Net Investment Income | <u>5,418,575</u> | <u>3,979,454</u> | <u>78,227</u> |
| Transfers From Affiliated Systems | 16,997 | — | — |
| Other Additions: | | | |
| Escheats | — | — | 70,765 |
| Royalties and Rents | — | 2,201 | — |
| Fees, Assessments, and Revenues | — | 641 | 41,235 |
| Collections for Individuals and Other Organizations | — | — | 252,204 |
| Tax and Fee Collections for Other Governments | — | — | 2,219,433 |
| Federal Grants | — | — | 136,254 |
| Miscellaneous | — | 11 | — |
| Total Other | <u>0</u> | <u>2,853</u> | <u>2,719,891</u> |
| Total Additions | <u>7,258,553</u> | <u>5,554,431</u> | <u>16,441,285</u> |
| DEDUCTIONS | | | |
| Pension Benefits | 1,875,007 | — | — |
| Retiree Healthcare Benefits | 31,980 | — | — |
| Member Distributions | — | — | 25,263 |
| Refunds/Plan Distributions | 386,051 | — | — |
| Earnings Distribution | — | — | 60,471 |
| Pool Participant Withdrawals | — | — | 11,541,833 |
| Transfers To Affiliated Systems | 16,997 | — | — |
| Trust Operating Expenses | — | 2,224 | 664 |
| Distributions and Benefit Payments | — | 789,726 | 33,686 |
| Payment of Taxes and Fees to Other Governments | — | — | 2,219,435 |
| Distributions to Individuals and Other Organizations | — | — | 291,893 |
| Pass Through of Federal Grants | — | — | 136,254 |
| Administrative and General Expenses | 20,764 | 14,680 | 3,490 |
| Total Deductions | <u>2,330,799</u> | <u>806,630</u> | <u>14,312,989</u> |
| Change in Net Position Restricted for: | | | |
| Pension Benefits | 3,797,824 | — | — |
| Other Postemployment Benefits | 7,838 | — | — |
| Other Employee Benefits | 17,166 | — | — |
| Defined Contributions | 1,104,926 | — | — |
| Pool Participants | — | — | 2,090,546 |
| Individuals, Organizations, and Other Governments | — | 4,747,801 | 37,750 |
| Net Position – Beginning | 42,290,009 | 15,528,118 | 11,189,335 |
| Net Position – Ending | <u>\$ 47,217,763</u> | <u>\$ 20,275,919</u> | <u>\$ 13,317,631</u> |

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

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COMPONENT UNIT FINANCIAL STATEMENTS

STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

Photo by Michael Hart

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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](#).

State of Utah

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

| June 30, 2021 | Public Employees Health Program | University of Utah | Utah State University | Utah Transit Authority | Nonmajor Component Units | Total Component Units |
|--|--|-----------------------|--------------------------|------------------------------|--------------------------------|-----------------------------|
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | \$ 148,223 | \$ 1,839,470 | \$ 136,644 | \$ 202,000 | \$ 526,212 | \$ 2,852,549 |
| Investments | 7,600 | 378,542 | 109,299 | 20,062 | 153,289 | 668,792 |
| Receivables: | | | | | | |
| Accounts, net | 43,254 | 710,724 | 115,916 | 106,489 | 94,704 | 1,071,087 |
| Notes/Loans/Mortgages/Pledges, net | — | 14,846 | 2,283 | — | 8,553 | 25,682 |
| Accrued Interest | 17,065 | 5,825 | — | — | 118 | 23,008 |
| Due From Primary Government | — | — | — | 3,620 | 529 | 4,149 |
| Prepaid Items | 26,291 | — | 7,063 | 2,448 | 19,339 | 55,141 |
| Inventories | — | 121,917 | 4,564 | 34,423 | 8,576 | 169,480 |
| Other Assets | — | 60,796 | — | — | 496 | 61,292 |
| Total Current Assets | 242,433 | 3,132,120 | 375,769 | 369,042 | 811,816 | 4,931,180 |
| Noncurrent Assets: | | | | | | |
| Restricted Investments | — | 1,066,642 | 348,469 | 131,144 | 271,959 | 1,818,214 |
| Restricted Receivables, net | — | — | 5,266 | 20,273 | — | 25,539 |
| Accounts Receivables, net | — | — | 16,134 | — | 27,520 | 43,654 |
| Investments | 443,565 | 1,435,623 | 359,666 | — | 471,680 | 2,710,534 |
| Notes/Loans/Mortgages/Pledges Receivables, net | — | 127,470 | 15,213 | — | 48,033 | 190,716 |
| Other Assets | 813 | 77,435 | 18,663 | 9,500 | 47,317 | 153,728 |
| Capital Assets (net of Accumulated Depreciation) | 24 | 3,988,313 | 1,034,799 | 2,883,366 | 2,152,209 | 10,058,711 |
| Total Noncurrent Assets | 444,402 | 6,695,483 | 1,798,210 | 3,044,283 | 3,018,718 | 15,001,096 |
| Total Assets | 686,835 | 9,827,603 | 2,173,979 | 3,413,325 | 3,830,534 | 19,932,276 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred Amount on Refundings of Bonded Debt | — | 6,514 | 7,400 | 118,678 | 1,021 | 133,613 |
| Deferred Outflows Relating to Pensions | 4,629 | 33,380 | 12,285 | 21,967 | 30,996 | 103,257 |
| Deferred Outflows Relating to Other Postemployment Benefits | 155 | 29,746 | — | — | 220 | 30,121 |
| Total Deferred Outflows of Resources | 4,784 | 69,640 | 19,685 | 140,645 | 32,237 | 266,991 |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable and Accrued Liabilities | 51,499 | 442,654 | 77,702 | 39,444 | 60,731 | 672,030 |
| Securities Lending Liability | 34,023 | — | — | — | — | 34,023 |
| Deposits | — | 262,397 | 107 | 1,357 | 4,010 | 267,871 |
| Due To Primary Government | — | 33,283 | 15,638 | 309 | 7,398 | 56,628 |
| Unearned Revenue | 3,074 | 147,686 | 28,877 | 11,268 | 59,556 | 250,461 |
| Current Portion of Long-term Liabilities | 91,192 | 230,783 | 36,340 | 52,121 | 52,566 | 463,002 |
| Total Current Liabilities | 179,788 | 1,116,803 | 158,664 | 104,499 | 184,261 | 1,744,015 |

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

Continues

State of Utah

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

| June 30, 2021 | Public Employees Health Program | University of Utah | Utah State University | Utah Transit Authority | Nonmajor Component Units | Total Component Units |
|---|--|-------------------------------|----------------------------------|---------------------------------------|---|--------------------------------------|
| <i>Continued</i> | | | | | | |
| Noncurrent Liabilities: | | | | | | |
| Accrued Liabilities | \$ 9,509 | \$ — | \$ 2,027 | \$ 2,990 | \$ 8 | \$ 14,534 |
| Unearned Revenue | — | — | — | — | 373 | 373 |
| Deposits | — | 74,153 | 1,729 | — | — | 75,882 |
| Net Pension Liability | 10,718 | 1,755 | 313 | 96,784 | 24,282 | 133,852 |
| Long-term Liabilities | 82,961 | 1,426,698 | 362,576 | 2,410,526 | 485,129 | 4,767,890 |
| Total Noncurrent Liabilities | <u>103,188</u> | <u>1,502,606</u> | <u>366,645</u> | <u>2,510,300</u> | <u>509,792</u> | <u>4,992,531</u> |
| Total Liabilities | <u>282,976</u> | <u>2,619,409</u> | <u>525,309</u> | <u>2,614,799</u> | <u>694,053</u> | <u>6,736,546</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred Revenue | — | — | 257 | — | — | 257 |
| Deferred Inflows Relating to Beneficial Interests | — | — | 5,675 | — | 14,256 | 19,931 |
| Deferred Amount on Refundings of Bonded Debt | — | 6,108 | — | — | 318 | 6,426 |
| Deferred Inflows Relating to Pensions | 3,677 | 79,209 | 26,606 | 21,967 | 61,009 | 192,468 |
| Deferred Inflows Relating to Other Postemployment Benefits | 567 | — | — | — | 647 | 1,214 |
| Total Deferred Inflows of Resources | <u>4,244</u> | <u>85,317</u> | <u>32,538</u> | <u>21,967</u> | <u>76,230</u> | <u>220,296</u> |
| NET POSITION | | | | | | |
| Net Investment in Capital Assets | 24 | 2,802,229 | 762,465 | 648,605 | 1,843,398 | 6,056,721 |
| Restricted for: | | | | | | |
| Nonexpendable: | | | | | | |
| Higher Education | — | 820,051 | 167,630 | — | 267,700 | 1,255,381 |
| Expendable: | | | | | | |
| Higher Education | — | 767,272 | 333,448 | — | 243,529 | 1,344,249 |
| Insurance Plan | 404,375 | 53,642 | — | — | — | 458,017 |
| Transit Services | — | — | — | 40,517 | — | 40,517 |
| Other | — | — | — | — | 85,659 | 85,659 |
| Unrestricted | — | 2,749,323 | 372,274 | 228,082 | 652,202 | 4,001,881 |
| Total Net Position | <u>\$ 404,399</u> | <u>\$ 7,192,517</u> | <u>\$ 1,635,817</u> | <u>\$ 917,204</u> | <u>\$ 3,092,488</u> | <u>\$13,242,425</u> |

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

State of Utah

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

For the Fiscal Year Ended June 30, 2021

| | Public Employees Health Program | University of Utah | Utah State University | Utah Transit Authority | Nonmajor Component Units | Total Component Units |
|---|--|-------------------------------|----------------------------------|---------------------------------------|---|--------------------------------------|
| Expenses | \$ 881,612 | \$ 5,966,089 | \$ 877,044 | \$ 559,372 | \$ 1,507,729 | \$ 9,791,846 |
| Program Revenues: | | | | | | |
| Charges for Services: | | | | | | |
| Tuition and Fees | — | 478,424 | 243,273 | — | 623,249 | 1,344,946 |
| Scholarship Allowances | — | (102,129) | (91,831) | — | (194,762) | (388,722) |
| Sales, Services, and Other Revenues (net of University of Utah patient services allowance of \$101,977) | 871,935 | 4,740,455 | 82,597 | 399,997 | 124,364 | 6,219,348 |
| Operating Grants and Contributions | 52,055 | 1,111,822 | 541,810 | 160,258 | 535,481 | 2,401,426 |
| Capital Grants and Contributions | — | 115,928 | 20,252 | 24,289 | 147,519 | 307,988 |
| Total Program Revenues | <u>923,990</u> | <u>6,344,500</u> | <u>796,101</u> | <u>584,544</u> | <u>1,235,851</u> | <u>9,884,986</u> |
| Net (Expenses) Revenues | <u>42,378</u> | <u>378,411</u> | <u>(80,943)</u> | <u>25,172</u> | <u>(271,878)</u> | <u>93,140</u> |
| General Revenues: | | | | | | |
| State Appropriations | — | 376,635 | 258,375 | — | 663,499 | 1,298,509 |
| Gain (Loss) on Sale of Capital Assets | — | — | — | 928 | 143 | 1,071 |
| Miscellaneous | — | — | — | 18,336 | 11,346 | 29,682 |
| Permanent Endowments Contributions | — | 51,758 | 9,892 | — | 6,068 | 67,718 |
| Total General Revenues and Contributions .. | <u>0</u> | <u>428,393</u> | <u>268,267</u> | <u>19,264</u> | <u>681,056</u> | <u>1,396,980</u> |
| Change in Net Position | <u>42,378</u> | <u>806,804</u> | <u>187,324</u> | <u>44,436</u> | <u>409,178</u> | <u>1,490,120</u> |
| Net Position – Beginning | 362,021 | 6,431,837 | 1,448,493 | 872,768 | 2,683,040 | 11,798,159 |
| Adjustment to Beginning Net Position | — | (46,124) | — | — | 270 | (45,854) |
| Net Position – Beginning as Adjusted | <u>362,021</u> | <u>6,385,713</u> | <u>1,448,493</u> | <u>872,768</u> | <u>2,683,310</u> | <u>11,752,305</u> |
| Net Position – Ending | <u>\$ 404,399</u> | <u>\$ 7,192,517</u> | <u>\$ 1,635,817</u> | <u>\$ 917,204</u> | <u>\$ 3,092,488</u> | <u>\$ 13,242,425</u> |

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

STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Dana Johnson

Mule Deer bucks cast silhouette at Black Mesa in Southeastern Utah.

For the Fiscal Year Ended June 30, 2021

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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 component units are legally separate organizations for which the State's elected officials are financially accountable.

Generally, the State as the primary government is financially accountable if it appoints a voting majority of the organization's board and it can either (1) impose its will on the organization, or (2) there is a financial benefit or burden relationship. If the primary government does not control the board, it may be financially accountable if the organization is fiscally dependent on the State.

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

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

Blended Component Units

Blended component units are legally separate but either exist solely to provide services (usually financing) exclusively to the State or their debt is expected to be paid using primary government resources. Because of this close relationship, they are blended with and reported as though they are a part of the primary government.

Utah State Building Ownership Authority (blended with the primary government's debt service and capital projects funds) 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 organizations that are legally separate and do not exist to provide services exclusively to the primary government. Financial information for discretely

presented component units is segregated on the financial statements and the notes to emphasize that they are legally separate from the State.

Except for the Utah Schools for the Deaf and the Blind (USDB), the discretely presented component units have boards that are controlled by the primary government through the appointment of a majority of the board members. The State has been determined to be financially accountable for each organization because it can impose its will on each organization. The USDB is included in the reporting entity because it is fiscally dependent on the State.

The State also has fiscal accountability through the ability to approve and modify the budgets of the colleges and universities, the Utah Communications Authority, the Public Employees Health Program, the Utah State Fair Corporation, USDB, the Utah Inland Port Authority and the Point of the Mountain Authority.

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 – This Authority is an independent, nonprofit corporation whose purpose is to provide a public mass transportation system for Utah communities along the Wasatch Front and for 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, Bridgerland Technical College, Davis Technical College, Dixie Technical College, Mountainland Technical College, Ogden-Weber Technical College, Southwest Technical College, Tooele Technical College; and Uintah Basin Technical College. These colleges and universities are funded primarily through state appropriations, tuition, federal grants, and private donations and grants.

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 benefits for the State. The Authority does not issue separate financial statements.

Point of the Mountain Development Authority – This Authority was created by the Utah Legislature during the 2018 General Session to facilitate the disposition of land, nearly 700 acres, where the Utah State Prison now stands and to oversee the process of developing the current site once the prison has been relocated. The Authority is an independent, nonprofit corporation. Operations are funded through state appropriations. 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 Higher Education 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 activities being taxed occur. 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 issues 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 environmental activities, crime victim reparations, debt collections, rural development programs and Medicaid expansion funding. 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.

- **Employers' Reinsurance Fund.** 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.

Nonmajor Enterprise Funds – The State's nonmajor enterprise funds include loan programs for low-income housing, agricultural and energy efficiency programs, and local governments. Nonmajor enterprise funds also include the state liquor stores (Alcoholic Beverage Control), the Utah Correctional Industries, State Trust Lands Administration, the Utah Dairy Commission, the Petroleum Storage Tank program, 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 or custodial capacity for others that cannot be used to support the State's own programs. 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:

- **Funds 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.
- **Private Purpose Trust Funds.** These funds report resources held in a trust or trust arrangement that are required to be used for specific purposes for the benefit of individuals or other organizations. Examples include the Utah Navajo Trust Fund and the Utah Educational Savings Plan Trust.
- **Custodial Funds.** These funds are assets held by the State as a custodial agent for the benefit of individuals, organizations, or other governments that are not part of the State's reporting entity. They also include the external investment pool which is used account for the investments related to external participants in the Utah State Public Treasurers' Investment Fund; the Unclaimed Property fund; and funds related to fines, forfeitures, tax collections, and restitution payments collected on behalf of others.

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 for the following entities which have fiscal years ending December 31:

- The defined benefit pension plans and defined contribution plans (fiduciary funds) administered by Utah Retirement Systems.
- The Public Employees Health Program (major discrete component unit).
- The Utah Transit Authority (major discrete component unit).
- The Utah State Fair Corporation (nonmajor discrete component unit).
- The Utah Dairy Commission (nonmajor enterprise fund).
- The Heber Valley Historic Railroad Authority (nonmajor discrete component unit).
- The University of Utah Health Insurance Plans and Community Nursing Services (blended component units of the University of Utah, a major discrete component unit).

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 United State Securities and Exchange Commission (SEC). The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

Utah Retirement Systems (URS) (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.

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 Colleges 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 inventory, General Fund personal protective equipment inventory, and Transportation Fund road material inventories which are recorded as expenditures when consumed. General Fund state park merchandise inventories held for resale are valued at lower of cost or market. General Fund personal protective equipment inventory and Transportation Fund inventories used in road construction are valued using average cost and a weighted average cost, respectively.

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 pale-ontological 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. Some State of Utah bonds may be exempt from the rebate requirements if they meet certain statutory exceptions per the regulations.

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 18](#) 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 (URS) Pension Plan 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 discrete 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 and personal protective equipment (PPE). Commodity revenues and expenditures are valued at their federally reported value. PPE revenue and expenditures are valued at acquisition value at the time the items were received. Commodity and federal grant PPE inventories at yearend are immaterial. For the fiscal year ended June 30, 2021, the State reported revenues and expenditures of \$33.932 million and \$22.576 million for commodities and PPE, respectively, in the General Fund, and \$27.818 million for commodities in the Education Fund (special revenue fund).

Investment Income

Investment income includes interest, dividends, realized gains 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 in the General Fund is transferred into the State Endowment Fund to increase the principal in the fund as required by state law. The State Endowment Fund generated \$5.721 million of interest and dividend income, of which \$3.590 million was reported in the General Fund and \$2.131 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

During the fiscal year ended June 30, 2021, the State adopted the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement No. 84, *Fiduciary Activities* (GASB 84), narrows the definition of a fiduciary fund and clarifies how these funds should be treated in the financial statements. This guidance is intended to enhance the accountability, consistency and comparability of fiduciary activities reported by governments. GASB 84 introduced "custodial funds" as a new fiduciary fund category, largely replacing "agency funds", although the criteria is slightly different. Custodial funds are reported on a statement of fiduciary net position and a statement of changes in fiduciary net position consistent with how fiduciary funds were reported prior to GASB 84, but significantly different from how agency funds were previously reported. With the implementation of GASB 84, several funds previously considered fiduciary in nature were reclassified as governmental or proprietary funds due to the nature of the fund's resources or the administrative involvement of the State. Other fiduciary funds formally reported as private-purpose trusts were reclassified as custodial funds since the funds are not held in a formal trust or trust arrangement as defined by GASB. These changes resulted in the following restatements of beginning net position:

- The previously reported Miscellaneous Restricted Trust fund's (private purpose trust fund) net position decreased \$10.229 million, leaving one remaining Trust fund, the Local Public Safety and Firefighter Surviving Spouse Trust.
- The Miscellaneous Special Revenue fund's (nonmajor special revenue fund) fund balance increased \$1.146 million.
- The General Fund's fund balance increased \$367 thousand.

- The Trust Lands fund's (permanent fund) fund balance increased \$2.000 million.

The previously reported Employers' Reinsurance Trust fund and the Petroleum Storage Tank Trust fund were both reclassified as enterprise funds. This increased the net position of business-type activities on the entity-wide Statement of Net Position by \$30.824 million.

The beginning net position of the the University of Utah (major discrete component unit) increased by \$400 thousand due to the implementation of GASB 84. Salt Lake Community College and Dixie State University (nonmajor discrete component units) recognized an increase of \$438 thousand and a decrease of \$168 thousand, respectively.

The Utah Transit Authority (major discrete component unit) separated the Joint Insurance Trust as a blended component unit to a stand-alone fiduciary fund as a result of GASB 84.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*, (GASB 90). GASB 90 defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of this statement had no significant effect in the financial statements.

GASB Statement No. 93, *Replacement of Interbank Offered Rates* (GASB 93). The objective of GASB 93 is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate. All paragraphs were implemented except for 11b, 13 and 14. Implementation of these paragraphs is planned for State fiscal year 2022. This statement had no impact on the financial statements. The implementation of this statement had no significant effect in the financial statements.

GASB Statement No. 98, *The Annual Comprehensive Financial Report* (GASB 98), was early implemented for the State's 2021 basic financial statements. This statement updates the term "comprehensive annual financial report" or "CAFR" to "annual comprehensive financial report" or "ACFR".

Other Adjustments and Changes

During fiscal year 2021, an error was noted in the previous calculation methodology for the Office of Recovery Services accounts receivable allowance for doubtful accounts. This error resulted in an overstatement of accounts receivable and amounts due to other governments of \$47.715 million and \$29.933 million, respectively, for a net decrease of \$17.782 million to beginning net position in the government-wide statements. This did not affect the fund statements since all revenue related to this receivable is considered unavailable.

During fiscal year 2021, management of the Office of the Attorney General reclassified a portion of services and employees to the Attorney General Legal Services Fund, an Internal Service Fund. As a result, the Attorney General Legal Services 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 \$2.703 million.

During calendar year 2020, the Utah Transit Authority (major discrete component unit) evaluated its capital assets and the associated accumulated depreciation of those assets which resulted in changes to the useful lives of revenue vehicles. The new useful lives reflect the changing understanding of how long a transit asset is lasting after a decade of running serves in the north Utah environment. This change in accounting estimate resulted in a decrease in current year depreciation of approximately \$7 million.

Beginning fiscal year 2021, claims liability for the colleges and universities (discrete component units) was reclassified from accrued liabilities or deposits (as applicable) to long-term liabilities. This is reflected in the Statement of Net Position for Component Units and Note 10. A., *Changes in Long-term Debt and other Long-term Liabilities*. Beginning balances of \$123.056 million were reclassified.

During fiscal year 2021, the state reevaluated and updated the policy for accounting for transactions between the Division of Facilities and Construction Management (DFCM) and discrete component units for construction projects performed by DFCM (primary government) but funded by the discrete component units. These transactions were previously incorrectly considered a reimbursement of expenditure and eliminated for ACFR presentation. The state recognized revenue and expenditures of \$269.739 million for fiscal year 2021 related this this change, with no affect on fund balance.

The University of Utah (major discrete component unit) reevaluated how prior year gifts were recognized which resulted in a decrease to beginning net position of \$46.500 million.

The Heber Valley Historic Railroad Authority (nonmajor discrete component unit) changed reporting years from June 30 to December 31. The financial statements include 18 months of operations from July 1, 2019 to December 31, 2020.

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits and investments for the primary government and its discrete component units are governed by the State's Money Management Act (MMA) (Title 51, Chapter 7 of the *Utah Code*) and rules of the State Money Management Council. However, the MMA 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 (major enterprise fund), 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 MMA 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 MMA requires that deposits be in a qualified depository. It also 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 MMA 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, 2021, including those of Utah Retirement Systems (URS) (pension trust and defined contribution plans) and Trust Lands (permanent fund), were \$2.662 billion. These deposits are exposed to custodial credit risk as follows:

- \$450.738 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for \$2.173 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 MMA 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 MMA 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 MMA; 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 (SEC); 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 MMA or Rule 2 of the State Money Management Council.

The Pension Trust Funds (fiduciary funds) administered by Utah Retirement Systems (URS) 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 MMA 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), Utah Navajo Trust (private purpose trust fund), and Employers' Reinsurance Fund (major enterprise fund).

The primary government's investments at June 30, 2021, are presented below except those of the Pension Trust Funds administered by (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 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, 2021, for the primary government, with the exception of URS and Trust Lands:

Primary Government
(except Utah Retirement Systems and Trust Lands)
Investments and Derivative Instruments Measured at Fair Value
At June 30, 2021
(expressed in thousands)

| Investment Type | Fair Value | Fair Value Measurements Using | | |
|--|----------------------|-------------------------------|----------------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| Investments by Fair Value Level | | | | |
| Debt Securities | | | | |
| U.S. Treasuries | \$ 1,749,502 | \$ 1,749,502 | \$ — | \$ — |
| U.S. Agencies | 760 | 760 | — | — |
| Corporate Debt | 19,455,559 | — | 19,455,559 | — |
| Money Market Mutual Funds | 1,814,082 | 1,814,082 | — | — |
| Bond Mutual Funds | 4,446,653 | 4,446,653 | — | — |
| Stable Value Funds | 1,087,751 | 1,087,751 | — | — |
| Total Debt Securities | <u>28,554,307</u> | <u>9,098,748</u> | <u>19,455,559</u> | <u>0</u> |
| Equity Securities | | | | |
| Domestic Equity | 10,244,931 | 10,244,931 | — | — |
| International Equity | 2,986,460 | 2,986,460 | — | — |
| Total Equity Securities | <u>13,231,391</u> | <u>13,231,391</u> | <u>0</u> | <u>0</u> |
| Total Investments by Fair Value Level | <u>41,785,698</u> | <u>\$ 22,330,139</u> | <u>\$ 19,455,559</u> | <u>\$ 0</u> |
| Investments Measured at the Net Asset Value (NAV) | | | | |
| Private Real Estate | 17,723 | | | |
| Total Investments Measured at Fair Value | <u>\$ 41,803,421</u> | | | |

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 approach:

- Corporate Bonds and Notes are valued using quoted prices for identical securities in markets that are not active.

Mutual funds classified in Level 1 are valued at the daily closing price as reported by the fund company.

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 \$8.814 million and \$8.909 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 the properties to core funds when the challenges have been addressed. The fund allows for quarterly redemptions with 90 days' notice subject to the discretion of the general partner based upon the fund's 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

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The following table presents the debt investments and maturities at June 30, 2021, for the primary government, with the exception of URS and Trust Lands.

(Notes continue on next page.)

Primary Government
(except Utah Retirement Systems and Trust Lands)
Debt Investments at Fair Value
At June 30, 2021
(expressed in thousands)

| Investment Type | Fair Value | Investment Maturities (in years) | | | |
|---|--------------|----------------------------------|--------------|--------------|--------------|
| | | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| Debt Securities | | | | | |
| U.S. Treasuries | \$ 1,749,502 | \$ 1,749,502 | \$ — | \$ — | \$ — |
| U.S. Agencies | 760 | — | 760 | — | — |
| Corporate Debt | 19,455,559 | 19,455,559 | — | — | — |
| Money Market Mutual Funds | 1,814,082 | 1,814,082 | — | — | — |
| Bond Mutual Funds | 4,446,652 | — | 60,694 | 4,355,160 | 30,798 |
| Stable Value Funds | 1,087,751 | — | 1,087,751 | — | — |
| Total | 28,554,306 | \$23,019,143 | \$ 1,149,205 | \$ 4,355,160 | \$ 30,798 |
| Discrete Component Units Investment in Primary Government's Investment Pool | (1,409,431) | | | | |
| Total Debt Investments | \$27,144,875 | | | | |

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)** – \$10.019 billion, 55.62 percent, in domestic equity mutual fund securities; \$3.912 billion, 21.72 percent, in bond mutual funds; \$2.935 billion, 16.29 percent, in international equity mutual fund securities; \$1.088 billion, 6.04 percent, in stable value funds; \$53.104 million, 0.29 percent, in mixed mutual fund securities; and \$7.121 million, 0.04 percent, in the Utah Public Treasurers' Investment Fund.
- **Post-Retirement Benefits Trust Funds (fiduciary funds) and Other Employee Benefits Trust Funds (fiduciary funds)** – \$241.094 million, 60.11 percent, in bond mutual funds; \$6.001 million, 1.50 percent, in domestic equity

mutual fund securities; \$5.363 million, 1.34 percent, in international equity mutual fund securities; \$8.909 million, 2.22 percent, in private real estate; and \$139.699 million, 34.83 percent, in the Utah Public Treasurers' Investment Fund.

- **State Endowment Fund (special revenue fund)** – \$123.384 million, 39.90 percent, in bond mutual funds; \$121.088 million, 39.16 percent, in domestic equity mutual fund securities; \$32.894 million, 10.64 percent, in international equity mutual fund securities; \$8.814 million, 2.85 percent, in private real estate; and \$23.017 million, 7.44 percent, in the Utah Public Treasurers' Investment Fund.
- **Student Assistance Programs (major enterprise fund)** – \$25.723 million, 15.46 percent, in domestic equity mutual fund securities; \$139.855 million, 84.08 percent, in the Utah Public Treasurers' Investment Fund; and \$760.297 thousand, 0.47 percent, in the U.S. Government agency securities.
- **Employers' Reinsurance Fund (major enterprise fund)** – \$139.697 million, 63.13 percent, in bond mutual funds; \$12.132 million, 5.48 percent, in domestic equity mutual fund securities; \$7.743 million, 3.50 percent, in international equity mutual fund securities; and \$61.710 million, 27.89 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, 2021, 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, 2021
(expressed in thousands)

| Debt Investments | Fair Value | Quality Ratings | | | | | | |
|---------------------------|--------------|-----------------|-------------|--------------|-------------|------|------|-------------|
| | | AAA | AA | A | BBB | BB | A1* | Not Rated |
| U.S. Agencies | \$ 760 | \$ 760 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Corporate Debt | 19,455,559 | — | 1,234,992 | 14,783,745 | 3,436,822 | — | — | — |
| Money Market Mutual Funds | 1,814,082 | — | — | — | — | — | — | 1,814,082 |
| Bond Mutual Funds | 4,446,653 | — | — | — | — | — | — | 4,446,653 |
| Stable Value Funds | 1,087,751 | — | — | — | — | — | — | 1,087,751 |
| Subtotal | 26,804,805 | \$ 760 | \$1,234,992 | \$14,783,745 | \$3,436,822 | \$ — | \$ — | \$7,348,486 |
| U.S. Treasuries | 1,749,502 | | | | | | | |
| Total Debt Investments | \$28,554,307 | | | | | | | |

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, 2021, 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, 2021, 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) \$2.935 billion, Post-Retirement Benefits Trust Funds (fiduciary funds), and Other Employee Benefits Trust Funds (fiduciary funds) \$5.363 million, State Endowment Fund (special revenue fund) \$32.894 million, Employers' Reinsurance Fund (major enterprise fund) \$7.743 million, Utah Navajo Trust (private purpose trust fund) \$3.969 million, and General Fund \$1.268 million.

(Notes continue on next page.)

B. Primary Government – Utah Retirement Systems**Investments**

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

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments at Fair Value
At December 31, 2020
(expressed in thousands)

| Investment Type | Defined Benefit | Defined Contribution | Total All Systems and Plans |
|---|---------------------|-------------------------|-----------------------------------|
| Short-term Securities Pools | \$ 2,631,822 | \$ — | \$ 2,631,822 |
| Debt Securities | 4,854,381 | 2,463,683 | 7,318,064 |
| Equity Securities | 15,075,522 | 5,010,377 | 20,085,899 |
| Absolute Return | 5,920,978 | — | 5,920,978 |
| Private Equity | 4,535,107 | — | 4,535,107 |
| Real Assets | 5,232,310 | 254,893 | 5,487,203 |
| Investments Held by Broker-dealers under Securities Lending Program: | | | |
| Equity Securities | 593,550 | — | 593,550 |
| Debt Securities | 464,338 | — | 464,338 |
| Total | 39,308,008 | 7,728,953 | 47,036,961 |
| Securities Lending Collateral Pool | 1,142,783 | — | 1,142,783 |
| Total Investments | <u>\$40,450,791</u> | <u>\$ 7,728,953</u> | <u>\$48,179,744</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), as follows:

- 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.

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 investments 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.

The following table shows the fair value leveling of the investments for URS:

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments and Derivative Instruments Measured at Fair Value
At December 31, 2020
(expressed in thousands)

| 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 | 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 | Level 1 | Level 2 | Level 3 | | |
| Investments by Fair Value Level | | | | | | | | |
| Short-term Securities | \$ 1,179,652 | \$ 257,624 | \$ 848,494 | \$ 73,534 | \$ — | \$ — | \$ — | \$ — |
| Debt Securities | | | | | | | | |
| Asset-backed Securities | 177,271 | — | 153,794 | 23,477 | 43,503 | — | 42,688 | 815 |
| Commercial Mortgage-backed | 124,128 | — | 98,587 | 25,541 | 2,774 | — | 1,883 | 891 |
| Corporate Bonds | 1,812,857 | — | 1,812,793 | 64 | 451,810 | — | 437,711 | 14,099 |
| Funds – Other Fixed Income | 86,641 | — | 76,257 | 10,384 | 70,086 | — | 70,086 | — |
| Government Agencies | 52,411 | — | 52,411 | — | 32,654 | — | 32,654 | — |
| Government Bonds | 1,145,152 | — | 1,145,152 | — | 374,002 | — | 374,002 | — |
| Government Mortgage-backed Securities | 730,795 | — | 698,758 | 32,037 | 344,903 | — | 298,825 | 46,078 |
| Index-linked Government Bonds | 1,157,398 | — | 1,157,398 | — | 121,097 | — | 121,097 | — |
| Non-government Backed C.M.O.s | 27,457 | — | 25,976 | 1,481 | 1,724 | — | 1,724 | — |
| Total Debt Securities | 5,314,110 | 0 | 5,221,126 | 92,984 | 1,442,553 | 0 | 1,380,670 | 61,883 |
| Equity Investments | | | | | | | | |
| Consumer Goods | 3,252,510 | 3,252,118 | — | 392 | 567,505 | 567,505 | — | — |
| Energy | 389,109 | 389,093 | — | 16 | 39,545 | 39,545 | — | — |
| Equity Other | 2,893 | 148 | — | 2,745 | 292,635 | 292,635 | — | — |
| Financials | 1,784,569 | 1,784,327 | 60 | 182 | 200,906 | 200,906 | — | — |
| Health Care | 1,743,124 | 1,731,887 | — | 11,237 | 339,848 | 339,848 | — | — |
| Industrials | 1,683,064 | 1,682,590 | — | 474 | 190,369 | 190,369 | — | — |
| Information Technology | 2,913,772 | 2,913,340 | — | 432 | 881,880 | 881,880 | — | — |
| Materials | 639,400 | 639,224 | 6 | 170 | 50,182 | 50,182 | — | — |
| Real Estate Investment Trusts | 450,100 | 450,033 | — | 67 | 63,857 | 63,857 | — | — |
| Telecommunication Services | 1,075,031 | 1,074,582 | — | 449 | 328,098 | 328,098 | — | — |
| Utilities | 326,419 | 324,485 | — | 1,934 | 48,864 | 48,864 | — | — |
| Total Equity Investments | 14,259,991 | 14,241,827 | 66 | 18,098 | 3,003,689 | 3,003,689 | 0 | 0 |
| Real Assets | | | | | | | | |
| Agriculture | 180,712 | — | — | 180,712 | — | — | — | — |
| Real Estate | 1,090,091 | 35 | — | 1,090,056 | — | — | — | — |
| Total Real Assets | 1,270,803 | 35 | 0 | 1,270,768 | 0 | 0 | 0 | 0 |
| Total Investments by Fair Value Level | \$ 22,024,556 | \$14,499,486 | \$ 6,069,686 | \$ 1,455,384 | \$ 4,446,242 | \$ 3,003,689 | \$ 1,380,670 | \$ 61,883 |
| Investments Measured at the Net Asset Value (NAV) | | | | | | | | |
| Short-Term Securities | \$ 1,452,663 | | | | \$ — | | | |
| Equity Investments | | | | | | | | |
| Co-mingled Equity Fund | 1,409,081 | | | | 2,006,688 | | | |
| Total Equity Investments Measured at the NAV | 1,409,081 | | | | 2,006,688 | | | |
| Absolute Return | | | | | | | | |
| Directional | 1,624,843 | | | | — | | | |
| Equity Long/Short | 139,763 | | | | — | | | |
| Event Driven | 1,273,926 | | | | — | | | |
| Opportunistic | 56,784 | | | | — | | | |
| Multistrategy | 577,706 | | | | — | | | |
| Relative Value | 2,010,816 | | | | — | | | |
| Plus | 237,140 | | | | — | | | |
| Total Absolute Return Measured at the NAV | 5,920,978 | | | | 0 | | | |
| Private Equity – Private Equity Partnerships | 4,535,107 | | | | 0 | | | |

Continues

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments and Derivative Instruments Measured at Fair Value
At December 31, 2020
(expressed in thousands)

| 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 | 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 | Level 1 | Level 2 | Level 3 | | |
| <i>Continued</i> | | | | | | | | |
| Real Assets | | | | | | | | |
| Co-mingled Commodities Fund | — | | | | 5 | | | |
| Co-mingled Real Estate Fund | — | | | | 254,888 | | | |
| Agriculture | 153,676 | | | | — | | | |
| Energy | 896,550 | | | | — | | | |
| Minerals | 381,251 | | | | — | | | |
| Partnerships | 9,158 | | | | — | | | |
| Infrastructure | 86,758 | | | | — | | | |
| Real Estate | 2,129,691 | | | | — | | | |
| Royalty | 36,139 | | | | — | | | |
| Timber | 270,381 | | | | — | | | |
| Total Real Assets Measured at the NAV | 3,963,604 | | | | 254,893 | | | |
| Total Investments Measured at the NAV | 17,281,433 | | | | 2,261,581 | | | |
| Total Investments Measured at Fair Value | \$ 39,305,989 | | | | \$ 6,707,823 | | | |
| Synthetic Guaranteed Investments Contracts Measured at Contract Value | \$ 0 | | | | \$ 1,020,676 | | | |
| Investment Derivative Instruments | | | | | | | | |
| Short-term Securities – Options | \$ (493) | \$ (493) | \$ — | \$ — | \$ (17) | \$ (17) | \$ — | \$ — |
| Debt Securities | | | | | | | | |
| Options | (611) | 43 | (654) | — | 17 | 1 | 16 | — |
| Swaptions | (2,011) | — | (1,804) | (207) | 16 | — | 16 | — |
| Swap Liabilities | (29,319) | — | (29,319) | — | (1,408) | — | (1,408) | — |
| Swap Assets | 36,550 | — | 36,550 | — | 1,846 | — | 1,846 | — |
| Total Debt Security Derivative Instruments | 4,609 | 43 | 4,773 | (207) | 471 | 1 | 470 | — |
| Real Assets – Swap Liabilities | (2,097) | — | (2,097) | — | — | — | — | — |
| Total Investment Derivative Instruments | \$ 2,019 | \$ (450) | \$ 2,676 | \$ (207) | \$ 454 | \$ (16) | \$ 470 | \$ 0 |
| Invested Securities Lending Collateral | | | | | | | | |
| Short-Term Securities | \$ 71,037 | \$ — | \$ 730 | \$ 70,307 | \$ — | \$ — | \$ — | \$ — |
| Debt Securities | 118,572 | 30,152 | 26,426 | 61,994 | — | — | — | — |
| Equity Investments | 953,174 | — | — | 953,174 | — | — | — | — |
| Total Invested Securities Lending Collateral | \$ 1,142,783 | \$ 30,152 | \$ 27,156 | \$ 1,085,475 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |

(Notes continue on next page.)

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 measured at NAV.

| Utah Retirement Systems (pension trust and defined contribution plans) | | | | |
|--|----------------------|-----------------------------|--|---------------------------------|
| Investments Measured at the Net Asset Value (NAV) — Defined Benefit | | | | |
| At December 31, 2020 | | | | |
| <i>(expressed in thousands)</i> | | | | |
| Investment Type | Fair Value | Unfunded Commitments | Redemption Frequency (if currently eligible) | Redemption Notice Period |
| Short-term Securities – Beta/Overlays | \$ 1,452,663 | \$ — | Daily | None |
| Equity Investments | | | | |
| Co-mingled Equity fund | 1,409,081 | 8,358 | Daily | None |
| Total Equity Investments | 1,409,081 | 8,358 | | |
| Absolute Return | | | | |
| Directional | 1,624,843 | — | Monthly, quarterly | 30–60 days |
| Equity Long/Short | 139,763 | — | Monthly, quarterly, annually | 30–60 days |
| Event Driven | 1,273,926 | 110,989 | Monthly, quarterly, semi-annually, annually, bi-annually | 45–120 days |
| Multistrategy | 577,706 | — | Monthly, quarterly, semi-annually, annually | 45–90 days |
| Relative Value | 2,010,816 | — | Monthly, quarterly, semi-annually, annually | 30–90 days, N/A |
| Plus | 293,924 | 768,597 | | |
| Total Absolute Return | 5,920,978 | 879,586 | | |
| Private Equity – Partnerships | 4,535,107 | 1,541,963 | Not eligible | N/A |
| Real Assets | | | | |
| Agriculture | 334,388 | 163,701 | Not eligible | N/A |
| Energy | 896,550 | 642,451 | Not eligible | N/A |
| Minerals | 381,251 | 150,492 | Not eligible | N/A |
| Real Estate * | 3,219,747 | 580,762 | Not eligible | N/A |
| Royalty | 36,139 | — | Not eligible | N/A |
| Timber * | 270,381 | 5,019 | Not eligible | N/A |
| Infrastructure | 86,758 | 142,874 | | |
| Partnerships | 9,158 | — | | |
| Total Real Assets | 5,234,372 | 1,685,299 | | |
| Total Investments Measured at the NAV | <u>\$ 18,552,201</u> | <u>\$ 4,115,206</u> | | |

*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 twelve funds whose investments are more directional in nature although they can shift opportunistically between having a directional bias and a non-directional bias. One fund with a value of \$24.800 million is in redemption. *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. There is one fund in redemption with a value of \$28 thousand. *Event driven funds* include investments in twenty-one 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 are in the process of redemption totaling \$58.600 million over the next 2 to 10 years. *Multi-strategy funds* include investments in ten funds. Investments in these funds represent a mix of the other absolute return strategies. Seven funds are in the process of redemption totaling \$87 million over the next 1-5 years. *Relative value funds* include investments in ten funds. These funds seek returns by capitalizing on the mispricing of related securities or financial instruments. One fund with a value of \$12.900 million is in redemption. 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 buyouts, venture capital, growth equity, and special situations. These investments have an approximate life of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of

the partnerships distributions are received as underlying partnership investments are realized. The majority of the private equity partnership investments are managed by two gatekeepers. Both gatekeepers manage discretionary accounts for URS. The gatekeepers are required to manage the private equity portfolio in accordance with guidelines established by the URS. The Systems have no plans to liquidate the total portfolio. As of December 31, 2020, it is probable that all the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the Systems 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, 2020, 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 66 investments, which are invested primarily in apartments industrial, office, specialty, and retail properties in the United States. *Timber* includes three funds, which invest in timber-related resources. *Agriculture* includes seven 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, 2020

(expressed in thousands)

| Investment Type | Fair Value | Unfunded Commitments | Redemption Frequency (if currently eligible) | Redemption Notice Period |
|--|--------------|----------------------|--|--------------------------|
| Equity Securities | | | | |
| Co-mingled Large Cap Equity Fund..... | \$ 2,006,688 | \$ — | Daily | None |
| Total Equity Securities..... | 2,006,688 | 0 | | |
| Real Assets | | | | |
| Co-mingled Real Estate Equity Fund | 254,888 | — | Quarterly | N/A |
| Co-mingled Commodities Fund..... | 5 | — | Daily | N/A |
| Total Real Asset..... | 254,893 | 0 | | |
| Total Investments Measured at the NAV..... | \$ 2,261,581 | \$ 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, 2020, was 4.67 to 7.78 percent for domestic debt securities, 5.57 to 9.29 percent for global debt securities, and 10.06 to 15.08 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,

2020, was 4.67 to 7.78 percent for domestic debt securities, 6.63 to 9.95 percent for international debt securities, and 4.07 to 6.11 percent for inflation-linked debt securities.

As of December 31, 2020, no individual debt securities investment manager's portfolio was outside of the policy guidelines.

As of December 31, 2020, the following table shows the investments by investment type, amount, and the effective weighted duration.

Utah Retirement Systems
(pension trust and defined contribution plans)
Debt Securities Investments
At December 31, 2020
(dollars expressed in thousands)

| Investment | Defined Benefit Plans | | Defined Contribution Plans | | Total All Systems and Plans |
|--|-----------------------|----------------------------|----------------------------|----------------------------|-----------------------------|
| | Fair Value | Effective Weighed Duration | Fair Value | Effective Weighed Duration | |
| Asset-backed Securities | \$ 177,271 | 2.13 | \$ 43,503 | 3.06 | \$ 220,774 |
| Commercial Mortgage-backed | 124,128 | 4.21 | 2,774 | 1.99 | 126,902 |
| Corporate Bonds | 1,812,857 | 4.68 | 451,810 | 7.71 | 2,264,667 |
| Fixed Income Other | 91,249 | 0.33 | 70,540 | — | 161,789 |
| Government Agencies | 52,411 | 7.81 | 32,654 | 9.03 | 85,065 |
| Government Bonds | 1,145,152 | 10.85 | 374,002 | 7.02 | 1,519,154 |
| Government Mortgage-backed Securities | 730,795 | 3.27 | 344,903 | 3.61 | 1,075,698 |
| Index Linked Bonds | 1,157,398 | 10.82 | 121,097 | 3.97 | 1,278,495 |
| Non-government Backed C.M.O.s | 27,458 | 2.71 | 1,724 | 2.23 | 29,182 |
| Synthetic Guaranteed Investment Contracts – measured at contract value | — | — | 1,020,676 | — | 1,020,676 |
| Total Debt Securities Investments | \$ 5,318,719 | 7.01 | \$ 2,463,683 | 6.01 | \$ 7,782,402 |

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, 2020, URS had \$219.502 million of cash and cash equivalents exposed to custodial credit risk and \$396.351 million of other assets where exposure to custodial credit risk is not determined. The \$219.502 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, 2020, 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, 2020, was A+, and the fair value of below grade investments was \$190.523 million or 2.45 percent.

The notation N/R represents those securities that are not rated, and N/A represents those securities for which the rating disclosure requirements are not applicable such as obligations of the United States Government and obligations guaranteed by the United States Government.

(Notes continue on next page.)

The following table presents URS's credit risk ratings as of December 31, 2020:

Utah Retirement Systems
(pension trust and defined contribution plans)
Credit Risk of Debt Securities at Fair Value
At December 31, 2020
(expressed in thousands)

| Defined Benefit Plans | | | | | | | | | |
|---|---------------------|--------------|----------------------------|-----------------|--------------------|---------------------|------------------|--------------------|-------------------------------|
| Quality Rating | Total | Asset-backed | Commercial Mortgage-backed | Corporate Bonds | Fixed Income Other | Government Agencies | Government Bonds | Index-linked Bonds | Non-Government Backed C.M.O.s |
| AAA | \$ 559,493 | \$ 76,249 | \$ 45,151 | \$ 13,995 | \$ — | \$ 10,652 | \$ 17,545 | \$ 386,505 | \$ 9,396 |
| AA+ | 89,932 | 1,815 | 3,507 | 34,531 | — | 22,457 | 5,768 | 21,734 | 120 |
| AA | 36,733 | 4,367 | — | 19,411 | — | 7,097 | 5,858 | — | — |
| AA- | 205,181 | 1,769 | 590 | 191,035 | 5,001 | — | 6,786 | — | — |
| A+ | 255,263 | 1,708 | — | 247,662 | — | 2,053 | 3,840 | — | — |
| A | 220,499 | 6,711 | — | 209,848 | — | 856 | 1,831 | — | 1,253 |
| A- | 338,373 | — | 2,894 | 334,878 | — | — | 578 | — | 23 |
| BBB+ | 379,633 | 310 | — | 355,101 | — | — | 24,222 | — | — |
| BBB | 224,609 | — | — | 187,772 | — | 1,858 | 34,979 | — | — |
| BBB- | 146,577 | — | — | 127,755 | — | — | 18,822 | — | — |
| BB+ | 12,385 | 25 | — | 11,801 | — | — | 425 | — | 134 |
| BB | 31,022 | — | — | 24,649 | — | — | 6,087 | — | 286 |
| BB- | 16,725 | 138 | — | 14,898 | — | — | 1,689 | — | — |
| B+ | 6,233 | — | — | 4,460 | — | — | 1,773 | — | — |
| B | 8,810 | 468 | — | 2,100 | — | — | 5,633 | — | 609 |
| B- | 1,681 | 1,080 | — | — | — | — | — | — | 601 |
| CCC | 534 | 37 | — | — | — | — | — | — | 497 |
| CCC- | 549 | 549 | — | — | — | — | — | — | — |
| D | 169 | 169 | — | — | — | — | — | — | — |
| NR | 1,250,523 | 81,876 | 71,986 | 32,961 | 86,247 | 7,438 | 206,317 | 749,159 | 14,539 |
| Subtotal | 3,784,924 | \$ 177,271 | \$ 124,128 | \$ 1,812,857 | \$ 91,248 | \$ 52,411 | \$ 342,153 | \$ 1,157,398 | \$ 27,458 |
| U.S. Treasuries | 803,000 | | | | | | | | |
| Explicit U.S. Government Agencies | 730,795 | | | | | | | | |
| Total Debt Securities Investments | <u>\$ 5,318,719</u> | | | | | | | | |
| Defined Contribution Plans | | | | | | | | | |
| Quality Rating | Total | Asset-backed | Commercial Mortgage-backed | Corporate Bonds | Fixed Income Other | Government Agencies | Government Bonds | Index-linked Bonds | Non-Government Backed C.M.O.s |
| AAA | \$ 23,373 | \$ 2,464 | \$ 446 | \$ 1,414 | \$ — | \$ 2,727 | \$ 14,791 | \$ — | \$ 1,531 |
| AA+ | 40,661 | 36,087 | — | 1,120 | — | — | 1,518 | 1,936 | — |
| AA | 11,384 | 178 | — | 8,665 | — | 2,541 | — | — | — |
| AA- | 2,252 | — | 98 | 2,154 | — | — | — | — | — |
| A+ | 15,374 | — | — | 10,487 | — | — | 4,887 | — | — |
| A | 5,673 | 204 | — | 5,217 | — | 252 | — | — | — |
| A- | 50,424 | — | — | 40,890 | — | 974 | 8,560 | — | — |
| BBB+ | 99,015 | 62 | — | 93,108 | — | — | 5,845 | — | — |
| BBB | 121,021 | — | — | 97,033 | — | 22,517 | 1,471 | — | — |
| BBB- | 81,981 | — | — | 72,841 | — | — | 9,140 | — | — |
| BB+ | 58,183 | — | — | 57,985 | — | — | 198 | — | — |
| BB | 18,227 | — | — | 14,820 | — | — | 3,407 | — | — |
| BB- | 32,482 | — | — | 29,845 | — | 2,105 | 532 | — | — |
| B+ | 1,735 | — | — | 1,056 | — | — | 679 | — | — |
| B | 1,788 | — | — | — | — | — | 1,788 | — | — |
| NR | 353,565 | 4,508 | 2,230 | 15,175 | 70,540 | 1,538 | 140,220 | 119,161 | 193 |
| Subtotal | 917,138 | \$ 43,503 | \$ 2,774 | \$ 451,810 | \$ 70,540 | \$ 32,654 | \$ 193,036 | \$ 121,097 | \$ 1,724 |
| U.S. Treasuries | — | | | | | | | | |
| Explicit U.S. Government Agencies | 525,869 | | | | | | | | |
| Synthetic Guaranteed Investment Contracts | 1,020,676 | | | | | | | | |
| Total Debt Securities Investments | <u>\$ 2,463,683</u> | | | | | | | | |

Foreign Currency Risk

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

- International investment managers invest in fixed income instruments and equity instruments of corporations headquartered outside of the United States unless

specifically authorized within the investment managers' contract.

- Domestic investment managers are allowed to invest in international corporations traded in American Depository Receipts (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, 2020
(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 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 477 | \$ 477 | \$ 477 |
| Australian dollar | 1,998 | 44,068 | 234,743 | — | 1,843 | 282,652 | 26,468 | 43,085 | 69,553 | 352,205 |
| Brazilian real | 180 | — | 100,635 | — | — | 100,815 | — | 14,574 | 14,574 | 115,389 |
| British pound sterling | 111,365 | 363,514 | 762,009 | — | 110,823 | 1,347,711 | 44,732 | 86,288 | 131,020 | 1,478,731 |
| Canadian dollar | 1,812 | 47,532 | 452,326 | — | — | 501,670 | 11,123 | 58,890 | 70,013 | 571,683 |
| Chilean peso | 352 | — | 8,068 | — | — | 8,420 | — | 1,527 | 1,527 | 9,947 |
| Chinese yuan renminbi | 1,269 | 18,845 | 96,236 | — | — | 116,350 | 11,600 | 99,834 | 111,434 | 227,784 |
| Colombian peso | 228 | — | 4,179 | — | — | 4,407 | — | 580 | 580 | 4,987 |
| Czech koruna | 31 | — | 1,381 | — | — | 1,412 | — | 255 | 255 | 1,667 |
| Danish krone | 226 | 2,295 | 61,697 | — | — | 64,218 | 342 | 14,100 | 14,442 | 78,660 |
| Egyptian pound | — | — | 1,548 | — | — | 1,548 | — | 295 | 295 | 1,843 |
| European euro | 73,889 | 540,353 | 1,456,746 | 385,598 | 192,378 | 2,648,964 | 140,701 | 180,826 | 321,527 | 2,970,491 |
| Hong Kong dollar | 1,293 | — | 736,423 | — | — | 737,716 | — | 18,080 | 18,080 | 755,796 |
| Hungarian forint | 21 | — | 17,513 | — | — | 17,534 | — | 546 | 546 | 18,080 |
| Indian rupee | 242 | 3 | 146,759 | — | — | 147,004 | — | 26,874 | 26,874 | 173,878 |
| Indonesian rupiah | 10 | — | 19,603 | — | — | 19,613 | — | 3,904 | 3,904 | 23,517 |
| Japanese yen | 2,602 | 83,008 | 1,203,626 | 11 | — | 1,289,247 | 97,202 | 152,975 | 250,177 | 1,539,424 |
| Kuwaiti dinar | 280 | — | 7,938 | — | — | 8,218 | — | 1,407 | 1,407 | 9,625 |
| Malaysian ringgit | 115 | 2,088 | 36,570 | — | — | 38,773 | 1,005 | 4,716 | 5,721 | 44,494 |
| Mexican peso | 588 | 11,608 | 73,690 | 41,373 | — | 127,259 | 5,354 | 4,867 | 10,221 | 137,480 |
| Moroccan dirham | 18 | — | — | — | — | 18 | — | — | — | 18 |
| New Israeli shekel | 224 | — | 15,110 | — | — | 15,334 | — | 5,066 | 5,066 | 20,400 |
| New Romanian leu | 65 | — | 468 | — | — | 533 | — | — | — | 533 |
| New Taiwan dollar | 510 | — | 196,346 | — | — | 196,856 | — | 37,669 | 37,669 | 234,525 |
| New Zealand dollar | 446 | 24,873 | 11,516 | — | — | 36,835 | 2,410 | 2,871 | 5,281 | 42,116 |
| Norwegian krone | 552 | — | 21,342 | — | — | 21,894 | 557 | 4,960 | 5,517 | 27,411 |
| Pakistani rupee | — | — | — | — | — | — | — | 189 | 189 | 189 |
| Peruvian nuevo sol | 23 | — | — | — | — | 23 | — | 638 | 638 | 661 |
| Philippine peso | 9 | — | 52,853 | — | — | 52,862 | — | 2,069 | 2,069 | 54,931 |
| Polish zloty | 270 | — | 28,111 | — | — | 28,381 | — | 2,031 | 2,031 | 30,412 |
| Qatar riyal | — | — | — | — | — | — | — | 1,972 | 1,972 | 1,972 |
| Russian ruble | — | 10,314 | 23,229 | — | — | 33,543 | 4,515 | 7,637 | 12,152 | 45,695 |
| Saudi riyal | 189 | — | 35,832 | — | — | 36,021 | — | 6,727 | 6,727 | 42,748 |
| Singapore dollar | 82 | — | 49,549 | — | — | 49,631 | — | 6,931 | 6,931 | 56,562 |
| South African rand | 292 | 6,087 | 63,209 | — | — | 69,588 | 3,407 | 9,531 | 12,938 | 82,526 |
| South Korean won | 1,497 | — | 269,347 | — | — | 270,844 | 3,990 | 38,589 | 42,579 | 313,423 |
| Swedish krona | 270 | 6,971 | 174,576 | — | — | 181,817 | 2,599 | 23,467 | 26,066 | 207,883 |
| Swiss franc | 716 | — | 375,178 | 7,517 | — | 383,411 | — | 52,969 | 52,969 | 436,380 |
| Thai baht | 24 | 4,383 | 38,801 | — | — | 43,208 | 3,124 | 5,474 | 8,598 | 51,806 |
| Turkish lira | 133 | — | 10,303 | — | — | 10,436 | — | 1,378 | 1,378 | 11,814 |
| United Arab Emirates dirham | 31 | — | 9,710 | — | — | 9,741 | — | 1,459 | 1,459 | 11,200 |
| Total Securities Subject to Foreign Currency Risk | <u>\$ 201,852</u> | <u>\$ 1,165,942</u> | <u>\$ 6,797,170</u> | <u>\$ 434,499</u> | <u>\$ 305,044</u> | <u>\$ 8,904,507</u> | <u>\$ 359,129</u> | <u>\$ 925,727</u> | <u>\$1,284,856</u> | <u>\$ 10,189,363</u> |

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

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

| Trust Lands (permanent fund) | |
|--|---------------------------------------|
| Investments at Fair Value | |
| June 30, 2021 | |
| <i>(expressed in thousands)</i> | |
| Investment Category | Fair Value (with accruals) |
| Growth..... | \$ 1,391,903 |
| Real Assets | 519,220 |
| Income | 852,467 |
| Defensive | 330,050 |
| Total Investments | <u>\$ 3,093,640</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.

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.

(Notes continue on next page.)

At June 30, 2021, Trust Lands had the following recurring fair value measurements:

| Trust Lands (permanent fund) | | | | |
|--|---------------------|---|--|--|
| Investments Measured at Fair Value | | | | |
| June 30, 2021 | | | | |
| <i>(expressed in thousands)</i> | | | | |
| Investment Type | Fair Value | Quoted Prices in Active Markets for Identical Assets Level 1 | Significant Other Observable Inputs Level 2 | Significant Unobservable Inputs Level 3 |
| Investments by Fair Value Level | | | | |
| Growth | | | | |
| US Equity | \$ 478,241 | \$ 478,325 | \$ (138) | \$ 54 |
| International Equity | 387,838 | 376,333 | 11,022 | 483 |
| Total Growth | <u>866,079</u> | <u>854,658</u> | <u>10,884</u> | <u>537</u> |
| Real Assets | | | | |
| Public Real Assets | 248,460 | 241,725 | 1,050 | 5,685 |
| Total Real Assets | <u>248,460</u> | <u>241,725</u> | <u>1,050</u> | <u>5,685</u> |
| Income | | | | |
| Credit | 116,172 | 32,639 | 78,957 | 4,576 |
| Securitized | 18,252 | 17,100 | 1,152 | — |
| Non-U.S. | 52,495 | 52,495 | — | — |
| Total Income | <u>186,919</u> | <u>102,234</u> | <u>80,109</u> | <u>4,576</u> |
| Defensive | | | | |
| TIPS | 68,064 | 68,064 | — | — |
| Long US Treasury | 61,402 | 61,402 | — | — |
| Cash and Cash Equivalents | 5,698 | 5,698 | — | — |
| Total Defensive | <u>135,164</u> | <u>135,164</u> | <u>0</u> | <u>0</u> |
| Total Investments by Fair Value Level | <u>1,436,622</u> | <u>\$ 1,333,781</u> | <u>\$ 92,043</u> | <u>\$ 10,798</u> |
| Investments Measured at the Net Asset Value (NAV) | | | | |
| Growth | | | | |
| International Equity | \$ 277,110 | | | |
| Private Equity | 248,714 | | | |
| Real Assets | | | | |
| Public Real Estate | 123,146 | | | |
| Private Natural Resources | 74,524 | | | |
| Public Real Assets | 73,090 | | | |
| Income | | | | |
| Credit | 68,762 | | | |
| Securitized | 218,704 | | | |
| Non-US | 71,829 | | | |
| Insurance-Linked Securities | 98,083 | | | |
| Private Debt | 208,170 | | | |
| Defensive | | | | |
| Systematic Convexity | 194,886 | | | |
| Total Investments Measured at the NAV | <u>1,657,018</u> | | | |
| Total Investments Measured at Fair Value | <u>\$ 3,093,640</u> | | | |

(Notes continue on next page.)

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.

| Trust Lands (permanent fund) | | | | |
|--|---------------------|-----------------------------|-----------------------------|---------------------------------|
| Investments Measured at Net Asset Value (NAV) | | | | |
| June 30, 2021 | | | | |
| <i>(expressed in thousands)</i> | | | | |
| Investment Type | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
| Growth | | | | |
| International Equity | \$ 277,110 | \$ — | 30-90 Days | 90 Days |
| Private Equity | 248,714 | 106,328 | Limited | N/A |
| Total Growth | <u>525,824</u> | <u>106,328</u> | | |
| Real Assets | | | | |
| Private Real Estate | 123,146 | 116,365 | Limited | N/A |
| Private Natural Resources | 74,524 | 79,219 | Limited | N/A |
| Public Real Assets | 73,090 | — | 90 Day, Limited | 90 Days, N/A |
| Total Real Assets | <u>270,760</u> | <u>195,584</u> | | |
| Income | | | | |
| Credit | 68,762 | 17,500 | 90 Days | 60 Days |
| Securitized | 218,704 | — | 91 Days (Calendar qtr) | 91 Days (1/8 gate) |
| Non-US | 71,829 | — | 180 Days | 180 Days |
| Insurance-Linked Securities | 98,083 | 15,475 | Semi-Annual, Limited | 180 Days, N/A |
| Private Debt | 208,170 | 113,009 | Limited | N/A |
| Total Income | <u>665,548</u> | <u>145,984</u> | | |
| Defensive | | | | |
| Systematic Convexity | 194,886 | — | 5 Days | 4 Days (30% investor gate) |
| Total Defensive | <u>194,886</u> | <u>0</u> | | |
| Total Investments Measured at NAV | <u>\$ 1,657,018</u> | <u>\$ 447,896</u> | | |

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 two 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 twenty four 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, secondaries 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, 2021, 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 – Private Real Estate: Consists of fourteen investments in private real estate limited partnerships. Generally speaking, the types of strategies included in this portfolio include core, value-added, and opportunistic 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, 2021, 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 Natural Resources: Consists of sixteen investments in limited partnerships. Generally speaking, the types of strategies included in this portfolio include infrastructure/power generation, farmland, 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 partnership, distributions are received as underlying partnership investments are realized. Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2021, 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 pooled investment fund with a focus on real estate property and property income. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the Trust funds' investments ownership interest in partners' capital.

Income – Credit: Consists of two investments in limited partnerships with underlying credit/secured 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/secured 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 two 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 six 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 nineteen 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, 2021, 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, 2021, Trust Lands' debt security investments (including the underlying portfolios of indirectly held investments, where available) had the following weighted average maturities:

| Trust Lands (permanent fund) Debt Securities Investments June 30, 2021 (dollars expressed in thousands) | | |
|--|-------------------|--|
| Investment Category | Fair Value | Weighted Average Maturity (Years) |
| Asset Backed Securities | \$ 4,415 | 11.46 |
| Bank Loans | 24,991 | 5.70 |
| Commercial Mortgage-Backed | 99 | 1.30 |
| Corporate Bonds | 36,658 | 12.95 |
| Corporate Convertible Bonds | 5,113 | 21.68 |
| Funds – Corporate Bond | 17,100 | 1.36 |
| Funds – Government Bond | 119,761 | 3.97 |
| Funds – Short-term Investment | 7,203 | 0.27 |
| Government Bonds | 61,644 | 24.86 |
| Funds – Other Fixed Income | 24,743 | 4.60 |
| Total Debt Securities Investments | <u>\$ 301,727</u> | 9.70 |

As of June 30, 2021, Trust Lands held \$358.022 million in six 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, 2021, 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).

(Notes continue on next page.)

