New Issue

Ratings: Moody's "Aa1;" S&P "AA+"
See "MISCELLANEOUS—Bond Ratings" herein.

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the 2020 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2020 Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" herein.

State of Utah,
State Building Ownership Authority

$18,865,000 Lease Revenue Bonds (State Facilities Master Lease Program), Series 2020

payable from lease payments to be made, subject to annual appropriation, by the

State of Utah

pursuant to a State Facilities Master Lease Agreement, as amended and supplemented

The $18,865,000, Lease Revenue Bonds (State Facilities Master Lease Program), Series 2020, are issued by the State Building Ownership Authority, a body corporate and politic of the State of Utah, as fully–registered bonds and will be initially issued in book–entry form through The Depository Trust Company, New York, New York, which will act as securities depository for the 2020 Bonds.

Principal of and interest on the 2020 Bonds (interest payable May 15 and November 15 of each year, commencing November 15, 2020) are payable by Wells Fargo Bank, N.A., Corporate Trust Services, Denver, Colorado, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2020 BONDS—Book–Entry System" herein.

The 2020 Bonds are subject to optional redemption and extraordinary optional redemption (in the event of damage to, or destruction, seizure or condemnation of the Facilities) prior to maturity. See "THE FACILITIES" and "THE 2020 BONDS—Redemption Provisions For The 2020 Bonds" herein.

The 2020 Bonds are being issued for financing the acquisition and construction of: liquor stores in the cities of Farmington, Saratoga Springs, Taylorsville and West Valley, Utah and for related improvements; and paying the costs associated with the issuance of the 2020 Bonds. The 2020 Bonds and certain other Bonds, as described herein, previously issued by the Authority are parts of an ongoing master lease and building program whereby all Bonds issued thereunder are equally and ratably secured and cross–collateralized by the several facilities constructed through this program.

Pursuant to the Lease, the State has agreed to pay annual Base Rentals which are sufficient to pay the principal of and interest on the 2020 Bonds and the Prior Parity Bonds, coming due in each year, but only if and to the extent that the Utah State Legislature appropriates funds sufficient to pay such Base Rentals plus such Additional Rentals, as are necessary to operate and maintain the Facilities. The Lease specifically provides that nothing therein shall be construed to require the State to appropriate moneys to pay the Base Rentals or Additional Rentals and the State is not obligated to pay such Rentals except to the extent appropriated. Neither the obligation of the State to pay such Rentals nor the obligation of the Authority to pay the principal of and interest on the 2020 Bonds will constitute or give rise to a debt, general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2020 Bonds does not directly or contingently obligate the State to pay any Rentals beyond those appropriated for the State's then current fiscal year. The Authority has no taxing power.

Dated: Date of Delivery[1] **Due:** May 15, as shown on inside front cover

See the inside front cover for the maturity schedule of the 2020 Bonds

The 2020 Bonds were awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on February 27, 2020, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of the PRELIMINARY OFFICIAL STATEMENT) to BNY Mellon Capital Markets, LLC, New York, New York, as Senior Manager, with The Baker Group, LP, Oklahoma City, Oklahoma, as Co–Manager, at a "true interest rate" of 1.75%.

Zions Public Finance, Inc., Salt Lake City, Utah, acted as Municipal Advisor.

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

This OFFICIAL STATEMENT is dated February 27, 2020, and the information contained herein speaks only as of that date.

[1] The anticipated date of delivery is Thursday, March 26, 2020.

$18,865,000

Lease Revenue Bonds,
(State Facilities Master Lease Program), Series 2020

Dated: Date of Delivery[1] **Due: May 15, as shown below**

Due May 15	CUSIP® 917547	Principal Amount	Interest Rate	Yield/ Price
2021……..	B59	$ 515,000	5.00%	0.79%
2022……..	B67	700,000	5.00	0.79
2023……..	B75	735,000	5.00	0.79
2024……..	B83	770,000	5.00	0.79
2025……..	B91	805,000	5.00	0.81
2026……..	C25	845,000	5.00	0.84
2027….....	C33	890,000	5.00	0.90
2028……..	C41	935,000	5.00	0.90
2029……..	C58	985,000	5.00	0.95
2030……..	C66	1,030,000	3.00	1.20 [c]
2031……..	C74	1,060,000	3.00	1.30 [c]
2032……..	C82	1,095,000	3.00	1.45 [c]
2033……..	C90	1,130,000	3.00	1.55 [c]
2034……..	D24	1,160,000	3.00	1.60 [c]
2035……..	D32	1,190,000	2.00	1.90 [c]
2036……..	D40	1,220,000	2.00	1.95 [c]
2037……..	D57	1,240,000	2.00	100.00
2038……..	D65	1,270,000	2.00	2.05
2039……..	D73	1,290,000	2.00	2.10

[1] The anticipated date of delivery is Thursday, March 26, 2020.

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

[c] Priced to par call on May 15, 2029.

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2020 Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by either the State; the Authority; Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); Wells Fargo Bank, Corporate Trust Division, Denver, Colorado (as Trustee, Registrar and Paying Agent); or any other entity. All information contained herein has been obtained from the Authority, the State, The Depository Trust Company, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2020 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the Authority or the State since the date hereof.

The 2020 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Any registration or qualification of the 2020 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2020 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

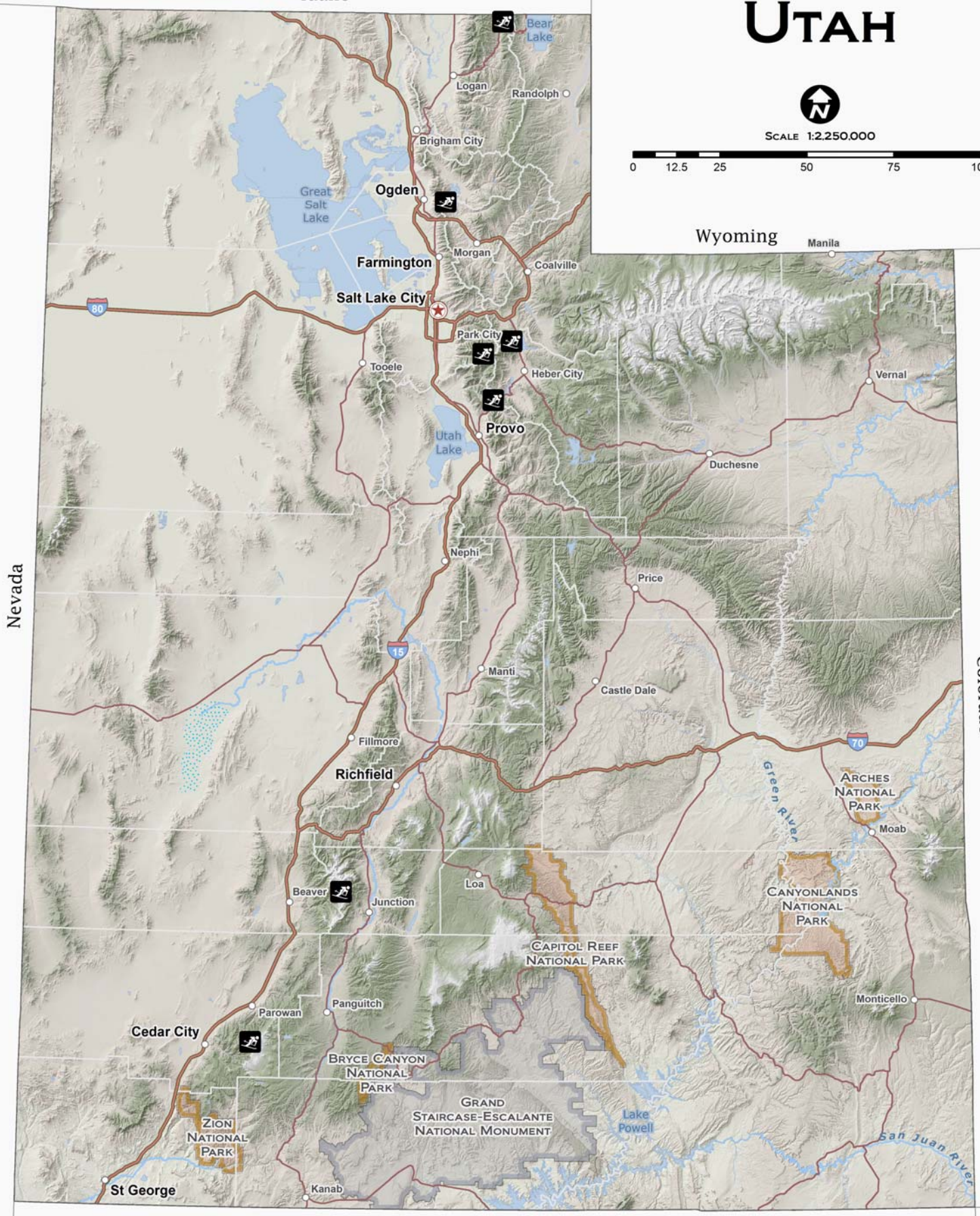
The yields/prices at which the 2020 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s), may allow concessions or discounts from the initial offering prices of the 2020 Bonds to dealers and others. In connection with the offering of the 2020 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2020 Bonds. Such transactions may include overallotments in connection with the purchase of 2020 Bonds, the purchase of 2020 Bonds to stabilize their market price and the purchase of 2020 Bonds to cover the successful bidders(s)' short positions. Such transactions, if commenced, may be discontinued at any time.

Forward–Looking Statements. Certain statements included or incorporated by reference in this OFFICIAL STATEMENT constitute "forward–looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as "plan," "project," "forecast," "expect," "estimate," "budget" or other similar words. ***The achievement of certain results or other expectations contained in such forward–looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward–looking statements. Neither the Authority nor the State plans to issue any updates or revisions to those forward–looking statements if or when such expectations change, or events, conditions or circumstances on which such statements are based, occur. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—"State Revenues And Collections And State Economy" "—Operating And Capital Budget And Related Appropriations" herein.***

The CUSIP® (the Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders, and the State does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to change after the issuance of the 2020 Bonds because of subsequent actions including, but not limited to, a refunding in whole or in part of the 2020 Bonds.

The information available at web sites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2020 Bonds and is not a part of this OFFICIAL STATEMENT.

Utah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Brigham City
Great Salt Lake
Ogden
Morgan
Farmington
Coalville
Salt Lake City
Park City
Tooele
Heber City
Provo
Utah Lake
Manila
Vernal
Duchesne
Nephi
Price
Manti
Castle Dale
Fillmore
Richfield
Green River
Arches National Park
Moab
Beaver
Junction
Loa
Canyonlands National Park
Capitol Reef National Park
Monticello
Parowan
Panguitch
Cedar City
Bryce Canyon National Park
Grand Staircase-Escalante National Monument
Lake Powell
Zion National Park
San Juan River
St George
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OFFICIAL STATEMENT RELATED TO

State of Utah, State Building Ownership Authority

$18,865,000 Lease Revenue Bonds
(State Facilities Master Lease Program), Series 2020

payable from lease payments to be made, subject to annual appropriation, by the

State of Utah

pursuant to a State Facilities Master Lease Agreement,
as amended and supplemented

INTRODUCTION

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information about the issuance and sale by the State of Utah, State Building Ownership Authority (the "Authority"), a body politic and corporate of the State of Utah (the "State"), of its $18,865,000, Lease Revenue Bonds (State Facilities Master Lease Program), Series 2020 (the "2020 Bonds" or the "2020 Bond").

This introduction is only a brief description of the 2020 Bonds and the security and source of payment for the 2020 Bonds and is qualified by more complete and detailed information contained in the entire OFFICIAL STATEMENT, including the cover page and appendices hereto, and the documents summarized or described herein. Accordingly, the OFFICIAL STATEMENT should be read in its entirety. The offering of the 2020 Bonds to potential investors is made only by means of the entire OFFICIAL STATEMENT.

When used herein, the terms "Fiscal Year[s] 20YY," and "Fiscal Year[s] End[ed][ing] June 30, 20YY" refer to the year ended or ending on June 30 of the year indicated and beginning on July 1 of the preceding year and the terms "Calendar Year[s] 20YY" or "Calendar Year[s] End[ed][ing] December 31, 20YY" refer to the year beginning on January 1 and ending on December 31 of the year indicated. Capitalized terms used but not otherwise defined herein have the same meaning as given to them in the Lease and the Indenture as hereinafter defined. See "APPENDIX D—BASIC DOCUMENTATION–DEFINITIONS OF CERTAIN TERMS."

Public Sale/Electronic Bid

The 2020 Bonds were awarded pursuant to competitive bidding received by means of the ***PARITY®*** electronic bid submission system on February 27, 2020, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of the PRELIMINARY OFFICIAL STATEMENT) to BNY Mellon Capital Markets, LLC, New York, New York, as Senior Manager, with The Baker Group, LP, Oklahoma City, Oklahoma, as Co–Manager, at a "true interest rate" of 1.75%.

The State Of Utah

On January 4, 1896, the State became the 45th state of the United States of America (the "U.S."). Ranking 13th largest among the states in total area, the State contains approximately 84,900 square miles. It ranges in elevation from a low of 2,200 feet above sea level in the south, to a high of 13,500 feet above

sea level in the northern mountains. The State is in an arid region (precipitation ranks as the second lowest in the nation, behind Nevada). Home to deserts, plateaus, the Great Basin and the Rocky Mountains, the State is known for its scenic beauty and the diversity of its outdoor recreation areas. The State was the host of the 2002 Winter Olympic Games and continues to be a major tourist destination, with world class skiing and five national parks.

The State's 2019 population estimate by the U.S. Census Bureau was 3,205,958 people (ranked as the 30th most populous state).

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

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

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

The Authority

The Authority was established by and operates pursuant to the State Building Ownership Authority Act, Title 63B, Chapter 1, Part 3 (the "Building Ownership Act"), Utah Code Annotated 1953, as amended (the "Utah Code"). The Authority was created in 1979 for acquiring, constructing, or improving one or more projects on behalf of the State and certain state bodies pursuant to the Building Ownership Act. See "STATE BUILDING OWNERSHIP AUTHORITY" below.

Authorization For And Purpose Of The 2020 Bonds; Prior Parity Bonds

The 2020 Bonds are being issued pursuant to: (i) the Building Ownership Act and other applicable State laws (collectively, the "Act"); (ii) resolutions adopted by the Authority on January 21, 2020 (the "Parameters Resolution") and on February 27, 2020 (the "Final Bond Resolution" and, together with the Parameters Resolution, the "Resolutions") which provide for the authorization, issuance, sale and delivery of the 2020 Bonds; and (iii) an Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement, dated as of September 1, 1994, as heretofore amended and supplemented (collectively, the "Indenture"), between the Authority and Wells Fargo Bank, N.A., Corporate Trust Services, Denver, Colorado ("Wells Fargo Bank"), as trustee (the "Trustee") and as further supplemented by the Twenty–Fourth Supplemental Indenture of Trust dated as of March 1, 2020, by and between the Authority and the Trustee.

The 2020 Bonds are being issued for financing the acquisition and construction of: liquor stores in the cities of Farmington, Saratoga Springs, Taylorsville, and West Valley, Utah and for related improvements; and paying the costs associated with the issuance of the 2020 Bonds. See "THE 2020 BONDS—Estimated Sources And Uses Of Funds" and "THE FACILITIES" below.

The Authority has previously issued 30 series of Bonds (defined below) under the Indenture, 10 of which are currently outstanding (collectively, the "Prior Parity Bonds"), to finance and refinance the cost of various projects, which projects include a variety of real and personal property (collectively, the "Facilities" or "Leased Property") pursuant to the Act. The 2020 Bonds are, subject to the release of certain portions of the Facilities in accordance with the Indenture and the Lease, cross–collateralized in that the Authority has granted to the Trustee, for the benefit of the Owners of all Bonds, a mortgage and security in-

terest in all the Authority's right, title and interest in all Facilities. See "THE FACILITIES—Cross–Collateralization" and "—Release Of Portions Of Facilities" below.

As of March 26, 2020 (the anticipated delivery date of the 2020 Bonds), the outstanding aggregate principal amount of the Prior Parity Bonds is $272,535,000 (exclusive of the 2020 Bonds).

The 2020 Bonds will be issued on a parity basis, and will be equally and ratably secured under the Indenture with (i) the outstanding Prior Parity Bonds, and (ii) any Additional Bonds which may be issued from time to time pursuant to the Indenture. *The 2020 Bonds, the Prior Parity Bonds, and any Additional Bonds issued pursuant to the Indenture are sometimes collectively referred to herein as the "Bonds."* See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds; Refunding Bonds" below and "APPENDIX D—BASIC DOCUMENTATION–THE INDENTURE–Additional Bonds."

The Authority has leased all Facilities to the State, acting through DFCM, a division of the State's Department of Administrative Services, pursuant to a State Facilities Master Lease Agreement, dated as of September 1, 1994, as amended and supplemented and as further supplemented by the Twenty–Fourth Amendment to State Facilities Master Lease Agreement dated as of March 1, 2020 (collectively, the "Lease").

Security For The 2020 Bonds; Cross Collateralization

The 2020 Bonds are limited obligations of the Authority, payable solely from the revenues and other amounts received pursuant to the Lease and other funds or amounts held by the Trustee pursuant to the Indenture as security for the 2020 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" below.

The State has agreed to make payments pursuant to the Lease in stated amounts which are sufficient to pay the principal of and interest on the 2020 Bonds when due (the "Base Rentals"), but only if and to the extent that the Utah State Legislature (the "Legislature") has appropriated funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term (as described herein) of the Lease plus such additional amounts as are necessary to operate and maintain the Facilities during such period (the "Additional Rentals" and collectively, with the Base Rentals, the "Rentals"). The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay any Rentals thereunder and that neither the State nor any political subdivision thereof is obligated to pay such Rentals except to the extent of funds appropriated for that purpose. Neither the obligation of the State to pay Rentals nor the obligation of the Authority to pay the principal of and interest on the 2020 Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2020 Bonds does not directly or contingently obligate the State to pay any Rentals beyond those appropriated for the State's then current fiscal year. The Authority has no taxing power. See "RISK FACTORS" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" below.

Pursuant to the Indenture, the Authority has mortgaged, pledged and assigned to the Trustee, among other things, it's right, title and interest in and to all Facilities (except any Excepted Property) and its right to receive the Base Rentals as lessor under the Lease, as security for the payment of the principal of, premium, if any, and interest on the 2020 Bonds (collectively, the "Mortgages"). The mortgages and security interests created by the Mortgages secure all Bonds issued and outstanding under the Indenture on a parity basis (see "THE FACILITIES—Cross–Collateralization" below) subject to the release of any of the Facilities upon the terms and conditions described under "THE FACILITIES—Release Of Portions Of Facilities" below.

Redemption Provisions

The 2020 Bonds are subject to optional redemption and extraordinary optional redemption (in the event of damage to, or destruction, seizure or condemnation of the Facilities) prior to maturity. See "THE FACILITIES" and "THE 2020 BONDS—Redemption Provisions For The 2020 Bonds" below.

Tax Matters Regarding The 2020 Bonds

In the opinion of Gilmore & Bell, P.C., under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the 2020 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the 2020 Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" below. Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the 2020 Bonds.

Professional Services

As of the date of this OFFICIAL STATEMENT, the following have served the State in the capacity indicated regarding the issuance of the 2020 Bonds:

Trustee, Registrar and Paying Agent
Wells Fargo Bank NA
Corporate Trust Services
MAC C7300–107
1740 Broadway
Denver CO 80274
303.863.4884 | f 303.863.5645
ethel.m.vick@wellsfargo.com

Bond Counsel
Gilmore & Bell PC
15 W S Temple Ste 1450
Salt Lake City UT 84101
801.364.5080 | f 801.364.5032
bwade@gilmorebell.com

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

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

Conditions Of Delivery, Anticipated Date, Manner, And Place Of Delivery For The 2020 Bonds

The 2020 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality by Gilmore & Bell, P.C., Bond Counsel to the Authority and the State, and certain other conditions. Certain legal matters will be passed on for the State by its Attorney General. Certain legal matters regarding this OFFICIAL STATEMENT will be passed on for the Authority and the State by Chapman and Cutler LLP. It is expected that the 2020 Bonds, in book–entry form, will be available for delivery in Salt Lake City, Utah, for deposit with DTC or its agent on Thursday, March 26, 2020.

Risks Inherent In The Ownership Of The 2020 Bonds

The purchase of the 2020 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 2020 Bonds should make an independent evaluation of all information presented in this OFFICIAL STATEMENT to make an informed investment decision. Certain investment risks are described under "RISK FACTORS" below.

Continuing Disclosure Undertaking

The State will enter a continuing disclosure undertaking for the benefit of the Beneficial Owners of the 2020 Bonds. For a detailed discussion of this disclosure undertaking, previous undertakings and timing of submissions see "CONTINUING DISCLOSURE UNDERTAKING" below and "APPENDIX F—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING."

Basic Documentation

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Authority, the State, the 2020 Bonds, the Indenture and the Lease are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture and the Lease are qualified in their entirety by reference to such documents, and references herein to the 2020 Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture, the Lease and the information with respect thereto included in the documents, copies of which are available for inspection at the principal office of the Trustee on or after the delivery of the 2020 Bonds. Descriptions of the Indenture, the Lease and the 2020 Bonds are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity having jurisdiction. See "APPENDIX D—BASIC DOCUMENTATION." The "basic documentation" which includes the Resolutions, the closing documents for the 2020 Bonds, the Indenture, the Lease and other documentation, authorizing the issuance of the 2020 Bonds and establishing the rights and responsibilities of the Authority, the State and other parties to the transaction, may be obtained from the "contact persons" as indicated below.

Contact Persons

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

Jon Bronson, Senior Vice President, Director of Public Finance, jon.bronson@zionsbancorp.com
Johnathan Ward, Senior Vice President, johnathan.ward@zionsbancorp.com
Eric John Pehrson, Senior Vice President, eric.pehrson@zionsbancorp.com
Zions Public Finance Inc
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact person for the Authority and the State concerning the 2020 Bonds is:

David Damschen, Utah State Treasurer, ddamschen@utah.gov
Board Member and Secretary of the Authority
Utah State Treasurer's Office
Utah State Capitol Complex
350 N State St Ste C180 (PO Box 142315)
Salt Lake City UT 84114–2315
801.538.1042 | f 801.538.1465

As of the date of this OFFICIAL STATEMENT, the chief contact persons for DFCM concerning the 2020 Bonds is:

Lee Fairbourn, Real Estate and Debt Manager, lfairbourn@utah.gov
Division of Facilities Construction and Management
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RISK FACTORS

The purchase of the 2020 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 2020 Bonds should make an independent evaluation of all information presented in this OFFICIAL STATEMENT to make an informed investment decision. Certain of these risks are described below. The enumerated risks described below are not all–inclusive but are intended to highlight certain of these risks for the convenience of the reader.

Limited Obligations

The 2020 Bonds are payable from amounts due under the Lease on a parity basis with all other Bonds that may be outstanding under the Indenture. The State's obligation under the Lease does not constitute a general obligation or other indebtedness of the State, the Authority or any agency or political subdivision of the State within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

The Initial Term of the Lease expired on June 30, 1995, and the current term expires on June 30, 2020. The State has the option to extend the term of the Lease for consecutive one–year renewal terms, which it has done since 1995 and through June 30, 2020. Unless sooner terminated, this annual renewal option will continue through June 30, 2038 with a final renewal term commencing July 1, 2038, and ending May 16, 2039 (each renewal term, and all existing renewals are referred to herein as the "Renewal Terms").

There is no assurance that the State, in its sole discretion, will exercise its option to extend the term of the Lease for any future Renewal Term. Accordingly, the likelihood that the State will extend the term of the Lease for any Renewal Term and that there will be sufficient funds to pay the principal of, premium, if any, and interest on the 2020 Bonds as the same become due depends upon many factors, including, but not limited to:

(a) the economic and demographic conditions within the State,

(b) the ability of the State to generate sufficient tax or other revenues in any year,

(c) the willingness of the Legislature in any future year to appropriate moneys to pay the Rentals, which decision of the Legislature could be affected by many factors, including the continuing need of the State for the Facilities, and

(d) the value of the Facilities if relet or sold in a foreclosure or other liquidation proceeding instituted by the Trustee in the event of the termination or expiration of the Lease if the Legislature does not appropriate sufficient funds to extend the term of the Lease as provided therein.

General Economic Conditions

The State relies on tax revenues and fees as the primary source of funds to operate state government and to pay its obligations. Regional and national economic conditions, such as weather–related economic

effects, business cycles, unemployment, and consumer confidence, are outside of the control of the Authority and the State, and can have material adverse effects on the State's revenues, and its ability to pay Base Rentals on the Facilities. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—State Revenues And Collections And State Economy" and "—Discussion And Analysis Of Financial Statements For Fiscal Year 2019" below.

No Reserve Fund For The 2020 Bonds Or Any Other Bonds

No debt service reserve fund has been established to secure any of the Bonds issued under the Indenture, including the 2020 Bonds.

Expiration Or Termination Of The Lease

If the Legislature does not renew the term of the Lease in any year by appropriating sufficient funds to pay Rentals due thereunder for the succeeding fiscal year, the State's obligation to pay Rentals under the Lease will terminate on the June 30 occurring at the end of the then–current Renewal Term. Upon (a) the expiration of any Renewal Term of the Lease during which an Event of Nonappropriation occurs or (b) an Event of Default under the Lease and an election by the Trustee to terminate the possessory interest of the State under the Lease, the State's right of possession of the Facilities under the Lease will expire or be terminated, as appropriate.

A Bondowner should not anticipate that it will be possible to foreclose on the Leased Property and liquidate, relet or sell the Leased Property (subject to the Site Leases) after the occurrence of an Event of Nonappropriation or an Event of Default for an amount equal to the aggregate principal amount of the Bonds then Outstanding plus accrued interest thereon.

Certain of the Facilities financed under the Indenture will be or are now under construction. If the possessory interest of the State under the Lease were to be terminated by reason of an Event of Nonappropriation or an Event of Default under the Indenture or otherwise pursuant to the Building Ownership Act or the Lease prior to the acquisition and construction of these Facilities, the payment of principal of, premium, if any, and interest on the 2020 Bonds would depend, in part, on the ability of the Trustee to complete any unfinished construction, foreclose on the Facilities, and liquidate, relet or sell one or more partially constructed Facilities. See "APPENDIX D—BASIC DOCUMENTATION–THE INDENTURE–Events Of Default And Remedies."

Possible Difficulties In Selling Or Re–letting The Facilities

If the State's right of possession of the Facilities under the Lease expires or is terminated for any of the reasons described in the Indenture, the obligation of the State to pay Rentals under the Lease will continue through the then–current Renewal Term, but not thereafter, and the 2020 Bonds will be payable from, among other sources, such moneys as may be available by way of recovery from the State of the Rentals which are due through the then–current Renewal Term. As set forth in the Building Ownership Act, the Indenture and the Lease, if the State fails to pay any Rentals due to the Authority under the terms of the Lease, the State shall immediately surrender, and vacate the Facilities, and the rental or lease obligation under the Lease shall then cease. Should the Lease expire at the end of a Renewal Term without any extension for the next succeeding Renewal Term, or if an event occurs pursuant to which the Trustee terminates the State's right of possession of the Facilities under the Lease, the Trustee may repossess, complete construction, and relet or sell the affected Facilities as provided in the Indenture.

No assurance can be given that the Trustee could relet or sell the Facilities for the amount necessary to pay the principal of and the interest due on the 2020 Bonds. The Facilities constitute facilities to be used in the operation of certain divisions of State government and institutions of higher education and may not be readily usable by other types of tenants. See "THE FACILITIES" below. The net proceeds of any reletting or sale of the Facilities, together with certain other moneys then held by the Trustee under

the Indenture, if any, are required to be used to pay the Bonds to the extent of such moneys. No assurance can be given as to the amount of funds available from any such source for the payment of the aggregate principal amount of the 2020 Bonds then outstanding plus accrued interest thereon. Furthermore, no assurance can be given that any amount realized upon any liquidation of the Facilities will be available to provide for the payment of the 2020 Bonds on a timely basis.

Delays In Exercising Remedies; Limitations On Enforceability

The enforceability of the Lease and the Indenture is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State, the exercise of judicial authority by State or federal courts and the exercise by the United States of America of the powers delegated to it by the federal constitution. Because of the unique uses to which the Facilities may be suited and the delays inherent in obtaining foreclosure upon real property and judicial remedies, no assurance can be given that these remedies could be accomplished rapidly. Any delays in or failure on the part of the Trustee to obtain possession of or to foreclose the lien on the Facilities, if necessary, will likely result in delays in any payment of principal of or interest on the 2020 Bonds.

Possible Shortfall In Costs Of Acquisition And Construction Of The Facilities

The design, acquisition, construction and equipping of certain of the Facilities being financed with the Prior Parity Bonds has been commenced and is expected to be completed at various times within the next several years. In the interim, the Authority has capitalized interest on the Prior Parity Bonds, to the expected completion date of the Facilities financed with the proceeds of such bonds. Regardless of the sufficiency of the capitalized interest, however, once the capitalized interest has been fully applied, the State is required to commence lease payments pursuant to the Lease to the extent, in the amounts and at the times necessary to pay debt service on the Bonds. See "THE FACILITIES—The Facilities As Security For The 2020 Bonds" and "—The Facilities Financed With The Bonds" below.

The Authority and the State believe, but there can be no assurance, that the proceeds of sale of the 2020 Bonds and the Prior Parity Bonds, together with certain investment earnings thereon and other sources of construction funds described in "THE FACILITIES—The Facilities Financed With The Bonds" below, will be sufficient to complete the acquisition, construction and equipping of the Facilities which are yet to be completed. In the event such proceeds are insufficient, the Authority is authorized, pursuant to the Lease, to complete the acquisition, construction and equipping of those certain Facilities from legally available funds, but only in connection with the issuance of Additional Bonds issued pursuant to the Indenture or from moneys otherwise legally available for that purpose. The Indenture provides that Additional Bonds may be issued for completing the Facilities or making additions or improvements to the Facilities or acquiring or constructing Additional Facilities, subject to satisfaction of certain conditions provided in the Indenture. There can be no assurance that such Additional Bonds will be permitted under applicable law or that the Legislature will agree to the issuance of Additional Bonds at that time. If issued, Additional Bonds will be secured under the Indenture on a parity with the Bonds previously issued, including the 2020 Bonds and the Prior Parity Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds; Refunding Bonds" below and "APPENDIX D—BASIC DOCUMENTATION–THE INDENTURE–Additional Bonds."

Destruction Of The Facilities

The Lease requires the Facilities to be insured by policies of insurance (including casualty and property damage insurance) as described in "APPENDIX D—BASIC DOCUMENTATION–THE LEASE–Insurance Provisions." In the event of damage to or destruction of all or any part of the Facilities, the State is nevertheless required to continue to make payments under the Lease during the period for which the Legislature has appropriated moneys to do so. In such event, the State will decide whether the proceeds from available insurance (and any other legally available source) are sufficient to repair and rebuild

such Facilities or whether to apply the available proceeds to redemption or payment of the applicable Series of Bonds. If the net proceeds from insurance or certain other sources are insufficient to repair or replace such Facilities, the State may terminate its obligations under the Lease with respect to such Facilities and cause such proceeds to be distributed for the redemption of the applicable Series of Bonds in whole or in part as provided in the Indenture. See "THE 2020 BONDS—Redemption Provisions For The 2020 Bonds–Extraordinary Optional Redemption in the Event of Damage, Destruction or Condemnation" below. There can be no assurance as to the adequacy of a timely payment under property damage insurance in effect at that time. Furthermore, there can be no assurance that such insurance proceeds will be sufficient to redeem the applicable Series of Bonds in whole or that the Trustee will be able to realize any additional funds from such Facilities at that time. See "APPENDIX D—BASIC DOCUMENTATION–THE LEASE–Damage Or Destruction; Condemnation."

Depreciation And Lack Of Residual Value

Certain components of the Facilities may depreciate during the time that the 2020 Bonds are outstanding. In addition, various components of the Facilities may be difficult or impossible to remove from their points of service or use. Consequently, following an Event of Nonappropriation, an Event of Default under the Lease or the termination of the Lease for any reason, it is possible that any revenues realized by the Trustee from a reletting or sale, as appropriate, of the Authority's interest in the Facilities may be insufficient to pay all outstanding Bonds in full.

Tax–Exempt Status Of The 2020 Bonds; Continuing Compliance With Certain Covenants

Failure by the Authority or the State and other applicable departments and divisions of the State with respect to any of the 2020 Bonds to comply with certain covenants relating to the Indenture, the Lease and the 2020 Bonds, on a continuing basis, so long as any of the 2020 Bonds are outstanding under the Indenture and thereafter as required by such document provisions and applicable law, could result in interest on the 2020 Bonds becoming includible in federal gross income of the owners thereof, retroactive to the date of their original issuance. See "TAX MATTERS" below. The Indenture and the 2020 Bonds do not provide for payment of any additional interest or penalty or redemption if interest on the 2020 Bonds becomes includible in federal gross income.

Other Factors Regarding The Facilities

The ownership or operation of the Facilities creates a potential for environmental liability on the part of both the owner or operator of the Facilities as well as any party secured by mortgages, deeds of trust or other encumbrances, such as the Mortgages. If hazardous substances are discovered at the Facilities' sites or discovered to be emanating from the Facilities' sites, the State and the Authority may be held strictly liable for all costs and liabilities relating to the disposing of or dealing with such hazardous substances. This liability could be for an amount far more than the value of the Facilities. The existence of such hazardous substances could hinder the Trustee in exercising certain of its remedies or rights under the Lease and the Indenture upon the occurrence of an Event of Default thereunder.

The Authority has agreed and represented in the Lease that it has carried on, and will carry on, the business and operations at the Facilities in a manner that complies in all respects, and will remain in compliance with all applicable federal, state, regional, county or local laws, statutes, rules, regulations or ordinances concerning public health, safety or the environment.

Changes In State Government

The State has agreed in the Lease to include in its annual budget request all moneys that are necessary to fulfill the State's obligations under the Lease for each successive Renewal Term and seek an appropriation of such funds in a timely fashion to allow the State to pay its obligations under the Lease when due. The decision to renew or not to renew the term of the Lease is to be made solely by the Legislature at the

time it considers for adoption the final budget relating to each Renewal Term and not by any official of the State, acting in his or her individual capacity.

The obligation of the State to make payments under the Lease is subject to annual appropriation by the Legislature, which consists of the Utah Senate (the "Senate") and the Utah House of Representatives (the "House"), based upon a budget initially presented to the Legislature by the Governor of the State of Utah (the "Governor"), and an appropriation bill signed by the Governor. The members of the Legislature and the Governor are elected officials. Members of the Senate and the Governor serve four–year terms while members of the House serve two–year terms. As of the date of this OFFICIAL STATEMENT, the Governor and his administration support the construction and continued operation of the Facilities. However, the individuals elected to serve as Governor and as members of the Legislature will almost certainly change during the period when the 2020 Bonds are outstanding. There can be no assurance that a future Legislature or a future Governor will not take a policy position against the continued appropriation of payments under the Lease for the Facilities.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Lease And The Indenture

The 2020 Bonds are payable from amounts due under the Lease, as may be appropriated by the Legislature, and certain other moneys as provided in the Indenture. The initial term of the Lease commenced as of September 1, 1994, and expired on June 30, 1995 (the "Initial Term"). The State has exercised its option to extend the term of the Lease in each subsequent year.

In its 2019 Legislative General Session the Legislature appropriated funds sufficient to pay Rentals due under the Lease during Fiscal Year 2020 (which commenced on July 1, 2019 and will end on June 30, 2020), which has extended the term of the Lease. *The Governor has included in his proposed budget for Fiscal Year 2021 that will be considered during the 2020 Legislative General Session funds sufficient to pay Rentals due under the Lease for Fiscal Year 2021.*

Extension of the term of the Lease beyond such date is subject to the further exercise by the State, in its sole discretion, to renew the Lease for consecutive additional one–year Renewal Terms commencing July 1 of each of the years 2020 through 2038, and a final Renewal Term commencing July 1, 2038, and ending May 16, 2039, unless terminated earlier or extended by the issuance of Additional Bonds. For circumstances under which the Lease may be terminated, see "APPENDIX D—BASIC DOCUMENTATION–THE LEASE–Term Of The Lease."