Trust Lands

(permanent fund)

Credit Risk of Debt Securities at Fair Value

June 30, 2021

(expressed in thousands)

| Quality Rating | Total | Asset Backed Securities | Bank Loans | Commercial Mortgage-Backed | Corporate Bonds | Corporate Convertible Bonds | Funds-Corporate Bond | Funds-Government Bond | Funds-Short-term Investment * | Other Fixed Income | Government Bonds |
|---------------------------|------------|-------------------------|------------|----------------------------|-----------------|-----------------------------|----------------------|-----------------------|-------------------------------|--------------------|------------------|
| AA | \$ 904 | \$ — | \$ — | \$ 99 | \$ 394 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 411 |
| AA- | 57 | — | — | — | 57 | — | — | — | — | — | — |
| A+ | 121 | — | — | — | 121 | — | — | — | — | — | — |
| A | 759 | — | — | — | 759 | — | — | — | — | — | — |
| A- | 801 | — | — | — | 801 | — | — | — | — | — | — |
| BBB+ | 3,396 | — | 996 | — | 2,400 | — | — | — | — | — | — |
| BBB | 3,454 | — | — | — | 3,394 | 60 | — | — | — | — | — |
| BBB- | 6,342 | — | 581 | — | 5,312 | 449 | — | — | — | — | — |
| BB+ | 5,876 | — | 685 | — | 5,121 | 70 | — | — | — | — | — |
| BB | 3,912 | — | 712 | — | 2,556 | 644 | — | — | — | — | — |
| BB- | 10,960 | 2,615 | 3,817 | — | 2,785 | 1,743 | — | — | — | — | — |
| B+ | 7,125 | — | 3,318 | — | 3,105 | 702 | — | — | — | — | — |
| B | 8,921 | — | 5,973 | — | 2,948 | — | — | — | — | — | — |
| B- | 6,186 | — | 3,365 | — | 2,821 | — | — | — | — | — | — |
| CCC+ | 2,553 | — | — | — | 2,553 | — | — | — | — | — | — |
| CCC | 684 | — | 206 | — | 478 | — | — | — | — | — | — |
| NR | 178,443 | 1,800 | 5,338 | — | 1,053 | 1,445 | 17,100 | 119,761 | 7,203 | 24,743 | — |
| Subtotal | 240,494 | \$ 4,415 | \$ 24,991 | \$ 99 | \$ 36,658 | \$ 5,113 | \$ 17,100 | \$ 119,761 | \$ 7,203 | \$ 24,743 | \$ 411 |
| U.S. Treasuries | 61,233 | | | | | | | | | | |
| Total Debt Securities ... | \$ 301,727 | | | | | | | | | | |

* As of June 30, 2021, the Trust Funds held \$7.203 million in the Northern Trust Institutional Funds Treasury Portfolio - Premier Class, an AAAM rated money market fund.

Custodial Credit Risk

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

As of June 30, 2021, the following investments, including accrued income/expense, have custodial credit risk:

- Cash and Cash Equivalents – The \$2.976 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 \$609.771 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, 2021, Trust Lands does not hold any credit positions exceeding 5.00 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.

(Notes continue on next page.)

Trust Lands' exposure to foreign currency (inclusive of pending foreign exchange purchases and sales) as of June 30, 2021, is as follows:

| Trust Lands | | | | | |
|---|--------------------------------|-----------------|-------------------|-------------------|-------------------|
| (permanent fund) | | | | | |
| Foreign Currency Risk | | | | | |
| June 30, 2021 | | | | | |
| (expressed in thousands) | | | | | |
| Currency | Alternative Investments | Debt | Short-term | Equity | Total |
| Australian dollar | \$ — | \$ — | \$ 21 | \$ 21,337 | \$ 21,358 |
| British pound sterling | — | 311 | (163) | 23,260 | 23,408 |
| Canadian dollar | — | — | 542 | 17,041 | 17,583 |
| Danish krone | — | — | 60 | 5,466 | 5,526 |
| Euro | 61,491 | 2,385 | (1,306) | 95,183 | 157,753 |
| Hong Kong dollar | — | — | 40 | 10,879 | 10,919 |
| Japanese yen | — | — | 303 | 31,655 | 31,958 |
| New Israeli shekel | — | — | 7 | 4,686 | 4,693 |
| New Zealand dollar | — | — | 2 | 2,359 | 2,361 |
| Norwegian krone | — | — | 10 | 5,602 | 5,612 |
| Singapore dollar | — | — | 12 | 4,667 | 4,679 |
| Swedish krona | — | — | — | 11,757 | 11,757 |
| Swiss franc | — | — | 272 | 23,609 | 23,881 |
| Chinese yuan renminbi | — | — | 1,821 | 5,462 | 7,283 |
| Total Securities Subject to Foreign Currency Risk | <u>\$ 61,491</u> | <u>\$ 2,696</u> | <u>\$ 1,621</u> | <u>\$ 262,963</u> | <u>\$ 328,771</u> |

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, 2021, were \$414.598 million. Of these, \$322.632 million were exposed to custodial credit risk as uninsured and uncollateralized and \$80.686 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 Utah Board of Higher Education 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 Utah Board of Higher Education. 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, 2021, 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 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, 2021, for the discrete component units:

**Discrete Component Units Debt Securities Investments
Investments and Derivative Instruments Measured at Fair Value**

At June 30, 2021

(expressed in thousands)

| | Fair Value | Fair Value Measurements Using | | |
|--|---------------------|-------------------------------|---------------------|-------------------|
| | | Level 1 | Level 2 | Level 3 |
| Investments by Fair Value Level | | | | |
| Debt Securities | | | | |
| U.S. Treasuries | \$ 456,770 | \$ 3,620 | \$ 453,150 | \$ — |
| U.S. Agencies | 988,039 | 2,043 | 985,996 | — |
| Government Mortgage-backed Securities | 153,513 | — | 132,436 | 21,077 |
| Corporate Debt | 772,789 | 3,232 | 769,557 | — |
| Commercial Paper | 11,659 | — | 11,659 | — |
| Negotiable Certificates of Deposit | 13,788 | 9,823 | 3,965 | — |
| Money Market Mutual Funds | 1,455,624 | 25,222 | 1,430,402 | — |
| Municipal/Public Bonds | 18,875 | — | 18,875 | — |
| Asset-backed Securities | 18,765 | — | 18,765 | — |
| Bond Mutual Funds | 300,895 | 16,766 | 243,387 | 40,742 |
| Exchange Traded Products | 6,573 | 6,573 | — | — |
| Non-government-backed CMOs | 231 | — | 231 | — |
| Utah Public Treasurers' Investment Fund | 1,409,431 | — | 1,409,431 | — |
| Total Debt Securities | <u>5,606,952</u> | <u>67,279</u> | <u>5,477,854</u> | <u>61,819</u> |
| Equity Securities | | | | |
| Domestic Equity | 784,359 | 22,510 | 670,643 | 91,206 |
| Equity Securities | 92,640 | 84,143 | 2,805 | 5,692 |
| Total Equity Securities | <u>876,999</u> | <u>106,653</u> | <u>673,448</u> | <u>96,898</u> |
| Other Investments | | | | |
| Real Estate | 5,863 | — | — | 5,863 |
| Total Other Investments | <u>5,863</u> | <u>0</u> | <u>0</u> | <u>5,863</u> |
| Total Investments by Fair Value Level | <u>6,489,814</u> | <u>\$ 173,932</u> | <u>\$ 6,151,302</u> | <u>\$ 164,580</u> |
| Investments Measured at the Net Asset Value (NAV) | | | | |
| Credit Sensitive Fixed Income | 73,630 | | | |
| Diversifying Strategies | 200,459 | | | |
| Global Distressed | 25 | | | |
| Hedge Funds | 118,348 | | | |
| Natural Resource Partners | 1,827 | | | |
| Other Real Assets | 95,633 | | | |
| Private Equity | 75,445 | | | |
| Private Equity Core Real Estate | 8,881 | | | |
| Private Equity Natural Resources | 8,881 | | | |
| Private Equity Partnerships | 26,582 | | | |
| Private Equity Real Estate | 20,100 | | | |
| Private Infrastructure | 3,181 | | | |
| Private Real Estate | 22,322 | | | |
| Secondary Partners | 1,809 | | | |
| Venture Capital Funds | 115,720 | | | |
| Total Investments Measured at the NAV | <u>772,843</u> | | | |
| Total Investments Measured at Fair Value | <u>\$ 7,262,657</u> | | | |
| Invested Securities Lending Collateral | | | | |
| Debt Securities | <u>\$ 34,023</u> | <u>\$ 0</u> | <u>\$ 34,023</u> | <u>\$ 0</u> |

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 Commercial Paper are 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 are 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.

- Money Market Mutual Funds, Bond Mutual Funds, and Domestic Equity Funds are valued using published fair value per share (unit) for each fund.
- Government Mortgage-backed securities, Non-Government Backed collateralized mortgage obligations (CMOs), and Asset-backed Securities are valued using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.
- Utah Public Treasurers' Investment Funds are valued using the application of the June 30, 2021, fair value factor, as calculated by the Utah State Treasurer, to the June 30, 2021 balance.

Debt Securities Lending Collateral classified in Level 2 are valued using market approaches that consider, as applicable, benchmark interest rates or foreign exchange rates.

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

- Government Mortgage-backed are valued using discounted cash flow techniques.
- Bond Mutual Funds, Domestic Equity, and Equity Securities (namely common and preferred stocks) are valued manually

using various sources such as issuer, investment manager, client, etc., or default price if price is not provided.

- Real Estate is valued using current real estate market values.

Investments Measured at the Net Asset Value (NAV)

In order to mitigate market volatility and provide diversification to traditional investments, the State's colleges and universities, (discrete component units), have opted to invest portions of their portfolios in alternative assets, including private capital. Private capital partnerships utilize investments strategies that focus on managers who buy and sell privately owned companies. The fair values of these "alternative 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, 2021

(expressed in thousands)

| Investment Type | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|---|-------------------|----------------------|----------------------------|--------------------------|
| Credit Sensitive Fixed Income | \$ 73,630 | \$ 21,289 | Quarterly | 90 days |
| Diversifying Strategies | 200,459 | — | Daily, quarterly, annually | 0 – 90 Days |
| Global Distressed | 25 | 76 | N/A | N/A |
| Hedge Funds | 9,100 | — | Quarterly | 100 Days |
| Hedge Funds | 6,262 | — | Daily, monthly, quarterly | 1 – 90 Days |
| Hedge Funds | 102,986 | — | Monthly, quarterly | 30 – 75 Days |
| Other Real Assets | 98,923 | 11,361 | N/A | N/A |
| Private Equity | 75,445 | 15,295 | N/A | N/A |
| Private Equity Core Real Estate | 8,881 | — | Quarterly | 60 – 90 Days |
| Private Equity Natural Resources | 10,707 | 5,029 | N/A | N/A |
| Private Equity Partnerships | 1,206 | — | Quarterly | 45 – 60 Days |
| Private Equity Partnerships | 25,376 | 18,977 | N/A | N/A |
| Private Equity Real Estate | 20,100 | 4,469 | N/A | N/A |
| Private Infrastructure | 3,181 | 10,048 | N/A | N/A |
| Private Real Estate | 19,033 | 11,611 | N/A | N/A |
| Secondary Partners | 1,809 | 6,418 | N/A | N/A |
| Venture Capital Funds | 115,720 | 28,826 | N/A | N/A |
| Environmental Sustainability | — | 2,250 | Daily | Daily |
| Total Investments Measured at NAV | <u>\$ 772,843</u> | <u>\$ 135,649</u> | | |

Interest Rate Risk

The following table presents the debt investments and maturities at June 30, 2021, for the discrete component units.

Discrete Component Units
Debt Investments at Fair Value
At June 30, 2021
(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 | \$ 456,770 | \$ 273,021 | \$ 183,006 | \$ 101 | \$ 642 | \$ — |
| U.S. Agencies | 988,039 | 143,609 | 450,289 | 385,775 | 8,366 | — |
| Government Mortgage-backed Securities | 153,513 | 6,746 | 689 | 3,940 | 14,989 | 127,149 |
| Corporate Debt | 772,789 | 211,075 | 407,609 | 77,131 | 76,974 | — |
| Commercial Paper | 11,659 | 11,659 | — | — | — | — |
| Negotiable Certificates of Deposit | 13,788 | 1,624 | 12,164 | — | — | — |
| Money Market Mutual Funds | 1,455,624 | 1,455,624 | — | — | — | — |
| Municipal/Public Bonds | 18,875 | 2,149 | 9,238 | 2,989 | 4,499 | — |
| Asset-backed Securities | 18,765 | 7 | 65 | — | 18,693 | — |
| Bond Mutual Funds | 300,895 | 32,691 | 84,377 | 180,401 | 3,426 | — |
| Exchange Traded Securities | 6,573 | — | 501 | 177 | 5,895 | — |
| Non-government-backed CMOs | 231 | — | — | — | 231 | — |
| Securities Lending Cash Collateral Pool | 34,023 | 34,023 | — | — | — | — |
| Utah Public Treasurers' Investment Fund | 1,409,431 | 1,409,431 | — | — | — | — |
| Total Debt Investments | \$ 5,640,975 | \$ 3,581,659 | \$ 1,147,938 | \$ 650,514 | \$ 133,715 | \$ 127,149 |

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 MMA or the UPMIFA and Rule 541, as applicable. For non-endowment funds, Section 51-7-11 of the MMA requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The MMA 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 MMA 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

manage 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 investment's full price. PEHP compares an investment's effective duration against the Barclays U.S. Intermediate Aggregate Bond Index. The allowable duration range was 2.66 to 4.44 percent as of December 31, 2020 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 MMA, the UPMIFA, and Rule 541, as previously discussed. The discrete component units' debt investments as of June 30, 2021, 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, 2021

(expressed in thousands)

| Debt Investments | Fair Value | Quality Ratings | | | | | | |
|---|-------------|-----------------|-----------|------------|------------|-----------|--------|--------------|
| | | AAA | AA | A | BBB | BB | CCC | Not Rated |
| U.S. Agencies | \$ 987,962 | \$ 48,728 | \$650,650 | \$ 242 | \$ 6,912 | \$ — | \$ — | \$ 281,430 |
| Government Mortgage-backed Securities | 153,513 | 134,464 | — | — | — | — | — | 19,049 |
| Corporate Debt | 772,790 | 8,994 | 39,686 | 399,693 | 300,685 | 18,223 | — | 5,509 |
| Commercial Paper | 11,659 | 11,659 | — | — | — | — | — | — |
| Negotiable Certificates of Deposit | 13,787 | — | 960 | 2,858 | 2,861 | — | — | 7,108 |
| Money Market Mutual Funds | 1,455,624 | 1,132,035 | — | — | — | — | — | 323,589 |
| Municipal/Public Bonds | 18,874 | 10,686 | 6,987 | 353 | 748 | — | — | 100 |
| Asset-backed Securities | 18,765 | 1,165 | 17,535 | — | — | — | — | 65 |
| Bond Mutual Funds | 300,895 | 273 | 49,284 | — | — | — | — | 251,338 |
| Exchange Traded Products | 6,573 | — | — | — | 4,154 | — | — | 2,419 |
| Non-government-backed CMOs | 231 | — | — | — | — | — | 231 | — |
| Securities Lending Cash Collateral Pool | 34,023 | — | — | — | — | — | — | 34,023 |
| Utah Public Treasurers' Investment Fund | 1,409,431 | — | — | — | — | — | — | 1,409,431 |
| Subtotal | 5,184,127 | \$1,348,004 | \$765,102 | \$ 403,146 | \$ 315,360 | \$ 18,223 | \$ 231 | \$ 2,334,061 |
| U.S. Treasuries | 456,770 | | | | | | | |
| U.S. Agencies | 78 | | | | | | | |
| Total Debt Securities | \$5,640,975 | | | | | | | |

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, 2021, 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 | \$ 378,277 |
| U.S. Agencies | \$ 959,586 |
| Corporate Debt | \$ 339,731 |
| Municipal/Public Bonds | \$ 18,718 |
| Debt Securities | \$ 47,759 |
| Equity Securities | \$ 62,718 |
| Investments Measured at the Net Asset Value | \$ 450 |

Counterparty's Trust Department or Agent

| | |
|----------------|-----------|
| U.S. Agencies | \$ 10,011 |
| Corporate Debt | \$ 95,252 |

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 MMA 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 Utah Board of Higher

Education. Rule 17 of the Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations between 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. If a security is downgraded, the manager has 30 days to sell enough of the security to comply with the single issuer guideline applicable to the new rating. At no time should more than 1 percent of an Investment Manager's assets at market be with a single below investment grade issuer. No individual holding shall constitute more than 10 percent of the market value of the issuer with the exception of the U.S. government or its agencies, or collateralized mortgage obligations. Two issuers held in PEHP's portfolio were downgraded to below investment grade. Securities held from these two issuers constitute 1.39 and 1.65 percent of the total portfolio value.

The following discrete component units held more than 5 percent of total investments in a single issuer:

- The University of Utah held 5.50 percent and 5.20 percent of total investments in the Federal Home Loan Bank and the Federal Agricultural Mortgage Corporation, respectively.
- Utah State University held 5.57 percent of total investments in securities of the Federal Farm Credit Bank (FFCB).
- Utah Valley University held 5.60 percent in US Bank.
- UTA has the following investments greater than 5 percent of the total portfolio: Caterpillar Financial Services, 6.99 percent; Honeywell International, 7.01 percent; Goldman Sachs Group Inc., 7.04 percent; Canadian Imperial Bank, 6.79 percent; Trust Bank, 5.02 percent; America Honda Financial Corp,

5.00 percent; Federal Home Loan Bank, 7.73 percent; Comcast Corp, 5.00 percent; Daimler Finance North America, 6.78 percent.

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.

The University of Utah's exposure to foreign currency risk in Private Real Estate investments that are held in Euro currency denominations is \$7.920 million.

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 \$33.924 million and \$110.179 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 \$1.058 billion for URS, \$31.354 million for PEHP, and \$227.103 million for Trust Lands. Collateral received for those securities on loan was \$1.143 billion for URS, \$34.023 million for PEHP, and \$237.950 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 54 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, 2020, 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, 2020, 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, 2020
(expressed in thousands)

| | <u>Defined Benefit Plans</u> | <u>Defined Contribution Plans</u> |
|--------------------------|----------------------------------|---|
| Cash and Cash Equivalent | | |
| Short..... | \$ (147,469) | \$ — |
| Equity | | |
| Long..... | 37,919 | 19,896 |
| Short..... | (116,197) | — |
| Fixed Income | | |
| Long..... | 751,774 | 57,602 |
| Short..... | (632,256) | (107,407) |
| Total Futures..... | <u>\$ (106,229)</u> | <u>\$ (29,909)</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, 2020, URS

investments included the following currency forwards balances as shown in the following table:

Utah Retirement Systems
(pension trust and defined contribution plans)
Currency Forwards
December 31, 2020
(expressed in thousands)

| Currency | Defined Benefit Plans | | | | Currency | Defined Contribution Plans | | | |
|---|-----------------------|------------------------------------|--------------------------------|-------------|---|----------------------------|------------------------------------|--------------------------------|------------|
| | Notional Cost | Pending Foreign Exchange Purchases | Pending Foreign Exchange Sales | Fair Value | | Notional Cost | Pending Foreign Exchange Purchases | Pending Foreign Exchange Sales | Fair Value |
| Australian dollar | \$ (46,547) | \$ 2,123 | \$ (49,936) | \$ (47,813) | Australian dollar | \$ (9,429) | \$ 692 | \$ (10,350) | \$ (9,658) |
| British pound sterling | (453,816) | 12,560 | (475,672) | (463,112) | British pound sterling | (20,083) | 5,309 | (25,857) | (20,548) |
| Canadian dollar | (48,649) | 2,259 | (51,364) | (49,105) | Canadian dollar | (12,602) | 342 | (12,939) | (12,597) |
| Chinese Yuan Renminbi | (18,529) | — | (18,626) | (18,626) | Chinese Yuan Renminbi | (11,422) | — | (11,484) | (11,484) |
| Chilean peso | 3,511 | 3,660 | — | 3,660 | Chilean peso | 959 | 999 | — | 999 |
| Czech koruna | 3,488 | 3,533 | — | 3,533 | Czech koruna | 960 | 973 | — | 973 |
| Danish krone | (2,758) | — | (2,819) | (2,819) | Danish krone | (340) | — | (349) | (349) |
| Euro | (601,240) | 210,344 | (820,949) | (610,605) | Euro | (137,326) | 25,616 | (164,179) | (138,563) |
| Hong Kong dollar | 1,477 | 1,476 | — | 1,476 | Hong Kong dollar | — | — | — | — |
| Indian rupee | 6,811 | 6,886 | (88,347) | (81,461) | Indian rupee | 2,644 | 2,671 | — | 2,671 |
| Japanese yen | (78,612) | 9,265 | (2,119) | 7,146 | Japanese yen | (55,271) | 2,448 | (57,845) | (55,397) |
| Malaysian ringgit | (2,088) | — | (8,174) | (8,174) | Malaysian ringgit | (888) | — | (901) | (901) |
| Mexican peso | (8,189) | 24 | (27,977) | (27,953) | Mexican peso | (4,141) | — | (4,138) | (4,138) |
| New Zealand dollar | (27,306) | — | (3,103) | (3,103) | New Zealand dollar | (3,310) | 208 | (3,595) | (3,387) |
| Norwegian krone | (3,047) | — | — | — | Norwegian krone | (1,376) | — | (1,402) | (1,402) |
| Polish zloty | 3,548 | 3,490 | (5,177) | (1,687) | Polish zloty | 965 | 950 | — | 950 |
| Russian ruble | 3,680 | 8,841 | — | 8,841 | Russian ruble | 685 | 2,312 | (1,624) | 688 |
| Singapore dollar | 383 | 387 | (6,177) | (5,790) | Singapore dollar | — | — | — | — |
| South African rand | (6,074) | — | (10,439) | (10,439) | South African rand | (3,271) | — | (3,327) | (3,327) |
| Swedish krona | (8,900) | 1,260 | (1,048) | 212 | Swedish krona | (3,614) | 1,362 | (5,083) | (3,721) |
| South Korean won | — | — | — | — | South Korean won | (4,175) | — | (4,172) | (4,172) |
| Swiss franc | 1,712 | 2,757 | — | 2,757 | Swiss franc | 758 | 759 | — | 759 |
| Thai baht | (3,268) | — | (3,277) | (3,277) | Thai baht | (2,830) | — | (2,836) | (2,836) |
| United States dollar | 1,284,413 | 1,552,723 | (268,309) | 1,284,414 | United States dollar | 263,107 | 307,524 | (44,416) | 263,108 |
| Total Forwards Subject to Foreign Currency Risk | \$ 0 | \$ 1,821,588 | \$(1,843,513) | \$ (21,925) | Total Forwards Subject to Foreign Currency Risk | \$ 0 | \$ 352,165 | \$(354,497) | \$ (2,332) |

(Notes continue on next page.)

At December 31, 2020, 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, 2020 (expressed in thousands) | | | |
| | Defined Benefit Plans | Defined Contribution Plans | |
| Cash and Cash Equivalent | | | |
| Call | \$ (493) | \$ (17) | |
| Fixed Income | | | |
| Put | 43 | 1 | |
| Swaptions | | | |
| Call | 1,427 | 56 | |
| Put | (3,438) | (40) | |
| Interest Rate Contracts | (654) | 16 | |
| Total Options | <u>\$ (3,115)</u> | <u>\$ 16</u> | |

Options

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.

Swaps

URS has entered into various inflation, overnight indexed 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, 2020, URS' investments had the swap market value balances as shown in the following table:

| Utah Retirement Systems (pension trust and defined contribution plans) | | | |
|--|----------------------------|---------------------------------|--|
| Swaps | | | |
| At December 31, 2020 (expressed in thousands) | | | |
| | Fair Value | | |
| | Defined Benefit | Defined Contribution | |
| Fixed Income Portfolio Swaps | | | |
| Interest Rate Swaps | | | |
| Pay Fixed Receive Variable | \$ (20,460) | \$ (890) | |
| Pay Variable Receive Fixed | 24,842 | 932 | |
| Retail Price Index | | | |
| Pay Fixed Receive Variable | (3) | 214 | |
| Pay Variable Receive Fixed | — | 222 | |
| Other | 2,852 | (40) | |
| Real Estate Swaps | | | |
| Interest Rate Swaps | | | |
| Pay Fixed Receive Variable | (2,097) | — | |
| Total Swaps | <u>\$ 5,134</u> | <u>\$ 438</u> | |

Derivative Credit Risk

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, 2020, if all counterparties fail to perform as contracted, was \$2.197 billion. Derivative instrument credit risk at fair value is shown in the next table.

This maximum exposure is reduced by \$2.221 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, 2020, the counterparties' credit ratings for currency forwards, options, and swaps are subject to credit risk.

| Utah Retirement Systems (pension trust and defined contribution plans) | | | | |
|--|--------------------|-------------------|-----------------|--------------------|
| Credit Risk Derivative Instruments at Fair Value | | | | |
| At December 31, 2020 (expressed in thousands) | | | | |
| Quality Rating | Forwards | Options | Swaps | Total |
| AA- | \$ (39) | \$ — | \$ — | \$ (39) |
| A+ | (10,686) | (355) | — | (11,041) |
| A | — | (458) | — | (458) |
| A- | (1,714) | 53 | 2,998 | 1,337 |
| BBB+ | (6,371) | (1,922) | (146) | (8,439) |
| BBB | (5,431) | 47 | 414 | (4,970) |
| NA | (16) | (464) | (17) | (497) |
| Total Subject to Credit Risk | <u>\$ (24,257)</u> | <u>\$ (3,099)</u> | <u>\$ 3,249</u> | <u>\$ (24,107)</u> |

Synthetic Guaranteed Investment Contracts

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, 2020, was \$1.070 million and the market value was \$1.125 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, 2020

(dollars expressed in thousands)

| | 1-5 Yr. Government/Credit Bond | | | | Intermediate Government/Credit Bond | | | | MetLife Separate Account | | | | Total Underlying Investments | |
|--|--------------------------------|-------------------|------------|---------------|-------------------------------------|------------------|-----------|---------------|--------------------------|------------------|-----------|---------------|------------------------------|--------------------|
| | Fair Value | Market Value | Duration | Credit Rating | Fair Value | Market Value | Duration | Credit Rating | Fair Value | Market Value | Duration | Credit Rating | Fair Value | Market Value |
| | Asset-backed Securities | \$ 113,250 | \$ 119,720 | 1.24 | AAA | \$ 60,429 | \$ 63,888 | 1.17 | AAA | \$ 33,653 | \$ 34,924 | 1.06 | AAA | \$ 207,332 |
| Agencies | 45,607 | 48,212 | 1.86 | AA+ | 28,023 | 29,626 | 5.39 | AA+ | 4,760 | 4,940 | 2.27 | AA+ | 78,390 | 82,778 |
| Corporates | 179,308 | 189,552 | 4.33 | A- | 133,484 | 141,124 | 5.93 | A- | 55,740 | 57,844 | 2.14 | A- | 368,532 | 388,520 |
| Government Mortgage-backed Securities .. | 80,272 | 84,858 | 2.64 | AA+ | 48,645 | 51,429 | 2.64 | AA+ | 25,292 | 26,246 | 2.96 | AA+ | 154,209 | 162,533 |
| U.S. Treasuries | 35,739 | 37,780 | 3.40 | AA+ | 42,051 | 44,458 | 5.41 | AA+ | 11,091 | 11,510 | 3.03 | AA+ | 88,881 | 93,748 |
| Commercial Mortgage-backed Securities .. | 56,293 | 59,508 | 1.42 | AA+ | 34,301 | 36,264 | 1.51 | AAA | 26,561 | 27,564 | 1.14 | AA+ | 117,155 | 123,336 |
| Cash | 818 | 865 | — | — | 3,788 | 4,005 | — | — | 1,571 | 1,630 | — | — | 6,177 | 6,500 |
| Total | <u>\$ 511,287</u> | <u>\$ 540,495</u> | | | <u>\$350,721</u> | <u>\$370,794</u> | | | <u>\$158,668</u> | <u>\$164,658</u> | | | <u>\$1,020,676</u> | <u>\$1,075,947</u> |

Utah Retirement Systems
(pension trust and defined contribution plans)
Wrap Contracts

At December 31, 2020

(dollars expressed in thousands)

| Contract Issuer | Fair Value | Market Value | Rate | Duration | Quality Ratings |
|--------------------------------|---------------------|---------------------|-------|----------|-----------------|
| American General | \$ 86,823 | \$ 92,058 | 2.41% | 3.30 | A+ |
| Lincoln National Life | 118,963 | 125,881 | 2.37% | 3.30 | AA- |
| MetLife | 158,668 | 164,658 | 2.30% | 1.98 | AA- |
| Transamerica | 190,733 | 202,263 | 2.30% | 3.30 | A+ |
| Pacific Life | 206,823 | 218,778 | 2.29% | 3.30 | AA- |
| Prudential | 28,650 | 28,807 | 0.66% | 3.29 | AA- |
| RGA Reinsurance | 75,540 | 78,173 | 1.64% | 3.29 | AA- |
| Royal Bank of Canada | 154,476 | 165,329 | 1.60% | 3.30 | AA- |
| Subtotal Wrap Contracts | <u>1,020,676</u> | <u>1,075,947</u> | | | |
| Merrill Lynch Repurchase | 49,100 | 49,100 | | | |
| Total | <u>\$ 1,069,776</u> | <u>\$ 1,125,047</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, 2021, 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, 2021
(expressed in thousands)

| Risk Type | Gross Notional Value | Asset Fair Market Value | Liability Fair Market Value | Earnings (Losses) |
|------------------------------|----------------------|-------------------------|-----------------------------|-------------------|
| Equity Rights/Warrants | \$ 326 | \$ — | \$ — | \$ (137) |
| Currency Forwards | 3,410 | 48 | (5) | (156) |
| Options | 4,530 | 68 | (9) | 233 |
| Swaps | — | — | — | (206) |
| Futures | 5,741 | — | — | 788 |
| Total | <u>\$ 14,007</u> | <u>\$ 116</u> | <u>\$ (14)</u> | <u>\$ 522</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 Statement 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 Statement 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. The Trust Funds have exposure to Options related to Interest Rates and Swaps. As a writer of financial options through external investment manager portfolios (as authorized), the Trust Funds receive a premium at the outset of the agreement and bear the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options through external investment manager portfolios (as authorized), the Trust Funds pay 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 Statement 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 Statement of Changes in Net Position.

NOTE 4. INVESTMENT POOL

The Utah State Treasurer's Office operates the Utah Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and neither is a minimum balance nor a minimum/maximum transaction required. State agencies and funds that are authorized to earn interest also invest in the PTIF as an internal investment pool. No separate report as an external investment pool has been issued for the PTIF.

The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Title 51, Chapter 7 of the *Utah Code*). The Act establishes the State Money Management Council, which oversees the activities of the State Treasurer and the PTIF. The Act lists the investments that are authorized which are high-grade securities and, therefore, minimizes credit risk except in the most unusual and unforeseen circumstances.

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

The PTIF operates and reports monthly statements to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants monthly on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pool's investments. The total difference between the fair values of the investments in the pool and the values distributed to the pool participants using the amortized cost method described above is reported in the net position section of the following table as unrealized gains/losses. The PTIF may maintain an interest reserve to stabilize the monthly apportionment of interest.

Any balance maintained in the interest reserve is reflected in the fair value valuation factor discussed below. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value, and participants are informed of the fair value valuation factor that enables them to adjust their statement balances to fair value.

(Notes continue on next page.)

The PTIF condensed financial statements, inclusive of external and internal participants along with the portfolio statistics for the fiscal year ended June 30, 2021, are shown in the tables below:

| Utah Public Treasurers' Investment Fund | |
|--|----------------------|
| Statement of Net Position | |
| June 30, 2021 | |
| <i>(expressed in thousands)</i> | |
| Assets | |
| Cash and Cash Equivalents | \$ 2,405,659 |
| Investments | 20,661,996 |
| Total Assets | <u>23,067,655</u> |
| Liabilities | |
| Payable for Unsettled Trades | <u>—</u> |
| Net Position | |
| External Participant Account Balances: | |
| External Participants | 13,069,706 |
| Unrealized Gains/(Losses) | 16,202 |
| Total External Participants | <u>13,085,908</u> |
| Internal Participant Account Balances: | |
| Primary Government | 8,291,189 |
| Discrete Component Units | 1,678,200 |
| Unrealized Gains/(Losses) | 12,358 |
| Total Internal Participants | <u>9,981,747</u> |
| Total Net Position | <u>\$ 23,067,655</u> |
| Participant Account Balance: | |
| Net Position Valuation Factor | 1.00335237 |

| Utah Public Treasurers' Investment Fund | |
|--|----------------------|
| Statement of Changes in Net Position | |
| For the Fiscal Year Ended June 30, 2021 | |
| <i>(expressed in thousands)</i> | |
| Additions | |
| Pool Participant Deposits | <u>\$ 21,835,780</u> |
| Investment Income: | |
| Investment Earnings | 97,879 |
| Fair Value Increases (Decreases) | 32,905 |
| Total Investment Income | <u>130,784</u> |
| Less Administrative Expenses | <u>(820)</u> |
| Net Investment Income | <u>129,964</u> |
| Total Additions | <u>21,965,744</u> |
| Deductions | |
| Pool Participant Withdrawals | 17,288,875 |
| Earnings Distributions | 98,163 |
| Total Deductions | <u>17,387,038</u> |
| Net Increase/(Decrease) From Operations | <u>4,578,706</u> |
| Net Position | |
| Beginning of Year | <u>18,488,949</u> |
| Net Position – End of Year | <u>\$ 23,067,655</u> |

Utah Public Treasurers' Investment Fund
Portfolio Statistics
At June 30, 2021

| | Range of Yields | Weighted Average Maturity |
|---------------------------------|-------------------------------|----------------------------------|
| U.S. Treasuries | 0.03% – 0.07% | 178.69 days |
| Money Market Mutual Funds | 0.03% | 1 day |
| Corporate Bonds and Notes | 0.13% – 1.19% | 39.37 days |
| Commercial Paper | 0.07% – 0.24% | 141.84 days |
| | Weighted Average Yield | Weighted Average Maturity |
| Total Investment Fund | 0.35% | 66.70 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 PTIF did not have any deposits at June 30, 2021.

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, 2021, for the PTIF:

**Utah Public Treasurers' Investment Fund
Investments Measured at Fair Value**

At June 30, 2021

(expressed in thousands)

| Investments by Fair Value Level | Fair Value | Fair Value Measurements Using | |
|---------------------------------|---------------------|-------------------------------|---------------------|
| | | Level 1 | Level 2 |
| Debt Securities | | | |
| U.S. Treasuries | \$ 1,749,502 | \$ 1,749,502 | \$ — |
| Corporate Bonds and Notes | 19,455,559 | — | 19,455,559 |
| Money Market Mutual Funds | 1,814,082 | 1,814,082 | — |
| Total Debt Securities | <u>\$23,019,143</u> | <u>\$ 3,563,584</u> | <u>\$19,455,559</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 approach:

- Corporate Bonds and Notes are valued using quoted prices for identical 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, 2021, are presented on the following table:

| Utah Public Treasurers' Investment Fund | | |
|---|----------------------|---|
| At June 30, 2021 | | |
| <i>(expressed in thousands)</i> | | |
| Investment Type | Fair Value | Investment Maturities (in years) Less Than 1 |
| Debt Securities | | |
| U.S. Treasuries | \$ 1,749,502 | \$ 1,749,502 |
| Corporate Bonds and Notes | 19,455,559 | 19,455,559 |
| Money Market Mutual Funds | 1,814,082 | 1,814,082 |
| Total Debt Securities | <u>\$ 23,019,143</u> | <u>\$ 23,019,143</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, 2021, 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, 2021

(expressed in thousands)

| | Fair Value | Quality Ratings | | | |
|---------------------------------|---------------------|------------------|-------------------|------------------|------------------|
| | | AA | A | BBB | Not Rated |
| Corporate Bonds and Notes | \$ 19,455,559 | \$ 1,234,992 | \$ 14,783,745 | \$ 3,436,822 | \$ — |
| Money Market Mutual Funds | 1,814,082 | — | — | — | 1,814,082 |
| Subtotal | 21,269,641 | <u>1,234,992</u> | <u>14,783,745</u> | <u>3,436,822</u> | <u>1,814,082</u> |
| U.S. Treasuries | 1,749,502 | | | | |
| Total Debt Securities | <u>\$23,019,143</u> | | | | |

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, 2021, 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, 2021, 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, 2021, were \$1.201 billion and \$178.928 million, respectively. These receivables are net of an allowance for doubtful accounts of \$483.234 million and \$9.609 million, respectively.

Receivables as of June 30, 2021, consisted of the following (in thousands):

| | Accounts Receivable | | | | | |
|------------------------------------|----------------------------|-------------------|---------------|------------------|------------------|-----------------------------|
| | Federal | Customer | Other | Interest | Taxes | Notes/ Mortgages |
| Governmental Activities: | | | | | | |
| General Fund | \$ 282,997 | \$ 341,872 | \$ 23,932 | \$ 31 | \$ 393,214 | \$ 11,974 |
| Education Fund | 272,826 | 2 | 2,674 | 55 | 1,517,658 | 6,954 |
| Transportation Fund | 72,732 | 2,691 | 9,566 | — | 80,225 | — |
| Transportation Investment Fund | — | — | — | — | 84,919 | — |
| Trust Lands Fund | — | — | 42,786 | 191 | — | 934 |
| Nonmajor Funds | 18 | 20,029 | — | 1 | 12,014 | — |
| Internal Service Funds | — | 8,631 | — | — | — | — |
| Adjustments: | | | | | | |
| Fiduciary Funds | — | — | 174 | — | — | — |
| Total Receivables | <u>628,573</u> | <u>373,225</u> | <u>79,132</u> | <u>278</u> | <u>2,088,030</u> | <u>19,862</u> |
| Less Allowance for Uncollectibles: | | | | | | |
| General Fund | — | (122,739) | — | — | (11,708) | (1,344) |
| Education Fund | — | — | — | — | (214,862) | — |
| Transportation Fund | — | (200) | — | — | (1,560) | — |
| Transportation Investment Fund | — | — | — | — | (2,941) | — |
| Nonmajor Funds | — | — | — | — | (12) | — |
| Receivables, net | <u>628,573</u> | <u>250,286</u> | <u>79,132</u> | <u>278</u> | <u>1,856,947</u> | <u>18,518</u> |
| Current Receivables | 628,573 | 209,108 | 72,866 | 278 | 1,690,565 | 1,454 |
| Noncurrent Receivables | — | 41,178 | 6,266 | — | 166,382 | 17,064 |
| Total Receivables, net | <u>628,573</u> | <u>250,286</u> | <u>79,132</u> | <u>278</u> | <u>1,856,947</u> | <u>18,518</u> |
| Business-type Activities: | | | | | | |
| Student Assistance Programs | \$ 588 | \$ 2,060 | \$ — | \$ 35,324 | \$ — | \$ 1,120,053 |
| Unemployment Compensation | 9,397 | 162,999 | — | — | — | — |
| Water Loan Programs | 500 | 720 | — | 7,329 | 4,989 | 796,635 |
| Community Impact Loan Fund | — | — | — | 5,726 | — | 451,153 |
| Employers Reinsurance Fund | — | 35,593 | — | — | 637 | — |
| Nonmajor Funds | 100 | 9,138 | — | 3,710 | — | 237,782 |
| Total Receivables | <u>10,585</u> | <u>210,510</u> | <u>0</u> | <u>52,089</u> | <u>5,626</u> | <u>2,605,623</u> |
| Less Allowance for Uncollectibles: | | | | | | |
| Student Assistance Programs | — | — | — | — | — | (7,408) |
| Unemployment Compensation | — | (57,288) | — | — | — | — |
| Employers Reinsurance Fund | — | (31,900) | — | — | — | — |
| Total Receivables, net | <u>\$ 10,585</u> | <u>\$ 121,322</u> | <u>\$ 0</u> | <u>\$ 52,089</u> | <u>\$ 5,626</u> | <u>\$ 2,598,215</u> |

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2021, consisted of the following (in thousands):

| | Salaries/ Benefits | Service Providers | Vendors/ Other | Government | Tax Refunds/ Credits | Interest | Total |
|--|-----------------------|----------------------|-------------------|-------------------|-------------------------|------------------|---------------------|
| Governmental Activities: | | | | | | | |
| General Fund..... | \$ 82,402 | \$ 267,559 | \$ 71,178 | \$ 142,030 | \$ 8,037 | \$ — | \$ 571,206 |
| Education Fund..... | 1,972 | 4,302 | 15,262 | 242,350 | 104,190 | — | 368,076 |
| Transportation Fund..... | 8,654 | 84 | 205,012 | 47,115 | 733 | — | 261,598 |
| Trust Lands Fund..... | — | — | 13,077 | — | — | — | 13,077 |
| Nonmajor Governmental Funds..... | 450 | — | 167,010 | 5,260 | 600 | 54,761 | 228,081 |
| Internal Service Funds..... | 8,128 | — | 21,272 | — | — | — | 29,400 |
| Adjustments: | | | | | | | |
| Fiduciary Funds..... | — | — | — | 1,332 | — | — | 1,332 |
| Other..... | — | — | — | — | — | 953 | 953 |
| Total Governmental Activities..... | <u>\$ 101,606</u> | <u>\$ 271,945</u> | <u>\$ 492,811</u> | <u>\$ 438,087</u> | <u>\$ 113,560</u> | <u>\$ 55,714</u> | <u>\$ 1,473,723</u> |
| Business-type Activities: | | | | | | | |
| Student Assistance Programs..... | \$ 2,780 | \$ — | \$ 2,500 | \$ 6,645 | \$ — | \$ 170 | \$ 12,095 |
| Unemployment Compensation Fund..... | — | 7,886 | — | 155 | — | — | 8,041 |
| Water Loan Programs..... | — | 4 | 2,451 | — | — | — | 2,455 |
| Employers' Reinsurance Fund..... | 2 | — | 420 | — | — | — | 422 |
| Nonmajor Enterprise Funds..... | 2,922 | 294 | 18,854 | — | 56 | 430 | 22,556 |
| Total Business-type Activities..... | <u>\$ 5,704</u> | <u>\$ 8,184</u> | <u>\$ 24,225</u> | <u>\$ 6,800</u> | <u>\$ 56</u> | <u>\$ 600</u> | <u>\$ 45,569</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, 2021, consisted of the following (in thousands):

Due to General Fund from:

| | |
|--|------------------|
| Education Fund | \$ 517 |
| Transportation Fund | 1,449 |
| Trust Lands Fund | 54 |
| Nonmajor Governmental Funds | 2,556 |
| Unemployment Compensation Fund | 7,161 |
| Water Loan Programs | 47 |
| Nonmajor Enterprise Funds | 35,665 |
| Internal Service Funds | 2,586 |
| Fiduciary Funds | 20 |
| Total due to General Fund from other funds | <u>\$ 50,055</u> |

Due to Education Fund from:

| | |
|--|------------------|
| General Fund | \$ 6,878 |
| Unemployment Compensation Fund | 1,938 |
| Trust Lands Fund | 23,211 |
| Total due to Education Fund from other funds | <u>\$ 32,027</u> |

Due to Transportation Fund from:

| | |
|---|-----------------|
| General Fund | \$ 2,217 |
| Education Fund | 12 |
| Nonmajor Governmental Funds | 32 |
| Internal Service Funds | 36 |
| Fiduciary Funds | 3 |
| Total due to Transportation Fund from other funds | <u>\$ 2,300</u> |

Due to Trust Lands from:

| | |
|---|-----------------|
| General Fund | \$ 119 |
| Trust Lands | 562 |
| Nonmajor Enterprise Funds | 1,180 |
| Total due to Trust Lands from other funds | <u>\$ 1,861</u> |

Due to Nonmajor Governmental Funds from:

| | |
|---|-----------------|
| General Fund | \$ 6,696 |
| Nonmajor Enterprise Funds | 36 |
| Internal Service Funds | 22 |
| Fiduciary Funds | 125 |
| Total due to Nonmajor Governmental Funds from other funds | <u>\$ 6,879</u> |

Due to Water Loan Programs from:

| | |
|---|------------------|
| Trust Lands Fund | \$ 75 |
| Nonmajor Governmental Funds | 12,588 |
| Total due to Water Loan Programs from other funds | <u>\$ 12,663</u> |

Due to Nonmajor Enterprise Funds from:

| | |
|---|------------------|
| General Fund | \$ 188 |
| Transportation Fund | 2 |
| Nonmajor Governmental Funds | 13,462 |
| Non-major Enterprise Funds | 209 |
| Internal Service Funds | 28 |
| Total due to Nonmajor Enterprise Funds from other funds | <u>\$ 13,889</u> |

Due to Internal Service Funds from:

| | |
|--|------------------|
| General Fund | \$ 34,851 |
| Education Fund | 46 |
| Transportation Fund | 5,058 |
| Employers' Reinsurance Fund | 33 |
| Nonmajor Governmental Funds | 847 |
| Nonmajor Enterprise Funds | 2,010 |
| Internal Service Funds | 1,712 |
| Fiduciary Funds | 26 |
| Total due to Internal Service Funds from other funds | <u>\$ 44,583</u> |

Due to Fiduciary Funds from:

| | |
|---|-------------------|
| General Fund | \$ 248 |
| Nonmajor Governmental Funds | 1,084 |
| Total due to Fiduciary Funds from other funds | <u>\$ 1,332</u> |
| Total Due to/Due froms | <u>\$ 165,589</u> |

These interfund balances resulted from timing 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, 2021, interfund loans receivable/payable balances consist of \$20.523 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of \$20.523 million includes \$6.272 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, 2021, was as follows (in thousands):

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|---------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital Assets Not Depreciated/Amortized: | | | | |
| Land and Related Assets | \$ 2,348,414 | \$ 84,505 | \$ (21,861) | \$ 2,411,058 |
| Infrastructure | 14,656,430 | 412,998 | (1,540) | 15,067,888 |
| Construction in Progress | 1,727,281 | 1,353,016 | (758,418) | 2,321,879 |
| Total Capital Assets Not Depreciated/Amortized | <u>18,732,125</u> | <u>1,850,519</u> | <u>(781,819)</u> | <u>19,800,825</u> |
| Capital Assets Depreciated/Amortized: | | | | |
| Buildings and Improvements | 2,396,656 | 69,771 | (843) | 2,465,584 |
| Infrastructure | 75,448 | 4,340 | — | 79,788 |
| Machinery and Equipment | 535,978 | 49,331 | (36,320) | 548,989 |
| Intangible Assets—Software | 343,690 | 9,081 | (5,772) | 346,999 |
| Total Capital Assets Depreciated/Amortized | <u>3,351,772</u> | <u>132,523</u> | <u>(42,935)</u> | <u>3,441,360</u> |
| Less Accumulated Depreciation/Amortization for: | | | | |
| Buildings and Improvements | (1,088,888) | (67,890) | 353 | (1,156,425) |
| Infrastructure | (41,377) | (2,595) | — | (43,972) |
| Machinery and Equipment | (332,090) | (35,400) | 32,526 | (334,964) |
| Intangible Assets—Software | (271,919) | (29,429) | 5,472 | (295,876) |
| Total Accumulated Depreciation/Amortization | <u>(1,734,274)</u> | <u>(135,314)</u> | <u>38,351</u> | <u>(1,831,237)</u> |
| Total Capital Assets Depreciated/Amortized, Net | <u>1,617,498</u> | <u>(2,791)</u> | <u>(4,584)</u> | <u>1,610,123</u> |
| Capital Assets, Net | <u>\$ 20,349,623</u> | <u>\$ 1,847,728</u> | <u>\$ (786,403)</u> | <u>\$ 21,410,948</u> |
| Business-type Activities: | | | | |
| Capital Assets Not Depreciated/Amortized: | | | | |
| Land and Related Assets | \$ 39,116 | \$ 606 | \$ — | \$ 39,722 |
| Construction in Progress | 3,325 | 2,102 | (2,718) | 2,709 |
| Total Capital Assets Not Depreciated/Amortized | <u>42,441</u> | <u>2,708</u> | <u>(2,718)</u> | <u>42,431</u> |
| Capital Assets Depreciated/Amortized: | | | | |
| Buildings and Improvements | 105,028 | 13,781 | — | 118,809 |
| Infrastructure | 430 | — | — | 430 |
| Machinery and Equipment | 19,301 | 549 | (609) | 19,241 |
| Intangible Assets—Software | 4,152 | — | — | 4,152 |
| Total Capital Assets Depreciated/Amortized | <u>128,911</u> | <u>14,330</u> | <u>(609)</u> | <u>142,632</u> |
| Less Accumulated Depreciation/Amortization for: | | | | |
| Buildings and Improvements | (45,506) | (3,692) | — | (49,198) |
| Infrastructure | (174) | (12) | — | (186) |
| Machinery and Equipment | (14,403) | (1,591) | 599 | (15,395) |
| Intangible Assets—Software | (3,446) | (178) | — | (3,624) |
| Total Accumulated Depreciation/Amortization | <u>(63,529)</u> | <u>(5,473)</u> | <u>599</u> | <u>(68,403)</u> |
| Total Capital Assets Depreciated/Amortized, Net | <u>65,382</u> | <u>8,857</u> | <u>(10)</u> | <u>74,229</u> |
| Capital Assets, Net | <u>\$ 107,823</u> | <u>\$ 11,565</u> | <u>\$ (2,728)</u> | <u>\$ 116,660</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 2021, \$107.010 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 | \$ 16,075 |
| Human Services and Juvenile Justice Services | 8,899 |
| Corrections | 8,399 |
| Public Safety | 19,442 |
| Courts | 9,583 |
| Health and Environmental Quality | 5,733 |
| Employment and Family Services | 14,052 |
| Natural Resources | 11,233 |
| Heritage and Arts | 656 |
| Business, Labor, and Agriculture | 2,732 |
| Public Education | 990 |
| Transportation | 21,727 |
| Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided | 15,793 |
| Total Depreciation Expense | \$ 135,314 |

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 | \$ — | \$ 93,747 | \$ 44,492 | \$ 410,537 | \$ 161,855 | \$ 710,631 |
| Art and Special Collections | — | 101,250 | 55,514 | — | 11,255 | 168,019 |
| Construction in Progress | — | 431,302 | 42,663 | 137,937 | 173,783 | 785,685 |
| Total Capital Assets Not Depreciated/Amortized | 0 | 626,299 | 142,669 | 548,474 | 346,893 | 1,664,335 |
| Capital Assets Depreciated/Amortized: | | | | | | |
| Building and Improvements | — | 4,462,834 | 1,382,123 | 213,225 | 2,537,387 | 8,595,569 |
| Infrastructure | — | 536,251 | — | 2,733,613 | 129,857 | 3,399,721 |
| Machinery and Equipment | 452 | 1,505,792 | 295,579 | 945,890 | 354,958 | 3,102,671 |
| Total Capital Assets Depreciated/Amortized | 452 | 6,504,877 | 1,677,702 | 3,892,728 | 3,022,202 | 15,097,961 |
| Less Accumulated Depreciation/Amortization | (428) | (3,142,863) | (785,572) | (1,557,836) | (1,216,886) | (6,703,585) |
| Total Capital Assets Depreciated/Amortized, Net | 24 | 3,362,014 | 892,130 | 2,334,892 | 1,805,316 | 8,394,376 |
| Capital Assets, Net | \$ 24 | \$3,988,313 | \$1,034,799 | \$2,883,366 | \$2,152,209 | \$10,058,711 |

* During calendar year 2020, the Utah Transit Authority evaluated its capital assets for impairment due to events or changes in circumstances suggesting that the service utility of a capital asset may have significantly and unexpectedly declined and determined the year's impairment loss was \$6.538 million for 26 vehicles and one building.

NOTE 9. LEASE COMMITMENTS

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

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

The primary government's capital lease payments were \$2.757 million in principal and \$802 thousand in interest for fiscal year 2021. As of June 30, 2021, 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, 2021, the accumulated depreciation of the primary government's assets acquired through capital leases was \$22.692 million of which \$21.923 million was buildings and \$769 thousand was equipment and other depreciable assets. Of the \$194.536 million in discrete component unit present value of future minimum lease payments noted below, \$58.455 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 2021 were \$48.429 million for the primary government and \$39.628 million for discrete component units. For fiscal year 2020, the operating

lease expenditures were \$59.196 million for the primary government \$40.871 million for discrete component units. Future minimum lease commitments for non-cancellable operating leases and capital leases as of June 30, 2021, and for Utah Transit Authority (major discrete component unit) as of December 31, 2020, were as follows:

Future Minimum Lease Commitments

Operating Leases

(expressed in thousands)

| Fiscal Year | Primary Government | Discrete Component Units |
|---|-----------------------|-----------------------------|
| 2022 | \$ 18,187 | \$ 37,658 |
| 2023 | 15,337 | 31,052 |
| 2024 | 11,120 | 26,953 |
| 2025 | 8,517 | 22,849 |
| 2026 | 6,173 | 20,803 |
| 2027-2031 | 7,429 | 36,253 |
| 2032-2036 | 1,661 | 16,180 |
| 2037-2041 | 1,543 | 14,373 |
| 2042-2046 | 692 | 15,464 |
| 2047-2051 | 10 | 9,236 |
| 2052-2056 | 10 | 322 |
| 2057-2061 | 2 | — |
| Total Future Minimum Lease Payments | \$ 70,681 | \$ 231,143 |

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 |
| 2022 | \$ 327 | \$ 50 | \$ 277 | \$ 41,373 | \$ 5,568 | \$ 35,805 |
| 2023 | 317 | 41 | 276 | 37,751 | 4,637 | 33,114 |
| 2024 | 317 | 33 | 284 | 24,030 | 3,914 | 20,116 |
| 2025 | 317 | 25 | 292 | 22,090 | 3,313 | 18,777 |
| 2026 | 232 | 17 | 215 | 20,423 | 2,804 | 17,619 |
| 2027-2031 | 776 | 43 | 733 | 70,451 | 6,161 | 64,290 |
| 2032-2036 | 177 | 2 | 175 | 3,432 | 562 | 2,870 |
| 2037-2041 | — | — | — | 1,986 | 41 | 1,945 |
| Total | \$ 2,463 | \$ 211 | \$ 2,252 | \$ 221,536 | \$ 27,000 | \$ 194,536 |

(Notes continue on next page.)

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 |
| 2022 | \$ 3,262 | \$ 655 | \$ 2,607 | \$ 8,955 | \$ 1,198 | \$ 7,757 |
| 2023 | 2,871 | 560 | 2,311 | 7,904 | 1,042 | 6,862 |
| 2024 | 2,032 | 480 | 1,552 | 7,068 | 899 | 6,169 |
| 2025 | 2,032 | 437 | 1,595 | 6,474 | 769 | 5,705 |
| 2026 | 2,032 | 392 | 1,640 | 6,091 | 647 | 5,444 |
| 2027-2031 | 6,352 | 1,466 | 4,886 | 23,525 | 1,482 | 22,043 |
| 2032-2036 | 5,347 | 951 | 4,396 | 3,389 | 106 | 3,283 |
| 2037-2041 | 4,027 | 425 | 3,602 | — | — | — |
| 2042-2046 | 805 | 22 | 783 | — | — | — |
| Total | <u>\$ 28,760</u> | <u>\$ 5,388</u> | <u>\$ 23,372</u> | <u>\$ 63,406</u> | <u>\$ 6,143</u> | <u>\$ 57,263</u> |

(Notes continue on next page.)

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, 2021 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, 2020. As referenced below, certain long-term debt and other long-term liabilities are discussed in other notes to the Financial Statements.

Long-term Debt and Other Long-term Liabilities
(expressed in thousands)

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|---|----------------------|---------------------|-----------------------|---------------------|-----------------------------------|
| Governmental Activities | | | | | |
| Long-term Debt: | | | | | |
| General Obligation Bonds | \$ 2,704,640 | \$ — | \$ (306,715) | \$ 2,397,925 | \$ 348,810 |
| General Obligation Bonds - Direct Placement | 116,300 | — | (1,300) | 115,000 | 1,400 |
| State Building Ownership Authority (SBOA) Lease Revenue Bonds | 166,693 | — | (7,432) | 159,261 | 7,397 |
| SBOA Lease Revenue Bonds - Direct Placement | 21,105 | — | (5,120) | 15,985 | 5,460 |
| Net Unamortized Premiums | 243,120 | — | (47,953) | 195,167 | 42,793 |
| Capital Leases (Note 9) - Direct Borrowing | 25,849 | — | (2,477) | 23,372 | 2,607 |
| Notes Payable - Direct Borrowing | 183 | — | (49) | 134 | 53 |
| Other Long-term Liabilities: | | | | | |
| Capital Leases (Note 9) | 2,531 | — | (279) | 2,252 | 277 |
| Compensated Absences (Note 1) ** | 210,811 | 105,428 | (98,959) | 217,280 | 99,630 |
| Claims Liability (Note 19) ** | 73,622 | 20,784 | (7,089) | 87,317 | 38,981 |
| Pollution Remediation Obligation ** | 5,308 | 5,475 | (144) | 10,639 | 453 |
| Settlement Obligations ** | 1,113 | — | (345) | 768 | 201 |
| Net Pension Liability (Note 17) * | 719,708 | — | (313,738) | 405,970 | — |
| Net OPEB Liability (Note 18) * | 18,410 | — | (17,802) | 608 | — |
| Arbitrage Liability (Note 1) | 418 | — | (220) | 198 | 198 |
| Total Governmental Long-term Debt and Liabilities | <u>\$ 4,309,811</u> | <u>\$ 131,687</u> | <u>\$ (809,622)</u> | <u>\$ 3,631,876</u> | <u>\$ 548,260</u> |
| Business-type Activities | | | | | |
| Long-term Debt: | | | | | |
| Student Assistance Revenue Bonds | \$ 1,081,161 | \$ 222,451 | \$ (363,165) | \$ 940,447 | \$ 125,840 |
| State Building Ownership Authority Lease Revenue Bonds | 85,612 | — | (6,503) | 79,109 | 6,868 |
| Water Loan Recapitalization Revenue Bonds | 19,565 | — | (6,220) | 13,345 | 6,515 |
| Net Unamortized Premiums/(Discounts) | (6,811) | 15 | 2,186 | (4,610) | 723 |
| Other Long-term Liabilities: | | | | | |
| Claims and Uninsured Liabilities | 295,849 | 1,132,745 | (1,170,730) | 257,864 | 60,936 |
| Net Pension Liability (Note 17) * | 11,064 | — | (5,617) | 5,447 | — |
| Net OPEB Liability (Note 18) * | 350 | — | (350) | — | — |
| Total Business-type Long-term Debt and Liabilities | <u>\$ 1,486,790</u> | <u>\$ 1,355,211</u> | <u>\$ (1,550,399)</u> | <u>\$ 1,291,602</u> | <u>\$ 200,882</u> |
| Discrete Component Units | | | | | |
| Long-term Debt: | | | | | |
| Revenue Bonds | \$ 3,976,823 | \$ 627,579 | \$ (454,530) | \$ 4,149,872 | \$ 98,866 |
| Net Unamortized Premiums/(Discounts) | 161,535 | 677 | (17,206) | 145,006 | 2,965 |
| Capital Leases (Note 9) - Direct Borrowing | 52,187 | 12,590 | (7,514) | 57,263 | 7,757 |
| Notes Payable - Direct Borrowings | 75,473 | 69,264 | (12,981) | 131,756 | 8,345 |
| Other Long-term Liabilities: | | | | | |
| Capital Leases/Contracts Payable (Notes 9 and 10) | 232,552 | 4,530 | (37,733) | 199,349 | 36,770 |
| Claims Liability (Note 19) | 275,467 | 1,318,116 | (1,297,621) | 295,962 | 185,199 |
| Leave/Termination Benefits (Note 1) | 208,867 | 165,385 | (134,281) | 239,971 | 122,696 |
| Capital Assets Held for Others | 12,116 | — | (404) | 11,712 | 404 |
| Net Pension Liability (Note 17) * | 288,661 | — | (154,809) | 133,852 | — |
| Net OPEB Liability (Note 18) * | 58 | — | (58) | — | — |
| Total Discrete Component Long-term Debt and Liabilities | <u>\$ 5,283,739</u> | <u>\$ 2,198,141</u> | <u>\$ (2,117,137)</u> | <u>\$ 5,364,743</u> | <u>\$ 463,002</u> |

* 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 17](#) and [Note 18](#) 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 \$405.970 million and for business-type activities of \$5.447 million differ from the NPL for the primary government of \$413.752 million as reported in [Note 17](#) due to the following: the NPL for Utah Dairy Commission of \$24 thousand are included in business-type activities, but are excluded from the primary government NPL reported in Note 17, and the Utah Schools for the Deaf and the Blind (nonmajor discrete component unit) of \$2.332 million is excluded from the business-type and governmental activities reported above, but is included in the NPL for the primary government in Note 17.

These differences are due to the way Utah Retirement Systems (pension trust and defined contribution plans) combine and report the State's retirement plans for Note 17, which is different than how the State reports the NPL by fund type in accordance with generally accepted accounting principles.

B. General Obligation Bonds

The State issues general obligation bonds to provide funds for acquisition, construction, and renovation of major capital facilities and for highway construction. In addition, general obligation bonds have been issued to refund general obligation bonds, revenue bonds, and capitalized leases. General obligation bonds are secured by the full faith and credit of the State. Debt service requirements are provided by legislative appropriation from the State's general tax revenues. As of June 30, 2021, the State had \$52.077 million of unissued general obligation highway bond authorizations and \$266.640 million of unissued general obligation rail and transit bond authorizations remaining.

During fiscal year 2021, no general obligation or general obligation refunding bonds were issued. General obligation bonds payable information is presented below.

General Obligation Bonds Payable (expressed in thousands)

| Bond Issue | Date Issued | Maturity Date | Interest Rate | Original Issue | Balance June 30, 2021 |
|--|-------------|---------------|-----------------|----------------|-----------------------|
| 2009D Highway Issue | 09/29/09 | 2019, 2024 | 4.15 % – 4.55 % | \$ 491,760 | \$ 329,900 |
| 2010B Highway Issue | 09/30/10 | 2019 – 2025 | 3.19 % – 3.54 % | \$ 621,980 | 490,735 |
| 2011A Highway/Capital Facility Issue | 07/06/11 | 2012 – 2021 | 2.00 % – 5.00 % | \$ 609,920 | 43,990 |
| 2013 Highway Issue | 07/30/13 | 2014 – 2028 | 3.00 % – 5.00 % | \$ 226,175 | 30,650 |
| 2015 Refunding Issue | 04/29/15 | 2019 – 2026 | 3.50 % – 5.00 % | \$ 220,980 | 117,785 |
| 2017 Highway/Prison Issue | 07/10/17 | 2018 – 2032 | 3.00 % – 5.00 % | \$ 142,070 | 113,630 |
| 2017 Refunding Issue | 12/15/17 | 2018 – 2028 | 2.21% | \$ 118,700 | 115,000 |
| 2018 Highway/Prison Issue | 02/28/18 | 2018 – 2032 | 3.13 % – 5.00 % | \$ 343,155 | 280,085 |
| 2019 Highway Issue | 01/15/19 | 2019 – 2033 | 5.00% | \$ 127,715 | 115,155 |
| 2020 Highway Issue | 02/11/20 | 2020 – 2034 | 3.00 % – 5.00 % | \$ 448,430 | 428,680 |
| 2020B Highway Issue | 05/14/20 | 2020 – 2034 | 3.00 % – 5.00 % | \$ 447,315 | 447,315 |
| Total General Obligation Bonds Outstanding | | | | | 2,512,925 |
| Plus Unamortized Bond Premium | | | | | 193,280 |
| Total General Obligation Bonds Payable | | | | | <u>\$ 2,706,205</u> |

General Obligation Bond Issues Debt Service Requirements to Maturity For the Fiscal Year Ended June 30, 2021 (expressed in thousands)

| Fiscal Year | Principal | | | | | | |
|-------------|---------------------|---------------------|-----------------------------|--------------------|----------------------|---------------------------|-----------------------------------|
| | 2009D Highway Bonds | 2010B Highway Bonds | 2011A Highway/Capital Bonds | 2013 Highway Bonds | 2015 Refunding Bonds | 2017 Highway/Prison Bonds | 2017 Refunding - Direct Placement |
| 2022 | \$ 86,740 | \$ 102,480 | \$ 43,990 | \$ 14,950 | \$ — | \$ 11,825 | \$ 1,400 |
| 2023 | 90,825 | 103,250 | — | 15,700 | 39,290 | 12,400 | 1,400 |
| 2024 | 64,420 | 104,160 | — | — | 39,260 | 13,050 | 17,700 |
| 2025 | 87,915 | 104,430 | — | — | 39,235 | 13,700 | 18,100 |
| 2026 | — | 76,415 | — | — | — | 14,425 | 18,500 |
| 2027-2031 | — | — | — | — | — | 41,030 | 57,900 |
| 2032-2036 | — | — | — | — | — | 7,200 | — |
| Total | <u>\$ 329,900</u> | <u>\$ 490,735</u> | <u>\$ 43,990</u> | <u>\$ 30,650</u> | <u>\$ 117,785</u> | <u>\$ 113,630</u> | <u>\$ 115,000</u> |

Continues

Continued

| Fiscal Year | Principal | | | | | | |
|-------------|-------------------------------------|--------------------------|--------------------------|--------------------------------------|--------------------------------|-------------------------------|-----------------------------|
| | 2018 Highway/ Prison Bonds | 2019 Highway Bonds | 2020 Highway Bonds | 2020B Highway/ Prison Bonds | Total Principal Required | Total Interest Required | Total Amount Required |
| 2022 | \$ 23,005 | \$ 6,450 | \$ 17,975 | \$ 41,395 | \$ 350,210 | \$ 93,794 | \$ 444,004 |
| 2023 | 24,180 | 6,780 | 18,900 | 43,600 | 356,325 | 77,931 | 434,256 |
| 2024 | 25,385 | 7,125 | 19,875 | 45,905 | 336,880 | 63,416 | 400,296 |
| 2025 | 26,705 | 7,490 | 20,900 | 48,335 | 366,810 | 47,499 | 414,309 |
| 2026 | 28,030 | 7,875 | 59,185 | 50,910 | 255,340 | 36,785 | 292,125 |
| 2027-2031 | 108,305 | 45,870 | 165,170 | 164,645 | 582,920 | 88,479 | 671,399 |
| 2032-2036 | 44,475 | 33,565 | 126,675 | 52,525 | 264,440 | 11,485 | 275,925 |
| Total | \$ 280,085 | \$ 115,155 | \$ 428,680 | \$ 447,315 | \$ 2,512,925 | \$ 419,389 | \$ 2,932,314 |

C. Revenue Bonds

Revenue bonds payable consist of those issued by the Utah State Building Ownership Authority, the Utah Board of Higher Education 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, 2021, are reported as a long-term liability of the governmental activities, except for \$82.888 million and \$721 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 Board of Higher Education (UBHE) Student Loan Purchase Programs' (Student Assistance Programs) bonds were issued to provide funds for student loans and are secured by all assets of the UBHE Revenue Bond Funds and by the revenues and receipts derived from such assets. The UBHE has also issued a revenue bond for an office facility secured by funds within the its budget that would otherwise be expended for rent.

The Student Assistance Programs include \$123.301 million of fixed-rate bonds and \$817.145 million of bonds at a rate set at the 1-month LIBOR plus rates from 0.55 to 1.50 percent.

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 \$117.580 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 \$16.505 million and \$950 thousand, 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 \$87.959 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 \$13.305 million and \$1.951 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 2015 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 \$124.850 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 \$17.333 million and \$1.127 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 \$199.207 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 \$27.347 million and \$1.439 million, respectively.

The notes issued under the 2017 Trust Estate are special limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$202.745 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 \$26.040 million and \$1.483 million, respectively.

The notes issued under the 2020 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 2020 Warehouse Facility to the Board, resulting in a deferred gain on bond refundings. 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 \$206.851 million of outstanding student loan backed notes which are payable through fiscal year 2061. Principal and interest paid for the current year and total net revenue before interest expense were \$17.629 million and \$94 thousand, 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 \$1.255 million of outstanding Office Facility Bonds, which are payable through 2024. Principal and interest paid for the current fiscal year and total net revenues before interest expense were \$807 thousand and \$805 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 \$13.672 million. For the current year, the total amount of principal and interest paid was \$6.849 million and total pledged revenue recognized was \$30.613 million. Of the bonds payable outstanding at June 30, 2021, \$13.345 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, 2021, 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 | \$1,686,201 | \$478,718 | \$3,482,081 | \$481,185 |
| Term of Commitment | Thru 2045 | Thru 2052 | Thru 2050 | Thru 2051 |
| Percent of Revenue Pledged | 100.00% | 100.00% | 100.00% | 100.00% |
| Current Year Pledged Revenue | \$523,175 | \$79,181 | \$311,521 | \$18,983 |
| Current Year Principal and Interest Paid | \$95,931 | \$16,326 | \$116,900 | \$16,289 |

* 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, 2021 |
|---------------------------------------|-------------|---------------|---------------|----------------|-----------------------|
| SBOA Lease Revenue Bonds: | | | | | |
| Series 2009E | 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 | 6,176 |
| Series 2011 | 10/25/11 | 2012 – 2031 | 2.13% – 4.00% | \$ 5,250 | 1,530 |
| Series 2012A | 11/20/12 | 2017 – 2027 | 1.50% – 5.00% | \$ 11,755 | 7,150 |
| Series 2012B | 11/20/12 | 2013 – 2022 | 1.50% – 2.25% | \$ 9,100 | 215 |
| Series 2015 | 04/29/15 | 2016 – 2030 | 3.00% – 5.00% | \$ 785 | 45 |
| Series 2016 | 04/05/16 | 2016 – 2038 | 2.25% – 5.00% | \$ 93,625 | 83,725 |
| Series 2017 – Direct Placement | 12/15/17 | 2020 – 2024 | 5.00% | \$ 25,910 | 15,985 |
| Series 2018 | 02/21/18 | 2020 – 2039 | 3.00% – 5.00% | \$ 2,920 | 2,730 |
| Total Lease Revenue Bonds Outstanding | | | | | 175,246 |
| Plus Unamortized Bond Premium | | | | | 1,887 |
| Total Lease Revenue Bonds Payable | | | | | <u>\$ 177,133</u> |

Business-type Activities
(dollars expressed in thousands)

Student Assistance Programs:

| | | | | | |
|---|------|-------------|---------------|------------|-------------------|
| 2012 Trust Estate Student Loan Indentures | 2012 | 2032 | Variable | \$ 518,700 | \$ 117,580 |
| 2014 Trust Estate Student Loan Indentures | 2014 | 2039 | Variable | \$ 277,000 | 87,959 |
| 2015 Trust Estate Student Loan Indentures | 2015 | 2043 | Variable | \$ 415,500 | 124,850 |
| 2016 Trust Estate Student Loan Indentures | 2016 | 2057 | Variable | \$ 452,250 | 199,207 |
| 2017 Trust Estate Student Loan Indentures | 2017 | 2057 | Variable | \$ 420,000 | 202,745 |
| 2020 Trust Estate Student Loan Indentures | 2020 | 2061 | Variable | \$ 222,450 | 206,851 |
| SAP Office Facility Bond Fund | 2012 | 2014 – 2024 | 2.00% – 5.00% | \$ 7,295 | 1,255 |
| Total Revenue Bonds Outstanding | | | | | 940,447 |
| Plus Unamortized Bond Discount | | | | | (9,111) |
| Total Revenue Bonds Payable | | | | | <u>\$ 931,336</u> |

SBOA Lease Revenue Bonds:

| | | | | | |
|---------------------------------------|----------|-------------|----------------|-----------|------------------|
| Series 2009C | 09/09/09 | 2024, 2029 | 5.29 %, 5.77 % | \$ 16,715 | \$ 14,040 |
| Series 2010 | 11/30/10 | 2011 – 2024 | 2.00% – 5.00% | \$ 12,180 | 3,249 |
| Series 2012A | 11/20/12 | 2017 – 2027 | 1.50% – 5.00% | \$ 3,855 | 1,975 |
| Series 2015 | 04/29/15 | 2016 – 2030 | 3.00% – 5.00% | \$ 29,230 | 23,085 |
| Series 2016 | 04/05/16 | 2016 – 2038 | 2.25% – 5.00% | \$ 4,525 | 3,875 |
| Series 2018 | 02/21/18 | 2020 – 2039 | 3.00% – 5.00% | \$ 15,545 | 14,535 |
| Series 2020 | 02/27/20 | 2021 – 2039 | 2.00% – 5.00% | \$ 18,865 | 18,350 |
| Total Lease Revenue Bonds Outstanding | | | | | 79,109 |
| Plus Unamortized Bond Premium | | | | | 4,501 |
| Total Lease Revenue Bonds Payable | | | | | <u>\$ 83,610</u> |

Water Loan Programs:

| | | | | | |
|--|----------|-------------|---------------|-----------|---------------------|
| Series 2010C Recapitalization Revenue Bonds | 02/23/10 | 2018 – 2022 | 4.19% – 4.79% | \$ 31,225 | \$ 13,345 |
| Total Recapitalization Revenue Bonds Outstanding | | | | | 13,345 |
| Plus Unamortized Bond Premium | | | | | — |
| Total Recapitalization Revenue Bonds Payable | | | | | <u>\$ 13,345</u> |
| Total Revenue/Lease Revenue/Recapitalization Revenue Bonds Payable | | | | | <u>\$ 1,205,424</u> |

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

| Fiscal Year | Principal | | | | | | | |
|-------------|---|---|---|---|---|---|-------------------------------|-----------------------|
| | 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 | 2020 Trust Estate Student Loan Indentures | SAP Office Facility Bond Fund | 2009C Utah SBOA Bonds |
| 2022 | \$ 18,304 | \$ 11,288 | \$ 16,678 | \$ 25,100 | \$ 25,200 | \$ 28,505 | \$ 765 | \$ 1,445 |
| 2023 | 18,370 | 11,016 | 16,800 | 25,062 | 25,360 | 28,539 | 240 | 1,520 |
| 2024 | 18,351 | 10,999 | 16,392 | 24,963 | 25,272 | 28,481 | 250 | 1,605 |
| 2025 | 14,439 | 9,074 | 12,486 | 19,365 | 19,810 | 24,937 | — | 1,685 |
| 2026 | 13,642 | 8,676 | 12,433 | 18,773 | 19,238 | 23,138 | — | 1,785 |
| 2027-2031 | 34,474 | 36,666 | 50,061 | 75,576 | 78,812 | 73,251 | — | 6,000 |
| 2032-2036 | — | 240 | — | 10,368 | 9,053 | — | — | — |
| 2037-2041 | — | — | — | — | — | — | — | — |
| Total | \$ 117,580 | \$ 87,959 | \$ 124,850 | \$ 199,207 | \$ 202,745 | \$ 206,851 | \$ 1,255 | \$ 14,040 |

| Fiscal Year | Principal | | | | | | | |
|-------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| | 2009E Utah SBOA Bonds | 2010 Utah SBOA Bonds | 2011 Utah SBOA Bonds | 2012A Utah SBOA Bonds | 2012B Utah SBOA Bonds | 2015 Utah SBOA Bonds | 2016 Utah SBOA Bonds | 2017 Utah SBOA Bonds |
| 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 | 6,015 | — | 70 | 2,850 | — | 3,005 | 4,400 | — |
| 2026 | 8,635 | — | 75 | 1,135 | — | 3,150 | 4,650 | — |
| 2027-2031 | 43,040 | — | 420 | 570 | — | 9,765 | 25,050 | — |
| 2032-2036 | — | — | — | — | — | — | 28,950 | — |
| 2037-2041 | — | — | — | — | — | — | 12,525 | — |
| Total | \$ 57,690 | \$ 9,425 | \$ 1,530 | \$ 9,125 | \$ 215 | \$ 23,130 | \$ 87,600 | \$ 15,985 |

| Fiscal Year | Principal | | | | | |
|-------------|----------------------|----------------------|-----------------------------|--------------------------|-------------------------|-----------------------|
| | 2018 Utah SBOA Bonds | 2020 Utah SBOA Bonds | 2010C Water Loan Recap Bond | Total Principal Required | Total Interest Required | Total Amount Required |
| 2022 | \$ 645 | \$ 700 | \$ 6,515 | \$ 152,080 | \$ 19,203 | \$ 171,283 |
| 2023 | 675 | 735 | 6,830 | 152,087 | 16,670 | 168,757 |
| 2024 | 720 | 770 | — | 144,323 | 14,538 | 158,861 |
| 2025 | 745 | 805 | — | 119,686 | 12,510 | 132,196 |
| 2026 | 785 | 845 | — | 116,960 | 10,635 | 127,595 |
| 2027-2031 | 4,515 | 4,900 | — | 443,100 | 25,970 | 469,070 |
| 2032-2036 | 5,430 | 5,795 | — | 59,836 | 5,970 | 65,806 |
| 2037-2041 | 3,750 | 3,800 | — | 20,075 | 860 | 20,935 |
| Total | \$ 17,265 | \$ 18,350 | \$ 13,345 | \$ 1,208,147 | \$ 106,356 | \$ 1,314,503 |

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

| Bond Issue | Date Issued | Maturity Date | Interest Rate | Original Issue | Balance June 30, 2021 |
|--|-------------|---------------|---------------|----------------|-----------------------|
| University of Utah Revenue Bonds | 1998 – 2021 | 2020 – 2044 | 0.17% – 6.28% | \$ 1,798,685 | \$ 1,229,313 |
| Utah State University Revenue Bonds | 2007 – 2019 | 2021 – 2052 | 1.03% – 5.25% | \$ 395,185 | 319,260 |
| Utah Transit Authority | 2005 – 2020 | 2021 – 2044 | 0.94% – 5.94% | \$ 3,317,291 | 2,207,321 |
| Nonmajor Component Units Revenue Bonds | 2011 – 2020 | 2021 – 2051 | 1.87% – 5.00% | \$ 313,304 | 393,978 |
| Total Revenue Bonds Outstanding | | | | | 4,149,872 |
| Plus Unamortized Bond Premium | | | | | 145,006 |
| Total Revenue Bonds Payable | | | | | \$ 4,294,878 |

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 | Total Interest Required | Total Amount Required |
|-------------|---------------------|-----------------------|------------------------|--------------------------|--------------------------|-------------------------|-----------------------|
| | University of Utah | Utah State University | Utah Transit Authority | Nonmajor Component Units | | | |
| 2022 | \$ 40,427 | \$ 8,220 | \$ 39,165 | \$ 11,054 | \$ 98,866 | \$ 166,965 | \$ 265,831 |
| 2023 | 38,653 | 10,345 | 48,150 | 180,248 | 277,396 | 161,041 | 438,437 |
| 2024 | 70,507 | 10,785 | 59,260 | 11,406 | 151,958 | 154,065 | 306,023 |
| 2025 | 86,121 | 11,250 | 62,125 | 11,840 | 171,336 | 146,600 | 317,936 |
| 2026 | 65,763 | 11,745 | 67,060 | 12,324 | 156,892 | 139,512 | 296,404 |
| 2027-2031 | 308,430 | 59,625 | 440,310 | 60,272 | 868,637 | 557,537 | 1,426,174 |
| 2032-2036 | 310,680 | 60,405 | 601,511 | 41,134 | 1,013,730 | 412,858 | 1,426,588 |
| 2037-2041 | 242,236 | 52,610 | 605,030 | 29,380 | 929,256 | 199,768 | 1,129,024 |
| 2042-2046 | 66,496 | 55,910 | 284,710 | 20,955 | 428,071 | 35,285 | 463,356 |
| 2047-2051 | — | 33,455 | — | 15,365 | 48,820 | 4,599 | 53,419 |
| 2052-2056 | — | 4,910 | — | — | 4,910 | 83 | 4,993 |
| Total | <u>\$ 1,229,313</u> | <u>\$ 319,260</u> | <u>\$ 2,207,321</u> | <u>\$ 393,978</u> | <u>\$ 4,149,872</u> | <u>\$ 1,978,313</u> | <u>\$ 6,128,185</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, 2021, is \$321.560 million in taxable and tax-exempt conduit debt.

E. Defeased Bonds and Bond Refunding

Primary Government

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, 2021, the total amount outstanding of defeased general obligation bonds was \$387.210 million. At June 30, 2021, there were no outstanding defeased lease revenue bonds.

Business-type Activities

On September 22, 2020, the Student Assistance Programs (Programs) issued the Warehouse Loan, Security and Servicing Agreement line of credit in the amount of \$218 million to retire outstanding revenue bonds. The Warehouse Facility was secured by and payable solely from the pledged collateral.

On September 25, 2020, the Programs refunded the following bonds in the 1993 Revenue Bond Fund:

- The Programs used \$10 million of the warehouse line proceeds to refund the Series 1999 O Bonds with principal remaining of \$10 million. The funds required for this transaction were equal to the net carrying value of the defeased debt. The reacquisition price equaled the carrying amount, resulting in no economic gain.
- The Programs used \$3.500 million of the warehouse line proceeds to refund the Series 2001 R Bonds with principal remaining of \$3.500 million. The funds required for this

transaction were equal to the net carrying value of the defeased debt. The reacquisition price equaled the carrying amount, resulting in no economic gain.

- The Programs used \$8.100 million of the warehouse line proceeds to refund the Series 2001S with principal remaining of \$8.100 million. The reacquisition price equaled the carrying amount, resulting in no economic gain.
- The Programs used \$17.500 million of the warehouse line proceeds to refund the Series 2006 DD Bonds with principal remaining of \$17.500 million. The reacquisition price equaled the carrying amount, resulting in no economic gain.
- The Programs used \$65.611 million of the warehouse line proceeds to refund the Series 2011-1 Bonds with principal remaining of \$65.611 million. The carrying amount included a deferred inflow of resources related to a refunding gain. As a result, the carrying amount exceeded the reacquisition price resulting in an economic gain of \$6.374 million, reported as a deferred inflow of resources and amortized as an adjustment to interest expense over the remaining life of the 2011-1 Bonds.

On September 25, 2020, the Programs placed \$146.300 million of the warehouse line proceeds into an escrow fund to be used to purchase governmental obligation for the purpose of redeeming the Series 2010 EE Bonds. The carrying amount included a deferred inflow of resources related to an interest rate swap that was used to hedge the Series 2010 EE Bonds. As a result, the carrying amount exceeded the reacquisition price resulting in an economic gain of \$15.510 million, reported as a deferred inflow of resources and amortized as an adjustment to interest expense over the remaining life of the 2010 EE Bonds.

The Warehouse Loan, Security and Servicing Agreement line of credit was refunded with funds from the Series 2020-1 Notes on October 30, 2020, prior to the scheduled maturity date of January 22, 2021. The notes under the 2020 Trust Estate were issued with a face value of \$222.450 million to retire \$218.000 million of outstanding advances in the Warehouse Facility Fund. The funds required for this transaction exceeded the net carrying value of the defeased debt by \$4,900. This refunding was undertaken to take advantage of the low interest rate environment. The aggregate difference in debt service between the refunding

debt and the refunded debt was \$26.313 million. However, the refunding resulted in an economic gain of \$15.510 million.

Discrete Component Units

The University of Utah (major discrete component unit) issued \$76.780 million of Federally Taxable General Revenue Refunding Bonds Series 2021B. Proceeds from the bonds were used to refund certain portions of the 2014A & B, 2015A & B, and 2016A bonds and, to pay costs of issuance. The refunding activity had limited impact on the retirement period, but did result in a decrease of aggregate debt service of \$71.000 million and a present value economic gain of approximately \$1.821 million.

On March 19, 2020, Utah Transit Authority (UTA) (major discrete component unit) issued \$216.650 million in Senior Sales Tax Revenue Bonds to provide resources to purchase qualifying open market securities which were placed in an irrevocable trust for the purpose of generating resources for the advanced refunding of certain 2015A Senior Revenue Bonds. As a result the refunded bonds are considered totally defeased and the liability for those bonds are not included in the discrete component unit column on the Statement of Net Position. The transaction resulted in a reduction of total debt service requirements by \$21.052 million which resulted in an economic gain of \$17.464 million

On November 12, 2020, UTA issued \$74.750 million in Subordinated Lien Sales Tax Revenue Bonds to provide resources to purchase qualifying open market securities which were placed in an irrevocable trust for the purpose of generating resources for the advanced refunding of 2012 Revenue Bonds. As a result the refunded bonds are considered totally defeased and the liability for those bonds are not included in the discrete component unit column on the Statement of Net Position. The transaction resulted in a reduction of total debt service requirements by \$11.074 million which resulted in an economic gain of \$8.914 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, 2021, \$336.350 million of colleges and universities' bonds outstanding are considered defeased.

F. Contracts Payable

Discrete component units capital leases/contracts payable include \$4.539 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, 2021, the liability is \$10.639 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 18 years. They are secured by the related assets. The Utah Transit Authority (UTA) entered into an interlocal agreement with Utah County that requires UTA to reimburse Utah County for all bond costs (principal, interest, and cost of issuance) prior to December 31, 2028 related to Utah County's \$65 million 2016 Subordinated Transportation Sales Tax Revenue Bond that was issued for the construction of the Utah Valley Express bus route. 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 | Total Interest Required | Total Amount Required |
|-------------|--------------------|-----------------------|------------------------|--------------------------|--------------------------|-------------------------|-----------------------|
| | University of Utah | Utah State University | Utah Transit Authority | Nonmajor Component Units | | | |
| 2022 | \$ 2,795 | \$ 1,647 | \$ 1,886 | \$ 2,017 | \$ 8,345 | \$ 4,053 | \$ 12,398 |
| 2023 | 2,803 | 1,519 | 1,533 | 1,521 | 7,376 | 3,784 | 11,160 |
| 2024 | 4,534 | 1,309 | 1,607 | 11,083 | 18,533 | 3,222 | 21,755 |
| 2025 | 2,647 | 336 | 1,645 | 2,705 | 7,333 | 3,105 | 10,438 |
| 2026 | 2,797 | 281 | 1,700 | 2,654 | 7,432 | 2,811 | 10,243 |
| 2027-2031 | 7,168 | 605 | 57,295 | 11,433 | 76,501 | 8,751 | 85,252 |
| 2032-2036 | — | — | — | 6,188 | 6,188 | 512 | 6,700 |
| 2037-2041 | — | — | — | 47 | 47 | 54 | 101 |
| Total | \$ 22,744 | \$ 5,697 | \$ 65,666 | \$ 37,648 | \$ 131,755 | \$ 26,292 | \$ 158,047 |

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, 2021, consisted of the following:

Deferred Outflows and Inflows of Resources
(expressed in thousands)

| | Primary Government | | Discrete Component Units |
|--|------------------------------------|-------------------------------------|-------------------------------------|
| | Governmental Activities | Business-type Activities | |
| Deferred Outflows: | | | |
| Deferred Amount on Refundings of Bonded Debt | \$ 9,823 | \$ 1,815 | \$ 133,613 |
| Relating to Pensions | 213,863 | 4,519 | 103,257 |
| Relating to Other Postemployment Benefits | 11,981 | 264 | 30,121 |
| Total Deferred Outflows | <u>\$ 235,667</u> | <u>\$ 6,598</u> | <u>\$ 266,991</u> |
| Deferred Inflows: | | | |
| Deferred Revenue | \$ 10,632 | \$ — | \$ 257 |
| Relating to Beneficial Interests | — | — | 19,931 |
| Deferred Amount on Refundings of Bonded Debt | — | 15,907 | 6,426 |
| Relating to Pensions | 455,944 | 7,839 | 192,468 |
| Relating to Other Postemployment Benefits | 54,841 | 874 | 1,214 |
| Total Deferred Inflows | <u>\$ 521,417</u> | <u>\$ 24,620</u> | <u>\$ 220,296</u> |

Of the \$235.667 million deferred outflows of resources reported in the governmental activities column on the government-wide Statement of Net Position, \$213.863 million represent deferred outflows relating to pensions, of which \$18.008 million are reported in the Internal Service Funds; and \$11.981 million represent deferred outflows relating to other postemployment, of which \$765 thousand are reported in the Internal Service Funds. The remaining \$9.823 million represent deferred amount on refundings of bonded debt.

Of the \$521.417 million deferred inflows of resources reported in the governmental activities column on the government-wide Statement of Net Position, \$455.944 million represent deferred inflows relating to pensions, of which \$39.286 million are reported in the Internal Service Funds; and \$54.841 million represent deferred inflows relating to other postemployment, of which \$3.313 million are reported in the Internal Service Funds. The remaining \$10.632 million in deferred revenue represent imposed fees received before the period when those resources are permitted to be used or are unavailable.

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 \$874.271 million in unavailable revenue. This was comprised of \$752.737 million from various taxes and \$121.534 million from other sources.

The deferred outflows of resources relating to pensions for governmental activities of \$213.863 million and for business-type

activities of \$4.519 million differ from the deferred outflows of resources for the primary government of \$220.624 million as reported in [Note 17](#) due to the following: Student Assistance Programs of \$357 thousand and Utah Dairy Commission of \$3 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 the Blind (nonmajor discrete component unit) of \$2.602 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 \$455.944 million and for business-type activities of \$7.839 million differ from the deferred inflows of resources for the primary government of \$469.198 million in [Note 17](#) due to the following: Student Assistance Programs of \$676 thousand and Utah Dairy Commission of \$217 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 the Blind (nonmajor discrete component unit) of \$6.308 million is excluded from presentation in the governmental and business-type activities reported above, but is included in the deferred inflows of resources reported for the primary government.

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 17](#), which is different than how the State reports the deferred outflows and inflows of resources by fund type in accordance with generally accepted accounting principles.

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

A. Governmental Fund Balances – Restricted, Committed and Assigned

The State’s fund balances represent: (1) **Restricted Purposes**, which include balances that are legally restricted for specific purposes due to constraints that are imposed by law through constitutional provisions or are externally imposed by creditors, grantors, contributors, or laws or regulations of other

governments; (2) **Committed Purposes**, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; (3) **Assigned Purposes**, which 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, 2021, follows:

Governmental Fund Balances
(expressed in thousands)

| | Restricted Purposes | Committed Purposes | Assigned Purposes |
|---|----------------------------|---------------------------|--------------------------|
| General Fund: | | | |
| General Government: | | | |
| Legislature | \$ — | \$ 18,826 | \$ — |
| Elected Officials | 5,648 | 3,546 | — |
| Governor’s Office | 13 | 84,555 | — |
| Administrative Services | 12,208 | 20,544 | — |
| Revenue Assessments and Collections | — | 18,805 | — |
| Human Services | 83 | 31,128 | — |
| Corrections | — | 16,857 | — |
| Public Safety | 11,968 | 43,989 | — |
| Courts | — | 11,273 | — |
| Health | 172 | 74,927 | — |
| Environmental Quality | — | 26,572 | — |
| Employment and Family Services | 4,701 | 34,562 | — |
| Natural Resources | 22,660 | 209,683 | — |
| Heritage and Arts | 58 | 13,295 | — |
| Business, Labor, and Agriculture | 88 | 59,817 | — |
| Budget Reserve (Rainy Day) Account | — | 256,791 | — |
| Medicaid Budget Stabilization Account | — | 113,862 | — |
| Industrial Assistance | — | 35,000 | — |
| Tax Accruals and Other Liabilities | — | — | 122,350 |
| Fiscal Year 2021 Appropriations: | | | |
| Line Item Appropriations | — | — | 485,444 |
| Other Purposes | 27,433 | 107,764 | — |
| Total | <u>\$ 85,032</u> | <u>\$ 1,181,796</u> | <u>\$ 607,794</u> |
| Education Fund: | | | |
| Minimum School Program | \$ 77,399 | \$ — | \$ — |
| State Office of Education | 118,708 | — | — |
| School Building Program | 32,016 | — | — |
| School LAND Trust Program | 96,674 | — | — |
| Education Budget Reserve Account | 630,183 | — | — |
| Tax Accruals and Other Purposes * | 346,006 | — | — |
| Fiscal Year 2021 Appropriations: | | | |
| Line Item Appropriations | 628,564 | — | — |
| Available for Appropriation | 504,720 | — | — |
| Other Purposes | 1,404 | — | — |
| Total | <u>\$ 2,435,674</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Transportation Fund: | | | |
| Transportation – Construction/Maintenance | \$ 354,363 | \$ — | \$ 3,119 |
| Public Safety | 42,300 | — | — |
| Corridor Preservation | 15,376 | — | — |

Continues

Governmental Fund Balances
(expressed in thousands)

| | <u>Restricted Purposes</u> | <u>Committed Purposes</u> | <u>Assigned Purposes</u> |
|---|--------------------------------|-------------------------------|------------------------------|
| <i>Continued</i> | | | |
| Aeronautical Programs | 8,316 | — | — |
| Tax Accruals and Other Purposes * | 66,461 | — | — |
| Total | <u>\$ 486,816</u> | <u>\$ 0</u> | <u>\$ 3,119</u> |
| Transportation Investment Fund: | | | |
| Transportation Investment Capacity Projects | \$ — | \$ 592,219 | \$ — |
| Other Purposes | — | 96,620 | — |
| Total | <u>\$ 0</u> | <u>\$ 688,839</u> | <u>\$ 0</u> |
| Permanent Fund - Trust Lands: | | | |
| Public Education System* | \$ 1,195,305 | \$ — | \$ — |
| Higher Education and Other Purposes | 55,528 | — | — |
| Total | <u>\$ 1,250,833</u> | <u>\$ 0</u> | <u>\$ 0</u> |
| Nonmajor Governmental Funds: | | | |
| Capital Projects | \$ 371,014 | \$ — | \$ 250,497 |
| Debt Service | — | — | 26,284 |
| State Endowment Fund | — | 314,574 | — |
| Environmental Reclamation | 39,776 | 7,902 | — |
| Rural Development | — | 22,249 | — |
| Medicaid Expansion | — | 138,209 | 20,711 |
| Other Purposes | 39,927 | 83,930 | 858 |
| Total | <u>\$ 450,717</u> | <u>\$ 566,864</u> | <u>\$ 298,350</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 17 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 \$256.791 million and \$630.183 million, respectively. For the fiscal year ended June 30, 2021, there was no transfer into the Rainy Day Fund because the fund was at the statutory limit. The Education Reserve received \$141.483 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 nine 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, 2021, \$39.043 million was transferred into the Medicaid Budget Stabilization Account. The account ended the year with a balance of \$113.862 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 \$8.926 billion of restricted net position, of which \$26.425 million is restricted by enabling legislation.

NOTE 13. DEFICIT NET POSITION AND FUND BALANCE

Funds reporting a deficit total net position at June 30, 2021, are (in thousands):

| | |
|---------------------------------------|------------|
| Internal Service Funds: | |
| Technology Services | \$ (2,963) |
| Human Resource Management | \$ (2,913) |
| Attorney General Legal Services | \$ (8,574) |
| Enterprise Funds: | |
| Petroleum Storage Tank | \$ (2,244) |

The deficit net positions in the Technology Services, Human Resource Management, and Attorney General Legal Services

Funds are the result of 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 \$8.909 million deficit, a \$3.942 million deficit, and a \$8.574 million deficit respectively, in the unrestricted portions of their net positions at June 30, 2021, primarily as a result of recording the fund’s portions of pension and OPEB.

The Petroleum Storage Tank fund covers the cleanup costs of leaks from state-approved underground petroleum storage tanks. The deficit in this fund is due to the actuarially determined future claim liability exceeding the fund’s current assets. However, assets in the fund are more than adequate to pay current claims. Unfunded future claims will be funded solely by future fund revenues.

Other than noted above, funds reporting a deficit position in the unrestricted portion of their net position at June 30, 2021, are (in thousands):

| | |
|------------------------------------|-------------|
| Internal Service Funds: | |
| Fleet Operations | \$ (13,110) |
| Enterprise Funds: | |
| Alcoholic Beverage Control | \$ (21,679) |
| Utah Correctional Industries | \$ (48) |

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

The deficit in the Alcoholic Beverage Control Enterprise Fund and Utah Correctional Industries is due to recording the funds’ portions of pensions and OPEB.

(Notes continue on next page.)

NOTE 14. INTERFUND TRANSFERS

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital to another fund. All transfers must be legally authorized by the Legislature through statute or an *Appropriation Act*. Interfund transfers for the fiscal year ended June 30, 2021, 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 | \$ — | \$ 50,526 | \$ 43,151 | \$ 1,525 | \$ 10 | \$ 657,381 | \$ 3,247 | \$ 10,244 | \$ 2,692 | \$ 768,776 |
| Education Fund | 1,468,517 | — | — | — | — | 229,159 | — | — | — | 1,697,676 |
| Transportation Fund | 53,906 | — | — | 42,729 | — | 12,733 | — | — | — | 109,368 |
| Transportation Investment Fund | 750 | — | 10,201 | — | — | 359,054 | — | — | — | 370,005 |
| Trust Lands Fund | — | 92,843 | — | — | — | — | — | — | — | 92,843 |
| Nonmajor Governmental Funds | 220,445 | — | — | — | — | — | — | — | — | 220,445 |
| Unemployment Compensation Fund | 9,734 | — | — | — | — | — | — | — | — | 9,734 |
| Water Loan Programs | 6,027 | — | — | — | — | — | — | — | — | 6,027 |
| Community Impact Loan Fund | 21,481 | — | — | — | — | — | — | — | — | 21,481 |
| Employers' Reinsurance Fund | 84 | — | — | — | — | — | — | — | — | 84 |
| Nonmajor Enterprise Funds | 126,091 | 1,750 | — | — | — | — | — | — | — | 127,841 |
| Internal Service Funds | 286 | — | — | — | — | — | — | — | — | 286 |
| Total | <u>\$ 1,907,321</u> | <u>\$ 145,119</u> | <u>\$ 53,352</u> | <u>\$ 44,254</u> | <u>\$ 10</u> | <u>\$ 1,258,327</u> | <u>\$ 3,247</u> | <u>\$ 10,244</u> | <u>\$ 2,692</u> | <u>\$ 3,424,566</u> |

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). All other transfers are made to finance various programs as authorized by the Legislature.

During fiscal year 2021, the Legislature authorized transfers of \$286 thousand from Internal Service Funds to the General Fund to subsidize general fund revenues. In addition, the Legislature authorized payments of \$1.299 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 discrete 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 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. This program sunset on January 1, 2021.

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. While the eligibility period has commenced with beginning construction of the qualified hotel, GOED has not abated any taxes related to this project during fiscal year 2021.

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 has 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 65 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; (4) send sufficient documentation to the office to prove the amounts have been collected.

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 in growth investments in the state within three years of the closing date; (2) if the RIC fails to invest 100 percent of its investment authority until the seventh anniversary of the closing date; (3) if the RIC fails to maintain growth investments in this state equal to 100 percent of its investment authority until the 70th anniversary of the closing date; (4) 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; (5) 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; (6) if the RIC invests more than \$5 million from its investment authority in the same eligible small business; and (7) 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, 2021 are:

Tax Abatement Programs
(expressed in thousands)

| Program | Amount of Taxes Abated |
|--|------------------------|
| Motion Picture Incentive Program | \$ 12,518 |
| Economic Development Tax Increment Financing | 30,607 |
| New Markets Tax Credit Program | 5,500 |
| Total | \$ 48,625 |

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 10 percent of the total taxes abated during the 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 and Colleges and Universities (discrete component units) are contesting other legal actions totaling over \$95.900 million and \$7.400 million, respectively, plus attorneys' fees and interest and other cases where the amount of potential loss is indeterminable. Some portions of the amounts sought have been paid by the State or placed in escrow.

B. Contingencies

- The State receives a significant amount of funding from the federal government. Funds flowing from the federal government to the State are subject to changes to federal laws and appropriations. Based on the financial position of the federal government, it is reasonably possible that events will occur in the near term that will significantly affect the flow of federal funds to the State. The State is taking action to identify and address the impact a significant reduction of federal funds will have on the programs and operations of the State, including requiring contingency plans from state agencies.
- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, identified questioned costs are immaterial. In addition, program compliance audits by the federal government are conducted periodically; however, an estimate of any potential disallowances on these audits and findings on other audits on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2021, will be available in the Spring of 2022.
- Management's estimated liability for the Petroleum Storage Tank Fund (non-major enterprise 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. 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 any time in

the near future. On June 30, 2021, in accordance with Senate Bill 224 of the 2021 General Session, the UFOF transferred \$20 million to the State's Utah Capital Investment Restricted Account administered by the Governor's Office of Economic Development for economic development, infrastructure, state parks, recreation, education innovation, or other purposes as directed by the Legislature.

- The State is self-insured for liability claims up to \$2 million per claim, plus an annual \$1 million corridor deductible, augmented by excess liability insurance with a per claim limit of \$3 million and an annual aggregate limit of \$6 million. The State purchased excess liability reinsurance with a per claim limit of \$5 million (excess of \$5 million) and an annual aggregate limit of \$10 million (excess of \$6 million). The State is self-insured for property claims up to \$1 million per occurrence, with an annual aggregate of \$3.5 million, and with sub-limits of \$525 million for earthquake and flood losses. Beginning fiscal year 2021, the State's per occurrence deductible for earthquakes is 2 percent of the value of each building involved in the loss, subject to a minimum of \$5 million and a maximum of \$25 million. The State's per occurrence deductible for flood losses is \$50 thousand. According to actuarial studies and other known factors, \$87.317 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 \$3.592 billion principal amount of Guaranteed Bonds outstanding at June 30, 2021, with the last maturity date being 2040. 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, 2021, \$432.34 million of debt was outstanding under the Program.

- At June 30, 2021, 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 \$562.009 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 \$27.659 million from tobacco companies in fiscal year 2021 and expects to receive approximately \$24.500 million in fiscal year 2022. 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 383 per year for each of the remaining 4 years. As of June 30, 2021, the State of Utah has reserved a total of \$5.047 million to cover student evaluations and any repayment of the social impact bond. The program has repaid \$4.180 million to investors as of June 30, 2021. The Board authorized an additional payment to investors of \$948 thousand at the September 2021 board meeting. It is anticipated the State of Utah will commit additional funds in future years as necessary.

C. Commitments

- At June 30, 2021, the Industrial Assistance Program of the General Fund had grant commitments of \$16.301 million, contingent on participating companies meeting certain performance criteria.
- At June 30, 2021, the Economic Development Tax Increment Financing incentive program had outstanding long-term contract commitments for General Fund cash rebates of \$80.586 million and Education Fund tax credits (tax abatements) of \$678.041 million. These cash rebates and tax credits are contingent on participating companies meeting certain economic development performance criteria.
- At June 30, 2021, the Motion Picture Incentive Program had outstanding contract commitments for General Fund cash rebates of \$5.531 million and Education Fund tax credits (tax abatements) of \$10.816 million. These cash rebates and credits are contingent upon participating motion picture companies meeting certain within-the-state production criteria.
- At June 30, 2021, 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 certain statutorily required construction criteria.
- At June 30, 2021, 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, 2021, the Utah Department of Transportation had construction and other contract commitments of \$1.191 billion, of which \$421.020 million is for Transportation Fund (major fund) and \$770.228 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.
- As of June 30, 2021, the permanent Trust Lands Fund had contractual commitments of \$1.181 billion to various investments. Of this amount, an estimated \$447.896 million remained unfunded and subject to call by the funds.
- At June 30, 2021, the capital projects funds had construction commitments of \$624.622 million. These commitments will be funded with legislative appropriations, intergovernmental revenues, and proceeds of general obligation and lease revenue bonds.

- At June 30, 2021, the enterprise funds had loan commitments of approximately \$449.234 million and grant commitments of approximately \$48.130 million.
- At its yearend December 31, 2020, 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 \$18.640 million. Funding of \$14.525 million had been provided by December 31, 2020, leaving an unfunded commitment of \$4.115 million.
- At June 30, 2021, the University of Utah (major discrete component unit) had outstanding commitments for the construction and remodeling of its buildings of approximately \$70.500 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, 2021, the University had committed, but not paid, a total of \$77.525 million in funding for these alternative investments.
- At June 30, 2021, Utah State University (major discrete component unit) had outstanding commitments for the construction and remodeling of its buildings of approximately \$62.000 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, 2021, the University had committed, but not paid, a total of \$29.570 million in funding for these alternative investments.
- At its yearend of December 31, 2020, the Utah Transit Authority (major discrete component unit) had outstanding purchasing commitments of approximately \$127.800 million for several capital projects.

NOTE 17. 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, 2020, financial report has been included in this Annual Comprehensive 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. The Utah Transit

Authority (major discrete component unit) does not participate in URS. See [Note 17.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 and Tier 2 Public Safety and Firefighters 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 Systems.

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:

(Table on next page.)

Summary of Benefits by System

| | Noncontributory System | Contributory System | Public Safety System | Firefighters System | Judges System | Tier 2 Public Employees System | Tier 2 Public Safety and Firefighters System |
|--|--------------------------|--|---|---|--|--------------------------------|---|
| Final Average Salary ... | Highest 3 Years | Highest 5 Years | Highest 3 Years | Highest 3 Years | Highest 2 Years | Highest 5 Years | Highest 5 Years |
| | 30 years any age | 30 years any age | 20 years any age | 25 years any age | 35 years any age | 25 years any age | 25 years any 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* | 20 years age 60* |
| Years of Service Required and/or Age 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* |
| | 10 years age 62* | 4 years age 65 | | 6 years age 70 | 4 years age 65 | 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 | Up to 2.50% or 4.00% annually depending on the employer | 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 to June 2020; 2.0% per year July 2020 to present |
| COLA*** | Up to 4.00% annually | Up to 4.00% annually | | Up to 4.00% annually | Up to 4.00% compounded annually | Up to 2.50% annually | Up to 2.50% annually |

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 \$1,440 per month per term. Legislators with four or more years of service receive a benefit at age 65 at the rate of \$31.20 per month per year of service. Legislators retiring 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.

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, 2020, the following number of employees were covered by the State's (primary government) single-employer plans:

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment,

Single-employer Plans Covered Employees
December 31, 2020

| | Judges System | Governors and Legislators Retirement Plan |
|---|---------------|---|
| Inactive Employees or Beneficiaries Currently Receiving Benefits .. | 153 | 248 |
| Inactive Employees Entitled to But Not Yet Receiving Benefits | 4 | 93 |
| Active Employees | 116 | 48 |
| Total Single-employer Plans Covered Employees | 273 | 389 |

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, 2021, are presented in the following table (dollars expressed in thousands):

Contributions

| Systems/Plan | Employee Paid | Paid by Employer for Employee | Employer Paid | Primary Government | Discrete Component Units (except UTA) |
|--|------------------|-------------------------------------|------------------|-----------------------|--|
| Noncontributory Public Employees | \$ — | — % | 22.19 % | \$ 120,837 | \$ 51,738 |
| Contributory: | | | | | |
| Contributory Public Employees | \$ — | 6.00 % | 17.70 % | \$ 569 | \$ 708 |
| Tier 2 Public Employees * | \$ — | — % | 19.13 % | \$ 56,448 | \$ 12,029 |
| Public Safety: | | | | | |
| Contributory Public Safety | \$ — | — % | — % | \$ — | |
| Noncontributory Public Safety | \$ — | — % | 41.35 % | \$ 37,892 | \$ 1,258 |
| Tier 2 Public Safety * | 2.27 % | 2 % | 32.54 % | \$ 14,317 | \$ 357 |
| Firefighters: | | | | | |
| Contributory Firefighters | \$ — | 15.05 % | 4.61 % | \$ 45 | \$ — |
| Tier 2 Firefighters * | 2.27 % | 2 % | 14.08 % | \$ 74 | \$ — |
| Judges | \$ — | — % | 44.31 % | \$ 8,951 | \$ — |
| Utah Governors and Legislators | | Annual Appropriation | | \$ 361 | |

* 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 \$1.231 million and \$262 thousand, respectively.

(Notes continue on next page.)

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, 2020 | | |
| <i>(dollars expressed in thousands)</i> | | |
| | Judges System | Utah Governors and Legislators Retirement Plan |
| Total Pension Liability | | |
| Service Cost | \$ 6,144 | \$ 104 |
| Interest | 17,675 | 875 |
| Difference between Actual and Expected Experience | 548 | 224 |
| Refunds | — | (10) |
| Assumption Changes | 3,588 | 169 |
| Benefit Payments | (15,863) | (1,023) |
| Net Change in Total Pension Liability | 12,092 | 339 |
| Total Pension Liability – Beginning | 259,024 | 12,991 |
| Total Pension Liability – Ending | A \$ 271,116 | \$ 13,330 |
| Plan Fiduciary Net Position | | |
| Contributions – Employer | \$ 8,646 | \$ 369 |
| Court Fees * | 1,410 | — |
| Net Investment Income | 27,391 | 1,396 |
| Benefit Payments | (15,863) | (1,023) |
| Refunds | — | (10) |
| Administrative Expense | (84) | (4) |
| Net Transfers with Affiliated Systems | 2,340 | (17) |
| Net Change in Plan Fiduciary Net Position | 23,840 | 711 |
| Plan Fiduciary Net Position – Beginning | 220,293 | 11,344 |
| Plan Fiduciary Net Position – Ending | B \$ 244,133 | \$ 12,055 |
| Net Pension Liability / (Asset) – Ending (A – B) | \$ 26,983 | \$ 1,275 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 90.05 % | 90.44 % |
| Covered Payroll | \$ 20,201 | \$ 757 |
| Net Pension Liability as a Percentage of Covered Payroll | 133.57 % | 168.43 % |

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

(Notes continue on next page.)

Proportionate Share of Net Pension Asset and Liability

Utah Retirement Systems (URS) (pension trust and defined contribution plans) provides retirement benefits to employees of the primary government and its discrete component units (except UTA) as well as to public education and other political subdivisions of the State. At December 31, 2020, the net pension asset and the net pension liability for all URS systems is

\$225.646 million and \$1.609 billion, respectively. The plan's fiduciary net position as a percent of the total pension liability is 97 percent. At December 31, 2020, the primary government's net pension asset and net pension liability is \$9.222 million and \$413.752 million, respectively. The following table summarizes the State's (primary government) net pension asset and liability by plan.

**Primary Government
Net Pension Asset and Liability**

December 31, 2020

(dollars expressed in thousands)

| System | Net Pension Asset | Net Pension Liability | Proportionate Share | | |
|---|-------------------|-----------------------|---------------------|----------|---------|
| | | | 2020 | 2019 | Change |
| Noncontributory System - State and School Division .. | \$ — | \$ 318,386 | 23.88 % | 24.51 % | (0.63)% |
| Contributory System - State and School Division | 8,414 | — | 35.38 % | 37.51 % | (2.13)% |
| Public Safety System - State of Utah Division | — | 62,712 | 96.82 % | 97.15 % | (0.33)% |
| Firefighters System - Other Division A | 808 | — | 2.89 % | 3.84 % | (0.95)% |
| Judges System | — | 26,983 | 100.00 % | 100.00 % | 0.00 % |
| Utah Governors and Legislators Retirement Plan | — | 1,275 | 100.00 % | 100.00 % | 0.00 % |
| Tier 2 Public Employees System | — | 2,524 | 17.55 % | 18.16 % | (0.61)% |
| Tier 2 Public Safety and Firefighters System | — | 1,872 | 20.87 % | 22.04 % | (1.17)% |
| Total Net Pension Asset / Liability | <u>\$ 9,222</u> | <u>\$ 413,752</u> | | | |

At December 31, 2020, the net pension asset and the net pension liability for the discrete component units (except UTA) is \$118.017 million and \$37.069 million, respectively. The following table summarizes the discrete component unit's net pension asset and liability by system.

**Discrete Component Units (except UTA)
Net Pension Asset and Liability**

December 31, 2020

(dollars expressed in thousands)

| System | Net Pension Asset | Net Pension Liability | Proportionate Share | | |
|--|-------------------|-----------------------|---------------------|----------|---------|
| | | | 2020 | 2019 | Change |
| Noncontributory System - Higher Education Division .. | \$ 96,692 | \$ — | 100.00 % | 100.00 % | 0.00 % |
| Noncontributory System - State and School Division ... | — | 34,334 | 2.05 % | 1.55 % | 0.50 % |
| Contributory System - Higher Education Division | 21,325 | — | 100.00 % | 100.00 % | 0.00 % |
| Public Safety System - State of Utah Division | — | 2,057 | 3.18 % | 2.85 % | 0.33 % |
| Tier 2 Public Employees System | — | 627 | 4.22 % | 4.46 % | (0.24)% |
| Tier 2 Public Safety and Firefighters System | — | 51 | 0.57 % | 0.60 % | (0.03)% |
| Total Net Pension Asset / Liability | <u>\$ 118,017</u> | <u>\$ 37,069</u> | | | |

Deferred Outflows and Inflows of Resources

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020, 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. The following table summarizes the pension expense by system, separated by primary government and the discrete component units (except UTA).

(Notes continue on next page.)

Primary Government and Discrete Component Units (except UTA)

Pension Expense

December 31, 2020

(dollars expressed in thousands)

| System | Primary Government | Discrete Component Units |
|--|-----------------------|--------------------------------|
| Noncontributory System - State and School Division | \$ 57,869 | \$ 8,738 |
| Noncontributory System - Higher Education Division | — | (35,691) |
| Contributory System - State and School Division | (4,149) | — |
| Contributory System - Higher Education Division | — | (9,093) |
| Public Safety System - State of Utah Division | 6,533 | 776 |
| Firefighters System - Other Division A | (200) | — |
| Judges System | 8,155 | — |
| Utah Governors and Legislators Retirement Plan | 291 | — |
| Tier 2 Public Employees System | 24,690 | 5,335 |
| Tier 2 Public Safety and Firefighters System | 5,711 | 154 |
| Total Pension Expense | <u>\$ 98,900</u> | <u>\$ (29,781)</u> |

Deferred outflows of resources and deferred inflows of resources related to the recognition of pension expense are from the following sources:

Deferred Outflows and Inflows of Resources *

Related to Pensions

December 31, 2020

(expressed in thousands)

| System | Source | Primary Government | |
|---------------------------------|--|--------------------------------------|-------------------------------------|
| | | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Noncontributory System | Differences between Expected and Actual Experience | \$ 34,918 | \$ — |
| | Changes in Assumptions | 30,032 | — |
| | Net Differences between Projected and Actual Earnings on Pension Plan Investments | — | 320,478 |
| | Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | — | 19,580 |
| | Contributions Subsequent to the Measurement Date | 59,600 | — |
| | Total | <u>\$ 124,550</u> | <u>\$ 340,058</u> |
| Contributory System | Differences between Expected and Actual Experience | \$ — | \$ — |
| | Changes in Assumptions | — | — |
| | Net Differences between Projected and Actual Earnings on Pension Plan Investments | — | 16,569 |
| | Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | — | — |
| | Contributions Subsequent to the Measurement Date | 274 | — |
| | Total | <u>\$ 274</u> | <u>\$ 16,569</u> |
| Public Safety System | Differences between Expected and Actual Experience | \$ 9,114 | \$ — |
| | Changes in Assumptions | 320 | — |
| | Net Differences between Projected and Actual Earnings on Pension Plan Investments | — | 86,492 |
| | Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 379 | 21 |
| | Contributions Subsequent to the Measurement Date | 18,325 | — |
| | Total | <u>\$ 28,138</u> | <u>\$ 86,513</u> |

Deferred Outflows and Inflows of Resources *
Related to Pensions

December 31, 2020

(expressed in thousands)

| System | Source | Primary Government | |
|--|--|--------------------------------|-------------------------------|
| | | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Firefighters System | Differences between Expected and Actual Experience | \$ 125 | \$ 33 |
| | Changes in Assumptions | 125 | 14 |
| | Net Differences between Projected and Actual Earnings on Pension Plan Investments | — | 487 |
| | Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 82 | 11 |
| | Contributions Subsequent to the Measurement Date | 24 | — |
| | Total | <u>\$ 356</u> | <u>\$ 545</u> |
| Judges Retirement System | Differences between Expected and Actual Experience | \$ 6,421 | \$ — |
| | Changes in Assumptions | 2,588 | — |
| | Net Differences between Projected and Actual Earnings on Pension Plan Investments | — | 14,714 |
| | Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | — | — |
| | Contributions Subsequent to the Measurement Date | 4,474 | — |
| | Total | <u>\$ 13,483</u> | <u>\$ 14,714</u> |
| Governor & Legislators Plan | Differences between Expected and Actual Experience | \$ — | \$ — |
| | Changes in Assumptions | — | — |
| | Net Differences between Projected and Actual Earnings on Pension Plan Investments | — | 774 |
| | Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | — | — |
| | Contributions Subsequent to the Measurement Date | — | — |
| | Total | <u>\$ —</u> | <u>\$ 774</u> |
| Tier 2 Public Employees System | Differences between Expected and Actual Experience | \$ 2,323 | \$ 1,156 |
| | Changes in Assumptions | 3,193 | 92 |
| | Net Differences between Projected and Actual Earnings on Pension Plan Investments | — | 7,379 |
| | Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 3,602 | — |
| | Contributions Subsequent to the Measurement Date | 34,796 | — |
| | Total | <u>\$ 43,914</u> | <u>\$ 8,627</u> |
| Tier 2 Public Safety and Firefighters System | Differences between Expected and Actual Experience | \$ 968 | \$ 1 |
| | Changes in Assumptions | 435 | 201 |
| | Net Differences between Projected and Actual Earnings on Pension Plan Investments | — | 1,196 |
| | Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 477 | — |
| | Contributions Subsequent to the Measurement Date | 8,029 | — |
| | Total | <u>\$ 9,909</u> | <u>\$ 1,398</u> |
| Grand Total | Differences between Expected and Actual Experience | \$ 53,869 | \$ 1,190 |
| | Changes in Assumptions | 36,693 | 307 |
| | Net Differences between Projected and Actual Earnings on Pension Plan Investments | — | 448,089 |
| | Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 4,540 | 19,612 |
| | Contributions Subsequent to the Measurement Date | 125,522 | — |
| | Total | <u>\$ 220,624</u> | <u>\$ 469,198</u> |

Continues

* Before amounts allocated for financial statement presentation.

Deferred Outflows and Inflows of Resources *
Related to Pensions

December 31, 2020

(expressed in thousands)

| Source | Discrete Component Units (except UTA) | |
|---|--|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between Expected and Actual Experience | \$ 33,844 | \$ 8,207 |
| Changes in Assumptions | 5,640 | 27 |
| Net Differences between Projected and Actual Earnings on Pension Plan Investments | 2,603 | 156,190 |
| Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions | 3,362 | 6,077 |
| Contributions Subsequent to the Measurement Date | 35,841 | — |
| Total | <u>\$ 81,290</u> | <u>\$ 170,501</u> |

* Before amounts allocated for financial statement presentation.

The \$125.522 million and \$35.841 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, 2020. 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 |
| 2021 | \$ (81,272) | \$ (5,267) | \$ (19,257) | \$ (86) | \$ 175 |
| 2022 | \$ (31,063) | \$ (2,949) | \$ (11,959) | \$ 4 | \$ 461 |
| 2023 | \$ (109,613) | \$ (5,832) | \$ (31,135) | \$ (112) | \$ (3,969) |
| 2024 | \$ (53,160) | \$ (2,521) | \$ (14,349) | \$ (43) | \$ (2,372) |
| 2025 | \$ — | \$ — | \$ — | \$ 24 | \$ — |
| Thereafter | \$ — | \$ — | \$ — | \$ — | \$ — |
| | | | Tier 2 Public Safety and Firefighters System | | |
| | Governors & Legislators Plan | Tier 2 Public Employees System | | | Grand Total |
| Year Ended December 31 | Primary Government | Primary Government | Primary Government | Primary Government | Discrete Component Units (except UTA) |
| 2021 | \$ (246) | \$ (1,285) | \$ (215) | \$ (107,453) | \$ (16,523) |
| 2022 | \$ (121) | \$ (766) | \$ (140) | \$ (46,533) | \$ (27,547) |
| 2023 | \$ (281) | \$ (1,739) | \$ (285) | \$ (152,966) | \$ (53,625) |
| 2024 | \$ (126) | \$ (525) | \$ (95) | \$ (73,191) | \$ (28,219) |
| 2025 | \$ — | \$ 836 | \$ 115 | \$ 975 | \$ 166 |
| Thereafter | \$ — | \$ 3,970 | \$ 1,102 | \$ 5,072 | \$ 696 |

(Notes Continue on next page.)

The total pension liability in the December 31, 2020, 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 | 01/01/20 | 01/01/20 | 01/01/20 | 01/01/20 | 01/01/20 | 01/01/20 | 01/01/20 | 01/01/20 |
| Measurement Date | 12/31/20 | 12/31/20 | 12/31/20 | 12/31/20 | 12/31/20 | 12/31/20 | 12/31/20 | 12/31/20 |
| 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 .. | 3.25–9.25% | 3.25–9.25% | 3.25–7.25% | 3.25–8.50% | 3.25% | None | 3.25–9.25% | 3.25–8.50% |
| 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, 2020, 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 from 2017, 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, 2020, 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 | 37.00 % | 6.30 % | 2.33 % |
| Debt Securities | 20.00 % | 0.00 % | 0.00 % |
| Real Assets | 15.00 % | 6.19 % | 0.93 % |
| Private Equity | 12.00 % | 9.50 % | 1.14 % |
| Absolute Return | 16.00 % | 2.75 % | 0.44 % |
| Cash and Cash Equivalents | 0.00 % | 0.00 % | 0.00 % |
| Total Asset Classes | <u>100.00 %</u> | | <u>4.84 %</u> |
| Inflation | | | <u>2.50 %</u> |
| Expected Arithmetic Nominal Return | | | <u>7.34 %</u> |

* 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.

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 | \$ 1,020,674 | \$ 318,386 | \$ (268,823) |
| Contributory System | 12,773 | (8,414) | (26,575) |
| Public Safety System | 261,217 | 62,712 | (100,429) |
| Firefighters System | 367 | (808) | (1,759) |
| Judges System | 57,467 | 26,983 | 1,124 |
| Utah Governors and Legislators Retirement Plan | 2,545 | 1,275 | 192 |
| Tier 2 Public Employees System | 42,477 | 2,524 | (28,038) |
| Tier 2 Public Safety and Firefighters System | 8,826 | 1,872 | (3,674) |
| Total Net Pension Liability / (Asset) | <u>\$ 1,406,346</u> | <u>\$ 404,530</u> | <u>\$ (427,982)</u> |

Changes in Assumptions

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.05 percent of the Total Pension Liability as of December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the “Retirement Office” column using the “Reports and Stats” tab.

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 or more 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 five (5) members, one (1) full-time Board Member, two (2) appointed by the Amalgamated Transit Union Local 382 in

accordance with a collective bargaining agreement and two members of staff appointed by the Board of Trustees. 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.

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 2020, 43 participants elected to receive their benefit in the form of lump sum distribution. Lump sum distributions collectively totaled \$6.880 million for 2020. Individuals are removed from the Plan's membership if they choose to take all of their benefit as a lump sum distribution.

As of January 1, 2020, the Plan's membership consisted of:

Utah Transit Authority Retirement Plan and Trust Membership

January 1, 2020

| | |
|---|--------------|
| Active participants | 2,497 |
| Inactive participants not receiving benefits | 433 |
| Retirees and beneficiaries receiving benefits | 717 |
| Total | <u>3,647</u> |

Contributions

Employer Contribution Requirements

UTA's contributions are determined by the Pension Committee and approved by the Board of Trustees based on 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 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 16.30 percent for calendar year 2020. Employer contributions in calendar year 2020 totaled \$24.274 million.

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, 2020
(expressed in thousands)

| | |
|--|----------------------------|
| Total Pension Liability | |
| Service Cost | \$ 10,654 |
| Interest | 24,263 |
| Difference between Actual and Expected Experience | 4,293 |
| Assumption Changes | 10,401 |
| Plan provision (lump sum interest rate) change | 1,020 |
| Member voluntary contributions | 84 |
| Benefit Payments | (19,649) |
| Net Change in Total Pension Liability | <u>31,066</u> |
| Total Pension Liability – Beginning | <u>345,623</u> |
| Total Pension Liability – Ending | A <u>\$ 376,689</u> |
| Plan Fiduciary Net Position | |
| Member voluntary contributions | \$ 84 |
| Contributions – Employer | 24,274 |
| Net Investment Income | 33,846 |
| Benefit Payments | (19,649) |
| Administrative Expense | (408) |
| Net Change in Plan Fiduciary Net Position | <u>38,147</u> |
| Plan Fiduciary Net Position – Beginning | <u>241,758</u> |
| Plan Fiduciary Net Position – Ending | B <u>\$ 279,905</u> |
| Net Pension Liability / (Asset) – Ending (A – B) | <u>\$ 96,784</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 74.31 % |
| Covered Payroll | \$ 152,297 |
| Net Pension Liability as a Percentage of Covered Payroll | 63.55 % |

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

At December 31, 2020, UTA reported a net pension liability of \$96.784 million. The net pension liability was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2020 and rolled-forward using generally accepted

actuarial procedures. For the year ended December 31, 2020, UTA recognized pension expense of \$17.979 million.

Utah Transit Authority Retirement Plan and Trust
Deferred Outflows and Inflows of Resources Related to Pensions
December 31, 2020
(expressed in thousands)

| Source | Deferred Inflows of Resources | Deferred Outflows of Resources |
|---|-------------------------------------|--------------------------------------|
| Differences between Expected and Actual Experience | \$ (319) | \$ 10,707 |
| Changes in Assumptions | (959) | 11,260 |
| Net Differences between Projected and Actual on Pension Plan Earnings | (20,689) | — |
| Total | <u>\$ (21,967)</u> | <u>\$ 21,967</u> |

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

Recognition of Remaining Deferred Outflows and (Inflows) of Resources
For the Fiscal Year Ended December 31, 2020
(expressed in thousands)

| | |
|------------------|------------|
| 2021 | \$ (1,643) |
| 2022 | \$ 2,035 |
| 2023 | \$ (4,050) |
| 2024 | \$ (84) |
| 2025 | \$ 2,610 |
| Thereafter | \$ 1,130 |

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 total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The significant actuarial assumptions and methods used in the January 1, 2020 valuation are as follows:

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 | 6.75% net of investment expenses |
| Cost of Living Adjustments | None |
| Mortality | RP-2014 Blue Collar Mortality Table, with MP-2014 Project Scale (Preretirement; Employee Table; Post-retirement Annuitant Table) |
| Annual Payroll Growth Including Inflation | 3.40% |
| Percent of Future Retirement Electing Lump Sum | 20.00% |

The actuarial assumptions used in the January 1, 2020 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% | 6.80 % |
| Liquid Diversifiers | 10.00 % | 0% - 15% | 3.40 % |
| Real Assets | 4.00 % | 0% - 8% | 5.10 % |
| Fixed Income | 22.00 % | 12% - 32% | 2.70 % |
| Cash & Equivalents | 1.00 % | 0% - 5% | 1.60 % |
| 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 6.75 percent assumed investment rate of return is 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, 2020, the annual money-weighted rate of return, net of investments was 13.88 percent.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. Previous to 2020, as discount rate of 7.00 percent was used. Based on the actuarial 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 6.75 percent.

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

(expressed in thousands)

| | 1% Decrease (5.75%) | Current Discount Rate (6.75%) | 1% Increase (7.75%) |
|-----------------------------|------------------------------------|--|------------------------------------|
| Net Pension Liability | \$ 150,397 | \$ 96,784 | \$ 52,655 |

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 476 employers participating in the 401(k) Plan and 299 employers participating in the 457 Plan. There are 188,356 plan participants in the 401(k) Plan, 19,040 participants in the 457 Plan, 15,382 participants in the Roth IRA Plan, and 2,825 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 2.00 percent and \$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, 2021, by employees and employers are as follows: for primary government, \$41.484 million and \$37.044 million; for component units, \$6.156 million and \$9.040 million, respectively. The amounts contributed by employees to the 457, and Roth and Traditional IRA Plans (primary government and discrete component units) were \$8.499 million, \$9.354 million, and \$366 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 0.89 to 1.50 percent of an employee's salary for the hybrid defined benefit systems and 10 to 14 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 \$12.506 million and \$1.936 million, respectively. In addition to these contributions, the 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 (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 and Fidelity retirement systems for June 30, 2021 and June 30, 2020, were \$305.791 million and \$289.623 million, respectively.

University of Utah

University of Utah (major discrete component unit) Hospitals and Clinics (UUHC) employees hired prior to January 1, 2001, who were not enrolled in the URS program, are enrolled in a 401(a) defined contribution plan that is administered by the UUHC Chief Human Resources Officer. The administrator has the authority to amend, modify, or terminate the plan. UUHC is required to contribute 14.20 percent of covered payroll to the plan for the employees covered under this plan. Hospital employees hired subsequent to December 31, 2000 are enrolled in a separate 401(a) plan, the Hospital Plan Plus (HPP) Benefit Program. UUHC contributes 6.00 percent for employees covered under this plan. In addition, these employees are eligible for a match on employee contributions to a 403(b) Match Plan up to 4.00 percent of salary and fully vest in the UUHC's contributions to both plans after five years of service. Plan member contributions were approximately \$44.461 million for the year ended June 30, 2021.

The ARUP Laboratories, Inc. (blended component unit of the University of Utah) contribution pension and profit sharing plans provide retirement benefits for all employees. Employees may choose to pay into the federal social security tax system or to participate in an enhanced ARUP retirement program. For those who choose to continue to pay social security taxes, ARUP makes contributions each pay period amounting to 5.00 percent of their compensation and ARUP continues to make matching social security tax contributions. For those who discontinue paying social security taxes, ARUP makes contributions each pay period amounting to 8.10 percent of their compensation and does not contribute any social security tax on their behalf. There are no minimum service and vesting requirements relating to pension contributions.

Contributions to the profit sharing plan are at the discretion of ARUP and are made subject to certain tenure-based and hours-worked thresholds. Employees are fully vested in the profit sharing plan after five years of service. Voluntary contributions to the profit sharing plan by employee participants totaled \$34.309 million for the year ended June 30, 2021.

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. UTA

currently matches \$2 for every \$3 of employee contributions, up to 2.00 percent of the employee's salary. 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 18. 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 the 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, 2021, 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, 2021**

| | State Employee OPEB Plan | Elected Official OPEB Plan |
|---|-------------------------------------|---------------------------------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits .. | 2,972 | 97 |
| Inactive Employees Entitled to But Not Yet Receiving Benefits..... | — | 99 |
| Active Employees..... | 4,487 | 50 |
| Total Single-employer Plans Covered Employees | <u>7,459</u> | <u>246</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 30.10 percent, toward the cost of health insurance premiums. For the fiscal year ended June 30, 2021, retirees contributed \$1.446 million, or approximately 4.66 percent of total premiums, through their required contributions of \$0 to \$875.66 per month depending on the coverage (single, double, or family) and health plan selected.