The Authority, as lessor under the Lease and pursuant to the Indenture, will assign to the Trustee its rights to receive Base Rentals under the Lease for the benefit of the Owners of the 2020 Bonds. In addition, the Authority has granted or will grant a mortgage and security interest in all its right, title and interest in and to the Facilities. See "APPENDIX D—BASIC DOCUMENTATION–THE INDENTURE."

Pursuant to the provisions of the Lease, the State may, in its sole discretion, purchase all or a portion of the Facilities by payment of the applicable Option Price as defined in the Lease. Neither DFCM, the State, nor the Legislature may be compelled to exercise the purchase option provided in the Lease. See "APPENDIX D—BASIC DOCUMENTATION–THE LEASE–Lessee's Options To Purchase The Leased Property."

The continuation of the term of the Lease and the obligation of the State to pay Base Rentals after June 30, 2020, are subject to the appropriation by the Legislature of sufficient funds to extend the term of the Lease for each succeeding Renewal Term. Neither the Lease nor the 2020 Bonds constitute a general obligation or indebtedness of the State or any political subdivision thereof, or the Authority, within the meaning of any constitutional or statutory debt limitation. Neither the State nor any agency, department or

division of the State has pledged its credit to the payment of the Lease or the 2020 Bonds, and neither the State nor the Authority is directly or contingently obligated to apply money from, or to levy or pledge, any form of taxation to the payment of the Lease or the 2020 Bonds. The Authority does not have any taxing power.

So long as the Lease does not expire by its terms, in the event the Legislature appropriates sufficient funds to extend the term of the Lease for each successive Renewal Term, the State is required by the provisions of the Lease to pay semiannually to the Trustee specified Base Rentals for the Facilities which are sufficient, in both time and amount, to pay, when due, the principal of and interest on the 2020 Bonds.

The State has covenanted in the Lease to cause to be included in its annual tentative budget submitted to the Governor a request for appropriation, in accordance with applicable law, of an amount necessary (after considering any moneys then legally available for such purpose) to pay the Base Rentals and any reasonably anticipated Additional Rentals under the Lease for the Facilities during the next succeeding Renewal Term. See "APPENDIX D—BASIC DOCUMENTATION–THE LEASE–Rentals Payable–Covenant to Request Appropriations."

If the amounts otherwise legally available to be paid by the State to the Authority under the Lease are insufficient to pay the principal of and interest on the 2020 Bonds as and when due, the Governor may request the Legislature to appropriate additional funds for the payment of amounts due. *The Legislature may, but is not required to, make such an appropriation.* The State covenants to request that the Governor include in the budget submitted to the Legislature a request or requests for appropriation as and when necessary to assure full and timely payments on the 2020 Bonds; provided, however, that nothing in the Lease shall be construed as requiring the Governor to make such a request or the Legislature to appropriate such amounts.

In the event that the Legislature does not budget and appropriate sufficient funds prior to June 1 next preceding the beginning of any Renewal Term for the payment of (i) the Base Rentals becoming due during such Renewal Term, and (ii) reasonably estimated Additional Rentals payable during such Renewal Term with respect to the Lease, then an Event of Nonappropriation shall be deemed to have occurred pursuant to the Lease, and the State shall not be obligated to make payment of the Base Rentals or Additional Rentals provided for in the Lease beyond the last day of the Renewal Term during which such Event of Nonappropriation occurs, except for the State's obligation to pay Rentals that are payable prior to the termination of the Lease; provided, however, that the State shall continue to be liable for the amounts payable pursuant to the Lease during such time when the State continues to use, occupy and operate the Leased Property. Once the State has elected to continue a Lease for a new Renewal Term by the Legislature budgeting and appropriating sufficient moneys to pay Base Rentals and Additional Rentals as provided in the Lease, the State shall, as of the first day of such Renewal Term, be obligated to pay such Base Rentals and Additional Rentals during such Renewal Term. *Pursuant to the provisions of the Building Ownership Act, the Indenture, and the Lease, if the State fails to pay any Rentals due to the Authority under the terms of the Lease, the State shall immediately surrender and vacate the Facilities.* The Trustee shall, upon the occurrence of an Event of Nonappropriation, have all rights and remedies to take possession of the Facilities, as trustee for the benefit of the Owners of the Bonds, as provided in the Lease and the Indenture and shall be further entitled to all moneys then on hand and being held in all funds created under the Indenture (except the Rebate Fund), less any moneys then due and owing to the Trustee for services performed as trustee thereunder. However, due to the nature of the Facilities, it is unlikely that revenues from such remedies and sources would be sufficient to pay in full all then outstanding Bonds if payment were then due by acceleration or otherwise. Should such a shortfall occur, the then outstanding Bonds would be paid on a pro rata basis as provided in the Indenture. See "RISK FACTORS" above.

Insurance On The Facilities

The Facilities are required to be insured by the State to the extent described in "APPENDIX D—BASIC DOCUMENTATION–THE LEASE–Insurance Provisions." All Net Proceeds of performance

bonds, proceeds (including any moneys derived from any self–insurance program) from policies of insurance (except the policy of public liability and property damage insurance) required by the Lease or condemnation awards which are received by the Trustee will be deposited into a separate trust fund under the Indenture. Such Net Proceeds will be used either to repair, restore, modify or improve the applicable Facilities or to redeem or defease the related Bonds, as more fully described in "APPENDIX D—BASIC DOCUMENTATION–THE LEASE–Damage Or Destruction; Condemnation." See "RISK FACTORS" above and "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Risk Management And Insurance; Cybersecurity" below.

No Reserve Fund For The 2020 Bonds.

The Authority will not create or fund a debt service reserve fund for the 2020 Bonds.

Additional Bonds; Refunding Bonds

Additional Bonds may be issued pursuant to the Indenture on a parity with the 2020 Bonds and the Prior Parity Bonds upon the terms and conditions of the Indenture for the purpose of providing funds to pay one or more of the following: (i) the costs of completing the acquisition and construction of any of the Facilities financed under the Indenture; (ii) the costs of making such additions, improvements, extensions, alterations, relocations, enlargements, expansions, modifications or changes (hereinafter in this paragraph collectively called the "improvements") in, on or to the Facilities as the State may deem necessary or desirable and as will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds or reduce the fair rental value of the Facilities, including any repairing, restoring, modifying, improving or replacing pursuant to the Lease to the extent that such costs exceed the insurance or condemnation proceeds out of which such costs are to be paid pursuant to the Lease; (iii) the costs of Acquiring or Constructing any Additional Facilities for the use and benefit of the State and any State Bodies, but only to the extent that (A) the inclusion of such Additional Facilities as part of the Leased Property will not, in the opinion of Bond Counsel, adversely affect the excludability from gross income for federal income tax purposes of interest on the Bonds then outstanding and (B) the Lease is amended to include such Additional Facilities thereunder; (iv) the refunding of a Series of Bonds; (v) the costs of the issuance and sale of the Additional Bonds; (vi) interest during the estimated period of Acquisition and Construction of such Additional Facilities and for a period of up to 12 months thereafter; and (vii) any combination of such purposes. Any such Additional Facilities shall become a part of the Leased Property and shall be included under the Lease to the same extent as if originally included thereunder. All Additional Bonds will be secured by the lien of the Indenture and will rank *pari passu* with Prior Parity Bonds issued, the 2020 Bonds and all Additional Bonds that may be issued under the Indenture.

The Authority may issue Additional Bonds to finance or refinance Additional Facilities or portions thereof pursuant to the Indenture without subjecting such Additional Facilities or portions thereof to any additional Mortgages or supplements to existing Mortgages and without providing title insurance thereon if certain conditions are met under the Indenture. See "APPENDIX D—BASIC DOCUMENTATION—THE INDENTURE–Additional Bonds."

NO DEFAULTED AUTHORITY BONDS OR FAILURES BY STATE TO RENEW LEASE

As of the date of this OFFICIAL STATEMENT and since the creation of the Indenture and Lease (as of September 1, 1994), the Authority has never failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligations related thereto. As of the date of this OFFICIAL STATEMENT and since September 1, 1994, the State has never failed to renew, or defaulted on any payments due under, any annually renewable lease with the Authority.

THE 2020 BONDS

General

The 2020 Bonds will be dated the date of delivery[1] thereof (the "Dated Date") and will mature on May 15 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

The 2020 Bonds shall bear interest from the Dated Date at the rates set forth on the inside cover page of this OFFICIAL STATEMENT. Interest on the 2020 Bonds is payable semiannually on each May 15 and November 15, commencing November 15, 2020 and will be computed based on a 360–day year of 12, 30–day months. Wells Fargo Bank is the initial Registrar (the "Registrar"), Paying Agent (the "Paying Agent") and Trustee with respect to the 2020 Bonds.

The 2020 Bonds will be issued as fully–registered bonds, initially in book–entry form, in the denomination of $5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

The 2020 Bonds are being issued within the statutory debt limits imposed on the Authority. See "STATE BUILDING OWNERSHIP AUTHORITY—Statutory Legal Borrowing Debt Capacity" below.

Registration, Denominations, Manner Of Payment

The 2020 Bonds are issuable only as fully–registered bonds and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as the securities depository of the 2020 Bonds. Purchases of 2020 Bonds will be made in book–entry form only, in the principal amount of $5,000 or any whole multiple thereof, through brokers and dealers who are, or who act through, DTC Participants (as defined herein). Beneficial Owners (as defined herein) of the 2020 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2020 Bonds. "Direct Participants," "Indirect Participants" and "Beneficial Owners" are defined under "APPENDIX G—BOOK–ENTRY SYSTEM."

Principal of and interest on the 2020 Bonds are payable by the Paying Agent to the registered owners of the 2020 Bonds. So long as Cede & Co. is the sole registered owner it will, in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2020 Bonds, as described under "APPENDIX G—BOOK–ENTRY SYSTEM."

So long as DTC or its nominee is the sole registered owner of the 2020 Bonds, none of the Authority, the State, the successful bidder(s), nor the Trustee will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2020 Bonds. Under these same circumstances, references herein and in the Indenture to the "Bondowners" or "Registered Owners" of the 2020 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2020 Bonds.

Regular Record Date; Transfer Or Exchange Of The 2020 Bonds

Regular Record Date shall mean the first day of the month in which such Bond Interest Payment Date occurs. No transfer or exchange of any 2020 Bonds shall be required to be made (i) during a period beginning on the Regular Record Date or the Special Record Date, as the case may be, immediately preceding any Bond Interest Payment Date and ending on such Bond Interest Payment Date or special interest payment date, (ii) during a period beginning at the opening of business 15 days before the date of the

[1] The anticipated date of delivery is Thursday, March 26, 2020.

mailing of a notice of redemption of the 2020 Bonds selected for redemption and ending at the close of business on the day of such mailing, and (iii) for any 2020 Bond so selected for redemption, in whole or in part, except the unredeemed portion of such 2020 Bond being redeemed in part.

Estimated Sources And Uses Of Funds

The proceeds from the sale of the 2020 Bonds are estimated to be applied as set forth below:

Sources of Funds:	
Par amount of the 2020 Bonds	$18,865,000.00
Original issue premium on the 2020 Bonds	2,344,186.05
Total	$21,209,186.05
Uses of Funds:	
Deposit to 2020 Construction Account (Taylorsville)	$ 7,000,000.00
Deposit to 2020 Capitalized Interest Account (Taylorsville) (through November 1, 2021)	351,814.09
Deposit to 2020 Construction Account (West Valley)	7,000,000.00
Deposit to 2020 Capitalized Interest Account (West Valley) (through August 1, 2021)	295,173.85
Deposit to 2020 Construction Account (Saratoga Springs)	5,451,800.00
Deposit to 2020 Capitalized Interest Account (Saratoga Springs) (through June 1, 2021)	200,961.70
Deposit to 2020 Construction Account (Farmington)	500,000.00
Deposit to 2020 Capitalized Interest Account (Farmington) (through May 15, 2021)	28,760.98
Costs of issuance (1)	223,505.37
Underwriter(s)' discount on the 2020 Bonds	127,302.96
Original issue discount on the 2020 Bonds	29,867.10
Total	$21,209,186.05

(1) Includes legal fees, Municipal Advisor fees, rating agency fees, Trustee fees, Registrar and Paying Agent fees, rounding amounts and other miscellaneous costs of issuance.

(Source: Municipal Advisor.)

Redemption Provisions For The 2020 Bonds

2020 Bonds Optional Redemption. The 2020 Bonds maturing on or before May 15, 2029, are not subject to redemption prior to maturity, except as otherwise described in this section "Redemption Provisions For The 2020 Bonds."

The 2020 Bonds maturing on or after May 15, 2030, are subject to redemption (i) in whole on any business day on or after May 15, 2029, in the event that the Lessee exercises its option pursuant to the Master Lease to purchase all the Leased Property thereunder or (ii) in part on May 15, 2029, or on any date thereafter from such maturities or portions thereof designated by the Lessee in the event that the Lessee prepays additional Base Rentals pursuant to the Master Lease or purchases a portion of the Leased Property representing separate Facilities pursuant to the Master Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2020 Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 2020 Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Extraordinary Optional Redemption in the Event of Damage, Destruction or Condemnation. The 2020 Bonds are subject to redemption prior to maturity in whole or in part from time to time, from such maturities or portions thereof designated by the State in its notice described below, on such date or dates as the Trustee shall determine as hereinafter described, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date (to the extent that funds are available for such purpose as described herein), but without premium, in the event that (i) any of the Facilities are damaged or destroyed, in whole or in part, or the Leased Property or any portion thereof is taken in a condemnation or other proceeding, or certain events occur with respect to the title to such Leased Property or construction defects in any of the Facilities as described in the Lease, (ii) the Net Proceeds of any insurance policy, performance bond or condemnation award, or the Net Proceeds received as a consequence of defaults under any Project Contract (excluding liquidated damages), plus all amounts required to be paid as deductibles thereunder, made available by reason of one or more such occurrences, and any other legally available moneys, shall be insufficient to pay in full the cost of rebuilding, replacing or repairing Leased Property and (iii) the Lessee elects, pursuant to the Lease, to waive its obligation to rebuild, repair or replace the affected portion of such Leased Property by depositing such Net Proceeds into the Redemption Fund for application to the redemption of then–Outstanding Bonds in accordance with the Lease and the Indenture and provides written notice of such election to the Trustee and the Authority. If 2020 Bonds are called for extraordinary optional redemption, the 2020 Bonds to be redeemed will be redeemed on such date or dates as the Trustee may determine to be in the best interests of the Owners of the 2020 Bonds.

On the redemption date or dates determined as provided in the preceding paragraph, the Trustee shall transfer all moneys into the Redemption Fund in accordance with the provisions of the Indenture to be used by the Trustee to redeem the 2020 Bonds on such redemption date or dates to the extent necessary after giving effect to all moneys transferred to the Redemption Fund. The Trustee shall credit automatically against the State's obligation under the Lease an amount equal to the amount in the Redemption Fund.

Notice of Redemption. Notice of the call for any redemption, identifying and stating, among other things, the 2020 Bonds or portions thereof to be redeemed, the redemption date and price, and that the interest on such Bonds will cease to accrue from and after the redemption date, shall be given by the Trustee, upon being satisfactorily indemnified as to expenses, by mail at least 30 but not more than 60 days prior to the date fixed for redemption to the registered Owner of each 2020 Bond to be redeemed in whole or in part at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein with respect to any 2020 Bond, shall not affect the validity of any proceedings for the redemption of any other 2020 Bond or portion thereof with respect to which no such failure has occurred. Any notice mailed as provided above shall be conclusively presumed to have been duly given, whether the registered Owner receives the notice.

In addition to the foregoing notice, certain further notice of any redemption of 2020 Bonds shall be given by the Trustee as provided in the Indenture. Any defect in such further notice or failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

On or prior to the date fixed for any redemption of 2020 Bonds, the moneys required for such redemption shall be deposited with the Trustee by the State in accordance with the Lease. The principal of the 2020 Bonds called for redemption shall cease to bear interest after the specified redemption date, provided that sufficient funds for redemption are on deposit with the Trustee at that time.

If at the time of mailing of any notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the 2020 Bonds called for redemption, which moneys are or will be available for redemption of 2020 Bonds, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and that such notice shall be of no effect unless such moneys are so deposited.

Redemption Payments. All moneys to be used for redemption of 2020 Bonds (other than mandatory sinking fund redemptions, if any) shall be deposited in the Redemption Fund established under the Indenture. Said moneys shall be set aside in the Redemption Fund solely for redeeming the principal of the 2020 Bonds in advance of their scheduled maturity date, except as may otherwise be required by any Tax Certificate, and shall be applied on or after the Bond Payment Date or other date designated for redemption to the payment of the principal of, and premium, if any, and interest on, the 2020 Bonds to be redeemed, upon presentation and surrender of such 2020 Bonds.

Partial Redemption of 2020 Bonds. In the case of a partial redemption of 2020 Bonds when 2020 Bonds of denominations greater than $5,000 are then outstanding, then for all purposes in connection with such partial redemption, each $5,000 of face value shall be treated as though it were a separate 2020 Bond of the denomination of $5,000. If it is determined that one or more, but not all, of the $5,000 units of face value represented by any 2020 Bond is to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units (given by the Trustee), the Owner of such 2020 Bond shall forthwith surrender such 2020 Bond to the Trustee (a) for payment of the redemption price (including the premium, if any, and interest to the date fixed for redemption) of the $5,000 unit or units of face value called for redemption and (b) for exchange, without charge to the Owner thereof, for a new 2020 Bond or 2020 Bonds of the same Series, designation, maturity and interest rate and in any of the authorized denominations, at the option of the Owner thereof, of the aggregate principal amount of the unpaid balance of the principal amount of the 2020 Bond to be so redeemed. If the Owner of any such 2020 Bond of a denomination greater than $5,000 shall fail to present such 2020 Bond to the Trustee for redemption and exchange as aforesaid, the principal amount of such 2020 Bond to be redeemed shall, nevertheless, become due and payable on the redemption date to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such 2020 Bond to be redeemed represented by such $5,000 unit or units of face value on and after the redemption date and (funds sufficient for the payment of the redemption price having been deposited with the Trustee and being available for the redemption of said unit or units on the redemption date) such 2020 Bond shall not be entitled to the benefit or security of the Indenture to the extent of the portion of its principal amount (and accrued interest thereon after the redemption date) represented by such $5,000 unit or units of face value nor shall new 2020 Bonds be thereafter issued corresponding to said unit or units. 2020 Bonds shall be redeemed only in the principal amount of $5,000 each or any whole multiple thereof.

With respect to any partial redemption of 2020 Bonds of less than all of a particular maturity of 2020 Bonds, the particular 2020 Bonds to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee shall determine to be fair and equitable.

Book–Entry System

DTC will act as securities depository for the 2020 Bonds. The 2020 Bonds will be issued as fully–registered securities registered in the name of Cede & Co. (DTC's nominee) or such other name as may be requested by an authorized representative of DTC. One fully–registered 2020 Bond certificate will be issued for each maturity of the 2020 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or a "fast agent" of DTC. See "APPENDIX G—BOOK–ENTRY SYSTEM" for a more detailed discussion of the book–entry system and DTC.

Debt Service On The 2020 Bonds

Debt Service based on Base Rental Payment Schedule. The Lease requires semi–annual Base Rental payments to be made by the State to the Authority (on May 1 and November 1 of each year), which Base Rentals have been assigned to the Trustee pursuant to the Indenture. 2020 Bond principal and/or interest payments are then paid by the Trustee on May 15 and November 15. The following table shows scheduled debt service on the 2020 Bonds based on Base Rental payments dates.

Due Date (**Base Rental Payment**)	The 2020 Bonds Principal	Interest	Period Total	Fiscal Total
November 1, 2020	$ 0.00	$ 411,850.14	$ 411,850.14	
May 1, 2021	515,000.00	323,725.00	838,725.00	$1,250,575.14
November 1, 2021	0.00	310,850.00	310,850.00	
May 1, 2022	700,000.00	310,850.00	1,010,850.00	1,321,700.00
November 1, 2022	0.00	293,350.00	293,350.00	
May 1, 2023	735,000.00	293,350.00	1,028,350.00	1,321,700.00
November 1, 2023	0.00	274,975.00	274,975.00	
May 1, 2024	770,000.00	274,975.00	1,044,975.00	1,319,950.00
November 1, 2024	0.00	255,725.00	255,725.00	
May 1, 2025	805,000.00	255,725.00	1,060,725.00	1,316,450.00
November 1, 2025	0.00	235,600.00	235,600.00	
May 1, 2026	845,000.00	235,600.00	1,080,600.00	1,316,200.00
November 1, 2026	0.00	214,475.00	214,475.00	
May 1, 2027	890,000.00	214,475.00	1,104,475.00	1,318,950.00
November 1, 2027	0.00	192,225.00	192,225.00	
May 1, 2028	935,000.00	192,225.00	1,127,225.00	1,319,450.00
November 1, 2028	0.00	168,850.00	168,850.00	
May 1, 2029	985,000.00	168,850.00	1,153,850.00	1,322,700.00
November 1, 2029	0.00	144,225.00	144,225.00	
May 1, 2030	1,030,000.00	144,225.00	1,174,225.00	1,318,450.00
November 1, 2030	0.00	128,775.00	128,775.00	
May 1, 2031	1,060,000.00	128,775.00	1,188,775.00	1,317,550.00
November 1, 2031	0.00	112,875.00	112,875.00	
May 1, 2032	1,095,000.00	112,875.00	1,207,875.00	1,320,750.00
November 1, 2032	0.00	96,450.00	96,450.00	
May 1, 2033	1,130,000.00	96,450.00	1,226,450.00	1,322,900.00
November 1, 2033	0.00	79,500.00	79,500.00	
May 1, 2034	1,160,000.00	79,500.00	1,239,500.00	1,319,000.00
November 1, 2034	0.00	62,100.00	62,100.00	
May 1, 2035	1,190,000.00	62,100.00	1,252,100.00	1,314,200.00
November 1, 2035	0.00	50,200.00	50,200.00	
May 1, 2036	1,220,000.00	50,200.00	1,270,200.00	1,320,400.00
November 1, 2036	0.00	38,000.00	38,000.00	
May 1, 2037	1,240,000.00	38,000.00	1,278,000.00	1,316,000.00
November 1, 2037	0.00	25,600.00	25,600.00	
May 1, 2038	1,270,000.00	25,600.00	1,295,600.00	1,321,200.00
November 1, 2038	0.00	12,900.00	12,900.00	
May 1, 2039	1,290,000.00	12,900.00	1,302,900.00	1,315,800.00
Totals	$18,865,000.00	$6,128,925.14	$24,993,925.14	

(1) Includes legal fees, Municipal Advisor fees, rating agency fees, Trustee fees, Registrar and Paying Agent fees, rounding amounts and other miscellaneous costs of issuance.

(Source: Municipal Advisor.)

CONTINUING DISCLOSURE UNDERTAKING

The State will enter into a continuing disclosure undertaking (the "Disclosure Undertaking") for the benefit of the Beneficial Owners of the 2020 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system ("EMMA") pursuant to the requirements of paragraph (b)(5) of Rule 15c2–12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. No person, other than the State, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the 2020 Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclo-

sure Undertaking, including termination, amendment and remedies, are set forth in "APPENDIX F—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING."

Based on prior disclosure undertakings, the State submits its comprehensive annual financial report (the "CAFR") (Fiscal Year Ending June 30) and other operating and financial information on or before January 15 (on or before 199 days from the end of the Fiscal Year) of each year. The State will submit the Fiscal Year 2020 CAFR and other operating and financial information for the 2020 Bonds on or before January 15, 2021, and annually thereafter on or before each January 15.

A failure by the State to comply with the Disclosure Undertaking will not constitute a default under the Indenture, and Beneficial Owners of the 2020 Bonds are limited to the remedies provided in the Disclosure Undertaking. See "APPENDIX F—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING–Consequences of Failure of the State to Provide Information." A failure by the State to comply with the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2020 Bonds in the secondary market. Any such failure may adversely affect the marketability of the 2020 Bonds.

State's Failure To Provide Certain Operating Information

(i) The State failed to provide certain operating information related to the State's Recapitalization Revenue Bonds, Series 2010A, Series 2010B and Series 2010C (CUSIP®917535, dated February 23, 2010), for the filing periods January 15, 2016 and January 15, 2017. The State submitted the required information to EMMA on June 12, 2017.

(ii) The State failed to provide certain tables of appropriation revenues and capital expenditures authorizations related to the State's general obligation bond (CUSIP®917542; Series 2013, dated July 30, 2013) for the filing periods January 15, 2016 and January 15, 2017. Also, the State failed to provide certain tables of appropriation revenues, budget revenue collections and capital expenditures authorizations related to the State's general obligation bond (CUSIP®917542; Series 2015, dated April 29, 2015) and the Authority's lease revenue bonds (CUSIP®917547; Series 2016, dated April 5, 2016; and Series 2015, dated April 29, 2015) for the filing periods January 15, 2016 and January 15, 2017. The State and the Authority submitted the required information to EMMA on June 9, 2017.

(iii) The State failed to provide a table on capital expenditures authorizations related to: (a) all bond issues of the currently outstanding general obligation bonds of the State and (b) all bond issues of the currently outstanding lease revenue bonds of the Authority (excluding those bond issues identified in paragraph (ii) above) for the filing periods January 15, 2016 and January 15, 2017. The State and the Authority submitted the required information to EMMA on June 9, 2017. Additionally, the State missed filing the capital expenditures table for the Authority's CUSIP®917547 XA4 and filed and corrected the information on February 27, 2018.

(iv) The State also failed to provide tables on investment returns and funding ratios for the Utah State Retirement Systems related to the State's general obligation bonds (CUSIP®917542; Series 2015, dated April 29, 2015; Series 2013, dated July 30, 2013; and Series 2011A, dated July 6, 2011) and the Authority's lease revenue bonds (CUSIP®917547; Series 2015, dated April 29, 2015; Series 2012A and Series 2012B, dated November 20, 2012; and Series 2011, dated October 25, 2011) for the filing periods January 15, 2016 through January 15, 2018. The State and the Authority submitted the required information to EMMA on January 4, 2019.

The State continues to review its continuing disclosure practices and has implemented guidelines for future continuing disclosure filings.

STATE BUILDING OWNERSHIP AUTHORITY

Establishment And Statutory Powers

The Authority was created in 1979 as a body politic and corporate of the State. The Authority is empowered, among other things, to issue its bonds (with the prior approval of the Legislature) to finance the acquisition and construction of facilities to be leased to State agencies and their affiliated entities from rentals paid out of budget appropriations or other available funds for the lessee agencies, which in the aggregate will be sufficient to pay the principal of and interest on such bonds as they become due and to maintain, operate and insure the facilities. The necessary prior approval of the Legislature for the issuance of such bonds is given by specific acts, which acts are generally passed upon during a General Session of the Legislature.

The Authority is also empowered, among other things, to: (i) contract with others for needed services; and (ii) cause to be executed mortgages, trust deeds, indentures, pledge agreements, assignments, security agreements, and financing statements encumbering property acquired, or constructed by the Authority.

The Authority is comprised of three members: the Governor or designee, the State Treasurer and the Chair of the State Building Board. The Building Ownership Act directs DFCM to construct and maintain any facilities acquired or constructed for the Authority.

State Building Board

The State Building Board consists of seven voting members who are appointed by the Governor. In addition, the director of the Governor's Office of Management and Budget of the State is a non–voting member of the board. The board acts as a policy–making board for DFCM. The board's current statutory responsibilities include the preparation and maintenance of a five–year building plan for submission to the Governor and the Legislature, the establishment of design and construction standards for State facilities, the establishment of procurement rules for the design and construction and leasing of State facilities, and the establishment of policies and procedures regarding the functions of DFCM.

Division Of Facilities Construction And Management

DFCM is responsible for the design and construction of the facilities used by all state agencies and institutions. DFCM contracts with private architectural, engineering, and construction firms for the design and construction of such facilities. DFCM reviews plans prior to bidding and supervises the design and construction processes. DFCM acts as staff to the State Building Board in the analysis of facility needs and the prioritization of capital projects.

DFCM is responsible for the leasing of all facilities for State agencies with some exceptions. Information regarding leases is submitted annually to the Legislature for its review and approval. Other responsibilities of DFCM include the management and maintenance of many State facilities, the allocation of space among State agencies, and the ownership of much of the State's real property.

The State's Limited Lease Rental Obligation

The Building Ownership Act provides that, except as otherwise provided therein, bonds issued by the Authority pursuant thereto will be payable solely out of rentals or lease payments received by the Authority for the facilities constructed or acquired thereunder, and that, if the amounts otherwise legally available to be paid by the State to the Authority under the Lease are insufficient to pay the principal of and interest on the bonds as and when due, the Governor may request the Legislature to appropriate additional funds for the payment of amounts due. *The Legislature may, but is not required to, make such an appropriation. Bonds issued pursuant to authorizing legislation of this type are sometimes referred to herein as "State Lease Revenue Bonds."*

Debt Issuance

Current Lease Revenue Obligation Bonds Outstanding. The 2020 Bonds will be the 31st series of Bonds to be issued pursuant to the State Facilities Master Lease Program. Under the State Facilities Master Lease Program, no debt service reserve fund is created for any Bonds issued pursuant to the Indenture and the Lease. In this program, all Bonds are issued on a parity basis and are cross–collateralized by the facilities subject to the lien of the Indenture and the Mortgages.

The 2020 Bonds and all other Bonds issued under the State Facilities Master Lease Program are not classified as State Moral Obligation Bonds as defined in "DEBT STRUCTURE OF THE STATE OF UTAH—State Moral Obligation Bonds" below. However, the 2020 Bonds are State Lease Revenue Bonds.

As of March 26, 2020, the Authority will have the following State Lease Revenue Bonds outstanding under the State Facilities Master Lease Program:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2020 (a)	DABC	$18,865,000	May 15, 2039	$ 18,865,000
2018	DABC/parking	18,465,000	May 15, 2039	18,465,000
2017 (2)	Refunding/crossover	25,910,000	May 15, 2024	25,910,000
2016	Justice/DABC	98,150,000	May 15, 2038	94,700,000
2015	Refunding	30,015,000	May 15, 2030	27,060,000
2012B (3)	Refunding/acquisition	11,700,000	May 15, 2022	1,885,000
2012A	Refunding	15,610,000	May 15, 2027	12,170,000
2011	Various purposes	5,250,000	May 15, 2031	2,375,000
2010	Refunding	36,735,000	May 15, 2024	15,565,000
2009E (4) (5)	Huntsman Hospital (BABs)	89,470,000	May 15, 2030	57,690,000
2009C (4)	DABC Warehouse (BABs)	16,715,000	May 15, 2029	16,715,000
Total principal amount of outstanding State Lease Revenue Bonds (6)				$291,400,000

(a) For purposes of this OFFICIAL STATEMENT the 2020 Bonds will be considered issued and outstanding.
(1) All bonds rated "Aa1" by Moody's Investors Service, Inc. ("Moody's") and "AA+" by S&P Global Ratings ("S&P") (*unless otherwise indicated*), as of the date of this OFFICIAL STATEMENT. No municipal bond ratings have been requested from Fitch Ratings ("Fitch").
(2) Issued as a direct purchase. Rated "Aa1" by Moody's (no rating was requested from S&P or Fitch).
(3) The 2012B Lease Revenue Bonds are issued as federally taxable bonds.
(4) Issued as federally taxable, originally 35% issuer subsidy, "Build America Bonds" or "BABs".
(5) Portions of this bond was refunded from moneys received from an escrow account (created from bond proceeds from the 2017 Lease Revenue Bonds) on the Crossover Date of May 15, 2019.
(6) For accounting purposes, the total unamortized bond premium is $9,608,836 (as of March 26, 2020 and including the 2020 Bonds), which together with current debt outstanding of $291,400,000, results in total outstanding net direct debt of $301,008,836.

(Source: Municipal Advisor.)

Authorized State Lease Revenue Bonds; Future Lease Revenue Bonds Issuance

Authorized State Lease Revenue Bonds. Notwithstanding the legal debt issuing capacity of the Authority discussed in this section under "Statutory Legal Borrowing Debt Capacity" below, the Authority may only issue State Lease Revenue Bonds for facilities authorized by the Legislature.

The Authority has up to $18,750,100 aggregate principal amount of additional authorized and unissued lease revenue bonds, the proceeds of which will be used by DFCM for various projects. The authorizations consist of: $18,750,100 for two DABC liquor stores in Salt Lake City, Utah ($8,659,000 from the 2018 Legislative Session and $10,091,100 from the 2019 Legislative Session).

Future Lease Revenue Bonds Issuance. The Legislature may authorize additional lease revenue bonds in future Fiscal Years, but such amounts and issuance dates are not known as of the date of this OFFICIAL STATEMENT. The Authority does not anticipate the issuance of additional lease revenue bonds within Fiscal Year 2020, but may issue additional bonds at any time in the future. *As of the date of this OFFICIAL STATEMENT, no additional authorizations have been introduced in the 2020 Legislative General Session.*

Statutory Legal Borrowing Debt Capacity

The Authority may not issue any bonds or other obligations under the Building Ownership Act in an amount which would exceed the difference between (i) the total outstanding indebtedness of the State (exclusive of certain State highway bonds specified under the Building Ownership Act) and (ii) 1.5% of the fair market value of the taxable property of the State (the "Statutory Lease Revenue Debt Limit"). Under this formula, the Authority's debt capacity is reduced as non–excluded State general obligation bonds are issued.

Currently the State does not levy a specific ad valorem property tax rate for State revenue purposes. However, in calculating certain debt limit amounts, the State uses the fair market value of taxable property as determined by the State Tax Commission, which value is finalized and available in the Fall of each year. The last assessment for taxable property values occurred in November 2018 (which timing is in Calendar Year 2018 and in the State's Fiscal Year 2019). The November 2019 taxable property values will not be available until the Fall of 2020 (Calendar Year 2019/Fiscal Year 2020).

As of March 26, 2020, (the anticipated delivery date of the 2020 Bonds), the Statutory Lease Revenue Debt Limit and additional debt incurring capacity of the Authority are calculated as follows:

Fair market value of ad valorem taxable property (1)	$402,353,021,949
Fees in lieu of ad valorem taxable property (2)	13,297,245,336
Total fair market value of taxable property (1)	$415,650,267,285
Statutory Lease Revenue Debt Limit (1.5%)	$6,234,754,009
Currently outstanding general obligation debt (net) (3)	(2,542,606,644)
Authority's outstanding lease revenue bonds (net) (4)	(301,008,836)
Long–term contract liabilities (5)	(100,062,000)
Statutorily exempt State general obligation highway debt (net) (4)	2,364,419,486
Estimated Statutory Lease Revenue Debt Limit capacity of the Authority	$5,655,496,015

(1) Based on Calendar Year 2018 (Fiscal Year 2019) taxable values. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters–Taxable Value Compared with Fair Market Value of All Taxable Property in the State" below.

(2) Based on Calendar Year 2018 (Fiscal Year 2019) "age based" values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state–assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.

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

(4) Includes unamortized original issue bond premium that was treated as principal for purposes of calculating the Constitutional Debt Limit and the Statutory Appropriations General Obligation Debt Limit.

(5) In the opinion of the State Auditor, the State has other long–term contract liabilities of unused vacation leave for employees of $100,062,000 which financial obligations may be considered as general obligation debt of the State. Although no final legal determination has been made, for purposes of this OFFICIAL STATEMENT, this amount will be applied against the Authority's Statutory Lease Revenue Debt Limit.

(Source: Municipal Advisor.)