The Actuarially Determined Contribution (ADC) of \$26.902 million, from the December 31, 2018, actuarial valuation, was used to establish the fiscal year 2021 annual budget and fund employer contributions. The State Legislature funded \$26.966 million in employer contributions, \$64 thousand more than the ADC.

Elected Official OPEB Plan Contributions

For the fiscal year ended June 30, 2021, elected officials who participated in the Elected Official OPEB Plan contributed \$53 thousand, or approximately 6.79 percent of total premiums, through their required contributions of \$0 (for 10 or more years of service) to \$1,005.90 per month (for four years of service)

depending on the coverage (single or double) and health plan selected.

The Actuarially Determined Contribution (ADC) of \$600 thousand from the December 31, 2018, actuarial valuation was used to establish the fiscal year 2021 annual budget and fund employer contributions. For the fiscal year 2021, the State Legislature funded \$1.249 million in employer contributions, \$649 thousand more than the ADC.

Net OPEB Liability/Asset

The net OPEB liability (Elected Official Plan) and net OPEB asset (State Employee Plan) were measured as of June 30, 2021. The total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of December 31, 2020, and rolled-forward using generally accepted actuarial procedures. The combined total net OPEB asset of both single-employer plans was \$27.312 million, and of that amount, the State’s (primary government) net OPEB asset was \$27.033 million, and \$279 thousand was allocated to the Utah Schools for the Deaf and the Blind (nonmajor discrete component unit). Below are the changes in the net OPEB liability/asset and related ratios of the net OPEB liability/asset for the single-employer OPEB plans:

(Table on next page)

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

For the Year Ended June 30, 2021

(dollars expressed in thousands)

| | State Employee OPEB Plan | Elected Official OPEB Plan |
|---|---|---|
| Total OPEB Liability | | |
| Service Cost | \$ 5,919 | \$ 220 |
| Interest | 9,105 | 923 |
| Difference between Actual and Expected Experience | (15,023) | 3,823 |
| Assumption Changes | (11,404) | 125 |
| Benefit Payments | (31,259) | (721) |
| Net Change in Total OPEB Liability | (42,662) | 4,370 |
| Total OPEB Liability – Beginning | 313,081 | 17,718 |
| Total OPEB Liability – Ending | A \$ 270,419 | \$ 22,088 |
| Plan Fiduciary Net Position | | |
| Contributions – Employer | \$ 27,029 | \$ 1,249 |
| Net Investment Income (Loss) | 8,020 | 3,521 |
| Benefit Payments | (31,259) | (721) |
| Net Change in Plan Fiduciary Net Position | 3,790 | 4,049 |
| Plan Fiduciary Net Position – Beginning | 294,548 | 17,432 |
| Plan Fiduciary Net Position – Ending | B \$ 298,338 | \$ 21,481 |
| Net OPEB Liability / (Asset) – Ending (A – B) | \$ (27,919) | \$ 607 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability ... | 110.32 % | 97.25 % |
| Covered Payroll* | \$ 1,085,049 | |
| Net OPEB Liability as a Percentage of Covered Payroll | (2.57)% | |
| Covered-employee Payroll* | | \$ 912 |
| Net OPEB Liability as a Percentage of Covered-employee Payroll | | 66.56 % |

* 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.

(Notes continue on next page.)

Deferred Outflows and Inflows of Resources and OPEB Expense

For the year ended June 30, 2021, the total OPEB expense was \$(2.778) million, \$(6.143) million for the State Employee OPEB Plan, and \$3.365 million for the Elected Official OPEB Plan. Of the total OPEB expense, the State (primary government) recognized \$(2.538) million, and \$(240) thousand was allocated to the Utah Schools for the Deaf and the Blind (nonmajor discrete component unit).

Total deferred inflows of resources related to the recognition of OPEB expense was \$(56.362) million, of which \$(55.715) million

was recognized by the State, and \$(647) thousand was allocated to the Utah Schools for the Deaf and the Blind.

Total deferred outflows of resources related to the recognition of OPEB expense was \$12.465 million, of which \$12.245 million was recognized by the State, and \$220 thousand was allocated to the Utah Schools for the Deaf and the Blind.

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

| Source | State Employee OPEB Plan | | Elected Official OPEB Plan | |
|--|--|--------------------|----------------------------|-------------------|
| | Deferred Outflows | Deferred Inflows | Deferred Outflows | Deferred Inflows |
| | Differences between expected and Actual Experience | \$ — | \$ (31,481) | \$ — |
| Changes in Assumption | 12,465 | (9,122) | — | — |
| Net Differences between Projected and Actual Earnings on OPEB Plan Investments | — | (13,351) | — | (2,408) |
| Total | <u>\$ 12,465</u> | <u>\$ (53,954)</u> | <u>\$ 0</u> | <u>\$ (2,408)</u> |

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, 2021 | | | | |
| <i>(expressed in thousands)</i> | | | | |
| Fiscal Year | State Employee OPEB Plan | | Elected Official OPEB Plan | |
| | Deferred Outflows | Deferred Inflows | Deferred Outflows | Deferred Inflows |
| 2022 | \$ 6,233 | \$ (17,576) | \$ — | \$ (664) |
| 2023 | \$ 6,232 | \$ (19,893) | \$ — | \$ (667) |
| 2024 | \$ — | \$ (11,338) | \$ — | \$ (558) |
| 2025 | \$ — | \$ (5,147) | \$ — | \$ (519) |

The total OPEB liability in the December 31, 2020, 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 | 12/31/2020 | 12/31/2020 |
| Measurement Date | 6/30/2020 | 6/30/2020 |
| Actuarial Cost Method | Entry Age Normal Level Percentage of Pay Cost Method | |
| Investment Rate of Return | 3.00% | 5.25% |
| Inflation Rate | 2.50% | |
| Healthcare Inflation Rate | 6.00% initial 4.04% ultimate | |

Rates for the pre-retirement mortality assumption were based on the Pub-2010 Headcount-Weighted General or Public Safety Employees Mortality Tables with generational projection using Scale MP-2020. Rates for the post-employment mortality assumption were based on the Pub-2010 Headcount-Weighted General or Public Safety Retirees or Contingent Survivors Mortality Tables with generational projection using Scale MP-2020. 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 actuarial assumptions were updated since the prior measurement period based on the assumptions used in the Utah Retirement Systems (URS) actuarial valuation as of January 1, 2020 based on the results of an actuarial experience study for the five-year period ending December 31, 2018.

The following assumptions were updated for both OPEB plans for the December 31, 2020 actuarial valuation:

- Aging subsidy was added to the post-65 periods for prescription drug benefit as a reflection of healthcare costs that vary by age (higher cost as the participant gets older).
- Mortality table was updated from (a) RP-2014 Healthy Employee / Annuitant Mortality Tables for males and females with generational projection under 75 percent of Scale MP-2015 to (b) Pub-2010 Headcount-Weighted General or Public Safety Employees / Retirees / Contingent Survivors Mortality Tables with generational projection using Scale MP-2020.
- Termination and retirement rates were updated from the same assumptions as used in the URS Actuarial Valuation as of January 1, 2017 to URS Actuarial Valuation as of January 1, 2020.
- Percentage of employees assumed to elect spousal coverage at retirement was updated from 80 percent for both male and female to 70 percent for male and 40 percent for female.
- Health care trend rate assumption was updated from the 2019 SOA Long-Run Medical Cost Trend model to the 2021 version.

The following assumptions for the Elected Officials OPEB plan were also updated:

- Percentage of elected officials assumed to elect coverage at retirement was increased from 40 percent to 55 percent. Percentage of former elected officials (terminated vested participants) assumed to elect coverage in the future has been reduced from 60 percent to 40 percent.
- Former elected officials were assumed to commence coverage at age 62 (or immediately if they are currently older than age 62) in the prior valuation. In this year's valuation, only former elected officials who currently have coverage are assumed to commence coverage at age 62. All other former elected officials are assumed to commence coverage at age 65 (or immediately if they are currently older than age 65).
- Percentage of elected officials assumed to elect spousal coverage at retirement was updated from 75 percent for both male and female to 90 percent for male and 50 percent for female.

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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 2.91 percent for the State Employee OPEB Plan and 20.32 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, 2021, 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 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 percent – State Employee OPEB Plan, 4.25 percent – Elected Official OPEB Plan) or 1 percentage-point higher (4 percent – State Employee OPEB Plan, 6.25 percent – Elected Official OPEB Plan) than the current rate:

| OPEB Plan | Changes in Discount Rate Net OPEB Liability / (Asset) <i>(expressed in thousands)</i> | | |
|---|---|----------------------------------|------------------------|
| | 1% Decrease (2.00%) | Current Discount Rate (3.00%) | 1% Increase (4.00%) |
| State Employee OPEB Plan.... | \$ (14,011) | \$ (27,919) | \$ (41,147) |
| | 1% Decrease (4.25%) | Current Discount Rate (5.25%) | 1% Increase (6.25%) |
| Elected Official OPEB Plan.... | \$ 3,872 | \$ 607 | \$ (2,039) |
| Total Net OPEB Liability / (Asset)..... | \$ (10,139) | \$ (27,312) | \$ (43,186) |

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 or 1 percentage-point higher the current healthcare cost trend rates:

| OPEB Plan | Healthcare Cost Trend Rates Net OPEB Liability / (Asset) <i>(expressed in thousands)</i> | | |
|--|--|--|--|
| | 1% Decrease (5.0% decreasing to 3.04%) | Current Discount Rate (6.0% decreasing to 4.04%) | 1% Increase (7.0% decreasing to 5.04%) |
| State Employee OPEB Plan..... | \$ (44,534) | \$ (27,919) | \$ (9,633) |
| Elected Official OPEB Plan | (2,108) | 607 | 3,921 |
| Total Net OPEB Liability / (Asset) ... | \$ (46,642) | \$ (27,312) | \$ (5,712) |

NOTE 19. 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 380 municipalities, 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 per claim, plus an annual \$1 million corridor deductible, augmented by excess liability insurance with a per claim limit of \$3 million and an annual aggregate limit of \$6 million. The State purchased excess liability reinsurance with a per claim limit of \$5 million (excess of \$5 million) and an annual aggregate limit of \$10 million (excess of \$6 million). The State is self-insured for property claims up to \$1 million per occurrence, with an annual aggregate of \$3.5 million, and with sub-limits of \$525 million for earthquake and flood losses. Beginning fiscal year 2021, the State’s per occurrence deductible for earthquakes is 2 percent of the value of each building involved in the loss, subject to a minimum of \$5 million and a maximum of \$25 million and the State’s per occurrence deductible for flood losses is \$50 thousand.

The Risk Management Fund (Fund) did not have a liability loss that exceeded the State’s self-insured retention of \$1 million for the fiscal year ending June 30, 2018. The Fund did experience liability losses that exceeded the State’s self-insured retention of \$1 million for the fiscal year ending June 30, 2019. The Fund also experienced property losses that exceeded its \$1 million self-insured retention in the fiscal years ending June 30, 2019, and June 30, 2020. During the fiscal year ending June 30, 2021, the

Fund did not experience a liability loss that exceeded the State's self-insured retention of \$2 million; however, the Fund did experience property losses that exceeded its \$1 million self-insured retention.

PEHP does not enter into any external medical reinsurance agreements. PEHP has reinsurance coverage for a life catastrophic occurrence in excess of \$3.5 million, not to exceed \$80 million per year with a one-time reinstatement with additional premium. The limit is dependent on the participating group's lifetime maximum. The retention per person will be reapplied to PEHP each calendar year.

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 2021 of \$357.703 million and \$54.673 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 claim reserves are reported using a discount rate of 1 percent. The PEHP long-term disability benefit reserves of \$15.959 million are reported using discount rates between 1.75 and 3.50 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, 2021, there were 142 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, 2021, the primary government and the discrete component units of the State paid premiums for the Long-term Disability Program of \$5.425 million and \$333 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, Utah Valley University, and Dixie State 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 medical professional liability insurance policy in the amount of \$20 million catastrophic malpractice liabilities in excess of the trusts' fund balances, the coverage provides for \$5 million per claim and \$26 million in the aggregate.

Utah Transit Authority (UTA) (major discrete component unit) is self-insured for amounts up to the maximum statutory liability in any one accident of \$3 million for incidents occurring after May 1, 2019. UTA carries an excess umbrella policy of \$10 million over a \$7 million self-insurance reserve. 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, 2020 and June 30, 2021. The PEHP and UTA balances are for the calendar years ended December 31, 2019 and December 31, 2020:

(Table on the next page)

Changes in Claims Liabilities
(expressed in thousands)

| | Beginning Balance | | Current Year Claims and Changes in Estimates | | Claims Payments | | Ending Balance |
|--|------------------------------|----|---|----|----------------------------|----|---------------------------|
| Risk Management: | | | | | | | |
| 2020..... | \$ 63,558 | \$ | 15,318 | \$ | (5,254) | \$ | 73,622 |
| 2021..... | \$ 73,622 | \$ | 20,784 | \$ | (7,089) | \$ | 87,317 |
| Public Employees Health Program: | | | | | | | |
| December 31, 2019..... | \$ 147,013 | \$ | 766,085 | \$ | (761,550) | \$ | 151,548 |
| December 31, 2020..... | \$ 151,548 | \$ | 787,868 | \$ | (765,263) | \$ | 174,153 |
| Utah Transit Authority: | | | | | | | |
| December 31, 2019..... | \$ 1,156 | \$ | 3,320 | \$ | (3,613) | \$ | 863 |
| December 31, 2020..... | \$ 863 | \$ | 2,482 | \$ | (2,328) | \$ | 1,017 |
| College and University Self-Insurance: | | | | | | | |
| 2020..... | \$ 106,858 | \$ | 388,315 | \$ | (390,540) | \$ | 104,633 |
| 2021..... | \$ 104,633 | \$ | 376,448 | \$ | (376,639) | \$ | 104,442 |

NOTE 20. SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Governor's Office of Economic Development Board recommended and the director approved \$131.121 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 October 1, 2021, the Student Assistance Programs (the Programs) (major enterprise fund) received authorization from the Utah Board of Higher Education for the sale of the Federal Family Education Loan Program portfolio administered by the Utah Higher Education Assistance Authority. Financial advisers estimate the net proceeds of the sale of the federal student loan portfolio could be between \$207 million and \$220 million

In addition, the Programs have entered into agreements with the Federal Government to perform guarantee activities and receives payments for performing the guarantee activities. On September 27, 2021, the Programs notified the Federal Government of its intention to exit the aforementioned agreements on November 27, 2021. The Programs receive monthly payments from a third-party client for student loan documents processed, based on a contract fee schedule. On July 8, 2021, the third-party client notified the Programs that the contract will end on December 14, 2021.

On November 1, 2021, the University of Utah (major discrete component unit) sold the Dialysis Clinics, part of University Health, for \$79.800 million.

On November 17, 2021, Utah State University (major discrete component unit) issued \$8.605 million in Research Revenue Bonds, Series 2021 for the purpose of financing the costs of construction for an addition to the Electric Vehicle and Roadway Building on the University's Innovation Campus, paying capitalized interest, funding a debt service reserve account, and paying costs of issuance of the Bonds.

Utah Transit Authority (UTA) (major discrete component unit) expects to grant \$33.584 million of Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) funding as

well as \$167.777 million from the American Rescue Plan Act (ARPA) of 2021 to Salt Lake City, Ogden, and Provo, in the fall of 2021.

On November 10, 2021, UTA issued \$431.625 million in Federally Taxable Sales Tax Revenue Refunding Bonds, Series 2021 and \$16.220 million in Federally Taxable Subordinated Sales Tax Revenue Refunding Bonds, Series 2021 to advance refund \$461.985 million of principal of the Sales Tax Revenue Refunding Bonds and \$58.180 million of principal of the Subordinated Sales Tax Revenue Refunding Bonds, Series 2015A. Proceeds from the 2021 bonds, together with other legally available moneys have been deposited into an escrow account to provide for the refunding of certain principal amounts of the Series 2015A bonds.

On September 2, 2021, the Military Installation Development Authority's (MIDA) (nonmajor discrete component unit) issued \$260 million in Tax Allocation and Hotel Tax Revenue bonds, Series 2021A-1 and 2021A-2 to finance a portion of the construction costs of the Military Morale Welfare and Recreation Hotel, ski, and other mountain improvements in the West-side of the MIDA project area. In addition, on October 29, 2021, MIDA's subsidiary, the MIDA Golf and Equestrian Center Public Infrastructure District issued \$71.010 million Limited Tax and Tax Allocation Revenue bonds, Series 2021 to finance a portion of the construction costs related to the Golf Academy, Clubhouse, Equestrian Center, and Lodge located within the district.

On October 11, 2021, The Utah Inland Port Authority (nonmajor discrete component unit) voted to approve \$150 million in Revenue bonds issued for the purpose of financing or reimbursing a portion of capital improvements and related costs, funding a reserve fund, paying capitalized interest, and paying costs of issuance of the Bonds. The bonds will be used to increase production of the growing inland port within the State.

On September 13, 2021, Southern Utah University (SUU) (nonmajor discrete component unit) entered into a land exchange agreement for the exchange of multiple parcels of land and improvements. SUU received \$783.644 million of parcels plus \$513.356 million in cash in exchange for parcels appraised at \$1.297 million. On October 19, 2021, SUU purchased two additional properties at their appraised value of \$4.350 million

with the assumption of a promissory note to be paid by the seller before August 15, 2022.

On August 23, 2021 SUU purchased \$10.150 million of loan receivables, the balance of which was subsequently forgiven. In a subsequent transaction, the Utah Shakespeare Festival Foundation, who is the owner of the Center for the Arts buildings, will donate the Center for the Arts buildings to the University for the purpose of using it as a performing arts center.

In July 2021, Dixie State University (nonmajor discrete component unit) purchased approximately 183 acres of land for \$15.075 million to expand the campus and accommodate growth.

On November 10, 2021, House Bill 2001 *Utah Tech University* was passed during the 2021 Second Special Session of the Utah State Legislature. This bill changed the name of Dixie State University to Utah Tech University. The name change will become effective July 1, 2022.

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STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Todd Trapani

Sun rises over the Oquirrh Mountains.

Budgetary Comparison Schedule

General Fund

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| Revenues | | | | |
| General Revenues | | | | |
| Sales Tax | \$ 2,481,956 | \$ 2,481,956 | \$ 2,625,318 | \$ 143,362 |
| Licenses, Permits, and Fees: | | | | |
| Court Fees | 31,318 | 31,318 | 14,275 | (17,043) |
| Other Licenses, Permits, and Fees | 16,410 | 16,410 | 11,458 | (4,952) |
| Investment Income | 9,912 | 9,918 | 10,272 | 354 |
| Miscellaneous Taxes and Other: | | | | |
| Beer Tax | 12,192 | 12,192 | 11,856 | (336) |
| Cigarette and Tobacco Tax | 93,841 | 93,841 | 91,251 | (2,590) |
| Insurance Premium Tax | 149,768 | 149,768 | 157,397 | 7,629 |
| Oil, Gas, and Mining Severance Tax | 14,438 | 14,438 | 21,463 | 7,025 |
| Court Collections | 4,355 | 4,355 | 17,224 | 12,869 |
| Other Taxes | 71,186 | 71,186 | 51,490 | (19,696) |
| Miscellaneous Other | 3,404 | 3,404 | 10,095 | 6,691 |
| Total General Revenues | <u>2,888,780</u> | <u>2,888,786</u> | <u>3,022,099</u> | <u>133,313</u> |
| Department Specific Revenues | | | | |
| Sales Tax | 6,511 | 48,103 | 48,103 | — |
| Federal Contracts and Grants | 6,226,136 | 5,198,852 | 5,198,852 | — |
| Departmental Collections | 587,704 | 600,250 | 600,250 | — |
| Higher Education Collections | 905,838 | 936,409 | 936,409 | — |
| Federal Mineral Lease | 38,596 | 49,039 | 49,039 | — |
| Investment Income | 6,636 | 6,784 | 6,784 | — |
| Miscellaneous | 941,904 | 1,542,613 | 1,542,613 | — |
| Total Department Specific Revenues | <u>8,713,325</u> | <u>8,382,050</u> | <u>8,382,050</u> | <u>0</u> |
| Total Revenues | <u>11,602,105</u> | <u>11,270,836</u> | <u>11,404,149</u> | <u>133,313</u> |
| Expenditures | | | | |
| General Government | 1,274,261 | 1,551,836 | 1,407,713 | 144,123 |
| Human Services and Juvenile Justice Services | 1,112,103 | 1,053,038 | 1,024,530 | 28,508 |
| Corrections | 362,687 | 359,041 | 335,751 | 23,290 |
| Public Safety | 529,083 | 463,493 | 414,847 | 48,646 |
| Courts | 172,646 | 170,509 | 159,487 | 11,022 |
| Health and Environmental Quality | 5,770,245 | 4,716,504 | 4,562,124 | 154,380 |
| Higher Education – State Administration | 233,612 | 182,070 | 182,070 | — |
| Higher Education – Colleges and Universities | 2,136,863 | 2,163,247 | 2,163,238 | 9 |
| Employment and Family Services | 2,535,395 | 1,212,700 | 1,173,985 | 38,715 |
| Natural Resources | 348,084 | 369,348 | 301,034 | 68,314 |
| Heritage and Arts | 94,759 | 80,658 | 66,512 | 14,146 |
| Business, Labor, and Agriculture | 152,490 | 168,055 | 131,042 | 37,013 |
| Total Expenditures | <u>14,722,228</u> | <u>12,490,499</u> | <u>11,922,333</u> | <u>568,166</u> |
| Excess Revenues Over (Under) Expenditures | <u>(3,120,123)</u> | <u>(1,219,663)</u> | <u>(518,184)</u> | <u>701,479</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 1,594,054 | 1,909,260 | 1,909,260 | — |
| Transfers Out | (534,088) | (735,708) | (735,708) | — |
| Total Other Financing Sources (Uses) | <u>1,059,966</u> | <u>1,173,552</u> | <u>1,173,552</u> | <u>0</u> |
| Net Change in Fund Balance | <u>(2,060,157)</u> | <u>(46,111)</u> | <u>655,368</u> | <u>701,479</u> |
| Budgetary Fund Balance – Beginning | 1,126,970 | 1,126,970 | 1,126,970 | — |
| Budgetary Fund Balance – Ending | <u>\$ (933,187)</u> | <u>\$ 1,080,859</u> | <u>\$ 1,782,338</u> | <u>\$ 701,479</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, 2021

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|----------------------------|-------------------------|---------------------|---------------------------------------|
| Revenues | | | | |
| General Revenues | | | | |
| Individual Income Tax | \$ 5,760,225 | \$ 5,760,225 | \$ 6,121,011 | \$ 360,786 |
| Corporate Tax | 449,458 | 449,458 | 743,415 | 293,957 |
| Miscellaneous Other | 30,791 | 41,791 | 31,266 | (10,525) |
| Total General Revenues | <u>6,240,474</u> | <u>6,251,474</u> | <u>6,895,692</u> | <u>644,218</u> |
| Department Specific Revenues | | | | |
| Federal Contracts and Grants | 366,582 | 589,428 | 589,428 | — |
| Departmental Collections | 1,544 | 13,170 | 13,170 | — |
| Federal Mineral Lease | 621 | — | — | — |
| Investment Income | (2,514) | 1,437 | 1,437 | — |
| Miscellaneous: | | | | |
| Liquor Sales Allocated for School Lunch | 41,052 | 51,746 | 51,746 | — |
| Driver Education Fee | 6,592 | 6,761 | 6,761 | — |
| Property Tax for Charter Schools | 28,000 | 26,635 | 26,635 | — |
| Other | 3,038 | 40,422 | 40,422 | — |
| Total Department Specific Revenues | <u>444,915</u> | <u>729,599</u> | <u>729,599</u> | <u>0</u> |
| Total Revenues | <u>6,685,389</u> | <u>6,981,073</u> | <u>7,625,291</u> | <u>644,218</u> |
| Expenditures | | | | |
| Public Education | 6,343,900 | 4,980,352 | 4,790,412 | 189,940 |
| Total Expenditures | <u>6,343,900</u> | <u>4,980,352</u> | <u>4,790,412</u> | <u>189,940</u> |
| Excess Revenues Over (Under) Expenditures | <u>341,489</u> | <u>2,000,721</u> | <u>2,834,879</u> | <u>834,158</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | 109,072 | 106,000 | 106,000 | — |
| Transfers Out | (1,512,799) | (1,697,676) | (1,697,676) | — |
| Total Other Financing Sources (Uses) | <u>(1,403,727)</u> | <u>(1,591,676)</u> | <u>(1,591,676)</u> | <u>0</u> |
| Net Change in Fund Balance | <u>(1,062,238)</u> | <u>409,045</u> | <u>1,243,203</u> | <u>834,158</u> |
| Budgetary Fund Balance – Beginning | 845,905 | 845,905 | 845,905 | — |
| Budgetary Fund Balance – Ending | <u>\$ (216,333)</u> | <u>\$ 1,254,950</u> | <u>\$ 2,089,108</u> | <u>\$ 834,158</u> |

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, 2021

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|---|----------------------------|-------------------------|-------------------|---------------------------------------|
| Revenues | | | | |
| General Revenues | | | | |
| Motor Fuel Tax | \$ 363,391 | \$ 367,108 | \$ 379,507 | \$ 12,399 |
| Special Fuel Tax | 154,431 | 163,614 | 171,954 | 8,340 |
| Licenses, Permits, and Fees: | | | | |
| Motor Vehicle Registration Fees | 55,264 | 61,783 | 61,029 | (754) |
| Proportional Registration Fees | 18,283 | 20,208 | 19,961 | (247) |
| Temporary Permits | 187 | 227 | 225 | (2) |
| Special Transportation Permits | 11,302 | 11,827 | 11,683 | (144) |
| Highway Use Permits | 11,492 | 13,599 | 13,433 | (166) |
| Motor Vehicle Control Fees | 6,311 | 7,025 | 6,940 | (85) |
| Investment Income | 7,000 | 1,301 | 1,302 | 1 |
| Total General Revenues | <u>627,661</u> | <u>646,692</u> | <u>666,034</u> | <u>19,342</u> |
| Department Specific Revenues | | | | |
| Sales and Aviation Fuel Taxes | — | 5,196 | 5,196 | — |
| Federal Contracts and Grants | 438,683 | 419,129 | 419,129 | — |
| Departmental Collections | 73,737 | 70,494 | 70,494 | — |
| Investment Income | 436 | 440 | 440 | — |
| Miscellaneous | 29,897 | 118,496 | 118,496 | — |
| Total Department Specific Revenues | <u>542,753</u> | <u>613,755</u> | <u>613,755</u> | <u>0</u> |
| Total Revenues | <u>1,170,414</u> | <u>1,260,447</u> | <u>1,279,789</u> | <u>19,342</u> |
| Expenditures | | | | |
| Transportation | 1,352,455 | 1,231,742 | 1,205,773 | 25,969 |
| Total Expenditures | <u>1,352,455</u> | <u>1,231,742</u> | <u>1,205,773</u> | <u>25,969</u> |
| Excess Revenues Over (Under) Expenditures | <u>(182,041)</u> | <u>28,705</u> | <u>74,016</u> | <u>45,311</u> |
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | — | 18,644 | 18,644 | — |
| Transfers In | 16,329 | 23,353 | 23,353 | — |
| Transfers Out | <u>(96,369)</u> | <u>(109,368)</u> | <u>(109,368)</u> | <u>—</u> |
| Total Other Financing Sources (Uses) | <u>(80,040)</u> | <u>(67,371)</u> | <u>(67,371)</u> | <u>0</u> |
| Net Change in Fund Balance | (262,081) | (38,666) | 6,645 | 45,311 |
| Budgetary Fund Balance – Beginning | 430,380 | 430,380 | 430,380 | — |
| Budgetary Fund Balance – Ending | <u>\$ 168,299</u> | <u>\$ 391,714</u> | <u>\$ 437,025</u> | <u>\$ 45,311</u> |

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, 2021

| | <u>General Fund</u> | <u>Education Fund</u> | <u>Transportation Fund</u> |
|---|---------------------|-----------------------|----------------------------|
| Revenues | | | |
| Actual total revenues (budgetary basis)..... | \$ 11,404,149 | \$ 7,625,291 | \$ 1,279,789 |
| Differences – Budget to GAAP: | | | |
| Intrafund revenues are budgetary revenues but are not revenues for financial reporting..... | (1,152,475) | — | (3,115) |
| Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting..... | (941,340) | (10,662) | — |
| Revenues for financial reporting purposes but not for budgetary reporting..... | 8,676 | — | — |
| Budgetary revenues reported as transfers for financial reporting..... | — | (39,119) | (29,999) |
| Change in revenue accrual for nonbudgetary Medicaid claims..... | 407 | — | — |
| Change in tax accruals designated by law and other liabilities are revenues for financial reporting but not for budgetary reporting..... | 56,371 | (724,611) | 9,372 |
| Federal revenue related to pandemic relief moved to the Unemployment Compensation Fund for financial reporting purposes..... | (96,139) | — | — |
| American Rescue Plan Act (ARPA) funds received for local governments as pass through..... | 19,812 | — | — |
| Change in estimated federal receivables recorded as revenues for financial reporting but not for budgetary reporting..... | — | 46,650 | — |
| Education related collections that are revenues for financial reporting but not for budgetary reporting..... | — | 292 | — |
| Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds..... | <u>\$ 9,299,461</u> | <u>\$ 6,897,841</u> | <u>\$ 1,256,047</u> |
| Expenditures | | | |
| Actual total expenditures (budgetary basis)..... | \$ 11,922,333 | \$ 4,790,412 | \$ 1,205,773 |
| Differences – Budget to GAAP: | | | |
| Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting..... | (1,152,475) | — | (3,115) |
| Expenditures related to higher education (General Fund) and Utah Schools for the Deaf and the Blind (Education Fund) collections are budgetary expenditures but are not expenditures for financial reporting..... | (941,340) | (10,662) | — |
| Certain budgetary transfers and other charges are reported as an increase or reduction of expenditures for financial reporting..... | 10,061 | — | — |
| Budgetary expenditures reported as transfers for financial reporting..... | (102,186) | — | — |
| Leave charges budgeted as expenditures when earned rather than when taken or due..... | (690) | (17) | (147) |
| Change in estimated liabilities recorded as expenditures for financial reporting but not for budgetary reporting..... | — | 49,268 | — |
| Change in accrual for Medicaid (incurred but not reported) claims excluded from the budget by statute..... | (3,911) | — | — |
| Budgetary expenditures related to medical personal protective equipment (PPE) that remains in inventory at yearend..... | (16,400) | — | — |
| Budgetary expenditures for unemployment insurance benefits related to pandemic relief moved to the Unemployment Compensation Fund for reporting purposes..... | (96,139) | — | — |
| Expenditures for financial reporting purposes but not for budgetary reporting..... | 9,627 | 287 | — |
| Change in Unemployment Claims paid by the State as the Employer..... | (658) | — | — |
| American Rescue Plan Act (ARPA) funds passed through to local governments not in budget..... | 19,755 | — | — |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds..... | <u>\$ 9,647,977</u> | <u>\$ 4,829,288</u> | <u>\$ 1,202,511</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, 2021, 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 (i.e., 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, 2021, the State was \$643.246 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 Annual Comprehensive 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.

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

| Judges System | Calendar Year | | | | | | |
|--|---------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Total Pension Liability | | | | | | | |
| Service Cost | \$ 4,895 | \$ 4,794 | \$ 5,023 | \$ 5,328 | \$ 5,682 | \$ 6,054 | \$ 6,144 |
| Interest | 13,641 | 14,136 | 14,064 | 14,866 | 15,697 | 16,649 | 17,675 |
| Difference between Actual and Expected Experience | 2,602 | 171 | 1,995 | 809 | 7,873 | 7,617 | 548 |
| Assumption Changes | (130) | — | 2,885 | 13,067 | — | — | 3,588 |
| Benefit Payments | (11,361) | (12,400) | (12,330) | (13,700) | (16,195) | (15,346) | (15,863) |
| Net Change in Total Pension Liability | 9,647 | 6,701 | 11,637 | 20,370 | 13,057 | 14,974 | 12,092 |
| Total Pension Liability – Beginning | 182,638 | 192,285 | 198,986 | 210,623 | 230,993 | 244,050 | 259,024 |
| Total Pension Liability – Ending | A \$ 192,285 | \$ 198,986 | \$ 210,623 | \$ 230,993 | \$ 244,050 | \$ 259,024 | \$ 271,116 |
| Plan Fiduciary Net Position | | | | | | | |
| Contributions – Employee | \$ 317 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — |
| Contributions – Employer ** | 5,627 | 6,555 | 7,382 | 7,563 | 8,091 | 8,500 | 8,646 |
| Court Fees *** | 1,486 | 1,653 | 1,470 | 1,477 | 1,518 | 1,536 | 1,410 |
| Net Investment Income | 11,068 | 2,842 | 13,820 | 23,435 | (730) | 27,775 | 27,391 |
| Benefit Payments | (11,361) | (12,400) | (12,330) | (13,621) | (16,111) | (15,346) | (15,863) |
| Administrative Expense | (71) | (71) | (71) | (79) | (84) | (81) | (84) |
| Net Transfers with Affiliated Systems | 1,092 | 1,334 | 1,600 | 4,090 | 4,403 | 2,339 | 2,340 |
| Net Change in Plan Fiduciary Net Position | 8,158 | (87) | 11,871 | 22,865 | (2,913) | 24,723 | 23,840 |
| Plan Fiduciary Net Position – Beginning | 155,676 | 163,834 | 163,747 | 175,618 | 198,483 | 195,570 | 220,293 |
| Plan Fiduciary Net Position – Ending | B \$ 163,834 | \$ 163,747 | \$ 175,618 | \$ 198,483 | \$ 195,570 | \$ 220,293 | \$ 244,133 |
| Net Pension Liability (A - B) | \$ 28,451 | \$ 35,239 | \$ 35,005 | \$ 32,510 | \$ 48,480 | \$ 38,731 | \$ 26,983 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 85.20 % | 82.29 % | 83.38 % | 85.93 % | 80.14 % | 85.05 % | 90.05 % |
| Covered Payroll | \$ 15,264 | \$ 16,372 | \$ 16,755 | \$ 18,661 | \$ 18,802 | \$ 19,596 | \$ 20,201 |
| Net Pension Liability as a Percentage of Covered Payroll | 186.39 % | 215.24 % | 208.92 % | 174.21 % | 257.84 % | 197.65 % | 133.57 % |
| Utah Governors and Legislators Retirement Plan | | | | | | | |
| Total Pension Liability | | | | | | | |
| Service Cost | \$ 106 | \$ 99 | \$ 90 | \$ 67 | \$ 65 | \$ 59 | \$ 104 |
| Interest | 884 | 890 | 851 | 879 | 877 | 882 | 875 |
| Difference between Actual and Expected Experience | 307 | (105) | 167 | 182 | 139 | (53) | 224 |
| Assumption Changes | — | — | 241 | 264 | — | — | 169 |
| Refunds | — | — | — | — | — | — | (10) |
| Benefit Payments | (909) | (904) | (941) | (978) | (1,034) | (1,013) | (1,023) |
| Net Change in Total Pension Liability | 388 | (20) | 408 | 414 | 47 | (125) | 339 |
| Total Pension Liability – Beginning | 11,879 | 12,267 | 12,247 | 12,655 | 13,069 | 13,116 | 12,991 |
| Total Pension Liability – Ending | A \$ 12,267 | \$ 12,247 | \$ 12,655 | \$ 13,069 | \$ 13,116 | \$ 12,991 | \$ 13,330 |
| Plan Fiduciary Net Position | | | | | | | |
| Contributions – Employer | \$ 411 | \$ 421 | \$ 421 | \$ 404 | \$ 392 | \$ 384 | \$ 369 |
| Net Investment Income | 717 | 181 | 849 | 1,353 | (41) | 1,481 | 1,396 |
| Benefit Payments | (909) | (904) | (941) | (973) | (978) | (1,012) | (1,023) |
| Refunds | — | — | — | — | — | — | (10) |
| Administrative Expense | (5) | (5) | (4) | (5) | (5) | (4) | (4) |
| Net Transfers with Affiliated Systems | (14) | (20) | (12) | 89 | (51) | (42) | (17) |
| Net Change in Plan Fiduciary Net Position | 200 | (327) | 313 | 868 | (683) | 807 | 711 |
| Plan Fiduciary Net Position – Beginning | 10,166 | 10,366 | 10,039 | 10,352 | 11,220 | 10,537 | 11,344 |
| Plan Fiduciary Net Position – Ending | B \$ 10,366 | \$ 10,039 | \$ 10,352 | \$ 11,220 | \$ 10,537 | \$ 11,344 | \$ 12,055 |
| Net Pension Liability (A - B) | \$ 1,901 | \$ 2,208 | \$ 2,303 | \$ 1,849 | \$ 2,579 | \$ 1,647 | \$ 1,275 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 84.50 % | 81.97 % | 81.80 % | 85.85 % | 80.34 % | 87.32 % | 90.44 % |
| Covered Payroll | \$ 1,045 | \$ 946 | \$ 799 | \$ 722 | \$ 639 | \$ 639 | \$ 757 |
| Net Pension Liability as a Percentage of Covered Payroll | 181.91 % | 233.40 % | 288.24 % | 256.09 % | 403.60 % | 257.75 % | 168.43 % |

* 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 3.00 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.

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 | | Contributions in Relation to the Contractually Required Contribution | | | | | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|---|-------------|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|----------------------------------|--|--|
| | Fiscal Year | Contractually Required Contribution | Contractually Required Contribution | Contractually Required Contribution | Contractually Required Contribution | Contractually Required Contribution | Covered Payroll | Contributions as a Percentage of Covered Payroll | |
| Judges System | 2012 | \$ 3,839 | \$ 3,839 | \$ 3,839 | \$ 0 | \$ 14,870 | 25.82 % | | |
| | 2013 | \$ 4,910 | \$ 4,910 | \$ 4,910 | \$ 0 | \$ 14,937 | 32.87 % | | |
| | 2014 | \$ 5,335 | \$ 5,335 | \$ 5,335 | \$ 0 | \$ 14,989 | 35.59 % | | |
| | 2015 | \$ 6,179 | \$ 6,179 | \$ 6,179 | \$ 0 | \$ 15,453 | 39.99 % | | |
| | 2016 | \$ 7,154 | \$ 7,154 | \$ 7,154 | \$ 0 | \$ 17,204 | 41.58 % | | |
| | 2017 | \$ 7,728 | \$ 7,728 | \$ 7,728 | \$ 0 | \$ 18,347 | 42.12 % | | |
| | 2018 | \$ 7,958 | \$ 7,958 | \$ 7,958 | \$ 0 | \$ 18,641 | 42.69 % | | |
| | 2019 | \$ 8,501 | \$ 8,501 | \$ 8,501 | \$ 0 | \$ 19,462 | 43.68 % | | |
| | 2020 | \$ 8,800 | \$ 8,800 | \$ 8,800 | \$ 0 | \$ 20,114 | 43.75 % | | |
| | 2021 | \$ 8,951 | \$ 8,951 | \$ 8,951 | \$ 0 | \$ 20,201 | 44.31 % | | |
| Utah Governors and Legislators Retirement Plan | 2012 | \$ 214 | \$ 214 | \$ 214 | \$ 0 | \$ 757 | 28.27 % | | |
| | 2013 | \$ 252 | \$ 252 | \$ 252 | \$ 0 | \$ 1,431 | 17.61 % | | |
| | 2014 | \$ 411 | \$ 411 | \$ 411 | \$ 0 | \$ 1,783 | 23.05 % | | |
| | 2015 | \$ 411 | \$ 411 | \$ 411 | \$ 0 | \$ 1,751 | 23.47 % | | |
| | 2016 | \$ 421 | \$ 421 | \$ 421 | \$ 0 | \$ 943 | 44.64 % | | |
| | 2017 | \$ 421 | \$ 421 | \$ 421 | \$ 0 | \$ 799 | 52.69 % | | |
| | 2018 | \$ 392 | \$ 392 | \$ 392 | \$ 0 | \$ 860 | 45.58 % | | |
| | 2019 | \$ 384 | \$ 384 | \$ 384 | \$ 0 | \$ 848 | 45.28 % | | |
| | 2020 | \$ 369 | \$ 369 | \$ 369 | \$ 0 | \$ 639 | 57.75 % | | |
| | 2021 | \$ 361 | \$ 361 | \$ 361 | \$ 0 | \$ 757 | 47.69 % | | |

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 15-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: | Male: 110% of 2020 Public Retirees of Utah (PR Utah) Mortality Table for males, projected with 80% of the ultimate rates from the MP-2019 mortality improvement scale using a base year of 2020. Female: 110% of 2020 Public Retirees of Utah (PR Utah) Mortality Table for females, projected with 80% of the ultimate rates from the MP-2019 mortality improvement scale using a base year of 2020. | |

*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.

**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.

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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
Calendar Years ending December 31 *
(dollars expressed in thousands)

| Utah Transit Authority | Calendar Year | | | | | | |
|---|--------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Total Pension Liability | | | | | | | |
| Service Cost | \$ 7,284 | \$ 7,546 | \$ 7,712 | \$ 8,368 | \$ 9,551 | \$ 10,244 | \$ 10,654 |
| Interest | 17,623 | 18,717 | 19,604 | 20,368 | 21,513 | 22,948 | 24,263 |
| Voluntary Member Contributions | 276 | 917 | 438 | 698 | 224 | 299 | 84 |
| Differences between expected and actual experience .. | — | (1,973) | (927) | 4,916 | 4,893 | 3,348 | 4,293 |
| Assumption Changes | — | 7,725 | (3,956) | 5,079 | — | — | 11,421 |
| Benefit Payments | (10,181) | (11,555) | (12,981) | (13,008) | (15,475) | (17,303) | (19,649) |
| Net Change in Total Pension Liability | 15,002 | 21,377 | 9,890 | 26,421 | 20,706 | 19,536 | 31,066 |
| Total Pension Liability – Beginning | 232,691 | 247,693 | 269,070 | 278,960 | 305,381 | 326,087 | 345,623 |
| Total Pension Liability – Ending | A \$247,693 | \$269,070 | \$278,960 | \$305,381 | \$326,087 | \$345,623 | \$376,689 |
| Plan Fiduciary Net Position | | | | | | | |
| Contributions – Employer | \$ 15,366 | \$ 16,745 | \$ 19,604 | \$ 20,506 | \$ 22,355 | \$ 24,008 | \$ 24,274 |
| Contributions – Members | 276 | 917 | 438 | 698 | 224 | 299 | 84 |
| Net Investment Income | 5,947 | (1,085) | 7,591 | 30,599 | (16,630) | 40,649 | 33,846 |
| Benefit Payments | (10,181) | (11,555) | (12,981) | (13,008) | (15,475) | (17,303) | (19,649) |
| Administrative Expense | (220) | (244) | (249) | (325) | (440) | (434) | (408) |
| Net Change in Plan Fiduciary Net Position | 11,188 | 4,778 | 14,403 | 38,470 | (9,966) | 47,219 | 38,147 |
| Plan Fiduciary Net Position – Beginning | 135,666 | 146,854 | 151,632 | 166,035 | 204,505 | 194,539 | 241,758 |
| Plan Fiduciary Net Position – Ending | B \$146,854 | \$151,632 | \$166,035 | \$204,505 | \$194,539 | \$241,758 | \$279,905 |
| Net Pension Liability (A - B) | \$100,839 | \$117,438 | \$112,925 | \$100,876 | \$131,548 | \$103,865 | \$ 96,784 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 59.29 % | 56.35 % | 59.52 % | 66.97 % | 59.66 % | 69.95 % | 74.31 % |
| Covered Payroll | \$106,004 | \$110,727 | \$115,431 | \$126,691 | \$132,521 | \$141,183 | \$152,297 |
| Net Pension Liability as a Percentage of Covered Payroll | 95.13 % | 106.06 % | 97.83 % | 79.62 % | 99.27 % | 73.57 % | 63.55 % |

of history.

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

Employer Contributions
Single-employer Plans - Utah Transit Authority
(dollars expressed in thousands)

Last Ten Calendar Years

| Utah Transit Authority | Calendar Year | Actuarial Required Contribution | Actual Employer Contributions | Contribution Deficiency (Excess) | Covered Payroll | Contributions as a Percentage of Covered Payroll |
|------------------------------|---------------|---------------------------------|-------------------------------|----------------------------------|-----------------|--|
| | 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 % |
| | 2019 | \$ 22,241 | \$ 24,008 | \$ (1,767) | \$ 141,813 | 16.93 % |
| | 2020 | \$ 25,168 | \$ 24,274 | \$ 894 | \$ 152,297 | 15.94 % |

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 | 13 years |
| Actuarial asset valuation method | Equal to Market Value |
| Actuarial assumptions: | |
| Investment rate of return | 6.75%, 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) |
| Percent of Future Retirements Electing Lump Sum | 20% |

Other Information:

The valuation date is January 1, 2020. This is the date as of which the actuarial valuation is performed. The measurement date is December 31, 2020. This is the date as of which the net pension liability is determined. The reporting date is December 31, 2020. 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 | Calendar Year* | Annual Money-Weighted Rate of Return (Net of Investment Expense) |
|------------------------------|----------------|--|
| Utah Transit Authority | 2014 | 4.31 % |
| | 2015 | (0.72)% |
| | 2016 | 4.90 % |
| | 2017 | 18.01 % |
| | 2018 | (7.77)% |
| | 2019 | 20.56 % |
| | 2020 | 13.88 % |

* 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 Annual Comprehensive 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 Seven Calendar Years ending December 31*
(dollars expressed in thousands)

| | Calendar Year | | | | | | |
|---|---------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
| Noncontributory System | | | | | | | |
| Proportion of the Net Pension Liability (Asset) | 24.07% | 23.84% | 24.46% | 23.46% | 23.02% | 24.51% | 23.88% |
| Proportionate Share of the Net Pension Liability (Asset) | \$604,765 | \$748,863 | \$792,635 | \$573,675 | \$856,314 | \$544,490 | \$318,386 |
| Covered Payroll | \$645,747 | \$630,251 | \$639,263 | \$598,938 | \$585,155 | \$574,935 | \$560,345 |
| Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll | 93.65% | 118.82% | 123.99% | 95.78% | 146.34% | 94.70% | 56.82% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 87.20% | 87.20% | 84.90% | 89.20% | 84.10% | 90.10% | 94.30% |
| Contributory System | | | | | | | |
| Proportion of the Net Pension Liability (Asset) | 34.02% | 32.52% | 30.90% | 30.98% | 28.85% | 37.51% | 35.38% |
| Proportionate Share of the Net Pension Liability (Asset) | \$3,731 | \$20,378 | \$16,932 | \$2,039 | \$20,484 | \$2,590 | \$(8,414) |
| Covered Payroll | \$12,280 | \$10,301 | \$8,283 | \$7,049 | \$5,599 | \$4,185 | \$3,412 |
| Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll | 30.38% | 197.83% | 204.42% | 28.93% | 365.85% | 61.89% | (246.60)% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 98.70% | 92.40% | 93.40% | 99.20% | 91.40% | 98.90% | 103.70% |
| Public Safety System | | | | | | | |
| Proportion of the Net Pension Liability (Asset) | 98.11% | 97.81% | 97.73% | 97.53% | 97.56% | 97.15% | 96.82% |
| Proportionate Share of the Net Pension Liability (Asset) | \$182,306 | \$210,570 | \$208,964 | \$169,585 | \$233,535 | \$143,463 | \$62,712 |
| Covered Payroll | \$111,391 | \$109,909 | \$112,155 | \$107,429 | \$106,255 | \$103,529 | \$98,555 |
| Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll | 163.66% | 191.59% | 186.32% | 157.86% | 219.79% | 138.57% | 63.63% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 84.30% | 82.30% | 83.50% | 87.40% | 83.20% | 90.00% | 95.80% |
| Firefighters System | | | | | | | |
| Proportion of the Net Pension Liability (Asset) | 2.59% | 3.90% | 4.30% | 3.84% | 3.80% | 3.84% | 2.89% |
| Proportionate Share of the Net Pension Liability (Asset) | \$(148) | \$(71) | \$(34) | \$(240) | \$494 | \$(476) | \$(808) |
| Covered Payroll | \$851 | \$1,047 | \$1,208 | \$1,123 | \$1,175 | \$1,230 | \$943 |
| Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll | (17.39)% | (6.78)% | (2.81)% | (21.37)% | 42.04% | (38.70)% | (85.68)% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 103.50% | 101.00% | 100.40% | 103.00% | 94.30% | 105.00% | 110.50% |
| Tier 2 Public Employees System | | | | | | | |
| Proportion of the Net Pension Liability (Asset) | 17.95% | 17.66% | 19.04% | 18.41% | 18.15% | 18.16% | 17.55% |
| Proportionate Share of the Net Pension Liability (Asset) | \$(544) | \$(39) | \$2,123 | \$1,623 | \$7,772 | \$4,085 | \$2,524 |
| Covered Payroll | \$88,068 | \$114,106 | \$156,103 | \$180,218 | \$211,942 | \$252,493 | \$280,683 |
| Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll | (0.62)% | (0.03)% | 1.36% | 0.90% | 3.67% | 1.62% | 0.90% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 103.50% | 100.20% | 95.10% | 97.40% | 90.80% | 96.50% | 98.30% |
| Tier 2 Public Safety and Firefighters System | | | | | | | |
| Proportion of the Net Pension Liability (Asset) | 26.64% | 25.84% | 26.95% | 25.32% | 24.07% | 22.04% | 20.87% |
| Proportionate Share of the Net Pension Liability (Asset) | \$(394) | \$(377) | \$(234) | \$(293) | \$603 | \$2,073 | \$1,872 |
| Covered Payroll | \$11,011 | \$15,378 | \$22,263 | \$26,727 | \$32,199 | \$36,331 | \$41,435 |
| Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll | (3.58)% | (2.45)% | (1.05)% | (1.10)% | 1.87% | 5.71% | 4.52% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 120.50% | 110.70% | 103.60% | 103.00% | 95.60% | 89.60% | 93.10% |

* 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 |
| Noncontributory System | 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 % |
| | 2020 | \$ 124,841 | \$ 124,841 | \$ 0 | \$ 570,952 | 21.87 % |
| | 2021 | \$ 120,837 | \$ 120,837 | \$ 0 | \$ 550,958 | 21.93 % |
| Contributory System | 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 % |
| | 2020 | \$ 671 | \$ 671 | \$ 0 | \$ 3,790 | 17.70 % |
| | 2021 | \$ 569 | \$ 569 | \$ 0 | \$ 3,218 | 17.68 % |
| Public Safety System | 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 % |
| | 2020 | \$ 40,972 | \$ 40,972 | \$ 0 | \$ 101,946 | 40.19 % |
| | 2021 | \$ 37,892 | \$ 37,892 | \$ 0 | \$ 94,507 | 40.09 % |
| Firefighters System | 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 % |
| | 2020 | \$ 50 | \$ 50 | \$ 0 | \$ 1,084 | 4.61 % |
| | 2021 | \$ 45 | \$ 45 | \$ 0 | \$ 980 | 4.59 % |
| Tier 2 Public Employees System | 2012 | \$ 1,492 | \$ 1,492 | \$ 0 | \$ 19,662 | 0.00 % |
| | 2013 | \$ 4,395 | \$ 4,395 | \$ 0 | \$ 51,339 | 8.56 % |
| | 2014 | \$ 6,390 | \$ 6,390 | \$ 0 | \$ 75,172 | 8.50 % |
| | 2015 | \$ 18,280 | \$ 18,280 | \$ 0 | \$ 100,055 | 18.27 % |
| | 2016 | \$ 24,358 | \$ 24,358 | \$ 0 | \$ 133,543 | 18.24 % |

Continues

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 |
|--|-------------|-------------------------------------|--|----------------------------------|-----------------|--|
| <i>Continued</i> | 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 % |
| | 2020 | \$ 51,492 | \$ 51,492 | \$ 0 | \$ 271,156 | 18.99 % |
| | 2021 | \$ 56,448 | \$ 56,448 | \$ 0 | \$ 295,101 | 19.13 % |
| Tier 2 Public Safety and Firefighters System..... | 2012 | \$ 56 | \$ 56 | \$ 0 | \$ 536 | 0.00 % |
| | 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 % |
| | 2020 | \$ 11,406 | \$ 11,406 | \$ 0 | \$ 38,469 | 29.65 % |
| | 2021 | \$ 14,392 | \$ 14,392 | \$ 0 | \$ 44,527 | 32.32 % |

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.
- **Other**
In 2020, as a result of the passage of Senate Bill 129 in the 2019 General Session, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier 1 Public Safety and Firefighter Systems, except for a 10 percent load at first eligibility for un-reduced retirement prior to age 65.

New Retirement Plans:

During the 2010 General Session, the Legislature passed Senate Bill 63, *New Public Employees' Tier 2 Contributory Retirement Act*. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement Systems.

Restatement:

As a result of implementing GASB Statement 82, Pension Issues, payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are no longer reflected in this schedule.

INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT (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
(dollars expressed in thousands)

| State Employee Plan | Fiscal Year * | | | | |
|---|---------------------|--------------|--------------|------------|------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Total OPEB Liability | | | | | |
| Service Cost | \$ 5,919 | \$ 5,766 | \$ 5,189 | \$ 5,063 | \$ 4,939 |
| Interest | 9,105 | 9,944 | 12,749 | 13,219 | 13,661 |
| Difference between Actual and Expected Experience | (15,023) | (13,426) | (28,055) | — | — |
| Assumption Changes | (11,404) | — | 31,163 | — | — |
| Benefit Payments | (31,259) | (29,605) | (30,560) | (31,339) | (30,158) |
| Net Change in Total OPEB Liability | (42,662) | (27,321) | (9,514) | (13,057) | (11,558) |
| Total OPEB Liability – Beginning | 313,081 | 340,402 | 349,916 | 362,973 | 374,531 |
| Total OPEB Liability – Ending | A \$ 270,419 | \$ 313,081 | \$ 340,402 | \$ 349,916 | \$ 362,973 |
| Plan Fiduciary Net Position | | | | | |
| Contributions – Employer | \$ 27,029 | \$ 26,663 | \$ 26,510 | \$ 29,735 | \$ 33,361 |
| Net Investment Income (Loss) | 8,020 | 25,638 | 24,082 | (2,065) | 14,194 |
| Benefit Payments | (31,259) | (29,605) | (30,560) | (31,339) | (30,158) |
| Net Transfers with Affiliated Systems | — | — | 356 | 961 | — |
| Net Change in Plan Fiduciary Net Position | 3,790 | 22,696 | 20,388 | (2,708) | 17,397 |
| Plan Fiduciary Net Position – Beginning | 294,548 | 271,852 | 251,464 | 254,172 | 236,775 |
| Plan Fiduciary Net Position – Ending | B \$ 298,338 | \$ 294,548 | \$ 271,852 | \$ 251,464 | \$ 254,172 |
| Net OPEB Liability (A - B) | \$ (27,919) | \$ 18,533 | \$ 68,550 | \$ 98,452 | \$ 108,801 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 110.32 % | 94.08 % | 79.86% | 71.86% | 70.03% |
| Covered Payroll ** | \$1,085,049 | \$ 1,085,103 | \$ 1,032,288 | \$ 994,839 | \$ 966,279 |
| Net OPEB Liability as a Percentage of Covered Payroll | (2.57)% | 1.71 % | 6.64 % | 9.90 % | 11.26 % |
| Elected Official OPEB Plan | | | | | |
| Total OPEB Liability | | | | | |
| Service Cost | \$ 220 | \$ 214 | \$ 733 | \$ 715 | \$ 698 |
| Interest | 923 | 902 | 908 | 850 | 789 |
| Difference between Actual and Expected Experience | 3,823 | 63 | (245) | — | — |
| Assumption Changes | 125 | — | (347) | — | — |
| Benefit Payments | (721) | (864) | (412) | (534) | (503) |
| Net Change in Total OPEB Liability | 4,370 | 315 | 637 | 1,031 | 984 |
| Total OPEB Liability – Beginning | 17,718 | 17,403 | 16,766 | 15,735 | 14,751 |
| Total OPEB Liability – Ending | A \$ 22,088 | \$ 17,718 | \$ 17,403 | \$ 16,766 | \$ 15,735 |
| Plan Fiduciary Net Position | | | | | |
| Contributions – Employer | \$ 1,249 | \$ 1,388 | \$ 1,388 | \$ 1,388 | \$ 1,388 |
| Net Investment Income | 3,521 | 1,043 | 1,287 | 667 | 1,214 |
| Benefit Payments | (721) | (864) | (412) | (534) | (503) |
| Net Transfers with Affiliated Systems | — | — | — | 1 | — |
| Net Change in Plan Fiduciary Net Position | 4,049 | 1,567 | 2,263 | 1,522 | 2,099 |
| Plan Fiduciary Net Position – Beginning | 17,432 | 15,865 | 13,602 | 12,080 | 9,981 |
| Plan Fiduciary Net Position – Ending | B \$ 21,481 | \$ 17,432 | \$ 15,865 | \$ 13,602 | \$ 12,080 |
| Net OPEB Liability (A - B) | \$ 607 | \$ 286 | \$ 1,538 | \$ 3,164 | \$ 3,655 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 97.25 % | 98.39 % | 91.16% | 81.13% | 76.77% |
| Covered-employee Payroll ** | \$ 912 | \$ 1,144 | \$ 1,317 | \$ 1,421 | \$ 1,478 |
| Net OPEB Liability as a Percentage of Covered-employee Payroll | 66.56 % | 25.00 % | 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 Officials 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
(dollars expressed in thousands)

| Last Ten Fiscal Years | Fiscal Year | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | | | Covered Payroll* | Contributions as a Percentage of Covered Payroll |
|---|-------------|-------------------------------------|--|----------------------------------|--------------|------------------|--|
| | | | Actuarially Determined Contribution | Contribution Deficiency (Excess) | | | |
| State Employee OPEB Plan | 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 % | |
| | 2020 | \$ 25,928 | \$ 26,663 | \$ (735) | \$ 1,085,103 | 2.46 % | |
| | 2021 | \$ 26,902 | \$ 26,966 | \$ (64) | \$ 1,085,049 | 2.49 % | |
| Elected Official OPEB Plan | 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 % | |
| | 2020 | \$ 1,026 | \$ 1,388 | \$ (362) | \$ 1,144 | 121.33 % | |
| | 2021 | \$ 600 | \$ 1,249 | \$ (649) | \$ 912 | 136.95 % | |

* 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

| | <u>State Employee OPEB Plan</u> | <u>Elected Official OPEB Plan</u> |
|----------------------------------|---|-----------------------------------|
| Actuarial cost method | Entry Age Normal Level Percentage of Pay Cost Method | |
| Amortization method | Level Dollar Closed Period | Level Dollar Open Period |
| Amortization period | 3 years | 10 years |
| Actuarial asset valuation method | Fair Value | |
| Actuarial assumptions: | | |
| Investment rate of return | 3.00% | 5.25% |
| Projected salary increases | | 2.50% |
| Inflation rate | | 2.50% |
| Health Care Cost Trends | Initial health care trend rate of 6.00% which declines to an ultimate rate of 4.04% by 2075. The health care trend rate assumptions used were developed using the 2021 SOA Long-Run Medical Cost Trend model. | |

Other Information:

- 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. During fiscal year 2021, the amortization period for the State Employee OPEB Plan was changed from a 5 year open to a 2 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. In fiscal year 2021, the health care trend rate assumption was again, resulting in an increase of the initial and ultimate rates from 5.40 to 6.00 percent and 3.94 to 4.04 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.
- In fiscal year 2021, the following assumptions were updated for both OPEB plans:
 1. Aging subsidy was added to the post-65 periods for prescription drug benefit as a reflection of healthcare costs that vary by age (higher cost as the participant gets older).
 2. Mortality table was updated from (a) RP-2014 Healthy Employee / Annuitant Mortality Tables for males and females with generational projection under 75 percent of Scale MP-2015 to (b) Pub-2010 Headcount-Weighted General or Public Safety Employees / Retirees / Contingent Survivors Mortality Tables with generational projection using Scale MP-2020.
 3. Termination and retirement rates were updated from the same assumptions as used in the URS Actuarial Valuation as of January 1, 2017 to URS Actuarial Valuation as of January 1, 2020.
 4. Percentage of employees assumed to elect spousal coverage at retirement was updated from 80 percent for both male and female to 70 percent for male and 40 percent for female.
 5. Health care trend rate assumption was updated from the 2019 SOA Long-Run Medical Cost Trend model to the 2021 version.
- In fiscal year 2021, the following assumptions for the Elected Officials OPEB plan were updated:
 1. Percentage of elected officials assumed to elect coverage at retirement was increased from 40 percent to 55 percent. Percentage of former elected officials (terminated vested participants) assumed to elect coverage in the future has been reduced from 60 percent to 40 percent.
 2. Former elected officials were assumed to commence coverage at age 62 (or immediately if they are currently older than age 62) in the prior valuation. In this year’s valuation, only former elected officials who currently have coverage are assumed to commence coverage at age 62. All other former elected officials are assumed to commence coverage at age 65 (or immediately if they are currently older than age 65).
 3. Percentage of elected officials assumed to elect spousal coverage at retirement was updated from 75 percent for both male and female to 90 percent for male and 50 percent for female.

**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 | 2017 | 5.79 % |
| | 2018 | (0.43)% |
| | 2019 | 9.72 % |
| | 2020 | 9.96 % |
| | 2021 | 2.91 % |
| Elected Official OPEB Plan | 2017 | 11.24 % |
| | 2018 | 5.09 % |
| | 2019 | 11.65 % |
| | 2020 | 7.20 % |
| | 2021 | 20.32 % |

* 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 5,865 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:

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|------------------|-------------|-------------|-------------|
| Statewide System | 93.26% | 91.18% | 91.40% |

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 |
|-------------|--------------------|-----------------|
| 2021 | \$461,097 | \$415,212 |
| 2020 | \$291,630 | \$400,733 |
| 2019 | \$253,728 | \$310,690 |
| 2018 | \$252,563 | \$307,815 |
| 2017 | \$217,593 | \$346,112 |

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,966 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 | 2021 | 2020 | 2019 |
|--------|--------|--------|--------|
| Good | 61.50% | 61.63% | 64.38% |
| Poor | 2.90% | 2.95% | 2.91% |

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 |
|-------------|--------------------|-----------------|
| 2021 | \$81,370 | \$73,273 |
| 2020 | \$51,464 | \$70,718 |
| 2019 | \$44,775 | \$54,828 |
| 2018 | \$44,570 | \$54,320 |
| 2017 | \$38,399 | \$61,079 |

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STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Brandon Green

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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.

Medicaid Expansion

This fund accounts for the funding and costs associated with the State’s Adult Medicaid Expansion programs. The funding consists of hospital assessments collections, intergovernmental transfers, sales tax revenue earmarked for expansion, gifts, and legislative appropriations. Monies deposited in the fund are for the State’s share of the costs associated with providing health care coverage for eligible adults.

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 transfers from other funds.

Capital Projects – State Building Ownership Authority (*Blended Component Unit*)

This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

Debt Service – General Government

This fund accounts for the payment of principal and interest on the State’s general obligation bonds. The fund receives most of its financial resources from appropriations made by the Legislature.

Debt Service – State Building Ownership Authority (*Blended Component Unit*)

This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority. The fund also receives capital lease payments from certain college and university component units.

State of Utah

Combining Balance Sheet
 Nonmajor Governmental Funds
 (expressed in thousands)

June 30, 2021

| | Special Revenue | | | | | | |
|--|----------------------------|--------------------------------------|--|---|-------------------------------|------------------------------|-------------------------------|
| | State Endowment | Environmental Reclamation | Crime Victim Reparation | Universal Telephone Services | Consumer Education | Rural Development | Medicaid Expansion |
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | \$ 5,378 | \$ 5,081 | \$ 1,465 | \$ 17,233 | \$ 1,538 | \$ 446 | \$ 71,940 |
| Investments | 309,196 | 44,314 | 6,938 | — | 4,120 | 23,003 | 74,064 |
| Receivables: | | | | | | | |
| Accounts, net | — | — | — | — | (82) | — | 2,370 |
| Accrued Interest | — | — | — | — | — | — | — |
| Accrued Taxes, net | — | — | — | — | — | — | 11,469 |
| Capital Lease Payments, net | — | — | — | — | — | — | — |
| Due From Other Funds | — | — | — | — | — | 10 | — |
| Due From Component Units | — | — | — | — | — | — | — |
| Prepaid Items | — | — | — | 1 | 4 | — | — |
| Total Assets | <u>\$ 314,574</u> | <u>\$ 49,395</u> | <u>\$ 8,403</u> | <u>\$ 17,234</u> | <u>\$ 5,580</u> | <u>\$ 23,459</u> | <u>\$ 159,843</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ — | \$ 1,717 | \$ 291 | \$ 421 | \$ 189 | \$ 662 | \$ 1 |
| Due To Other Funds | — | — | — | 1 | 114 | 548 | — |
| Unearned Revenue | — | — | — | — | — | — | 922 |
| Total Liabilities | <u>0</u> | <u>1,717</u> | <u>291</u> | <u>422</u> | <u>303</u> | <u>1,210</u> | <u>923</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> | <u>0</u> | <u>0</u> |
| Fund Balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid Items | — | — | — | 1 | 4 | — | — |
| Restricted | — | 39,776 | — | 16,811 | — | — | — |
| Committed | 314,574 | 7,902 | 8,112 | — | 5,273 | 22,249 | 138,209 |
| Assigned | — | — | — | — | — | — | 20,711 |
| Total Fund Balances | <u>314,574</u> | <u>47,678</u> | <u>8,112</u> | <u>16,812</u> | <u>5,277</u> | <u>22,249</u> | <u>158,920</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 314,574</u> | <u>\$ 49,395</u> | <u>\$ 8,403</u> | <u>\$ 17,234</u> | <u>\$ 5,580</u> | <u>\$ 23,459</u> | <u>\$ 159,843</u> |

Continues

State of Utah

Combining Balance Sheet
 Nonmajor Governmental Funds
 (expressed in thousands)

Continued

| | Special Revenue | | Capital Projects | | Debt Service | | Total Nonmajor Governmental Funds |
|---|-------------------------------|--------------------|------------------------------------|--------------------|------------------------------------|-----------|-----------------------------------|
| | Miscellaneous Special Revenue | General Government | State Building Ownership Authority | General Government | State Building Ownership Authority | | |
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | \$ 37,926 | \$ 715,581 | \$ — | \$ 80,569 | \$ 15,054 | \$ | 952,211 |
| Investments | 72,725 | 1,688 | 9,398 | 7,116 | 890 | | 553,452 |
| Receivables: | | | | | | | |
| Accounts, net | 17,534 | 21 | — | — | 204 | | 20,047 |
| Accrued Interest | — | — | 4 | (3) | — | | 1 |
| Accrued Taxes, net | 533 | — | — | — | — | | 12,002 |
| Capital Lease Payments, net | — | — | — | — | 58,455 | | 58,455 |
| Due From Other Funds | 44 | 6,820 | 5 | — | — | | 6,879 |
| Due From Component Units | — | 54,141 | — | — | — | | 54,141 |
| Prepaid Items | 9 | — | — | — | — | | 14 |
| Total Assets | <u>\$ 128,771</u> | <u>\$ 778,251</u> | <u>\$ 9,407</u> | <u>\$ 87,682</u> | <u>\$ 74,603</u> | <u>\$</u> | <u>1,657,202</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 9,181 | \$ 160,041 | \$ 817 | \$ 54,761 | \$ — | \$ | 228,081 |
| Due To Other Funds | 1,832 | 1,847 | 3,442 | 12,588 | 10,197 | | 30,569 |
| Unearned Revenue | 23,230 | — | — | — | — | | 24,152 |
| Total Liabilities | <u>34,243</u> | <u>161,888</u> | <u>4,259</u> | <u>67,349</u> | <u>10,197</u> | | <u>282,802</u> |
| Deferred Inflows of Resources: | | | | | | | |
| Unavailable Revenue | — | — | — | — | 58,455 | | 58,455 |
| Total Deferred Inflows of Resources | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>58,455</u> | | <u>58,455</u> |
| Fund Balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Prepaid Items | 9 | — | — | — | — | | 14 |
| Restricted | 23,116 | 368,921 | 2,093 | — | — | | 450,717 |
| Committed | 70,545 | — | — | — | — | | 566,864 |
| Assigned | 858 | 247,442 | 3,055 | 20,333 | 5,951 | | 298,350 |
| Total Fund Balances | <u>94,528</u> | <u>616,363</u> | <u>5,148</u> | <u>20,333</u> | <u>5,951</u> | | <u>1,315,945</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 128,771</u> | <u>\$ 778,251</u> | <u>\$ 9,407</u> | <u>\$ 87,682</u> | <u>\$ 74,603</u> | <u>\$</u> | <u>1,657,202</u> |

State of Utah

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

For the Fiscal Year Ended June 30, 2021

| | Special Revenue | | | | | | |
|---|--------------------|------------------------------|-------------------------------|------------------------------------|-----------------------|----------------------|-----------------------|
| | State Endowment | Environmental Reclamation | Crime Victim Reparation | Universal Telephone Services | Consumer Education | Rural Development | Medicaid Expansion |
| REVENUES | | | | | | | |
| Taxes: | | | | | | | |
| Sales and Use Tax | \$ — | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 106,247 |
| Other Taxes | 7,154 | — | — | — | — | 4,459 | — |
| Total Taxes | 7,154 | 0 | 0 | 0 | 0 | 4,459 | 106,247 |
| Other Revenues: | | | | | | | |
| Federal Contracts and Grants | — | — | 900 | — | — | — | — |
| Charges for Services | — | 4,703 | 1,377 | 23,380 | 7,589 | — | 12,977 |
| Investment Income | 47,340 | 482 | 30 | — | 20 | 108 | 356 |
| Miscellaneous and Other | — | 700 | — | — | — | — | — |
| Total Revenues | 54,494 | 5,885 | 2,307 | 23,380 | 7,609 | 4,567 | 119,580 |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | — | 3,975 | 4,768 | — | — | — | — |
| Human Services and Juvenile Justice Services | — | — | — | — | — | — | — |
| Corrections | — | — | — | — | — | — | — |
| Public Safety | — | — | — | — | — | — | — |
| Courts | — | — | — | — | — | — | — |
| Health and Environmental Quality | — | 3,561 | — | — | — | — | — |
| Higher Education – Colleges and Universities | — | — | — | — | — | — | — |
| Employment and Family Services | — | — | — | — | — | 6,441 | — |
| Natural Resources | — | — | — | — | — | — | — |
| Heritage and Arts | — | — | — | — | — | — | — |
| Business, Labor, and Agriculture | — | 76 | — | 18,048 | 1,535 | — | — |
| Public Education | — | — | — | — | — | — | — |
| Transportation | — | — | — | — | — | — | — |
| Capital Outlay | — | — | — | — | — | — | — |
| Debt Service: | | | | | | | |
| Principal Retirement | — | — | — | — | — | — | — |
| Interest and Other Charges | — | — | — | — | — | — | — |
| Total Expenditures | 0 | 7,612 | 4,768 | 18,048 | 1,535 | 6,441 | 0 |
| Excess Revenues Over (Under) Expenditures | 54,494 | (1,727) | (2,461) | 5,332 | 6,074 | (1,874) | 119,580 |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Sale of Capital Assets | — | — | — | — | — | — | — |
| Transfers In | — | 200 | 3,982 | — | — | — | 3,310 |
| Transfers Out | — | (115) | (430) | — | (5,525) | (56) | (73,287) |
| Total Other Financing Sources (Uses) | 0 | 85 | 3,552 | 0 | (5,525) | (56) | (69,977) |
| Net Change in Fund Balances | 54,494 | (1,642) | 1,091 | 5,332 | 549 | (1,930) | 49,603 |
| Fund Balances – Beginning | 260,080 | 49,320 | 7,021 | 11,480 | 4,728 | 24,179 | 109,317 |
| Adjustment to Beginning Fund Balances | — | — | — | — | — | — | — |
| Fund Balances – Beginning as Adjusted | 260,080 | 49,320 | 7,021 | 11,480 | 4,728 | 24,179 | 109,317 |
| Fund Balances – Ending | \$ 314,574 | \$ 47,678 | \$ 8,112 | \$ 16,812 | \$ 5,277 | \$ 22,249 | \$ 158,920 |

Continues

State of Utah

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

Continued

| | Special Revenue | | Capital Projects | | Debt Service | | Total Nonmajor Governmental Funds |
|--|-------------------------------|--------------------|------------------------------------|--------------------|------------------------------------|----------|-----------------------------------|
| | Miscellaneous Special Revenue | General Government | State Building Ownership Authority | General Government | State Building Ownership Authority | | |
| REVENUES | | | | | | | |
| Taxes: | | | | | | | |
| Sales and Use Tax | \$ 11,165 | \$ — | \$ — | \$ — | \$ — | \$ — | \$ 117,412 |
| Other Taxes | (2) | — | — | — | — | — | 11,611 |
| Total Taxes | <u>11,163</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>129,023</u> |
| Other Revenues: | | | | | | | |
| Federal Contracts and Grants | 37,877 | — | — | 10,633 | 1,098 | | 50,508 |
| Charges for Services | 126,016 | 272,226 | — | — | 8 | | 448,276 |
| Investment Income | 918 | (446) | 21 | 1,624 | 2 | | 50,455 |
| Miscellaneous and Other | 29,544 | 6,279 | — | — | 19,524 | | 56,047 |
| Total Revenues | <u>205,518</u> | <u>278,059</u> | <u>21</u> | <u>12,257</u> | <u>20,632</u> | | <u>734,309</u> |
| EXPENDITURES | | | | | | | |
| Current: | | | | | | | |
| General Government | 44,713 | 292,585 | — | — | — | | 346,041 |
| Human Services and Juvenile Justice Services | 122 | 9,050 | — | — | — | | 9,172 |
| Corrections | — | 10,414 | — | — | — | | 10,414 |
| Public Safety | 39,987 | 2,746 | — | — | — | | 42,733 |
| Courts | — | 3,446 | — | — | — | | 3,446 |
| Health and Environmental Quality | 586 | 1,420 | — | — | — | | 5,567 |
| Higher Education – Colleges and Universities | — | 45,478 | — | — | — | | 45,478 |
| Employment and Family Services | 1,121 | 2,672 | — | — | — | | 10,234 |
| Natural Resources | 1,920 | 984 | — | — | — | | 2,904 |
| Heritage and Arts | 557 | 789 | — | — | — | | 1,346 |
| Business, Labor, and Agriculture | 1,158 | — | — | — | — | | 20,817 |
| Public Education | — | 327 | — | — | — | | 327 |
| Transportation | — | 4,275 | — | — | — | | 4,275 |
| Capital Outlay | — | 613,410 | 138 | — | — | | 613,548 |
| Debt Service: | | | | | | | |
| Principal Retirement | — | — | — | 308,015 | 12,531 | | 320,546 |
| Interest and Other Charges | — | — | — | 111,326 | 8,178 | | 119,504 |
| Total Expenditures | <u>90,164</u> | <u>987,596</u> | <u>138</u> | <u>419,341</u> | <u>20,709</u> | | <u>1,556,352</u> |
| Excess Revenues Over (Under) Expenditures | <u>115,354</u> | <u>(709,537)</u> | <u>(117)</u> | <u>(407,084)</u> | <u>(77)</u> | | <u>(822,043)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | |
| Sale of Capital Assets | 9,209 | — | — | — | — | | 9,209 |
| Transfers In | 55,242 | 787,196 | — | 408,397 | — | | 1,258,327 |
| Transfers Out | (136,798) | (4,234) | — | — | — | | (220,445) |
| Total Other Financing Sources (Uses) | <u>(72,347)</u> | <u>782,962</u> | <u>0</u> | <u>408,397</u> | <u>0</u> | | <u>1,047,091</u> |
| Net Change in Fund Balances | <u>43,007</u> | <u>73,425</u> | <u>(117)</u> | <u>1,313</u> | <u>(77)</u> | | <u>225,048</u> |
| Fund Balances – Beginning | 50,375 | 542,938 | 5,265 | 19,020 | 6,028 | | 1,089,751 |
| Adjustment to Beginning Fund Balances | 1,146 | — | — | — | — | | 1,146 |
| Fund Balances – Beginning as Adjusted | <u>51,521</u> | <u>542,938</u> | <u>5,265</u> | <u>19,020</u> | <u>6,028</u> | | <u>1,090,897</u> |
| Fund Balances – Ending | <u>\$ 94,528</u> | <u>\$ 616,363</u> | <u>\$ 5,148</u> | <u>\$ 20,333</u> | <u>\$ 5,951</u> | | <u>\$ 1,315,945</u> |

Detail Schedule of Expenditures – Budget and Actual

General Fund

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

| 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 | | | | | | | | |
| LEG Senate | \$ 5,000 | \$ — | \$ — | \$ 5,000 | \$ 3,074 | \$ — | \$ — | \$ 1,926 |
| LEG House of Representatives | 8,847 | — | — | 8,847 | 5,292 | — | — | 3,555 |
| LEG Research & General Counsel | 17,026 | — | — | 17,026 | 10,525 | — | — | 6,501 |
| LEG Fiscal Analyst | 5,055 | — | — | 5,055 | 3,569 | — | — | 1,486 |
| LEG Auditor General | 6,045 | — | — | 6,045 | 4,485 | — | — | 1,560 |
| LEG Legislative Services | 7,918 | — | 62 | 7,980 | 4,181 | — | — | 3,799 |
| Total Legislature | \$ 49,891 | \$ 0 | \$ 62 | \$ 49,953 | \$ 31,126 | \$ 0 | \$ 0 | \$ 18,827 |
| Elected Officials | | | | | | | | |
| GOV Governor's Office | \$ 10,388 | \$ — | \$ 2,728 | \$ 13,116 | \$ 9,324 | \$ 68 | \$ — | \$ 3,724 |
| GOV Census Outreach | — | — | 8 | 8 | — | 8 | — | — |
| GOV Office of Management & Budget | 6,290 | — | 36,144 | 42,434 | 40,568 | — | — | 1,866 |
| GOV Suicide Prevention | 800 | — | — | 800 | 700 | — | — | 100 |
| GOV Criminal & Juvenile Justice | 15,401 | 34,769 | 82 | 50,252 | 43,930 | 805 | 923 | 4,594 |
| GOV Salt Lake County Bed Housing | 2,920 | — | — | 2,920 | 1,746 | 500 | — | 674 |
| GOV CCJJ Factual Innocence Payments | 889 | — | — | 889 | 345 | — | — | 544 |
| GOV Indigent Defense Commission | 7,293 | 28 | 77 | 7,398 | 5,878 | — | — | 1,520 |
| GOV Emergency Fund | 500 | — | — | 500 | — | — | 500 | — |
| GOV LeRay McAllister Program | 3,401 | — | — | 3,401 | 1,317 | — | — | 2,084 |
| GOV CCJJ Jail Reimbursement | 14,042 | — | — | 14,042 | 13,317 | — | — | 725 |
| GOV Pete Suazo Athletic Commission | 243 | — | 44 | 287 | 217 | — | — | 70 |
| GOV Economic Development Administration | 7,540 | — | — | 7,540 | 2,906 | — | — | 4,634 |
| GOV ED Office of Tourism | 26,943 | — | 13,749 | 40,692 | 33,076 | — | — | 7,616 |
| GOV ED Business Development | 30,911 | 16,321 | 130,552 | 177,784 | 153,294 | 14,786 | — | 9,704 |
| GOV ED Pass Through | 16,351 | — | 20,000 | 36,351 | 34,547 | — | — | 1,804 |
| GOV ED Inland Port Authority | 3,350 | — | — | 3,350 | 3,350 | — | — | — |
| GOV ED Point of the Mountain | 6,585 | — | — | 6,585 | 6,585 | — | — | — |
| GOV ED Utah Office of Outdoor Recreation | 100 | — | — | 100 | 65 | — | — | 35 |
| GOV ED Rural Employment Expansion | 2,104 | — | — | 2,104 | 190 | — | — | 1,914 |
| GOV ED Talent Ready Utah Center | 20,885 | — | 50 | 20,935 | 1,149 | — | — | 19,786 |
| GOV ED Rural Coworking & Innovation Center | 1,250 | — | — | 1,250 | 295 | — | — | 955 |
| GOV ED Rural Rapid Manufacturing Grant | 220 | — | — | 220 | 148 | — | — | 72 |
| GOV ED Rural County Grants | 2,300 | — | — | 2,300 | 2,300 | — | — | — |
| GOV ED Economic Assistance Grants | 386 | — | — | 386 | 386 | — | — | — |
| GOV ED Industrial Assistance | 1,241 | — | — | 1,241 | 1,241 | — | — | — |
| GOV Office of Energy Development | 3,256 | 759 | 350 | 4,365 | 3,086 | — | 221 | 1,058 |
| GOV Constitutional Defense Council | 13 | — | — | 13 | — | — | — | 13 |
| USTAR Administration | 38 | — | — | 38 | — | 38 | — | — |
| AG Attorney General | 25,449 | 2,447 | 7,157 | 35,053 | 32,431 | — | — | 2,622 |
| AG Contract Attorneys | — | — | 1,603 | 1,603 | 1,603 | — | — | — |
| AG Prosecution Council | 698 | 37 | 237 | 972 | 876 | — | — | 96 |
| AG Children's Justice Centers | 4,793 | 193 | 493 | 5,479 | 5,064 | — | — | 415 |
| AG State Settlement Agreements | 417 | — | — | 417 | 358 | 59 | — | — |
| State Treasurer | 3,774 | — | 940 | 4,714 | 4,079 | 167 | 168 | 300 |
| State Auditor | 3,779 | — | 3,016 | 6,795 | 6,582 | — | — | 213 |
| Total Elected Officials | \$ 224,550 | \$ 54,554 | \$ 217,230 | \$ 496,334 | \$ 410,953 | \$ 16,431 | \$ 1,812 | \$ 67,138 |
| Government Operations | | | | | | | | |
| Capitol Preservation Board | \$ 4,536 | \$ — | \$ — | \$ 4,536 | \$ 4,536 | \$ — | \$ — | \$ — |
| DAS Executive Director | 4,688 | — | 87 | 4,775 | 4,524 | 1 | — | 250 |
| DAS Administrative Rules | 1,103 | — | — | 1,103 | 634 | — | — | 469 |
| DAS DFCM Administration | 8,713 | — | 1,335 | 10,048 | 8,842 | — | — | 1,206 |
| DAS State Archives | 3,449 | 31 | 71 | 3,551 | 3,496 | — | — | 55 |
| DAS Finance Administration | 13,984 | — | 1,663 | 15,647 | 11,490 | — | 2 | 4,155 |
| DAS Office of Inspector General - Medicaid Services | 1,436 | — | 1,382 | 2,818 | 2,444 | — | — | 374 |
| DAS Post Conviction Indigent Defense | 170 | — | — | 170 | 1 | — | — | 169 |
| DAS Elected Official Post Retirement Benefits Contribution | 1,250 | — | — | 1,250 | 1,250 | — | — | — |
| DAS Finance Mandated | 43,652 | 720,788 | 66,425 | 830,865 | 808,263 | 5,081 | 3,658 | 13,863 |
| DAS Judicial Conduct Commission | 366 | — | — | 366 | 269 | 22 | — | 75 |
| DAS Finance Mandated - Ethics Commission | 115 | — | — | 115 | 13 | — | — | 102 |

Detail Schedule of Expenditures – Budget and Actual

General Fund

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

| 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 Finance Mandated - Min Lease Special Service Districts | 21,309 | — | — | 21,309 | 21,309 | — | — | — |
| DAS Purchasing | 834 | — | — | 834 | 834 | — | — | — |
| DAS Building Board Program | 146 | — | — | 146 | 146 | — | — | — |
| Tax Commission Administration | 82,997 | 546 | 8,481 | 92,024 | 83,492 | 6,862 | 670 | 1,000 |
| TAX License Plate Production | 472 | — | 4,558 | 5,030 | 3,732 | — | — | 1,298 |
| TAX Liquor Profits Distribution | 5,652 | — | — | 5,652 | 5,652 | — | — | — |
| TAX Rural Health Care | 219 | — | — | 219 | 219 | — | — | — |
| HRM Human Resource Management | 85 | — | — | 85 | 24 | 61 | — | — |
| CSR Career Service Review Office | 323 | — | — | 323 | 263 | 60 | — | — |
| DTS Chief Information Officer | 900 | — | — | 900 | 718 | — | — | 182 |
| DTS Integrated Technology | 1,943 | 814 | 1,026 | 3,783 | 3,483 | — | — | 300 |
| Total Government Operations | \$ 198,342 | \$ 722,179 | \$ 85,028 | \$ 1,005,549 | \$ 965,634 | \$ 12,087 | \$ 4,330 | \$ 23,498 |
| Total General Government | \$ 472,783 | \$ 776,733 | \$ 302,320 | \$ 1,551,836 | \$ 1,407,713 | \$ 28,518 | \$ 6,142 | \$ 109,463 |
| HUMAN SERVICES | | | | | | | | |
| DHS Executive Director | \$ 11,848 | \$ 8,440 | \$ 4,781 | \$ 25,069 | \$ 25,036 | \$ — | \$ — | \$ 33 |
| DHS Substance Abuse & Mental Health | 146,825 | 48,418 | 32,178 | 227,421 | 214,865 | 1 | 347 | 12,208 |
| DHS Office of Public Guardian | 640 | 45 | 407 | 1,092 | 1,089 | — | — | 3 |
| DHS Services for People with Disabilities | 117,649 | 756 | 312,909 | 431,314 | 426,880 | — | — | 4,434 |
| DHS Recovery Services | 14,181 | 24,880 | 11,002 | 50,063 | 50,036 | 17 | 10 | — |
| DHS Child & Family Services | 128,882 | 67,141 | (5,013) | 191,010 | 187,650 | 459 | 40 | 2,861 |
| DHS Juvenile Justice Services | 95,729 | 1,319 | (653) | 96,395 | 88,461 | 969 | 2,465 | 4,500 |
| DHS Aging & Adult Services | 15,924 | 14,562 | 188 | 30,674 | 30,513 | — | — | 161 |
| Total Human Services | \$ 531,678 | \$ 165,561 | \$ 355,799 | \$ 1,053,038 | \$ 1,024,530 | \$ 1,446 | \$ 2,862 | \$ 24,200 |
| CORRECTIONS | | | | | | | | |
| Department of Corrections | | | | | | | | |
| DOC Programs & Operations | \$ 275,115 | \$ 639 | \$ 3,893 | \$ 279,647 | \$ 264,847 | \$ 3,736 | \$ 1,064 | \$ 10,000 |
| DOC Medical Services | 36,999 | — | 678 | 37,677 | 35,819 | — | 1 | 1,857 |
| DOC Jail Contracting | 34,314 | — | — | 34,314 | 29,286 | 28 | — | 5,000 |
| Total Department of Corrections | \$ 346,428 | \$ 639 | \$ 4,571 | \$ 351,638 | \$ 329,952 | \$ 3,764 | \$ 1,065 | \$ 16,857 |
| Board of Pardons and Parole | | | | | | | | |
| Board of Pardons & Parole | \$ 7,403 | \$ — | \$ — | \$ 7,403 | \$ 5,799 | \$ 600 | \$ 4 | \$ 1,000 |
| Total Board of Pardons and Parole | \$ 7,403 | \$ 0 | \$ 0 | \$ 7,403 | \$ 5,799 | \$ 600 | \$ 4 | \$ 1,000 |
| Total Corrections | \$ 353,831 | \$ 639 | \$ 4,571 | \$ 359,041 | \$ 335,751 | \$ 4,364 | \$ 1,069 | \$ 17,857 |
| PUBLIC SAFETY | | | | | | | | |
| Department of Public Safety | | | | | | | | |
| UCA Admins Services Division | \$ 31,464 | \$ — | \$ — | \$ 31,464 | \$ 29,604 | \$ — | \$ 1,860 | \$ — |
| DPS Programs & Operations | 123,386 | 1,910 | 13,336 | 138,632 | 120,534 | — | 4,347 | 13,751 |
| DPS Emergency Management | 2,170 | 138,578 | 822 | 141,570 | 140,421 | — | — | 1,149 |
| DPS Emergency Management - National Guard Response | 150 | — | — | 150 | — | — | — | 150 |
| DPS Emergency & Disaster Management | 7,699 | — | 5,987 | 13,686 | 6,653 | — | — | 7,033 |
| DPS Bureau of Criminal Identification | 9,214 | — | 7,223 | 16,437 | 12,473 | 449 | 1,015 | 2,500 |
| DPS Peace Officer Standards & Training | 4,990 | — | 28 | 5,018 | 4,309 | — | — | 709 |
| DPS Driver License Division | 42,138 | 15 | 17 | 42,170 | 33,568 | — | — | 8,602 |
| DPS Highway Safety | 2,043 | 4,627 | 623 | 7,293 | 6,312 | — | — | 981 |
| Total Department of Public Safety | \$ 223,254 | \$ 145,130 | \$ 28,036 | \$ 396,420 | \$ 353,874 | \$ 449 | \$ 7,222 | \$ 34,875 |
| Utah National Guard | | | | | | | | |
| UNG Utah National Guard | \$ 15,486 | \$ 42,929 | \$ 868 | \$ 59,283 | \$ 53,377 | \$ — | \$ — | \$ 5,906 |
| Total Utah National Guard | \$ 15,486 | \$ 42,929 | \$ 868 | \$ 59,283 | \$ 53,377 | \$ 0 | \$ 0 | \$ 5,906 |
| Department of Veterans and Military Affairs | | | | | | | | |
| DVA Veterans & Military Affairs | \$ 4,031 | \$ 3,411 | \$ 348 | \$ 7,790 | \$ 7,596 | \$ — | \$ 13 | \$ 181 |
| Total Department of Veterans and Military Affairs | \$ 4,031 | \$ 3,411 | \$ 348 | \$ 7,790 | \$ 7,596 | \$ 0 | \$ 13 | \$ 181 |
| Total Public Safety | \$ 242,771 | \$ 191,470 | \$ 29,252 | \$ 463,493 | \$ 414,847 | \$ 449 | \$ 7,235 | \$ 40,962 |

Detail Schedule of Expenditures – Budget and Actual

General Fund

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

| 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 | | | | | |
| STATE COURTS | | | | | | | | |
| SJC Court Administrator | \$ 133,283 | \$ 455 | \$ 3,339 | \$ 137,077 | \$ 128,894 | \$ — | \$ 5,183 | \$ 3,000 |
| SJC Grand Jury | 1 | — | — | 1 | 1 | — | — | — |
| SJC Contracts & Leases | 21,730 | — | — | 21,730 | 21,131 | — | 99 | 500 |
| SJC Jury & Witness Fees | 2,830 | — | 3 | 2,833 | 1,572 | — | — | 1,261 |
| SJC Guardian Ad Litem | 8,852 | — | 16 | 8,868 | 7,889 | — | 479 | 500 |
| Total State Courts | <u>\$ 166,696</u> | <u>\$ 455</u> | <u>\$ 3,358</u> | <u>\$ 170,509</u> | <u>\$ 159,487</u> | <u>\$ 0</u> | <u>\$ 5,761</u> | <u>\$ 5,261</u> |
| HEALTH and ENVIRONMENTAL QUALITY | | | | | | | | |
| DOH Executive Director | \$ 8,370 | \$ 7,003 | \$ 156,928 | \$ 172,301 | \$ 170,703 | \$ 67 | \$ 4 | \$ 1,527 |
| DOH Rural Physicians Loan Repayment Assistance | 672 | — | — | 672 | 274 | — | — | 398 |
| DOH Disease Control & Prevention | 36,286 | 88,572 | 19,805 | 144,663 | 134,989 | 871 | 7,380 | 1,423 |
| DOH Family Health & Preparedness | 32,068 | 62,001 | 28,072 | 122,141 | 117,457 | 332 | 704 | 3,648 |
| DOH Medicaid & Health Financing | 10,858 | 92,134 | 43,408 | 146,400 | 142,464 | — | 496 | 3,440 |
| DOH Medicaid Services | 693,592 | 2,681,818 | 496,609 | 3,872,019 | 3,774,641 | — | 79,519 | 17,859 |
| DOH Local Health Department Funding | 2,138 | — | — | 2,138 | 2,138 | — | — | — |
| DOH Children's Health Insurance | 36,028 | 98,166 | 8,098 | 142,292 | 125,334 | — | 14,640 | 2,318 |
| DOH Workforce Financial Assistance | 2,100 | 70 | — | 2,170 | 399 | 80 | 1,691 | — |
| DOH Medicaid Sanctions | 1,979 | — | — | 1,979 | — | — | — | 1,979 |
| DOH Federal Commodities | — | 33,932 | — | 33,932 | 33,932 | — | — | — |
| DEQ Executive Director | 4,152 | 139 | 2,091 | 6,382 | 5,772 | — | — | 610 |
| DEQ Air Quality | 19,870 | 6,474 | 4,916 | 31,260 | 19,561 | 147 | 118 | 11,434 |
| DEQ Environmental Response & Remediation | 4,310 | 3,256 | 510 | 8,076 | 6,720 | — | 1,261 | 95 |
| DEQ Water Quality | 5,627 | 4,332 | 2,293 | 12,252 | 11,970 | — | — | 282 |
| DEQ Drinking Water | 3,194 | 3,071 | 187 | 6,452 | 6,044 | — | 139 | 269 |
| DEQ Waste Management & Radiation Control | 8,885 | 1,062 | 928 | 10,875 | 9,724 | — | 501 | 650 |
| DEQ Trip Reduction Program | 500 | — | — | 500 | 2 | — | — | 498 |
| Total Health and Environmental Quality | <u>\$ 870,629</u> | <u>\$ 3,082,030</u> | <u>\$ 763,845</u> | <u>\$ 4,716,504</u> | <u>\$ 4,562,124</u> | <u>\$ 1,497</u> | <u>\$ 106,453</u> | <u>\$ 46,430</u> |
| HIGHER EDUCATION | | | | | | | | |
| UBHE Administration | \$ 10,310 | \$ — | \$ — | \$ 10,310 | \$ 10,310 | \$ — | \$ — | \$ — |
| UBHE Institutional & Student Support | 15,905 | — | — | 15,905 | 15,905 | — | — | — |
| UBHE Student Assistance | 30,812 | — | — | 30,812 | 30,812 | — | — | — |
| UBHE Math Competency Initiative | 1,000 | — | — | 1,000 | 1,000 | — | — | — |
| UBHE Medical Education Council | 1,795 | — | — | 1,795 | 1,795 | — | — | — |
| UOU Education & General | 297,582 | — | 335,638 | 633,220 | 633,220 | — | — | — |
| UOU Educationally Disadvantaged | 960 | — | — | 960 | 960 | — | — | — |
| UOU School of Medicine | 48,590 | — | 33,011 | 81,601 | 81,601 | — | — | — |
| UOU University Hospital | 5,437 | — | — | 5,437 | 5,437 | — | — | — |
| UOU School of Dentistry | 2,825 | — | 11,812 | 14,637 | 14,637 | — | — | — |
| UOU Public Service | 2,476 | — | — | 2,476 | 2,476 | — | — | — |
| UOU Statewide TV Administration | 2,727 | — | — | 2,727 | 2,727 | — | — | — |
| UOU Cancer Research and Treatment | 10,002 | — | 2,000 | 12,002 | 12,002 | — | — | — |
| UOU Rocky Mtn Center for Occupational & Environmental Health | 175 | — | — | 175 | 166 | — | 9 | — |
| UOU Poison Control Center | 2,855 | — | — | 2,855 | 2,855 | — | — | — |
| UOU Center on Aging | 112 | — | — | 112 | 112 | — | — | — |
| UOU SafeUT Crisis Text & Tip Line | 2,895 | — | — | 2,895 | 2,895 | — | — | — |
| USU Education & General | 181,865 | — | 120,562 | 302,427 | 302,427 | — | — | — |
| USU Educationally Disadvantaged | 98 | — | — | 98 | 98 | — | — | — |
| USU Water Research Lab | 5,210 | — | — | 5,210 | 5,210 | — | — | — |
| USU Agriculture Experiment Station | 14,515 | 2,661 | — | 17,176 | 17,176 | — | — | — |
| USU Cooperative Extension Service | 19,032 | 2,270 | 13 | 21,315 | 21,315 | — | — | — |
| USU Eastern Education & General | 13,205 | — | 3,390 | 16,595 | 16,595 | — | — | — |
| USU Eastern Educationally Disadvantaged | 142 | — | — | 142 | 142 | — | — | — |
| USU Eastern Career & Technical Education | 3,449 | — | 587 | 4,036 | 4,036 | — | — | — |
| USU Prehistoric Museum | 482 | — | — | 482 | 482 | — | — | — |
| USU Blanding Campus | 3,205 | — | — | 3,205 | 3,205 | — | — | — |
| USU Regional Campus | 17,172 | — | 30,190 | 47,362 | 47,362 | — | — | — |
| WSU Education & General | 100,767 | — | 80,639 | 181,406 | 181,406 | — | — | — |
| WSU Educationally Disadvantaged | 524 | — | — | 524 | 524 | — | — | — |
| SUU Education & General | 52,292 | — | 61,767 | 114,059 | 114,059 | — | — | — |
| SUU Educationally Disadvantaged | 103 | — | — | 103 | 103 | — | — | — |
| SUU Shakespeare Festival | 22 | — | — | 22 | 22 | — | — | — |

Detail Schedule of Expenditures – Budget and Actual

General Fund

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

| 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 | | | | | |
| SUU Rural Development | 141 | — | — | 141 | 141 | — | — | — |
| SNOW Education & General | 28,851 | — | 11,279 | 40,130 | 40,130 | — | — | — |
| SNOW Educationally Disadvantaged | 32 | — | — | 32 | 32 | — | — | — |
| SNOW Career & Technology Education | 1,873 | — | — | 1,873 | 1,873 | — | — | — |
| DSU Education & General | 47,594 | — | 39,846 | 87,440 | 87,440 | — | — | — |
| DSU Educationally Disadvantaged | 26 | — | — | 26 | 26 | — | — | — |
| DSU Zion Park Amphitheater | 58 | — | 7 | 65 | 65 | — | — | — |
| UVU Education & General | 142,503 | — | 142,613 | 285,116 | 285,116 | — | — | — |
| UVU Educationally Disadvantaged | 194 | — | — | 194 | 194 | — | — | — |
| UVU Fire & Rescue | 4,200 | — | — | 4,200 | 4,200 | — | — | — |
| SLCC Education & General | 103,687 | — | 53,896 | 157,583 | 157,583 | — | — | — |
| SLCC Educationally Disadvantaged | 178 | — | — | 178 | 178 | — | — | — |
| SLCC School of Applied Technology | 7,318 | — | 571 | 7,889 | 7,889 | — | — | — |
| USTC Administration | 13 | — | — | 13 | 13 | — | — | — |
| USTC Bridgerland TC | 15,660 | — | 1,487 | 17,147 | 17,147 | — | — | — |
| USTC Davis TC | 19,202 | — | 1,938 | 21,140 | 21,140 | — | — | — |
| USTC Ogden/Weber TC | 17,278 | — | 1,696 | 18,974 | 18,974 | — | — | — |
| USTC Uintah Basin TC | 9,529 | — | 385 | 9,914 | 9,914 | — | — | — |
| USTC Mountainland TC | 14,987 | — | 1,426 | 16,413 | 16,413 | — | — | — |
| USTC Southwest TC | 6,195 | — | 395 | 6,590 | 6,590 | — | — | — |
| USTC Dixie TC | 8,753 | — | 1,014 | 9,767 | 9,767 | — | — | — |
| USTC Tooele TC | 4,928 | — | 248 | 5,176 | 5,176 | — | — | — |
| UETN Utah Education & Telehealth Network | 28,257 | — | 93,640 | 121,897 | 121,897 | — | — | — |
| UETN Digital Teaching & Learning Program | 338 | — | — | 338 | 338 | — | — | — |
| Total Higher Education | \$ 1,310,336 | \$ 4,931 | \$ 1,030,050 | \$ 2,345,317 | \$ 2,345,308 | \$ 0 | \$ 9 | \$ 0 |
| WORKFORCE SERVICES | | | | | | | | |
| DWS State Office of Rehabilitation | \$ 30,923 | \$ 35,798 | \$ 439 | \$ 67,160 | \$ 58,522 | \$ 369 | \$ 10 | \$ 8,259 |
| DWS Administration | 4,672 | 6,967 | 3,504 | 15,143 | 14,889 | — | 253 | 1 |
| DWS Operations & Policy | 72,269 | 248,251 | 40,458 | 360,978 | 350,378 | 6 | 9,574 | 1,020 |
| DWS Nutritional Assistance - SNAP | — | 421,581 | — | 421,581 | 421,581 | — | — | — |
| DWS General Assistance | 4,765 | — | 250 | 5,015 | 2,978 | — | — | 2,037 |
| DWS Unemployment Insurance | 12,295 | 113,124 | 642 | 126,061 | 122,353 | 101 | 3,547 | 60 |
| DWS Operation Rio Grande | 484 | — | — | 484 | 358 | 126 | — | — |
| DWS HCD Division | 39,313 | 67,608 | 65,790 | 172,711 | 159,359 | 223 | 10,471 | 2,658 |
| DWS HCD Capital Budget | 41,346 | — | — | 41,346 | 41,346 | — | — | — |
| DWS HCD Special Service Districts | 2,221 | — | — | 2,221 | 2,221 | — | — | — |
| Total Workforce Services | \$ 208,288 | \$ 893,329 | \$ 111,083 | \$ 1,212,700 | \$ 1,173,985 | \$ 825 | \$ 23,855 | \$ 14,035 |
| NATURAL RESOURCES | | | | | | | | |
| DNR Natural Resources Administration | \$ 5,114 | \$ — | \$ — | \$ 5,114 | \$ 4,859 | \$ 30 | \$ — | \$ 225 |
| DNR Building Operations | 1,446 | — | — | 1,446 | 1,446 | — | — | — |
| DNR Forestry, Fire & State Lands | 60,058 | 6,917 | 11,680 | 78,655 | 59,496 | 461 | 204 | 18,494 |
| DNR Oil, Gas & Mining | 10,613 | 5,968 | 152 | 16,733 | 12,063 | 113 | 736 | 3,821 |
| DNR Wildlife Resources | 57,240 | 27,345 | 134 | 84,719 | 82,261 | 65 | 1,993 | 400 |
| DNR Species Protection | 2,922 | — | 2,450 | 5,372 | 3,889 | — | 448 | 1,035 |
| DNR Watershed | 7,921 | — | 500 | 8,421 | 6,130 | — | — | 2,291 |
| DNR Pass Through | 3,850 | — | — | 3,850 | 3,388 | 225 | — | 237 |
| DNR DWR Contributed Research | — | — | 1,875 | 1,875 | 1,875 | — | — | — |
| DNR DWR Cooperative Agreements | — | 19,228 | 7,759 | 26,987 | 26,987 | — | — | — |
| DNR Parks & Recreation | 39,987 | 3,848 | 760 | 44,595 | 40,024 | — | 4,194 | 377 |
| DNR DPR Capital Budget | 34,766 | 2,111 | 112 | 36,989 | 18,722 | — | 1,156 | 17,111 |
| DNR Utah Geological Survey | 8,355 | 1,086 | 1,139 | 10,580 | 8,167 | 159 | — | 2,254 |
| DNR Water Resources | 16,083 | 98 | 150 | 16,331 | 10,904 | 256 | 672 | 4,499 |
| DNR DWR Capital Budget | 4,804 | 314 | — | 5,118 | 5,049 | — | 69 | — |
| DNR Water Rights | 9,684 | 91 | 5,955 | 15,730 | 11,983 | — | 3,247 | 500 |
| Public Lands Policy Office | 6,833 | — | — | 6,833 | 3,791 | — | 982 | 2,060 |
| Total Natural Resources | \$ 269,676 | \$ 67,006 | \$ 32,666 | \$ 369,348 | \$ 301,034 | \$ 1,309 | \$ 13,701 | \$ 53,304 |
| HERITAGE and ARTS | | | | | | | | |
| DHA Administration | \$ 5,225 | \$ — | \$ 2,081 | \$ 7,306 | \$ 6,193 | \$ — | \$ 3 | \$ 1,110 |
| DHA Indian Affairs | 550 | — | — | 550 | 306 | — | 61 | 183 |
| DHA One Percent for Arts | 3,221 | — | 149 | 3,370 | 1,142 | — | — | 2,228 |
| DHA State History | 2,670 | 1,014 | 78 | 3,762 | 3,602 | — | — | 160 |
| DHA Historical Society | 116 | — | 41 | 157 | 68 | — | — | 89 |

Detail Schedule of Expenditures – Budget and Actual

General Fund

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

| 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 | | | | | |
| DHA Arts & Museums | 10,671 | 876 | 19,973 | 31,520 | 25,733 | — | — | 5,787 |
| DHA State Library | 4,289 | 1,975 | 1,473 | 7,737 | 7,169 | — | — | 568 |
| DHA STEM Action Center | 10,362 | 317 | 72 | 10,751 | 8,570 | 781 | — | 1,400 |
| DHA Commission on Service & Volunteerism | 438 | 4,306 | 54 | 4,798 | 4,717 | — | — | 81 |
| DHA Pass Through | 3,953 | — | 6,754 | 10,707 | 9,012 | — | 106 | 1,589 |
| Total Heritage and Arts | \$ 41,495 | \$ 8,488 | \$ 30,675 | \$ 80,658 | \$ 66,512 | \$ 781 | \$ 170 | \$ 13,195 |
| BUSINESS, LABOR, and AGRICULTURE | | | | | | | | |
| DAG Agriculture & Food - Administration | \$ 3,361 | \$ 267 | \$ 59 | \$ 3,687 | \$ 3,034 | \$ 248 | \$ 55 | \$ 350 |
| DAG Building Operations | 357 | — | — | 357 | 357 | — | — | — |
| DAG Predatory Animal Control | 1,941 | — | 414 | 2,355 | 2,096 | 148 | 61 | 50 |
| DAG Invasive Species Mitigation | 2,288 | — | — | 2,288 | 2,150 | — | — | 138 |
| DAG Rangeland Improvement | 2,235 | — | — | 2,235 | 1,827 | — | 108 | 300 |
| DAG Animal Health | 5,619 | 1,480 | 191 | 7,290 | 6,135 | — | 599 | 556 |
| DAG Plant Industry | 4,186 | 781 | 4,645 | 9,612 | 7,637 | — | 203 | 1,772 |
| DAG Regulatory Services | 3,756 | 1,579 | 3,872 | 9,207 | 7,239 | 702 | — | 1,266 |
| DAG Marketing & Economic Development | 857 | 271 | 12 | 1,140 | 920 | 190 | — | 30 |
| DAG Medical Cannabis | 1,740 | — | — | 1,740 | — | — | 1,740 | — |
| DAG Industrial Hemp | 400 | — | 687 | 1,087 | 687 | — | — | 400 |
| DAG Resource Conservation | 5,849 | 216 | 21,850 | 27,915 | 25,604 | 223 | 1,546 | 542 |
| Labor Commission | 14,534 | 2,996 | 2,634 | 20,164 | 18,387 | — | 1,061 | 716 |
| Commerce General Regulation Administration | 34,903 | 461 | 1,579 | 36,943 | 31,262 | 43 | 434 | 5,204 |
| COM Building Inspector Training | 1,766 | — | 850 | 2,616 | 186 | 130 | — | 2,300 |
| CRC DPU Professional & Technical Services | 3,881 | — | — | 3,881 | 506 | — | — | 3,375 |
| CRC CCS Professional & Technical Services | 5,369 | — | — | 5,369 | 472 | — | — | 4,897 |
| Financial Institutions | 8,127 | — | — | 8,127 | 6,859 | — | 1,268 | — |
| Insurance Department | 17,668 | — | — | 17,668 | 13,054 | — | 58 | 4,556 |
| INS Bail Bond Program | 38 | — | — | 38 | 9 | — | 29 | — |
| INS Title Insurance Program | 288 | — | — | 288 | 110 | 4 | 28 | 146 |
| INS Health Insurance Actuary | 430 | — | — | 430 | 82 | — | 6 | 342 |
| Public Service Commission | 3,608 | — | 10 | 3,618 | 2,429 | 11 | — | 1,178 |
| Total Business, Labor, and Agriculture | \$ 123,201 | \$ 8,051 | \$ 36,803 | \$ 168,055 | \$ 131,042 | \$ 1,699 | \$ 7,196 | \$ 28,118 |
| TOTAL GENERAL FUND | | | | | | | | |
| Total Expenditures | \$ 4,591,384 | \$ 5,198,693 | \$ 2,700,422 | \$12,490,499 | \$11,922,333 | \$ 40,888 | \$ 174,453 | \$ 352,825 |

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, 2021

| 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 | | | | | | | | |
| PED Administrative Office of Education | \$ 78,590 | \$ 294,163 | \$ 32,573 | \$ 405,326 | \$ 355,784 | \$ — | \$ 2,716 | \$ 46,826 |
| PED Teaching & Learning | 232 | — | (18) | 214 | 125 | — | — | 89 |
| PED Child Nutrition | 4,312 | 233,850 | 51,426 | 289,588 | 285,158 | — | — | 4,430 |
| PED Fine Arts Outreach | 5,149 | — | — | 5,149 | 4,137 | — | — | 1,012 |
| PED State Charter School Board | 9,162 | — | (169) | 8,993 | 3,037 | — | — | 5,956 |
| PED Science Outreach | 5,415 | — | — | 5,415 | 4,902 | — | — | 513 |
| PED Regional Service Centers | 2,000 | — | — | 2,000 | 2,000 | — | — | — |
| PED Educator Licensing | 4,198 | — | (233) | 3,965 | 2,510 | — | — | 1,455 |
| PED Initiative Programs | 73,911 | — | 4,247 | 78,158 | 51,645 | — | 41 | 26,472 |
| PED MSP Categorical Program Administration | 10,257 | — | (350) | 9,907 | 4,873 | — | — | 5,034 |
| PED Federal Commodities | — | 27,819 | — | 27,819 | 27,818 | — | — | 1 |
| PED MSP Basic School Program | 2,685,468 | — | — | 2,685,468 | 2,664,962 | — | — | 20,506 |
| PED MSP Related to Basic Programs | 1,065,770 | — | 5,000 | 1,070,770 | 1,022,848 | — | 406 | 47,516 |
| PED MSP Voted & Board Local Levy Programs | 219,552 | — | — | 219,552 | 219,552 | — | — | — |
| PED MSP School Building Programs | 33,250 | — | — | 33,250 | 33,250 | — | — | — |
| PED General System Support | 48,548 | 33,543 | 6,792 | 88,883 | 61,963 | — | — | 26,920 |
| PED Charter School Finance Authority | 50 | — | — | 50 | 3 | — | 47 | — |
| Total State Board of Education | \$ 4,245,864 | \$ 589,375 | \$ 99,268 | \$ 4,934,507 | \$ 4,744,567 | \$ 0 | \$ 3,210 | \$ 186,730 |
| Schools for the Deaf and the Blind | | | | | | | | |
| Schools for the Deaf and the Blind | \$ 35,205 | \$ 54 | \$ 10,586 | \$ 45,845 | \$ 45,845 | \$ — | \$ — | \$ — |
| Total Schools for the Deaf and the Blind | \$ 35,205 | \$ 54 | \$ 10,586 | \$ 45,845 | \$ 45,845 | \$ 0 | \$ 0 | \$ 0 |
| Total Education Fund | \$ 4,281,069 | \$ 589,429 | \$ 109,854 | \$ 4,980,352 | \$ 4,790,412 | \$ 0 | \$ 3,210 | \$ 186,730 |
| TRANSPORTATION FUND | | | | | | | | |
| DOT Support Services | \$ 39,487 | \$ 4,508 | \$ — | \$ 43,995 | \$ 41,805 | \$ 1,169 | \$ — | \$ 1,021 |
| DOT Engineering Services | 30,255 | 28,202 | 1,949 | 60,406 | 57,496 | 1,846 | — | 1,064 |
| DOT Operations/Maintenance | 172,600 | 8,521 | 9,414 | 190,535 | 183,489 | 4,755 | — | 2,291 |
| DOT Highway Construction | 185,026 | 327,211 | 44,849 | 557,086 | 557,086 | — | — | — |
| DOT Region Management | 28,101 | 3,233 | 2,406 | 33,740 | 30,997 | 2,543 | — | 200 |
| DOT Aeronautics | 18,962 | 295 | 84 | 19,341 | 16,385 | 1,182 | — | 1,774 |
| DOT Share the Road | 35 | — | — | 35 | 33 | — | 2 | — |
| DOT Motorcycle Safety Awareness | 12 | — | — | 12 | (1) | — | 13 | — |
| DOT Amusement Ride Safety | 521 | — | — | 521 | 213 | — | 108 | 200 |
| DOT Transportation Safety | 15 | — | — | 15 | — | — | 15 | — |
| DOT B & C Roads | 194,518 | — | — | 194,518 | 194,518 | — | — | — |
| DOT Sidewalk Construction | 1,040 | — | — | 1,040 | 340 | — | — | 700 |
| DOT Pass-Through | 1,977 | — | — | 1,977 | 1,977 | — | — | — |
| DOT Corridor Preservation | 5,949 | — | — | 5,949 | 5,949 | — | — | — |
| DOT Cooperative Agreements | — | 47,158 | 48,002 | 95,160 | 95,160 | — | — | — |
| DOT Tollway Restricted | 2,175 | — | — | 2,175 | 2,175 | — | — | — |
| DOT County of 1st Class St. Hwy Program | 16,843 | — | — | 16,843 | 16,843 | — | — | — |
| DOT Inventory & Miscellaneous | — | — | 8,394 | 8,394 | 1,308 | 7,086 | — | — |
| Total Transportation Fund | \$ 697,516 | \$ 419,128 | \$ 115,098 | \$ 1,231,742 | \$ 1,205,773 | \$ 18,581 | \$ 138 | \$ 7,250 |
| TRANSPORTATION INVESTMENT FUND | | | | | | | | |
| DOT TIF Capacity Program | \$ 510,810 | \$ — | \$ — | \$ 510,810 | \$ 510,810 | \$ — | \$ — | \$ — |
| DOT Transit Transportation Investment | 15,687 | — | — | 15,687 | 56 | — | — | 15,631 |
| DOT Railroad Crossing Safety Grants | 1,524 | — | — | 1,524 | 1,371 | — | — | 153 |
| Total Transportation Investment Fund | \$ 528,021 | \$ 0 | \$ 0 | \$ 528,021 | \$ 512,237 | \$ 0 | \$ 0 | \$ 15,784 |
| DEBT SERVICE FUNDS | | | | | | | | |
| General Government | \$ 427,417 | \$ 10,633 | \$ 12,257 | \$ 450,307 | \$ 419,341 | \$ 10,633 | \$ — | \$ 20,333 |
| State Building Ownership Authority | 6,028 | 1,098 | 19,534 | 26,660 | 20,709 | — | — | 5,951 |
| Total Debt Service Funds | \$ 433,445 | \$ 11,731 | \$ 31,791 | \$ 476,967 | \$ 440,050 | \$ 10,633 | \$ 0 | \$ 26,284 |

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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.

Petroleum Storage Tank Fund

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, responsible parties, and investment income. The net position of this fund is held for the benefit of participants and cannot be used for any other purpose.

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

June 30, 2021

| | Housing Loan Programs | Agriculture Loan Fund | Energy Efficiency Fund | Local Government Loan Fund | Alcoholic Beverage Control | Utah Correctional Industries |
|---|--------------------------------------|--------------------------------------|---------------------------------------|---|---|---|
| ASSETS | | | | | | |
| Current Assets: | | | | | | |
| Cash and Cash Equivalents | \$ 21,306 | \$ 24,012 | \$ 2,678 | \$ 25,487 | \$ 193 | \$ 1,324 |
| Receivables: | | | | | | |
| Accounts, net | 102 | — | — | — | 1,937 | 490 |
| Accrued Interest | 1,950 | 449 | 8 | 71 | — | — |
| Notes/Loans/Mortgages, net | 4,268 | 2,996 | 301 | 4,384 | — | — |
| Due From Other Funds | 209 | — | — | — | 13,223 | 426 |
| Prepaid Items | — | — | — | — | 6,087 | 4 |
| Inventories | 398 | — | — | — | 28,713 | 1,417 |
| Total Current Assets | <u>28,233</u> | <u>27,457</u> | <u>2,987</u> | <u>29,942</u> | <u>50,153</u> | <u>3,661</u> |
| Noncurrent Assets: | | | | | | |
| Investments | — | — | — | — | — | — |
| Accrued Interest Receivable | 955 | — | — | 277 | — | — |
| Notes/Loans/Mortgages Receivables, net | 144,280 | 26,770 | 892 | 50,722 | 1,550 | — |
| Net Other Postemployment Benefit Asset | — | — | — | — | 264 | — |
| Capital Assets: | | | | | | |
| Land | — | — | — | — | 38,789 | — |
| Infrastructure – depreciating | — | — | — | — | 126 | 304 |
| Buildings and Improvements | — | — | — | — | 97,841 | 4,044 |
| Machinery and Equipment | — | 20 | — | — | 8,588 | 4,487 |
| Intangible Assets – Software | — | — | — | — | 2,304 | 644 |
| Construction in Progress | — | — | — | — | 2,709 | — |
| Less Accumulated Depreciation | — | (20) | — | — | (50,255) | (5,348) |
| Total Capital Assets | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>100,102</u> | <u>4,131</u> |
| Total Noncurrent Assets | <u>145,235</u> | <u>26,770</u> | <u>892</u> | <u>50,999</u> | <u>101,916</u> | <u>4,131</u> |
| Total Assets | <u>173,468</u> | <u>54,227</u> | <u>3,879</u> | <u>80,941</u> | <u>152,069</u> | <u>7,792</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred Amount on Refundings of Bonded Debt | — | — | — | — | 1,780 | 35 |
| Deferred Outflows Relating to Pensions | — | — | — | — | 1,817 | 1,540 |
| Deferred Outflows Relating to Other Postemployment Benefits | — | — | — | — | 143 | 46 |
| Total Deferred Outflows of Resources | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>3,740</u> | <u>1,621</u> |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable and Accrued Liabilities | 514 | 206 | — | — | 18,640 | 885 |
| Deposits | 5 | 2 | — | — | — | — |
| Due To Other Funds | 209 | 1 | — | — | 36,960 | 157 |
| Unearned Revenue | — | — | — | — | 1,510 | 7 |
| Policy Claims Liabilities | — | — | — | — | — | — |
| Revenue Bonds Payable | — | — | — | — | 7,776 | 80 |
| Total Current Liabilities | <u>728</u> | <u>209</u> | <u>0</u> | <u>0</u> | <u>64,886</u> | <u>1,129</u> |
| Noncurrent Liabilities: | | | | | | |
| Revenue Bonds Payable | — | — | — | — | 75,112 | 641 |
| Net Pension Liability | — | — | — | — | 2,151 | 2,162 |
| Policy Claims Liability | — | — | — | — | — | — |
| Total Noncurrent Liabilities | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>77,263</u> | <u>2,803</u> |
| Total Liabilities | <u>728</u> | <u>209</u> | <u>0</u> | <u>0</u> | <u>142,149</u> | <u>3,932</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred Inflows Relating to Pensions | — | — | — | — | 3,052 | 1,704 |
| Deferred Inflows Relating to Other Postemployment Benefits | — | — | — | — | 495 | 141 |
| Total Deferred Inflows of Resources | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>3,547</u> | <u>1,845</u> |
| NET POSITION | | | | | | |
| Net Investment in Capital Assets | — | — | — | — | 31,792 | 3,684 |
| Restricted for: | | | | | | |
| Loan Programs | 110,144 | 5,520 | — | 80,941 | — | — |
| Unrestricted | 62,596 | 48,498 | 3,879 | — | (21,679) | (48) |
| Total Net Position | <u>\$ 172,740</u> | <u>\$ 54,018</u> | <u>\$ 3,879</u> | <u>\$ 80,941</u> | <u>\$ 10,113</u> | <u>\$ 3,636</u> |

Continues

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

Continued

| | State Trust Lands Administration | Utah Dairy Commission | Medical Cannabis Fund | Petroleum Storage Tank Fund | Total Nonmajor Enterprise Funds |
|---|--|-----------------------------|-----------------------------|-----------------------------------|--|
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 4,905 | \$ 862 | \$ 6,469 | \$ 24,168 | \$ 111,404 |
| Receivables: | | | | | |
| Accounts, net | 6,054 | 234 | 376 | 45 | 9,238 |
| Accrued Interest | — | — | — | — | 2,478 |
| Notes/Loans/Mortgages, net | — | — | — | 948 | 12,897 |
| Due From Other Funds | 13 | — | 18 | — | 13,889 |
| Prepaid Items | — | — | 1 | — | 6,092 |
| Inventories | — | — | — | — | 30,528 |
| Total Current Assets | <u>10,972</u> | <u>1,096</u> | <u>6,864</u> | <u>25,161</u> | <u>186,526</u> |
| Noncurrent Assets: | | | | | |
| Investments | — | 313 | — | — | 313 |
| Accrued Interest Receivable | — | — | — | — | 1,232 |
| Notes/Loans/Mortgages Receivables, net | — | — | — | 671 | 224,885 |
| Net Other Postemployment Benefit Asset | 51 | — | — | — | 315 |
| Capital Assets: | | | | | |
| Land | — | 297 | — | — | 39,086 |
| Infrastructure – depreciating | — | — | — | — | 430 |
| Buildings and Improvements | — | 1,497 | — | — | 103,382 |
| Machinery and Equipment | 1,147 | 36 | 220 | — | 14,498 |
| Intangible Assets – Software | — | — | 30 | — | 2,978 |
| Construction in Progress | — | — | — | — | 2,709 |
| Less Accumulated Depreciation | (1,115) | (153) | (40) | — | (56,931) |
| Total Capital Assets | <u>32</u> | <u>1,677</u> | <u>210</u> | <u>0</u> | <u>106,152</u> |
| Total Noncurrent Assets | <u>83</u> | <u>1,990</u> | <u>210</u> | <u>671</u> | <u>332,897</u> |
| Total Assets | <u>11,055</u> | <u>3,086</u> | <u>7,074</u> | <u>25,832</u> | <u>519,423</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred Amount on Refundings of Bonded Debt | — | — | — | — | 1,815 |
| Deferred Outflows Relating to Pensions | 802 | 3 | — | — | 4,162 |
| Deferred Outflows Relating to Other Postemployment Benefits | 75 | — | — | — | 264 |
| Total Deferred Outflows of Resources | <u>877</u> | <u>3</u> | <u>0</u> | <u>0</u> | <u>6,241</u> |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable and Accrued Liabilities | 1,919 | 17 | 122 | 253 | 22,556 |
| Deposits | — | 9 | — | — | 16 |
| Due To Other Funds | 1,713 | — | 60 | — | 39,100 |
| Unearned Revenue | 3,783 | — | — | 425 | 5,725 |
| Policy Claims Liability | — | — | — | 4,309 | 4,309 |
| Revenue Bonds Payable | — | — | — | — | 7,856 |
| Total Current Liabilities | <u>7,415</u> | <u>26</u> | <u>182</u> | <u>4,987</u> | <u>79,562</u> |
| Noncurrent Liabilities: | | | | | |
| Revenue Bonds Payable | — | — | — | — | 75,753 |
| Net Pension Liability | 1,110 | 24 | — | — | 5,447 |
| Policy Claims Liability | — | — | — | 23,087 | 23,087 |
| Total Noncurrent Liabilities | <u>1,110</u> | <u>24</u> | <u>0</u> | <u>23,087</u> | <u>104,287</u> |
| Total Liabilities | <u>8,525</u> | <u>50</u> | <u>182</u> | <u>28,074</u> | <u>183,849</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Inflows Relating to Pensions | 2,190 | 217 | — | — | 7,163 |
| Deferred Inflows Relating to Other Postemployment Benefits | 238 | — | — | — | 874 |
| Total Deferred Inflows of Resources | <u>2,428</u> | <u>217</u> | <u>0</u> | <u>0</u> | <u>8,037</u> |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | 32 | 1,677 | 210 | — | 37,395 |
| Restricted for: | | | | | |
| Loan Programs | — | — | — | — | 196,605 |
| Unrestricted | 947 | 1,145 | 6,682 | (2,244) | 99,776 |
| Total Net Position | <u>\$ 979</u> | <u>\$ 2,822</u> | <u>\$ 6,892</u> | <u>\$ (2,244)</u> | <u>\$ 333,776</u> |

State of Utah

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

For the Fiscal Year Ended June 30, 2021

| | Housing Loan Programs | Agriculture Loan Fund | Energy Efficiency Fund | Local Government Loan Fund | Alcoholic Beverage Control | Utah Correctional Industries |
|---|-----------------------------|-----------------------------|------------------------------|----------------------------------|----------------------------------|------------------------------------|
| OPERATING REVENUES | | | | | | |
| Sales and Charges for Services/Premiums | \$ 3 | \$ — | \$ 1 | \$ — | \$ 461,147 | \$ 18,735 |
| Fees and Assessments | — | — | — | — | 3,351 | — |
| Interest on Notes/Mortgages | 2,072 | 866 | — | — | 28 | — |
| Miscellaneous | 10 | 7 | — | — | 1,486 | — |
| Total Operating Revenues | <u>2,085</u> | <u>873</u> | <u>1</u> | <u>0</u> | <u>466,012</u> | <u>18,735</u> |
| OPERATING EXPENSES | | | | | | |
| Administration | — | 256 | — | — | 25,206 | 3,662 |
| Purchases, Materials, and Services for Resale | — | — | — | — | 285,128 | 11,821 |
| Grants | 2,676 | — | — | — | — | — |
| Rentals and Leases | — | 3 | — | — | 908 | 149 |
| Maintenance | — | 1 | — | — | 5,026 | 236 |
| Depreciation/Amortization | — | — | — | — | 3,386 | 351 |
| Benefit Claims | — | — | — | — | — | — |
| Miscellaneous Other: | | | | | | |
| Data Processing | — | 16 | — | — | 5,816 | 270 |
| Supplies | — | 1 | — | — | 924 | 838 |
| Utilities | — | 2 | — | — | 287 | 70 |
| Advertising and Other | 791 | 1 | 1 | 1 | 11,222 | 217 |
| Total Operating Expenses | <u>3,467</u> | <u>280</u> | <u>1</u> | <u>1</u> | <u>337,903</u> | <u>17,614</u> |
| Operating Income (Loss) | <u>(1,382)</u> | <u>593</u> | <u>0</u> | <u>(1)</u> | <u>128,109</u> | <u>1,121</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | | |
| Investment Income | 40 | 71 | 24 | 1,474 | 96 | — |
| Federal Contracts and Grants | 4,963 | — | — | — | 284 | — |
| Disposal of Capital Assets | — | — | — | — | — | (8) |
| Tax Revenues | — | 525 | — | — | — | — |
| Interest Expense | — | — | — | — | (3,048) | (91) |
| Total Nonoperating Revenues (Expenses) | <u>5,003</u> | <u>596</u> | <u>24</u> | <u>1,474</u> | <u>(2,668)</u> | <u>(99)</u> |
| Income (Loss) before Transfers | 3,621 | 1,189 | 24 | 1,473 | 125,441 | 1,022 |
| Transfers In | 7,249 | — | — | 2,994 | — | 1 |
| Transfers Out | (206) | — | (3) | — | (125,441) | — |
| Change in Net Position | <u>10,664</u> | <u>1,189</u> | <u>21</u> | <u>4,467</u> | <u>0</u> | <u>1,023</u> |
| Net Position – Beginning | 162,076 | 52,829 | 3,858 | 76,474 | 10,113 | 2,613 |
| Net Position – Ending | <u>\$ 172,740</u> | <u>\$ 54,018</u> | <u>\$ 3,879</u> | <u>\$ 80,941</u> | <u>\$ 10,113</u> | <u>\$ 3,636</u> |