Statutory Legal Debt Limit Estimate Using Calendar Year 2019 (Fiscal Year 2020) Estimated Taxable Valuation. Based on estimated ad valorem property tax reports from the State Tax Commission, the Calendar Year 2019 (Fiscal Year 2020) estimated fair market value of ad valorem taxable property and valuation for fees in lieu property is approximately $460.4 billion, leaving the Authority (after the issuance of the 2020 Bonds) to legally issue an additional approximately $6.3 billion of lease revenue bonds. (Source: Municipal Advisor.)

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Debt Service Schedule of Outstanding Lease Revenue Bonds (State Building Ownership Authority) By Fiscal Year (a)

Fiscal Year Ending	Series 2020 $18,865,000		Series 2018 $18,465,000		Series 2017 $25,910,000		Series 2016 $98,150,000		Series 2015 $30,015,000		Series 2012B $11,700,000		Series 2012A $15,610,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 0	$ 0	$ 0	$ 893,034	$ 0	$ 0 (b)	$ 3,300,000	$ 3,429,156	$ 705,000	$ 1,309,500	$ 985,000	$ 50,500	$ 1,445,000	$ 487,050
2020	0	0	590,000	751,150	4,805,000	1,295,500	3,475,000	3,264,156	1,910,000	1,281,300	1,005,000	35,725	1,490,000	443,700
2021	515,000	735,575	610,000	721,650	5,120,000	1,055,250	3,625,000	3,090,406	2,020,000	1,185,800	665,000	18,138	1,555,000	384,100
2022	700,000	621,700	645,000	691,150	5,460,000	799,250	3,800,000	2,909,156	2,115,000	1,084,800	215,000	4,838	1,630,000	306,350
2023	735,000	586,700	675,000	658,900	5,085,000	526,250	4,025,000	2,719,156	2,220,000	979,050	–	–	1,710,000	224,850
2024	770,000	549,950	720,000	625,150	5,440,000	272,000	4,200,000	2,517,906	2,875,000	868,050	–	–	1,230,000	173,550
2025	805,000	511,450	745,000	589,150	–	–	4,400,000	2,307,906	3,005,000	724,300	–	–	2,850,000	136,650
2026	845,000	471,200	785,000	551,900	–	–	4,650,000	2,087,906	3,150,000	574,050	–	–	1,135,000	51,150
2027	890,000	428,950	825,000	512,650	–	–	4,750,000	1,983,281	3,325,000	416,550	–	–	570,000	17,100
2028	935,000	384,450	865,000	471,400	–	–	4,850,000	1,864,531	2,855,000	250,300	–	–	–	–
2029	985,000	337,700	905,000	428,150	–	–	5,000,000	1,731,156	1,775,000	107,550	–	–	–	–
2030	1,030,000	288,450	940,000	391,950	–	–	5,150,000	1,581,156	1,810,000	54,300	–	–	–	–
2031	1,060,000	257,550	980,000	354,350	–	–	5,300,000	1,426,656	–	–	–	–	–	–
2032	1,095,000	225,750	1,010,000	324,950	–	–	5,450,000	1,267,656	–	–	–	–	–	–
2033	1,130,000	192,900	1,035,000	294,650	–	–	5,625,000	1,104,156	–	–	–	–	–	–
2034	1,160,000	159,000	1,085,000	253,250	–	–	5,775,000	935,406	–	–	–	–	–	–
2035	1,190,000	124,200	1,125,000	209,850	–	–	5,950,000	762,156	–	–	–	–	–	–
2036	1,220,000	100,400	1,175,000	164,850	–	–	6,150,000	583,656	–	–	–	–	–	–
2037	1,240,000	76,000	1,210,000	126,663	–	–	6,325,000	399,156	–	–	–	–	–	–
2038	1,270,000	51,200	1,250,000	87,338	–	–	6,200,000	201,500	–	–	–	–	–	–
2039	1,290,000	25,800	1,290,000	45,150	–	–	–	–	–	–	–	–	–	–
Totals	$ 18,865,000	$ 6,128,925	$ 18,465,000	$ 9,147,284	$ 25,910,000	$ 3,948,250	$ 98,000,000	$ 36,166,219	$ 27,765,000	$ 8,835,550	$ 2,870,000	$ 109,200	$ 13,615,000	$ 2,224,500

Fiscal Year Ending	Series 2011 $5,250,000		Series 2010 $36,735,000		Series 2009E $89,470,000		Series 2009C $16,715,000		Series 2009B (d) $8,445,000		Series 2009A (d) $25,505,000		Series 1998C (d) $105,100,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest (c)	Principal	Interest (c)	Principal	Interest	Principal	Interest	Principal (7)	Interest
2019	$ 405,000	$ 87,169	$ 3,510,000	$ 953,750	$ 0	$ 4,807,463	$ 0	$ 929,780	$ 1,240,000	$ 62,000	$ 1,125,000	$ 56,250	$ 2,110,000 (8)	$ 116,050
2020	415,000	75,019	2,995,000	778,250	0 (2)	3,327,559	1,305,000 (4)	929,780	–	–	0	0 (6)	–	–
2021	430,000	64,644	3,145,000	628,500	0 (2)	3,327,559	1,370,000 (4)	860,693	–	–	0	0 (6)	–	–
2022	440,000	52,819	3,275,000	471,250	0 (2)	3,327,559	1,445,000 (4)	788,165	–	–	0	0 (6)	–	–
2023	455,000	39,619	3,445,000	307,500	0 (2)	3,327,559	1,520,000 (4)	711,667	–	–	0	0 (6)	–	–
2024	70,000 (1)	25,400	2,705,000	135,250	0 (2)	3,327,559	1,605,000 (4)	631,198	–	–	0	0 (6)	–	–
2025	70,000 (1)	22,600	–	–	6,015,000 (3)	3,327,559	1,685,000 (5)	546,230	–	–	0	0 (6)	–	–
2026	75,000 (1)	19,800	–	–	8,635,000 (3)	2,980,614	1,785,000 (5)	449,039	–	–	0	0 (6)	–	–
2027	80,000 (1)	16,800	–	–	9,145,000 (3)	2,482,547	1,890,000 (5)	346,080	–	–	0	0 (6)	–	–
2028	80,000 (1)	13,600	–	–	10,665,000 (3)	1,955,064	1,995,000 (5)	237,065	–	–	0	0 (6)	–	–
2029	85,000 (1)	10,400	–	–	11,285,000 (3)	1,339,906	2,115,000 (5)	121,993	–	–	0	0 (6)	–	–
2030	85,000 (1)	7,000	–	–	11,945,000 (3)	688,988	–	–	–	–	0	0 (6)	–	–
2031	90,000 (1)	3,600	–	–	–	–	–	–	–	–	–	–	–	–
2032	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2033	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2034	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2035	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2036	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2037	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2038	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2039	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Totals	$ 2,780,000	$ 438,469	$ 19,075,000	$ 3,274,500	$ 57,690,000	$ 34,219,937	$ 16,715,000	$ 6,551,690	$ 1,240,000	$ 62,000	$ 1,125,000	$ 56,250	$ 2,110,000	$ 116,050

(a) These tables reflect the Authority's debt service schedule for its lease revenue bonds for the Fiscal Year shown. This information is based on payments (cash basis) falling due in that particular Fiscal Year.
(b) The amount of interest due is $1,295,500 with the payment being made from escrowed moneys held in the 2017 Escrow Account.
(c) Issued as federally taxable "Build America Bonds." **Does not reflect an originally 35% federal interest rate subsidy.** The Authority anticipates that because of the federal sequestration, the subsidy paid by the federal government on these bonds will be reduced by approximately $87,914 for the federal fiscal year ending September 30, 2020.
(d) These bonds issues are included in this table because final principal and interest payments occurred in Fiscal Year 2019.
(1) Mandatory sinking fund payments from a $635,000, 4.00%, term bond due May 15, 2031.
(2) These principal payment amounts (and the related interest) were refunded by the 2017 Lease Revenue Bonds.
(3) Mandatory sinking fund payments from a $57,690,000, 5.768%, term bond due May 15, 2030.
(4) Mandatory sinking fund payments from a $7,245,000, 5.294%, term bond due May 15, 2024.
(5) Mandatory sinking fund payments from a $9,470,000, 5.768%, term bond due May 15, 2029.
(6) Certain principal maturities and interest wererefunded by the 2015 Lease Revenue Bonds.
(7) Remaining principal after portions of certain principal amounts maturing May 15, 2019 have been legally defeased by separate irrevocable escrow accounts.
(8) Remaining mandatory sinking fund payments from a $28,765,000, 5.50%, term bond due May 15, 2019.

Debt Service Schedule of Outstanding Lease Revenue Bonds (State Building Ownership Authority) By Fiscal Year–continued

Fiscal Year Ending June 30	Total State Facilities Master Lease Program		
	Total Principal	Total Interest (a)	Total Debt Service
2019	$ 14,825,000	$ 13,181,701	$ 28,006,701
2020	17,990,000	12,182,139	30,172,139
2021	19,055,000	12,072,315	31,127,315
2022	19,725,000	11,057,037	30,782,037
2023	19,870,000	10,081,251	29,951,251
2024	19,615,000	9,126,014	28,741,014
2025	19,575,000	8,165,845	27,740,845
2026	21,060,000	7,185,659	28,245,659
2027	21,475,000	6,203,958	27,678,958
2028	22,245,000	5,176,410	27,421,410
2029	22,150,000	4,076,856	26,226,856
2030	20,960,000	3,011,844	23,971,844
2031	7,430,000	2,042,156	9,472,156
2032	7,555,000	1,818,356	9,373,356
2033	7,790,000	1,591,706	9,381,706
2034	8,020,000	1,347,656	9,367,656
2035	8,265,000	1,096,206	9,361,206
2036	8,545,000	848,906	9,393,906
2037	8,775,000	601,819	9,376,819
2038	8,720,000	340,038	9,060,038
2039	2,580,000	70,950	2,650,950
Totals	$ 306,225,000	$ 111,278,824	$ 417,503,824

(a) Does not reflect originally 35% federal interest subsidy payments on several"Build America Bonds" lease revenue bond issues.

(Source: Municipal Advisor.)

THE FACILITIES

The Facilities As Security For The 2020 Bonds

The 2020 Bonds are equally and ratably secured by the lien of the Indenture and the Lease, subject to the terms, conditions, limitations and exceptions set forth therein. Upon the occurrence of an Event of Default under the Indenture or the occurrence of an Event of Nonappropriation under the Lease, the State shall be required to surrender and vacate the Facilities, the Trustee shall have all rights and remedies to take possession of the Facilities as trustee for the benefit of the Beneficial Owners of the Bonds, and the Trustee may exercise various remedies against or with respect to the Facilities under the Indenture and the Lease for the proportionate benefit of the Beneficial Owners of the Bonds, subject to the limitation on remedies and acceleration during acquisition and construction of any of the Facilities. See in this section "Cross–Collateralization" below. See also "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—The Lease And The Indenture" above. Under the Lease, an Event of Nonappropriation will occur if the Legislature fails or refuses to specifically appropriate moneys sufficient to pay the Rentals with respect to all or any portion of the Facilities coming due in any fiscal year under the Lease.

Certain of the Facilities are part of larger projects, additional funding for which has come from sources other than Bonds issued under the Indenture ("Non–Bond Financed Projects"). Facilities do not include any Non–Bond Financed Project portions except to the extent, if any, covered by the appropriate Site Leases where necessary to provide requisite structural support for the respective Facilities.

The Facilities Financed With The Bonds

Set forth below is a brief description of certain major Facilities financed or refinanced through the proceeds of the 2020 Bonds and the Prior Parity Bonds. The Facilities consist of approximately 68 separate facilities, located in various counties within the State, that are used by various departments of State government and State Bodies including the Department of Alcoholic Beverage Control, the University of Utah's Health Sciences Center, various District and Juvenile Courts, the Department of Corrections, the Department of Community and Culture, the Department of Human Services, the Department of Natural Resources and its Division of Parks and Recreation, the State Office of Education, the Department of Environmental Quality, the Department of Transportation and others. The most significant of these facilities include:

(1) The expansion of the Huntsman Cancer Hospital (which is part of the University of Utah's Health Sciences Center) in 2009. The Authority issued approximately $90 million of bonds for construction of a new $102 million, 156,000 square foot expansion to the existing Huntsman Cancer Hospital in Salt Lake City, Utah. Approximately $12 million was contributed to the project by private contributions.

(2) The Provo District Court complex expansion is an eight–story structure with approximately 200,000 square feet of new space located in the City of Provo, Utah. The Authority issued approximately $87 million of Bonds to finance this facility in 2016.

(3) DABC warehouse expansion, located in Salt Lake County, Utah. The Authority issued approximately $23.7 million of Bonds to finance this facility.

(4) The West Jordan Courts complex project in Salt Lake County, Utah. The Authority issued approximately $13.9 million of Bonds to finance this facility.

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The following table provides further summary information regarding the Facilities:

Facility	Construction Status	Scheduled Date of Release from Lien (May 16) (1)
Huntsman Cancer Hospital (2009 expansion) .	Completed–2012	2030
Provo District Courts Complex.....	Completed–2019	2038
DABC Warehouse	Completed–2011	2029
West Jordan Courts Complex	Completed–2005	2025
All other facilities (mostly DABC liquor stores) .	Completed or under construction	2020–2039

(1) See "Release Of Portions Of Facilities–Scheduled Release of Facilities" below.

Cross–Collateralization

Subject to the following section "Release Of Portions Of Facilities," pursuant to the Indenture and the Lease, all Bonds issued under the Indenture are cross–collateralized in that the Authority has granted to the Trustee, for the benefit of the Owners of all Bonds, a mortgage and security interest in all the Authority's right, title and interest in all Facilities. The occurrence of an Event of Default under the Indenture or an Event of Nonappropriation under the Lease will entitle the Trustee to take possession of the Facilities and to exercise its rights and remedies to the extent provided in the Indenture against the Facilities in such manner and order as the Trustee determines to be in the best interests of the Owners of the Bonds then outstanding. However, the security interest in some of the Facilities may be released prior to the payment of all 2020 Bonds as described below under "Release of Portions of Facilities."

Release Of Portions Of Facilities

Under the terms and conditions provided in the Indenture and the Lease, portions of the Facilities may be released from the liens of the Indenture and the Mortgages and the terms of the Lease as follows:

Release of Portions of Facilities' Sites. So long as no Event of Default or Event of Nonappropriation has occurred under the Lease and is then continuing, the State and the Authority may make, from time to time, without the consent of the Trustee or the Owners of the Bonds, such modifications, alterations, amendments or additions to, or deletions from, the sites on which any of the Facilities are located as the State and the Authority mutually agree to be necessary and desirable to facilitate the use and development by the State, its successors, permitted sublessees and assigns, of such sites; provided, however, that the portions of each such respective site remaining subject to the Lease and the Indenture after any such modification, alteration, amendment to, or deletion from, such site shall (i) be capable of being operated as a separate and independent functional unit without additional cost to the occupant, (ii) be a single legal parcel of land or a combination of contiguous legal parcels, (iii) include the Facilities located on each such respective site financed with the proceeds of sale of the Bonds or the replacement of such Facilities, (iv) have adequate access to and from public streets and easements for the maintenance of all utilities and (v) not be in violation of any applicable law, rule, regulation, ordinance, covenant or restriction relating thereto. The State and the Authority covenant in the Lease not to agree to any modification, alteration, amendment or addition to or deletion from the sites on which any of the Facilities are located that would reduce the fair rental value of the Facilities remaining subject to the Lease (such value to be determined in each instance with reference to the value to the State based upon its use of the Facilities under the Lease and not with reference to such value as may be applicable for a different use or by a different user of the Facilities) below the Rentals payable under the Lease or adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or otherwise adversely affect the purposes for which the Authority acquired the Facilities and for which the State is leasing the Facilities pursuant to the Lease.

Release of Portions of Facilities Upon Exercise of Purchase Option. The Authority's interest in any portion of the Facilities representing separate Facilities shall be transferred to the State and title thereto shall thereupon vest in the State upon the exercise by the State of its option to purchase such separate Facilities upon the terms and conditions provided in the Lease.

Release of Portions of Facilities Upon Discharge of Related Series of Bonds. At such time as all Bonds of one or more Series issued to finance or refinance any separately identifiable portion of the Facilities are deemed to be paid under the Indenture, such Bonds shall no longer be secured by or entitled to the benefits of the Indenture or the Mortgages, except for the purposes of registration and exchange of Bonds and from moneys or Government Obligations deposited with or for the benefit of the Trustee therefore, and the Trustee shall release the liens and security interests granted by the Indenture and the Mortgages with respect to such portions of the Facilities.

Release of Portions of Facilities. So long as no Event of Nonappropriation or Event of Default has occurred and is then continuing under the Lease or the Indenture, the State shall be entitled to designate to the Authority and the Trustee components of certain Facilities to be released from the security interests and lien granted to the Trustee by the Indenture and the related Mortgage, but only to the extent that the value of the Facilities remaining subject to such security interests and lien immediately after such proposed release is not less than the then unpaid principal balance of the portion of the Base Rentals relating to the remaining components of such Facilities.

Scheduled Release of Facilities. So long as no Event of Default has occurred and is then continuing under the Indenture or the Mortgage relating to a Facility to be released and assuming the State has not previously exercised its option to purchase such Facilities, the security interest and liens granted to the Trustee by the Indenture and such Mortgage are scheduled to be released on certain dates specified in the Lease and the Indenture.

Notwithstanding anything to the contrary in the Lease, no portion of the Facilities shall be released, unless, in each instance, the State delivers to the Trustee, the Authority and each of the Appropriate Rating Agencies written notice of the proposed release at least 10 days in advance of such release together with a certificate executed by an authorized Lessee representative to the effect that the release of the portion of the Facilities identified in the applicable notice required by the Lease will not reduce the fair rental value of the Facilities remaining subject to the Lease (such value to be determined in each instance with reference to the value to the State based upon its use of the Facilities under the Lease and not with reference to such value as may be applicable for a different use or by a different user of the Facilities) below the Rentals payable under the Lease from and after such release. See "The Facilities Financed With The Bonds" above.

Maintenance Of The Facilities

The State has covenanted in the Lease, at its own expense, to maintain, manage and operate the Facilities in good order, condition and repair, ordinary wear and tear excepted. The State will provide or cause to be provided all power, gas, telephone, light, heating and water and all other public utility services. See "APPENDIX D—BASIC DOCUMENTATION–THE LEASE–Maintenance And Operation."

STATE OF UTAH GOVERNMENTAL ORGANIZATION

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

Constitutional Departments

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

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

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

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

Certain Other Administrative Bodies

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

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

Division of Finance. Among other things, the Division of Finance maintains financial accounts for State agencies, maintains a central accounting system, approves accounting systems of State agencies, approves proposed expenditures for the purchase of supplies and services requested by the majority of State agencies, and issues financial reports of the State.

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

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

DEBT STRUCTURE OF THE STATE OF UTAH

General Obligation Bonds Of The State

Outstanding General Obligation Bonds. General obligation bonds of the State are issued pursuant to resolutions of the State Bonding Commission and pursuant to the legislative authorizing acts to provide funds to pay a portion of the costs of the State's capital facilities and highway construction or reconstruction projects and to pay costs and expenses incident to the issuance of bonds. As of March 26, 2020, the State has $2,373,625,000 of outstanding general obligation bonds that mature through Fiscal Year 2034.

Authorized General Obligation Bonds And Future General Obligation Bonds Issuance

The State has additional authorized and unissued general obligation bonds, the proceeds of which bonds, when issued, will be used by DFCM and the Utah Department of Transportation ("UDOT") for various projects.

The authorizations consist of: (i) $87,791,286 for highway projects all of which is exempt from the Statutory Appropriations General Obligation Debt Limit calculations but are subject to the Statutory 2017 General Obligation Highway Limitation Debt Limit (from the 2017 Legislative Session, as defined herein); (ii) $350,015,161 for prison projects (from the 2015 and 2017 Legislative Sessions); *as of the date of this OFFICIAL STATEMENT the State does not intend to issue this remaining authorization, however it reserves to right to issue bonds if deemed necessary in future Fiscal Years*; and (iii) $1,165,228 for highway projects from the 2007 Legislative Session (*the State does not currently intend to issue this remaining 2007 authorization, which may be repealed in future legislative sessions*) and $124,408 for Salt Lake County, Utah highway projects from the 2018 Legislative Session (*the State does not currently intend to issue this remaining 2018 authorization, which may be repealed in future legislative sessions*).

As of the date of this OFFICIAL STATEMENT, the State may issue additional general obligation bonds depending on the needs of the State in January/February 2021 of approximately $87.7 million for highway projects.

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

Additional Information. For financial information regarding constitutional and statutory legal borrowing authority, outstanding general obligation indebtedness, debt service schedule of outstanding general obligation bonds by Fiscal Year, historical constitutional and statutory debt limit of the State, and debt ratios of the State see "APPENDIX B—ADDITIONAL DEBT AND FINANCIAL INFORMATION REGARDING THE STATE OF UTAH."

Revenue Bonds And Notes

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

State of Utah Recapitalization Revenue Bonds. The State Bonding Commission is authorized, with prior approval of the Legislature, to issue "recapitalization" revenue bonds of the State to provide funds for certain of the State's revolving loan funds. Such State revenue bonds are secured principally by the payments on certain bonds, notes and other obligations owned by the State through such funds and by debt service reserve funds, and constitute "State Moral Obligation Bonds."

Excluding the Authority, most of the State's revenue bonds and notes are issued by the State Board of Regents (for student loans and various capital projects).

See "State Moral Obligation Bonds" below.

Lease Obligations

The State leases office buildings and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a

legislative appropriation is reasonably assured, leases are considered noncancelable for financial reporting purposes.

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

Operating lease expenditures for Fiscal Year 2019 were $45.844 million for primary government and $43.21 million for discrete component units. The total future minimum lease payments for the State's non-cancellable operating leases for primary government totaled $89.925 million (with commitments payments scheduled through Fiscal Year 2059). The total future minimum lease payments for the State's operating leases for discrete component units totaled $312.105 million (with commitments payments scheduled through Fiscal Year 2059).

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

Primary government's total capital lease payments including principal and interest for Fiscal Year 2019 were approximately $3.313 million. The present value of the minimum lease payments of the State's capital leases (including direct borrowings) for primary government totals approximately $31.006 million (with annual payments scheduled through Fiscal Year 2044). The present value of the future minimum lease payments of capital leases for the State's discrete component units (which mostly are capital leases with certain colleges and universities and the Utah Transit Authority) as of Fiscal Year 2019 totaled approximately $263.721 million (with annual payments scheduled through Fiscal Year 2039).

For detailed information on operating and capital leases see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements, Note 9. Lease Commitments" (CAFR page 103).

State Guaranty Of General Obligation School Bonds

Under the School District Bond Guaranty, Title 53G, Chapter 4, Part 8 of the Utah Code (the "Guaranty Act") which took effect on January 1, 1997, the full faith and credit, and unlimited taxing power of the State is pledged to guaranty full and timely payment of the principal of, and interest on general obligation bonds ("Guaranteed Bonds") issued by eligible boards of education of State school districts ("Eligible School Boards"). The Guaranty Act is intended to reduce borrowing costs for Eligible School Boards by providing credit enhancement for Guaranteed Bonds.

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

The State Superintendent of Schools (the "State Superintendent") is responsible for monitoring the financial condition of each local school board in the State and reporting, at least annually, his or her conclusions to the Governor, the Legislature and the State Treasurer. The State Superintendent must report immediately to the Governor and the State Treasurer any circumstances suggesting that a local school

board will be unable to pay when due its debt service obligations (a "Report") and recommend a course of remedial action. ***As of the date of this OFFICIAL STATEMENT (and since the inception in January 1997 of the Guaranteed Bonds program), the State has not been requested to make payments on any Guaranteed Bonds and has not received a Report from the State Superintendent.***

As of March 26, 2020, the State has $3,726,325,000 principal amount outstanding of Guaranteed Bonds. Currently, the Guaranteed Bond program's annual principal and interest payments are scheduled through Fiscal Year 2040 (for Fiscal Year 2020 the program's current annual principal and interest payments total approximately $471.833 million (including any federal interest subsidy payments on Build America Bonds)) (Source: Municipal Advisor). The State cannot predict the amount of bonds that may be guaranteed in this year or in future years; no limitation is currently imposed by the Guaranty Act.

For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements, Note 16. Litigation, Contingencies, and Commitments–B. Contingencies. The Utah School Bond Guaranty Act…" (CAFR page 118).

State Moral Obligation Bonds

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

The following State Moral Obligation Bonds are outstanding:

State Board of Regents. Student Loans and Office Building. The State Board of Regents has approximately $1.156 billion principal amount outstanding (as of November 30, 2019) of student loan revenue bonds of which approximately $506.7 million are State Moral Obligation Bonds and $1.98 million principal amount outstanding (as of March 26, 2020) of other revenue bonds (for office space) which are State Moral Obligation Bonds. For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements, Note 10. Long–Term Liabilities–C. Revenue Bonds–Business–type Activities–The Utah State Board of Regents Student Loan Purchase Program…" and "–The Office Facility Bond…" (CAFR page 107).

Colleges and Universities. In addition, the State Board of Regents (through its colleges and universities) has outstanding approximately $1.466 billion (as of March 26, 2020) of revenue bonds issued to finance capital projects at the State's institutions of higher education of which approximately $1.45 billion are State Moral Obligation Bonds (Source: Municipal Advisor). For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE

STATE OF UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements, Note 10. Long–Term Liabilities–C. Revenue Bonds–Business–type Activities–Discrete Component Units" (CAFR page 108) and "—Note 21. Subsequent Events" (CAFR page 134).

State of Utah Recapitalization Revenue Bonds. As of March 26, 2020, the State has $19.565 million principal amount outstanding of recapitalization water revenue bonds that mature through Fiscal Year 2023 that are State Moral Obligation Bonds. For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements, Note 10. Long–Term Liabilities–C. Revenue Bonds–Business–type Activities–The State's Water Loan Program…" (CAFR page 108).

Utah Charter School Finance Authority. Statutory authority for the Utah Charter School Finance Authority to issue bonds which qualify as State Moral Obligation Bonds was adopted in 2012. *As of March 26, 2020, the Utah Charter School Finance Authority will have $362.29 million principal amount outstanding of State Moral Obligation Bonds*. (Source: Municipal Advisor). Currently, the Utah Charter School Finance Authority's annual principal and interest bond payments are scheduled through Fiscal Year 2050 (for Fiscal Year 2020 the program's current annual principal and interest payments total approximately $22.5 million). The State cannot predict the amount of bonds that may be enhanced in this Fiscal Year or in future Fiscal Years.

The Utah Charter School Finance Authority is limited under State law as to the total principal amount of bonds it can issue as State Moral Obligation Bonds. As of January 1, 2020, the Utah Charter School Finance Authority may not issue State Moral Obligation Bonds if total outstanding principal exceeds approximately $553.854 million. Based on the anticipated principal amount of outstanding bonds, as of March 26, 2020, the Utah Charter School Finance Authority has available approximately $191.564 million of bonds that could be issued as State Moral Obligation Bonds. (Source: Municipal Advisor). For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements, Note 10. Long–Term Liabilities–D. Conduit Debt Obligations" (CAFR page 110).

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

Additional information. Also see "APPENDIX B—ADDITIONAL DEBT AND FINANICAL INFORMATION REGARDING THE STATE OF UTAH–Revenue Bonds And Notes."

No Defaulted State Bonds

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

FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

Budgetary Procedures

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

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

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

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

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

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

State Funds And Accounting

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

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

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

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

For further information on State funds and accounting, including a description of each of the major governmental funds, see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note 1. Summary of Significant Accounting Policies" (CAFR page 59).

State Tax System

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

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

Recent Tax Reform Attempt. In the Legislature's 2019 Second Special Session held on December 12, 2019, the Legislature approved, and the Governor subsequently signed, Senate Bill 2001 ("SB 2001") which made various changes to the State's income tax for individuals and corporations and various sales and excise tax revenues. However, following a citizen signature gathering effort to impose a voter referendum to nullify SB 2001, on January 28, 2020, during the 2020 General Legislative Session, the Legislature passed House Bill 185, repealing SB 2001. The State cannot predict what, if any, additional new tax reforms may be considered by the Legislature or what impact such reforms may have on revenues received from the State.

Individual Income Taxes. The State is one of 43 states that impose an individual income tax. Taxpayers' income is subject to a single rate of 4.95% of federal adjusted gross income. A tax credit based on federal deductions and a Utah personal exemption is available but phases out depending upon the taxpayer's income and filing status.

For additional information regarding certain Calendar Years income tax revenues see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019–Statistical Section–Schedule B–1, Revenue Base" (CAFR page 218); "–Schedule B–3, Revenue Payers–Personal Income Tax" (CAFR page 220) and "–Schedule B–4, Personal Income Tax Rates" (CAFR page 221).

Corporate Income Tax. A multi–state company's tax liability is determined by apportionment of federal taxable income by its payroll, property and sales values in the State compared to elsewhere. There are various types of apportionment that corporations are either legally bound to, or may choose, depending on industry type. The State's corporate income tax rate is 4.95%, subject to exceptions and credits with a minimum tax of $100.

Sales and Use Tax. In general, State sales taxes are imposed based on retail sales or use of tangible personal property, admissions, meals, utility services, general services on tangible personal property, hotel and motel accommodations, and certain other items. Use tax also applies to goods shipped to the State for use, storage, or other consumption, goods purchased outside of the State for use, storage, or other consumption in the State, and services subject to tax but performed outside the State for use, storage, or other consumption in the State. The State sales and use tax rate on unprepared food items is 1.75%, residential fuels rate is 2% and the general sales tax rate is 4.85%.

The State requires its largest sales taxpayers (with annual liabilities of more than $50,000) to pay monthly. This requirement has served to reduce the volatility of the State's cash flows, with over 90% of sales and use taxes now remitted monthly. All others remit the sales tax collected on a quarterly or annual basis. Monthly sales taxpayers can retain a 1.31% vendor discount on State and local sales taxes collected.

For additional information regarding sales tax information for Calendar Years 2009 and 2018 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019–Statistical Section–Schedule B–2, Revenue Payers by Industry–Taxable Sales, Services and Use Tax Purchases" (CAFR page 220) and "APPENDIX C—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE STATE OF UTAH–Taxable Sales" (page C–10).

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

For additional information regarding tax collection results and forecasts for Fiscal Years 2019, 2020 and 2021 tax collections, see "State Revenues And Collections And State Economy" below.

Property Tax Matters

The following information with respect to certain property tax matters is included in this OFFICIAL STATEMENT to provide background information. As described herein, the 2020 Bonds are not secured by any pledge of property tax revenues and do not constitute a debt or indebtedness of the State or the Authority.

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

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

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

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

quent taxes have not been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

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

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

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

Tax Year/ Fiscal Year	Taxable Value (2)	% Change Over Prior Year	Fair Market Value (3)	% Change Over Prior Year
2019/2020 (1).....	$315,456,000,000	10.8%	$445,636,000,000	10.8%
2018/2019	284,817,132,983	9.8	402,353,021,949	10.3
2017/2018	259,071,436,352	8.2	364,682,337,447	8.7
2016/2017	239,422,200,513	7.1	335,540,187,517	7.7
2015/2016	223,557,499,607	6.2	311,651,315,372	6.6
2014/2015	210,415,507,970	7.3	292,490,917,013	7.8
2013/2014	196,058,968,791	3.0	271,337,328,737	3.6

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

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

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

Historical Summaries Of Taxable Values Of Property

	Calendar Year											
	2018		2017		2016		2015		2014		2013	
	Fiscal Year 2019		Fiscal Year 2018		Fiscal Year 2017		Fiscal Year 2016		Fiscal Year 2015		Fiscal Year 2014	
Set by State Tax Commission (Centrally Assessed)	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total
Natural resources	$ 9,408,602,053	3.3 %	$ 8,896,550,545	3.4 %	$ 9,365,343,330	3.9 %	$ 10,943,564,686	4.9 %	$ 11,342,807,060	5.4 %	$ 9,530,894,709	4.9 %
Utilities	17,122,795,096	6.0	15,419,849,210	6.0	15,277,880,918	6.4	15,075,139,522	6.7	13,667,974,990	6.5	13,477,218,994	6.9
Total centrally assessed	26,531,397,149	9.3	24,316,399,755	9.4	24,643,224,248	10.3	26,018,704,208	11.6	25,010,782,050	11.9	23,008,113,703	11.7
Set by County Assessor (Locally Assessed)												
Real property:												
Primary residential	143,654,975,403	50.4	129,079,990,227	49.8	117,477,539,671	49.1	107,670,219,268	48.2	100,314,388,830	47.7	92,006,884,378	46.9
Commercial	63,154,638,254	22.2	57,198,293,068	22.1	52,695,031,380	22.0	48,143,727,484	21.5	45,291,255,407	21.5	42,975,313,373	21.9
Other real	34,464,943,309	12.1	31,872,270,824	12.3	29,720,281,011	12.4	28,043,655,987	12.5	26,429,412,387	12.6	25,318,610,223	12.9
Total real property	241,274,556,966	84.7	218,150,554,119	84.2	199,892,852,062	83.5	183,857,602,739	82.2	172,035,056,624	81.8	160,300,807,974	81.8
Personal property:												
Total personal property	17,011,178,868	6.0	16,604,482,478	6.4	14,886,124,203	6.2	13,681,192,660	6.1	13,369,669,296	6.4	12,750,047,114	6.5
Total locally assessed	258,285,735,834	90.7	234,755,036,597	90.6	214,778,976,265	89.7	197,538,795,399	88.4	185,404,725,920	88.1	173,050,855,088	88.3
Total taxable value	$284,817,132,983	100.0 %	$259,071,436,352	100.0 %	$239,422,200,513	100.0 %	$223,557,499,607	100.0 %	$210,415,507,970	100.0 %	$196,058,968,791	100.0 %

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

Budget Reserve Accounts

The State maintains various budget reserve accounts, including a General Fund Budget Reserve Account, an Education Fund Budget Reserve Account, a Medicaid Growth Reduction and Budget Stabilization Account, a Growth in Student Population Account, and natural disaster reserve accounts.

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

The State has also established a Medicaid Growth Reduction and Budget Stabilization Account. If at the end of a fiscal year, there is a General Fund revenue surplus and Medicaid growth remains below specified levels, State law requires that a portion of any General Fund revenue surplus be transferred from the General Fund to the Medicaid Growth Reduction and Budget Stabilization Account. This transfer is before, and consequently reduces, the annual mandatory year–end surplus transfer to the General Fund Budget Reserve Account. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Federal Funding–Medicaid Funding in the State" below.

The State has also created a Growth in Student Population Account to set aside funds to manage public education enrollment growth. In addition, the State maintains budget reserves for natural disasters through the Wildland Fire Suppression and Disaster Recovery accounts.

As of Fiscal Year 2020, including appropriations made during the 2019 Legislative General Session, the balance in the General Fund Budget Reserve Account was $250 million; the balance in the Education Fund Budget Reserve Account was $541 million; the balance in the Growth in Student Population Account was $0.6 million; the balance in the Medicaid Growth Reduction and Budget Stabilization Account was $75 million, and the combined balance in the Wildland Fire Suppression and Disaster Recovery accounts was $26 million.

In addition to these budget reserves, the State ended Fiscal Year 2019 with $85.6 million in available combined EF/GF resources after transfers. In the Governor's budget recommendations for Fiscal Year 2021, the State has a structural surplus of $13 million and $773 million of ongoing revenues from sources other than fuel taxes allocated for pay–as–you–go capital expenditures.

State Stress Testing/Budget Model

During Calendar Year 2019, the Governor's Office of Management and Budget and the Office of Legislative Fiscal Analyst of the State conducted a comprehensive budget stress testing exercise to formally assess the State's ability to respond to an economic downturn. As part of this process, the State Tax Commission helped in analyzing the various sources of State revenues. The stress testing exercise used two hypothetical economic scenarios, similar to the approach employed by the Federal Reserve banking system to assess the capital strength of banks. The stress test applied selected downturn scenarios to the State's budget by examining hypothetical recessionary impacts on (a) revenues, (b) expenditures, and (c) both formal and informal reserves.