Continues

State of Utah

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

Continued

| | State Trust Lands Administration | Utah Dairy Commission | Medical Cannabis Fund | Petroleum Storage Tank Fund | Total Nonmajor Enterprise Funds |
|---|--|-----------------------------|-----------------------------|-----------------------------------|--|
| OPERATING REVENUES | | | | | |
| Sales and Charges for Services/Premiums | \$ 17,022 | \$ — | \$ — | \$ 7,662 | \$ 504,570 |
| Fees and Assessments | 42 | 2,398 | 5,514 | 119 | 11,424 |
| Interest on Notes/Mortgages | — | — | — | 2 | 2,968 |
| Miscellaneous | — | — | — | — | 1,503 |
| Total Operating Revenues | 17,064 | 2,398 | 5,514 | 7,783 | 520,465 |
| OPERATING EXPENSES | | | | | |
| Administration | 8,492 | 84 | 1,723 | — | 39,423 |
| Purchases, Materials, and Services for Resale | — | 88 | — | — | 297,037 |
| Grants | — | — | — | — | 2,676 |
| Rentals and Leases | 698 | — | 42 | — | 1,800 |
| Maintenance | 136 | — | 70 | — | 5,469 |
| Depreciation/Amortization | 11 | 42 | 33 | — | 3,823 |
| Benefit Claims | — | — | — | 3,512 | 3,512 |
| Miscellaneous Other: | | | | | |
| Data Processing | 267 | — | 948 | — | 7,317 |
| Supplies | 277 | — | 35 | — | 2,075 |
| Utilities | 142 | — | 13 | — | 514 |
| Advertising and Other | 10,122 | 1,817 | 333 | — | 24,505 |
| Total Operating Expenses | 20,145 | 2,031 | 3,197 | 3,512 | 388,151 |
| Operating Income (Loss) | (3,081) | 367 | 2,317 | 4,271 | 132,314 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment Income | — | 39 | 21 | 101 | 1,866 |
| Federal Contracts and Grants | — | — | — | — | 5,247 |
| Disposal of Capital Assets | — | — | — | — | (8) |
| Tax Revenues | — | — | — | — | 525 |
| Interest Expense | — | 1 | — | — | (3,138) |
| Total Nonoperating Revenues (Expenses) | 0 | 40 | 21 | 101 | 4,492 |
| Income (Loss) before Transfers | (3,081) | 407 | 2,338 | 4,372 | 136,806 |
| Transfers In | — | — | — | — | 10,244 |
| Transfers Out | (338) | — | (100) | (1,753) | (127,841) |
| Change in Net Position | (3,419) | 407 | 2,238 | 2,619 | 19,209 |
| Net Position – Beginning | 4,398 | 2,415 | 4,654 | (4,863) | 314,567 |
| Net Position – Ending | \$ 979 | \$ 2,822 | \$ 6,892 | \$ (2,244) | \$ 333,776 |

State of Utah

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

For the Fiscal Year Ended June 30, 2021

| | Housing Loan Programs | Agriculture Loan Fund | Energy Efficiency Fund | Local Government Loan Fund | Alcoholic Beverage Control | Utah Correctional Industries |
|---|-----------------------------|-----------------------------|------------------------------|----------------------------------|----------------------------------|------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts from Customers/Loan Interest/Fees/ Premiums | \$ 2,295 | \$ 822 | \$ 1 | \$ — | \$ 522,004 | \$ 9,274 |
| Receipts from Loan Maturities | 7,708 | 4,865 | — | — | — | — |
| Receipts from State Customers | — | — | — | — | — | 9,284 |
| Payments to Suppliers/Claims/Grants | (2,144) | (146) | — | — | (298,542) | (11,498) |
| Disbursements for Loans Receivable | (11,761) | (6,518) | — | — | — | — |
| Payments for Employee Services and Benefits | — | (256) | — | — | (23,139) | (4,337) |
| Payments to State Suppliers | (1,227) | (8) | (1) | (1) | (7,539) | (2,108) |
| Payments of Sales Tax and School Lunch Collections | — | — | — | — | (56,276) | — |
| Net Cash Provided (Used) by Operating Activities | <u>(5,129)</u> | <u>(1,241)</u> | <u>0</u> | <u>(1)</u> | <u>136,508</u> | <u>615</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Borrowings Under Interfund Loans | — | — | — | — | 35,182 | — |
| Repayments Under Interfund Loans | — | — | — | — | (36,787) | — |
| Federal Contracts, Grants and Other Revenues | 5,359 | — | — | — | — | — |
| Restricted Sales Tax | — | 525 | — | — | — | — |
| Transfers In from Other Funds | 7,249 | — | — | 2,994 | — | 1 |
| Transfers Out to Other Funds | (206) | — | (3) | — | (125,441) | — |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>12,402</u> | <u>525</u> | <u>(3)</u> | <u>2,994</u> | <u>(127,046)</u> | <u>1</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Proceeds from Bond and Note Debt Issuance/Grants .. | — | — | — | — | 299 | — |
| Principal Paid on Debt and Contract Maturities | — | — | — | — | (7,084) | (182) |
| Acquisition and Construction of Capital Assets | — | — | — | — | (78) | (17) |
| Interest Paid on Bonds, Notes, and Capital Leases | — | — | — | — | (2,687) | (37) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(9,550)</u> | <u>(236)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Proceeds from the Sale and Maturity of Investments .. | — | — | — | — | — | — |
| Receipts of Interest and Dividends | 40 | 71 | — | 104 | 96 | — |
| Receipts from Loan Maturities | — | — | 223 | 5,270 | — | — |
| Receipts of Interest from Loans | — | — | 20 | 1,977 | — | — |
| Disbursements for Loans Receivable | — | — | — | (7,613) | — | — |
| Net Cash Provided (Used) by Investing Activities | <u>40</u> | <u>71</u> | <u>243</u> | <u>(262)</u> | <u>96</u> | <u>0</u> |
| Net Cash Provided (Used) – All Activities | <u>7,313</u> | <u>(645)</u> | <u>240</u> | <u>2,731</u> | <u>8</u> | <u>380</u> |
| Cash and Cash Equivalents – Beginning | <u>13,993</u> | <u>24,657</u> | <u>2,438</u> | <u>22,756</u> | <u>184</u> | <u>944</u> |
| Cash and Cash Equivalents – Ending | <u>\$ 21,306</u> | <u>\$ 24,012</u> | <u>\$ 2,678</u> | <u>\$ 25,487</u> | <u>\$ 192</u> | <u>\$ 1,324</u> |

Continues

State of Utah

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

Continued

| | State Trust Lands Administration | Utah Dairy Commission | Medical Cannabis Fund | Petroleum Storage Tank Fund | Total Nonmajor Enterprise Funds |
|---|--|-----------------------------|-----------------------------|-----------------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from Customers/Loan Interest/Fees/ Premiums | \$ 42 | \$ 2,408 | \$ 5,240 | \$ 7,473 | \$ 549,559 |
| Receipts from Loan Maturities | — | — | — | — | 12,573 |
| Receipts from State Customers | 15,681 | — | — | — | 24,965 |
| Payments to Suppliers/Claims/Grants | (9,798) | (1,996) | (203) | (2,060) | (326,387) |
| Disbursements for Loans Receivable | — | — | — | — | (18,279) |
| Payments for Employee Services and Benefits | (9,341) | (88) | (1,723) | — | (38,884) |
| Payments to State Suppliers | (267) | — | (1,546) | — | (12,697) |
| Payments of Sales Tax and School Lunch Collections | — | — | — | — | (56,276) |
| Net Cash Provided (Used) by Operating Activities | <u>(3,683)</u> | <u>324</u> | <u>1,768</u> | <u>5,413</u> | <u>134,574</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Borrowings Under Interfund Loans | — | — | — | — | 35,182 |
| Repayments Under Interfund Loans | — | — | — | — | (36,787) |
| Federal Contracts, Grants and Other Revenues | — | — | — | — | 5,359 |
| Restricted Sales Tax | — | — | — | — | 525 |
| Transfers In from Other Funds | — | — | — | — | 10,244 |
| Transfers Out to Other Funds | (338) | — | (100) | (1,753) | (127,841) |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>(338)</u> | <u>0</u> | <u>(100)</u> | <u>(1,753)</u> | <u>(113,318)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Proceeds from Bond and Note Debt Issuance/Grants | — | — | — | — | 299 |
| Principal Paid on Debt and Contract Maturities | — | — | — | — | (7,266) |
| Acquisition and Construction of Capital Assets | (1) | — | — | — | (96) |
| Interest Paid on Bonds, Notes, and Capital Leases | — | — | — | — | (2,724) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(1)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(9,787)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from the Sale and Maturity of Investments | — | (7) | — | — | (7) |
| Receipts of Interest and Dividends | — | 12 | 21 | 101 | 445 |
| Receipts from Loan Maturities | — | — | — | — | 5,493 |
| Receipts of Interest from Loans | — | — | — | — | 1,997 |
| Disbursements for Loans Receivable | — | — | — | — | (7,613) |
| Net Cash Provided (Used) by Investing Activities | <u>0</u> | <u>5</u> | <u>21</u> | <u>101</u> | <u>315</u> |
| Net Cash Provided (Used) – All Activities | <u>(4,022)</u> | <u>329</u> | <u>1,689</u> | <u>3,761</u> | <u>11,784</u> |
| Cash and Cash Equivalents – Beginning | 8,927 | 533 | 4,780 | 20,407 | 99,619 |
| Cash and Cash Equivalents – Ending | <u>\$ 4,905</u> | <u>\$ 862</u> | <u>\$ 6,469</u> | <u>\$ 24,168</u> | <u>\$ 111,403</u> |

Continues

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

For the Fiscal Year Ended June 30, 2021

Continued

| | Housing Loan Program | Agriculture Loan Fund | Energy Efficiency Fund | Local Government Loan Fund | Alcoholic Beverage Control | Utah Correctional Industries |
|--|-------------------------------------|--------------------------------------|---------------------------------------|---|---|---|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | | |
| Operating Income (Loss) | \$ (1,382) | \$ 593 | \$ — | \$ (1) | \$ 128,109 | \$ 1,121 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | | |
| Depreciation/Amortization Expense | — | — | — | — | 3,386 | 351 |
| Pension and OPEB Expense Accruals | — | — | — | — | (1,280) | (677) |
| Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources: | | | | | | |
| Accounts Receivable/Due From Other Funds | (209) | — | — | — | (244) | (163) |
| Notes/Accrued Interest Receivables | (3,847) | (1,706) | — | — | (283) | — |
| Inventories | — | — | — | — | 7,653 | (148) |
| Prepaid Items | — | — | — | — | (2,178) | 16 |
| Accrued Liabilities/Due to Other Funds | 305 | (128) | — | — | 1,102 | 129 |
| Unearned Revenue/Deposits | 4 | — | — | — | 243 | (14) |
| Policy Claims Liabilities | — | — | — | — | — | — |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (5,129)</u> | <u>\$ (1,241)</u> | <u>\$ 0</u> | <u>\$ (1)</u> | <u>\$ 136,508</u> | <u>\$ 615</u> |

Continues

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

Continued

| | <u>State Trust Lands Administration</u> | <u>Utah Dairy Commission</u> | <u>Medical Cannabis Fund</u> | <u>Petroleum Storage Tank Fund</u> | <u>Total Nonmajor Enterprise Funds</u> |
|--|---|--------------------------------------|--------------------------------------|--|--|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | |
| Operating Income (Loss) | \$ (3,080) | \$ 367 | \$ 2,317 | \$ 4,271 | \$ 132,314 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Depreciation/Amortization Expense | 11 | 42 | 33 | — | 3,823 |
| Pension and OPEB Expense Accruals | (849) | (101) | — | — | (2,907) |
| Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources: | | | | | |
| Accounts Receivable/Due From Other Funds | (1,397) | 9 | (292) | (2) | (2,298) |
| Notes/Accrued Interest Receivables | — | — | — | (347) | (6,183) |
| Inventories | — | — | — | — | 7,505 |
| Prepaid Items | — | — | — | — | (2,162) |
| Accrued Liabilities/Due to Other Funds | 1,577 | 7 | (290) | — | 2,702 |
| Unearned Revenue/Deposits | 56 | — | — | 39 | 328 |
| Policy Claims Liabilities | — | — | — | 1,452 | 1,452 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (3,682)</u> | <u>\$ 324</u> | <u>\$ 1,768</u> | <u>\$ 5,413</u> | <u>\$ 134,574</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, 2021

| 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 | \$ 60,783 | \$ — | \$ — | \$ 60,783 | \$ 59,999 | \$ 284 | \$ — | \$ 500 |
| ABC Parents Empowered | 2,480 | — | — | 2,480 | 2,387 | — | — | 93 |
| Total Alcoholic Beverage Control | <u>\$ 63,263</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 63,263</u> | <u>\$ 62,386</u> | <u>\$ 284</u> | <u>\$ 0</u> | <u>\$ 593</u> |



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, travel services, 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 and fuel network 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 Utah Office of the Attorney General.

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

June 30, 2021

| | Technology Services | General Services | Fleet Operations | Risk Management | Property Management | Human Resource Management | Attorney General Legal Services | Total Internal Service Funds |
|--|------------------------|---------------------|---------------------|--------------------|------------------------|---------------------------------|--|---------------------------------------|
| ASSETS | | | | | | | | |
| Current Assets: | | | | | | | | |
| Cash and Cash Equivalents | \$ 3,500 | \$ 6,626 | \$ 173 | \$ 97,709 | \$ 9,022 | \$ 1,088 | \$ — | \$ 118,118 |
| Receivables: | | | | | | | | |
| Accounts, net | 94 | 2,455 | 3,599 | 1,862 | 7 | — | 614 | 8,631 |
| Due From Other Funds | 32,324 | 2,848 | 3,610 | 466 | 882 | — | 4,453 | 44,583 |
| Due From Component Units | 3 | 11 | 24 | 6 | 857 | — | 1 | 902 |
| Prepaid Items | 3,717 | 186 | 6 | 29 | 119 | 4 | — | 4,061 |
| Inventories | 525 | 984 | 2,730 | — | — | — | — | 4,239 |
| Total Current Assets | 40,163 | 13,110 | 10,142 | 100,072 | 10,887 | 1,092 | 5,068 | 180,534 |
| Noncurrent Assets: | | | | | | | | |
| Prepaid Items | 6,159 | — | — | — | 250 | — | — | 6,409 |
| Other Assets | — | — | 692 | — | — | — | — | 692 |
| Net Pension Asset | — | — | — | — | — | — | 296 | 296 |
| Net Other Postemployment Benefit Asset | 639 | — | — | — | 178 | 34 | 445 | 1,296 |
| Capital Assets: | | | | | | | | |
| Infrastructure | 38 | — | — | — | — | — | — | 38 |
| Buildings and Improvements | 3,883 | 1,379 | 193 | — | — | — | — | 5,455 |
| Machinery and Equipment | 27,117 | 9,639 | 130,787 | — | 667 | 49 | — | 168,259 |
| Intangible Assets—Software | 5,622 | 1,782 | 465 | 670 | 120 | 2,468 | — | 11,127 |
| Less Accumulated Depreciation | (30,714) | (10,639) | (64,105) | (661) | (704) | (1,488) | — | (108,311) |
| Total Capital Assets | 5,946 | 2,161 | 67,340 | 9 | 83 | 1,029 | 0 | 76,568 |
| Total Noncurrent Assets | 12,744 | 2,161 | 68,032 | 9 | 511 | 1,063 | 741 | 85,261 |
| Total Assets | 52,907 | 15,271 | 78,174 | 100,081 | 11,398 | 2,155 | 5,809 | 265,795 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | |
| Deferred Outflows Relating to Pensions | 10,725 | 982 | 314 | 455 | 891 | 1,156 | 3,485 | 18,008 |
| Deferred Outflows Relating to Other Postemployment Benefit | 565 | 30 | — | — | 60 | 88 | 22 | 765 |
| Total Deferred Outflows of Resources | 11,290 | 1,012 | 314 | 455 | 951 | 1,244 | 3,507 | 18,773 |
| LIABILITIES | | | | | | | | |
| Current Liabilities: | | | | | | | | |
| Accounts Payable and Accrued Liabilities | \$ 17,518 | \$ 2,954 | \$ 4,240 | \$ 169 | \$ 2,555 | \$ 686 | \$ 1,278 | \$ 29,400 |
| Due To Other Funds | 2,464 | 181 | 24 | 1,530 | 173 | 2 | 10 | 4,384 |
| Due To Component Units | 3 | 5 | — | — | — | — | — | 8 |
| Interfund Loans Payable | — | 99 | 14,152 | — | — | — | — | 14,251 |
| Unearned Revenue | 925 | 8 | — | — | — | — | — | 933 |
| Policy Claims Liabilities | — | — | — | 38,981 | — | — | — | 38,981 |
| Contracts/Notes Payable | — | — | — | — | 53 | — | — | 53 |
| Total Current Liabilities | 20,910 | 3,247 | 18,416 | 40,680 | 2,781 | 688 | 1,288 | 88,010 |
| Noncurrent Liabilities: | | | | | | | | |
| Unearned Revenue | 413 | 5 | — | — | — | — | — | 418 |
| Interfund Loans Payable | — | 382 | 4,362 | — | — | — | 1,528 | 6,272 |
| Policy Claims Liabilities | — | — | — | 48,336 | — | — | — | 48,336 |
| Contracts/Notes Payable | — | — | — | — | 81 | — | — | 81 |
| Net Pension Liability | 21,138 | 1,828 | 790 | 761 | 1,517 | 2,093 | 6,204 | 34,331 |
| Total Noncurrent Liabilities | 21,551 | 2,215 | 5,152 | 49,097 | 1,598 | 2,093 | 7,732 | 89,438 |
| Total Liabilities | 42,461 | 5,462 | 23,568 | 89,777 | 4,379 | 2,781 | 9,020 | 177,448 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Deferred Inflows Relating to Pensions | 22,410 | 1,248 | 690 | 1,054 | 2,109 | 3,203 | 8,572 | 39,286 |
| Deferred Inflows Relating to Other Postemployment Benefit | 2,289 | 135 | — | — | 263 | 328 | 298 | 3,313 |
| Total Deferred Inflows of Resources | 24,699 | 1,383 | 690 | 1,054 | 2,372 | 3,531 | 8,870 | 42,599 |
| NET POSITION | | | | | | | | |
| Net Investment in Capital Assets | 5,946 | 2,161 | 67,340 | 9 | 83 | 1,029 | — | 76,568 |
| Restricted for: | | | | | | | | |
| Insurance Programs | — | — | — | 4,951 | — | — | — | 4,951 |
| Unrestricted (Deficit) | (8,909) | 7,277 | (13,110) | 4,745 | 5,515 | (3,942) | (8,574) | (16,998) |
| Total Net Position | \$ (2,963) | \$ 9,438 | \$ 54,230 | \$ 9,705 | \$ 5,598 | \$ (2,913) | \$ (8,574) | \$ 64,521 |

State of Utah

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

For the Fiscal Year Ended June 30, 2021

| | Technology Services | General Services | Fleet Operations | Risk Management | Property Management | Human Resource Management | Attorney General Legal Services | Total Internal Service Funds |
|---|------------------------|---------------------|---------------------|--------------------|------------------------|---------------------------------|--|---------------------------------------|
| OPERATING REVENUES | | | | | | | | |
| Charges for Services/Premiums | \$ 132,194 | \$ 20,228 | \$ 62,136 | \$ 57,902 | \$ 37,356 | \$ 15,008 | \$ 37,170 | \$ 361,994 |
| Miscellaneous | — | 72 | 199 | — | 18 | — | — | 289 |
| Total Operating Revenues | <u>132,194</u> | <u>20,300</u> | <u>62,335</u> | <u>57,902</u> | <u>37,374</u> | <u>15,008</u> | <u>37,170</u> | <u>362,283</u> |
| OPERATING EXPENSES | | | | | | | | |
| Administration | 81,358 | 5,315 | 2,867 | 3,843 | 10,783 | 11,215 | 30,988 | 146,369 |
| Materials and Services for Resale | 8,473 | 9,513 | 35,169 | 33,772 | — | — | — | 86,927 |
| Rentals and Leases | 82 | 43 | 7,077 | 14 | 309 | — | 15 | 7,540 |
| Maintenance | 254 | 258 | 5,738 | 4 | 12,490 | — | 6 | 18,750 |
| Depreciation/Amortization | 2,583 | 1,188 | 11,490 | 5 | 42 | 485 | — | 15,793 |
| Benefit Claims | — | — | — | 20,784 | — | — | — | 20,784 |
| Miscellaneous Other: | | | | | | | | |
| Data Processing | 17,607 | 796 | 963 | 883 | 659 | 1,859 | 336 | 23,103 |
| Supplies | 97 | 97 | 259 | 45 | 185 | 43 | 33 | 759 |
| Utilities | 8,412 | 39 | 148 | 24 | 9,105 | 106 | 221 | 18,055 |
| Other | 1,233 | 501 | 714 | 1,032 | 1,888 | 348 | 1,033 | 6,749 |
| Total Operating Expenses | <u>120,099</u> | <u>17,750</u> | <u>64,425</u> | <u>60,406</u> | <u>35,461</u> | <u>14,056</u> | <u>32,632</u> | <u>344,829</u> |
| Operating Income (Loss) | <u>12,095</u> | <u>2,550</u> | <u>(2,090)</u> | <u>(2,504)</u> | <u>1,913</u> | <u>952</u> | <u>4,538</u> | <u>17,454</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | | | | |
| Investment Earnings | — | — | — | 506 | 5 | — | — | 511 |
| Disposal of Capital Assets | (62) | 48 | 1,371 | — | — | — | — | 1,357 |
| Interest Expense | — | (1) | — | — | (8) | — | — | (9) |
| Refunds Paid to Federal Government | — | (100) | — | — | — | — | — | (100) |
| Other Revenues (Expenses) | — | (259) | — | (531) | 3 | — | — | (787) |
| Total Nonoperating Revenues (Expenses) | <u>(62)</u> | <u>(312)</u> | <u>1,371</u> | <u>(25)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>972</u> |
| Income (Loss) before Capital Contributions and Transfers | 12,033 | 2,238 | (719) | (2,529) | 1,913 | 952 | 4,538 | 18,426 |
| Capital Contributions | — | — | 1,742 | — | — | — | — | 1,742 |
| Transfers In | — | — | 2,613 | — | — | — | 79 | 2,692 |
| Transfers Out | — | — | — | — | — | (286) | — | (286) |
| Change in Net Position | 12,033 | 2,238 | 3,636 | (2,529) | 1,913 | 666 | 4,617 | 22,574 |
| Net Position – Beginning | (14,996) | 7,200 | 50,594 | 12,234 | 3,685 | (3,579) | (10,488) | 44,650 |
| Adjustment to Beginning Net Position | — | — | — | — | — | — | (2,703) | (2,703) |
| Net Position – Beginning as Adjusted | <u>(14,996)</u> | <u>7,200</u> | <u>50,594</u> | <u>12,234</u> | <u>3,685</u> | <u>(3,579)</u> | <u>(13,191)</u> | <u>41,947</u> |
| Net Position – Ending | <u>\$ (2,963)</u> | <u>\$ 9,438</u> | <u>\$ 54,230</u> | <u>\$ 9,705</u> | <u>\$ 5,598</u> | <u>\$ (2,913)</u> | <u>\$ (8,574)</u> | <u>\$ 64,521</u> |

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

For the Fiscal Year Ended June 30, 2021

| | <u>Technology Services</u> | <u>General Services</u> | <u>Fleet Operations</u> | <u>Risk Management</u> | <u>Property Management</u> | <u>Human Resource Management</u> | <u>Attorney General Legal Services</u> | <u>Total Internal Service Funds</u> |
|---|----------------------------|-------------------------|-------------------------|------------------------|----------------------------|----------------------------------|--|-------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | |
| Receipts from Customers/Fees/ Premiums | \$ 190 | \$ 10,599 | \$ 22,654 | \$ 20,427 | \$ 230 | \$ 416 | \$ 410 | \$ 54,926 |
| Receipts from State Departments and Component Unit Customers | 341,378 | 38,926 | 37,642 | 37,187 | 37,466 | 15,125 | 35,289 | 543,013 |
| Payments to Suppliers/Claims/Grants | (246,934) | (37,049) | (39,992) | (38,092) | (22,993) | — | (452) | (385,512) |
| Payments for Employee Services and Benefits | (88,980) | (5,693) | (3,070) | (4,219) | (11,572) | (12,292) | (34,414) | (160,240) |
| Payments to State Suppliers and Grants | — | (3,258) | (11,400) | (6,215) | (2,137) | (2,736) | (1,164) | (26,910) |
| Net Cash Provided (Used) by Operating Activities | <u>5,654</u> | <u>3,525</u> | <u>5,834</u> | <u>9,088</u> | <u>994</u> | <u>513</u> | <u>(331)</u> | <u>25,277</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | | |
| Borrowings Under Interfund Loans | — | 115 | — | — | — | — | 252 | 367 |
| Repayments Under Interfund Loans | — | — | (17) | — | — | — | — | (17) |
| Payments of Bonds, Notes, Deposits, and Refunds | — | — | — | — | (49) | — | — | (49) |
| Interest Paid on Bonds, Notes, and Financing Costs | — | — | — | — | (8) | — | — | (8) |
| Transfers In from Other Funds | — | — | — | — | — | — | 79 | 79 |
| Transfers Out to Other Funds | — | — | — | — | — | (286) | — | (286) |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>0</u> | <u>115</u> | <u>(17)</u> | <u>0</u> | <u>(57)</u> | <u>(286)</u> | <u>331</u> | <u>86</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | | |
| Borrowings Under Interfund Loans | — | 51 | 11,789 | — | — | — | — | 11,840 |
| Repayments Under Interfund Loans | (988) | (1,197) | (14,370) | — | — | — | — | (16,555) |
| Proceeds from Disposition of Capital Assets | — | 48 | 4,294 | — | — | — | — | 4,342 |
| Federal Grants and Other Revenues | — | — | 1,742 | — | — | — | — | 1,742 |
| Principal Paid on Debt and Contract Maturities | — | (86) | — | — | — | — | — | (86) |
| Acquisition and Construction of Capital Assets | (1,166) | (573) | (11,789) | — | — | — | — | (13,528) |
| Transfers In from Other Funds | — | — | 2,613 | — | — | — | — | 2,613 |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(2,154)</u> | <u>(1,757)</u> | <u>(5,721)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(9,632)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Receipts of Interest and Dividends from Investments | — | — | — | 507 | 5 | — | — | 512 |
| Net Cash Provided (Used) by Investing Activities | <u>0</u> | <u>0</u> | <u>0</u> | <u>507</u> | <u>5</u> | <u>0</u> | <u>0</u> | <u>512</u> |
| Net Cash Provided (Used) – All Activities | <u>3,500</u> | <u>1,883</u> | <u>96</u> | <u>9,595</u> | <u>942</u> | <u>227</u> | <u>0</u> | <u>16,243</u> |
| Cash and Cash Equivalents – Beginning | <u>0</u> | <u>4,743</u> | <u>77</u> | <u>88,114</u> | <u>8,080</u> | <u>861</u> | <u>0</u> | <u>101,875</u> |
| Cash and Cash Equivalents – Ending | <u>\$ 3,500</u> | <u>\$ 6,626</u> | <u>\$ 173</u> | <u>\$ 97,709</u> | <u>\$ 9,022</u> | <u>\$ 1,088</u> | <u>\$ 0</u> | <u>\$ 118,118</u> |

Continues

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

For the Fiscal Year Ended June 30, 2021
 Continued

| | Technology Services | General Services | Fleet Operations | Risk Management | Property Management | Human Resource Management | Attorney General Legal Services | Total Internal Service Funds |
|---|------------------------|---------------------|---------------------|--------------------|------------------------|---------------------------------|--|---------------------------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | | | | |
| Operating Income (Loss) | \$ 12,095 | \$ 2,550 | \$ (2,090) | \$ (2,504) | \$ 1,913 | \$ 952 | \$ 4,538 | \$ 17,454 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | | | | |
| Depreciation/Amortization Expense | 2,583 | 1,188 | 11,490 | 5 | 42 | 485 | — | 15,793 |
| Pension and OPEB Expense Accruals | (8,049) | (404) | (202) | (311) | (860) | (1,180) | (3,211) | (14,217) |
| Miscellaneous Gains, Losses, and Other Items | — | (359) | — | (531) | 3 | — | — | (887) |
| Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources: | | | | | | | | |
| Accounts Receivable/Due From Other Funds | (6,480) | (433) | (2,039) | (1,536) | 321 | 132 | (1,471) | (11,506) |
| Inventories | (245) | 469 | (1,459) | — | — | — | — | (1,235) |
| Prepaid Items/Other Assets | 748 | (54) | (695) | (27) | 101 | (4) | 4 | 73 |
| Accrued Liabilities/Due to Other Funds | 4,790 | 572 | 829 | 297 | (524) | 128 | (191) | 5,901 |
| Unearned Revenue/Deposits | 212 | (4) | — | — | (2) | — | — | 206 |
| Policy Claims Liabilities | — | — | — | 13,695 | — | — | — | 13,695 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 5,654</u> | <u>\$ 3,525</u> | <u>\$ 5,834</u> | <u>\$ 9,088</u> | <u>\$ 994</u> | <u>\$ 513</u> | <u>\$ (331)</u> | <u>\$ 25,277</u> |
| SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES | | | | | | | | |
| Increase (Decrease) in Fair Value of Investments | \$ — | \$ — | \$ — | \$ 86 | \$ — | \$ — | \$ — | \$ 86 |
| Total Noncash Investing, Capital, and Financing Activities | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 86</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 86</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.

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.

Local Public Safety and Firefighter Surviving Spouse Trust

This fund is used to provide health benefits to the surviving spouse and dependents of Public Safety and Firefighter service employees who suffer a line-of-duty death.

CUSTODIAL FUNDS

External Investment Pool

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

Unclaimed Property

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.

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.

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, 2021

| | Pension Trust | | | | | Governors and Legislative Pension Plan |
|---|--------------------------------|------------------------|----------------------------|------------------------|------------------|--|
| | Non- Contributory System | Contributory System | Public Safety System | Firefighters System | Judges System | |
| ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ 2,057,089 | \$ 90,266 | \$ 298,594 | \$ 104,799 | \$ 16,469 | \$ 816 |
| Receivables: | | | | | | |
| Member Contributions | — | 65 | 7 | 587 | — | — |
| Employer Contributions | 45,065 | 190 | 5,271 | 239 | 337 | — |
| Court Fees and Fire Insurance Premiums | — | — | — | 86 | 157 | — |
| Investments | 323,038 | 14,174 | 46,888 | 16,457 | 2,586 | 128 |
| Total Receivables | 368,103 | 14,429 | 52,166 | 17,369 | 3,080 | 128 |
| Investments: | | | | | | |
| Debt Securities | 4,157,213 | 182,415 | 603,401 | 211,788 | 33,281 | 1,646 |
| Equity Investments | 12,247,251 | 537,399 | 1,777,630 | 623,932 | 98,048 | 4,851 |
| Absolute Return | 4,627,952 | 203,071 | 671,724 | 235,770 | 37,050 | 1,833 |
| Private Equity | 3,544,729 | 155,540 | 514,499 | 180,585 | 28,378 | 1,404 |
| Real Assets | 4,089,676 | 179,451 | 593,596 | 208,348 | 32,741 | 1,620 |
| Invested Securities Lending Collateral | 893,221 | 39,194 | 129,647 | 45,505 | 7,151 | 354 |
| Total Investments | 29,560,042 | 1,297,070 | 4,290,497 | 1,505,928 | 236,649 | 11,708 |
| Capital Assets: | | | | | | |
| Land | 1,397 | 64 | 202 | 70 | 11 | 1 |
| Buildings and Improvements | 16,311 | 716 | 2,367 | 832 | 131 | 7 |
| Machinery and Equipment | 3,980 | 175 | 578 | 203 | 32 | 2 |
| Intangible Assets | 11,574 | 508 | 1,680 | 590 | 93 | 5 |
| Less Accumulated Depreciation | (24,202) | (1,065) | (3,512) | (1,233) | (194) | (11) |
| Total Capital Assets | 9,060 | 398 | 1,315 | 462 | 73 | 4 |
| Total Assets | 31,994,294 | 1,402,163 | 4,642,572 | 1,628,558 | 256,271 | 12,656 |
| LIABILITIES | | | | | | |
| Accounts Payable | 478,601 | 21,079 | 69,724 | 24,600 | 3,846 | 190 |
| Securities Lending Liability | 893,221 | 39,194 | 129,647 | 45,505 | 7,151 | 354 |
| Disbursements in Excess of Cash Balance | 31,302 | 1,289 | 4,266 | 1,497 | 235 | 12 |
| Leave/Postemployment Benefits | 15,395 | 676 | 2,236 | 785 | 124 | 6 |
| Insurance Reserves | 3,909 | 171 | 567 | 199 | 31 | 2 |
| Real Estate Liabilities | 93,794 | 4,115 | 13,615 | 4,778 | 751 | 37 |
| Total Liabilities | 1,516,222 | 66,524 | 220,055 | 77,364 | 12,138 | 601 |
| NET POSITION | | | | | | |
| Restricted for: | | | | | | |
| Pension Benefits | 30,478,072 | 1,335,639 | 4,422,517 | 1,551,194 | 244,133 | 12,055 |
| Other Postemployment Benefits | — | — | — | — | — | — |
| Other Employee Benefits | — | — | — | — | — | — |
| Defined Contribution | — | — | — | — | — | — |
| Total Net Position | \$ 30,478,072 | \$ 1,335,639 | \$ 4,422,517 | \$ 1,551,194 | \$ 244,133 | \$ 12,055 |

Continues

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

June 30, 2021

Continued

| | Pension Trust | | Defined Contributions Plans | | |
|---|-------------------------------|---|-----------------------------|----------------|--------------|
| | Tier 2 Public Employees | Tier 2 Public Safety and Firefighters | 401(k) Plan | 457(b) Plan | IRA Plans |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 55,771 | \$ 8,054 | \$ 102,819 | \$ 8,653 | \$ 15,529 |
| Receivables: | | | | | |
| Member Contributions | — | 161 | — | — | — |
| Employer Contributions | 7,443 | 997 | — | — | — |
| Court Fees and Fire Insurance Premiums | — | — | — | — | — |
| Investments | 8,758 | 1,264 | 80,688 | 10,178 | — |
| Total Receivables | 16,201 | 2,422 | 80,688 | 10,178 | 0 |
| Investments: | | | | | |
| Debt Securities | 112,702 | 16,273 | 2,078,796 | 225,692 | 159,195 |
| Equity Investments | 332,021 | 47,940 | 4,263,400 | 493,218 | 253,759 |
| Absolute Return | 125,463 | 18,115 | — | — | — |
| Private Equity | 96,097 | 13,875 | — | — | — |
| Real Assets | 110,870 | 16,008 | 217,837 | 22,306 | 14,750 |
| Invested Securities Lending Collateral | 24,215 | 3,496 | — | — | — |
| Total Investments | 801,368 | 115,707 | 6,560,033 | 741,216 | 427,704 |
| Capital Assets: | | | | | |
| Land | 31 | 4 | — | — | — |
| Buildings and Improvements | 443 | 63 | — | — | — |
| Machinery and Equipment | 108 | 15 | — | — | — |
| Intangible Assets | 314 | 46 | — | — | — |
| Less Accumulated Depreciation | (650) | (93) | — | — | — |
| Total Capital Assets | 246 | 35 | 0 | 0 | 0 |
| Total Assets | 873,586 | 126,218 | 6,743,540 | 760,047 | 443,233 |
| LIABILITIES | | | | | |
| Accounts Payable | 13,023 | 1,880 | 13,507 | 224 | 132 |
| Securities Lending Liability | 24,215 | 3,496 | — | — | — |
| Disbursements in Excess of Cash Balance | 797 | 115 | 90,884 | 8,603 | 15,486 |
| Leave/Postemployment Benefits | 417 | 61 | — | — | — |
| Insurance Reserves | 106 | 15 | — | — | — |
| Real Estate Liabilities | 2,543 | 367 | — | — | — |
| Total Liabilities | 41,101 | 5,934 | 104,391 | 8,827 | 15,618 |
| NET POSITION | | | | | |
| Restricted for: | | | | | |
| Pension Benefits | 832,485 | 120,284 | — | — | — |
| Other Postemployment Benefits | — | — | — | — | — |
| Other Employee Benefits | — | — | — | — | — |
| Defined Contribution | — | — | 6,639,149 | 751,220 | 427,615 |
| Total Net Position | \$ 832,485 | \$ 120,284 | \$ 6,639,149 | \$ 751,220 | \$ 427,615 |

Continues

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

June 30, 2021

Continued

| | Post-Retirement Benefits Trust | | Other Employee Benefits Trust | | Total Pension and Other Employee Benefits Trust Funds |
|---|-----------------------------------|---------------------|----------------------------------|-----------------|--|
| | State Employee | Elected Official | Other Employee Benefits | Annual Leave | |
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 1,049 | \$ 683 | \$ 783 | \$ 62 | \$ 2,761,436 |
| Receivables: | | | | | |
| Member Contributions | — | — | — | — | 820 |
| Employer Contributions | 1,309 | — | 1,311 | 532 | 62,694 |
| Court Fees and Fire Insurance Premiums | — | — | — | — | 243 |
| Investments | — | — | — | — | 504,159 |
| Total Receivables | 1,309 | 0 | 1,311 | 532 | 567,916 |
| Investments: | | | | | |
| Debt Securities | 290,209 | 8,954 | 69,367 | 12,618 | 8,163,550 |
| Equity Investments | — | 11,364 | — | — | 20,690,813 |
| Absolute Return | — | — | — | — | 5,920,978 |
| Private Equity | — | — | — | — | 4,535,107 |
| Real Assets | 8,429 | 480 | — | — | 5,496,112 |
| Invested Securities Lending Collateral | — | — | — | — | 1,142,783 |
| Total Investments | 298,638 | 20,798 | 69,367 | 12,618 | 45,949,343 |
| Capital Assets: | | | | | |
| Land | — | — | — | — | 1,780 |
| Buildings and Improvements | — | — | — | — | 20,870 |
| Machinery and Equipment | — | — | — | — | 5,093 |
| Intangible Assets | — | — | — | — | 14,810 |
| Less Accumulated Depreciation | — | — | — | — | (30,960) |
| Total Capital Assets | 0 | 0 | 0 | 0 | 11,593 |
| Total Assets | 300,996 | 21,481 | 71,461 | 13,212 | 49,290,288 |
| LIABILITIES | | | | | |
| Accounts Payable | — | — | — | — | 626,806 |
| Securities Lending Liability | — | — | — | — | 1,142,783 |
| Disbursements in Excess of Cash Balance | — | — | — | — | 154,486 |
| Leave/Postemployment Benefits | 2,658 | — | 486 | 606 | 23,450 |
| Insurance Reserves | — | — | — | — | 5,000 |
| Real Estate Liabilities | — | — | — | — | 120,000 |
| Total Liabilities | 2,658 | 0 | 486 | 606 | 2,072,525 |
| NET POSITION | | | | | |
| Restricted for: | | | | | |
| Pension Benefits | — | — | — | — | 38,996,379 |
| Other Postemployment Benefits | 298,338 | 21,481 | — | — | 319,819 |
| Other Employee Benefits | — | — | 70,975 | 12,606 | 83,581 |
| Defined Contribution | — | — | — | — | 7,817,984 |
| Total Net Position | \$ 298,338 | \$ 21,481 | \$ 70,975 | \$ 12,606 | \$ 47,217,763 |

**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, 2021

| | Pension Trust | | | | | Governors and Legislative Pension Plan |
|--|---|--------------------------------|-------------------------------------|--------------------------------|--------------------------|---|
| | Non- Contributory System | Contributory System | Public Safety System | Firefighters System | Judges System | |
| ADDITIONS | | | | | | |
| Contributions: | | | | | | |
| Member | \$ 16,385 | \$ 1,728 | \$ 557 | \$ 18,729 | \$ — | \$ — |
| Employer | 912,525 | 4,759 | 150,512 | 7,490 | 8,646 | 369 |
| Court Fees and Fire Insurance Premiums | — | — | — | 20,279 | 1,410 | — |
| Total Contributions | <u>928,910</u> | <u>6,487</u> | <u>151,069</u> | <u>46,498</u> | <u>10,056</u> | <u>369</u> |
| Investment Income: | | | | | | |
| Net Increase (Decrease) in Fair Value of Investments | 3,003,831 | 135,147 | 434,881 | 152,177 | 23,980 | 1,222 |
| Interest, Dividends, and Other Investment Income | 484,408 | 21,795 | 70,131 | 24,541 | 3,867 | 197 |
| Total Income From Investment Activity | <u>3,488,239</u> | <u>156,942</u> | <u>505,012</u> | <u>176,718</u> | <u>27,847</u> | <u>1,419</u> |
| Less Investment Expenses | (61,170) | (2,752) | (8,855) | (3,099) | (488) | (25) |
| Net Income from Investment Activity | <u>3,427,069</u> | <u>154,190</u> | <u>496,157</u> | <u>173,619</u> | <u>27,359</u> | <u>1,394</u> |
| Income from Security Lending Activity | 4,481 | 202 | 649 | 227 | 36 | 2 |
| Less Security Lending Expenses | (561) | (25) | (81) | (28) | (4) | — |
| Net Income from Security Lending Activity | <u>3,920</u> | <u>177</u> | <u>568</u> | <u>199</u> | <u>32</u> | <u>2</u> |
| Net Investment Income | <u>3,430,989</u> | <u>154,367</u> | <u>496,725</u> | <u>173,818</u> | <u>27,391</u> | <u>1,396</u> |
| Transfers From Affiliated Systems | — | 4,542 | 7,364 | 2,751 | 2,340 | — |
| Total Additions | <u>4,359,899</u> | <u>165,396</u> | <u>655,158</u> | <u>223,067</u> | <u>39,787</u> | <u>1,765</u> |
| DEDUCTIONS | | | | | | |
| Retirement Benefits | 1,260,170 | 76,228 | 179,491 | 50,671 | 13,174 | 857 |
| Cost of Living Benefits | 228,457 | 13,638 | 35,627 | 12,023 | 2,689 | 166 |
| Supplemental Retirement Benefits | — | 24 | 171 | 148 | — | — |
| Retiree Healthcare Benefits | — | — | — | — | — | — |
| Refunds/Plan Distributions | 2,338 | 1,753 | 96 | 159 | — | 10 |
| Administrative Expenses | 9,805 | 406 | 1,442 | 425 | 84 | 4 |
| Transfers To Affiliated Systems | 16,980 | — | — | — | — | 17 |
| Total Deductions | <u>1,517,750</u> | <u>92,049</u> | <u>216,827</u> | <u>63,426</u> | <u>15,947</u> | <u>1,054</u> |
| Change in Net Position Restricted for: | | | | | | |
| Pension Benefits | 2,842,149 | 73,347 | 438,331 | 159,641 | 23,840 | 711 |
| Other Postemployment Benefits | — | — | — | — | — | — |
| Other Employee Benefits | — | — | — | — | — | — |
| Defined Contribution | — | — | — | — | — | — |
| Net Position – Beginning | <u>27,635,923</u> | <u>1,262,292</u> | <u>3,984,186</u> | <u>1,391,553</u> | <u>220,293</u> | <u>11,344</u> |
| Net Position – Ending | <u>\$ 30,478,072</u> | <u>\$ 1,335,639</u> | <u>\$ 4,422,517</u> | <u>\$ 1,551,194</u> | <u>\$ 244,133</u> | <u>\$ 12,055</u> |

Continues

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, 2021

Continued

| | Pension Trust | | Defined Contribution Plans | | |
|---|--|--|-----------------------------------|------------------------|----------------------|
| | Tier 2 Public Employees | Tier 2 Public Safety and Firefighters | 401(k) Plan | 457(b) Plan | IRA Plans |
| ADDITIONS | | | | | |
| Contributions: | | | | | |
| Member | \$ — | \$ 2,343 | \$ 358,220 | \$ 36,554 | \$ 51,431 |
| Employer | 138,466 | 25,020 | — | — | — |
| Court Fees and Fire Insurance Premiums | — | — | — | — | — |
| Total Contributions | <u>138,466</u> | <u>27,363</u> | <u>358,220</u> | <u>36,554</u> | <u>51,431</u> |
| Investment Income: | | | | | |
| Net Increase (Decrease) in Fair Value of Investments | 73,527 | 10,193 | 870,519 | 101,163 | 54,410 |
| Interest, Dividends, and Other Investment Income | 11,923 | 1,647 | 4,567 | 576 | — |
| Total Income From Investment Activity | <u>85,450</u> | <u>11,840</u> | <u>875,086</u> | <u>101,739</u> | <u>54,410</u> |
| Less Investment Expenses | (1,506) | (208) | (4,320) | (489) | (292) |
| Net Income from Investment Activity | <u>83,944</u> | <u>11,632</u> | <u>870,766</u> | <u>101,250</u> | <u>54,118</u> |
| Income from Security Lending Activity | 110 | 15 | — | — | — |
| Less Security Lending Expenses | (14) | (2) | — | — | — |
| Net Income from Security Lending Activity | <u>96</u> | <u>13</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| Net Investment Income | <u>84,040</u> | <u>11,645</u> | <u>870,766</u> | <u>101,250</u> | <u>54,118</u> |
| Transfers From Affiliated Systems | — | — | — | — | — |
| Total Additions | <u>222,506</u> | <u>39,008</u> | <u>1,228,986</u> | <u>137,804</u> | <u>105,549</u> |
| DEDUCTIONS | | | | | |
| Retirement Benefits | 1,389 | 76 | — | — | — |
| Cost of Living Benefits | 8 | — | — | — | — |
| Supplemental Retirement Benefits | — | — | — | — | — |
| Retiree Healthcare Benefits | — | — | — | — | — |
| Refunds/Plan Distributions | — | — | 305,565 | 31,259 | 22,227 |
| Administrative Expenses | 207 | 29 | 7,112 | 778 | 472 |
| Transfers To Affiliated Systems | — | — | — | — | — |
| Total Deductions | <u>1,604</u> | <u>105</u> | <u>312,677</u> | <u>32,037</u> | <u>22,699</u> |
| Change in Net Position Restricted for: | | | | | |
| Pension Benefits | 220,902 | 38,903 | — | — | — |
| Other Postemployment Benefits | — | — | — | — | — |
| Other Employee Benefits | — | — | — | — | — |
| Defined Contribution | — | — | 916,309 | 105,767 | 82,850 |
| Net Position – Beginning | 611,583 | 81,381 | 5,722,840 | 645,453 | 344,765 |
| Net Position – Ending | <u>\$ 832,485</u> | <u>\$ 120,284</u> | <u>\$ 6,639,149</u> | <u>\$ 751,220</u> | <u>\$ 427,615</u> |

Continues

**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, 2021

Continued

| | Post-Retirement Benefits Trust | | Other Employee Benefits Trust | | Total Pensions and Other Employee Benefit Trust Funds |
|---|-----------------------------------|---------------------|----------------------------------|-----------------|--|
| | State Employee | Elected Official | Other Employee Benefits | Annual Leave | |
| ADDITIONS | | | | | |
| Contributions: | | | | | |
| Member | \$ — | \$ — | \$ — | \$ — | \$ 485,947 |
| Employer | 27,028 | 1,249 | 28,090 | 11,191 | 1,315,345 |
| Court Fees and Fire Insurance Premiums | — | — | — | — | 21,689 |
| Total Contributions | 27,028 | 1,249 | 28,090 | 11,191 | 1,822,981 |
| Investment Income: | | | | | |
| Net Increase (Decrease) in Fair Value of Investments | 1,583 | 3,364 | 192 | — | 4,866,189 |
| Interest, Dividends, and Other Investment Income | 6,437 | 157 | 277 | 60 | 630,583 |
| Total Income From Investment Activity | 8,020 | 3,521 | 469 | 60 | 5,496,772 |
| Less Investment Expenses | — | — | — | — | (83,204) |
| Net Income from Investment Activity | 8,020 | 3,521 | 469 | 60 | 5,413,568 |
| Income from Security Lending Activity | — | — | — | — | 5,722 |
| Less Security Lending Expenses | — | — | — | — | (715) |
| Net Income from Security Lending Activity | 0 | 0 | 0 | 0 | 5,007 |
| Net Investment Income | 8,020 | 3,521 | 469 | 60 | 5,418,575 |
| Transfers From Affiliated Systems | — | — | — | — | 16,997 |
| Total Additions | 35,048 | 4,770 | 28,559 | 11,251 | 7,258,553 |
| DEDUCTIONS | | | | | |
| Retirement Benefits | — | — | — | — | 1,582,056 |
| Cost of Living Benefits | — | — | — | — | 292,608 |
| Supplemental Retirement Benefits | — | — | — | — | 343 |
| Retiree Healthcare Benefits | 31,259 | 721 | — | — | 31,980 |
| Refunds/Plan Distributions | — | — | 12,521 | 10,123 | 386,051 |
| Administrative Expenses | — | — | — | — | 20,764 |
| Transfers To Affiliated Systems | — | — | — | — | 16,997 |
| Total Deductions | 31,259 | 721 | 12,521 | 10,123 | 2,330,799 |
| Change in Net Position Restricted for: | | | | | |
| Pension Benefits | — | — | — | — | 3,797,824 |
| Other Postemployment Benefits | 3,789 | 4,049 | — | — | 7,838 |
| Other Employee Benefits | — | — | 16,038 | 1,128 | 17,166 |
| Defined Contribution | — | — | — | — | 1,104,926 |
| Net Position – Beginning | 294,549 | 17,432 | 54,937 | 11,478 | 42,290,009 |
| Net Position – Ending | \$ 298,338 | \$ 21,481 | \$ 70,975 | \$ 12,606 | \$ 47,217,763 |

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

June 30, 2021

| | Utah Navajo Trust | Utah Educational Savings Plan Trust | Local Public Safety and Firefighter Surviving Spouse Trust | Total Private Purpose Trust Funds |
|---|-------------------------|--|---|---|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 215 | \$ 1,495 | \$ 117 | \$ 1,827 |
| Receivables: | | | | |
| Loans | 36 | — | — | 36 |
| Due From Other Funds | 549 | — | — | 549 |
| Investments: | | | | |
| Debt Securities | 69,879 | 3,972,456 | 2,105 | 4,044,440 |
| Equity Investments | 9,448 | 16,214,422 | — | 16,223,870 |
| Total Investments | <u>79,327</u> | <u>20,186,878</u> | <u>2,105</u> | <u>20,268,310</u> |
| Other Assets | 169 | — | — | 169 |
| Net Pension Asset | — | 376 | — | 376 |
| Capital Assets: | | | | |
| Land | 687 | — | — | 687 |
| Infrastructure | 236 | — | — | 236 |
| Buildings and Improvements | 10,715 | — | — | 10,715 |
| Machinery and Equipment | 343 | 2,427 | — | 2,770 |
| Intangible Assets | 11 | — | — | 11 |
| Less Accumulated Depreciation | (5,698) | (1,918) | — | (7,616) |
| Total Capital Assets | <u>6,294</u> | <u>509</u> | <u>0</u> | <u>6,803</u> |
| Total Assets | <u>86,590</u> | <u>20,189,258</u> | <u>2,222</u> | <u>20,278,070</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred Outflows Relating to Pensions | 0 | 257 | 0 | 257 |
| LIABILITIES | | | | |
| Accounts Payable | 113 | 1,540 | 31 | 1,684 |
| Due To Other Funds | 173 | — | — | 173 |
| Total Liabilities | <u>286</u> | <u>1,540</u> | <u>31</u> | <u>1,857</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflows Relating to Pensions | 0 | 551 | 0 | 551 |
| NET POSITION | | | | |
| Restricted for: | | | | |
| Individuals, Organizations, and Other Governments | 86,304 | 20,187,424 | 2,191 | 20,275,919 |
| Total Net Position | <u>\$ 86,304</u> | <u>\$ 20,187,424</u> | <u>\$ 2,191</u> | <u>\$ 20,275,919</u> |

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

For the Fiscal Year Ended June 30, 2021

| | Utah Navajo Trust | Utah Educational Savings Plan Trust | Local Public Safety and Firefighter Surviving Spouse Trust | Total Private Purpose Trust Funds |
|--|------------------------------|--|---|--|
| ADDITIONS | | | | |
| Contributions: | | | | |
| Member | \$ — | \$ 1,571,335 | \$ 789 | \$ 1,572,124 |
| Total Contributions | 0 | 1,571,335 | 789 | 1,572,124 |
| Investment Income: | | | | |
| Net Increase (Decrease) in Fair Value of Investments | 2,189 | 3,673,851 | — | 3,676,040 |
| Interest, Dividends, and Other Investment Income | 1,397 | 302,009 | 8 | 303,414 |
| Total Income From Investment Activity | 3,586 | 3,975,860 | 8 | 3,979,454 |
| Other Additions: | | | | |
| Royalties and Rents | 2,201 | — | — | 2,201 |
| Fees, Assessments, and Revenues | 641 | — | — | 641 |
| Court Settlement/Miscellaneous | 11 | — | — | 11 |
| Total Other | 2,853 | 0 | 0 | 2,853 |
| Total Additions | 6,439 | 5,547,195 | 797 | 5,554,431 |
| DEDUCTIONS | | | | |
| Trust Operating Expenses | 2,224 | — | — | 2,224 |
| Distributions and Benefit Payments | 383 | 789,170 | 173 | 789,726 |
| Administrative and General Expenses | 1,392 | 13,273 | 15 | 14,680 |
| Total Deductions | 3,999 | 802,443 | 188 | 806,630 |
| Change in Net Position Restricted for: | | | | |
| Individuals, Organizations, and Other Governments | 2,440 | 4,744,752 | 609 | 4,747,801 |
| Net Position – Beginning as Adjusted | 83,864 | 15,442,672 | 1,582 | 15,528,118 |
| Net Position – Ending | \$ 86,304 | \$ 20,187,424 | \$ 2,191 | \$ 20,275,919 |

**Combining Statement of Fiduciary Net Position
Custodial Funds**
(expressed in thousands)

June 30, 2021

| | External Investment Pool | Unclaimed Property | County and Local Collections | State Courts | Miscellaneous | Total Custodial Funds |
|--|---|-------------------------------|---|-------------------------|----------------------|--------------------------------------|
| ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ 1,306,228 | \$ — | \$ 207,374 | \$ 18,124 | \$ 9,769 | \$ 1,541,495 |
| Receivables: | | | | | | |
| Accounts | — | — | 760 | — | 20,633 | 21,393 |
| Due From Other Funds | — | — | — | 52 | 731 | 783 |
| Investments: | | | | | | |
| Debt Securities | 11,779,680 | 122,881 | 268 | — | 7,991 | 11,910,820 |
| Total Investments | 11,779,680 | 122,881 | 268 | 0 | 7,991 | 11,910,820 |
| Other Assets | — | 30,309 | — | 24,664 | — | 54,973 |
| Total Assets | <u>13,085,908</u> | <u>153,190</u> | <u>208,402</u> | <u>42,840</u> | <u>39,124</u> | <u>13,529,464</u> |
| LIABILITIES | | | | | | |
| Accounts Payable | — | 191 | — | 167 | 1,394 | 1,752 |
| Due To Other Funds | — | 1 | — | — | — | 1 |
| Due To Other Governments | — | — | 208,399 | — | 1,295 | 209,694 |
| Unearned Revenue | — | — | 3 | — | 383 | 386 |
| Total Liabilities | <u>0</u> | <u>192</u> | <u>208,402</u> | <u>167</u> | <u>3,072</u> | <u>211,833</u> |
| NET POSITION | | | | | | |
| Restricted for: | | | | | | |
| Pool Participants | 13,085,908 | — | — | — | — | 13,085,908 |
| Individuals, Organizations, and Other Governments | — | 152,998 | — | 42,673 | 36,052 | 231,723 |
| Total Net Position | <u>\$ 13,085,908</u> | <u>\$ 152,998</u> | <u>\$ 0</u> | <u>\$ 42,673</u> | <u>\$ 36,052</u> | <u>\$ 13,317,631</u> |
| Participant Account Balance: | | | | | | |
| Net Position Valuation Factor | <u>1.00335237</u> | | | | | |

State of Utah

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

For the Fiscal Year Ended June 30, 2021

| | External Investment Pool | Unclaimed Property | County and Local Collections | State Courts | Miscellaneous | Total Custodial Funds |
|---|--------------------------------|-----------------------|------------------------------------|------------------|------------------|-----------------------------|
| ADDITIONS | | | | | | |
| Contributions: | | | | | | |
| Member | \$ — | \$ — | \$ — | \$ — | \$ 27,729 | \$ 27,729 |
| Total Contributions | 0 | 0 | 0 | 0 | 27,729 | 27,729 |
| Pool Participant Deposits | 13,615,438 | — | — | — | — | 13,615,438 |
| Investment Income: | | | | | | |
| Net Increase (Decrease) in Fair Value of Investments | 16,941 | 148 | — | — | — | 17,089 |
| Interest, Dividends, and Other Investment Income | 61,100 | 622 | 2 | — | 43 | 61,767 |
| Total Income From Investment Activity | 78,041 | 770 | 2 | 0 | 43 | 78,856 |
| Less Investment Expenses | (629) | — | — | — | — | (629) |
| Net Income from Investment Activity | 77,412 | 770 | 2 | 0 | 43 | 78,227 |
| Other Additions: | | | | | | |
| Escheats | — | 70,765 | — | — | — | 70,765 |
| Fees, Assessments, and Revenues | — | — | — | 31,844 | 9,391 | 41,235 |
| Collections for Individuals and Other Organizations | — | — | — | — | 252,204 | 252,204 |
| Tax and Fee Collections for Other Governments | — | — | 2,208,298 | — | 11,135 | 2,219,433 |
| Federal Grants | — | — | 129,543 | — | 6,711 | 136,254 |
| Total Other | 0 | 70,765 | 2,337,841 | 31,844 | 279,441 | 2,719,891 |
| Total Additions | 13,692,850 | 71,535 | 2,337,843 | 31,844 | 307,213 | 16,441,285 |
| DEDUCTIONS | | | | | | |
| Member Distributions | — | — | — | — | 25,263 | 25,263 |
| Earnings Distributions | 60,471 | — | — | — | — | 60,471 |
| Pool Participant Withdrawals | 11,541,833 | — | — | — | — | 11,541,833 |
| Trust Operating Expenses | — | — | — | — | 664 | 664 |
| Distributions and Benefit Payments | — | 33,686 | — | — | — | 33,686 |
| Administrative and General Expenses | — | 3,490 | — | — | — | 3,490 |
| Distributions to Individuals and Other Organizations | — | — | — | 34,117 | 257,776 | 291,893 |
| Payment of Taxes and Fees to Other Governments | — | — | 2,208,300 | — | 11,135 | 2,219,435 |
| Pass Through of Federal Grants | — | — | 129,543 | — | 6,711 | 136,254 |
| Total Deductions | 11,602,304 | 37,176 | 2,337,843 | 34,117 | 301,549 | 14,312,989 |
| Change in Net Position Restricted for: | | | | | | |
| Pool Participants | 2,090,546 | — | — | — | — | 2,090,546 |
| Individuals, Organizations, and Other Governments | — | 34,359 | — | (2,273) | 5,664 | 37,750 |
| Net Position – Beginning | 10,995,362 | 118,639 | — | 44,946 | 30,388 | 11,189,335 |
| Net Position – Ending | <u>\$13,085,908</u> | <u>\$ 152,998</u> | <u>\$ 0</u> | <u>\$ 42,673</u> | <u>\$ 36,052</u> | <u>\$ 13,317,631</u> |

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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 through admissions, rentals, donations, and state appropriations.

Point of the Mountain Development Authority

This Authority is an independent, nonprofit corporation whose purpose is to facilitate the disposition of land, nearly 700 acres, where the Utah State Prison now stands and oversee the process of developing the current site once the prison has been relocated. Operations are funded through 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 | Technical Colleges

Combining Statement of Net Position

Nonmajor Component Units

(expressed in thousands)

June 30, 2021

| | Utah Communications Authority | Utah Schools for the Deaf and the Blind | Military Installation Development Authority | Heber Valley Historic Railroad Authority | Utah State Fair Corporation |
|--|-------------------------------------|---|--|---|-----------------------------------|
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 2,445 | \$ 7,368 | \$ 5,042 | \$ 480 | \$ 3,418 |
| Investments | 57,744 | — | — | — | — |
| Receivables: | | | | | |
| Accounts, net | 5,492 | 667 | 552 | 19 | 90 |
| Notes/Loans/Mortgages/Pledges, net | — | — | — | — | — |
| Accrued Interest | — | — | — | — | — |
| Due From Primary Government | — | 316 | — | 213 | — |
| Prepaid Items | 81 | 27 | — | — | 81 |
| Inventories | 169 | — | — | 8 | — |
| Other Assets | — | — | — | — | — |
| Total Current Assets | 65,931 | 8,378 | 5,594 | 720 | 3,589 |
| Noncurrent Assets: | | | | | |
| Restricted Investments | — | — | 168,301 | — | — |
| Accounts Receivables, net | — | — | 20,299 | — | — |
| Investments | — | — | — | — | — |
| Notes/Loans/Mortgages/Pledges Receivables, net | — | — | — | — | — |
| Other Assets | 87 | 279 | — | — | — |
| Capital Assets (net of Accumulated Depreciation) | 20,522 | 39,086 | 63,389 | 7,066 | 1,382 |
| Total Noncurrent Assets | 20,609 | 39,365 | 251,989 | 7,066 | 1,382 |
| Total Assets | 86,540 | 47,743 | 257,583 | 7,786 | 4,971 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred Amount on Refundings of Bonded Debt | — | — | — | — | — |
| Deferred Outflows Relating to Pensions | 554 | 2,602 | 91 | 132 | 166 |
| Deferred Outflows Relating to Other Postemployment Benefit | — | 220 | — | — | — |
| Total Deferred Outflows of Resources | 554 | 2,822 | 91 | 132 | 166 |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable and Accrued Liabilities | 547 | 2,053 | 1,820 | 281 | 314 |
| Deposits | — | — | — | — | — |
| Due To Primary Government | — | 507 | — | — | — |
| Unearned Revenue | 15 | — | 12,218 | — | 109 |
| Current Portion of Long-term Liabilities | 335 | — | 331 | 463 | 7 |
| Total Current Liabilities | 897 | 2,560 | 14,369 | 744 | 430 |
| Noncurrent Liabilities: | | | | | |
| Accounts Payable and Accrued Liabilities | — | — | — | — | 8 |
| Unearned Revenue | — | — | — | — | — |
| Net Pension Liability | 1,687 | 2,332 | 84 | 215 | 358 |
| Long-term Liabilities | 717 | — | 185,146 | 2,490 | 399 |
| Total Noncurrent Liabilities | 2,404 | 2,332 | 185,230 | 2,705 | 765 |
| Total Liabilities | 3,301 | 4,892 | 199,599 | 3,449 | 1,195 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Inflows Relating to Beneficial Interests | — | — | — | — | — |
| Deferred Amount on Refundings of Bonded Debt | — | — | — | — | — |
| Deferred Inflows Relating to Pensions | 655 | 6,308 | 73 | 71 | 139 |
| Deferred Inflows Relating to Other Postemployment Benefit | — | 647 | — | — | — |
| Total Deferred Inflows of Resources | 655 | 6,955 | 73 | 71 | 139 |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | 20,308 | 39,086 | 14,166 | 4,129 | 1,382 |
| Restricted for: | | | | | |
| Nonexpendable: | | | | | |
| Higher Education | — | — | — | — | — |
| Expendable: | | | | | |
| Higher Education | — | — | — | — | — |
| Other | 39,650 | — | 40,637 | — | 36 |
| Unrestricted (Deficit) | 23,180 | (368) | 3,199 | 269 | 2,385 |
| Total Net Position | \$ 83,138 | \$ 38,718 | \$ 58,002 | \$ 4,398 | \$ 3,803 |

Continues

Combining Statement of Net Position
Nonmajor Component Units - continued

(expressed in thousands)

June 30, 2021

| | Point of the Mountain Development Authority | Utah Inland Port Authority | Weber State University | Southern Utah University | Salt Lake Community College |
|--|--|-------------------------------------|------------------------------|--------------------------------|-----------------------------------|
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 4,974 | \$ 19,512 | \$ 102,855 | \$ 33,514 | \$ 137,957 |
| Investments | — | — | 15,083 | 12,930 | 43,013 |
| Receivables: | | | | | |
| Accounts, net | — | — | 19,316 | 8,258 | 8,039 |
| Notes/Loans/Mortgages/Pledges, net | — | — | 3,962 | 341 | 466 |
| Accrued Interest | — | — | 118 | — | — |
| Due From Primary Government | — | — | — | — | — |
| Prepaid Items | — | — | 1,953 | 5,063 | 3,672 |
| Inventories | — | — | 2,880 | 867 | 382 |
| Other Assets | — | — | 449 | — | 47 |
| Total Current Assets | <u>4,974</u> | <u>19,512</u> | <u>146,616</u> | <u>60,973</u> | <u>193,576</u> |
| Noncurrent Assets: | | | | | |
| Restricted Investments | — | — | 21,781 | 1,315 | 2,359 |
| Accounts Receivables, net | — | — | 3,842 | — | 34 |
| Investments | — | — | 216,267 | 77,256 | 19,765 |
| Notes/Loans/Mortgages/Pledges Receivables, net | — | — | 6,417 | 10,927 | 609 |
| Other Assets | — | — | 17,564 | 1,203 | 8,904 |
| Capital Assets (net of Accumulated Depreciation) | — | 9 | 405,254 | 162,699 | 268,376 |
| Total Noncurrent Assets | <u>0</u> | <u>9</u> | <u>671,125</u> | <u>253,400</u> | <u>300,047</u> |
| Total Assets | <u>4,974</u> | <u>19,521</u> | <u>817,741</u> | <u>314,373</u> | <u>493,623</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred Amount on Refundings of Bonded Debt | — | — | 715 | — | — |
| Deferred Outflows Relating to Pensions | — | — | 4,606 | 3,308 | 5,266 |
| Deferred Outflows Relating to Other Postemployment Benefit | — | — | — | — | — |
| Total Deferred Outflows of Resources | <u>0</u> | <u>0</u> | <u>5,321</u> | <u>3,308</u> | <u>5,266</u> |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable and Accrued Liabilities | 168 | 160 | 5,273 | 4,837 | 9,898 |
| Deposits | — | — | — | 1,895 | 82 |
| Due To Primary Government | — | 5 | 642 | 13 | 300 |
| Unearned Revenue | — | — | 9,635 | 11,485 | 9,088 |
| Current Portion of Long-term Liabilities | — | — | 6,391 | 10,433 | 10,228 |
| Total Current Liabilities | <u>168</u> | <u>165</u> | <u>21,941</u> | <u>28,663</u> | <u>29,596</u> |
| Noncurrent Liabilities: | | | | | |
| Accounts Payable and Accrued Liabilities | — | — | — | — | — |
| Unearned Revenue | — | — | — | — | — |
| Net Pension Liability | — | — | 30 | 5,809 | 39 |
| Long-term Liabilities | — | — | 51,098 | 17,400 | 12,883 |
| Total Noncurrent Liabilities | <u>0</u> | <u>0</u> | <u>51,128</u> | <u>23,209</u> | <u>12,922</u> |
| Total Liabilities | <u>168</u> | <u>165</u> | <u>73,069</u> | <u>51,872</u> | <u>42,518</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Inflows Relating to Beneficial Interests | — | — | 9,879 | 477 | — |
| Deferred Amount on Refundings of Bonded Debt | — | — | — | — | — |
| Deferred Inflows Relating to Pensions | — | — | 9,850 | 6,179 | 10,984 |
| Deferred Inflows Relating to Other Postemployment Benefit | — | — | — | — | — |
| Total Deferred Inflows of Resources | <u>0</u> | <u>0</u> | <u>19,729</u> | <u>6,656</u> | <u>10,984</u> |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | — | — | 364,126 | 142,785 | 258,791 |
| Restricted for: | | | | | |
| Nonexpendable: | | | | | |
| Higher Education | — | — | 141,612 | 33,391 | 9,294 |
| Expendable: | | | | | |
| Higher Education | — | — | 79,082 | 33,865 | 18,049 |
| Other | — | — | — | — | — |
| Unrestricted (Deficit) | 4,806 | 19,356 | 145,444 | 49,112 | 159,253 |
| Total Net Position | <u>\$ 4,806</u> | <u>\$ 19,356</u> | <u>\$ 730,264</u> | <u>\$ 259,153</u> | <u>\$ 445,387</u> |

Continues

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

June 30, 2021

| | Utah Valley University | Dixie State University | Snow College | Technical Colleges | Total Nonmajor Component Units |
|--|------------------------------|------------------------------|-------------------|-----------------------|---|
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and Cash Equivalents | \$ 122,504 | \$ 33,085 | \$ 11,949 | \$ 41,109 | \$ 526,212 |
| Investments | 21,208 | 808 | 452 | 2,051 | 153,289 |
| Receivables: | | | | | |
| Accounts, net | 39,391 | 5,970 | 1,486 | 5,424 | 94,704 |
| Notes/Loans/Mortgages/Pledges, net | 3,755 | — | — | 29 | 8,553 |
| Accrued Interest | — | — | — | — | 118 |
| Due From Primary Government | — | — | — | — | 529 |
| Prepaid Items | 5,944 | 2,028 | 200 | 290 | 19,339 |
| Inventories | 1,329 | 601 | 247 | 2,093 | 8,576 |
| Other Assets | — | — | — | — | 496 |
| Total Current Assets | <u>194,131</u> | <u>42,492</u> | <u>14,334</u> | <u>50,996</u> | <u>811,816</u> |
| Noncurrent Assets: | | | | | |
| Restricted Investments | 57,340 | 17,089 | 533 | 3,241 | 271,959 |
| Accounts Receivables, net | 1,636 | 1,709 | — | — | 27,520 |
| Investments | 100,479 | 41,778 | 15,299 | 836 | 471,680 |
| Notes/Loans/Mortgages/Pledges Receivables, net | 30,043 | — | 37 | — | 48,033 |
| Other Assets | 13,573 | 2,626 | 2,036 | 1,045 | 47,317 |
| Capital Assets (net of Accumulated Depreciation) | 506,161 | 265,124 | 112,717 | 300,424 | 2,152,209 |
| Total Noncurrent Assets | <u>709,232</u> | <u>328,326</u> | <u>130,622</u> | <u>305,546</u> | <u>3,018,718</u> |
| Total Assets | <u>903,363</u> | <u>370,818</u> | <u>144,956</u> | <u>356,542</u> | <u>3,830,534</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred Amount on Refundings of Bonded Debt | — | — | 306 | — | 1,021 |
| Deferred Outflows Relating to Pensions | 6,596 | 1,857 | 1,414 | 4,404 | 30,996 |
| Deferred Outflows Relating to Other Postemployment Benefit | — | — | — | — | 220 |
| Total Deferred Outflows of Resources | <u>6,596</u> | <u>1,857</u> | <u>1,720</u> | <u>4,404</u> | <u>32,237</u> |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable and Accrued Liabilities | 24,036 | 4,546 | 1,375 | 5,423 | 60,731 |
| Deposits | 727 | 805 | 493 | 8 | 4,010 |
| Due To Primary Government | — | 5,243 | — | 688 | 7,398 |
| Unearned Revenue | 10,094 | 3,336 | 18 | 3,558 | 59,556 |
| Current Portion of Long-term Liabilities | 14,142 | 5,500 | 1,507 | 3,229 | 52,566 |
| Total Current Liabilities | <u>48,999</u> | <u>19,430</u> | <u>3,393</u> | <u>12,906</u> | <u>184,261</u> |
| Noncurrent Liabilities: | | | | | |
| Accounts Payable and Accrued Liabilities | — | — | — | — | 8 |
| Unearned Revenue | 373 | — | — | — | 373 |
| Net Pension Liability | 49 | 180 | 43 | 13,456 | 24,282 |
| Long-term Liabilities | 78,042 | 98,893 | 13,560 | 24,501 | 485,129 |
| Total Noncurrent Liabilities | <u>78,464</u> | <u>99,073</u> | <u>13,603</u> | <u>37,957</u> | <u>509,792</u> |
| Total Liabilities | <u>127,463</u> | <u>118,503</u> | <u>16,996</u> | <u>50,863</u> | <u>694,053</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Inflows Relating to Beneficial Interests | 1,912 | 626 | 1,362 | — | 14,256 |
| Deferred Amount on Refundings of Bonded Debt | 318 | — | — | — | 318 |
| Deferred Inflows Relating to Pensions | 13,940 | 3,601 | 2,839 | 6,370 | 61,009 |
| Deferred Inflows Relating to Other Postemployment Benefit | — | — | — | — | 647 |
| Total Deferred Inflows of Resources | <u>16,170</u> | <u>4,227</u> | <u>4,201</u> | <u>6,370</u> | <u>76,230</u> |
| NET POSITION | | | | | |
| Net Investment in Capital Assets | 441,338 | 181,216 | 98,643 | 277,428 | 1,843,398 |
| Restricted for: | | | | | |
| Nonexpendable: | | | | | |
| Higher Education | 52,129 | 22,726 | 7,024 | 1,524 | 267,700 |
| Expendable: | | | | | |
| Higher Education | 84,294 | 19,632 | 4,085 | 4,522 | 243,529 |
| Other | — | — | 4,147 | 1,189 | 85,659 |
| Unrestricted (Deficit) | 188,565 | 26,371 | 11,580 | 19,050 | 652,202 |
| Total Net Position | <u>\$ 766,326</u> | <u>\$ 249,945</u> | <u>\$ 125,479</u> | <u>\$ 303,713</u> | <u>\$ 3,092,488</u> |

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

For the Fiscal Year Ended June 30, 2021

| | Utah Communications Authority | Utah Schools for the Deaf and the Blind | Military Installation Development Authority | Heber Valley Historic Railroad Authority | Utah State Fair Corporation |
|--|--|--|--|---|--|
| Expenses | \$ 14,361 | \$ 43,484 | \$ 3,696 | \$ 3,830 | \$ 3,365 |
| Program Revenues: | | | | | |
| Charges for Services: | | | | | |
| Tuition and Fees | — | — | — | — | — |
| Scholarship Allowances | — | — | — | — | — |
| Sales, Services, and Other Revenues | 320 | 9,354 | 13,496 | 4,593 | 2,714 |
| Operating Grants and Contributions | 1,257 | 1,669 | 183 | 2 | — |
| Capital Grants and Contributions | — | — | 20,000 | — | — |
| Total Program Revenues | <u>1,577</u> | <u>11,023</u> | <u>33,679</u> | <u>4,595</u> | <u>2,714</u> |
| Net (Expenses) Revenues | <u>(12,784)</u> | <u>(32,461)</u> | <u>29,983</u> | <u>765</u> | <u>(651)</u> |
| General Revenues: | | | | | |
| State Appropriations | 31,464 | 35,205 | — | — | — |
| Gain (Loss) on Sale of Capital Assets | — | 40 | — | — | 32 |
| Miscellaneous | — | — | 1,211 | 574 | 232 |
| Permanent Endowments Contributions | — | — | — | — | — |
| Total General Revenues and Contributions | <u>31,464</u> | <u>35,245</u> | <u>1,211</u> | <u>574</u> | <u>264</u> |
| Change in Net Position | 18,680 | 2,784 | 31,194 | 1,339 | (387) |
| Net Position – Beginning | 64,458 | 35,934 | 26,808 | 3,059 | 4,190 |
| Adjustment to Beginning Net Position | — | — | — | — | — |
| Net Position – Beginning as Adjusted | <u>64,458</u> | <u>35,934</u> | <u>26,808</u> | <u>3,059</u> | <u>4,190</u> |
| Net Position – Ending | <u>\$ 83,138</u> | <u>\$ 38,718</u> | <u>\$ 58,002</u> | <u>\$ 4,398</u> | <u>\$ 3,803</u> |

Continues

State of Utah

Combining Statement of Activities Nonmajor Component Units - continued

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

| | Point of the Mountain Development Authority | Utah Inland Port Authority | Weber State University | Southern Utah University | Salt Lake Community College |
|--|--|-------------------------------------|------------------------------|--------------------------------|-----------------------------------|
| Expenses | \$ 2,162 | \$ 4,078 | \$ 273,427 | \$ 180,856 | \$ 230,652 |
| Program Revenues: | | | | | |
| Charges for Services: | | | | | |
| Tuition and Fees | — | — | 124,969 | 117,130 | 77,315 |
| Scholarship Allowances | — | — | (40,628) | (40,972) | (25,473) |
| Sales, Services, and Other Revenues | — | — | 19,018 | 15,125 | 16,256 |
| Operating Grants and Contributions | — | — | 138,036 | 60,359 | 81,696 |
| Capital Grants and Contributions | — | 12,500 | 10,542 | 3,664 | 5,051 |
| Total Program Revenues | 0 | 12,500 | 251,937 | 155,306 | 154,845 |
| Net (Expenses) Revenues | (2,162) | 8,422 | (21,490) | (25,550) | (75,807) |
| General Revenues: | | | | | |
| State Appropriations | 6,585 | 3,350 | 101,291 | 52,558 | 111,183 |
| Gain (Loss) on Sale of Capital Assets | — | — | — | — | — |
| Miscellaneous | 6 | 6,959 | 457 | — | — |
| Permanent Endowments Contributions | — | — | 3,873 | 662 | 780 |
| Total General Revenues and Contributions | 6,591 | 10,309 | 105,621 | 53,220 | 111,963 |
| Change in Net Position | 4,429 | 18,731 | 84,131 | 27,670 | 36,156 |
| Net Position – Beginning | 377 | 625 | 646,133 | 231,483 | 408,793 |
| Adjustment to Beginning Net Position | — | — | — | — | 438 |
| Net Position – Beginning as Adjusted | 377 | 625 | 646,133 | 231,483 | 409,231 |
| Net Position – Ending | \$ 4,806 | \$ 19,356 | \$ 730,264 | \$ 259,153 | \$ 445,387 |

Continues

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

For the Fiscal Year Ended June 30, 2021

| | Utah Valley University | Dixie State University | Snow College | Technical Colleges | Total Nonmajor Component Units |
|--|---------------------------------------|---------------------------------------|-------------------------|-------------------------------|---|
| Expenses | \$ 406,202 | \$ 146,304 | \$ 55,954 | \$ 139,358 | \$ 1,507,729 |
| Program Revenues: | | | | | |
| Charges for Services: | | | | | |
| Tuition and Fees | 204,543 | 67,859 | 16,414 | 15,019 | 623,249 |
| Scholarship Allowances | (55,306) | (22,377) | (6,797) | (3,209) | (194,762) |
| Sales, Services, and Other Revenues | 17,355 | 10,987 | 4,664 | 10,482 | 124,364 |
| Operating Grants and Contributions | 170,619 | 57,753 | 1,052 | 22,855 | 535,481 |
| Capital Grants and Contributions | 14,254 | 5,130 | 4,548 | 71,830 | 147,519 |
| Total Program Revenues | 351,465 | 119,352 | 19,881 | 116,977 | 1,235,851 |
| Net (Expenses) Revenues | (54,737) | (26,952) | (36,073) | (22,381) | (271,878) |
| General Revenues: | | | | | |
| State Appropriations | 146,897 | 47,678 | 30,756 | 96,532 | 663,499 |
| Gain (Loss) on Sale of Capital Assets | — | — | — | 71 | 143 |
| Miscellaneous | — | 1,786 | — | 121 | 11,346 |
| Permanent Endowments Contributions | — | 239 | 514 | — | 6,068 |
| Total General Revenues and Contributions | 146,897 | 49,703 | 31,270 | 96,724 | 681,056 |
| Change in Net Position | 92,160 | 22,751 | (4,803) | 74,343 | 409,178 |
| Net Position – Beginning | 674,166 | 227,362 | 130,282 | 229,370 | 2,683,040 |
| Adjustment to Beginning Net Position | — | (168) | — | — | 270 |
| Net Position – Beginning as Adjusted | 674,166 | 227,194 | 130,282 | 229,370 | 2,683,310 |
| Net Position – Ending | \$ 766,326 | \$ 249,945 | \$ 125,479 | \$ 303,713 | \$ 3,092,488 |

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STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

STATISTICAL SECTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Dana Johnson

Long shadows near the Utah Arizona border.

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State of Utah

STATISTICAL SECTION

Fiscal Year Ended June 30, 2021

This section of the State of Utah's Annual Comprehensive 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 | 218 |
| Schedule A-2 Changes in Net Position | 220 |
| Schedule A-3 Fund Balances – Governmental Funds | 224 |
| Schedule A-4 Changes in Fund Balances – Governmental Funds | 226 |

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 | 228 |
| Schedule B-2 Revenue Payers by Industry – Taxable Sales, Services and Use Tax Purchases | 230 |
| Schedule B-3 Revenue Payers – Personal Income Tax | 230 |
| Schedule B-4 Personal Income Tax Rates | 231 |

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 | 232 |
| Schedule C-2 Long-term Debt and Other Long-Term Liabilities | 234 |
| Schedule C-3 Legal Debt Margin | 236 |
| Schedule C-4 Statutory Debt Limit | 236 |
| Schedule C-5 Pledged Revenue Bond Coverage | 238 |

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 | 240 |
| Schedule D-2 Principal Employers | 241 |
| Schedule D-3 Composition of Labor Force | 242 |
| Schedule D-4 Public Education Student Enrollment (K-12) | 244 |
| Schedule D-5 Public Higher Education Enrollment | 244 |

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 | 246 |
| Schedule E-2 Operating Indicators by Function | 248 |
| Schedule E-3 Capital Asset Statistics by Function | 250 |

Other Information

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

| | |
|--|-----|
| Schedule F-1 Expenditures – Historical and Constant Dollars | 252 |
| Schedule F-2 Per Capita Expenditures – Historical and Constant Dollars | 253 |

Sources: Unless otherwise noted, the information in the following schedules is derived from the State of Utah's Annual Comprehensive Financial Report.

Schedule A-1
Net Position by Component*
 Last Ten Fiscal Years
(expressed in thousands)

| | Fiscal Year | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Governmental Activities | | | | | |
| Net Investment in Capital Assets | \$18,939,682 | \$18,041,509 | \$17,147,477 | \$16,827,887 | \$16,370,572 |
| Restricted ¹ | 7,020,889 | 5,579,823 | 4,953,627 | 4,693,165 | 4,251,152 |
| Unrestricted ² | 2,946,200 | 1,550,994 | 1,847,710 | 1,249,827 | 819,880 |
| Total Governmental Activities Net Position | <u>28,906,771</u> | <u>25,172,326</u> | <u>23,948,814</u> | <u>22,770,879</u> | <u>21,441,604</u> |
| Business-type Activities | | | | | |
| Net Investment in Capital Assets | 44,002 | 41,047 | 32,972 | 29,237 | 19,440 |
| Restricted ³ | 1,904,934 | 2,092,141 | 2,286,785 | 2,221,712 | 2,110,776 |
| Unrestricted ⁴ | 1,465,626 | 1,334,431 | 1,319,130 | 1,287,673 | 1,228,915 |
| Total Business-type Activities Net Position | <u>3,414,562</u> | <u>3,467,619</u> | <u>3,638,887</u> | <u>3,538,622</u> | <u>3,359,131</u> |
| Primary Government | | | | | |
| Net Investment in Capital Assets | 18,983,684 | 18,082,556 | 17,180,449 | 16,857,124 | 16,390,012 |
| Restricted | 8,925,823 | 7,671,964 | 7,240,412 | 6,914,877 | 6,361,928 |
| Unrestricted | 4,411,826 | 2,885,425 | 3,166,840 | 2,537,500 | 2,048,795 |
| Total Primary Government Net Position | <u>\$32,321,333</u> | <u>\$28,639,945</u> | <u>\$27,587,701</u> | <u>\$26,309,501</u> | <u>\$24,800,735</u> |

Continues

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

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

¹ In fiscal years 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. In fiscal year 2020 and 2021, restricted net position increased primarily due to overall higher individual income taxes and revenues generated from land use and gains on sale of trust lands.

² In fiscal year 2014, governmental activities' unrestricted net position increased due to an increase in carry-forward balances. In fiscal year 2015, unrestricted net position decreased due to the implementation of Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions* that required the measurement and recognition of the State's net pension liability. In fiscal year 2017, unrestricted net position decreased primarily due to a decrease in amounts unspent and carried forward in the General Fund and for transportation and capital projects. In fiscal years 2018 to 2019, unrestricted net position increased due to an increase in amounts unspent and carried forward in the General Fund and for transportation and capital related projects. In fiscal year 2020, unrestricted net position decreased due to an increase in expenditures that utilized unrestricted net position for transportation projects and capital projects. In fiscal year 2021, unrestricted net position in governmental activities increased primarily due to an increase in the amount unspent and carried forward in the General Fund.

³ From fiscal year 2011 to 2019, restricted net position has continued to steadily increase due to unemployment revenues exceeding related claims. In fiscal year 2020 and 2021, restricted net position decreased due to reduced contributions to unemployment compensation and with a large increases in benefit claims as a result of economic conditions previously triggered by the COVID-19 pandemic, as well as reductions in the Student Assistance Programs.

⁴ 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 2021, business-type activities' unrestricted net position increased primarily due to the State providing additional capital to the loan funds from dedicated sales tax revenues. Fiscal year 2021 also experienced an increase due to a revenue bond defeasement by the Student Loan Programs.

Schedule A-1
Net Position by Component* - continued
 Last Ten Fiscal Years
(expressed in thousands)

| | Fiscal Year | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Governmental Activities | | | | | |
| Net Investment in Capital Assets | \$15,478,397 | \$14,789,631 | \$14,025,472 | \$13,481,005 | \$12,773,959 |
| Restricted ¹ | 3,864,294 | 3,877,468 | 3,600,039 | 3,120,501 | 2,601,082 |
| Unrestricted ² | 1,011,204 | 888,526 | 1,496,537 | 1,305,793 | 1,083,417 |
| Total Governmental Activities Net Position | <u>20,353,895</u> | <u>19,555,625</u> | <u>19,122,048</u> | <u>17,907,299</u> | <u>16,458,458</u> |
| Business-type Activities | | | | | |
| Net Investment in Capital Assets | 20,384 | 16,740 | 14,198 | 14,012 | 13,293 |
| Restricted ³ | 2,065,552 | 1,975,859 | 1,734,512 | 1,616,819 | 1,463,006 |
| Unrestricted ⁴ | 1,169,162 | 1,157,416 | 1,231,623 | 1,094,041 | 1,053,270 |
| Total Business-type Activities Net Position | <u>3,255,098</u> | <u>3,150,015</u> | <u>2,980,333</u> | <u>2,724,872</u> | <u>2,529,569</u> |
| Primary Government | | | | | |
| Net Investment in Capital Assets | 15,498,781 | 14,806,371 | 14,039,670 | 13,495,017 | 12,787,252 |
| Restricted | 5,929,846 | 5,853,327 | 5,334,551 | 4,737,320 | 4,064,088 |
| Unrestricted | 2,180,366 | 2,045,942 | 2,728,160 | 2,399,834 | 2,136,687 |
| Total Primary Government Net Position | <u>\$23,608,993</u> | <u>\$22,705,640</u> | <u>\$22,102,381</u> | <u>\$20,632,171</u> | <u>\$18,988,027</u> |

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

| | Fiscal Year | | | | |
|--|--------------|-------------|-------------|-------------|-------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| GOVERNMENTAL ACTIVITIES | | | | | |
| Expenses | | | | | |
| General Government | \$ 1,284,195 | \$ 682,799 | \$ 576,183 | \$ 503,430 | \$ 476,428 |
| Human Services and Juvenile Justice Services | 995,914 | 987,683 | 932,553 | 854,614 | 818,058 |
| Corrections | 313,584 | 339,380 | 340,123 | 314,701 | 297,587 |
| Public Safety | 361,004 | 314,582 | 363,510 | 307,121 | 266,032 |
| Courts | 153,986 | 172,154 | 165,833 | 162,049 | 150,066 |
| Health and Environmental Quality ¹ | 4,007,254 | 3,410,176 | 2,979,063 | 2,807,215 | 2,719,553 |
| Higher Education | 1,561,004 | 1,312,020 | 1,339,338 | 1,318,207 | 1,104,855 |
| Employment and Family Services | 1,063,022 | 781,075 | 769,277 | 753,205 | 760,777 |
| Natural Resources | 264,901 | 279,871 | 264,093 | 238,545 | 225,176 |
| Heritage and Arts ² | 67,086 | 42,670 | 31,928 | 30,279 | 28,874 |
| Business, Labor, and Agriculture | 147,102 | 133,129 | 122,449 | 116,964 | 106,523 |
| Public Education ³ | 4,827,043 | 4,422,984 | 4,141,443 | 3,981,186 | 3,748,684 |
| Transportation ⁴ | 1,368,487 | 1,583,608 | 1,288,760 | 970,442 | 888,854 |
| Interest and Other Charges on Long-Term Debt | 74,879 | 78,745 | 83,657 | 85,141 | 84,820 |
| Total Expenses | 16,489,461 | 14,540,876 | 13,398,210 | 12,443,099 | 11,676,287 |
| Program Revenues | | | | | |
| Charges for Services: | | | | | |
| General Government | 550,574 | 204,787 | 208,338 | 216,929 | 182,026 |
| Human Services and Juvenile Justice Services | 17,188 | 21,000 | 10,843 | 11,399 | 12,674 |
| Corrections | 3,573 | 2,229 | 1,960 | 3,199 | 4,824 |
| Public Safety | 60,804 | 81,252 | 78,901 | 73,939 | 59,581 |
| Courts | 52,195 | 49,817 | 54,481 | 52,563 | 51,645 |
| Health and Environmental Quality ⁵ | 479,732 | 487,658 | 391,072 | 337,171 | 315,962 |
| Higher Education | — | — | 500 | — | — |
| Employment and Family Services | 18,957 | 7,838 | 9,153 | 9,639 | 8,911 |
| Natural Resources | 136,753 | 134,642 | 107,817 | 105,790 | 101,933 |
| Heritage and Arts | 1,667 | 3,024 | 3,325 | 3,041 | 3,961 |
| Business, Labor, and Agriculture | 132,149 | 129,467 | 119,166 | 104,113 | 94,305 |
| Public Education | 55,036 | 61,914 | 75,944 | 79,337 | 191,968 |
| Transportation | 277,205 | 259,022 | 222,588 | 214,221 | 206,963 |
| Operating Grants and Contributions ⁶ | 6,993,130 | 4,595,460 | 4,162,578 | 4,057,460 | 3,994,614 |
| Capital Grants and Contributions | 154,058 | 180,207 | 155,265 | 164,278 | 132,708 |
| Total Program Revenues | 8,933,021 | 6,218,317 | 5,601,931 | 5,433,079 | 5,362,075 |
| Net Program (Expense) - Governmental Activities | (7,556,440) | (8,322,559) | (7,796,279) | (7,010,020) | (6,314,212) |
| General Revenues and Other Changes in Net Position | | | | | |
| Taxes: | | | | | |
| Sales Tax and Use Tax ⁷ | 3,567,337 | 3,070,713 | 2,804,457 | 2,648,552 | 2,402,809 |
| Individual Income Tax Imposed for Education ⁷ | 5,652,907 | 4,779,868 | 4,346,855 | 4,072,919 | 3,646,721 |
| Corporate Tax Imposed for Education ⁷ | 688,583 | 406,423 | 529,279 | 422,980 | 327,266 |
| Motor and Special Fuel Taxes Imposed for Transportation | 561,443 | 498,400 | 521,012 | 500,080 | 483,922 |
| Other Taxes | 439,990 | 425,507 | 398,486 | 398,940 | 355,075 |
| Investment Income | 26,247 | 44,541 | 60,503 | 34,424 | 22,058 |
| Gain on Sale of Capital Assets | 79,625 | 58,651 | 65,471 | 40,871 | 54,012 |
| Miscellaneous | 137,346 | 110,835 | 104,415 | 139,753 | 106,723 |
| Special Item: | | | | | |
| Comprehensive Health Insurance Pool Transfer | — | — | — | — | — |
| Transfers—Internal Activities | 151,676 | 151,133 | 143,736 | 96,245 | 135,338 |
| Prior Period Adjustments and Restatements | — | — | — | (15,469) | 1,207 |
| Total General Revenues and Other Changes in Net Position | 11,305,154 | 9,546,071 | 8,974,214 | 8,339,295 | 7,535,131 |
| Change in Net Position — Governmental Activities — Increase (Decrease) | 3,748,714 | 1,223,512 | 1,177,935 | 1,329,275 | 1,220,919 |

Continues

Schedule A-2
Changes in Net Position* - continued

Last Ten Fiscal Years
(expressed in thousands)

| | Fiscal Year | | | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| GOVERNMENTAL ACTIVITIES | | | | | |
| Expenses | | | | | |
| General Government | \$ 457,564 | \$ 442,340 | \$ 417,067 | \$ 406,065 | \$ 420,612 |
| Human Services and Juvenile Justice Services | 765,027 | 718,731 | 690,117 | 671,831 | 646,565 |
| Corrections | 282,538 | 273,695 | 268,346 | 255,679 | 249,569 |
| Public Safety | 245,598 | 231,250 | 243,783 | 254,503 | 241,101 |
| Courts | 142,913 | 129,951 | 128,877 | 124,660 | 123,405 |
| Health and Environmental Quality ¹ | 2,600,928 | 2,503,794 | 2,410,760 | 2,259,695 | 2,145,929 |
| Higher Education | 1,137,364 | 1,004,382 | 908,795 | 884,775 | 1,115,301 |
| Employment and Family Services | 710,018 | 724,477 | 693,789 | 786,221 | 712,388 |
| Natural Resources | 198,190 | 194,026 | 189,641 | 178,670 | 157,145 |
| Heritage and Arts ² | 27,048 | 23,207 | 22,447 | 21,147 | 154,759 |
| Business, Labor, and Agriculture | 112,809 | 100,566 | 105,987 | 99,655 | 100,385 |
| Public Education ³ | 3,554,337 | 3,338,653 | 3,202,327 | 3,096,089 | 3,000,117 |
| Transportation ⁴ | 825,923 | 797,392 | 847,752 | 836,488 | 738,877 |
| Interest and Other Charges on Long-Term Debt | 93,598 | 98,442 | 110,034 | 112,994 | 121,192 |
| Total Expenses | <u>11,153,855</u> | <u>10,580,906</u> | <u>10,239,722</u> | <u>9,988,472</u> | <u>9,927,345</u> |
| Program Revenues | | | | | |
| Charges for Services: | | | | | |
| General Government | 166,386 | 181,907 | 148,213 | 182,731 | 178,354 |
| Human Services and Juvenile Justice Services | 10,725 | 11,744 | 12,529 | 18,204 | 11,905 |
| Corrections | 3,836 | 5,106 | 5,463 | 4,743 | 4,715 |
| Public Safety | 61,395 | 60,528 | 63,831 | 61,543 | 57,257 |
| Courts | 51,868 | 54,615 | 52,390 | 53,900 | 56,148 |
| Health and Environmental Quality ⁵ | 325,024 | 313,376 | 289,198 | 268,753 | 230,318 |
| Higher Education | — | — | — | — | 194 |
| Employment and Family Services | 8,082 | 7,440 | 12,659 | 16,602 | 11,802 |
| Natural Resources | 90,561 | 88,304 | 91,967 | 85,685 | 79,577 |
| Heritage and Arts | 3,443 | 2,524 | 2,696 | 2,316 | 3,148 |
| Business, Labor, and Agriculture | 94,924 | 89,722 | 89,426 | 86,962 | 83,758 |
| Public Education | 89,269 | 75,123 | 110,564 | 82,676 | 80,425 |
| Transportation | 207,554 | 243,301 | 253,094 | 249,288 | 339,488 |
| Operating Grants and Contributions ⁶ | 3,632,735 | 3,717,276 | 3,954,581 | 3,802,274 | 3,704,709 |
| Capital Grants and Contributions | 87,942 | 114,490 | 100,481 | 114,156 | 157,564 |
| Total Program Revenues | <u>4,833,744</u> | <u>4,965,456</u> | <u>5,187,092</u> | <u>5,029,833</u> | <u>4,999,362</u> |
| Net Program (Expense) - Governmental Activities | <u>(6,320,111)</u> | <u>(5,615,450)</u> | <u>(5,052,630)</u> | <u>(4,958,639)</u> | <u>(4,927,983)</u> |
| General Revenues and Other Changes in Net Position | | | | | |
| Taxes: | | | | | |
| Sales Tax and Use Tax ⁷ | 2,300,368 | 2,206,633 | 2,121,518 | 2,090,841 | 1,931,045 |
| Individual Income Tax Imposed for Education ⁷ | 3,435,425 | 3,280,568 | 2,918,991 | 2,969,128 | 2,525,082 |
| Corporate Tax Imposed for Education ⁷ | 354,979 | 369,747 | 321,424 | 331,080 | 284,666 |
| Motor and Special Fuel Taxes Imposed for Transportation | 425,366 | 370,974 | 359,822 | 351,553 | 351,346 |
| Other Taxes | 354,800 | 386,228 | 431,901 | 399,788 | 415,190 |
| Investment Income | 9,365 | 7,804 | 8,829 | 6,726 | 8,464 |
| Gain on Sale of Capital Assets | 27,048 | 28,131 | 20,012 | 30,580 | 17,294 |
| Miscellaneous | 82,882 | 94,616 | 40,577 | 46,884 | 58,851 |
| Special Item: | | | | | |
| Comprehensive Health Insurance Pool Transfer | — | 16,288 | — | — | — |
| Transfers—Internal Activities | 128,148 | 109,028 | 44,305 | 76,231 | 43,091 |
| Prior Period Adjustments and Restatements | — | 1,940 | — | 104,669 | — |
| Total General Revenues and Other Changes in Net Position | <u>7,118,381</u> | <u>6,871,957</u> | <u>6,267,379</u> | <u>6,407,480</u> | <u>5,635,029</u> |
| Change in Net Position — Governmental Activities — Increase (Decrease) | <u>798,270</u> | <u>1,256,507</u> | <u>1,214,749</u> | <u>1,448,841</u> | <u>707,046</u> |

Continues

Schedule A-2
Changes in Net Position* - continued

Last Ten Fiscal Years
(expressed in thousands)

| | Fiscal Year | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Expenses | | | | | |
| Student Assistance Programs | \$ 77,918 | \$ 107,416 | \$ 114,087 | \$ 120,169 | \$ 136,037 |
| Unemployment Compensation ⁸ | 1,115,481 | 1,152,794 | 152,359 | 156,121 | 175,354 |
| Water Loan Programs | 15,463 | 12,266 | 13,744 | 12,613 | 15,998 |
| Community and Economic Loan Programs | 18,556 | 5,361 | 2,402 | 4,991 | 9,074 |
| Liquor Retail Sales | 340,951 | 327,070 | 311,261 | 292,936 | 277,965 |
| Other Business-type Activities | 46,597 | 43,694 | 45,344 | 45,065 | 45,612 |
| Total Expenses | <u>1,614,966</u> | <u>1,648,601</u> | <u>639,197</u> | <u>631,895</u> | <u>660,040</u> |
| Program Revenues | | | | | |
| Charges for Services: | | | | | |
| Student Assistance Programs | 62,288 | 87,691 | 97,239 | 101,350 | 108,057 |
| Unemployment Compensation | 214,488 | 181,404 | 169,468 | 187,754 | 210,907 |
| Water Loan Programs | 1,927 | 3,322 | 729 | 234 | 746 |
| Community and Economic Loan Programs | 2,999 | 2,759 | 3,159 | 3,137 | 3,393 |
| Liquor Retail Sales | 466,012 | 449,760 | 430,829 | 407,694 | 384,009 |
| Other Business-type Activities | 51,494 | 47,928 | 45,891 | 43,991 | 47,994 |
| Operating Grants and Contributions ^{9, 10} | 783,845 | 755,894 | 33,575 | 44,392 | 39,053 |
| Total Program Revenues | <u>1,583,053</u> | <u>1,528,758</u> | <u>780,890</u> | <u>788,552</u> | <u>794,159</u> |
| Net Program Revenue (Expense) — Business-type Activities | <u>(31,913)</u> | <u>(119,843)</u> | <u>141,693</u> | <u>156,657</u> | <u>134,119</u> |
| General Revenues and Other Changes in Net Position | | | | | |
| Taxes: | | | | | |
| Sales Tax and Use Tax | 48,927 | 36,607 | 34,278 | 59,864 | 57,528 |
| Investment Income ¹⁰ | 50,781 | 62,620 | 68,162 | 56,561 | 49,349 |
| Gain on Sale of Capital Assets | — | — | (132) | — | 529 |
| Miscellaneous | — | 482 | — | 2,654 | — |
| Transfers—Internal Activities | (151,676) | (151,133) | (143,736) | (96,245) | (135,338) |
| Capital Contributions | — | — | — | — | 37 |
| Prior Period Adjustments and Restatements | — | — | — | — | — |
| Total General Revenues and Other Changes in Net Position | <u>(51,968)</u> | <u>(51,424)</u> | <u>(41,428)</u> | <u>22,834</u> | <u>(27,895)</u> |
| Change in Net Position — Business-type Activities — Increase (Decrease) | <u>(83,881)</u> | <u>(171,267)</u> | <u>100,265</u> | <u>179,491</u> | <u>106,224</u> |
| Total Primary Government Change in Net Position | <u>\$ 3,664,833</u> | <u>\$ 1,052,245</u> | <u>\$ 1,278,200</u> | <u>\$ 1,508,766</u> | <u>\$ 1,327,143</u> |

Continues

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

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

¹ Health and Environmental Quality expenditures have increased over the last ten fiscal years due to rising Medicaid program costs and COVID-19 Pandemic costs beginning at the end fiscal year 2020.

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

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

⁴ In fiscal year 2021, Transportation expenses decreased primarily due to an decrease in the amount spent for capital outlay.

⁵ In fiscal years 2020 and 2021, Health and Environmental Quality revenues have increased from 2019 due to an increase in Medicaid drug rebates and new litigation proceeds.

⁶ In fiscal years 2020 and 2021, Operating Grants and Contributions increased due to an increase in federal funding provided to Medicaid programs and economic relief due to the COVID-19 pandemic.

⁷ In fiscal years 2012 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. In fiscal year 2020, corporate tax revenues decreased following the temporary surge caused by repatriated foreign corporate earnings in the prior year. In fiscal year 2021, corporate tax revenue increased due to State income taxes being postponed 3 months in fiscal year 2020, affecting the timing of cash deposits.

Schedule A-2
Changes in Net Position* - continued

Last Ten Fiscal Years
(expressed in thousands)

| | Fiscal Year | | | | |
|---|-------------------|---------------------|---------------------|---------------------|-------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| BUSINESS-TYPE ACTIVITIES | | | | | |
| Expenses | | | | | |
| Student Assistance Programs | \$ 154,247 | \$ 111,437 | \$ 79,963 | \$ 99,379 | \$ 111,662 |
| Unemployment Compensation ⁸ | 182,516 | 177,105 | 233,403 | 307,444 | 436,880 |
| Water Loan Programs | 14,913 | 18,276 | 13,778 | 12,828 | 19,045 |
| Community and Economic Loan Programs | 5,253 | 2,967 | 8,603 | 2,420 | 2,604 |
| Liquor Retail Sales | 260,755 | 242,933 | 225,948 | 213,395 | 201,976 |
| Other Business-type Activities | 37,849 | 36,720 | 54,983 | 75,361 | 47,341 |
| Total Expenses | <u>655,533</u> | <u>589,438</u> | <u>616,678</u> | <u>710,827</u> | <u>819,508</u> |
| Program Revenues | | | | | |
| Charges for Services: | | | | | |
| Student Assistance Programs | 123,218 | 88,188 | 59,784 | 63,727 | 66,312 |
| Unemployment Compensation | 240,709 | 295,851 | 357,059 | 384,114 | 380,533 |
| Water Loan Programs | 902 | 406 | 12,329 | 13,464 | 13,710 |
| Community and Economic Loan Programs | 3,208 | 5,562 | 10,051 | 11,152 | 11,843 |
| Liquor Retail Sales | 364,482 | 338,039 | 313,444 | 293,978 | 272,363 |
| Other Business-type Activities | 34,968 | 38,892 | 40,832 | 39,010 | 33,555 |
| Operating Grants and Contributions ^{9, 10} | 46,118 | 48,482 | 75,568 | 168,514 | 262,035 |
| Total Program Revenues | <u>813,605</u> | <u>815,420</u> | <u>869,067</u> | <u>973,959</u> | <u>1,040,351</u> |
| Net Program Revenue (Expense) — Business-type Activities | 158,072 | 225,982 | 252,389 | 263,132 | 220,843 |
| General Revenues and Other Changes in Net Position | | | | | |
| Taxes: | | | | | |
| Sales Tax and Use Tax | 29,841 | 28,384 | 27,304 | 25,891 | 24,264 |
| Investment Income ¹⁰ | 45,318 | 41,421 | 20,073 | 16,636 | 14,727 |
| Gain on Sale of Capital Assets | — | — | — | — | — |
| Miscellaneous | — | — | — | 425 | 3,547 |
| Transfers—Internal Activities | (128,148) | (109,028) | (44,305) | (76,231) | (43,091) |
| Capital Contributions | — | — | — | — | — |
| Prior Period Adjustments and Restatements | — | (367) | — | (34,550) | — |
| Total General Revenues and Other Changes in Net Position | <u>(52,989)</u> | <u>(39,590)</u> | <u>3,072</u> | <u>(67,829)</u> | <u>(553)</u> |
| Change in Net Position — Business-type Activities — Increase (Decrease) | 105,083 | 186,392 | 255,461 | 195,303 | 220,290 |
| Total Primary Government Change in Net Position | <u>\$ 903,353</u> | <u>\$ 1,442,899</u> | <u>\$ 1,470,210</u> | <u>\$ 1,644,144</u> | <u>\$ 927,336</u> |

⁸ In fiscal years 2012 to 2015, Unemployment Compensation expenses decreased reflecting Utah's improving economy and employment. In fiscal years 2020 and 2021, significantly more claims paid as a result of COVID-19 pandemic, and the additional benefit provided by the federal government.

⁹ In fiscal years 2020 and 2021, significant increases to Operating Grants and Contributions are due to increased federal grants as a result of the COVID-19 pandemic, and the increased demand for unemployment compensation benefits.

¹⁰ 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 | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| General Fund | | | | | |
| Nonspendable: | | | | | |
| Long-term Portion of Interfund Loans Receivable | \$ 6,272 | \$ 9,388 | \$ 12,063 | \$ 14,950 | \$ 18,927 |
| Prepaid Items ¹ | 209,933 | 183,074 | 7,625 | 2,463 | 14,475 |
| Inventories ¹ | 43,823 | 27,564 | 421 | 721 | 687 |
| Restricted ² | 85,032 | 69,366 | 43,241 | 38,978 | 33,516 |
| Committed ³ | 1,181,796 | 855,925 | 835,171 | 675,228 | 559,791 |
| Assigned ⁴ | 607,794 | 294,255 | 339,999 | 314,910 | 194,174 |
| Unassigned | 109,774 | 14,456 | — | 7,966 | 9,585 |
| Total General Fund | <u>2,244,424</u> | <u>1,454,028</u> | <u>1,238,520</u> | <u>1,055,216</u> | <u>831,155</u> |
| All Other Governmental Funds | | | | | |
| Nonspendable: | | | | | |
| Prepaid Items | \$ 569 | \$ 528 | \$ 437 | \$ 874 | \$ — |
| Inventories | 13,058 | 13,093 | 12,769 | 12,959 | 13,905 |
| Permanent Fund Principal ⁵ | 1,932,765 | 1,841,255 | 1,785,184 | 1,707,449 | 2,504,560 |
| Restricted ⁶ | 4,624,040 | 4,045,256 | 2,733,925 | 2,731,594 | 1,308,585 |
| Committed ⁷ | 1,255,703 | 874,589 | 999,561 | 876,576 | 686,583 |
| Assigned ⁸ | 301,469 | 205,129 | 546,447 | 235,974 | 305,065 |
| Total All Other Governmental Funds | <u>8,127,604</u> | <u>6,979,850</u> | <u>6,078,323</u> | <u>5,565,426</u> | <u>4,818,698</u> |
| Total Fund Balances — Governmental Funds | <u>\$10,372,028</u> | <u>\$ 8,433,878</u> | <u>\$ 7,316,843</u> | <u>\$ 6,620,642</u> | <u>\$ 5,649,853</u> |

Continues

*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.

¹ Nonspendable fund balance within the General Fund as to prepaid items varies from year to year due to 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. In fiscal year 2020 and 2021, prepaid items increased due to timing of Medicaid payments to Accountable Care Organizations and special relief funding for eligible expenditures distributed to state and local governments in response to the COVID-19 pandemic. Inventories increased due to the acquisition of personal protective equipment in response to the pandemic.

² In fiscal year 2020, restricted fund balance within the General Fund increased as a result of loans provided to small businesses impacted by the economic recession caused by the COVID-19 pandemic, and fewer expenditures than revenues in the mineral lease account due to declining production and pricing. In fiscal year 2021, restricted fund balance within the General Fund increased as a result of an increase in revenues set aside for specific purposes due to constraints that are imposed externally or by law.

³ In fiscal year 2018, 2019, and 2021, the committed fund balance within the General Fund increased due to an increase in monies set aside for specific purposes.

⁴ In fiscal year 2018, the assigned fund balance increased due to an increase in the amount set aside for next year's budget. In fiscal year 2020, the assigned fund balance decreased due to an increase in inventory and prepaid items classified as nonspendable. Items classified as nonspendable reduce the assigned fund balance. In fiscal year 2021, the assigned fund balance increased due to increase in future year general fund appropriations.

⁵ 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.

⁶ 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 5 above. 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. In fiscal year 2020, the increase is primarily due to unspent bond proceeds in the Capital Projects and Transportation Investment Funds. The Education Fund restricted balance contributed the balance of the increase due to unspent restricted resources as a result of growth in individual income tax. In fiscal year 2021, the growth in Education Fund restricted balance was due to an increase in individual income tax.

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

| | Fiscal Year | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| General Fund | | | | | |
| Nonspendable: | | | | | |
| Long-term Portion of Interfund Loans Receivable | \$ 26,747 | \$ 26,996 | \$ 38,832 | \$ 44,360 | \$ 13,537 |
| Prepaid Items ¹ | 106,745 | 96,939 | 73,033 | 67,790 | 23,450 |
| Inventories ¹ | 434 | 662 | 926 | 800 | 662 |
| Restricted ² | 38,124 | 34,278 | 40,898 | 41,931 | 39,745 |
| Committed ³ | 546,782 | 496,758 | 507,380 | 496,795 | 489,487 |
| Assigned ⁴ | 132,126 | 255,841 | 197,842 | 224,452 | 159,082 |
| Unassigned | 7,196 | — | 7,224 | — | 11,342 |
| Total General Fund | <u>858,154</u> | <u>911,474</u> | <u>866,135</u> | <u>876,128</u> | <u>737,305</u> |
| All Other Governmental Funds | | | | | |
| Nonspendable: | | | | | |
| Prepaid Items | \$ — | \$ — | \$ — | \$ — | \$ — |
| Inventories | 13,990 | 13,605 | 14,018 | 11,980 | 11,583 |
| Permanent Fund Principal ⁵ | 2,267,538 | 2,244,902 | 2,089,334 | 1,690,261 | 1,436,623 |
| Restricted ⁶ | 1,189,881 | 1,188,672 | 1,160,581 | 1,094,754 | 1,089,030 |
| Committed ⁷ | 758,530 | 843,483 | 865,786 | 698,264 | 631,983 |
| Assigned ⁸ | 347,321 | 163,194 | 128,631 | 63,586 | 112,015 |
| Total All Other Governmental Funds | <u>4,577,260</u> | <u>4,453,856</u> | <u>4,258,350</u> | <u>3,558,845</u> | <u>3,281,234</u> |
| Total Fund Balances — Governmental Funds | <u>\$ 5,435,414</u> | <u>\$ 5,365,330</u> | <u>\$ 5,124,485</u> | <u>\$ 4,434,973</u> | <u>\$ 4,018,539</u> |

⁷ 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 increased due to growth in sales and use tax revenue allocated for transportation projects. In fiscal year 2019, the committed fund balance 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. In fiscal year 2020, the decrease is due to an increase in expenditures that utilized dedicated sales and use tax revenue. In fiscal year 2021, the increase is attributed to growth in sales and use tax revenue for transportation due to improved economic conditions and improved investment performance in the state endowment fund.

⁸ The assigned fund balance within other governmental funds varies from year to year due to changes in funding provided for capital projects.

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

| | Fiscal Year | | | | |
|--|---------------------|---------------------|-------------------|-------------------|-------------------|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| Revenues | | | | | |
| Sales and Use Tax ¹ | \$ 3,569,706 | \$ 3,068,002 | \$ 2,805,618 | \$ 2,646,996 | \$ 2,403,347 |
| Individual Income Tax ¹ | 5,451,297 | 4,758,082 | 4,336,437 | 4,033,320 | 3,646,112 |
| Corporate Tax ¹ | 687,791 | 405,632 | 534,977 | 423,019 | 325,701 |
| Motor and Special Fuels Tax ² | 560,763 | 498,402 | 521,199 | 500,049 | 484,677 |
| Other Taxes ³ | 439,311 | 425,482 | 398,684 | 399,286 | 354,863 |
| Federal Contracts and Grants ⁴ | 6,223,486 | 4,648,234 | 3,973,026 | 3,893,654 | 3,828,715 |
| Charges for Services/Royalties | 1,112,837 | 859,452 | 780,790 | 740,282 | 667,665 |
| Licenses, Permits, and Fees | 237,702 | 225,258 | 219,972 | 211,045 | 203,830 |
| Federal Mineral Lease ⁵ | 49,039 | 58,606 | 77,607 | 76,693 | 73,787 |
| Intergovernmental | — | 8,057 | 16,029 | 11,801 | 19,273 |
| Investment Income ⁶ | 756,946 | (13,567) | 218,077 | 198,082 | 266,775 |
| Miscellaneous and Other ⁷ | 646,815 | 560,138 | 433,733 | 448,431 | 394,167 |
| Total Revenues | 19,735,693 | 15,501,778 | 14,316,149 | 13,582,658 | 12,668,912 |
| Expenditures | | | | | |
| General Government ⁸ | 1,204,986 | 608,657 | 492,800 | 460,569 | 409,626 |
| Human Services and Juvenile Justice Services | 1,023,128 | 984,607 | 919,227 | 858,099 | 804,283 |
| Corrections | 341,174 | 337,885 | 328,586 | 317,425 | 305,438 |
| Public Safety | 363,518 | 341,668 | 340,210 | 294,693 | 253,976 |
| Courts | 162,466 | 165,465 | 165,369 | 170,233 | 152,262 |
| Health and Environmental Quality ⁹ | 4,048,719 | 3,427,211 | 2,997,039 | 2,823,947 | 2,733,374 |
| Higher Education—State Administration ¹⁰ | 182,070 | 125,335 | 96,323 | 78,773 | 73,641 |
| Higher Education—Colleges and Universities | 1,271,944 | 1,109,447 | 1,102,310 | 1,018,286 | 981,938 |
| Employment and Family Services | 1,067,848 | 778,046 | 755,613 | 749,620 | 754,530 |
| Natural Resources ¹¹ | 274,500 | 272,994 | 251,545 | 231,665 | 225,387 |
| Heritage and Arts ¹² | 67,719 | 41,864 | 31,981 | 30,965 | 29,335 |
| Business, Labor, and Agriculture | 149,968 | 132,022 | 119,491 | 119,158 | 107,800 |
| Public Education ¹³ | 4,829,615 | 4,409,279 | 4,140,263 | 3,983,098 | 3,732,813 |
| Transportation ¹⁴ | 1,206,786 | 1,166,194 | 996,728 | 1,024,576 | 975,662 |
| Capital Outlay ¹⁵ | 1,394,526 | 1,286,659 | 847,541 | 778,543 | 668,768 |
| Debt Service — Principal Retirement | 320,546 | 281,801 | 260,949 | 288,051 | 342,622 |
| Debt Service — Interest and Other Charges | 119,504 | 190,114 | 103,417 | 103,866 | 105,023 |
| Total Expenditures | 18,029,017 | 15,659,248 | 13,949,392 | 13,331,567 | 12,656,478 |
| Revenues Over (Under) Expenditures | 1,706,676 | (157,470) | 366,757 | 251,091 | 12,434 |
| Other Financing Sources (Uses) | | | | | |
| General Obligation Bonds Issued ¹⁶ | — | 895,745 | 127,715 | 485,225 | — |
| Revenue Bonds Issued | — | — | — | 2,920 | — |
| Refunding Bonds Issued | — | — | — | 144,610 | — |
| Premium on Bonds Issued | — | 173,585 | 23,308 | 71,360 | — |
| Payment to Refunded Bond Escrow Agent | — | — | (27,770) | (118,495) | — |
| Capital Leases/Contracts Issued | — | — | — | 13,705 | — |
| Sale of Capital Assets | 78,690 | 58,756 | 65,331 | 40,277 | 53,025 |
| Transfers In | 3,408,383 | 1,899,963 | 2,581,581 | 1,880,116 | 1,792,074 |
| Transfers Out | (3,259,113) | (1,753,543) | (2,440,721) | (1,784,551) | (1,657,967) |
| Special Item | | | | | |
| Comprehensive Health Insurance Pool Transfer ¹⁷ | — | — | — | — | — |
| Prior Period Adjustments and Restatements | — | — | — | (15,469) | 1,207 |
| Total Other Financing Sources (Uses) | 227,960 | 1,274,506 | 329,444 | 719,698 | 188,339 |
| Net Change in Fund Balances | \$ 1,934,636 | \$ 1,117,036 | \$ 696,201 | \$ 970,789 | \$ 200,773 |
| Debt Service as a Percentage of Noncapital Expenditures | 2.63 % | 3.22 % | 2.74 % | 3.18 % | 3.78 % |

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

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

¹ In fiscal years 2011 to 2019, tax revenues increased due to a rebounding and then prospering economy. In fiscal 2019, an increase in corporate tax revenue was also due to recent federal tax changes, creating a temporary surge as corporations repatriated foreign corporate earnings. In fiscal year 2020, sales and use tax revenue is up due in part to increased consumer spending in response to the COVID-19 pandemic as a result of federal economic stimulus payments made to individuals. The increase in sales and use tax is also the result of new legislation to tax online marketplaces, effective October 2019. Individual income tax increased primarily due to accruals of income after individual income tax payments due were shifted from April 2020 to July 2020. Corporate tax is decreasing due to timing and the residual effect of the temporary surge seen in the prior year. In fiscal year 2021, sales and use tax revenue is up due in part to increased consumer spending in response to the economic growth and recovery from the COVID-19 pandemic.

² In fiscal years 2016 and 2017, motor and special fuels tax increased due in part to a tax increase that became effective in mid-2016, and also as a result of higher fuel consumption. 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. In fiscal year 2020, motor and special fuels tax increased due to a decrease in consumption and effects of the COVID-19 Pandemic. In fiscal year 2021, motor and special fuels tax increased due to increase in fuel rates and taxable gallons sold.

³ In fiscal year 2020 and 2021, other taxes were up due to overall increases in beer, cigarette, tobacco tax, insurance premium tax, mine occupation tax, and other taxes.

⁴ 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 to 2020, the increase was the result of an increase in funding provided for the Medicaid program. The federal CARES Act provided additional funding to the state for relief assistance as a result of the COVID-19 pandemic. Additionally, the Education Fund saw increases due to the Families First Coronavirus Response Act that provided increased funds for nutrition and food distribution. The Transportation fund received additional federal grant money for road and highway construction. In fiscal year 2021, the increase was a result of an increase in federal funding for Medicaid programs and the CARES Act. The state also received federal funding from the American Rescue Plan Act of 2021 and from the Federal Emergency Management Agency.

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

| | Fiscal Year | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Revenues | | | | | |
| Sales and Use Tax ¹ | \$ 2,302,886 | \$ 2,204,389 | \$ 2,121,249 | \$ 2,094,132 | \$ 1,934,035 |
| Individual Income Tax ¹ | 3,393,087 | 3,211,476 | 2,916,015 | 2,865,195 | 2,518,373 |
| Corporate Tax ¹ | 354,615 | 366,543 | 322,748 | 329,726 | 285,541 |
| Motor and Special Fuels Tax ² | 425,343 | 371,412 | 359,176 | 351,197 | 353,299 |
| Other Taxes ³ | 355,229 | 386,066 | 432,178 | 400,111 | 414,744 |
| Federal Contracts and Grants ⁴ | 3,573,699 | 3,478,563 | 3,463,045 | 3,489,515 | 3,561,512 |
| Charges for Services/Royalties | 630,300 | 682,288 | 706,125 | 677,119 | 625,831 |
| Licenses, Permits, and Fees | 199,748 | 194,648 | 188,653 | 185,976 | 183,630 |
| Federal Mineral Lease ⁵ | 69,245 | 138,635 | 158,193 | 138,122 | 183,739 |
| Intergovernmental | 11,264 | 12,620 | 7,211 | 32,704 | 34,407 |
| Investment Income ⁶ | 34,168 | 133,092 | 353,653 | 221,139 | 46,133 |
| Miscellaneous and Other ⁷ | 388,295 | 384,968 | 327,880 | 305,267 | 393,010 |
| Total Revenues | 11,737,879 | 11,564,700 | 11,356,126 | 11,090,203 | 10,534,254 |
| Expenditures | | | | | |
| General Government ⁸ | 412,204 | 386,059 | 374,134 | 362,845 | 356,752 |
| Human Services and Juvenile Justice Services | 766,186 | 723,663 | 692,277 | 669,091 | 645,418 |
| Corrections | 290,217 | 272,053 | 266,246 | 251,118 | 245,829 |
| Public Safety | 263,417 | 266,586 | 271,716 | 255,727 | 239,453 |
| Courts | 146,510 | 137,901 | 132,886 | 129,693 | 127,066 |
| Health and Environmental Quality ⁹ | 2,622,797 | 2,517,513 | 2,434,410 | 2,252,166 | 2,141,835 |
| Higher Education—State Administration ¹⁰ | 79,567 | 56,935 | 48,920 | 51,901 | 49,359 |
| Higher Education—Colleges and Universities | 915,432 | 875,610 | 781,998 | 735,438 | 721,074 |
| Employment and Family Services | 708,184 | 730,972 | 703,441 | 781,178 | 706,181 |
| Natural Resources ¹¹ | 196,188 | 190,378 | 184,465 | 178,330 | 153,698 |
| Heritage and Arts ¹² | 27,826 | 24,041 | 24,231 | 22,428 | 155,575 |
| Business, Labor, and Agriculture | 111,186 | 101,331 | 105,915 | 99,828 | 99,689 |
| Public Education ¹³ | 3,556,897 | 3,340,290 | 3,202,007 | 3,097,161 | 2,999,706 |
| Transportation ¹⁴ | 835,111 | 903,700 | 902,788 | 951,277 | 1,064,449 |
| Capital Outlay ¹⁵ | 523,937 | 499,705 | 380,930 | 524,582 | 973,206 |
| Debt Service — Principal Retirement | 348,576 | 319,739 | 329,659 | 309,268 | 266,300 |
| Debt Service — Interest and Other Charges | 118,805 | 135,994 | 150,101 | 154,472 | 168,047 |
| Total Expenditures | 11,923,040 | 11,482,470 | 10,986,124 | 10,826,503 | 11,113,637 |
| Revenues Over (Under) Expenditures | (185,161) | 82,230 | 370,002 | 263,700 | (579,383) |
| Other Financing Sources (Uses) | | | | | |
| General Obligation Bonds Issued ¹⁶ | — | — | 226,175 | 33,240 | 609,920 |
| Revenue Bonds Issued | 93,625 | — | — | 1,900 | 5,250 |
| Refunding Bonds Issued | — | 221,765 | — | 22,612 | — |
| Premium on Bonds Issued | 4,405 | 47,562 | 24,656 | 8,346 | 92,558 |
| Payment to Refunded Bond Escrow Agent | — | (267,870) | — | (24,358) | — |
| Capital Leases/Contracts Issued | 5,100 | — | — | 2,824 | — |
| Sale of Capital Assets | 30,688 | 29,274 | 24,596 | 31,243 | 22,158 |
| Transfers In | 1,998,019 | 1,659,616 | 1,489,272 | 1,360,691 | 1,097,387 |
| Transfers Out | (1,876,592) | (1,549,960) | (1,445,189) | (1,283,764) | (1,052,391) |
| Special Item | | | | | |
| Comprehensive Health Insurance Pool Transfer ¹⁷ | — | 16,288 | — | — | — |
| Prior Period Adjustments and Restatements | — | 1,940 | — | — | — |
| Total Other Financing Sources (Uses) | 255,245 | 158,615 | 319,510 | 152,734 | 774,882 |
| Net Change in Fund Balances | \$ 70,084 | \$ 240,845 | \$ 689,512 | \$ 416,434 | \$ 195,499 |
| Debt Service as a Percentage of Noncapital Expenditures | 4.17 % | 4.22 % | 4.60 % | 4.59 % | 4.45 % |

⁵ In fiscal year 2016 and 2021, federal mineral lease revenue decreased due to lower energy prices and a decline in production.

⁶ 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.

⁷ In fiscal year 2021, an increase to miscellaneous and other revenues is due to an increase in Medicaid drug rebates, court fines, and revenue from local governments for the ERA program.

⁸ In fiscal year 2021, general government expenditures increased due to the distribution of federal CARES Act relief monies to local governments in response to the COVID-19 pandemic.

⁹ Expenditures for health and environmental quality have increased over the last ten fiscal years due to rising and expanded Medicaid program costs.

¹⁰ Higher education - state administration expenditures increase due to an increase in appropriation allotment payments. Fiscal year 2021 increased to due additional COVID-19 program spending.

¹¹ Expenditures increase for natural resources due to an increase in expenditures for wildland fire suppression, purchase of property, and changes in transfers.

¹² In fiscal year 2013, legislative action transferred the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

¹³ Public education expenditures continue to increase for both enrollment growth and benefit-related costs for educators. Fiscal year 2021 increased to due additional COVID-19 program spending.

¹⁴ Expenditures for transportation vary from year to year due to the timing of highway construction projects. 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.

¹⁵ 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.

¹⁶ Expenditures for debt service increased due to the issuance of general obligation bonds and related premiums, as explained in [Note 10.B](#).

¹⁷ 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 | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2020 | 2019 | 2018 | 2017 |
| Taxable Sales, Services, and Use Tax Purchases ¹ | | | | |
| Agriculture, Forestry, and Fishing | \$ 36,411 | \$ 22,535 | \$ 20,664 | \$ 19,438 |
| Mining | 231,015 | 320,753 | 562,722 | 555,332 |
| Construction | 1,281,216 | 1,147,119 | 1,048,607 | 930,707 |
| Manufacturing | 3,389,590 | 2,942,959 | 2,692,334 | 2,500,510 |
| Transportation | 147,661 | 150,515 | 165,418 | 150,783 |
| Communications and Utilities | 4,862,836 | 4,797,280 | 4,554,313 | 4,575,019 |
| Wholesale Trade | 6,331,798 | 5,774,636 | 5,420,375 | 4,922,340 |
| Retail | 44,323,114 | 38,154,835 | 34,806,178 | 33,029,982 |
| Finance, Insurance, and Real Estate | 2,107,424 | 2,171,717 | 1,835,800 | 1,715,813 |
| Services | 11,155,388 | 12,239,990 | 11,229,829 | 10,636,808 |
| Public Administration | 278,380 | 272,759 | 275,969 | 265,678 |
| Prior Period Payments and Refunds | 585,873 | 928,042 | 2,370,315 | 1,729,282 |
| Total Taxable Sales, Services and Use Tax Purchases | \$ 74,730,706 | \$ 68,923,140 | \$ 64,982,524 | \$ 61,031,692 |
| State Sales Tax Rate | 4.85 % | 4.85 % | 4.70 % | 4.70 % |
| Personal Income by Industry | | | | |
| Federal Civilian | \$ 4,154,092 | \$ 3,913,587 | \$ 3,755,880 | \$ 3,640,850 |
| Federal Military | 929,445 | 882,696 | 807,528 | 754,588 |
| State and Local Government | 13,868,093 | 13,270,480 | 12,670,392 | 12,023,320 |
| Forestry, Fishing, and Related Activities | 111,891 | 99,777 | 93,312 | 81,560 |
| Mining | 952,304 | 983,443 | 917,021 | 728,766 |
| Utilities | 1,248,804 | 1,204,996 | 962,616 | 734,147 |
| Construction | 10,902,966 | 9,801,500 | 8,847,094 | 8,126,268 |
| Manufacturing | 11,272,173 | 10,837,710 | 10,251,192 | 9,839,547 |
| Wholesale Trade | 5,522,614 | 5,216,033 | 4,998,104 | 4,772,174 |
| Retail Trade | 9,058,716 | 8,387,261 | 8,090,145 | 7,659,363 |
| Transportation and Warehousing | 5,146,101 | 4,943,933 | 4,515,650 | 4,219,443 |
| Information | 4,502,472 | 4,118,870 | 3,763,888 | 3,508,693 |
| Financial, Insurance, Real Estate, Rental, and Leasing | 12,661,680 | 11,409,294 | 10,540,492 | 9,683,027 |
| Services | 42,381,551 | 40,946,697 | 37,687,654 | 34,897,156 |
| Farm Earnings | 691,575 | 423,694 | 393,503 | 334,015 |
| Other ² | 46,251,871 | 40,895,078 | 39,946,150 | 35,540,769 |
| Total Personal Income | \$ 169,656,348 | \$ 157,335,049 | \$ 148,240,621 | \$ 136,543,686 |
| Highest Income Tax Rate | 4.95 % | 4.95 % | 4.95 % | 5.00 % |

Sources: Taxable Sales, Services, and Use Tax Purchases – Utah State Tax Commission; Personal Income by Industry – U.S. Department of Commerce, Bureau of Economic Analysis and the Utah Department of Workforce Services. Prior year information has been updated with the most recent data available.

¹ Taxable Sales, Services, and Use Tax Purchases utilize *American Industrial Classification* codes.