The results show the State has a number of budget tools at its disposal, including both formal rainy–day funds at healthy levels and other informal reserves, including sizeable budget allocations for capital expenses that are not bonded against and unused bonding capacity.

Based on the stress testing models, the Governor's Office of Management and Budget believes the State has a number of strong reserves and contingencies allowing the State to navigate a recession.

State Revenues And Collections And State Economy

The State receives revenues from three principal sources: taxes, including sales and use, individual income, corporate, motor and special fuel, and other miscellaneous taxes; federal grants–in–aid; and miscellaneous charges and receipts, including licenses, permits and fees, profits from State liquor stores, the State's share of federal mineral royalties, and other miscellaneous revenues. After a $33.5 million transfer to the Education Budget Reserve Account, about $85.6 million in revenue, all from the Education Fund, remained available from Fiscal Year 2019 for appropriation in the 2020 Legislative Session.

Fiscal Year 2019 Revenue Collections. Fiscal Year 2019 ended with combined General Fund and Education Fund (collectively, the "GF/EF") revenue collections coming in over $7.54 billion, creating a revenue surplus of $97 million. Additional adjustments of about $22 million, including budget savings and other adjustments, brought the total year–end GF/EF surplus to $119 million before budget reserve account deposits.

Of the combined GF/EF year–end surplus amount, nearly $141 million came from the Education Fund, including a revenue surplus of over $134 million and budget savings and other adjustments of about $7 million. After the $33.5 million transfer to the Education Budget Reserve Account, the net Education Fund surplus is over $107 million.

Unlike the surplus in the Education Fund, the General Fund closed Fiscal Year 2019 with a revenue shortfall of about $38 million, which was partially offset by over $16 million in budget savings and other adjustments, for a net shortfall of nearly $22 million. The revenue shortfall did not require immediate budget action in Fiscal Year 2019 because about $112 million in General Fund revenues projected to be collected in Fiscal Year 2019 were appropriated to be spent in Fiscal Year 2020. However, action will be required in the 2020 Legislative General Session to cover the shortfall. Although action has not yet been taken, one possible budget action used in recent decades to balance between the Education Fund and the General Fund is to shift the funding source for higher education appropriations from the General Fund to the Education Fund.

Current State Economy. The State's economy remains healthy. The U.S. Census Bureau estimates that the State added about 52,000 additional residents added between 2018 and 2019, bringing the State's population to an estimated 3,205,958 persons (annual growth rate of about 1.7%). The U.S. Census Bureau also estimates that the State's population grew at a faster rate, at 16%, than any other state since 2010.

The State's economy has experienced broad–based economic growth in employment and wages. While 2019 data is still preliminary, the Bureau of Labor Statistics estimates employment gains are at approximately 3.2%. The eighth year of strong employment growth (coupled with an already tight labor market) further pushed down the unemployment rate to about 2.3% in December 2019—the lowest State unemployment rate on record. A textbook low–unemployment outcome for an economy featuring full employment across all education levels, is strong wage growth. Unlike some years after the Great Recession when wage growth was more tepid, in recent years the State's average wage growth gains have been strong. The 2018 gains reached 4.2% (helped along by federal tax stimulus) and 2019 is estimated to follow with another 3.7% increase.

In–migration is currently sustaining the State's strong economic growth. Each year a sizeable number of State residents age into the labor force, yet that is estimated by itself to be insufficient to maintain the expansion's current pace given historically low unemployment. To date, in–migration has been sufficient to continue the State's strong employment growth.

Fiscal Year 2020 and 2021 Projections. The Governor released the most recent GF/EF consensus revenue forecast in December 2019. Fiscal Year 2020 GF/EF unrestricted revenue is forecast to total $7.86 billion ($321 million above Fiscal Year 2019 actual collections) and to further increase in Fiscal Year 2021 to $8.27 billion (an increase of $407 million over the revised Fiscal Year 2020 projections and $728 million over Fiscal Year 2019 actual collections). These estimates come primarily from strong growth in individual income tax collections ($4.3 billion in Fiscal Year 2019; projected $4.6 billion in Fiscal Year 2020; and projected $4.9 billion in Fiscal Year 2021), as well as growth in the portion of sales and use tax deposited to the General Fund ($2.12 billion in Fiscal Year 2019; projected $2.22 billion in Fiscal Year 2020; and projected $2.33 billion in Fiscal Year 2021).

These revenue estimates are impacted by the effect of legislative policy changes made in recent years that increase earmarks of certain sales tax revenues, primarily for capital development projects for transportation and water. In addition, in the November 2018 general election the State's voters approved a citizen initiative enacting a sales tax increase (from 4.70% to 4.85%), which is ear–marked for Medicaid expansion costs. This earmarking restrains the growth of unrestricted revenue in the General Fund. Total sales tax earmarks grew from $189 million in Fiscal Year 2011 to $690 million in Fiscal Year 2019 and are projected to increase to $795 million in Fiscal Year 2020 and $824 million in Fiscal Year 2021, including increased sales taxes earmarked for Medicaid expansion.

As part of the discussion surrounding SB 2001, additional tax reforms were mentioned as possibilities, including a potential amendment to the Constitution to eliminate the existing requirement that income taxes be used to fund public (K–12) and higher education (which would be subject to approval of the voters of the State). The State cannot predict what, if any, future additional reforms will be considered by the Legislature.

2019 Remote Sales and Use Tax Revisions. The United States Supreme Court's South Dakota v. Wayfair decision held that states can require out–of–state vendors without physical nexus to collect and remit sales taxes if certain conditions are met. To ensure transactions on marketplace facilitator websites, such as Amazon.com and Ebay.com, are taxed similar to other transactions by out–of–state vendors, the Legislature passed Senate Bill 168 in the 2019 General Session. This law, which went into effect on October 1, 2019, requires marketplace facilitators to collect and remit sales tax from third–party sellers. This bill's initial fiscal impact estimate is incorporated into existing revenue estimates and the State is monitoring collections.

Other 2019 Tax Changes. Other legislation enacted during the 2019 General Session that impacts revenue includes: (i) House Bill 220, which levies a tax on certain radioactive waste (increases revenue in Fiscal Year 2020 by $2.4 million); (ii) Senate Bill 12, which enacts a provision that authorizes a subtraction from unadjusted income for certain amounts of FDIC premiums paid by a taxpayer that are disallowed as a deduction for federal income tax purposes (decreases revenue by $4 million in Fiscal Year 2020 and $2 million in Fiscal Year 2021); and House Bill 268, which closes a loophole for companies that deduct royalties paid to captive insurers for the use of intangible assets (increases revenue by $1 million in Fiscal Year 2020).

Fiscal Year 2021 Governor's Budget Recommendations. While not enacted, the Governor's total recommended operating and capital budget for Fiscal Year 2021 is $20 billion, including State, federal, and certain local sources. The recommended budget financed by State–collected funds (i.e., excluding federal funds, local property tax for schools, and higher education tuition) totals about $12.3 billion. The recommended budget for the General Fund and the Education Fund (the State's two largest funds) totals approximately $8.3 billion. Major categories of General Fund and Education Fund expenditures include public education (about $4.1 billion), higher education (about $1.5 billion), Medicaid and other social services (about $1.2 billion), and corrections, public safety, and justice (about $900 million). In addition, transportation expenditures from State–collected funds total about $1.8 billion (including debt service payments for transportation projects). These expenditures are funded primarily through various transportation funds outside the General Fund.

Fiscal Year Revenue Collections

Revenue Source	Nominal Revenue ($ in Millions) 2021 (f)	2020 (r)	2019	2018	2017	2016	2015	% Change 2020–21	% Change 2019–20	% Change 2018–19	% Change 2017–18	% Change 2016–17	% Change 2015–16
Sales and use tax	$ 2,325.6	$ 2,223.4	$ 2,116.3	$ 2,018.7	$ 1,856.8	$ 1,778.5	$ 1,715.0	4.6	5.1	4.8	8.7	4.4	3.7
Earmarked sales and use tax	824.3	794.9	690.6	643.5	585.4	543.1	495.8	3.7	15.1	7.3	9.9	7.8	9.5
Total sales and use tax	3,149.9	3,018.3	2,806.9	2,662.3	2,442.2	2,321.6	2,210.8	4.4	7.5	5.4	9.0	5.2	5.0
Cable/satellite excise tax	27.9	28.0	28.2	29.3	31.3	28.6	28.4	(0.4)	(0.8)	(3.7)	(6.3)	9.4	0.7
Liquor profits	126.2	121.3	118.1	112.3	106.3	104.0	95.4	4.1	2.7	5.2	5.7	2.2	9.0
Insurance premiums	149.6	143.7	136.6	133.6	122.0	111.7	92.4	4.1	5.2	2.3	9.5	9.2	20.9
Beer, cigarette and tobacco	99.7	103.2	106.0	111.1	116.3	118.3	115.9	(3.4)	(2.7)	(4.6)	(4.4)	(1.7)	2.1
Oil and gas severance tax	15.4	15.5	14.5	17.4	9.3	20.8	69.7	(0.6)	6.7	(16.9)	87.3	(55.3)	(70.2)
Metal severance tax	11.4	11.0	10.0	7.6	6.8	7.0	16.3	3.2	9.8	31.7	12.0	(2.9)	(57.1)
Investment income	39.1	38.9	34.8	22.2	14.3	7.9	6.6	0.4	11.9	56.9	55.0	81.0	19.7
General Fund (other)	82.4	80.3	75.4	91.4	83.8	69.8	90.9	2.7	6.4	(17.5)	9.1	20.1	(23.2)
Property and energy credit	(6.0)	(6.0)	(5.8)	(5.6)	(5.6)	(5.9)	(5.4)	0.6	3.3	3.1	0.6	(5.1)	9.3
Total General Fund	2,871.2	2,759.2	2,634.2	2,538.1	2,341.3	2,240.7	2,225.2	4.1	4.7	3.8	8.4	4.5	0.7
Total General Fund and earmarks	3,695.5	3,554.1	3,324.8	3,181.6	2,926.7	2,783.8	2,721.0	4.0	6.9	4.5	8.7	5.1	2.3
Individual income tax	4,886.6	4,602.6	4,320.0	3,999.0	3,609.5	3,370.3	3,157.7	6.2	6.5	8.0	10.8	7.1	6.7
Withholding	3,995.4	3,763.2	3,532.2	3,225.9	2,977.0	2,769.1	2,569.5	6.2	6.5	9.5	8.4	7.5	7.8
Final payments	1,526.2	1,437.5	1,349.3	1,277.7	1,101.0	1,037.9	991.1	6.2	6.5	5.6	16.1	6.1	4.7
Refunds	(635.0)	(598.1)	(561.4)	(504.6)	(468.0)	(436.6)	(402.9)	6.2	6.5	11.2	7.8	7.2	8.4
Corporate taxes	446.7	436.2	520.9	447.9	328.5	338.3	373.9	2.4	(16.3)	16.3	36.4	(2.9)	(9.5)
Mineral production withholding	26.7	27.1	28.8	21.6	15.1	15.6	27.1	(1.6)	(5.6)	33.3	42.7	(3.1)	(42.4)
Education Fund (other)	39.5	38.8	39.0	30.9	27.1	25.4	21.5	1.7	(0.6)	26.2	14.2	6.6	18.1
Total Education Fund	5,399.5	5,104.7	4,908.7	4,499.4	3,980.1	3,749.6	3,580.2	5.8	4.0	9.1	13.0	6.1	4.7
Total General Fund and Education Fund	8,270.6	7,863.9	7,543.0	7,037.5	6,321.4	5,990.3	5,805.4	5.2	4.3	7.2	11.3	5.5	3.2
Total General Fund and Education Fund and earmarks	9,094.9	8,658.9	8,233.6	7,681.1	6,906.8	6,533.4	6,301.2	5.0	5.2	7.2	11.2	5.7	3.7
Motor fuel tax	411.1	387.2	371.6	354.0	348.8	305.2	261.7	6.2	4.2	5.0	1.5	14.3	16.6
Special fuel tax	158.3	149.4	142.3	134.9	134.9	115.5	100.1	5.9	5.0	5.5	(0.0)	16.8	15.4
Other	116.0	111.1	106.0	95.5	89.8	89.7	85.1	4.4	4.8	10.9	6.4	0.1	5.4
Total Transportation Fund	685.4	647.7	619.9	584.4	573.5	510.4	446.9	5.8	4.5	6.1	1.9	12.4	14.2
Mineral lease payments	73.7	75.2	79.5	75.3	75.3	71.4	141.7	(1.9)	(5.4)	5.5	0.0	5.4	(49.6)
Totals	9,029.7	8,586.8	8,242.4	7,697.2	6,970.2	6,572.1	6,394.0	5.2	4.2	7.1	10.4	6.1	2.8
Totals and earmarks	$ 9,854.0	$ 9,381.7	$ 8,933.0	$ 8,340.8	$ 7,555.5	$ 7,115.2	$ 6,889.8	5.0	5.0	7.1	10.4	6.2	3.3

(f) forecast; (r) revised

(Sources: Governor's Office of Management and Budget)

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

	Fiscal Year ($ in Thousands)									
	2019	% (1)	2018	% (1)	2017	% (1)	2016	% (1)	2015	% (1)
Taxes	$ 8,596,915	61%	$ 8,002,670	60%	$ 7,214,700	58%	$ 6,816,720	58%	$ 6,539,886	57%
Federal contracts and grants	3,973,026	28	3,893,654	29	3,828,714	31	3,573,699	31	3,478,563	31
All other misc. revenues	1,597,761	11	1,499,125	11	1,362,005	11	1,335,536	11	1,417,953	12
Total all funds	$14,167,702	100%	$13,395,449	100%	$12,405,419	100%	$11,725,955	100%	$11,436,402	100%

(1) Percentage of total Governmental Fund revenue.

(Source: Division of Finance and the State's Fiscal Years 2015 through 2019 CAFRs.)

Most government services of the State are paid through one of its major governmental funds. In Fiscal Year 2019, the State's major governmental funds were the General Fund, Education Fund, Transportation Fund, and Transportation Investment Fund.

Revenue Summary. For Fiscal Year 2019, General Fund revenues from all sources totaled approximately $6.51 billion. Of this amount, 47.7% came from federal contracts and grants; 33% came from sales taxes; 8.1% came from charges for services and licenses, permits and fees; 6% came from federal mineral leases, investment income and miscellaneous and other revenues; and 5.3% came from other tax sources.

In the Education Fund for Fiscal Year 2019, revenues from all sources totaled approximately $5.44 billion. Of this amount, 79.7% came from individual income taxes; 7.9% came from federal contracts and grants; 9.8% came from corporate franchise taxes; 2.5% came from charges for services, licenses, permits and fees, miscellaneous other revenues, investment income and other taxes.

In the Transportation Fund for Fiscal Year 2019, revenues from all sources totaled approximately $1.13 billion. Of this amount, 46% came from motor and special fuel taxes; 34.1% came from federal contracts and grants; 13.6% came from charges for services and licenses, permits, and fees; 6.4% came from other miscellaneous taxes and fees, sales and use taxes and investment income.

In the Transportation Investment Fund for Fiscal Year 2019, revenues from all sources totaled approximately $744.9 million. Of this amount 85.2% came from sales tax revenue and 12% came from motor vehicle registration fees and 2.8% came from investment income.

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

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

Revenues by Source—All Governmental Fund Types (1)

	Fiscal Year ($ in Thousands)				
	2019	2018	2017	2016	2015
Taxes					
Individual income tax	$ 4,336,437	$ 4,033,320	$ 3,646,112	$ 3,393,087	$ 3,211,476
Sales and use tax	2,805,618	2,646,996	2,403,347	2,302,886	2,204,389
Corporate tax	534,977	423,019	325,701	340,175	366,543
Motor and special fuel tax	521,199	500,049	484,677	425,343	371,412
Other taxes	398,684	399,286	354,863	355,229	386,066
Total taxes	8,596,915	8,002,670	7,214,700	6,816,720	6,539,886
Other revenues					
Federal contracts and grants	3,973,026	3,893,654	3,828,714	3,573,699	3,478,563
Charges for services	730,033	687,952	620,960	598,304	619,395
Miscellaneous and other	433,733	448,431	394,168	388,295	384,968
Licenses, permits and fees	219,972	211,045	203,829	199,748	194,648
Investment income	120,387	63,203	49,988	68,680	67,687
Federal mineral lease	77,607	76,693	73,787	69,245	138,635
Intergovernmental	16,029	11,801	19,273	11,264	12,620
Total other revenues	5,570,787	5,392,779	5,190,719	4,909,235	4,896,516
Total revenues	$14,167,702	$13,395,449	$12,405,419	$11,725,955	$11,436,402

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

(Sources: Division of Finance and the State's Fiscal Years 2015 through 2019 CAFRs.)

Expenditures by Function—All Governmental Fund Types (1)

	Fiscal Year ($ in Thousands)				
Function	2019	2018	2017	2016	2015
Public education	$ 4,140,263	$ 3,983,098	$ 3,732,813	$ 3,556,897	$ 3,340,290
Health and environmental quality	2,997,039	2,823,947	2,733,374	2,622,797	2,517,513
Higher education (2)	1,098,237	1,014,419	979,030	915,432	875,610
Transportation	996,728	1,024,576	975,662	835,111	903,700
Human/juvenile justice services	919,227	858,099	804,283	766,186	723,663
Capital outlay	847,541	778,543	668,768	523,937	499,705
Employment and family services	755,613	749,620	754,530	708,184	730,972
General government	478,438	448,366	395,505	412,204	386,059
Debt service	364,366	391,917	447,645	467,381	455,733
Public safety	340,210	294,693	253,976	263,417	266,586
Corrections	328,586	317,425	305,438	290,217	272,053
Natural resources	251,545	231,665	225,387	196,188	190,378
Courts	165,369	170,233	152,262	146,510	137,901
Business, labor and agriculture	119,491	119,158	107,800	111,186	101,331
Higher education (State Adm.)	96,323	78,773	73,641	79,567	56,935
Heritage and Arts	31,981	30,965	29,335	27,826	24,041
Total expenditures	$13,930,957	$13,315,497	$12,639,449	$11,923,040	$11,482,470

(1) Includes all governmental fund types except Trust Lands.
(2) Includes colleges and universities.

(Sources: Division of Finance and the State's Fiscal Years 2015 through 2019 CAFRs.)

Summary of Changes in Fund Balance

All Governmental Fund Types (1)

	Fiscal Year ($ in Thousands)				
	2019	2018	2017	2016	2015
Revenues	$14,167,702	$13,395,449	$12,405,419	$11,725,955	$11,436,402
% change over previous year	5.8%	8.0%	5.8%	2.5%	4.1%
Expenditures	(13,930,957)	(13,315,497)	(12,639,449)	(11,923,040)	(11,482,470)
% change over previous year	4.6%	5.3%	6.0%	3.8%	4.5%
Net other financing sources (uses) (2)	377,896	814,621	197,781	230,093	113,117
Adjustments to fund balances (3)	–	–	28,106	1,940	–
Special item (4)					
Comp. Health Ins. Pool transfer	–	–	–	–	16,288
Net change in fund balance	$ 614,641	$ 894,573	$ (8,143)	$ 34,948	$ 83,337

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

(2) Includes sale of capital assets, bond proceeds, net of any refunding issues, plus financing provided from capital leasing and net fund transfers. In addition, beginning balances are not reflected in this table.

(3) Adjustments to beginning fund balances are the result of the following: (i) in Fiscal Year 2017 prior year tax accrual were adjusted resulting in an increased in the Education Fund balance of $14.44 million and the Wildland Fire Suppression Fund was reclassified from a fiduciary fund to a nonmajor governmental fund, resulting in a $13.666 million increase in fund balance; and (ii) in Fiscal Year 2016 the Annual Leave Trust Fund was created and required $1.026 million in activity previously reporting in governmental funds to be accounted for in this fund and the Water Commissioner Fund was reclassified resulting in an increase of $914,000 to fund balance.

(4) The Federal Health Insurance Pool Fund discontinued operations since enrollees in this temporary insurance program transitioned into the qualified health plans offered through the Utah Federal Facilitated Marketplace.

(Sources: Division of Finance and the State's Fiscal Years 2015 through 2019 CAFRs.)

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Fund Balances—All Governmental Fund Types (1)

Fund	As of June 30 ($ in Thousands) 2019	2018	2017	2016	2015
General	$1,238,520	$1,055,216	$ 831,155	$ 858,154	$ 908,002
Special Revenue					
Education	1,203,696	1,144,738	881,222	848,157	1,002,163
Transportation	511,606	407,653	355,969	272,760	211,512
State endowment	245,153	215,184	196,172	171,369	169,067
Miscellaneous special revenue	108,795	43,192	37,116	22,959	23,070
Rural development	23,498	24,305	29,749	36,372	35,982
Environmental reclamation	15,082	16,551	16,764	17,893	19,191
Crime victim reparation	5,936	4,223	3,578	2,953	2,735
Universal telephone	5,566	6,881	3,299	3,092	5,309
Consumer education	5,029	4,919	4,223	4,082	4,178
State capitol	1,555	1,030	852	742	1,135
Capital Projects					
Transportation investment	670,295	654,819	433,973	482,463	569,590
General government	593,206	401,758	282,824	328,136	156,401
State Building Ownership	6,029	15,521	52,507	85,281	1,497
Debt Service					
General government	14,209	8,222	7,810	7,854	7,672
State Building Ownership	6,332	35,654	8,080	11,169	984
Total	$4,654,507	$4,039,866	$3,145,293	$3,153,436	$3,118,488

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

(Sources: Division of Finance and the State's Fiscal Years 2015 through 2019 CAFRs.)

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General Fund—Revenues, Expenditures and Fund Balances

	Fiscal Year ($ in Thousands)				
	2019	2018	2017	2016	2015
Revenues					
Federal contracts and grants...	$3,103,195	$2,977,665	$2,904,697	$2,753,249	$2,656,092
Sales and use tax	2,147,235	2,063,883	1,868,946	1,788,507	1,729,509
Charges for services.....	501,910	491,686	487,630	469,412	452,712
Other taxes	342,048	341,481	327,007	328,321	357,272
Miscellaneous and other.....	268,298	278,109	243,262	244,653	257,729
Federal mineral lease	77,607	76,693	73,787	69,245	138,635
Investment income	43,630	24,174	17,397	8,347	7,596
Licenses, permits and fees.....	25,664	25,805	27,663	27,610	27,147
Total revenues	$6,509,587	$6,279,496	$5,950,389	$5,689,344	$5,626,692
% change over previous year.....	3.7%	5.5%	4.6%	1.1%	1.7%
Expenditures.....	$7,386,308	$6,938,622	$6,654,337	$6,409,600	$6,160,589
% change over previous year.....	6.5%	4.3%	3.8%	4.0%	4.1%
Fund Balance (1)					
Committed.....	$ 835,171	$ 675,228	$559,791	$546,782	$496,758
Assigned.....	339,999	314,910	194,174	132,126	252,369
Restricted	43,241	38,978	33,516	38,124	34,278
Nonspendable					
Long–term portion of inter-fund loans receivable	12,063	14,950	18,927	26,747	26,996
Prepaid items	7,625	2,463	14,475	106,745	96,939
Inventories.....	421	721	687	434	662
Unassigned.....	–	7,966	9,585	7,196	–
Total fund balances.....	$1,238,520	$1,055,216	$831,155	$858,154	$908,002
% change over previous year.....	17.4%	27.0%	(3.1)%	(5.5)%	4.8%

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

(Sources: Division of Finance and the State's Fiscal Years 2015 through 2019 CAFRs.)

Operating And Capital Budget And Related Appropriations

Fiscal Year 2019

Statewide Summary. Based on the March 2018 enacted budget, the State's Fiscal Year 2019 appropriated operating and capital budget was $16.8 billion from all sources. Updates from legislative action during the 2018 Third Special Session and the 2019 General Session brought all operating and capital budgets to approximately $17.4 billion. The Executive Appropriations Committee adopted consensus ongoing Fiscal Year 2019 GF/EF revenue estimate of $7.1 billion. That was 5.3% more than the revised Fiscal Year 2018 estimate of $6.8 billion.

During the 2018 Legislative Session, the Legislature had at its disposal $508 million in new ongoing GF/EF revenue growth, $184 million in one–time GF/EF sources and $114 million in other GF/EF sources. The Legislature approved $19.6 billion in appropriations from all sources for all purposes in Fiscal Year 2018, which includes some double–counting of funds. Coming into the 2018 Legislative Session, the State had a structural deficit of about $6.1 million and closed the 2018 General Session with a $14.5 million temporal surplus.

Fiscal Year 2020

Statewide Summary. As of the Governor's budget recommendation in January 2020, the State's Fiscal Year 2020 total operating and capital budget from all sources is estimated at $18.6 billion and is recommended by the Governor to increase to nearly $19 billion. The recommended increase is largely due to changes from variable funding sources such as unspent balances, transfers, federal funds, and non–GF/EF revenue collections.

The currently enacted Fiscal Year 2020 GF/EF budget is based upon February 2019 revenue estimates that estimated nearly $7.8 billion in discretionary GF/EF revenue in Fiscal Year 2020. Using that revenue plus $13 million in inter–fund transfers and $206 million in resources reserved from the prior year, the Legislature balanced the State's Fiscal Year 2020 GF/EF budget at approximately $8 billion.

Based on February 2019 consensus estimates, the Legislature had $670 million in new ongoing GF/EF revenue growth and $429 million in additional one–time available revenues. To that revenue the Legislature added $10 million from a lawsuit settlement and $10 million from fiscal note bills and balance transfers. After accounting for $75 million ongoing revenue set aside for a tax reduction and $51 million in one–time savings from future tax changes, new ongoing and one–time funds totaled $1.1 billion.

GF/EF Revenue Estimates. In March 2019, the Legislature's Executive Appropriations Committee adopted consensus ongoing Fiscal Year 2020 GF/EF revenue estimates of $7.8 billion, which is 4.8% more than the revised Fiscal Year 2019 estimate of $7.4 billion. Changes due to legislation passed in the 2019 Legislative Session decreased Fiscal Year 2020 revenues by about $3.9 million.

During the 2019 General Legislative Session, the Legislature identified other one–time sources that were added to revenue growth. From non–lapsing program balances and fund balances, the Legislature returned to the GF/EF more than $13 million in Fiscal Year 2020. The Legislature used $10 million one–time in Fiscal Year 2019 from a lawsuit settlement. In total, the Legislature had at its disposal $8 billion in Fiscal Year 2020 and $7.8 billion in Fiscal Year 2019.

In December 2019, the Governor released, and the Legislature's Executive Appropriations Committee adopted revised Fiscal Year 2020 revenue estimates and the initial Fiscal Year 2021 revenue estimates. These estimates yielded about $200 million in available one–time funds and $482 million in available ongoing unrestricted GF/EF revenues, after various technical adjustments and set asides. The Governor and Legislature may choose to allocate the $200 million in available one–time funds in either Fiscal Year 2020 or Fiscal Year 2021.

Appropriations. Altogether, the Legislature made $21.8 billion in appropriations from all sources for all purposes in Fiscal Year 2020, which includes some double counting as funds move between accounts. Adjusting for account deposits, loan and other enterprise funds, internal service funds, fiduciary funds, and capital projects appropriations, the operating and capital budget for Fiscal Year 2020 was estimated at enactment at $18.5 billion and now estimated at $18.6 billion. The Legislature appropriated about $8 billion from the GF/EF in Fiscal Year 2020, an increase of 5.0% over the revised Fiscal Year 2019 budget.

The Governor's revised Fiscal Year 2020 recommended budget from all sources totals nearly $19 billion. The recommended increases are from various funding sources such as unspent balances, transfers, and revenue collections.

Structural Balance. The Legislature closed the 2019 General Session with over $427 million of ongoing revenue unappropriated. However, $322 million of this was from budget items previously identified as ongoing appropriations that were shifted to one–time appropriations due to uncertainty surrounding future General Fund revenue growth and the outcome of a tax restructuring task force during the 2019 interim. During its December 2019 meeting, the Executive Appropriations Committee recommended that

$297 million of those one–time appropriations be switched back to ongoing during the 2020 General Session.

If enacted, the Governor's budget recommendation would bring the combined total of the State's $13 million technical structural budget surplus and $773 million in ongoing "working rainy day funds" (pay–as–you–go capital spending) to $786 million.

Medicaid Funding in the State. See "Federal Funding–Medicaid Funding in the State" below.

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State of Utah

Recommended Operating and Capital Budget—Fiscal Year 2017 Through Fiscal Year 2021

(All Sources of Finance)

($ in Thousands)

	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020		Fiscal Year 2021
	Actual	Actual	Actual	Legislature's Initial Authorized	Governor's Revised Recommended	Governor's Recommended
Sources						
Federal funds	$ 3,809,291	$ 3,923,500	$ 3,912,907	$ 5,003,133	$ 5,207,594	$ 5,574,821
Education Fund	3,834,576	4,056,572	4,228,859	4,564,058	4,564,058	4,401,702
General Fund	2,289,214	2,378,611	2,459,002	2,395,875	2,395,875	3,113,012
Dedicated credits	1,478,110	1,463,746	1,514,988	1,537,884	1,646,489	1,615,615
Local Education Revenue	783,266	813,818	912,130	1,083,601	1,083,601	1,207,739
Transportation Investment Fund	736,159	863,224	879,468	893,561	894,142	941,310
Transfers	689,618	554,421	570,375	553,014	581,916	618,538
Transportation Fund	502,818	597,600	603,848	611,160	611,160	616,015
General Fund–restricted	477,803	404,816	431,896	421,280	461,541	420,364
Education Special Revenue	127,686	164,644	288,172	336,424	336,424	388,669
Special revenue	59,014	116,632	154,720	256,536	230,846	204,228
Enterprise Funds	202,836	174,855	147,265	186,419	189,771	196,380
General Fund—one–time	59,018	(13,071)	(161,397)	169,540	171,301	161,716
Transportation Special Revenue	52,830	53,711	63,165	62,015	67,406	99,992
Educational Fund—one–time	67,848	120,533	303,210	(530)	(530)	70,758
Federal mineral lease	48,104	53,294	65,484	75,380	61,850	60,391
Uniform School Fund	23,000	27,500	27,500	32,500	32,500	32,500
Restricted revenue	(473)	15,622	35,416	19,643	20,443	20,261
Other financing sources	49,394	155,905	8,776	7,870	7,870	7,870
Private Purpose Trust Funds	3,837	4,512	4,565	4,639	4,639	5,362
Pass–through	2,378	10,739	1,951	3,850	3,863	3,870
Capital Project Funds	3,474	3,521	172,490	162,991	162,991	3,638
Other Trust and Agency Funds	3,345	2,479	1,566	5,529	1,529	1,609
Transportation Fund—one–time	66,169	(15,429)	(25,541)	21,611	22,305	1,047
Uniform School Fund—one–time	–	3,500	10,000	–	–	–
Internal Service Funds	–	–	200	–	–	–
Beginning balance	1,662,171	1,384,684	1,455,330	1,592,218	1,592,218	1,358,293
Closing balance	(1,682,259)	(1,474,128)	(1,592,218)	(1,358,293)	(1,358,293)	(1,102,917)
Lapsing balance	(343,347)	(577,640)	(327,943)	(10,005)	(10,005)	(4,439)
Total	$ 15,005,879	$ 15,268,169	$ 16,146,184	$ 18,631,904	$ 18,983,503	$ 20,018,341

Note: This table includes operating and capital budgets, including expendable special revenue funds and accounts, from all sources of funding. These sources of funding include state–collected funds from taxes and fees, plus federal funds, mineral lease revenues, higher education tuition, and a portion of local school property taxes. This table does not include transfers to restricted, enterprise, internal service, fiduciary, or capital project funds or accounts.

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

Financial Summaries

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

Revenues and Expenditures for Fiscal Years 2019, 2018 and 2017 ($ in Thousands)

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

	Fiscal Year 2019		Fiscal Year 2018		Fiscal Year 2017	
	Amounts	% Change From Prior Year	Amounts	% Change From Prior Year	Amounts	% Change From Prior Year
Revenues (1):						
Individual and corporate income taxes	$ 4,871,414	9%	$ 4,456,339	12%	$ 3,971,813	6%
Federal contracts and grants	3,918,450	2	3,848,275	2	3,782,231	7
Sales and use tax	2,782,188	5	2,639,600	10	2,398,746	4
Other revenues	1,351,238	4	1,294,376	7	1,209,163	(1)
Motor/special fuel taxes	521,199	4	500,049	3	484,677	14
Other taxes	382,594	(1)	386,073	12	344,753	(0)
Total	$13,827,083	5%	$13,124,712	8%	$12,191,383	6%
Expenditures	$13,132,226	6%	$12,451,773	6%	$11,751,484	6%

(1) Includes revenues and expenditures for the General Fund, the Major Special Revenue Funds (Education Fund and Transportation Fund) and the Major Capital Projects Fund (Transportation Investment Fund).

(Source: Division of Finance and the State's Fiscal Years 2017 through 2019 CAFRs.)

Other Summaries. The following summaries were extracted from the State's audited financial statements for Fiscal Years 2015 through 2019. The summaries have not been audited. The financial information presented in the summaries is presented on a fund statement basis and not on a government–wide statement basis.

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

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

For additional 10–year financial history of various State funds see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019–Statistical Section" at the indicated pages as set forth below.

(i) Schedule A–1, Net Position by Component (CAFR page 208);

(ii) Schedule A–2, Changes in Net Position (CAFR page 210);

(iii) Schedule A–3, Fund Balances–Governmental Funds (CAFR page 214); and

(iv) Schedule A–4, Changes in Fund Balances–Governmental Funds (CAFR page 216).

State of Utah

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

	As of June 30 ($ in Thousands)				
	2019	2018	2017	2016	2015
Assets					
Investments	$ 2,016,631	$ 2,383,503	$ 1,238,387	$ 1,324,789	$ 1,235,804
Cash and cash equivalents	1,925,265	1,061,778	1,441,638	1,438,297	1,497,920
Receivables					
Accrued taxes, net	1,556,933	1,467,881	1,242,324	1,183,200	1,124,075
Accounts, net	825,168	804,645	714,720	524,997	524,122
Capital lease payments, net	86,350	86,445	90,660	94,665	98,480
Notes/mortgages, net	12,245	14,682	5,065	7,849	8,810
Accrued interest	1,222	233	7,295	390	74
Due from other funds	80,106	58,995	56,847	46,556	35,656
Due from component units	76,422	49,644	45,667	79,318	76,248
Interfund loans receivable	31,417	34,240	44,872	54,258	48,729
Inventories	13,190	13,680	14,592	14,424	14,267
Prepaid items	8,062	3,337	14,475	106,745	96,939
Other assets	250	–	–	–	–
Total assets	$ 6,633,261	$ 5,979,063	$ 4,916,542	$ 4,875,488	$ 4,761,124
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable and accrued liabilities	$ 1,130,248	$ 1,107,830	$ 991,239	$ 932,211	$ 878,928
Unearned revenue	88,831	80,083	73,170	84,862	82,221
Due to other funds	82,259	73,871	61,918	56,360	57,390
Due to component units	94	1,749	58	662	300
Total liabilities	1,301,432	1,263,533	1,126,385	1,074,095	1,018,839
Deferred inflows of resources					
Unavailable revenue	677,322	675,664	644,864	647,957	623,797
Fund balance					
Restricted	1,897,423	1,897,245	1,342,101	1,213,565	1,225,396
Committed	1,834,732	1,551,804	1,246,374	1,305,312	1,339,327
Assigned	889,037	550,884	499,239	479,447	415,563
Nonspendable					
Long–term portion of Interfund Loans	12,063	14,950	18,927	26,747	26,996
Inventories	13,190	13,680	14,592	14,424	14,267
Prepaid items	8,062	3,337	14,475	106,745	96,939
Unassigned	–	7,966	9,585	7,196	–
Total fund balances	4,654,507	4,039,866	3,145,293	3,153,436	3,118,488
Total liabilities, deferred inflows of resources and fund balances	$ 6,633,261	$ 5,979,063	$ 4,916,542	$ 4,875,488	$ 4,761,124

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

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

State of Utah

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

	Fiscal Year Ended June 30 ($ in Thousands)				
	2019	2018	2017	2016	2015
Revenues					
Taxes					
Sales and use tax	$ 2,147,235	$ 2,063,883	$ 1,868,946	$ 1,788,507	$ 1,729,509
Other taxes	342,048	341,481	327,007	328,321	357,272
Total taxes	2,489,283	2,405,364	2,195,953	2,116,828	2,086,781
Other revenues					
Federal contracts and grants	3,103,195	2,977,665	2,904,697	2,753,249	2,656,092
Charges for services	501,910	491,686	487,630	469,412	452,712
Miscellaneous and other	268,298	278,109	243,262	244,653	257,729
Federal mineral lease	77,607	76,693	73,787	69,245	138,635
Investment income	43,630	24,174	17,397	8,347	7,596
Licenses, permits and fees	25,664	25,805	27,663	27,610	27,147
Total revenues	6,509,587	6,279,496	5,950,389	5,689,344	5,626,692
Expenditures					
Current					
Health and environmental quality	2,995,463	2,821,745	2,727,556	2,617,746	2,512,722
Higher education–colleges and universities	1,063,258	979,827	934,784	885,482	854,181
Human services and juvenile justice services	908,593	851,057	798,133	759,766	717,979
Employment and family services	744,336	736,278	740,583	700,610	718,477
General government	420,062	393,449	367,825	380,670	350,278
Corrections	322,230	312,599	301,430	285,831	269,379
Public safety	300,839	259,073	223,610	237,631	241,189
Natural resources	247,042	222,167	216,676	194,397	188,051
Courts	159,098	152,114	147,429	143,405	137,901
Business, labor, and agriculture	97,919	101,858	93,867	96,725	89,562
Higher education–state administration	96,323	78,118	73,641	79,567	56,935
Heritage and arts	31,145	30,337	28,803	27,770	23,935
Total expenditures	7,386,308	6,938,622	6,654,337	6,409,600	6,160,589
Excess revenues over (under) expenditures	(876,721)	(659,126)	(703,948)	(720,256)	(533,897)
Other financing sources (uses)					
Transfers in	1,501,574	1,095,534	938,598	990,793	798,333
Transfers out	(441,552)	(212,625)	(261,765)	(326,140)	(238,880)
Sale of capital assets	3	278	116	2,283	23
Total other financing sources (uses)	1,060,025	883,187	676,949	666,936	559,476
Special item					
Comprehensive health insurance pool transfer	–	–	–	–	16,288
Net change in fund balances	183,304	224,061	(26,999)	(53,320)	41,867
Beginning fund balances	1,055,216	831,155	858,154	908,002	866,135
Adjustments to beginning fund balances (1)	–	–	–	3,472	–
Beginning fund balances as adjusted	1,055,216	831,155	858,154	911,474	866,135
Ending fund balances	$ 1,238,520	$ 1,055,216	$ 831,155	$ 858,154	$ 908,002

(1) During Fiscal Year 2016, the Legislature passed legislation which adjusted the beginning fund balance in the General Fund by $3.472 million.

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

State of Utah

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

	Fiscal Year Ended June 30 ($ in Thousands)				
	2019	2018	2017	2016	2015
Revenues					
Taxes					
Individual income tax	$ 4,336,437	$ 4,033,320	$ 3,646,112	$ 3,393,087	$ 3,211,476
Sales and use tax	634,953	575,717	529,800	509,627	470,335
Motor and special fuels tax	521,199	500,049	484,677	425,343	371,412
Corporate tax	534,977	423,019	325,701	340,175	366,543
Other taxes	40,546	44,592	17,746	16,633	15,706
Total taxes	6,068,112	5,576,697	5,004,036	4,684,865	4,435,472
Other revenues					
Federal contracts and grants	815,255	870,610	877,534	780,742	783,743
Licenses, permits and fees	194,308	185,240	176,167	172,138	167,501
Miscellaneous and other	87,472	93,411	74,636	76,196	59,386
Charges for services	56,345	52,931	54,749	55,935	91,231
Liquor sales allocated for school lunch	48,024	45,432	42,723	40,640	37,624
Investment income	47,980	20,895	11,149	56,870	50,672
Total other revenues	1,249,384	1,268,519	1,236,958	1,182,521	1,190,157
Total revenues	7,317,496	6,845,216	6,240,994	5,867,386	5,625,629
Expenditures					
Current					
Public education	4,138,708	3,981,455	3,730,948	3,555,001	3,339,724
Transportation	994,803	1,019,882	971,547	833,944	902,329
Capital outlay	612,407	511,814	394,652	341,737	319,904
Total expenditures	5,745,918	5,513,151	5,097,147	4,730,682	4,561,957
Excess revenues over (under) expenditures	1,571,578	1,332,065	1,143,847	1,136,704	1,063,672
Other financing sources (uses)					
General obligation bonds issued	127,715	295,810	–	–	–
Transfers in	176,248	209,262	159,006	160,637	158,607
Premium on bonds issued	22,688	35,735	–	–	–
Sale of capital assets	31,134	19,421	24,570	5,104	2,485
Transfers out	(1,750,976)	(1,356,247)	(1,274,079)	(1,479,884)	(1,226,854)
Total other financing sources (uses)	(1,393,191)	(796,019)	(1,090,503)	(1,314,143)	(1,065,762)
Net changes in fund balances	178,387	536,046	53,344	(177,439)	(2,090)
Beginning fund balances	2,207,210	1,671,164	1,603,380	1,783,265	1,785,355
Adjustments to beginning fund balances (2)	–	–	14,440	(2,446)	–
Beginning fund balances as adjusted	2,207,210	1,671,164	1,617,820	1,780,819	1,785,355
Ending fund balances	$ 2,385,597	$ 2,207,210	$ 1,671,164	$ 1,603,380	$ 1,783,265

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

(2) During Fiscal Year 2017 prior year tax accrual were adjusted resulting in an increase in the Education Fund balance of $14.44 million. During Fiscal Year 2016, a prior period adjustment was made to the Education Fund by $506,000 and the Transportation Fund by ($2.952 million).

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

Discussion And Analysis Of Financial Statements For Fiscal Year 2019

The State prepared a narrative discussion, overview, and analysis of the financial activities of the State for Fiscal Year 2019. For the complete discussion see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019–Management's Discussion and Analysis" (CAFR page 18).

Capital Expenditure Authorizations

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

Capital Expenditure Authorizations (In Millions)

Fiscal Year				
2020	2019	2018	2017	2016
$2,031.7	$1,821.7	$1,664.9	$1,432.3	$1,216.5

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

Investment Of Funds

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

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

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

See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019–Notes to the Financial Statements–Note 3. Deposits and Investments" (CAFR page 67) and "–Note 4. Investment Pool" (CAFR page 96).

State Employee Workforce; Public Retirement System

State Employee Workforce. The State is among the largest employers in the State employing 20,691 people (full–time equivalents) in Fiscal Year 2019. For a 10–year history of the State's employment numbers see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019–Statistical Section–Schedule E–1 Full–time Equivalent State Employees by Function" (CAFR page 236).

Public Retirement System. All full–time employees of the State are members of the Utah State Retirement System ("URS") and the State participates in various contribution systems and pension plans

provided by URS. URS has separate accounting systems and prepares a separate financial report covering all retirement systems and deferred compensation plans it administers. URS's CAFR for Calendar Year 2018 is reported in the 2019 CAFR as a pension trust fund for URS within the fiduciary funds. See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019–Fiduciary Fund Financial Statements" (CAFR pages 50 and 51). Copies of URS's CAFR for Calendar Year 2018 may be found at https://www.urs.org/publications/members.

For Fiscal Year 2019, the State reported the following liability and related transactions equal to its proportionate share of the collective net pension liability of URS (measured as of December 31, 2018): $1.170 billion in net pension liability, $450.084 million in deferred outflows of resources and $44.011 million in deferred inflows of resources for primary government. For Fiscal Year 2019, the State contributed approximately $233.172 million to URS, which was 100% of its contractually and statutorily required contributions. For a detailed discussion regarding retirement benefits and contributions and information regarding the fiduciary net position, the total pension liability, and the net pension liability or asset of the URS systems providing benefits to employees of the State see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019–Notes to the Financial Statements–Note 18. Pension Plans" (CAFR page 119).

For the financial statements of the pension (and other employee benefit trust funds) see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019—Supplementary Information–Fiduciary Funds–Pension and Other Employee Benefits Trust Fund" (CAFR pages 186 through 192).

Other Postemployment Benefits

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

For Fiscal Year 2019, the net OPEB liability for both the State Employee OPEB Plan and the Elected Official OPEB Plan was $70.088 million.

The Legislature is contributing amounts to each OPEB trust fund that, at a minimum, is sufficient to fully fund the Actuarially Determined Contribution ("ADC"). For Fiscal Year 2019, the State contributed $26.510 million to the State Employee OPEB Plan and $1.388 million to the Elected Official OPEB Plan, which were $582,000 and $362,000 more than the ADC, respectively. For the State Employee OPEB Plan and the Elected Official OPEB Plan the fiduciary net position as a percentage of the total OPEB liability was 79.86% and 91.16%, respectively.

For additional detailed discussion of the State's postemployment benefits see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note 19. Other Postemployment Benefits" (CAFR page 129).

For the financial statements of the other employee benefit trust funds (and pensions) see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019—Supplementary Information–Fiduciary Funds–Pension and Other Employee Benefits Trust Fund" (CAFR pages 186 through 192).

Risk Management And Insurance; Cybersecurity

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

The State is self–insured for liability claims up to $2 million and beyond the excess insurance policy limit of $10 million. The State is self–insured for individual property and casualty claims up to $1 million and up to $3.5 million in aggregate claims and beyond the excess insurance policy limit of $1 billion per occurrence. The Risk Management Fund has not had a liability loss that exceeded the State's self–insured claim limit of $1 million for Fiscal Years 2016 through 2018. *However, for Fiscal Year 2019, the Risk Management Fund had losses that exceeded the State's self–insured claim limit of $1 million (the amount was $1.5 million related to a UDOT accident).*

As of June 30, 2019, the Administrative Services Risk Management Fund contained approximately $63.558 million in reserve available to pay for claims incurred. For the financial statements of the risk management fund see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019—Supplementary Information–Internal Service Funds–Risk Management" (CAFR pages 180 through 183).

Also see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note 16. Litigation, Contingencies and Commitments–Litigation" (CAFR page 117) and "—Note 20. Risk Management And Insurance" (CAFR page 132).

Cybersecurity. Cybersecurity incidents could result from unintentional events, or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the State's systems technology for the purposes of misappropriating assets or information or causing operational disruption and damage. To mitigate the risk of business operations impact and/or damage by cybersecurity incidents or cyberattacks, the State invests in multiple forms of cybersecurity and operational safeguards including: (i) $7.8 million annual budget for security operations and security privacy and compliance; (ii) a Chief Information Security Officer reporting directly to the State's Chief Information Officer; (iii) a security team of 18 employees; (iv) a self–assessment every two years in cooperation with the Department of Homeland Security using National Institute of Standards and Technology standards; (v) compliance audits regularly performed by the Internal Revenue Service, Federal Bureau of Investigation, Medicaid and Medicare, and the Office of the Inspector General; and (vi) a Cyber Center that provides a central location for multiple agencies to share intelligence and tactics, and respond to events in a coordinated fashion. In addition, the State has a $10 million liability insurance policy regarding cybersecurity. In 2012, the State experienced a cybersecurity breach in the Utah Department of Health related to individual personal information on Medicaid data claims. The State does not believe this breach had a material impact on overall State finances.

Federal Funding

Medicaid Funding in the State. The Legislature in the 2019 General Legislative Session amended state law related to Medicaid expansion, revising statutory language that was previously enacted through ballot initiative at the November 5, 2018 general election. Specifically, the new legislation removed mandatory provider rate increases and benefit floors as contemplated by the initiative, retained a 0.15% sales tax increase to cover program expenditures (the initiative increased the general sales tax rate from 4.7% to 4.85%), and established a framework for a phased approach to Medicaid expansion in the State that is responsive to the federal Centers for Medicare and Medicaid Services ("CMS") waiver approval decisions.

The first phase of the new legislative law was Medicaid expansion implemented on April 1, 2019 and is known as the bridge program (the "Bridge Program"). The Bridge Program expanded coverage to all previously ineligible adults with income under 100% of the Federal Poverty Level (the "FPL"), but was financed at the traditional federal medical assistance percentage of roughly 70% federal funding with a roughly 30% State match requirement. The Bridge Program was designed to immediately address healthcare needs of the coverage gap population, that is, those who were ineligible for traditional Medicaid benefits and who also did not qualify for subsidized coverage on the federal healthcare exchange marketplace.

In July 2019, concurrent with the operation of the Bridge Program, the State submitted a waiver application to CMS seeking authority to proceed with phase two of the State's Medicaid expansion plan. Phase two waiver proposed that the State receive a 90/10 federal match rate for Bridge Program expenditures in like fashion with other states that have fully expanded Medicaid under the Affordable Care Act (the "ACA"). Along with the 90/10 federal match rate, the State would operate the Bridge Program under a per capita cap federal funding arrangement, where annual increases in the federal funding at the 90/10 match rate would be limited to a per enrollee cap. Key elements of this phase two per capita cap waiver were formally denied by CMS in August 2019, prompting the State to pursue the third phase of Medicaid expansion.

In November 2019, the State's phase three Fall Back Medicaid expansion waiver was submitted to CMS for a completeness review and subsequent federal 30–day public comment period. Through this waiver, the State requested program eligibility be expanded to people with income up to 138% FPL and that the corresponding 90/10 ACA federal match rate be made available for program expenditures. The Fall Back waiver also requested CMS approval of various other flexibilities, such as the ability to include community engagement requirements of enrollees, the ability for the State to leverage third party insurance of beneficiaries when available, and the ability to collect monthly premiums from individuals with income above 100% FPL. On December 23, 2019, the State received CMS approval of core elements of the Fall Back wavier, allowing for program implementation as of January 2020.

With the Fall Back waiver approval and corresponding 90/10 federal match rate, the State is currently able to fund its share of program expenditures. In the 2019 General Legislative Session, $171.5 million in ongoing State funds were appropriated or expected to be collected by the Medicaid Expansion Fund and the fund contains a Fiscal Year 2020 beginning balance of $62.7 million. These resources combine to provide nearly $235 million in State funds to support an estimated 86,500 enrollees at a State cost of approximately $103 million in Fiscal Year 2020. Given this short–term surplus, the Governor recommends re-directing $51.9 million of existing General Funds appropriated to the Medicaid Expansion Fund to other budget priorities in Fiscal Year 2020. In Fiscal Year 2021, ongoing Medicaid Expansion Fund collections and appropriations of more than $163 million are further expected to outpace an estimated $97 million of program costs, which support the Governor's recommendation of re–directing $17 million of ongoing General Funds to other budget priorities.

The State's Non–Expansion Medicaid program participation rate is among the lowest in the nation, with average Fiscal Year 2019 enrollment approximating about 300,000 or about 9.4% of the State's total population (an estimated 3,205,958 as of July 2019). The State receives a higher than average Federal Medical Assistance Percentage at 67.69% (Fiscal Year 2021); however, the State also has one of the lowest rates of spending per full–benefit Medicaid enrollee and has a history of State funding innovations such as imposing hospital assessments and moving to capitation payments for Medicaid provider networks.

Federal Funding in the State Budget. Approximately 83% of federal funds included in the Governor's recommended Fiscal Year 2021 budget fund the following programs: Medicaid ($3.180 billion); transportation ($527 million); education, including special education, school lunch, and Title I for disadvantaged students ($367 million); Supplemental Nutrition Assistance ($268 million); Temporary Assistance for Needy Families ($85 million); National Guard ($59 million), Office of Rehabilitation ($50 million); and

Women Infants and Children ($40 million). Not only do federal dollars fund a large portion of the State's major social service programs, federal dollars also play a key role in funding programs that provide care for elderly veterans, clean drinking water, and air pollution prevention.

Although the State receives a large portion of its funding for social service programs from federal funds as discussed above, a recent Pew Charitable Trust report on federal spending ranked the State as ninth lowest in total federal spending relative to gross domestic product ("GDP") when all federal spending is accounted for. When measured on a per–capita basis, the State has the lowest total per capita federal spending. This is, in part, because the State's population is the youngest in the nation and consequently the State receives a much smaller portion of federal dollars than other states for programs such as Social Security and Medicare, two of the largest federal entitlement programs targeted to the elderly. As of 2017, the State is one of 14 states that receives less than 30% of total state revenue from federal funds. While no comparison is yet available with other states, the State's percentage of federal funds appropriated through the State budget is approximately 27% in Fiscal Year 2021.

There can be no assurance that current levels of federal funding to the State will be maintained or that any potential federal budget cuts and potential decreases in flow through of funds to states would not have a material adverse financial impact on the State. The State cannot predict now what, if any, effect such decreases in federal spending would have on the State's budget.

Federal Sequestration. Pursuant to the Budget Control Act of 2011 (the "BCA"), cuts to federal programs necessary to reduce federal spending to levels specified in the BCA (known as "sequestration") were ordered in federal fiscal years ending September 30, 2013 through 2021 and were subsequently extended through September 30, 2029. These reductions include cuts to the subsidy payments to be made to issuers of Build America Bonds ("BABs") and various other federal expenditures.

The State anticipates that any future reductions of subsidy payments with respect to the State's and the Authority's $1,104,095,000 in outstanding BABs (the State's $1,010,125,000 of general obligation bonds and $19,565,000 of water revenue bonds; and the Authority's $74,405,000 of lease revenue bonds) or reductions in other federal grants because of sequestration would have no material impact on their operations or financial position. The State cannot predict whether Congress will act to avoid or extend sequestration in the future.

LEGAL MATTERS

General

The approving opinion of Gilmore & Bell, P.C., Bond Counsel to the State, concerning the validity of the 2020 Bonds, in substantially the form set out in "APPENDIX E—PROPOSED FORM OF OPINION OF BOND COUNSEL" to this OFFICIAL STATEMENT, will be provided at the time of delivery of the 2020 Bonds.

Bond Counsel has not assumed responsibility for the remaining material in the OFFICIAL STATEMENT and has not verified independently the information set out therein. In addition, Bond Counsel has not assumed responsibility for any agreement, representations, offering circulars, or other material of any kind not mentioned in this paragraph, relating to the offering of the 2020 Bonds for sale.

Certain legal matters will be passed upon for the State by the Office of the Attorney General of the State. Certain legal matters regarding this OFFICIAL STATEMENT will be passed on for the Authority and the State by Chapman and Cutler LLP.

Absence Of Litigation Concerning The 2020 Bonds

There is no litigation pending or threatened against the 2020 Bonds questioning or in any matter relating to or affecting the validity of the 2020 Bonds.

On the date of the execution and delivery of the 2020 Bonds, certificates will be delivered by the Authority to the effect that to the knowledge of the Authority, there is no action, suit, proceeding or litigation pending or threatened against the Authority, which in any way materially questions or affects the validity or enforceability of the 2020 Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the Authority.

A non–litigation opinion issued by the State's Attorney General, dated the date of closing, will be provided stating, among other things, that there is not now pending, or to his knowledge threatened, any action, suit, proceeding, inquiry, or any other litigation or investigation, at law or in equity, before or by any court, public board or body, challenging the creation, organization or existence of the State, the Authority or DFCM, or the titles of its respective officers to their respective offices, or the ability of the State, the Authority or DFCM, or its respective officers to authenticate, execute or deliver the 2020 Bonds or such other documents as may be required in connection with the issuance and sale of the 2020 Bonds, or to comply therewith or perform its respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2020 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2020 Bonds are issued, the legality of the purposes for which the 2020 Bonds are issued, or the validity of the 2020 Bonds or the issuance and sale thereof.

Miscellaneous Legal Matters

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

See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements—Note 16. Litigation, Contingencies, and Commitments–Litigation" (CAFR page 117).

Attorney General's Opinion Of Effect Of Legal Proceedings On State's Ability To Make Timely Payments On 2020 Bonds

Based on discussions with representatives of the Authority and the State's executive and legislative departments, the Attorney General is of the opinion that the miscellaneous legal proceedings against the State or the Authority, individually or in the aggregate, are not likely to have a material adverse impact on the Authority's ability to make its payments of the principal of and interest on the 2020 Bonds as those payments come due or the State's ability to make its payment of Rentals as those payments come due.

TAX MATTERS

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the 2020 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the 2020 Bonds as a capital asset, tax–exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Utah, does not discuss the consequences to an owner under any state, local or foreign

tax laws. The summary does not deal with the tax treatment of persons who purchase the 2020 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the 2020 Bonds.

Opinion Of Bond Counsel

In the opinion of Gilmore & Bell, P.C., under the law currently existing as of the issue date of the 2020 Bonds:

Federal Tax Exemption. The interest on the 2020 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. The interest on the 2020 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bond Counsel's opinions are provided as of the date of the original issue of the 2020 Bonds, subject to the condition that the Authority and the State comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the 2020 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority and the State have covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the 2020 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2020 Bonds.

State of Utah Tax Exemption. The interest on the 2020 Bonds is exempt from State of Utah individual income taxes.

Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the 2020 Bonds but has reviewed the discussion under this heading "TAX MATTERS."

Other Tax Consequences

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a 2020 Bond over its issue price. The issue price of a 2020 Bond is generally the first price at which a substantial amount of the 2020 Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax–exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to an owner of a 2020 Bond during any accrual period generally equals (1) the issue price of that 2020 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that 2020 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that 2020 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that 2020 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a 2020 Bond over its stated redemption price at maturity. The issue price of a 2020 Bond is generally the first price at which a substantial amount of the 2020 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax–exempt bonds amortizes over the term of the 2020 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the 2020 Bond and the amount of tax–exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of

the 2020 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a 2020 Bond, an owner of the 2020 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the 2020 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the 2020 Bond. To the extent a 2020 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long–term capital gain or loss if the 2020 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the 2020 Bonds, and to the proceeds paid on the sale of the 2020 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the 2020 Bonds should be aware that ownership of the 2020 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2020 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of 2020 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the 2020 Bonds, including the possible application of state, local, foreign and other tax laws.

MISCELLANEOUS

Bond Ratings

Moody's and S&P have rated the 2020 Bonds "Aa1," and "AA+," respectively, as of the date of this OFFICIAL STATEMENT.

Any explanation of the significance of these outstanding ratings may only be obtained from the rating service furnishing the same. The above ratings are not recommendations to buy, sell or hold the 2020 Bonds. There is no assurance that such ratings will be maintained for any period or that the ratings may not be lowered or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward change or withdrawal of such rating may have an adverse effect on the market price of the 2020 Bonds. The Authority and the State have not applied to Fitch for a rating on the 2020 Bonds.

Trustee

The obligations and duties of the Trustee are described in the Indenture and the Trustee has undertaken only those obligations and duties that are expressly set out in the Indenture. The Trustee has not independently passed upon the validity of the 2020 Bonds, the security therefore, the adequacy of the provisions for payment thereof or the exclusion from gross income for federal tax purposes of the interest on

the 2020 Bonds. The Trustee may resign or be removed or replaced as provided in the Indenture. Such Trustee is empowered to take various actions set forth in the Indenture.

Municipal Advisor

The State has entered an agreement with the Municipal Advisor where the Municipal Advisor provides financial recommendations and guidance to the State with respect to preparation for sale of the 2020 Bonds, timing of sale, tax–exempt bond market conditions, costs of issuance and other factors relating to the sale of the 2020 Bonds. The Municipal Advisor has read, participated in the drafting of and provided the information in certain provisions of this OFFICIAL STATEMENT. The Municipal Advisor has not otherwise audited, authenticated or verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the State, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matters related to the OFFICIAL STATEMENT. Municipal Advisor fees are contingent upon the sale and delivery of the 2020 Bonds.

Independent Auditor

The financial statements of the State as of June 30, 2019, and for the fiscal year then ended, are included as "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019" to this OFFICIAL STATEMENT and have been audited by the office of the State Auditor, as indicated in its report thereon (CAFR page 14). The State has neither requested nor has been obligated to obtain the consent of the State Auditor to include its report in this OFFICIAL STATEMENT and therefore the State Auditor has not performed any procedures with respect to such financial statements after the date of its report.

Additional Information

The foregoing description of the 2020 Bonds does not purport to be complete and is expressly made subject to the exact provisions of the complete documents, copies of which are available for inspection at the offices of the Municipal Advisor during the offering of the 2020 Bonds, and subsequently, at the office of the Trustee in Denver, Colorado.

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

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

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

State of Utah, State Building Ownership Authority

APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019

The CAFR of the State for Fiscal Year 2019 is contained herein.

Utah Transit Authority. New to the State's CAFR for Fiscal Year 2019 is the inclusion of Utah Transit Authority ("UTA") as a major discrete component unit. UTA provides public mass transportation (commuter rail, light rail, bus, paratransit, rideshare and van services) for State communities within the major area known as the "Wasatch Front." During the 2018 General Session of the Legislature, the governance structure of the UTA was modified, creating a governing board appointed by the Governor. Effective November 1, 2018, UTA is now included as part of the State's reporting entity and the Statement of Activities—Component Units reflects a $993.677 million increase in net position restricted for transit services (CAFR page 55). Separately audited financial statements are also issued by UTA.

Government Finance Officers Association. The Government Finance Officers Association of the United States and Canada ("GFOA") have awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its CAFR for the 34th consecutive year, beginning with Fiscal Year 1985 through Fiscal Year 2018.

The State has submitted its Fiscal Year 2019 CAFR to GFOA to determine its eligibility for a Certificate of Achievement. The State believes that its Fiscal Year 2019 CAFR continues to meet the Certificate of Achievement program requirements.

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

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Houseboating on Lake Powell

FOR THE FISCAL YEAR
ENDED JUNE 30, 2019

2019

STATE OF UTAH

Comprehensive Annual Financial Report

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

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

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

OTHER STATE OFFICIALS

Tani Pack Downing.....Executive Director, Department of Administrative Services
John C. Reidhead, CPA.....Director, Division of Finance
Kristen Cox.....Director, Governor's Office of Management and Budget
Jonathan C. Ball.....Director, Office of the Legislative Fiscal Analyst
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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 images and captions displaying Utah's many opportunities for outdoor recreation.

Utah Department of Administrative Services

Division of Finance Accounting Standards
and Financial Reporting Section

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

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State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of Administrative Services

Tani Pack Downing
Executive Director

Division of Finance
John C. Reidhead, CPA
Director

November 25, 2019

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

It is our pleasure to present the 2019 Comprehensive Annual Financial Report of the State of Utah in accordance with Section 63A-3-204 of the *Utah Code*. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. To the best of our knowledge and belief, the enclosed data accurately presents the State's financial position and results of operations in all material respects in accordance with generally accepted accounting principles (GAAP). We believe that all disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

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

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

Single Audit – Federal regulations also require the State to undergo an annual "Single Audit" in conformance with the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Information related to the Single Audit, including the Schedule of Expenditures of Federal Awards, Schedule of Findings and Questioned Costs, Summary Schedule of Prior Audit Findings, and the State Auditor's report, is issued in a separate report.

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

PROFILE OF THE GOVERNMENT

Structure – As shown in the Organizational Chart, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Utah Constitution*, which can be amended only by vote of the Legislature and a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government provides various services to over 3,212,000 citizens. Services include building and maintaining roads; providing public safety, health, and environmental protection services to protect the general welfare of the State's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural resources for conservation

and recreational activities. The State also provides significant financial support to its higher education institutions, local governments, and school districts to help those entities meet the specific needs of their constituents.

The State Reporting Entity – The State Reporting Entity includes the *primary government* and its *discretely presented component units.* The *primary government* of the State of Utah includes all funds, departments, boards, and commissions that make up its legal entity. In addition to these *primary government* activities, this report includes information related to discretely presented component units for which the primary government is financially accountable. Although such information is provided in this report, the MD&A and Basic Financial Statements focus on the primary government and its activities. Separately issued financial statements are available from the significant discretely presented component units and should be read to obtain a better understanding of their financial conditions. Additional information on all discretely presented component units can be found in Note 1. A. to the financial statements.

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

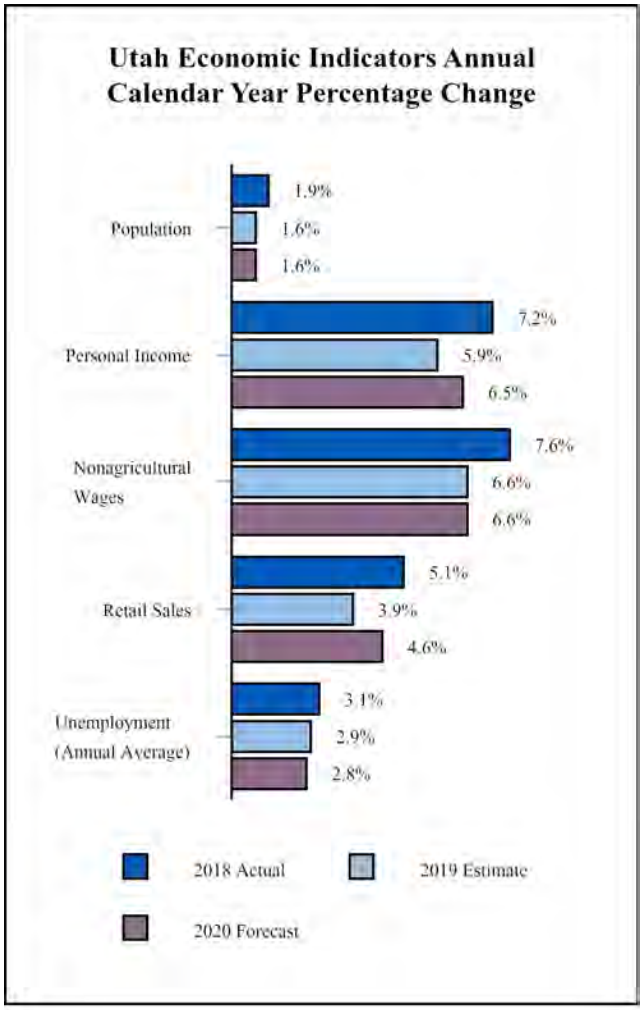
INFORMATION USEFUL IN ASSESSING A GOVERNMENT'S ECONOMIC CONDITION

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

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

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

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



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

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

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

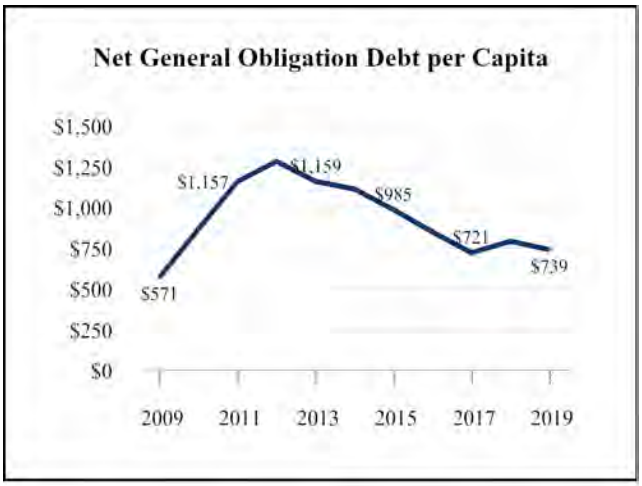
	Number of Jobs				Components of Labor Force
	August (p) 2019	**August (r) 2018**	**Numerical Change**	**Percentage Change**	**August (p) 2019**
Trade, Transportation, and Utilities	290.20	287.80	2.40	0.83%	18.56 %
Professional and Business	229.00	218.80	10.20	4.66%	14.66 %
Education and Health Services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

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

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

FINANCIAL PLANNING AND POLICIES

General Obligation Debt Administration – As part of long-term financial planning, the State has used a combination of bonding and pay-as-you-go methods to meet its infrastructure needs. In fiscal years 2009 through 2014, under budget constraints coupled with a low interest rate environment, the State elected to increase its debt by issuing bonds for highway and/or building projects that otherwise would have been funded from current resources. During the years debt was issued, the State continued to fund some projects with cash. In fiscal years 2015 and 2016, the State continued its prudent fiscal management by paying cash for most building, highway, and other projects. In fiscal year 2015, the State authorized $474.7 million in general obligation debt for the new prison project. There were no general obligation bond issuances, authorizations, or refundings in fiscal year 2016.



In fiscal year 2017, the State authorized $1.047 billion in general obligation bonds for highway construction projects and authorized an additional $101 million for the prison project. In fiscal year 2018, the State authorized no new general obligation

bonds, but issued $295.8 million for highway construction projects and $189.4 million for the prison project from prior authorizations. The State also advance refunded $118.7 million of general obligation bonds to take advantage of the low interest rate environment. In fiscal year 2019, the State issued $127.7 million for highway construction projects from prior bond authorizations. As of June 30, 2019, the State's general obligation debt per capita was $739. The State has an aggressive policy of repaying its general obligation debt within ten years for debt associated with capital facilities and fifteen years for highway construction projects. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements.

Revenue and Expenditure Forecasts – Economists and budget analysts from the Executive and Legislative branches of government work with experts from the private sector and academia to develop the consensus revenue forecast used for establishing the State's annual budget. The final 2019 consensus revenue forecast projected an increase of 5.7 percent in fiscal year 2019 from 2018 actual revenue for the General and Education Funds combined. For fiscal year 2020, 4.8 percent growth is projected. The long-term average revenue growth rate, adjusted for inflation, was approximately 3.5 percent for fiscal periods 1971 through 2018. See the Budgetary Highlights – General Fund in the MD&A for a comparison of budgeted to actual results for fiscal year 2019.

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

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

Public Education Growth – Projections indicate that an additional 6,800 new students will enroll in fall 2019. Due to the current and future enrollment growth, and the demands it places on state funding, public education continues to be a top priority for the Governor and the Legislature. The Office of the Legislative Fiscal Analyst has developed a public education distribution model that allows legislators to see how proposed education policy changes will impact funding.

Federal Funding – In an effort to prepare for potential future reductions in federal funding, Section 63J-1-219 of the *Utah Code* requires most state agencies including public education and higher education institutions to report specific federal funding information to the Legislature. Annually, these entities must report total federal receipts received the preceding fiscal year in addition to providing contingency plans in the event federal receipts are reduced by either 5 percent or 25 percent.

The Legislature created the Federalism Commission. One aspect of the Commission's responsibilities is to study and make recommendations on federal funding issues. The Commission is tasked with considering the financial stability of the federal government, the risk that the State will experience a reduction in the amount or value of federal funds, and methods to avoid or minimize the risk. Utah law requires economists and budget analysts from the Executive and Legislative branches of government to consider expected changes in federal funding when preparing the annual revenue volatility report and, if appropriate, recommend changes to amounts or limits of reserve funds. Utah law also requires the analyst to evaluate current and long-term trends relating to federal funds receipts and taxes, and prepare a three-year cycle of analysis on revenue volatility and budget matters.

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

Spending Limitation – The State has a statutory appropriations limit. The appropriations limit adjusts annually pursuant to a statutory formula based on population and inflation. The definition of appropriations includes only appropriations from General Fund and Education Fund sources (spending for public education and for transportation is exempt from the limitation). For the fiscal year ended June 30, 2019, the State was $597.068 million below the appropriations limitation.

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

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

MAJOR INITIATIVES

During fiscal year 2019, the State of Utah continued to rank among the top states in private sector job growth and overall job growth. Due to continued economic expansion, the consensus revenue forecast adopted during the 2019 General Session anticipates that fiscal year 2020 will mark the tenth consecutive year of growth in unrestricted General Fund and Education Fund revenue collections.

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

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

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

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

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

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

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

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

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

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the thirty-fourth consecutive year the State has achieved this prestigious award.