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

State of Utah

Schedule B-1
Revenue Base - continued
 Last Ten Calendar Years
 (dollars expressed in thousands)

| Calendar Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| \$ 16,790 | \$ 15,400 | \$ 16,721 | \$ 15,083 | \$ 13,880 | \$ 14,082 |
| 473,021 | 606,129 | 842,837 | 850,275 | 961,570 | 848,168 |
| 793,332 | 719,199 | 718,877 | 686,116 | 749,572 | 654,043 |
| 2,334,180 | 2,394,889 | 2,439,019 | 2,251,708 | 2,283,863 | 2,209,327 |
| 129,326 | 119,530 | 116,776 | 151,582 | 123,695 | 274,577 |
| 4,603,701 | 4,640,315 | 4,764,084 | 4,609,452 | 4,515,800 | 4,250,457 |
| 4,508,459 | 4,544,672 | 4,564,362 | 4,397,645 | 4,647,539 | 4,065,152 |
| 30,458,131 | 28,847,726 | 27,160,751 | 25,848,614 | 24,351,361 | 22,794,901 |
| 1,562,251 | 1,518,729 | 1,441,941 | 1,378,991 | 1,327,864 | 1,337,530 |
| 10,058,980 | 9,383,910 | 8,696,364 | 8,108,526 | 7,670,035 | 7,137,503 |
| 256,124 | 254,337 | 262,250 | 250,212 | 245,093 | 229,227 |
| 1,308,139 | 888,441 | 685,181 | 855,842 | 640,908 | 339,856 |
| <u>\$ 56,502,434</u> | <u>\$ 53,933,277</u> | <u>\$ 51,709,163</u> | <u>\$ 49,404,046</u> | <u>\$ 47,531,180</u> | <u>\$ 44,154,823</u> |
| 4.70 % | 4.70 % | 4.70 % | 4.70 % | 4.70 % | 4.70 % |
| \$ 3,503,288 | \$ 3,362,932 | \$ 3,226,299 | \$ 3,127,049 | \$ 3,201,034 | \$ 3,556,359 |
| 745,003 | 715,450 | 732,507 | 758,348 | 782,075 | 1,023,592 |
| 11,377,417 | 11,214,437 | 10,932,387 | 10,438,482 | 10,479,690 | 9,440,193 |
| 79,894 | 73,334 | 71,162 | 79,070 | 69,036 | 69,173 |
| 677,740 | 919,572 | 1,055,022 | 1,488,131 | 1,451,372 | 1,134,370 |
| 581,721 | 559,871 | 518,729 | 509,579 | 510,476 | 531,434 |
| 7,497,605 | 6,757,362 | 6,139,119 | 5,749,752 | 5,310,328 | 5,033,034 |
| 9,335,841 | 9,074,439 | 8,607,123 | 8,372,774 | 8,079,603 | 7,787,202 |
| 4,433,918 | 4,457,942 | 4,019,735 | 3,920,138 | 3,778,828 | 3,473,443 |
| 7,462,318 | 7,036,881 | 6,688,936 | 6,245,965 | 5,817,378 | 5,478,538 |
| 4,055,241 | 3,664,221 | 3,319,368 | 3,148,136 | 2,983,157 | 2,977,382 |
| 3,308,820 | 2,939,164 | 2,729,627 | 2,527,863 | 2,426,304 | 2,146,263 |
| 9,169,397 | 7,951,465 | 7,068,780 | 7,101,517 | 6,281,226 | 6,113,185 |
| 32,839,863 | 30,551,475 | 28,810,801 | 27,872,193 | 26,044,184 | 24,676,881 |
| 338,436 | 465,109 | 509,130 | 510,235 | 231,074 | 266,260 |
| 33,000,523 | 28,980,981 | 26,415,095 | 24,223,342 | 23,716,925 | 20,693,761 |
| <u>\$ 128,407,025</u> | <u>\$ 118,724,635</u> | <u>\$ 110,843,820</u> | <u>\$ 106,072,574</u> | <u>\$ 101,162,690</u> | <u>\$ 94,401,070</u> |
| 5.00 % | 5.00 % | 5.00 % | 5.00 % | 5.00 % | 5.00 % |

State of Utah

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 2011 | | Calendar Year 2020 | |
|--|---|------------------|---|------------------|
| | Taxable Sales and Purchases | Percent of Total | Taxable Sales and Purchases | Percent of Total |
| Agriculture, Forestry, and Fishing | \$ 14,082 | 0.10 % | \$ 36,411 | 0.10 % |
| Mining | 848,168 | 1.90 % | 231,015 | 0.30 % |
| Construction | 654,043 | 1.50 % | 1,281,216 | 1.70 % |
| Manufacturing | 2,209,327 | 5.00 % | 3,389,590 | 4.50 % |
| Transportation | 274,577 | 0.60 % | 147,661 | 0.20 % |
| Communications and Utilities | 4,250,457 | 9.60 % | 4,862,836 | 6.50 % |
| Wholesale Trade | 4,065,152 | 9.20 % | 6,331,798 | 8.50 % |
| Retail | 22,794,901 | 51.60 % | 44,323,114 | 59.30 % |
| Finance, Insurance, and Real Estate | 1,337,530 | 3.00 % | 2,107,424 | 2.80 % |
| Services | 7,137,503 | 16.20 % | 11,155,388 | 14.90 % |
| Public Administration | 229,227 | 0.50 % | 278,380 | 0.40 % |
| Prior Period Payments, Refunds | 339,856 | 0.80 % | 585,873 | 0.80 % |
| Total Taxable Sales, Services, and Use Tax Purchases | <u>\$ 44,154,823</u> | <u>100.00 %</u> | <u>\$ 74,730,706</u> | <u>100.00 %</u> |
| State Sales Tax Rates | 4.70 % except 2.00 % for Communications and Utilities | | 4.85 % 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)

| Adjusted Gross Income Class | Calendar Year 2010 | | | | Calendar Year 2019 | | | |
|-----------------------------|--------------------|------------------|---------------------|------------------|--------------------|------------------|---------------------|------------------|
| | Number of Filers | Percent of Total | Tax Liability | Percent of Total | Number of Filers | Percent of Total | Tax Liability | Percent of Total |
| \$10,000 and under | 159,947 | 15.40 % | \$ (12) | 0.00 % | 170,750 | 13.00 % | \$ 254 | 0.01 % |
| \$10,001–20,000 | 160,700 | 15.50 % | 20,899 | 1.00 % | 153,572 | 11.69 % | 8,103 | 0.20 % |
| \$20,001–30,000 | 138,390 | 13.40 % | 58,896 | 2.80 % | 147,795 | 11.25 % | 59,945 | 1.49 % |
| \$30,001–40,000 | 108,908 | 10.50 % | 92,709 | 4.50 % | 134,305 | 10.22 % | 117,383 | 2.91 % |
| \$40,001–50,000 | 87,108 | 8.40 % | 116,366 | 5.60 % | 106,841 | 8.13 % | 147,744 | 3.66 % |
| \$50,001–75,000 | 161,929 | 15.70 % | 355,794 | 17.20 % | 200,167 | 15.23 % | 457,234 | 11.33 % |
| \$75,001–100,000 | 99,980 | 9.60 % | 344,293 | 16.60 % | 139,914 | 10.65 % | 496,580 | 12.30 % |
| \$100,001–250,000 | 104,690 | 10.10 % | 644,090 | 31.20 % | 220,896 | 16.81 % | 1,470,572 | 36.44 % |
| Over \$250,000 | 14,625 | 1.40 % | 435,837 | 21.10 % | 39,617 | 3.02 % | 1,277,940 | 31.66 % |
| Total | <u>1,036,277</u> | <u>100.00 %</u> | <u>\$ 2,068,872</u> | <u>100.00 %</u> | <u>1,313,857</u> | <u>100.00 %</u> | <u>\$ 4,035,755</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 2019.

State of Utah

Schedule B-4 Personal Income Tax Rates Last Ten Calendar Years

| | Calendar Year | |
|----------------|--|--------------|
| | 2018 to 2020 | 2011 to 2017 |
| | <u>Single and Married Filing Separately</u> | |
| Tax Rate | 4.95 % | 5.00 % |
| | <u>Married Filing Joint, Head of Household, and Qualifying Widow(er)</u> | |
| 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 | | | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2021 | 2020 | 2019 | 2018 |
| Governmental Activities | | | | |
| General Obligation Bonds | \$ 2,706 | \$ 3,061 | \$ 2,374 | \$ 2,498 |
| State Building Ownership Authority | | | | |
| Lease Revenue Bonds | 177 | 191 | 205 | 244 |
| Capital Leases | 26 | 28 | 31 | 33 |
| Contracts/Notes Payable | — | — | — | — |
| Total Governmental Activities | <u>2,909</u> | <u>3,280</u> | <u>2,610</u> | <u>2,775</u> |
| Business-type Activities | | | | |
| Student Assistance Revenue Bonds ^{1,4} | 931 | 1,069 | 1,254 | 1,495 |
| State Building Ownership Authority | | | | |
| Lease Revenue Bonds | 84 | 91 | 77 | 83 |
| Water Loan Recapitalization Revenue Bonds | 13 | 20 | 26 | 31 |
| Contracts/Notes Payable ^{1,4} | — | — | 1 | 1 |
| Total Business-type Activities | <u>1,028</u> | <u>1,180</u> | <u>1,358</u> | <u>1,610</u> |
| Total Primary Government | <u>\$ 3,937</u> | <u>\$ 4,460</u> | <u>\$ 3,968</u> | <u>\$ 4,385</u> |
| Debt as a Percentage of Personal Income ² | 2.20 % | 2.61 % | 2.53 % | 2.96 % |
| Amount of Debt Per Capita (expressed in dollars) ² | \$ 1,183 | \$ 1,320 | \$ 1,237 | \$ 1,390 |
| Net General Obligation Bonded Debt | | | | |
| General Obligation Bonds | <u>\$ 2,706</u> | <u>\$ 3,061</u> | <u>\$ 2,374</u> | <u>\$ 2,498</u> |
| Net General Obligation Bonded Debt as a Percentage of Taxable Property Value ³ | 0.76 % | 0.80 % | 0.92 % | 0.92 % |
| Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) ² | \$ 813 | \$ 932 | \$ 734 | \$ 784 |

Sources: Utah Department of Government Operations, Division of Finance; Utah State Tax Commission – Property Tax; and Utah Governor’s Office of Planning 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*.

¹ 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.

² Ratios are calculated using personal income and population data. See Schedule D-1 for personal income and population data. During 2010 to 2012, the State issued just under \$1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

³ The percentage of Net General Obligation Bonded Debt based upon taxable property value is presented for comparative purposes. The State does not presently levy ad valorem property taxes for General Obligation Bonded Debt, but is authorized to do so in accordance with Title 59, Chapter 2, Part 901 of the *Utah Code*. See Schedule C-3 for taxable property value.

⁴ During 2020, the Student Assistance Programs issued a line of credit to retire outstanding revenue bonds and purchase governmental obligation for the purpose of redeeming the Series 2010 EE bonds. In 2020, the Student Assistance Programs issued additional bonds to retire its line of credit issued in 2020.

Schedule C-1
Ratios of Outstanding Debt by Type - continued
 Last Ten Fiscal Years
(dollars expressed in millions)

| Fiscal Year | | | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | |
| \$ 2,235 | \$ 2,585 | \$ 2,950 | \$ 3,271 | \$ 3,361 | \$ 3,660 | |
| 230 | 249 | 170 | 187 | 200 | 213 | |
| 22 | 23 | 20 | 22 | 23 | 24 | |
| — | — | — | 6 | 10 | — | |
| <u>2,487</u> | <u>2,857</u> | <u>3,140</u> | <u>3,486</u> | <u>3,594</u> | <u>3,897</u> | |
| 1,812 | 1,255 | 1,511 | 1,284 | 1,274 | 970 | |
| 73 | 79 | 80 | 81 | 85 | 90 | |
| 37 | 42 | 47 | 52 | 58 | 62 | |
| — | 922 | 1,152 | — | — | 552 | |
| <u>1,922</u> | <u>2,298</u> | <u>2,790</u> | <u>1,417</u> | <u>1,417</u> | <u>1,674</u> | |
| <u>\$ 4,409</u> | <u>\$ 5,155</u> | <u>\$ 5,930</u> | <u>\$ 4,903</u> | <u>\$ 5,011</u> | <u>\$ 5,571</u> | |
| 3.23 % | 4.01 % | 5.04 % | 4.42 % | 4.78 % | 5.51 % | |
| \$ 1,421 | \$ 1,693 | \$ 1,979 | \$ 1,665 | \$ 1,727 | \$ 1,951 | |
| <u>\$ 2,235</u> | <u>\$ 2,585</u> | <u>\$ 2,950</u> | <u>\$ 3,271</u> | <u>\$ 3,361</u> | <u>\$ 3,660</u> | |
| 0.89 % | 1.10 % | 1.33 % | 1.58 % | 1.67 % | 1.82 % | |
| \$ 721 | \$ 849 | \$ 985 | \$ 1,111 | \$ 1,159 | \$ 1,282 | |

Schedule C-2
Long-term Debt and Other Long-term Liabilities

Last Ten Fiscal Years
(expressed in thousands)

| | Fiscal Year | | | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2021 | 2020 | 2019 | 2018 |
| Governmental Activities | | | | |
| General Obligation Bonds ¹ | \$ 2,397,925 | \$ 2,704,640 | \$ 2,155,675 | \$ 2,396,875 |
| General Obligation Bonds - Direct Placement ² | 115,000 | 116,300 | 117,600 | — |
| State Building Ownership Authority | | | | |
| Lease Revenue Bonds | 159,261 | 166,693 | 174,076 | 237,426 |
| SBOA Lease Revenue Bonds - Direct Placement ² | 15,985 | 21,105 | 25,910 | — |
| Net Unamortized Premiums | 195,167 | 243,120 | 106,066 | 108,115 |
| Deferred Amount on Refundings ³ | — | — | — | — |
| Capital Leases - Direct Borrowing ² | 23,372 | 25,849 | 28,203 | 33,132 |
| Notes Payable - Direct Borrowing ² | 134 | 183 | 227 | 268 |
| Capital Leases | 2,252 | 2,531 | 2,803 | — |
| Compensated Absences ⁴ | 217,280 | 210,811 | 211,138 | 184,505 |
| Claims Liability | 87,317 | 73,622 | 63,558 | 57,330 |
| Pollution Remediation Obligation | 10,639 | 5,308 | 5,324 | 5,366 |
| Settlement Obligations | 768 | 1,113 | 227 | 273 |
| Net Pension Liability ⁷ | 405,970 | 719,708 | 1,140,766 | 763,753 |
| Net Other Post Employment Benefit Obligation ⁸ | — | — | — | — |
| Net Other Post Employment Benefit Liability ⁸ | 608 | 18,410 | 68,335 | 99,058 |
| Arbitrage Liability | 198 | 418 | 544 | — |
| Total Governmental Activities | 3,631,876 | 4,309,811 | 4,100,452 | 3,886,101 |
| Business-type Activities | | | | |
| Student Assistance Revenue Bonds ^{5,9} | 940,447 | 1,081,161 | 1,265,880 | 1,506,965 |
| State Building Ownership Authority | | | | |
| Lease Revenue Bonds | 79,109 | 85,612 | 72,549 | 77,704 |
| Water Loan Recapitalization Revenue Bonds | 13,345 | 19,565 | 25,520 | 31,225 |
| Net Unamortized Premiums/(Discounts) | (4,610) | (6,811) | (8,000) | (6,418) |
| Deferred Amount on Refundings ³ | — | — | — | — |
| Notes Payable - Direct Borrowing ^{2,6} | — | — | 618 | 635 |
| Claims and Uninsured Liabilities | 257,864 | 79,789 | 3,279 | 4,365 |
| Arbitrage Liability | — | — | — | — |
| Net Pension Liability ⁷ | 5,447 | 11,064 | 19,065 | 12,038 |
| Net Other Post Employment Benefit Liability ⁸ | — | 350 | 1,108 | 1,564 |
| Total Business-type Activities | 1,291,602 | 1,270,730 | 1,380,019 | 1,628,078 |
| Total Primary Government Other Long-term Liabilities | \$ 4,923,478 | \$ 5,580,541 | \$ 5,480,471 | \$ 5,514,179 |

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

¹ During 2010 to 2012, the State issued just under \$1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

² 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.

³ 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*.

⁴ During 2019, a new actuary valuation was performed for GASB Statement 16, *Accounting for Compensated Absences* and as a result the total liability increased.

⁵ 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.

⁶ In 2015, the Student Assistance Programs issued a line of credit to acquire federally guaranteed student loans.

Schedule C-2
Long-term Debt and Other Long-term Liabilities - continued

Last Ten Fiscal Years
(expressed in thousands)

| | | Fiscal Year | | | | | |
|----|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|------|
| | | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| \$ | 2,173,985 | \$ 2,498,895 | \$ 2,830,150 | \$ 3,136,755 | \$ 3,225,435 | \$ 3,487,680 | |
| | — | — | — | — | — | — | |
| | 225,163 | 242,976 | 166,773 | 183,590 | 198,485 | 210,384 | |
| | — | — | — | — | — | — | |
| | 66,423 | 92,827 | 122,321 | 138,187 | 159,882 | 200,979 | |
| | — | — | — | — | (22,546) | (26,248) | |
| | 21,616 | 23,498 | 20,287 | 21,794 | 23,213 | 24,270 | |
| | 305 | 339 | 370 | 5,983 | 9,758 | 446 | |
| | — | — | — | — | — | — | |
| | 181,557 | 182,707 | 185,792 | 184,679 | 185,711 | 185,701 | |
| | 53,645 | 48,092 | 46,931 | 48,585 | 48,190 | 44,700 | |
| | 5,891 | 6,401 | 5,086 | 5,327 | 6,222 | 6,640 | |
| | 319 | 365 | 4,471 | 6,928 | 25,020 | 34,007 | |
| | 1,031,449 | 992,495 | 802,543 | — | — | — | |
| | — | 3,848 | 4,126 | 4,331 | 5,206 | 5,439 | |
| | 109,618 | — | — | — | — | — | |
| | — | — | — | — | — | — | |
| | <u>3,869,971</u> | <u>4,092,443</u> | <u>4,188,850</u> | <u>3,736,159</u> | <u>3,864,576</u> | <u>4,173,998</u> | |
| | 1,822,807 | 1,256,026 | 1,509,543 | 1,277,837 | 1,240,407 | 930,422 | |
| | 67,438 | 72,674 | 73,207 | 79,106 | 83,795 | 88,161 | |
| | 36,680 | 41,915 | 46,940 | 51,800 | 56,545 | 61,205 | |
| | (5,437) | 5,434 | 8,696 | 9,110 | 13,143 | 16,917 | |
| | — | — | — | — | 23,413 | 25,445 | |
| | — | 921,995 | 1,152,207 | — | — | 552,423 | |
| | 4,810 | 5,726 | 7,587 | 9,283 | 18,694 | 17,866 | |
| | — | — | — | — | — | 10,000 | |
| | 17,468 | 17,845 | 12,853 | — | — | — | |
| | 1,731 | — | — | — | — | — | |
| | <u>1,945,497</u> | <u>2,321,615</u> | <u>2,811,033</u> | <u>1,427,136</u> | <u>1,435,997</u> | <u>1,702,439</u> | |
| \$ | <u>5,815,468</u> | <u>\$ 6,414,058</u> | <u>\$ 6,999,883</u> | <u>\$ 5,163,295</u> | <u>\$ 5,300,573</u> | <u>\$ 5,876,437</u> | |

⁷ 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.

⁸ 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.

⁹ During 2020, the Student Assistance Programs issued a line of credit to retire outstanding revenue bonds and purchase governmental obligation for the purpose of redeeming the Series 2010 EE bonds. In 2020, the Student Assistance Programs issued additional bonds to retire its line of credit issued in 2020.

Schedule C-3
Legal Debt Margin
 Last Ten Fiscal Years
 (dollars expressed in millions)

| | Fiscal Year | | | |
|--|-------------|------------|------------|------------|
| | 2021 | 2020 | 2019 | 2018 |
| Taxable Property, Taxable Value ¹ | \$ 353,750 | \$ 329,096 | \$ 298,114 | \$ 271,649 |
| Taxable Property, Fair Market Value ¹ | 497,914 | 461,064 | 415,650 | 377,260 |
| Debt Limit (Fair Market Value times 1.50 %) | 1.50 % | 1.50 % | 1.50 % | 1.50 % |
| Debt Limit Amount | 7,469 | 6,916 | 6,235 | 5,659 |
| Net General Obligation Bonded Debt ² | 2,706 | 3,061 | 2,374 | 2,498 |
| Legal Debt Margin | \$ 4,763 | \$ 3,855 | \$ 3,861 | \$ 3,161 |
| Net General Obligation Bonded Debt | | | | |
| As a Percentage of the Debt Limit Amount | 36.23 % | 44.26 % | 38.08 % | 44.14 % |

Source: Utah State Tax Commission and the Utah Department of Government Operations, 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 \$114.969 million as of fiscal yearend. These contract liabilities do not affect the State’s compliance with the constitutional debt limit.

¹ Taxable property is assessed January 1 of each year. The value used for the fiscal year limitation is from the prior calendar year; assessed values as of January 1, 2020, are used for fiscal year 2021.

Schedule C-4
Statutory Debt Limit
 Last Ten Fiscal Years
 (dollars expressed in millions)

| | Fiscal Year | | | |
|--|-------------|----------|----------|----------|
| | 2021 | 2020 | 2019 | 2018 |
| Appropriations Limitation Amount | \$ 4,162 | \$ 3,990 | \$ 3,911 | \$ 3,738 |
| Limit (Appropriations Limitation Amount times applicable percentage) | 45.00 % | 45.00 % | 45.00 % | 45.00 % |
| Statutory Debt Limit Amount | 1,873 | 1,796 | 1,760 | 1,682 |
| Net General Obligation Bonded Debt ¹ | 2,706 | 3,061 | 2,374 | 2,498 |
| Less: Exempt Highway Construction Bonds | (2,214) | (2,534) | (2,175) | (2,282) |
| Net General Obligation Bonded Debt Subject to Statutory Debt Limit | 492 | 527 | 199 | 216 |
| Additional General Obligation Debt Incurring Capacity ... | \$ 1,381 | \$ 1,269 | \$ 1,561 | \$ 1,466 |

Source: Utah Governor’s Office of Planning and Budget and the Utah Department of Government Operations, 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 \$114.969 million as of fiscal yearend. These contract liabilities do not affect the State’s compliance with the constitutional debt limit.

Schedule C-3
Legal Debt Margin - continued
 Last Ten Fiscal Years
(dollars expressed in millions)

| Fiscal Year | | | | | |
|-----------------|-----------------|-----------------|---------------|---------------|---------------|
| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| \$ 251,598 | \$ 235,273 | \$ 221,650 | \$ 207,211 | \$ 201,294 | \$ 201,473 |
| 347,716 | 323,367 | 303,725 | 282,489 | 272,954 | 274,806 |
| 1.50 % | 1.50 % | 1.50 % | 1.50 % | 1.50 % | 1.50 % |
| 5,216 | 4,851 | 4,556 | 4,237 | 4,094 | 4,122 |
| 2,235 | 2,585 | 2,950 | 3,271 | 3,361 | 3,660 |
| <u>\$ 2,981</u> | <u>\$ 2,266</u> | <u>\$ 1,606</u> | <u>\$ 966</u> | <u>\$ 733</u> | <u>\$ 462</u> |
| 42.85 % | 53.29 % | 64.75 % | 77.20 % | 82.10 % | 88.79 % |

² 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-4
Statutory Debt Limit - continued
 Last Ten Fiscal Years
(dollars expressed in millions)

| Fiscal Year | | | | | |
|-----------------|-----------------|-----------------|-----------------|---------------|---------------|
| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| \$ 3,567 | \$ 3,469 | \$ 3,315 | \$ 3,250 | \$ 3,142 | \$ 3,034 |
| 45.00 % | 45.00 % | 45.00 % | 45.00 % | 45.00 % | 45.00 % |
| 1,605 | 1,561 | 1,492 | 1,463 | 1,414 | 1,365 |
| 2,235 | 2,585 | 2,950 | 3,271 | 3,361 | 3,660 |
| (2,180) | (2,402) | (2,622) | (2,860) | (2,869) | (3,132) |
| 55 | 183 | 328 | 411 | 492 | 528 |
| <u>\$ 1,550</u> | <u>\$ 1,378</u> | <u>\$ 1,164</u> | <u>\$ 1,051</u> | <u>\$ 922</u> | <u>\$ 837</u> |

¹ Net general obligation bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amount on refundings of bonded debt 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 ¹ | Less Operating Expenses ² | Net Available Revenue | Debt Service | | Coverage ³ |
|------------------------------------|-----------------------------|--------------------------------------|-----------------------|---------------------------|-----------|-----------------------|
| | | | | Principal | Interest | |
| Water Loan Programs | | | | | | |
| 2012 | \$ 3,860 | \$ 0 | \$ 3,860 | \$ 4,595 | \$ 2,371 | 0.55 |
| 2013 | \$ 3,649 | \$ 0 | \$ 3,649 | \$ 4,660 | \$ 2,297 | 0.52 |
| 2014 | \$ 3,877 | \$ 0 | \$ 3,877 | \$ 4,745 | \$ 2,197 | 0.56 |
| 2015 | \$ 3,920 | \$ 0 | \$ 3,920 | \$ 4,860 | \$ 2,067 | 0.57 |
| 2016 | \$ 3,744 | \$ 0 | \$ 3,744 | \$ 5,025 | \$ 1,851 | 0.54 |
| 2017 | \$ 3,628 | \$ 0 | \$ 3,628 | \$ 5,235 | \$ 1,658 | 0.53 |
| 2018 | \$ 3,756 | \$ 0 | \$ 3,756 | \$ 5,455 | \$ 1,406 | 0.55 |
| 2019 | \$ 4,113 | \$ 0 | \$ 4,113 | \$ 5,705 | \$ 1,167 | 0.60 |
| 2020 | \$ 3,648 | \$ 0 | \$ 3,648 | \$ 5,955 | \$ 908 | 0.53 |
| 2021 | \$ 2,694 | \$ 0 | \$ 2,694 | \$ 6,220 | \$ 629 | 0.39 |
| Student Assistance Programs | | | | | | |
| 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 ⁴ | \$ 6,646 | 0.02 |
| 2016 | \$ 110,982 ⁵ | \$ 87,889 | \$ 23,093 | \$ 483,729 | \$ 25,338 | 0.05 |
| 2017 | \$ 92,421 | \$ 65,327 | \$ 27,094 | \$ 1,227,465 ⁶ | \$ 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 |
| 2020 | \$ 58,733 | \$ 28,819 | \$ 29,914 | \$ 184,719 | \$ 28,496 | 0.14 |
| 2021 | \$ 46,868 | \$ 36,974 | \$ 9,894 | \$ 363,165 ⁷ | \$ 7,486 | 0.03 |

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

¹ Revenues for Water Loan Programs are primarily interest on revolving loan receivables; principal repayments are not included in gross revenues, but are pledged to cover debt service payments. Revenues for Student Assistance Programs are primarily interest on student loans and federal allowances.

² Operating Expenses do not include interest, depreciation, or amortization expenses.

³ Coverage equals net available revenue divided by debt service.

⁴ 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.

⁵ 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.

⁶ During 2017, the Student Assistance Programs retired its line of credit issued in 2015 related to acquiring federally guaranteed student loans.

⁷ During 2020, the Student Assistance Programs issued a line of credit to retire outstanding revenue bonds and purchase governmental obligation for the purpose of redeeming the Series 2010 EE bonds. In 2020, the Student Assistance Programs issued additional bonds to retire its line of credit issued in 2020.

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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 | | | |
| 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 | 3,188 | 2.74 % | 329,000 | 0.92 % | 2.90 % | 3.90 % | 22,300 |
| 2019 | 3,237 | 1.54 % | 330,000 | 0.30 % | 2.50 % | 3.70 % | 20,200 |
| 2020 | 3,284 | 1.45 % | 332,000 | 0.61 % | 4.70 % | 8.10 % | 19,400 |
| 2021 (est.) | 3,328 | 1.34 % | 332,000 | 0.00 % | 2.70 % | 5.50 % | 20,100 |

| 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 |
| 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 | \$ 148,241 | 8.57 % | \$17,852,000 | 5.76 % | \$ 46,500 | 5.67 % | \$ 54,261 | 4.80 % |
| 2019 | \$ 157,336 | 6.14 % | \$18,424,000 | 3.20 % | \$ 48,605 | 4.53 % | \$ 55,830 | 2.89 % |
| 2020 | \$ 169,656 | 7.83 % | \$19,628,000 | 6.53 % | \$ 51,661 | 6.29 % | \$ 59,120 | 5.89 % |
| 2021 (est.) | \$ 179,242 | 5.65 % | \$20,892,000 | 6.44 % | \$ 53,859 | 4.25 % | \$ 62,928 | 6.44 % |

Source: Population – Utah Population Estimates Committee at July 1 each year. The 2021 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate – Utah Department of Workforce Services. The 2021 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration – Utah Population Estimates Committee at July 1 each year. The 2021 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 2021 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 2011 | | | Calendar Year 2020 | | |
|---|---------------------|------|--------------------------|---------------------|------|--------------------------|
| | Number of Employees | Rank | Percent of All Employees | Number of Employees | Rank | Percent of All Employees |
| Intermountain Health Care (IHC)..... | 20,000 + | 1 | 2.60 % | 20,000 + | 1 | 2.40 % |
| University of Utah (includes Hospital)..... | 20,000 + | 2 | 1.80 % | 20,000 + | 2 | 2.10 % |
| State of Utah..... | 20,000 + | 3 | 1.70 % | 20,000 + | 3 | 1.40 % |
| Wal-Mart Stores..... | 15,000 – 19,999 | 5 | 1.50 % | 15,000 – 19,999 | 4 | 1.30 % |
| Brigham Young University..... | 15,000 – 19,999 | 4 | 1.60 % | 15,000 – 19,999 | 5 | 0.90 % |
| Hill Air Force Base..... | 10,000 – 14,999 | 6 | 1.00 % | 10,000 – 14,999 | 6 | 0.60 % |
| Alpine School District..... | | | | 7,000 – 9,999 | 7 | 0.60 % |
| Davis County School District..... | 7,000 – 9,999 | 9 | 0.70 % | 7,000 – 9,999 | 8 | 0.50 % |
| Utah State University..... | 7,000 – 9,999 | 8 | 0.80 % | 7,000 – 9,999 | 9 | 0.50 % |
| Granite School District..... | 7,000 – 9,999 | 7 | 0.80 % | 7,000 – 9,999 | 10 | 0.40 % |
| Smith's Food and Drug Center..... | 5,000 – 6,999 | 10 | 0.60 % | | | |
| Total Employees of Principal Employers..... | 164,000 | | 13.10 % | 165,500 | | 10.70 % |

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 | | | |
|--|------------------|------------------|------------------|------------------|
| | 2020 | 2019 | 2018 | 2017 |
| Nonagricultural Jobs | | | | |
| Government | 248,613 | 253,697 | 247,904 | 244,311 |
| Mining | 8,658 | 9,361 | 9,470 | 8,618 |
| Construction | 115,434 | 109,486 | 104,341 | 97,495 |
| Manufacturing | 136,421 | 136,924 | 133,006 | 129,199 |
| Trade, Transportation, and Utilities | 290,391 | 290,908 | 286,355 | 278,526 |
| Information | 38,474 | 39,572 | 38,080 | 38,429 |
| Financial Activity | 93,399 | 90,007 | 87,540 | 84,072 |
| Professional and Business Services | 225,254 | 223,789 | 217,642 | 206,987 |
| Education and Health Services | 208,847 | 209,998 | 203,484 | 198,251 |
| Leisure and Hospitality | 133,439 | 153,446 | 148,530 | 143,029 |
| Other Services | 40,025 | 42,379 | 41,189 | 40,210 |
| Total Nonagricultural Jobs | 1,538,955 | 1,559,567 | 1,517,541 | 1,469,127 |
| Civilian Labor Force | 1,632,215 | 1,609,370 | 1,572,136 | 1,548,263 |
| Total Employed | 1,555,782 | 1,568,506 | 1,523,158 | 1,497,812 |
| Unemployed | 76,433 | 40,864 | 48,978 | 50,451 |
| Unemployment Rate | 4.70 % | 2.50 % | 3.10 % | 3.30 % |

Source: Utah Department of Workforce Services and the Utah Revenue Assumption Committee. Prior year information has been updated with the most recent data available.

Schedule D-3
Composition of the Labor Force - continued
 Last Ten Calendar Years

| Calendar Year | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|
| 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| 239,416 | 233,658 | 230,619 | 225,917 | 223,298 | 220,772 |
| 8,494 | 10,372 | 12,160 | 12,107 | 12,553 | 11,659 |
| 91,537 | 84,676 | 78,676 | 73,462 | 69,231 | 65,166 |
| 125,926 | 123,695 | 120,706 | 118,747 | 116,667 | 113,684 |
| 271,432 | 263,158 | 252,574 | 246,900 | 241,815 | 233,251 |
| 36,860 | 34,402 | 33,320 | 32,427 | 31,295 | 29,495 |
| 81,710 | 79,020 | 74,965 | 72,869 | 69,537 | 68,391 |
| 202,175 | 194,127 | 185,121 | 177,462 | 167,268 | 159,420 |
| 190,935 | 182,273 | 174,309 | 170,541 | 163,590 | 159,210 |
| 138,591 | 133,657 | 128,086 | 123,521 | 118,640 | 113,512 |
| 39,472 | 38,689 | 37,604 | 36,425 | 35,054 | 34,090 |
| 1,426,548 | 1,377,727 | 1,328,140 | 1,290,378 | 1,248,948 | 1,208,650 |
| 1,511,279 | 1,464,404 | 1,431,553 | 1,418,522 | 1,376,628 | 1,353,257 |
| 1,459,309 | 1,412,473 | 1,377,013 | 1,355,720 | 1,302,641 | 1,261,698 |
| 51,970 | 51,931 | 54,540 | 62,802 | 73,987 | 91,559 |
| 3.40 % | 3.50 % | 3.80 % | 4.40 % | 5.40 % | 6.80 % |

State of Utah

Schedule D-4 Public Education Student Enrollment (K-12) Last Ten Academic Years

| | Academic Year | | | |
|------------------------|---------------|---------|---------|---------|
| | 2020-21 | 2019-20 | 2018-19 | 2017-18 |
| Elementary | 350,621 | 358,817 | 358,908 | 358,190 |
| Secondary | 314,685 | 308,008 | 299,893 | 294,158 |
| Total All Grades | 665,306 | 666,825 | 658,801 | 652,348 |

Source: State of Utah Office of Education.

Note: Public Education Student Enrollment count is based on October 1st counts.

Schedule D-5 Public Higher Education Enrollment Last Ten Academic Years

| | Academic Year | | | |
|-----------------------------------|---------------|---------|---------|---------|
| | 2021-22 | 2020-21 | 2019-20 | 2018-19 |
| University of Utah | 34,462 | 33,080 | 32,852 | 33,023 |
| Utah State University | 27,426 | 27,691 | 27,810 | 27,932 |
| Weber State University | 29,774 | 29,596 | 29,644 | 28,247 |
| Southern Utah University | 13,611 | 12,582 | 11,224 | 10,196 |
| Salt Lake Community College | 27,225 | 27,293 | 29,517 | 29,156 |
| Utah Valley University | 41,262 | 40,936 | 41,728 | 39,931 |
| Dixie State University | 12,266 | 12,043 | 11,193 | 9,950 |
| Snow College | 6,106 | 5,800 | 5,383 | 5,514 |
| Technical Colleges | 19,852 | 18,284 | 20,130 | 19,418 |
| Total All Institutions | 211,984 | 207,305 | 209,481 | 203,367 |

Source: Utah Board of Higher Education.

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

Schedule D-4
Public Education Student Enrollment (K-12) - continued
 Last Ten Academic Years

| Academic Year | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
| 356,686 | 353,050 | 349,382 | 345,967 | 340,443 | 334,110 |
| 287,790 | 280,846 | 272,771 | 266,584 | 260,542 | 253,635 |
| <u>644,476</u> | <u>633,896</u> | <u>622,153</u> | <u>612,551</u> | <u>600,985</u> | <u>587,745</u> |

Schedule D-5
Public Higher Education Enrollment - continued
 Last Ten Academic Years

| Academic Year | | | | | |
|----------------|----------------|----------------|----------------|----------------|----------------|
| 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
| 32,800 | 32,061 | 31,673 | 31,515 | 32,080 | 32,398 |
| 27,679 | 28,118 | 28,622 | 27,662 | 27,812 | 28,786 |
| 27,949 | 26,809 | 25,955 | 26,266 | 25,301 | 26,680 |
| 9,468 | 8,955 | 8,881 | 7,656 | 7,745 | 8,297 |
| 29,620 | 29,901 | 28,814 | 29,537 | 31,137 | 30,112 |
| 37,282 | 34,978 | 33,211 | 31,332 | 30,564 | 31,556 |
| 9,673 | 8,993 | 8,503 | 8,570 | 8,350 | 8,863 |
| 5,563 | 5,350 | 5,111 | 4,779 | 4,605 | 4,599 |
| 16,838 | 17,293 | 16,933 | 14,834 | 14,851 | 15,418 |
| <u>196,872</u> | <u>192,458</u> | <u>187,703</u> | <u>182,151</u> | <u>182,445</u> | <u>186,709</u> |

Schedule E-1
Full-Time Equivalent State Employees by Function
 Last Ten Fiscal Years

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2019 | 2018 |
| General Government: | | | | |
| Government Operations | 2,169 | 2,180 | 2,150 | 2,122 |
| Tax Commission | 650 | 674 | 685 | 690 |
| All Other | 198 | 196 | 191 | 184 |
| Human Services and Juvenile Justice Services | 3,982 | 4,041 | 3,978 | 4,046 |
| Corrections | 2,520 | 2,501 | 2,513 | 2,527 |
| Public Safety: | | | | |
| Department of Public Safety | 1,427 | 1,435 | 1,403 | 1,341 |
| Utah National Guard | 266 | 266 | 261 | 253 |
| State Courts | 998 | 1,009 | 1,004 | 983 |
| Health and Environmental Quality: | | | | |
| Department of Health | 1,179 | 1,057 | 992 | 977 |
| Department of Environmental Quality | 358 | 361 | 358 | 361 |
| Employment and Family Services ^{1,2} | 2,053 | 2,026 | 2,013 | 2,043 |
| Natural Resources | 1,427 | 1,384 | 1,355 | 1,361 |
| Heritage and Arts ¹ | 140 | 142 | 128 | 124 |
| Business, Labor, and Agriculture | 798 | 806 | 796 | 786 |
| Education: | | | | |
| Public Education Support ² | 800 | 786 | 749 | 721 |
| Higher Education Support | 196 | 369 | 422 | 399 |
| Transportation | 1,687 | 1,694 | 1,693 | 1,638 |
| Total Full-time Equivalent State Employees | <u>20,848</u> | <u>20,927</u> | <u>20,691</u> | <u>20,556</u> |

Source: Utah Department of Government Operations, Division of Finance.

¹ In fiscal year 2013, Legislative action transferred the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

² In fiscal year 2017, Legislative action transferred the Utah State Office of Rehabilitation from Public Education Support to Employment and Family Services.

Schedule E-1

Full-Time Equivalent State Employees by Function - continued

Last Ten Fiscal Years

| Fiscal Year | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| 2,095 | 2,063 | 2,055 | 2,066 | 2,069 | 2,024 |
| 690 | 697 | 708 | 715 | 718 | 716 |
| 185 | 181 | 176 | 166 | 165 | 159 |
| 4,113 | 4,037 | 3,942 | 3,991 | 3,955 | 3,907 |
| 2,453 | 2,392 | 2,307 | 2,295 | 2,265 | 2,244 |
| 1,333 | 1,329 | 1,324 | 1,327 | 1,314 | 1,275 |
| 247 | 226 | 210 | 218 | 243 | 226 |
| 986 | 994 | 994 | 1,009 | 1,031 | 1,038 |
| 954 | 943 | 946 | 946 | 933 | 923 |
| 365 | 367 | 373 | 371 | 376 | 372 |
| 1,989 | 1,719 | 1,758 | 1,768 | 1,872 | 1,912 |
| 1,334 | 1,320 | 1,315 | 1,304 | 1,304 | 1,302 |
| 126 | 125 | 120 | 117 | 117 | 169 |
| 773 | 767 | 748 | 728 | 722 | 701 |
| 816 | 1,138 | 1,135 | 1,119 | 1,119 | 1,094 |
| 274 | 236 | 277 | 227 | 213 | 204 |
| 1,642 | 1,616 | 1,569 | 1,583 | 1,603 | 1,604 |
| <u>20,375</u> | <u>20,150</u> | <u>19,957</u> | <u>19,950</u> | <u>20,019</u> | <u>19,870</u> |

Schedule E-2
Operating Indicators by Function
 Last Ten Fiscal Years

| | Fiscal Year | | | |
|--|-------------|-----------|-----------|-----------|
| | 2021 | 2020 | 2019 | 2018 |
| General Government | | | | |
| Government Operations: | | | | |
| Construction Projects Managed | 1,099 | 1,058 | 1,052 | 1,155 |
| Tax Commission: | | | | |
| Percent of Data Managed Electronically | 88.00 % | 89.00 % | 86.00 % | 84.50 % |
| Number of Returns Filed Electronically | 1,603,914 | 1,256,658 | 1,307,267 | 1,246,011 |
| Motor Vehicle Registrations (in thousands) | 3,352 | 3,113 | 2,976 | 2,950 |
| Human Services and Juvenile Justice Services | | | | |
| Food Stamp Recipients | 254,397 | 265,352 | 273,779 | 298,396 |
| Percent of Population | 7.64 % | 8.16 % | 8.52 % | 9.45 % |
| Juveniles, Daily Average in Justice System Placement | 330 | 380 | 425 | 467 |
| Rate of Recombinment to Juvenile Custody | 28.90 % | 25.80 % | 16.90 % | 14.90 % |
| Corrections: ¹ | | | | |
| Incarcerated Offenders | N/A | 5,986 | 6,772 | 6,522 |
| Supervised Offenders | N/A | 16,180 | 16,775 | 17,329 |
| Utah Incarceration Rate (per 100,000 population) | N/A | N/A | 206 | 208 |
| US Incarceration Rate (per 100,000 population) | N/A | N/A | 419 | 431 |
| State Courts: ² | | | | |
| State Court Filings | 260,461 | 277,250 | 284,152 | 278,392 |
| State Court Dispositions | 232,952 | 243,996 | 255,926 | 245,764 |
| Health | | | | |
| Children's Health Insurance Program Enrollment | 15,388 | 17,235 | 18,198 | 19,338 |
| Medicaid Eligible (unduplicated) | 451,244 | 413,533 | 404,861 | 404,303 |
| Percent of Population | 13.56 % | 12.72 % | 12.60 % | 12.80 % |
| Employment and Family Services | | | | |
| Individuals Registered for Employment | 553,241 | 382,178 | 121,759 | 131,386 |
| Percent Who Entered Employment | 67.30 % | 71.00 % | 67.00 % | 67.00 % |
| Natural Resources | | | | |
| Hatchery Fish, Pounds Raised | 1,148,452 | 1,162,722 | 1,155,821 | 1,089,720 |
| Hunting and Fishing Licenses Sold ^{1,3} | 725,191 | 605,957 | 590,111 | 587,443 |
| State Park Visitations (in thousands) | 12,080 | 8,705 | 7,424 | 6,712 |
| Business, Labor, and Agriculture | | | | |
| Department of Commerce: | | | | |
| Licenses and Registrations Issued ⁴ | 454,816 | 440,481 | 417,172 | 409,301 |
| Department of Agriculture and Food: ¹ | | | | |
| Dairy Farm Inspections | N/A | 465 | 435 | 515 |
| Pounds of Turkey Inspected and Graded (in thousands) | N/A | 18,805 | 27,692 | 108,130 |
| Gas Pumps and Scales Inspected | N/A | 43,762 | 31,655 | 33,774 |
| Higher Education | | | | |
| Number of Certificates and Degrees Awarded | 47,974 | 44,031 | 38,622 | 37,756 |
| Transportation | | | | |
| Percent of Roads Which are Deficient ⁵ | N/A | 6.74% | 8.82 % | 8.60 % |
| Vehicles Weighed or Inspected (in thousands) | 9,728 | 8,583 | 8,542 | 8,116 |

Source: Various agencies of the State and the Utah Board of Higher Education.

Note: N/A = Data Not Available

¹ Data is provided on a calendar year basis.

² State Courts includes filings and dispositions for the appellate, district, and juvenile courts; it does not include the justice courts which are operated by cities and counties.

³ Includes only licenses for elk, deer, fishing, and all other big game.

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

⁵ Assessments are completed at a minimum of every other calendar year. See [Information About Infrastructure Assets Reported Using The Modified Approach](#).

Schedule E-2
Operating Indicators by Function - continued
 Last Ten Fiscal Years

| Fiscal Year | | | | | |
|-------------|-----------|-----------|-----------|-----------|-----------|
| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| 896 | 910 | 802 | 1,020 | 815 | 849 |
| 83.80 % | 83.20 % | 81.80 % | 79.90 % | 78.10 % | 75.50 % |
| 1,196,647 | 1,171,287 | 1,103,323 | 1,051,940 | 997,329 | 946,606 |
| 3,027 | 2,961 | 2,846 | 2,863 | 2,759 | 2,725 |
| 323,768 | 338,362 | 348,459 | 363,154 | 389,426 | 404,316 |
| 10.41 % | 11.09 % | 11.65 % | 12.33 % | 13.42 % | 14.16 % |
| 604 | 686 | 812 | 922 | 923 | 928 |
| 9.90 % | 8.40 % | 7.80 % | 6.60 % | 5.90 % | 6.40 % |
| 6,309 | 6,298 | 6,723 | 7,113 | 7,065 | 6,893 |
| 16,855 | 16,590 | 13,897 | 15,307 | 12,730 | 12,759 |
| 205 | 201 | 215 | 237 | 242 | 242 |
| 441 | 450 | 458 | 471 | 477 | 492 |
| 283,449 | 288,797 | 305,778 | 311,187 | 324,523 | 329,176 |
| 262,841 | 260,952 | 273,731 | 279,903 | 309,420 | 309,307 |
| 19,248 | 17,058 | 15,775 | 29,953 | 35,446 | 37,872 |
| 414,519 | 418,356 | 415,843 | 391,139 | 366,061 | 361,457 |
| 13.33 % | 13.71 % | 13.90 % | 13.28 % | 12.62 % | 12.66 % |
| 150,168 | 185,347 | 215,861 | 260,138 | 318,008 | 351,629 |
| 73.00 % | 71.00 % | 66.00 % | 65.00 % | 61.00 % | 59.00 % |
| 1,081,766 | 1,093,205 | 1,212,696 | 1,204,984 | 1,180,927 | 1,058,375 |
| 582,751 | 558,893 | 585,666 | 583,460 | 682,594 | 659,534 |
| 5,691 | 5,176 | 4,482 | 3,741 | 5,054 | 5,051 |
| 387,348 | 378,478 | 355,124 | 350,416 | 333,646 | 325,769 |
| 525 | 533 | 560 | 693 | 672 | 678 |
| 121,106 | 102,511 | 79,060 | 107,833 | 33,743 | 45,869 |
| 30,116 | 32,486 | 32,131 | 26,612 | 20,377 | 20,492 |
| 36,701 | 33,822 | 32,797 | 32,491 | 31,970 | 31,553 |
| 9.64 % | N/A | 10.68 % | 12.49 % | N/A | 10.90 % |
| 7,893 | 5,969 | 6,706 | 7,484 | 6,071 | 4,807 |

Schedule E-3
Capital Asset Statistics by Function
 Last Ten Fiscal Years

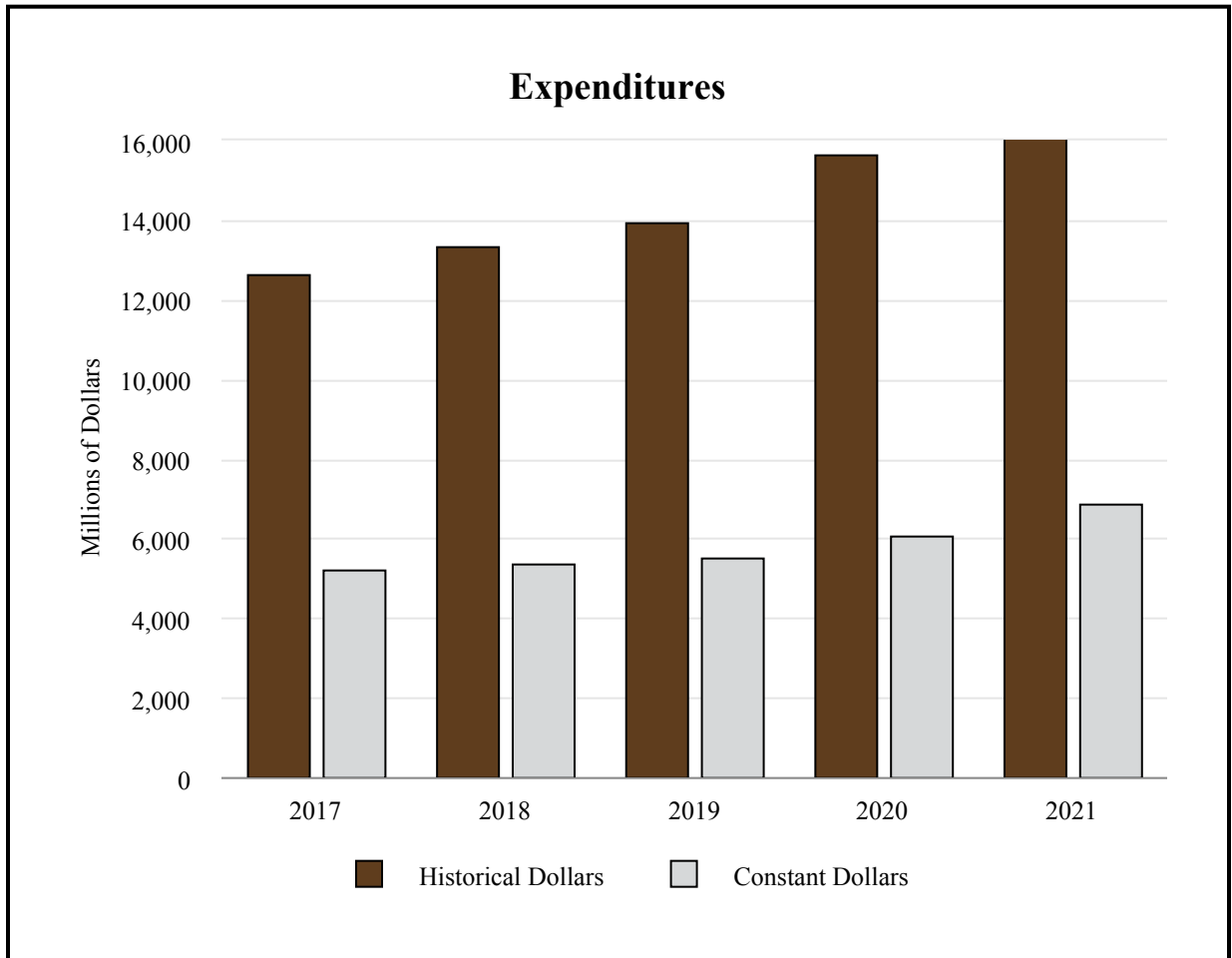
| | Fiscal Year | | | |
|---|-------------|-------|-------|-------|
| | 2021 | 2020 | 2019 | 2018 |
| General Government | | | | |
| Buildings | 333 | 333 | 332 | 326 |
| Vehicles | 8,045 | 8,049 | 7,969 | 7,828 |
| Data Processing Equipment and Software | 1,059 | 1,367 | 1,315 | 1,314 |
| Reproduction and Printing Equipment | 831 | 841 | 1,133 | 1,112 |
| Human Services and Juvenile Justice Services | | | | |
| Data Processing Equipment and Software | 73 | 69 | 73 | 71 |
| Corrections | | | | |
| Data Processing Equipment and Software | 220 | 216 | 217 | 219 |
| Security and Surveillance Equipment | 109 | 79 | 83 | 70 |
| Public Safety | | | | |
| Department of Public Safety: | | | | |
| Vehicles | 35 | 35 | 35 | 35 |
| Data Processing Equipment and Software | 241 | 230 | 219 | 208 |
| Medical and Lab Equipment | 296 | 216 | 208 | 205 |
| Utah National Guard: | | | | |
| Buildings | 239 | 239 | 237 | 237 |
| State Courts | | | | |
| Data Processing Equipment and Software | 78 | 78 | 72 | 65 |
| Audio Visual Equipment | 132 | 136 | 134 | 134 |
| Health and Environmental Quality | | | | |
| Department of Health: | | | | |
| Data Processing Equipment and Software | 72 | 72 | 71 | 72 |
| Medical and Lab Equipment | 311 | 308 | 299 | 287 |
| Department of Environmental Quality: | | | | |
| Monitoring and Lab Equipment | 522 | 534 | 555 | 562 |
| Employment and Family Services | | | | |
| Data Processing Equipment and Software | 407 | 407 | 402 | 393 |
| Natural Resources | | | | |
| Division of Parks and Recreation: | | | | |
| State Parks | 46 | 44 | 44 | 44 |
| Buildings | 794 | 793 | 789 | 785 |
| Vehicles | 369 | 368 | 359 | 356 |
| Division of Wildlife Resources: | | | | |
| Wildlife Management Areas | 92 | 92 | 92 | 92 |
| Fish Hatcheries | 12 | 12 | 12 | 12 |
| Buildings | 203 | 202 | 195 | 192 |
| Vehicles | 236 | 234 | 229 | 224 |
| Business, Labor, and Agriculture | | | | |
| Data Processing Equipment and Software | 121 | 116 | 115 | 112 |
| Monitoring and Lab Equipment | 153 | 156 | 142 | 143 |
| Transportation | | | | |
| Highway Center Line Miles | 5,865 | 5,859 | 5,787 | 5,780 |
| Buildings | 457 | 456 | 456 | 446 |
| Vehicles | 333 | 345 | 330 | 1,010 |
| Heavy Equipment | 2,437 | 2,395 | 2,412 | 2,635 |

Source: Utah Department of Government Operations, Division of Finance and various agencies of the State.

Schedule E-3
Capital Asset Statistics by Function - continued
 Last Ten Fiscal Years

| Fiscal Year | | | | | |
|-------------|-------|-------|-------|-------|-------|
| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
| 323 | 319 | 315 | 314 | 314 | 311 |
| 7,732 | 7,886 | 7,781 | 7,524 | 7,360 | 7,309 |
| 1,397 | 2,428 | 2,383 | 2,931 | 2,794 | 2,691 |
| 1,138 | 1,140 | 1,178 | 1,209 | 1,165 | 1,127 |
| 68 | 64 | 64 | 64 | 59 | 52 |
| 220 | 222 | 220 | 216 | 216 | 216 |
| 75 | 73 | 69 | 55 | 59 | 67 |
| 35 | 35 | 34 | 35 | 35 | 35 |
| 222 | 213 | 204 | 249 | 247 | 230 |
| 236 | 220 | 207 | 197 | 193 | 187 |
| 237 | 235 | 229 | 223 | 221 | 215 |
| 60 | 63 | 63 | 52 | 64 | 64 |
| 146 | 150 | 151 | 143 | 146 | 145 |
| 69 | 89 | 112 | 120 | 131 | 127 |
| 283 | 295 | 291 | 302 | 288 | 303 |
| 510 | 448 | 433 | 404 | 384 | 376 |
| 387 | 370 | 365 | 358 | 396 | 389 |
| 43 | 43 | 43 | 43 | 43 | 43 |
| 779 | 778 | 756 | 736 | 727 | 722 |
| 351 | 344 | 340 | 334 | 332 | 332 |
| 92 | 92 | 92 | 92 | 92 | 92 |
| 11 | 11 | 12 | 11 | 11 | 11 |
| 191 | 190 | 183 | 182 | 181 | 180 |
| 220 | 214 | 209 | 203 | 202 | 201 |
| 110 | 101 | 114 | 117 | 117 | 102 |
| 138 | 122 | 118 | 114 | 111 | 111 |
| 5,880 | 5,825 | 5,830 | 5,719 | 5,719 | 5,724 |
| 442 | 440 | 423 | 402 | 391 | 387 |
| 956 | 931 | 904 | 878 | 861 | 844 |
| 2,602 | 2,599 | 2,595 | 2,593 | 2,582 | 2,574 |

Schedule F-1
Expenditures — Historical and Constant Dollars
All Governmental Fund Types
 Last Five Fiscal Years

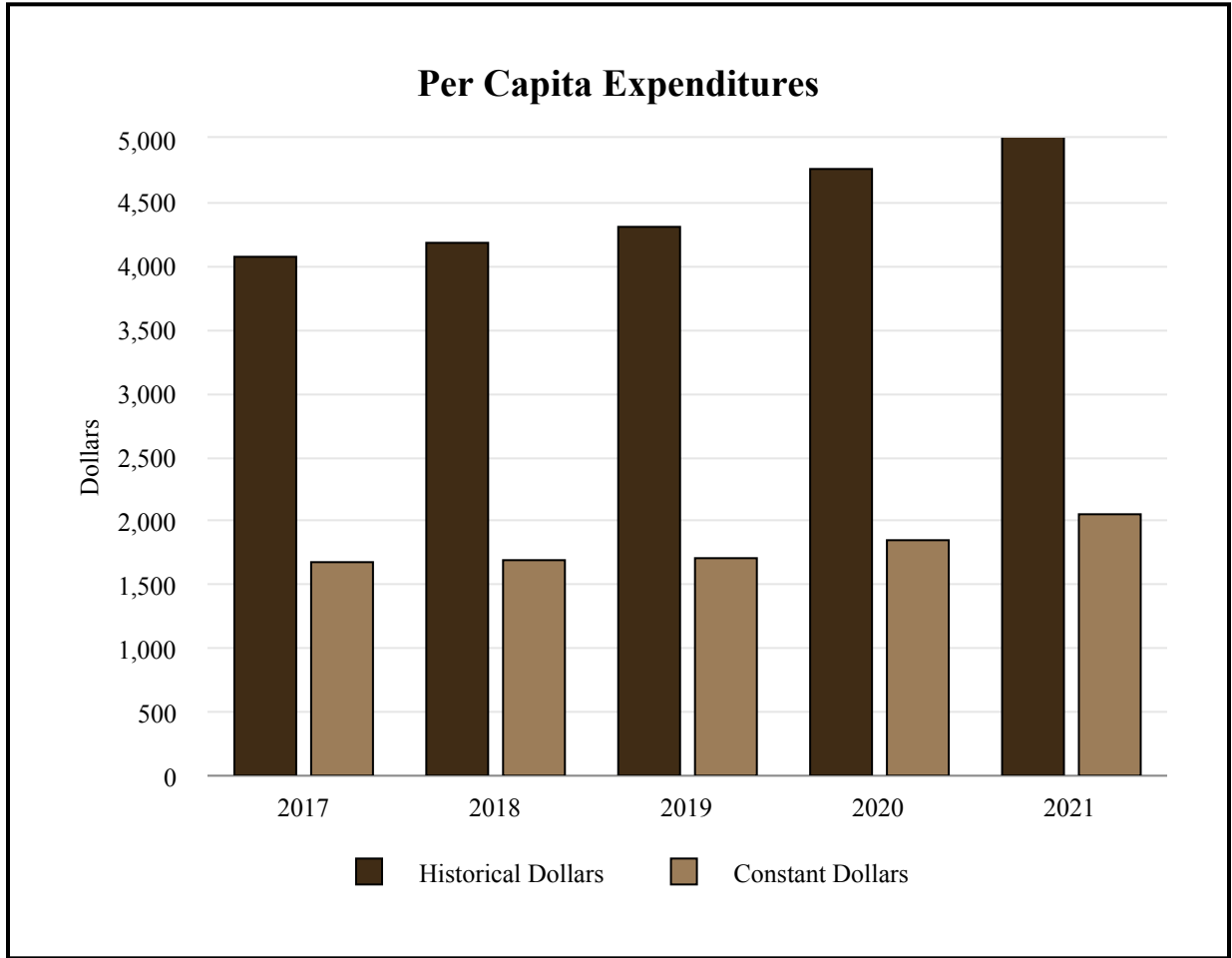


| Fiscal Year | Historical Dollars | | Constant Dollars | |
|-------------|--------------------|---------|------------------|---------|
| | (in millions) | Change | (in millions) | Change |
| 2017 | \$12,656 | 6.15 % | \$5,216 | 4.23 % |
| 2018 | \$13,332 | 5.33 % | \$5,373 | 3.01 % |
| 2019 | \$13,949 | 4.63 % | \$5,508 | 2.51 % |
| 2020 | \$15,659 | 12.26 % | \$6,088 | 10.53 % |
| 2021 | \$18,029 | 15.13 % | \$6,851 | 12.54 % |

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 |
| 2017 | \$4,079 | 4.13 % | \$1,681 | 2.25 % |
| 2018 | \$4,182 | 2.53 % | \$1,685 | 0.26 % |
| 2019 | \$4,309 | 3.05 % | \$1,701 | 0.96 % |
| 2020 | \$4,768 | 10.65 % | \$1,854 | 8.95 % |
| 2021 | \$5,417 | 13.61 % | \$2,059 | 11.06 % |

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

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021

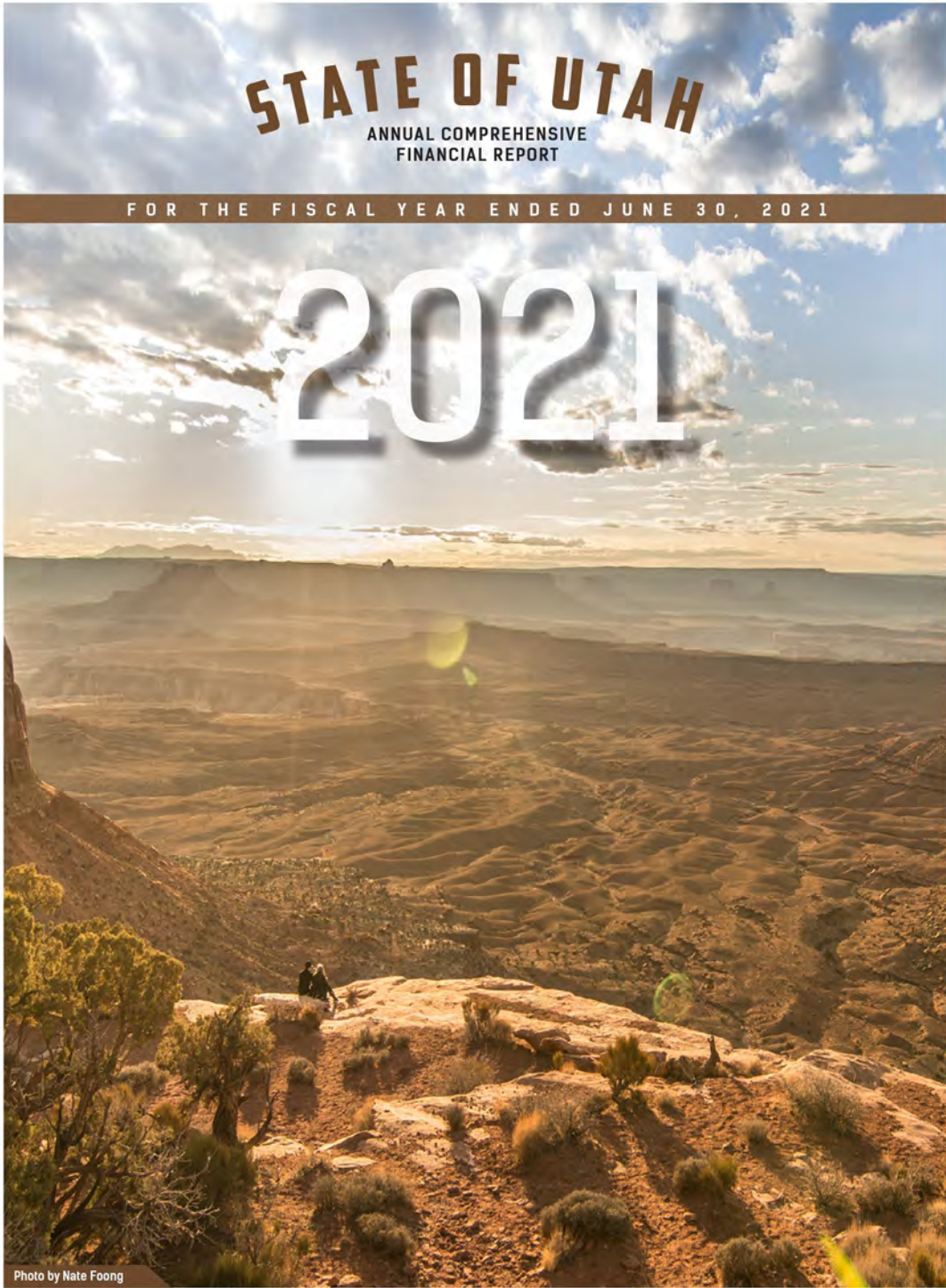


Photo by Nate Foong



Utah Department of
**Government
Operations**