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

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

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

Sincerely,

John Reidhead

John C. Reidhead, CPA
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Utah

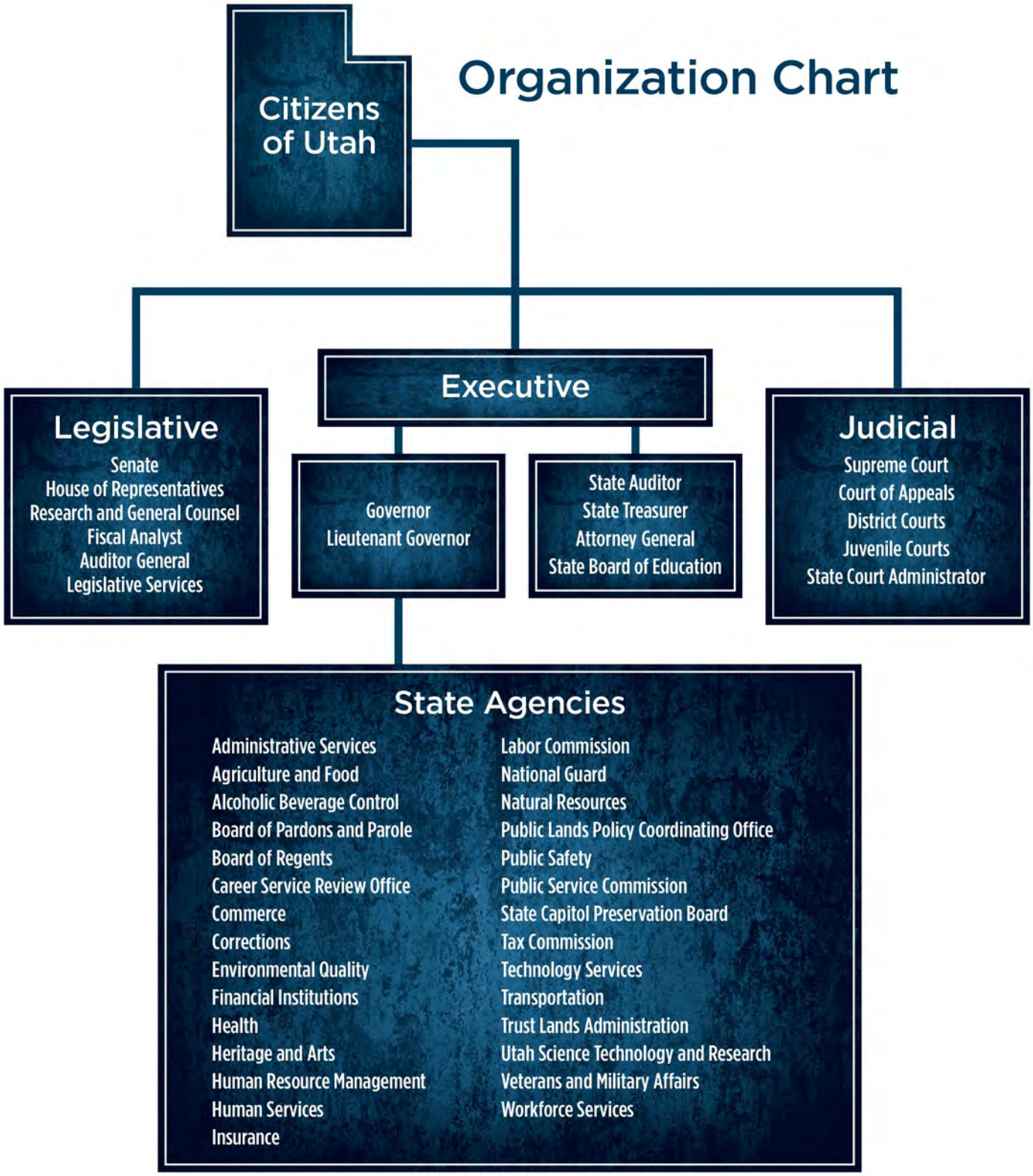
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

Organization Chart



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FINANCIAL SECTION

STATE OF UTAH

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Hiking The Narrows in Zion National Park

2019

OFFICE OF THE
STATE AUDITOR

INDEPENDENT STATE AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah (State), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following information-management's discussion and analysis (pages 18-30), and the budgetary comparison schedules and information about the State's pension plans, other postemployment benefit plans, and infrastructure assets reported using the modified approach (pages 136-153) - be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements and schedules (pages 158-203) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections (pages 1-11 and 207-243) have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 25, 2019, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

Office of the State Auditor

Office of the State Auditor
November 25, 2019

MD&A

Management's Discussion and Analysis

STATE
OF UTAH

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Snowboarding at Brighton Ski Resort

2019

INTRODUCTION

The following is a discussion and analysis of the State of Utah's financial performance and condition, providing an overview of the State's activities for the fiscal year ended June 30, 2019. Please read this in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

HIGHLIGHTS

Government-wide

- Total assets and deferred outflows of resources of the State exceeded liabilities and deferred inflows of resources by $27.588 billion (reported as net position). Of this amount, $3.167 billion (unrestricted net position) may be used to meet the government's ongoing obligations while $24.421 billion is restricted for specific uses or invested in capital assets.

- The State's total net position increased $1.278 billion or 4.86 percent over the prior year. Net position of governmental activities increased $1.178 billion or 5.17 percent. Net position of business-type activities increased $100.265 million or 2.83 percent.

Fund Level

- The governmental funds reported combined ending fund balances of $7.317 billion, an increase of $696.201 million in comparison with the prior year. Approximately 37.19 percent, or $2.721 billion of the ending fund balance is considered unrestricted (committed, assigned, or unassigned) and is available for spending either at the government's discretion or upon legislative approval.

- The General Fund ended the fiscal year with a zero dollar surplus by using $21.707 million of the $112.180 million of General Fund budgeted revenues set aside for fiscal year 2020. Because there was no revenue surplus, there were no statutory transfers from the General Fund to any stabilization or reserve accounts.

- The Education Fund ended the fiscal year with a $107.275 million surplus after a statutory transfer of $33.510 million to the Education Budget Reserve Account.

- The State's stabilization accounts, the General Fund Budget Reserve Account (Rainy Day Fund), Medicaid Budget Stabilization Account, and Education Budget Reserve Account, ended the fiscal year with balances of $225.121 million, $74.819 million, and $471.908 million, respectively.

- Sales tax revenues in the governmental funds increased $158.622 million or 5.99 percent, compared to $243.649 million or 10.14 percent increase in the prior year. Total tax revenues increased $83.919 million or 3.49 percent in the General Fund and $410.547 million or 9.15 percent in the Education Fund.

Long-term Debt

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements – Reporting the State as a Whole

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

be considered such as the State's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

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

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

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

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

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

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

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

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

Reconciliation between Government-wide and Fund Statements

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

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.

- Capital outlay expenses result in capital assets on the government-wide statements, but are reported as expenditures on the governmental fund statements.

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

- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements,

but are deferred inflows of resources (unavailable revenue) on the governmental fund statements.

Notes to the Financial Statements

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

Required Supplementary Information (RSI)

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

Supplementary Information

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

Statistical Section

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

Adjustments to Beginning Net Position and Other Significant Changes

As discussed in Note 2 of the financial statements, governmental activities beginning net position decreased $15.469 million to reflect the removal of land improvements associated with land that was sold in previous years within the Trust Lands Permanent Fund.

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

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

The largest component of the State's net position, 62.28 percent, reflects investments in capital assets (e.g., land, buildings, equipment, intangible assets, roads, and other infrastructure) less the outstanding debt issued to finance those assets. These types of assets are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

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

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

(MD&A continues on next page.)

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

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

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

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

- *Net Investment in Capital Assets* – Total net investment in capital assets increased slightly by 1.92 percent or $323.325 million. The State's investment in highways and buildings exceeded depreciation and the net additional debt that was incurred to finance capital-related projects.

- *Restricted Net Position* – Total restricted net position increased $325.535 million or 4.71 percent over the prior year adjusted net position:

  Restricted Net Position of Governmental Activities increased $260.462 million or 5.55 percent, as follows: Transportation net position increased $93.750 million or 24.23 percent due to an increase in unspent restricted revenues. Public Education - Nonexpendable net position increased $72.404 million or 4.46 percent, primarily due to revenues generated from land use and gains on sale of trust lands in the Trust Lands Permanent Fund. Public Education – Expendable net position increased $68.893 million or 2.78 percent primarily due to an increase in individual and corporate income tax revenues from the continued economic expansion. The increase in corporate tax revenues was also due to recent federal tax changes, which created a temporary surge as corporations repatriated foreign corporate earnings.

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

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

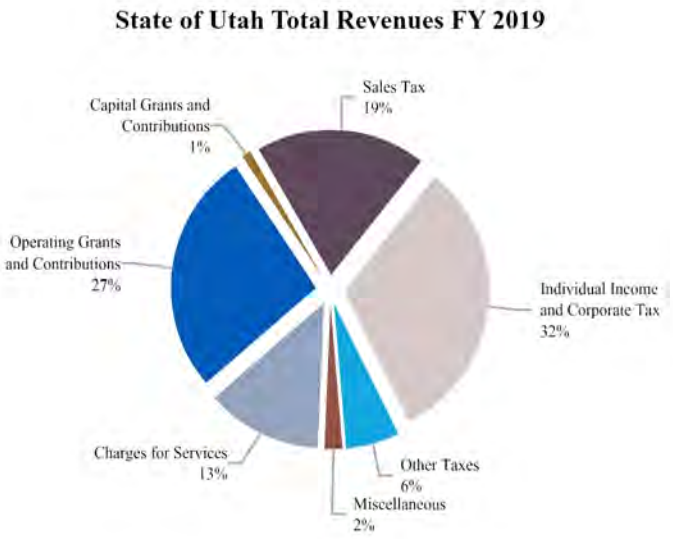
Changes in Net Position

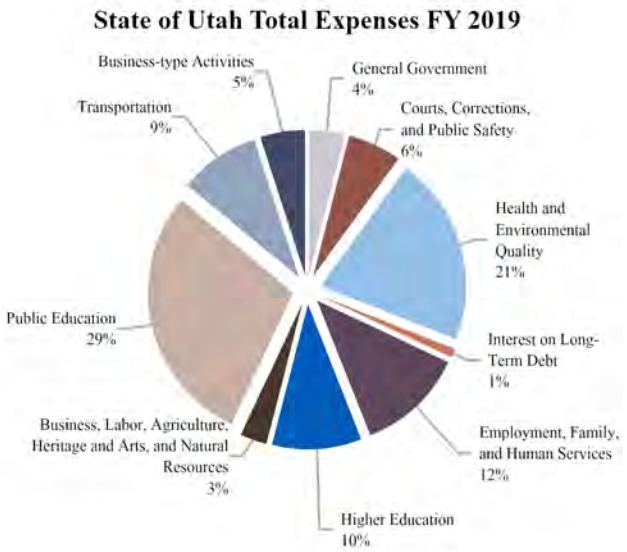
The following table and charts summarize the State's total revenues, expenses, and changes in net position for fiscal year 2019:

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

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

(Charts on next page)





This year the State received 56.38 percent of its revenues from state taxes and 28.41 percent of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 55.51 percent and grants and contributions were 29.22 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park fees, and court fees, combined with other miscellaneous collections, comprised 15.21 percent of total revenues in fiscal year 2019, compared to 15.27 percent in fiscal year 2018.

Governmental Activities

The State's total governmental revenues from all sources increased $740.811 million or 5.41 percent. The majority of this increase was due to an increase in tax revenues of $556.618 million or 6.92 percent due to continued growth in the economy. Significant changes in governmental activities' revenues and expenses at the government-wide level mirror the changes in the governmental funds, except for Transportation expenses as discussed below. However, due to differences in measurement focus and timing of collections, the increase at the government-wide level should not be used to predict future increases at the fund statement or budget level.

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

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

(Table on next page)

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

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

Business-type Activities

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

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

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

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

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Adjustment to Beginning Fund Balance

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

Fund Balances

At June 30, 2019, the State's governmental funds reported combined ending fund balances of $7.317 billion. Of this amount, $1.818 billion or 24.85 percent is nonspendable, either due to its form or legal constraints, and $2.775 billion or 37.92 percent is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds, revenue restricted for public education, revenue that derives from the operation of motor vehicles on public highways, mineral lease revenues, and earnings received from investment of the Trust Lands Permanent Fund are included in restricted fund balance. An additional $1.835 billion or 25.08 percent of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An additional $889.037 million or 12.15 percent of total fund balance has been assigned to specific purposes, as expressed by legislative intent. There was no unassigned fund balance available for future appropriations at yearend.

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

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

General Fund

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

Specific changes in the General Fund balance include the following:

- Nonspendable fund balance increased $1.975 million or 10.89 percent due to an increase in prepaid items of $5.162 million as a result of an increase in Medicare premiums paid for dual eligible Medicaid members at yearend. This increase was offset by a $2.887 million decrease in the long-term portion of loans receivable due to a reduction of loan balances within Internal Services Funds.

- Restricted fund balance increased $4.263 million or 10.94 percent as a result of an increase in revenues set aside for specific purposes due to constraints that are imposed externally or by law.

- Committed fund balance increased overall by $159.943 million or 23.69 percent due to an increase in monies set aside for specific purposes as follows: ***(1)*** Agency carry-forward balances increased $81.481 million; ***(2)*** monies set aside for committed purposes in various restricted accounts increased $5.149 million; and ***(3)*** the General Fund Budget Reserve Account balance increased $73.313 million due to a legislative appropriation to the account.

- Assigned fund balance increased $25.089 million or 7.97 percent. The increase was due in part to a $13.708 million increase in the amount set aside for next year's budget by the Legislature. Assigned fund balance also increased $13.355 million due to an increase in tax accruals assigned by law. These increases were offset by a $1.975 million decrease in nonspendable items, as described above. Items classified as nonspendable reduce assigned fund balance.

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

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

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

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

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

- *Higher Education* – Total expenditures increased $101.636 million or 9.61 percent due to an increase in state appropriations. The State provided $29.100 million for higher education employee compensation and benefit increases. Major new state-funded system-wide initiatives included: (***1***) $9.200 million for programs to assist institutions in meeting regional workforce needs; (***2***) $9.100 million for enrollment growth and to increase capacity; (***3***) $4.800 million to implement programs that will reduce barrier to students' completing their degree; (***4***) $3.300 million for the Board of Regents' Scholarship; and (*5*) $3.300 million for market demand programs for the Utah System of Technical Colleges.

- *Human Services and Juvenile Justice Services* - Total expenditures increased $57.536 million or 6.76 percent due in part to a $36.264 million funding increase within Services for People with Disabilities, as follows: (***1***) $23.496 million for individuals receiving disability services and youth aging out of services; (***2***) $6.634 million to provide services for people on the waiting list in the Medicaid Home and Community Based Waiver Services Program; and (***3***) $5 million for salary increases for direct care service workers. Expenditures also increased $5.020 million to address suicide prevention, crisis help lines, and children's center family support and $2.270 million for children in family treatment, opioid crisis funding, and medication assisted treatments.

- *Public Safety* – Total expenditures increased $41.766 million or 16.12 percent. Significant increases included: (***1***) $17.628 million for the Utah Communications Authority for the 800 and 150 MHz radio networks and management of the 911 program; (***2***) $14.715 million for the National Guard due to additional federal funding provided for the Aaron Butler Special Forces Readiness Center at Camp Williams; and (***3***) $4.391 million for the Utah Highway Patrol for the Operation Rio Grande program.

- *General Government* – Total expenditures increased $26.613 million or 6.76 percent due to $26 million ($9 million ongoing and $17 million in one-time funds) provided to the firefighter retirement program as a result of changes in insurance premium allocation.

- *Natural Resources* – Total expenditures increased $24.875 million or 11.20 percent due to increases in funding provided for wildland fire suppression and prevention, watershed rehabilitation and habitat restoration projects, and state parks maintenance and improvements.

In addition to the significant changes in expenditures described above, the increase in overall expenditures is also due to a $23.213 million increase as a result of a 2.50 percent salary increase for most state employees, increases in health insurance costs, and targeted compensation increases.

Budgetary Highlights – General Fund

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

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

Education Fund

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

In addition to these changes, the Education Fund ended the year with a $107.275 million surplus after a $6.181 million property tax recapture and a $33.510 million transfer to the Education Budget Reserve Account from an original revenue surplus of $134.040 million. In the event of a "revenue surplus" in the Education Fund, state law requires that 25 percent of the surplus be transferred to the Education Budget Reserve Account, a budget stabilization account. State law requires an additional 25 percent be transferred to repay prior year transfers out of the account, but limits these transfers to 11 percent of Education Fund appropriations. The Education Budget Reserve Account ended the year with a balance of $471.908 million.

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

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

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

Transportation Fund

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

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

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

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

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

Transportation Investment Fund

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

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

Trust Lands Permanent Fund

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

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

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Student Assistance Programs

The net position of the Student Assistance Programs increased slightly by $5.482 million or 1.47 percent from the prior year. The majority of this change is attributable to a decrease in assets of $237.891 million or 12.50 percent mainly due to a decrease in student loans receivable and a decrease in total liabilities of $248.873 million or 16.40 percent primarily due to payments on principal on student loan revenue bonds and notes payable. Operating revenues decreased $7.436 million or 6.09 percent mainly due to a combination of a decrease in interest on student loans of $9.420 million and a decrease of $3.325 million in Federal Reinsurance payments, offset by a $5.254 million increase in federal loans servicing revenue. Operating expenses decreased $6.332 million or 5.27 percent primarily due to decreases of $7.940 in student loan servicing expenses and $3.328 million in payments to lenders for guaranteed claims, offset by an increase of $5.678 million of interest expense. Of total net position of $378.245 million, $303.845 million is restricted for use within the programs by bond covenants or federal law.

Unemployment Compensation Fund

The State's average unemployment rate for the fiscal year 2019 decreased slightly from the prior year. Employer tax revenue decreased $18.249 million or 9.74 percent due to an overall contribution rate decrease from the prior year. Expenses decreased $3.762 million or 2.41 percent due to fewer claims paid. Overall, employer taxes and other revenues exceeded benefit payments and transfers out, resulting in an increase of net position of $41.020 million or 3.57 percent. The entire net position of $1.189 billion is restricted for use within the program by state and federal law.

Water Loan Programs

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

Community Impact Loan Fund

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

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

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

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

Several buildings financed by the State are actually owned by the colleges and universities, which are discrete component units of the State. Therefore, while the capital assets are on the discrete component unit's financial statements, any outstanding debt issued by the State to finance construction of those assets is reported as a liability of the State's governmental activities. This in turn reduces unrestricted net position. As of June 30, 2019, the State had $59.671 million of outstanding debt related to capital assets of discretely presented component units.

At June 30, 2019, the State had commitments in capital projects funds of $646.941 million for building projects and $733.845 million for highway construction and improvement projects. The State also had commitments of $424.166 million for road construction and other contract commitments in the Transportation Fund. Funding for the commitments will come from existing resources in these funds and from future appropriations and bond proceeds.

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

The State's established condition level for state roads is to maintain a certain percentage of mileage at a "fair" or better condition. The overall system has a target of 80 percent rated as "fair" or better. The most recent condition assessment completed in 2018 indicated that 91.40 percent of roads were in "fair" or better condition. These results reflect maintaining roads above target percentages and are consistent with calendar year 2017, when 90.36 percent of roads were assessed as "fair" or better condition.

The State's established condition level for bridges is to maintain 50 percent with a rating of "good" and no more than 10 percent of bridges with a "poor" rating. The most recent condition assessment, completed in April 2019, indicated that 64.38 percent and 2.91 percent of bridges were in "good" and "poor" condition, respectively. These results reflect maintaining bridges at a consistent condition level as 2018 when 64.52 percent of the bridges were assessed as "good" and 2.76 percent assessed were in "poor" condition.

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

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

Long-term Debt

The *Utah Constitution* allows the State to contract debts not exceeding 1.50 percent of the value of the total taxable property of the State (i.e., constitutional debt limit). The Legislature authorizes general obligation indebtedness within this limit. The *State Appropriation and Tax Limitation Act* (i.e., statutory debt limit) further limits the outstanding general obligation debt of the State

to not exceed 45 percent of the maximum allowable state budget appropriation limit. As of June 30, 2019, the general obligation indebtedness of the State was $3.861 billion below the constitutional debt limit and $1.561 billion below the statutory debt limit.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change
	2019	2018	2019	2018	2019	2018	2018 to 2019
General Obligation Bonds	$ 2,374	$ 2,498	$ —	$ —	$ 2,374	$ 2,498	(4.96)%
Revenue Bonds:							
State Building Ownership Authority	205	244	77	83	282	327	(13.76)%
Student Assistance Programs	—	—	1,254	1,495	1,254	1,495	(16.12)%
Water Loan Programs	—	—	26	31	26	31	(16.13)%
Total Bonds Payable	**$ 2,579**	**$ 2,742**	**$ 1,357**	**$ 1,609**	**$ 3,936**	**$ 4,351**	(9.54)%

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

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

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

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

Preliminary data for fiscal year 2020 show tax revenues to be in line with estimates. The State's overall unemployment rate is expected to be 2.90 percent in 2019, a decrease from the average 2018 rate of 3.10 percent. Taxable retail sales are expected to increase 3.90 percent in 2019 and increase 4.60 percent in 2020. Personal income is expected to increase 5.90 percent in 2019, and 6.50 percent in 2020. Because these indicators are measured on a calendar year basis, the impact on the State budget will not be fully realized until well into fiscal year 2020. The Governor and Legislature will review the fiscal year 2020 budget again during the upcoming 2020 General Session and take action as necessary to ensure a balanced budget.

CONTACTING THE STATE'S DIVISION OF FINANCE

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Department of Administrative Services: Division of Finance, Financial Reporting Section at P.O. Box 141031, Salt Lake City, UT, 84114, phone (801) 538-3082 or by email at utahcafr@utah.gov. 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.

BASIC FINANCIAL STATEMENTS

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Statement of Net Position

(expressed in thousands)

June 30, 2019

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

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

Statement of Activities
(expressed in thousands)

For the Fiscal Year Ended June 30, 2019

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

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

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

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General Fund

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

Education Fund

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

Transportation Fund

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

Transportation Investment Fund

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

Trust Lands Fund

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

Nonmajor Governmental Funds

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

Balance Sheet
Governmental Funds
(expressed in thousands)

June 30, 2019

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

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

Reconciliation of the Balance Sheet to the Statement of Net Position

Governmental Funds

(expressed in thousands)

June 30, 2019		
Total Fund Balances – Governmental Funds		$ 7,316,843
The total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds: (See Note 8)		
Land and Related Non-depreciable Assets	$ 2,187,779	
Infrastructure, Non-depreciable	14,520,394	
Construction in Progress	1,236,466	
Buildings, Equipment, and Other Depreciable Assets	3,061,497	
Accumulated Depreciation	(1,519,375)	19,486,761
Deferred inflows of resources are not reported in the governmental funds:		
Revenues are not available soon enough after yearend to pay for the current period's expenditures	$ 680,399	
Related to Pensions	(39,355)	
Related to Other Postemployment Benefits	(33,629)	607,415
Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations to individual governmental funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.		32,219
Deferred outflows of resources are not reported in the governmental funds:		
Amount on Refundings of Bonded Debt	$ 15,517	
Related to Pensions	402,786	
Related to OPEB	28,889	447,192
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the governmental funds: (See Note 10)		
General Obligation and Revenue Bonds Payable	$(2,473,203)	
Unamortized Bond Premiums	(106,066)	
Accrued Interest on Bonds Payable	(1,098)	
Pollution Remediation Obligation	(5,324)	
Settlement Obligation	(227)	
Arbitrage Liability	(544)	
Compensated Absences	(211,138)	
Capital Leases	(31,006)	
Net Other Postemployment Benefits Liability	(63,222)	
Net Pension Liability	(1,049,788)	(3,941,616)
Total Net Position – Governmental Activities		$ 23,948,814

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

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

For the Fiscal Year Ended June 30, 2019

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

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

Governmental Funds

(expressed in thousands)

For the Fiscal Year Ended June 30, 2019		
Net Change in Fund Balances – Governmental Funds		$ 696,201
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for discrete component units. When the buildings are completed they are "transferred" to the respective discrete component unit and reported as expenses in its Statement of Activities. This is the amount by which capital outlays of $663,500 exceeded depreciation expense of $(117,383) and buildings "transferred" to discrete component units of $(140,747) in the current period. (See Note 8)		405,370
In the Statement of Activities only the gain/loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus the change in net position differs from the change in governmental fund balance by the cost of the assets sold.		(38,709)
Net effect of revenues reported on the accrual basis in the Statement of Activities that are reported as deferred inflows of resources in the governmental funds, as they are unavailable and do not provide current financial resources.		2,959
Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations to individual governmental funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		(2,132)
Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Position. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Position: (See Note 10)		
Bonds Issued	$ (127,715)	
Premiums on Bonds Issued	(23,308)	
Defeasance on Bonds	27,770	
Payment of Bond Principal	260,949	
Capital Lease Payments	2,126	139,822
Expenditures are recognized in the governmental funds when paid or due for: items not normally paid with available financial resources; and interest on long-term debt unless certain conditions are met. However, the Statement of Activities is presented on the accrual basis and expenses are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances:		
Pollution Remediation Outlays	$ 42	
Settlement Obligations	46	
Compensated Absences Expense	(26,633)	
Accrued Interest on Bonds Payable	246	
Amortization of Bond Premiums	25,357	
Amortization of Deferred Amount on Refundings of Bonded Debt	(4,305)	
Arbitrage Interest Expense	(544)	
Other Postemployment Benefits Expense	18,860	
Pension Expense	(38,645)	(25,576)
Change in Net Position – Governmental Activities		$ 1,177,935

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

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Student Assistance Programs

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

Unemployment Compensation Fund

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

Water Loan Programs

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

Community Impact Loan Fund

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

Nonmajor Enterprise Funds

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

Governmental Activities – Internal Service Funds

These funds are maintained to account for the operation of state agencies that provide goods or services to other state agencies and other governmental units on a cost-reimbursement basis. These funds are presented in more detail within Supplementary Information – Combining Statements and Individual Fund Statements and Schedules.

Statement of Net Position
Proprietary Funds
(expressed in thousands)

June 30, 2019

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

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

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

For the Fiscal Year Ended June 30, 2019

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

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

Statement of Cash Flows
Proprietary Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2019

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

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

Continues

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

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

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Pension and Other Employee Benefit Trust Funds

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

Investment Trust Fund

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

Private Purpose Trust Funds

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

Agency Funds

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

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

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

June 30, 2019	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Fund	Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 1,570,443	$ 64	$ 10,169	$ 181,006
Receivables:				
Accounts	847	—	6,434	20,048
Contributions	58,544	—	—	—
Investments	707,266	—	—	—
Accrued Interest	—	—	—	—
Accrued Assessments	—	—	2,939	—
Loans	—	—	1,169	—
Due From Other Funds	—	—	182	123
Investments:				
Debt Securities	7,623,410	10,221,267	3,426,433	3,309
Equity Investments	14,320,272	—	11,196,317	—
Absolute Return	4,598,396	—	—	—
Private Equity	3,661,356	—	—	—
Real Assets	5,445,086	—	—	—
Invested Securities Lending Collateral	1,058,056	—	—	—
Total Investments	$ 36,706,576	$ 10,221,267	$ 14,622,750	$ 3,309
Other Assets	—	—	12,397	54,121
Capital Assets:				
Land	1,781	—	270	—
Buildings and Improvements	20,270	—	10,715	—
Machinery and Equipment	3,127	—	2,865	—
Intangible Assets	6,615	—	11	—
Less Accumulated Depreciation	(27,118)	—	(6,949)	—
Total Capital Assets	4,675	0	6,912	0
Total Assets	$ 39,048,351	$ 10,221,331	$ 14,662,952	$ 258,607
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Relating to Pensions	$ 0	$ 0	$ 578	$ 0
LIABILITIES				
Accounts Payable	$ 625,006	$ 17,125	$ 1,901	$ —
Securities Lending Liability	1,058,056	—	—	—
Due To Other Funds	—	—	75	—
Due To Individuals, Organizations, and Other Governments	—	—	—	258,607
Unearned Revenue	—	—	376	—
Leave/Postemployment Benefits	17,490	—	—	—
Policy Claims Liabilities/Insurance Reserves	4,822	—	225,087	—
Real Estate Liabilities	119,999	—	—	—
Net Pension Obligation	—	—	1,007	—
Total Liabilities	$ 1,825,373	$ 17,125	$ 228,446	$ 258,607
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions	$ 0	$ 0	$ 318	$ 0
NET POSITION				
Restricted for:				
Pension Benefits	$ 31,259,522	$ —	$ —	
Other Postemployment Benefits	287,722	—	—	
Other Employee Benefits	45,798	—	—	
Defined Contribution	5,629,936	—	—	
Pool Participants	—	10,204,206	—	
Individuals, Organizations, and Other Governments	—	—	14,434,766	
Total Net Position	$ 37,222,978	$ 10,204,206	$ 14,434,766	
Participant Account Balance:				
Net Position Valuation Factor		1.00412782		

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

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

For the Fiscal Year Ended June 30, 2019

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

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

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Public Employees Health Program

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

University of Utah and Utah State University

These universities are funded through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include the University of Utah Health Insurance Plans, a legally separate non-profit corporation of which the University is the sole corporate member, and its hospitals and clinics.

Utah Transit Authority

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

Nonmajor Component Units

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

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

June 30, 2019	Public Employees Health Program	University of Utah	Utah State University	Utah Transit Authority	Nonmajor Component Units	Total
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ 145,062	$ 607,196	$ 53,914	$ 103,038	$ 271,027	$ 1,180,237
Investments	12,872	958,358	37,832	—	160,802	1,169,864
Receivables:						
Accounts, net	55,475	551,913	69,386	79,315	39,909	795,998
Notes/Loans/Mortgages/Pledges, net	—	35,511	2,234	—	4,776	42,521
Accrued Interest	2,142	10,152	—	—	245	12,539
Due From Primary Government	—	—	—	9,930	320	10,250
Prepaid Items	21,017	—	4,294	2,842	10,635	38,788
Inventories	—	97,148	4,001	35,552	10,668	147,369
Other Assets	—	33,032	—	—	466	33,498
Total Current Assets	236,568	2,293,310	171,661	230,677	498,848	3,431,064
Noncurrent Assets:						
Restricted Investments	—	762,454	243,718	132,734	63,873	1,202,779
Restricted Receivables, net	—	—	8,236	—	—	8,236
Accounts Receivables, net	—	—	15,168	—	14,020	29,188
Investments	264,493	1,378,320	387,801	—	484,806	2,515,420
Notes/Loans/Mortgages/Pledges Receivables, net	—	198,757	7,274	—	43,225	249,256
Other Assets	85	20,840	—	31,747	11,975	64,647
Capital Assets (net of Accumulated Depreciation)	67	3,468,781	956,964	3,089,897	1,809,310	9,325,019
Total Noncurrent Assets	264,645	5,829,152	1,619,161	3,254,378	2,427,209	13,394,545
Total Assets	$ 501,213	$ 8,122,462	$ 1,790,822	$ 3,485,055	$ 2,926,057	$ 16,825,609
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Amount on Refundings of Bonded Debt	$ —	$ 7,964	$ 7,090	$ 88,490	$ 626	$ 104,170
Deferred Outflows Relating to Pensions	6,912	64,811	20,411	31,931	55,173	179,238
Deferred Outflows Relating to Other Postemployment Benefits	—	—	—	—	365	365
Total Deferred Outflows of Resources	$ 6,912	$ 72,775	$ 27,501	$ 120,421	$ 56,164	$ 283,773
LIABILITIES						
Current Liabilities:						
Accounts Payable and Accrued Liabilities	$ 12,617	$ 348,888	$ 79,981	$ 52,042	$ 56,527	$ 550,055
Securities Lending Liability	2,923	—	—	—	—	2,923
Deposits	—	166,599	108	—	3,426	170,133
Due To Primary Government	—	61,367	1,441	138	14,378	77,324
Unearned Revenue	3,392	125,088	23,484	11,622	39,778	203,364
Current Portion of Long-term Liabilities	69,305	158,379	29,613	36,818	33,314	327,429
Total Current Liabilities	88,237	860,321	134,627	100,620	147,423	1,331,228
Noncurrent Liabilities:						
Accrued Liabilities	13,906	—	7,886	5,626	1,092	28,510
Unearned Revenue	—	—	1,265	—	515	1,780
Deposits	—	44,318	—	—	—	44,318
Net Pension Liability	11,139	174,785	53,846	131,548	125,267	496,585
Net Other Postemployment Benefit Liability	—	—	—	—	645	645
Long-term Liabilities	77,708	1,119,434	250,092	2,385,003	223,047	4,055,284
Total Noncurrent Liabilities	102,753	1,338,537	313,089	2,522,177	350,566	4,627,122
Total Liabilities	$ 190,990	$ 2,198,858	$ 447,716	$ 2,622,797	$ 497,989	$ 5,958,350
DEFERRED INFLOWS OF RESOURCES						
Deferred Revenue	$ —	$ —	$ 559	$ —	$ —	$ 559
Deferred Inflows Relating to Beneficial Interests	—	—	3,673	—	9,438	13,111
Deferred Amount on Refundings of Bonded Debt	—	1,441	—	—	—	1,441
Deferred Inflows Relating to Pensions	3,607	14,917	2,695	3,384	17,818	42,421
Deferred Inflows Relating to Other Postemployment Benefits	—	—	—	—	418	418
Total Deferred Inflows of Resources	$ 3,607	$ 16,358	$ 6,927	$ 3,384	$ 27,674	$ 57,950
NET POSITION						
Net Investment in Capital Assets	$ 67	$ 2,411,866	$ 742,503	$ 827,646	$ 1,608,647	$ 5,590,729
Restricted for:						
Nonexpendable:						
Higher Education	—	633,722	149,442	—	212,137	995,301
Expendable:						
Higher Education	—	704,999	235,920	—	208,293	1,149,212
Insurance Plan	313,461	45,209	—	—	—	358,670
Transit Services	—	—	—	132,735	—	132,735
Other	—	—	—	—	7,822	7,822
Unrestricted	—	2,184,225	235,815	18,914	419,659	2,858,613
Total Net Position	$ 313,528	$ 5,980,021	$ 1,363,680	$ 979,295	$ 2,456,558	$ 11,093,082

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

Combining Statement of Activities
Component Units
(expressed in thousands)

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

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

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NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2019

For the Fiscal Year Ended June 30, 2019

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

Blended Component Units

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

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

Discrete Component Units

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

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

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

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

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

University of Utah and Utah State University – These universities are funded primarily through state appropriations, tuition, federal grants, and private donations and grants. In addition to instruction, these universities provide research and other services. The operations of the University of Utah also include the University of of Utah Health Insurance Plans, a legally separate non-profit corporation of which the University is the sole corporate member, and its hospital and clinics.

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

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

The State's nonmajor discrete component units are:

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

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

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

Colleges and Universities – Weber State University, Southern Utah University, Salt Lake Community College, Utah Valley University, Dixie State University, Snow College, and the Utah System of Technical Colleges. These colleges and universities are funded primarily through state appropriations, tuition, federal grants, and private donations and grants. Separately audited financial statements are issued for the technical colleges within the Utah System of Technical Colleges.

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

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

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

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

Fiduciary Component Units

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

Utah Educational Savings Plan Trust, dba my529 (Private Purpose Trust Fund) – This trust is a non-profit, self-supporting entity that was created as a means to encourage investment in a public trust to pay for future higher education costs. It is administered by the Utah State Board of Regents acting in its capacity as the Utah Higher Education Assistance Authority. Because of the State's trustee responsibilities for this plan, GAAP requires it to be reported as a private purpose trust fund of the primary government rather than a discrete component unit.

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

Related Organization (Excluded from Financial Statements)

Utah Housing Corporation (UHC) – UHC is a statutorily created public corporation. UHC issues bonds to provide capital for housing and home mortgages, especially for low and moderate-income families. Although the Governor appoints eight of the nine members of the governing board, and the ninth member is the State Treasurer, the State does not have the ability to impose its will on UHC since board members can only be removed for cause. UHC does not provide specific financial benefits to, or impose specific financial burdens on the State.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

service funds are also aggregated and reported in a separate column on the proprietary fund financial statements.

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

Government-wide Financial Statements

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

Governmental Fund Financial Statements

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

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

Major Governmental Funds – The State reports the following major governmental funds:

- **General Fund**. This fund is the principal operating fund of the State. It accounts for all financial resources not accounted for and reported in another fund.
- **Education Fund**. This special revenue fund accounts for all corporate taxes, income taxes, and revenues from taxes on intangible property that support public and higher education. Specific revenues that support public elementary and secondary schools in the State are also reported in the Education Fund.
- **Transportation Fund**. This special revenue fund accounts for dedicated highway user taxes, fees, and federal funds associated with construction, maintenance, and repair of state highways and local roads.
- **Transportation Investment Fund**. This capital projects fund accounts for vehicle registration fees, sales and use taxes, bond proceeds, and federal funds used in the construction and reconstruction of specific highway projects. Projects designated for the Transportation Investment Capacity program are accounted for in this fund.
- **Trust Lands Fund**. This is a permanent fund that accounts for investment earnings, land grants, and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education. The Utah Constitution allows all investment earnings of the permanent fund to be distributed, limited to four percent of the fund (calculation described in statute). The Utah School and Institutional Trust Lands Administration (SITLA) and the School and Institutional Trust Fund Office (SITFO) manage the assets of the Trust. SITFO issued separate audited statements for the investments they manage.

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

Proprietary Fund Financial Statements

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

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

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

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

Nonmajor Enterprise Funds – The State's nonmajor enterprise funds include loan programs for low-income housing, agricultural, energy efficiency, and local government; Alcoholic Beverage Control (state liquor stores); Utah Correctional Industries; State Trust Lands Administration; the Utah Dairy Commission; and Medical Cannabis funds.

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

Fiduciary Fund Financial Statements

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

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

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

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

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

Discrete Component Unit Financial Statements

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

D. Fiscal Yearends

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

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

Cash and Cash Equivalents and Investments

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

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

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

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

Utah Retirement Systems (pension trust and defined contribution plans) had five types of derivative instruments at yearend: futures, currency forwards, options, swaps, and Synthetic Guaranteed Investment Contracts. Futures contracts are traded on organized exchanges to minimize credit risk. Currency forwards are entered into in order to hedge the exposure to changes in foreign currency exchange rates on foreign currency denominated portfolio holdings. Options give the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. Interest rate swap agreements are entered into in an attempt to manage their exposure to interest rate risk. Interest rate risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Synthetic Guaranteed Investment Contracts are available to members in the Utah Retirement Systems Defined Contribution Plans.

The Student Assistance Program (major enterprise fund) entered into an interest rate exchange (swap) agreement relating to some of its student loan revenue bonds. The Student Assistance Program accounts for the swap agreement as a fair value hedging derivative instrument to create a variable rate cost of funds that will be lower than the variable rate cost achievable in the cash bond market. See Note 3 for additional information about derivative instruments.

Receivables

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

Notes/mortgages receivables in the governmental and business-type activities are primarily long-term loans for local governments and agricultural development, home mortgages, and individual student loans. The interest rates on the loans vary but are generally lower than market rates and, in some cases, are non-interest-bearing. Student loans in the Student Assistance Programs (business-type activities) are fixed and variable rate federally insured loans. Student loans are insured at 97 to 100 percent of their principal balance depending on the date disbursed.

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

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

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

Inventories, Prepaid Items, and Other Assets

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

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

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

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

Capital Assets

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

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

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

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

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

Most works of art and historical treasures of the primary government are not capitalized or depreciated. These assets are held for public exhibition, education, or research rather than financial gain. These assets are also protected, unencumbered, preserved, and subject to policies requiring the proceeds from sales of collection items to be used to acquire other collection items. The State's assets of this

nature include the State Fine Art Collection, photographs, prints, paintings, historical documents and artifacts, monuments, statues, and paleontological and archaeological collections. See Note 8 for additional information about capital assets.

Deferred Outflows of Resources

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

Accrued Liabilities

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

Unearned Revenue

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

Policy Claims Liabilities

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

Long-term Debt

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

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

The *Tax Reform Act of 1986* requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. Federal regulations also require the Student Assistance Programs (major enterprise fund) to keep the yield on student loans within a designated percentage of the interest cost of the related tax-exempt borrowing. One method of reducing this yield is to make yield reduction payments to the United States Treasury. Estimated yield reduction payments may be made by the end of the tenth year and every fifth year thereafter during the life of the bonds. Some State of Utah bonds may be exempt from the rebate requirements if they meet certain statutory exceptions per the regulations. At June 30, 2019, there was no liability for yield reduction payments or for non-purpose interest arbitrage rebate in Student Assistance Programs'.

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

Compensated Absences

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

Most employees earn sick leave at a rate of four hours for each two-week period, with no limit to the amount that can be accumulated. The State does not reimburse employees for unused sick leave upon termination unless the leave was earned prior to January 4, 2014, and employees had the option under certain circumstances to "convert" sick leave. Employees may use converted sick leave in place of vacation leave. Any unused converted sick is paid to employees upon termination. Sick leave is expended when used.

At retirement, for participating agencies, an employee receives 25 percent of the value of all unused accumulated sick leave, earned prior to January 4, 2014, as a mandatory employer contribution into a 401(k) account. Each day of remaining sick leave earned prior to January 1, 2006, may be used to participate in the State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan), to purchase health and life insurance coverage or Medicare supplemental insurance. See Note 19 for additional information about the State Employee OPEB Plan.

Any remaining sick leave earned on or after January 1, 2006, but before January 4, 2014, is converted to a value (based on the higher of the employee's rate of pay at retirement or the average pay rate of retirees in the previous year) and placed in a Health Reimbursement Arrangement administered by Public Employees Health Plan. Any payouts by the State of converted sick leave upon termination, contributions into a 401(k) account, or Health Reimbursement Arrangement upon retirement, are paid from the

Other Employee Benefits Trust Fund. The ongoing termination payments from the Trust Fund are provided by charges to agency budgets.

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

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

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

Pensions

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

Postemployment Benefits Other than Pensions (OPEB)

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

Deferred Inflows of Resources

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

Net Position/Fund Balances

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

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

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

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

F. Restricted and Unrestricted Resources

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

Grants

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

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodity revenues and expenditures are valued at their federally reported value. Commodity inventories at

yearend are immaterial. For the fiscal year ended June 30, 2019, the State reported revenues and expenditures of $26.108 million for commodities in the General Fund, and $17.116 million for commodities in the Education Fund (special revenue fund).

Investment Income

Investment income includes interest, dividends and other earnings, and the change in fair value of investments. Negative investment income is reported where the decrease in the fair value of investments due to market conditions exceeded the other components of investment income.

In accordance with state law, interest and dividend income from the State Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the General Fund. A portion of the applicable income reported in the General Fund is then transferred into the State Endowment Fund to increase the principal in the fund as required by state law. The State Endowment Fund generated $5.942 million of cash investment earnings, of which $3.753 million was reported in the General Fund and $2.189 million was reported in the State Endowment Fund.

G. Interfund Transactions

Government-wide Financial Statements

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

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

Governmental Fund Financial Statements

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

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

NOTE 2. BEGINNING NET POSITION ADJUSTMENTS AND OTHER CHANGES

For the fiscal year ended June 30, 2019, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement 83, Certain Asset Retirement Obligations.

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

GASB Statement 83 – This Statement addresses accounting and financial reporting for certain asset retirement obligations. For the purposes of this statement, an asset retirement obligation is a legally enforceable liability associated with the future sale, abandonment recycling, or disposal of a tangible capital asset. This Statement requires the recognition of a liability and a corresponding deferred outflows of resources when the obligation is both incurred and reasonably estimable. The measurement of the liability is based on the best estimate of the current value of outlays expected to be incurred to retire the asset. Neither the primary government nor its discrete component units had any significant asset retirement obligations in fiscal year 2019.

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

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

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

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

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

Other Adjustments and Changes

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

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

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits and investments for the primary government and its discrete component units are governed by the Utah Money Management Act (Title 51, Chapter 7 of the *Utah Code*) and rules of the State Money Management Council. However, the Act also exempts certain funds that have a long time horizon to make investments of a long-term nature, such as equities and bond mutual funds. In the primary government these are the Trust Lands (permanent fund), State Endowment (nonmajor special revenue fund), Utah Navajo Trust (private purpose trust), Employers' Reinsurance Trust (private purpose trust), Utah Educational Savings Plan Trust (private purpose trust), Pension Trust Funds (fiduciary funds), Post-Retirement Benefits Trust Funds (fiduciary funds), and Other Employee Benefits Trust Funds (fiduciary funds). The discrete component units exempt from the Act are Public Employees Health Program and the Colleges' and Universities' endowment funds.

A. Primary Government

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. The Money Management Act (Act) requires that deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and that has been certified by the State Commissioner of Financial Institutions as having met the requirements of the Act and adhering to the rules of the State Money Management Council.

Deposits with qualified depository institutions in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by State statute. The deposits for the primary government at June 30, 2019, including those of Utah Retirement Systems (URS) (pension trust and defined contribution plans) and Trust Lands (permanent fund), were $1.679 billion. These deposits are exposed to custodial credit risk as follows:

- $150.286 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for $1.515 billion of the primary government deposits, which are in FDIC-insured accounts that are held in trust by Utah Educational Savings Plan Trust (private purpose trust fund) at two banks. Funds in the FDIC-insured accounts are insured on a pass-through basis to each account owner at each bank up to $250 thousand. The amount of FDIC insurance provided to an account owner is based on the total of (***1***) the value of an account owner's investment in the FDIC-insured account at each bank plus, (***2***) the value of other accounts held (if any) at each bank, as determined by the banks and by FDIC regulations. It is the account owner's responsibility to determine how investments in the FDIC-insured accounts would be aggregated with other investments at the banks for purposes of FDIC insurance coverage.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Public treasurers conduct investment transactions through qualified depositories, certified dealers, or directly with issuers of the investment securities. The Utah State Treasurer is exempt from the requirement to conduct investment transactions through a certified dealer.

The Act authorizes investments in negotiable or nonnegotiable deposits of qualified depositories and permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative instruments, issued by U.S. government-sponsored enterprises (U.S. Agencies), such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed-rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Money Management Act; the Utah Public Treasurers' Investment Fund; negotiable brokered certificates of deposit and reciprocal deposits subject to rules of the State Money Management Council.

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

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

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

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

The primary government's investments at June 30, 2019, are presented below except those of the Pension Trust Funds administered by Utah Retirement Systems (URS) (fiduciary funds) and the Trust Lands Fund (permanent fund). The investments are presented at fair value and by investment type with debt securities presented by maturity.

Note 3.B. presents the investments of the Pension Trust Funds (fiduciary funds) administered by Utah Retirement Systems (URS) . URS investments are presented consistent with their separately issued financial statements by investment type.

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

Fair Value Measurements

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

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

The following table presents the recurring fair value measurements at June 30, 2019, for the primary government, with the exception of URS and Trust Lands.

Primary Government
Investments and Derivative Instruments Measured at Fair Value
(except Utah Retirement Systems and Trust Lands)
At June 30, 2019
(expressed in thousands)

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

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

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

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

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

Investments Measured at the Net Asset Value (NAV)

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

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

Interest Rate Risk

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

Primary Government
(except Utah Retirement Systems and Trust Lands)
Debt Investments at Fair Value
At June 30, 2019
(expressed in thousands)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1-5	6-10	More Than 10
Debt Securities					
U.S. Agencies	$ 823	$ —	$ 823	$ —	$ —
Corporate Debt	15,028,926	15,028,926	—	—	—
Money Market Mutual Funds	533,529	533,529	—	—	—
Commercial Paper	391,740	391,740	—	—	—
Bond Mutual Funds	3,472,616	61,471	—	3,325,997	85,148
Stable Value Funds	693,883	693,883	—	—	—
Total	20,121,517	$ 16,709,549	$ 823	$ 3,325,997	$ 85,148
Discrete Component Units Investment in Primary Government's Investment Pool	(804,894)				
Total Debt Investments	$ 19,316,623				

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

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

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

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

- **Utah Educational Savings Plan Trust (private purpose trust)** – $6.948 billion, 54.65 percent, in domestic equity mutual fund securities; $2.931 billion, 23.06 percent, in bond mutual funds; $2.065 billion, 16.24 percent, in international equity mutual fund securities; $693.883 million, 5.46 percent, in stable value funds; and $74.681 million, 0.59 percent, in the Utah Public Treasurers' Investment Fund.
- **Post-Retirement Benefits Trust Funds (fiduciary funds), and Other Employee Benefits Trust Funds (fiduciary funds)** – $253.138 million, 76.29 percent, in bond mutual funds; $4.627 million, 1.39 percent, in domestic equity mutual fund securities; $4.021 million, 1.21 percent, in international equity mutual fund securities; $7.473 million, 2.25 percent, in private real estate; and $62.605 million, 18.86 percent, in the Utah Public Treasurers' Investment Fund.
- **State Endowment Fund (special revenue fund)** – $110.684 million, 47.01 percent, in bond mutual funds; $91.609 million, 38.91 percent, in domestic equity mutual fund securities; $16.517 million, 7.02 percent, in international equity mutual fund securities; $7.393 million, 3.14 percent, in private real estate; and $9.230 million, 3.92 percent, in the Utah Public Treasurers' Investment Fund.
- **Student Assistance Programs (major enterprise fund)** – $56.939 million, 31.04 percent, in domestic equity mutual fund securities; $125.658 million, 68.51 percent, in the Utah Public Treasurers' Investment Fund; and $823 thousand, 0.45 percent, in the U.S. Government agency securities.
- **Employers' Reinsurance Trust (private purpose trust)** – $149.872 million, 74.01 percent, in bond mutual funds; $7.845 million, 3.87 percent, in domestic equity mutual fund securities; $5.083 million, 2.51 percent, in international equity mutual fund securities; and $39.713 million, 19.61 percent, in the Utah Public Treasurers' Investment Fund.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government, with the exception of URS and Trust Lands, follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The primary government's rated debt investments as of June 30, 2019, with the exception of URS and Trust Lands, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale. Securities rated less than "A" met the investment criteria at the time of purchase.

Primary Government
(except Utah Retirement Systems and Trust Lands)
Debt Investments Quality Ratings
At June 30, 2019
(expressed in thousands)

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

*A1 is Commercial Paper rating

Custodial Credit Risk

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

The primary government's investments at June 30, 2019, with the exception of URS and Trust Lands, were held by the State or in the State's name by the State's custodial banks.

Concentration of Credit Risk

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

Except for URS and Trust Lands, the primary government's policy for reducing this risk of loss is to comply with the Rules of the State Money Management Council. Rule 17 of the State Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. Such limitations do not apply to securities issued by the U.S. government and its agencies. The primary government had no debt securities investments at June 30, 2019, with more than 5 percent of the total investments in a single issuer.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The primary government, with the exception of URS and Trust Lands, does not have a formal policy to limit foreign currency risk. The following funds have investments in international equity funds, and as such, no foreign currency risk is presented: Utah Educational Savings Plan Trust (private purpose trust) $2.065 billion, Post-Retirement Benefits Trust Funds (fiduciary funds), and Other Employee Benefits Trust Funds (fiduciary funds) $4.021 million, State Endowment Fund (special revenue fund) $16.517 million, Employers' Reinsurance Trust (private purpose trust) $5.083 million, Utah Navajo Trust (private purpose trust fund) $2.253 million, and General Fund $906 thousand.

B. Primary Government – Utah Retirement Systems

Investments

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

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments at Fair Value
At December 31, 2018
(expressed in thousands)

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

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

Fair Value Measurements

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

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

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

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

Debt, equity, and derivative instruments classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and debt derivative instruments classified in Level 2 and Level3 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices. Index-linked debt securities are valued by multiplying the external market price feed by the applicable day's Index Ratio. Level 2 debt securities have non-proprietary information that was readily available to market participants, from multiple independent sources which are known to be actively involved in the market. Level 3 debt securities use proprietary information or single source pricing. Equity and equity derivative instruments classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

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

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

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

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

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

Investments Measured at the Net Asset Value (NAV)

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

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

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

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

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

Defined Benefit

- **Short-term Beta/Overlays** – This type consists of one pooled investment fund that invests in exchange traded short-term options and futures referencing equity indexes used for portfolio rebalancing. The fair values have been determined using the NAV per share of the investments.
- **Co-mingled International Equity Fund and Co-mingled Small Cap Fund** – This type consists of three institutional investment funds that invest in international equities diversified across all sectors and one fund that invests in U.S. small cap equities. The fair values of the investments in these types have been determined using the NAV per share of the investments.
- **Absolute Return Funds** – The fair values of the investments in this type have been determined using the NAV per share of the investments. *Directional funds* include investments in eleven funds whose investments are more directional in nature although they can shift opportunistically between having a directional bias and a non-directional bias. *Equity long/short funds* includes investments in nine funds in which the equity securities maintain some level of market exposure (either net long or net short); however the level of market exposure may vary through time. *Event driven funds* include investments in nineteen funds whose investments focus on identifying and analyzing securities that can benefit from the occurrence of an extraordinary corporate transaction or event (e.g., restructurings, takeovers, mergers, spin-offs, bankruptcy, etc). One fund is in the process of redemption totaling $23 thousand over the next two to ten years. *Multi-strategy funds* include investments in ten funds. Investments in these funds represent a mix of the other absolute return strategies. Five funds are in the process of redemption totaling $23 million over the next 1-5 years. *Relative value funds* include investments in twenty-one funds. These funds seek returns by capitalizing on the mispricing of related securities or financial instruments. One new fund with a value of $154 million has a redemption restriction of two years. All other funds currently have no redemption restrictions.
- **Private Equity Partnerships** – This type includes investments in limited partnerships. Generally speaking, the types of partnership strategies included in this portfolio are venture capital, growth equity, buyouts, special situations, mezzanine, and distressed debt. These investments have an approximate life of ten years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships distributions are received as underlying partnership investments are realized. The majority of the private equity partnership investments are managed by two gatekeepers. Both gatekeepers manage discretionary accounts for URS. The gatekeepers are required to manage the private equity portfolio in accordance with guidelines established by URS. URS has no plans to liquidate the total portfolio. As of December 31, 2018, it is probable that all the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of URS's ownership interest in partners' capital.
- **Energy, Mineral, and Royalty Funds** – Investments in *Energy* consist of 29 private equity partnerships, which invest primarily in oil and gas related investments. *Mineral funds* include seven private equity partnerships, which invest in

mineral mining equity securities, commodities and other mining investments. *Royalty funds* include two private equity partnerships, which invest primarily in drug royalties. These investments have an approximate life of 10 years and are considered illiquid. Redemption restrictions are in place over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. As of December 31, 2018, it is probable that all the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of URS's ownership interest in partners' capital. The fair values of these investments have been determined using estimates provided by the underlying partnerships using recent observable transactions information for similar investments.

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

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

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Equity Securities				
Co-mingled Large Cap Equity Fund	$ 569,326	$ —	Daily	None
Co-mingled International Equity Fund	373,364	—	Daily	None
Co-mingled U.S. Small Cap Equity Fund	503,251	—	Daily	None
Co-mingled Russell 1000 Growth Equity Fund	11,496	—	Daily	None
Total Equity Securities	1,457,437	0		
Real Assets				
Co-mingled Real Estate Equity Fund	65,605	—	Quarterly	None
Co-mingled Commodities Fund	165,779	—	Daily	None
Total Real Asset	231,384	0		
Total Investments Measured at the NAV	$ 1,688,821	$ 0		

Defined Contribution

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

Interest Rate Risk

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

- For domestic debt securities managers, an individual debt securities investment manager's portfolio will have an effective duration between 75 and 125 percent of the effective duration of the appropriate index.
- The international debt securities investment managers will maintain an effective duration of their portfolio between 80 and 120 percent of the appropriate index.
- The global debt securities investment managers will maintain an effective duration of their portfolio between 75 and 125 percent of the appropriate index.
- The global debt inflation-linked debt securities investment managers will maintain an effective duration of their portfolio between 80 and 120 percent of the appropriate index.
- Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price.

URS compares an investment's effective duration against the Bloomberg Barclays US Aggregate Bond Index for domestic debt securities, the Bloomberg Barclays Global Aggregate Index (USD hedged) for global debt securities, and the Bloomberg Barclays World Government Inflation-Linked Investment Bond Index (USD hedged) for inflation-linked debt securities. The index duration range as of December 31, 2018, was 4.40 to 7.34 for domestic debt securities, 5.22 to 8.70 for global debt securities, and 9.65 to 14.47 for inflation-linked debt securities.

URS compares an investment's effective duration against the Bloomberg Barclays US Intermediate Aggregate Bond Index for domestic debt securities, the Bloomberg Barclays Global Aggregate ex-US Bond Index (USD hedged) for international debt securities, and the Bloomberg Barclays Global Inflation-Linked Bond Index 1-10 Year (USD hedged) for inflation-linked debt securities. The index duration range as of December 31, 2018, was 4.40 to 7.34 for domestic debt securities, 6.34 to 9.50 for international debt securities, and 4.02 to 6.04 for inflation-linked debt securities.

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

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

Utah Retirement Systems
(pension trust and defined contribution plans)
Debt Securities Investments
At December 31, 2018
(dollars expressed in thousands)

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

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, URS will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. URS does not have an investment policy regarding custodial credit risk. As of December 31, 2018, there is $41.820 million of cash and cash equivalents exposed to custodial credit risk and $518.972 million of other assets where exposure to custodial credit risk is not determined. The $41.820 million frictional cash and cash equivalents subject to custodial credit risk are in foreign banks in URS's name. Because it is in foreign banks, it is subject to custodial credit risk. URS does not have an investment policy regarding custodial credit risk for frictional cash in foreign banks.

Concentration of Credit Risk

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

- **AAA/Aaa Debt Securities** – No more than 5 percent of an investment manager's assets at market with a single issuer.
- **AA-/Aa3 Debt Securities or higher** – No more than 4 percent of an investment manager's assets at market with a single issuer.
- **A-/A3 Debt Securities or higher** – No more than 3 percent of an investment manager's assets at market with a single issuer.
- **BBB-/Baa3 Debt Securities or higher** – No more than 2 percent of an investment manager's assets at market with a single issuer.
- **Debt Securities** – No individual holding will constitute more than 10 percent of the fair value of outstanding debt of a single issuer with the exception of the U.S. Government or its agencies, or collateralized mortgage obligations.

As of December 31, 2018, URS had no single issuer investments that exceeded the above guidelines.

Credit Risk of Debt Securities

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

- U.S. Government and Agency Securities – no restriction.
- Total portfolio quality will maintain a minimum overall rating of "A".
- Securities with a quality rating of below BBB- are considered below investment grade. No more than 5 percent of an investment manager's assets can be below investment grade and no more than 1 percent of an investment manager's assets can be with a single below investment grade issuer. No more than 15 percent of an investment manger's assets can be below investment grade.
- Upon approval, a domestic debt securities investment manager may invest up to 10 percent of the portfolio in non-U.S. dollar-denominated bonds.

The global debt securities investment managers may hold up to 25 percent of the fair value of their portfolios in securities rated below investment grade (below BBB-/Baa3). The remaining assets will have on average an investment grade rating. International debt securities investment managers may hold up to 20 percent of the fair value of their portfolios in securities rated below investment grade (below BBB-/Baa3). The remaining assets will have an investment grade rating.

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

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

(Notes continue on next page.)

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

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

Defined Benefit Plans

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

Defined Contribution Plans

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

Foreign Currency Risk

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

- International investment managers invest in fixed income instruments and equity instruments of corporations headquartered outside of the United States unless specifically authorized within the investment managers' contract.
- Domestic investment managers are allowed to invest in international corporations traded in American 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, 2018
(expressed in thousands)

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

C. Primary Government – Trust Lands

Investments

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

Trust Lands
(permanent fund)
Investments at Fair Value
June 30, 2019
(expressed in thousands)

Investment Category	Fair Value (with accruals)
Growth	$ 1,010,106
Real Assets	439,354
Income	796,627
Defensive	324,621
Total Investments	$ 2,570,708

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.

At June 30, 2019, Trust Lands had the following recurring fair value measurements:

Trust Lands
(permanent fund)
Investments Measured at Fair Value
June 30, 2019
(expressed in thousands)

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

Defensive				
Long US Treasury	$ 86,110	$ 86,110	$ —	$ —
Cash and Cash Equivalents	44,079	37,190	6,889	—
Total Defensive	130,189	123,300	6,889	—
Total Investments by Fair Value Level	1,391,201	$ 1,132,228	$ 258,410	$ 563
Investments Measured at the Net Asset Value (NAV)				
Growth				
International Equity	$ 97,516			
Private Equity	89,854			
Real Assets				
Public Real Assets	5,147			
Private Real Estate	178,891			
Private Real Assets	38,621			
Income				
Credit	103,577			
Securitized	251,484			
Non-US	52,168			
Insurance-Linked Securities	67,524			
Private Debt	100,293			
Defensive				
Systematic Convexity	194,432			
Total Investments Measured at the NAV	$ 1,179,507			
Total Investments Measured at Fair Value	$ 2,570,708			

Investments Measured at Net Asset Value (NAV)

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

Trust Lands
(permanent fund)
Investments Measured at Net Asset Value (NAV)
June 30, 2019
(expressed in thousands)

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

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

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

Growth–Private Equity: Consists of eight investments in private equity limited partnerships. Generally speaking, the types of strategies included in this portfolio include venture capital, growth equity, opportunistic real estate equity, buyouts and special situations. These investment commitments were made in 2016 onward and have an approximate life in excess of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnership, distributions are received as underlying partnership investments are realized.

Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2019, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of Trust Lands' ownership interest in partners' capital.

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

Real Assets – Private Real Estate: Consists of eleven investments in private real estate limited partnerships. Generally speaking, the types of strategies included in this portfolio include core and value-added property interests. These investment commitments were made over a period ranging from 2008 onward and have an approximate life in excess of 10 years and are therefore considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnership, distributions are received as underlying partnership investments are realized. Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2019, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of Trust Lands' ownership interest in partners' capital. This category also includes one investment in pooled investment funds with a focus on real estate property and property income. The fair value of the investment in this type have been determined using the NAV per share (or its equivalent) of Trust Lands' investments ownership interest in partners' capital.

Real Assets – Private Real Assets: Consists of four investments in limited partnerships. Generally speaking, the types of strategies included in this portfolio include infrastructure/power generation and opportunistic natural resource investments, including co-investments. These investment commitments were made over a period ranging from 2016 onward and have an approximate life in excess of 10 years and are therefore considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnerships distributions are received as underlying partnership investments are realized or co-investment holdings are sold. Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2019, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of the Trust Lands' ownership interest in partners' capital.

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

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

Income – Non US: Consists of one investment in a limited partnership with underlying global derivative instruments and associated strategies. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of Trust Lands' ownership interest in partners' capital.

Income – Insurance-Linked Securities: Consists of four investments in limited partnerships with underlying insurance-linked securities investments and associated strategies. The fair value of the investments in this type have been determined using the NAV per share (or its equivalent) of the Trust Lands' ownership interest in partners' capital.

Income – Private Debt: Consists of five investments in limited partnerships. Generally speaking, the types of strategies included in this portfolio include securitized credit, asset-backed/collateralized loan obligation, mezzanine debt and equity, distressed debt/special situations, co-investments and related investments. These investment commitments were made over a period ranging from 2016 onwards and have an approximate life, including lock-ups of three to nearly 10 years and are therefore considered illiquid. Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2019, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of Trust Lands' ownership interest in partners' capital.

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

Interest Rate Risk

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

As of June 30, 2019, Trust Lands' debt security investments (including the underlying portfolios of indirectly held investments, where available) had the following weighted average maturities:

Trust Lands
(permanent fund)
Debt Securities Investments
June 30, 2019
(*dollars expressed in thousands*)

Investment Category	Fair Value	Weighted Average Maturity (Years)
Bank Loans	$ 10,022	5.35
Corporate Bonds	54,161	11.14
Corporate Convertible Bonds	5,202	29.28
Funds – Corporate Bond	32,146	3.69
Funds – Fixed Income ETF	165,319	6.99
Funds – Municipal/Provincial Bond	18	16.03
Funds – Short-term Investment	37,872	0.28
Government Agencies	429	2.58
Government Bonds	85,267	24.99
Other Fixed Income	6,889	0.13
Total Debt Securities Investments	$ 397,325	10.64

As of June 30, 2019, Trust Lands held $418.856 million in seven investments with a fixed income (or related) investment emphasis

for which Weighted Average Maturity details were unavailable and not evaluated. These investments included Bank Loan investment funds with other assets held, and hedge fund strategies.

Credit Risk of Debt Securities

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

As of June 30, 2019, the fair value of Trust Lands' debt security investments with exposure to credit risk had the following credit quality ratings (S&P rating is primary, if not available or not rated by S&P, corresponding Moody's rating is substituted).

Trust Lands
(permanent fund)
Credit Risk of Debt Securities at Fair Value
June 30, 2019
(*expressed in thousands*)

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

As of June 30, 2019, the Trust Funds held $37.872 million in the Northern Trust Institutional Funds Treasury Portfolio - Premier Class, an AAA-rated money market fund.

Custodial Credit Risk

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

As of June 30, 2019, the following investments, including accrued income/expense, have custodial credit risk:

- Cash and Cash Equivalents – The $1.732 million frictional cash and cash equivalents subject to custodial credit risk are in foreign banks in the Trust Lands' name. Because it is in foreign banks, it is subject to custodial credit risk. Trust Lands does not have an investment policy regarding custodial credit risk for frictional cash in foreign banks.
- Other Assets – The $625.417 million other assets represent the investments, including accrued income/expense, that have custodial credit risk which has not been determined.

Concentration of Credit Risk

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

As of June 30, 2019, Trust Lands does not hold any credit positions exceeding 5 percent of the total portfolio.

Foreign Currency Risk

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

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

Trust Lands
(permanent fund)
Foreign Currency Risk
June 30, 2019
(*expressed in thousands*)

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

D. Discrete Component Units

Custodial Credit Risk – Deposits

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

The discrete component units follow the Utah Money Management Act by making deposits only in qualified depository institutions or in foreign depository institutions in accordance with rules of the State Money Management Council. Deposits with qualified depository institutions in excess of FDIC insurance limits amount are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by state statute. The deposits for the discrete component units at June 30, 2019, were $312.874 million. Of these, $251.124 million were exposed to custodial credit risk as uninsured and uncollateralized and $52.717 million were exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the discrete component units' names.

Investments

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

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

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

The discrete component units' investments at June 30, 2019, are presented on the next page. The investments are presented at fair value and by investment type with debt securities presented by maturity.

Fair Value Measurements

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

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

The following table presents the recurring fair value measurements at June 30, 2019, for the discrete component units.

(Table on next page)

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

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

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

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

U.S. Treasuries, U.S. Agencies, and International Equity:

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

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

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

Repurchase Agreement–U.S. Agency:

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

Asset-backed Securities:

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

Money Market Mutual Funds, Bond Mutual Funds, and Domestic Equity:

- Valued using published fair value per share (unit) for each fund.

Government Mortgage-backed and Asset-backed:

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

Unit Investment Trusts:

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

Utah Public Treasurers' Investment Fund:

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

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

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

- Valued using discounted cash flow techniques.

Asset-backed Securities and Non-government-backed CMOs:

- Valued using consensus pricing.

Bond Mutual Funds, Domestic Equity, and Equity Securities:

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

Real Estate:

- Valued using current real estate market values.

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

Investments Measured at the Net Asset Value (NAV)

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

Discrete Component Units Debt Securities
Investments Measured at the Net Asset Value (NAV)
At June 30, 2019
(dollars *expressed in thousands*)

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

Interest Rate Risk

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

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

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

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

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

For the fixed income portfolio, the Public Employees Health Program's (PEHP) (major discrete component unit) policy to manages its exposure to fair value loss arising from increasing interest rates is that the investment manager's portfolio will have an effective duration between 75 - 125 percent of the effective duration of the appropriate index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investments full price. PEHP compares an investment's effective duration against the Barclays U.S. Intermediate Aggregate Bond Index. The allowable duration range was 4.40 to 7.34 and the portfolio was within the policy guidelines.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The discrete component units' policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, the UPMIFA, and Rule 541, as previously discussed. The discrete component units' debt investments as of June 30, 2019, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using Standard and Poor's rating scale.

(Table on next page)

Discrete Component Units
Debt Investments Quality Ratings
At June 30, 2019
(*expressed in thousands*)

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

Custodial Credit Risk

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

The various discrete component units' investments at June 30, 2019, were held by the discrete component unit or in the name of the discrete component unit by the discrete component unit's custodial bank or trustee, except the following, which were uninsured, were not registered in the name of the discrete component unit, and were held by other entities, as listed below (expressed in thousands):

Counterparty	
U.S. Treasuries	$ 108,704
U.S. Agency – full faith	$ 375
U.S. Agencies	$ 1,954,566
Corporate Debt	$ 294,500
Municipal/Public Bonds	$ 23,402
Unit Investment Trusts	$ 6,680
Domestic Equity	$ 1,313
Equity Securities	$ 40,016
Investments Measured at the Net Asset Value	$ 133
Counterparty's Trust Department or Agent	
U.S. Treasuries	$ 3,253
U.S. Agencies	$ 69,867
Corporate Debt	$ 133,589

Concentration of Credit Risk

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

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

The University of Utah held more than 5 percent of its total investments in the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation, the Federal Farm Credit Bank, and the Federal Agricultural Mortgage Corporation. These investments represent 24.70 percent, 7.60 percent, 6.40 percent, and 6.10 percent, respectively, of the University's total investments.

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

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

Foreign Currency Risk

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

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

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

E. Securities Lending

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

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

At yearend, URS, PEHP and Trust Lands had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were $993.228 million for URS, $2.792 million for PEHP, and $126.953 million for Trust Lands. Collateral received for those securities on loan was $1.058 billion for URS, $2.923 million for PEHP, and $131.712 million for Trust Lands. Under the terms of the lending agreement, all three state entities are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the credit worthiness of the borrower. In addition, they are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the state entity or the borrower. Cash collateral is invested in the lending agent's short-term investment pool.

Regarding URS and PEHP, the short-term investment pool guidelines specify that a minimum of 20 percent of the invested cash collateral is to be available each business day and that the dollar-weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short-term investment pool and each of the state entities' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the state entities cannot determine. Because the securities lending collateral is in a pool maintained by the custodial bank, the state entities do not have the ability to pledge or sell the securities, and it is not necessary to report the total income and expenses of securities lending. Trust Lands' average term of securities loans was 74 days.

F. Derivative Instruments

Utah Retirement Systems

The Utah Retirement Systems (URS) (pension trust and defined contribution plans) invests in derivative instruments as authorized by Board policy. Derivative instruments are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed-upon benchmark. All derivative instruments are considered investments. The fair value of all derivative instruments is reported in the Statements of Fiduciary Net Position–Pension and Other Employee Benefit Trust Funds. Within the investment asset class, swaptions are recorded in debt securities. By policy, portfolio liabilities associated with investments will be backed by cash equivalents or deliverable securities. URS does not have a policy regarding master netting arrangements. At December 31, 2018, URS had five types of derivative instruments: futures, currency forwards, options, swaps, and Synthetic Guaranteed Investment Contracts (SGIC).

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing URS' credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains in the Statement of Changes in Fiduciary Net Position. At December 31, 2018, URS' investments had the following notional futures balances as shown in the following table:

Utah Retirement Systems
(pension trust and defined contribution plans)
Futures — Notional Market Value
At December 31, 2018
(expressed in thousands)

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

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency denominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in net realized gains or losses on foreign currency related transactions in the Combining Statement of Fiduciary Net Position–Pension. At December 31, 2018, URS investments included the following currency forwards balances as shown in the following table:

(Table on next page)

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

Currency	Defined Benefit Plans: Notional Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value
Argentine peso	$ (2,094)	$ 765	$ (2,902)	$ (2,137)
Australian dollar	(14,006)	11,989	(25,383)	(13,394)
Brazilian real	1,972	1,985	—	1,985
British pound sterling	(332,404)	32,305	(363,949)	(331,644)
Canadian dollar	(51,435)	5,389	(55,506)	(50,117)
Chilean peso	501	1,947	(1,410)	537
Colombian peso	1,530	1,540	—	1,540
Czech koruna	11,416	11,495	—	11,495
Danish krone	(2,519)	—	(2,528)	(2,528)
Euro	(399,880)	15,404	(417,599)	(402,195)
Hong Kong dollar	(4,667)	3,766	(8,416)	(4,650)
Hungarian forint	(1,988)	973	(2,991)	(2,018)
Indian rupee	700	715	—	715
Indonesian rupiah	3,273	3,354	(38)	3,316
Japanese yen	(233,729)	10,507	(251,805)	(241,298)
Malaysian ringgit	(1,949)	—	(1,980)	(1,980)
Mexican peso	(3,702)	22,327	(25,969)	(3,642)
Israeli new shekel	(473)	—	(470)	(470)
New Romanian leu	(3,678)	—	(3,696)	(3,696)
New Zealand dollar	(59,941)	176	(58,770)	(58,594)
Norwegian krone	12,847	12,716	—	12,716
Peruvian nuevo sol	(3,842)	—	(3,842)	(3,842)
Philippine peso	(3,645)	36	(3,696)	(3,660)
Russian ruble	1,913	1,839	—	1,839
Singapore dollar	2,058	2,946	(887)	2,059
South Korean won	(25,985)	21	(26,179)	(26,158)
Swedish krona	(1,097)	13,087	(14,170)	(1,083)
Swiss franc	625	2,571	(1,970)	601
Thai baht	(1,880)	—	(1,899)	(1,899)
United States dollar	1,112,079	1,262,229	(150,149)	1,112,080
Total Forwards Subject to Foreign Currency Risk	$ 0	$ 1,420,082	$ (1,426,204)	$ (6,122)

Currency	Defined Contribution Plans: Notional Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value
Argentine peso	$ (569)	$ —	$ (581)	$ (581)
Australian dollar	(7,302)	1,723	(8,827)	(7,104)
Brazilian real	436	439	—	439
British pound sterling	(14,916)	1,309	(16,243)	(14,934)
Canadian dollar	(5,755)	131	(5,750)	(5,619)
Chilean peso	210	382	(169)	213
Colombian peso	159	160	—	160
Czech koruna	2,187	2,202	—	2,202
Danish krone	(303)	—	(304)	(304)
Euro	(81,036)	126	(81,575)	(81,449)
Hong Kong dollar	(1,412)	—	(1,409)	(1,409)
Hungarian forint	(483)	—	(488)	(488)
Indian rupee	210	214	—	214
Indonesian rupiah	538	545	—	545
Japanese yen	(44,997)	312	(46,752)	(46,440)
Malaysian ringgit	(377)	—	(382)	(382)
Mexican peso	(723)	627	(1,377)	(750)
Israeli new shekel	(176)	—	(175)	(175)
New Romanian leu	(727)	—	(731)	(731)
New Zealand dollar	(7,512)	—	(7,345)	(7,345)
Norwegian krone	2,834	2,804	—	2,804
Peruvian nuevo sol	(739)	—	(739)	(739)
Philippine peso	(728)	—	(731)	(731)
Russian ruble	376	361	—	361
Singapore dollar	462	463	—	463
South Korean won	(2,982)	—	(3,014)	(3,014)
Swedish krona	(582)	430	(1,022)	(592)
Thai baht	(552)	—	(558)	(558)
United States dollar	164,459	176,096	(11,634)	164,462
Total Forwards Subject to Foreign Currency Risk	$ 0	$ 188,324	$ (189,806)	$ (1,482)

At December 31, 2018, URS investments had the following option balances as shown in the table below.

Utah Retirement Systems
(pension trust and defined contribution plans)
Options
At December 31, 2018
(expressed in thousands)

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

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, URS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

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

As of December 31, 2018, URS' investments had the swap market value balances as shown in the following table:

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

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

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

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

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

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

Table continues on next page.

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

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

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

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

3M LIBOR - Three Month London Interbank Offered Rate
6M LIBOR - Six Month London Interbank Offered Rate
RPI - Retail Price Index
1DF FUND - One Day Federal Funds Rate
3M BBR – New Zealand Base Bank Rate
6M EURIB - Six Month Europe Interbank Offered Rate
EUR CPI – European Consumer Price Index
UK RPI – United Kingdom Retail Price Index
EUR P CPTFE - Eurostat Eurozone HICP Ex Tobacco (Unrevised)

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

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

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

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

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

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

URS Defined Contribution Plans members are able to participate in SGICs. The SGICs are fully benefit responsive, which means that URS is prohibited from assigning and selling the contract or its proceeds to a third party without the consent of the issuer. Prospective interest crediting rate adjustments are provided to plan participants. The SGICs provide assurance that the probability of future rate adjustments resulting in an interest crediting rate less than zero is remote. The underlying investments are high credit quality averaging A+ and therefore credit loss is remote. The terms of the SGICs require all plan participants to initiate transactions within the fund at contract value. The contract value is the fair value (cost plus accrued interest). The fair value of these contracts as of December 31, 2018, was $950.049 million and the market value was $944.737 million. Credit ratings for the wrap contracts associated with the SGICs are also noted below.

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

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

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

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

Trust Lands

Trust Lands (permanent fund) invests in derivative instruments through external investment managers retained by the Board and subject to investment management agreements and other policy requirements. Derivative instruments are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed-upon benchmark. All derivative instruments are considered investments. The fair value of all derivative instruments is reported in the Statement of Net Position. Trust Lands does not have a formal policy for derivative instruments.

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

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

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

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

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency denominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net realized gains or losses on foreign currency related transactions in the Statements of Changes in Net Position.

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. Trust Lands has exposure to Options related to Interest Rates and Swaps. As a writer of financial options through external investment manager portfolios (as authorized), Trust Lands receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options through external investment manager portfolios (as authorized), Trust Lands pays a premium at the outset of the agreement and the counter-party bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty, who in turn agrees to make return interest payments that float with some reference rate. Gains and losses on swaps are determined based on market values and are recorded in the Statements of Changes in Net Position. Swap market values are determined by an independent third party.

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

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

Student Assistance Program

The following are disclosures for derivative instruments held by Student Assistance Program (major enterprise fund).

Objective – In order to protect against the potential of rising interest rates on its variable rate debt, the Student Assistance Program Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds, Series 2010 EE ("Series 2010 Bonds") on December 21, 2010. The purpose of the swap is to create a variable rate cost of funds for the Series 2010 Bonds that will be lower than the variable rate cost achievable in the cash bond market. The Board accounts for the swap agreement as a fair value hedging derivative instrument and recognizes changes in fair values on the statement of Net Position as an asset or liability with a related deferred inflow or outflow of resources respectively. The terms of the swap agreement include:

Trade Date:.....	December 21, 2010
Effective Date	December 30, 2010
Termination Date	November 1, 2030
Initial Notional Amount.....	$364,150,000
June 30, 2019 Notional Amount .	$178,100,000
Board Pays Floating.....	3 Month LIBOR + 1.64905 percent
Counterparty Pays Fixed.....	Stepped fixed-rates ranging from 4.664 to 5.000 percent
Payment Dates	The 1st day of May and November

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

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

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

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

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

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

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

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

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

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

Basis Risk – The risk that arises when variable rates or prices of a swap agreement and a hedged item are based on different interest rate indexes. Because the swap agreement requires the Board to pay a variable rate to the counterparty, and the Board is receiving a fixed-rate payment in return, basis risk is not applicable.

Termination Risk – The risk that the swap must be terminated prior to its stated final cash flow date. Purposes for termination include the deterioration of the Board's own credit and the inability of the Board to obtain a replacement transaction with substantially similar terms. In such a circumstance, the Board would owe, or be owed, a termination payment. No termination events related to the swap agreement have occurred as of June 30, 2019.

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

NOTE 4. INVESTMENT POOL

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

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

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

The PTIF operates and reports monthly statements to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants monthly on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pool's investments. The total difference between the fair values of the investments in the pool and the values distributed to the pool participants using the amortized cost method described above is reported in the net position section of the following table as unrealized gains/losses. The PTIF may maintain an interest reserve to stabilize the monthly apportionment of interest. Any balance maintained in the interest reserve is reflected in the fair value valuation factor discussed below. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value, and participants are informed of the fair value valuation factor that enables them to adjust their statement balances to fair value.

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

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

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

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

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

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

	Range of Yields	Weighted Average Maturity
Money Market Mutual Funds	2.25 – 2.45%	1 day
Corporate Bonds and Notes	2.38 – 3.55%	50.34 days
Commercial Paper	2.36 – 2.88%	5.61 days
	Weighted Average Yield	**Average Adjusted Maturity**
Total Investment Fund	2.84%	47.67 days

Deposits and Investments

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

Custodial Credit Risk – Deposits

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

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by state statute. The deposits for the PTIF at June 30, 2019, were $21 million. Of those, $20.500 million were exposed to custodial credit risk as uninsured and uncollateralized.

Fair Value Measurements of Investments

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

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

The following table presents the recurring fair value measurements at June 30, 2019, for the PTIF:

Utah Public Treasurers' Investment Fund
Investments Measured at Fair Value
At June 30, 2019
(*expressed in thousands*)

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using Level 1	Fair Value Measurements Using Level 2
Debt Securities			
Corporate Bonds and Notes	$ 15,028,926	$ —	$ 15,028,926
Money Market Mutual Funds	533,529	533,529	—
Commercial Paper	391,740	—	391,740
Total Debt Securities	$ 15,954,195	$ 533,529	$ 15,420,666

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

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

Interest Rate Risk

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

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

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

The PTIF investments at June 30, 2019, are presented on the following table.

Utah Public Treasurers' Investment Fund
At June 30, 2019
(*expressed in thousands*)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1
Debt Securities		
Corporate Bonds and Notes	$ 15,028,926	$ 15,028,926
Money Market Mutual Funds	533,529	533,529
Commercial Paper	391,740	391,740
Total Debt Securities Investments	$ 15,954,195	$ 15,954,195

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The PTIF follows the Money Management Act as its policy for reducing exposure to investment credit risk. The PTIF's rated debt investments as of June 30, 2019, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

Utah Public Treasurers' Investment Fund
Rated Debt Investments
At June 30, 2019
(*expressed in thousands*)

Debt Investments	Fair Value	Quality Ratings AA	A	BBB	BB	A1*	Not Rated
Corporate Bonds and Notes	$ 15,028,926	$ 2,114,707	$ 10,652,977	$ 2,231,285	$ 29,957	$ —	$ —
Money Market Mutual Funds	$ 533,529	$ —	$ —	$ —	$ —	$ —	$ 533,529
Commercial Paper	$ 391,740	$ —	$ —	$ —	$ —	$ 391,740	$ —

* A1 is Commercial Paper Rating

Custodial Credit Risk

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

The PTIF's investments at June 30, 2019, were held by the State or in the State's name by the State's custodial bank.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The PTIF's policy for reducing this risk of loss is to comply with the Rules of the State Money Management Council. Rule 17 of the State Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5 percent of the total dollar amount held in the portfolio. The State Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies. The PTIF had no debt securities investments at June 30, 2019, with more than 5 percent of the total investments in a single issuer.

NOTE 5. RECEIVABLES

Accounts receivable balances are an aggregation of amounts due from the federal government, customers, and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, and receivables as a result of overpayments to individuals receiving state assistance.

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

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

Aggregated receivables for major and nonmajor discrete component units at June 30, 2019, were $1.036 billion and $102.175 million, respectively. These receivables are net of an allowance for doubtful accounts of $372.527 million and $12.048 million, respectively.

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

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

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

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

Accounts payable and accrued liability balances are an aggregation of amounts due to: (***1***) state employees for salaries/benefits; (***2***) service providers for childcare, job and health services; (***3***) vendors, miscellaneous suppliers, brokers, dealers, and clearing organizations for unsettled investment trades (Trust Lands Fund); (***4***) local and federal governments for services; (***5***) individuals and others as a result of tax overpayments or credits issued; and (***6***) interest due on bonds and other obligations.

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

(Notes continue on next page.)

NOTE 7. INTERFUND BALANCES AND LOANS

Interfund Balances

Interfund balances at June 30, 2019, consisted of the following (in thousands):

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

These balances resulted from the time lags between the dates that: (***1***) interfund goods and services are provided or reimbursable expenditures occur; (***2***) transactions are recorded in the accounting system; and (***3***) payments between funds are made.

Interfund Loans

At June 30, 2019, interfund loans receivable/payable balances consist of $31.417 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of $31.417 million includes $12.063 million that is not expected to be repaid within one year and is classified as nonspendable fund balance.

(Notes continue on next page.)

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows (in thousands):

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

Construction in progress of governmental activities includes amounts for buildings the State is constructing for colleges and universities and other discrete component units that are funded by state appropriations or state bond proceeds. As the buildings are completed, the applicable amounts are deleted from construction in progress of governmental activities and "transferred" to the colleges and universities and other discrete component units. For fiscal year 2019, $140.747 million of buildings were completed for colleges and universities. On the government-wide statement of activities, the building "transfers" are reported as higher education expenses of governmental activities and as program revenues of discrete component units.

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

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

Discrete Component Units

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

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

NOTE 9. LEASE COMMITMENTS

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

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

The primary government's capital lease payments and adjustments were $2.335 million in principal and $978 thousand in interest for fiscal year 2019. As of June 30, 2019, the historical cost of the primary government's assets acquired through capital leases was $55.832 million of which $55.063 million was buildings and land and $769 thousand was equipment and other depreciable assets. As of June 30, 2019, the accumulated depreciation of the primary government's assets acquired through capital leases was $19.432 million of which $18.663 million was buildings and $769 thousand was equipment and other depreciable assets. Of the $214.309 million in discrete component unit present value of future minimum lease payments noted below, $86.350 million relates to capital lease arrangements between the primary government and certain colleges and universities (discrete component units).

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

Operating lease expenditures for fiscal year 2019 were $45.844 million for the primary government and $43.210 million for discrete component units. For fiscal year 2018, the operating lease expenditures were $37.617 million for the primary government and

$33.618 million for discrete component units. Future minimum lease commitments for non-cancellable operating leases and capital leases as of June 30, 2019, and for Utah Transit Authority (major discrete component unit) as of December 31, 2018, were as follows:

Future Minimum Lease Commitments
Operating Leases
(expressed in thousands)

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

Future Minimum Lease Commitments
Capital Leases
(expressed in thousands)

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

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

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

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Debt and Other Long-term Liabilities

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

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

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

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

** Compensated Absences of governmental activities are liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. Claims Liability of governmental activities are liquidated in the Risk Management Internal Service Fund. Settlement Obligations of governmental activities are liquidated in the Crime Victim Reparation Fund (nonmajor governmental fund). The Pollution Remediation Obligations of the governmental activities are liquidated in the Environmental Reclamation Fund (nonmajor governmental fund).

Differences in Net Pension Liability – The Net Pension Liability (NPL) ending balances for governmental activities of $1.141 billion and for business-type activities of $19.065 million differ from the NPL for the primary government of $1.170 billion as reported in Note 18 due to the following: the NPL for Student Assistance Programs of $1.630 million and Utah Dairy Commission of $387 thousand are included in business-type activities, but are excluded from the primary government NPL reported in Note 18, and the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of $12.663 million is excluded from the business-type and governmental activities reported above, but is included in the NPL for the primary government in Note 18.

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

B. General Obligation Bonds

The State issues general obligation bonds to provide funds for acquisition, construction, and renovation of major capital facilities and for highway construction. In addition, general obligation bonds have been issued to refund general obligation bonds, revenue bonds, and capitalized leases. General obligation bonds are secured by the full faith and credit of the State. Debt service requirements are provided by legislative appropriation from the State's general tax revenues. As of June 30, 2019, the State had $637.610 million of unissued general obligation highway bond authorizations remaining, and $355.003 million of unissued general obligation building bond authorizations remaining.

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

General obligation bonds payable information is presented below.

General Obligation Bonds Payable
(expressed in thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2019
2009 D Highway Issue	09/29/09	2019, 2024	4.15%, 4.55%	$ 491,760	$ 491,760
2010 B Highway Issue	09/30/10	2019 – 2025	3.19% – 3.54%	$ 621,980	621,980
2010 C Refunding Issue	10/21/10	2016 – 2019	4.00% – 5.00%	$ 172,055	44,475
2011 A Highway/Capital Facility Issue	07/06/11	2012 – 2021	2.00% – 5.00%	$ 609,920	131,970
2013 Highway Issue	07/30/13	2014 – 2028	3.00% – 5.00%	$ 226,175	58,375
2015 Refunding Issue	04/29/15	2019 – 2026	3.50% – 5.00%	$ 220,980	220,980
2017 Highway/Prison Issue	07/10/17	2018 – 2032	3.00% – 5.00%	$ 142,070	135,555
2017 Refunding Issue - Direct Placement	12/15/17	2018 - 2028	2.21%	$ 118,700	117,600
2018 Highway/Prison Issue	02/28/18	2018 - 2032	3.13% – 5.00%	$ 343,155	322,865
2019 Highway Issue	01/15/19	2019 - 2033	5.00%	$ 127,715	127,715
Total General Obligation Bonds Outstanding					2,273,275
Plus Unamortized Bond Premium					101,116
Total General Obligation Bonds Payable					$ 2,374,391

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

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

Continues Below

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

C. Revenue Bonds

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

Governmental Activities

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies and other organizations. The bonds are secured by the facilities, and repayment is made from lease income appropriated by the Legislature and is not considered pledged revenue of the State. The outstanding bonds payable at June 30, 2019, are reported as a long-term liability of the governmental activities, except for $75.834 million and $968 thousand, which are reported in the Alcoholic Beverage Control Fund and the Utah Correctional Industries Fund (nonmajor enterprise funds), respectively. These portions are reported as liabilities of the business-type activities on the government-wide Statement of Net Position.

Business-type Activities

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

The Student Assistance Programs include $180.795 million of fixed-rate bonds, $75.211 million of bonds at a rate set at the 3-month LIBOR plus spread, and $1.971 billion of bonds at a rate set at the 1-month LIBOR plus rates from 0.55 to 1.50 percent. The Programs' bonds also include adjustable rate bonds that are set by an auction procedure every 28 days in the amount of $39.100 million.

The Student Assistance Programs' bonds issued under the 1993 Trust Estate are limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The bonds and notes were issued to finance eligible student loans. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds and notes, and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $292.411 million of outstanding student loan revenue bonds and student loan backed notes, which are payable through 2046. Principal and interest paid for the current year and total net revenues before interest expense were $58.507 million and $10.963 million, respectively.

The Student Assistance Programs' notes issued under the 2012 Trust Estate are special limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to refinance eligible student loans and retire outstanding funding notes of the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $154.214 million of outstanding student loan backed notes which are payable through 2032. Principal and interest paid for the current year and total net revenue before interest expense were $31.991 million and $5.879 million, respectively.

The notes issued under the 2014 Trust Estate are limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire outstanding student loan revenue bonds of the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $115.836 million of outstanding student loan backed notes, which are payable through 2039. Principal and interest paid for the current year and total net revenues before interest expense were $24.637 million and $4.864 million, respectively.

The notes issued under the 2015 Trust Estate are special limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $169.522 million of outstanding student loan backed notes, which are payable through 2043. Principal and interest paid for the current year and total net revenue before interest expense were $45.385 million and $6.398 million, respectively.

The notes issued under the 2016 Trust Estate are special limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $263.902 million of outstanding student loan backed notes, which are payable through 2057. Principal and interest paid for the current year and total net revenue before interest expense were $64.429 million and $9.027 million, respectively.

The notes issued under the 2017 Trust Estate are limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $267.300 million of outstanding student loan backed notes, which are payable through 2057. Principal and interest paid for the current year and total net revenue before interest expense were $60.951 million and $9.011 million, respectively.

The bonds issued under the Office Facility Bond fund are limited obligations of the Board, secured solely by a pledge of the proceeds from the sale of the bonds and the monies and revenues in the fund and accounts held by the Trustee under the indenture. No other money, revenue or income of the Board is pledged to the repayment of the Office Facility Bonds. The bonds were issued to refund the Series 2002 and Series 2004 Bonds. The Board has pledged these assets and net revenues to repay $2.695 million of outstanding Office Facility Bonds, which are payable through 2024. Principal and interest paid for the current fiscal year and total net revenues before interest expense were $812 thousand and $369 thousand, respectively.

The State's Water Loan Programs have issued recapitalization revenue bonds to provide additional capital for the State's revolving water resources loan programs. The bonds are secured by and repayments are made from the pledged principal and interest payments (pledged revenues) of specific revolving water resources loan funds. These pledged revenues will not be available for other purposes until the end of fiscal year 2023 when the bonds are completely paid off. Pledged revenues were projected to produce 150 percent of debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is $27.385 million. For the current year, principal and interest paid was $6.872 million and total repayment from pledged revenues was $19.565 million. Of the bonds payable outstanding at June 30, 2019, $25.520 million are reported in the Water Loan Programs Fund (major enterprise fund). These portions are reported as liabilities of the business-type activities on the government-wide Statement of Net Position.

Discrete Component Units

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

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

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

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

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

* Type of Revenue Pledged:

A = Student and housing fees, auxiliary net revenues from bookstores, parking, stadium and event centers, and other campus generated charges and fees.
B = Research net revenue generated from the recovery of allocated facilities and administrative rates to grants and contracts.
C = Hospital and clinic net revenues from providing various health and psychiatric services to the community.
D = Sales tax revenues and other transit revenues.

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

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

Table continues on next page

Business-type Activities
(dollars expressed in thousands)

Student Assistance Programs:					
1993 Trust Estate Student Loan Indentures	1999 – 2011	2030 – 2046	Variable and Fixed	$ 1,337,655	$ 292,411
2012 Trust Estate Student Loan Indentures	2012	2032	Variable	$ 518,700	154,214
2014 Trust Estate Student Loan Indentures	2014	2039	Variable	$ 277,000	115,836
2015 Trust Estate Student Loan Indentures	2015	2043	Variable	$ 415,500	169,522
2016 Trust Estate Student Loan Indentures	2016	2057	Variable	$ 452,250	263,902
2017 Trust Estate Student Loan Indentures	2017	2057	Variable	$ 420,000	267,300
SLPP Office Facility Bond Fund	2012	2014 – 2024	2.00% – 5.00%	$ 7,295	2,695
Total Revenue Bonds Outstanding					1,265,880
Plus Unamortized Bond Discount					(12,253)
Total Revenue Bonds Payable					$ 1,253,627
SBOA Lease Revenue Bonds:					
Series 2009 C	09/09/09	2024, 2029	5.29 %, 5.77 %	$ 16,715	$ 16,715
Series 2010	11/30/10	2011 – 2024	2.00% – 5.00%	$ 12,180	5,646
Series 2012 A	11/20/12	2017 – 2027	1.50% – 5.00%	$ 3,855	3,090
Series 2012 B	11/20/12	2013 – 2022	1.50% – 2.25%	$ 2,600	333
Series 2015	04/29/15	2016 – 2030	3.00% – 5.00%	$ 29,230	26,995
Series 2016	04/05/16	2016 – 2038	2.25% – 5.00%	$ 4,525	4,225
Series 2018	02/21/18	2020 – 2039	3.00% – 5.00%	$ 15,545	15,545
Total Lease Revenue Bonds Outstanding					72,549
Plus Unamortized Bond Premium					4,253
Total Lease Revenue Bonds Payable					$ 76,802
Water Loan Programs:					
Series 2010 C Recapitalization Revenue Bonds	02/23/10	2018 – 2022	4.19% – 4.79%	$ 31,225	$ 25,520
Total Recapitalization Revenue Bonds Outstanding					25,520
Plus Unamortized Bond Premium					0
Total Recapitalization Revenue Bonds Payable					$ 25,520
Total Revenue/Lease Revenue/Recapitalization Revenue Bonds Payable					$ 1,560,885

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

	Principal							
Fiscal Year	**1993 Trust Estate Student Loan Indentures**	**2012 Trust Estate Student Loan Indentures**	**2014 Trust Estate Student Loan Indentures**	**2015 Trust Estate Student Loan Indentures**	**2016 Trust Estate Student Loan Indentures**	**2017 Trust Estate Student Loan Indentures**	**SLPP Office Facility Bond Fund**	**2009C SBOA Bonds**
2020	$ 81,500	$ 30,140	$ 18,587	$ 32,855	$ 52,176	$ 53,332	$ 715	$ 1,305
2021	47,800	29,982	18,413	31,527	50,289	51,846	725	1,370
2022	48,000	27,166	16,999	26,612	42,265	44,792	765	1,445
2023	42,000	20,362	13,699	20,773	32,375	34,642	240	1,520
2024	41,011	19,963	13,447	20,040	30,945	33,288	250	1,605
2025-2029	32,100	26,601	34,691	37,715	55,852	49,400	—	9,470
2030-2034	—	—	—	—	—	—	—	—
2035-2039	—	—	—	—	—	—	—	—
Total	$ 292,411	$ 154,214	$ 115,836	$ 169,522	$ 263,902	$ 267,300	$ 2,695	$ 16,715

Continues Below

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

Continues Below

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

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

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

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

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

D. Conduit Debt Obligations

The Utah Charter School Finance Authority (nonmajor discrete component unit) issued conduit debt obligations on behalf of various charter schools. The debt is the responsibility of the charter schools, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the debt. Accordingly, this debt has not been reported in the accompanying financial statements. The outstanding balance at June 30, 2019, is $356.244 million in taxable and tax-exempt conduit debt.

E. Defeased Bonds and Bond Refunding

In prior years, the State defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other monies available for debt service in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Position. At June 30, 2019, the total amount outstanding of defeased general obligation bonds was $308.780 million. At June 30, 2019, there were no outstanding defeased lease revenue bonds.

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

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

F. Contracts Payable

Discrete component units capital leases/contracts payable include $5.047 million in life annuity contracts.

G. Pollution Remediation Obligations

Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the Environmental Protection Agency expends Superfund trust monies for cleanup. Currently there are five sites in various stages of cleanup, from initial assessment to cleanup activities. The pollution remediation liabilities associated with these sites were measured using the actual contract cost, where no changes in cost are expected, or the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. As of June 30, 2019, the liability is $5.324 million. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

H. Notes Payable

The notes payable balance consists of notes issued by discrete component units for the purchase of buildings and equipment. The notes bear various interest rates and will be repaid over the next 10 years. They are secured by the related assets. Payment information on notes payable is presented below.

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

Fiscal Year	Principal: University of Utah	Principal: Utah State University	Principal: Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
2020	$ 2,907	$ 2,205	$ 604	$ 5,716	$ 1,677	$ 7,393
2021	2,411	2,208	612	5,231	1,450	6,681
2022	2,298	1,836	679	4,813	1,246	6,059
2023	2,341	1,233	375	3,949	1,047	4,996
2024	2,473	1,065	372	3,910	866	4,776
2025-2029	12,168	435	1,145	13,748	1,833	15,581
2030-2034	—	—	—	—	—	—
Total	$ 24,598	$ 8,982	$ 3,787	$ 37,367	$ 8,119	$ 45,486

I. Debt Service Requirements for Derivative Instruments

Business-type Activities

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

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

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

NOTE 11. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

Deferred Outflows and Inflows of Resources
(expressed in thousands)

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

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

Of the $86.312 million deferred inflows of resources reported in the governmental activities column on the government-wide Statement of Net Position, $43.169 million represent deferred inflows relating to pensions, of which $3.814 million are reported in the Internal Service Funds; and $36.055 million represent deferred inflows relating to other postemployment, of which $2.426 million are reported in the Internal Service Funds. The remaining $7.088 million in deferred revenue represent imposed fees received before the period when those resources are permitted to be used.

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

Under the modified accrual basis of accounting, governmental fund financial statements reported deferred inflows of resources of $687.487 million in unavailable revenue. This was comprised of $526.034 million from various taxes and $161.453 million from other sources.

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

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

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

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

A. Governmental Fund Balances – Restricted, Committed and Assigned

The State's fund balances represent: (*1*) **Restricted Purposes**, which include balances that are legally restricted for specific purposes due to constraints that are imposed by law through constitutional provisions or are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (*2*) **Committed Purposes**, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; (*3*) **Assigned Purposes**, which include balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2019, follows:

Governmental Fund Balances
(expressed in thousands)

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

* Resources restricted through constitutional provisions.

B. Budget Stabilization Accounts

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

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

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

The Rainy Day Fund and the Education Reserve ended the year with balances of $225.121 million and $471.908 million, respectively. For the fiscal year ended June 30, 2019, there was no transfer into the Rainy Day Fund because there was no revenue surplus, as defined by law. The Education Reserve received $33.510 million as a result of a revenue surplus.

In accordance with Section 63J-1-315 of the *Utah Code*, the State maintains the Medicaid Growth Reduction and Budget Stabilization Restricted Account ("Medicaid Budget Stabilization Account"). The account can only be used for specific purposes detailed in Section 63J-1-315, upon appropriation by the Legislature. The Legislature may appropriate money from the account only if Medicaid program expenditures are estimated to be 108 percent or more of Medicaid program expenditures for the previous year. This is not expected to occur routinely, as the state has implemented reforms in the Medicaid Program to bring Medicaid growth more in line with overall state revenue growth. In the seven years since the fund was created, there have been no appropriations from the fund. The account is funded in a fiscal year when there are savings in the Medicaid Program and a General Fund revenue surplus. For the fiscal year ended June 30, 2019, there was no transfer to the Medicaid Budget Stabilization Account because there was no revenue surplus, as defined by law. The account ended the year with a balance of $74.819 million.

C. Minimum Fund Balance Policies

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

D. Net Position Restricted by Enabling Legislation

The State's net position restricted by enabling legislation represents resources which a party external to a government–such as citizens, public interest groups, or the judiciary–can compel the government to use only for the purpose specified by the legislation. The government-wide Statement of Net Position reports $7.240 billion of restricted net position, of which $33.370 million is restricted by enabling legislation.

NOTE 13. DEFICIT NET POSITION AND FUND BALANCE

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

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

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

The deficit net positions in the Technology Services, Human Resource Management, and Attorney General Legal Services Funds are the result recording the funds' portions of pensions and other postemployment benefits (OPEB) as required by GASB Statements. These Statements require the recognition and reporting of the net pension liability, net OPEB liability, and related transactions, often resulting in a deficit net position. The Technology Services, Human Resource Management, and Attorney General Legal Services Funds also reported a $25.778 million deficit, a $4.691 million deficit, and a $11.169 million deficit respectively, in the unrestricted portions of their net positions at June 30, 2019, primarily as a result of implementing these Statements.

The Enterprise Fund deficit net position in State Trust Lands Administration is a result of a decrease in the royalty accruals in previous years because of general market conditions at that time. State Trust Lands Administration also reported a deficit of $675 thousand in the unrestricted portion of its net position also due to recording the fund's portions of pensions and other postemployment benefits (OPEB).

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

Internal Service Funds:		
Fleet Operations	$	(20,791)
Risk Management	$	(5,308)
Enterprise Funds:		
Alcoholic Beverage Control	$	(10,361)
Utah Correctional Industries	$	(888)

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

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

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

NOTE 14. INTERFUND TRANSFERS

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital to another fund. All transfers must be legally authorized by the Legislature through statute or an *Appropriation Act*. Interfund transfers for the fiscal year ended June 30, 2019, are as follows (in thousands):

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

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

During fiscal year 2019, the Legislature authorized transfers of $258 thousand from the Internal Service Funds to the General Fund to subsidize general fund revenues. In addition, the Legislature authorized payments of $1.166 billion to discrete component units. Payments to discrete component units are reported as expenditures in both the General Fund governmental fund statements and the governmental activities column of the Statement of Activities. They are also reported as revenues in the component units column of the Statement of Activities.

NOTE 15. TAX ABATEMENTS

The State provides tax abatements through a number of programs administered by the Governor's Office of Economic Development (GOED): the Economic Development Tax Increment Financing (EDTIF) program, the Motion Picture Incentive Program (MPIP), the New Markets Tax Credit program (NMTC), and the Utah Rural Jobs Act program (URJA). These programs offer post-performance tax abatements of corporate and individual tax revenues, which would otherwise fund education, in exchange for specific actions that are intended to benefit the State or its citizens. GOED also administers the New Convention Facility Development Incentives program (NCFDI). This program offers tax abatement of sales tax revenues, which would otherwise fund government services, in exchange for specific actions that are intended to benefit the State or its citizens.

The EDTIF program provides incentives in the form of a refundable tax credit to accelerate business growth, job creation, and to encourage economic development within specific economic development zones. A business entity must enter into an incentive agreement with GOED, which specifies performance milestones on a commercial project. According to Section 63N-2-1 of the *Utah*

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

Each year, a business entity must apply to GOED for a tax credit certificate. GOED reviews the results of the commercial project for compliance before a credit is issued. A tax credit may not exceed 30 percent of new state tax revenues from the new project over the lesser of the life of the project or 20 years. A tax credit of up to 60 percent of new state tax revenues is allowed if a minimum $1.5 billion capital investment is made. A tax credit may not exceed 50 percent of new state tax revenues from the new project in a given year. If a business entity should fail to meet its obligations or has received more EDTIF refundable tax credits than it is entitled to, the excess amount must be returned and any future claim for credit may be denied and/or the contract may be nullified.

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

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

An entity may claim a tax credit if the entity makes a qualified equity investment and if the entity obtains a tax credit certificate. The entity may claim a portion of the tax credit during the calendar year that includes the credit allowance date. GOED calculates the tax credit amount, by multiplying the purchase price of the investment by the applicable percentage at each credit allowance date. The credit allowance percentages are: 0 percent on the first and second credit allowance dates; 12 percent on the third through fifth credit allowance dates; and 11 percent on the sixth and seventh credit allowance dates. As authorized by 63N-2-604 of the *Utah Code*, the credit may be recaptured in the following situations: ***(1)*** If any amount of the federal tax credit available is recaptured; ***(2)*** If the Qualified Community Development Entity (QCDE) redeems or makes principal repayment of a qualified equity investment before the seventh anniversary of the issuance of the qualified equity investment; ***(3)*** If the QCDE fails to invest at least 85 percent of the purchase price of the qualified equity investment in qualified low-income community investments in Utah within one year of the issuance of the qualified equity investment and fails to maintain the required investment in Utah until the last credit allowance date; and ***(4)*** If the QCDE violates the provisions of sections 63N-2-607 or 609 of the *Utah Code*.

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

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

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

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

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

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

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

Tax Abatement Programs
(expressed in thousands)

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

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

NOTE 16. LITIGATION, CONTINGENCIES, AND COMMITMENTS

A. Litigation

- The State is involved in various legal actions arising in the ordinary course of business. The State is vigorously contesting all of these matters, but as of this date it is not possible to determine the outcome of these proceedings. In the opinion of the Attorney General and management, the ultimate disposition of these matters will not have a material adverse effect on the State's financial position.
- In addition to the items above, the State is contesting other legal actions totaling over $14.030 million plus attorneys' fees and interest and other cases where the amount of potential loss is indeterminable. Some portions of the amounts sought have been paid by the State or placed in escrow.
- The University of Utah (major discrete component unit) is vigorously contesting a legal action where the amount of potential loss is indeterminable but estimated to be less than $10 million.

B. Contingencies

- The State receives a significant amount of funding from the federal government. Funds flowing from the federal government to the State are subject to changes to federal laws and appropriations. Based on the financial position of the federal government, it is reasonably possible that events will occur in the near term that will significantly affect the flow of federal funds to the State. The State is taking action to identify and address the impact a significant reduction of federal funds will have on the programs and operations of the State, including requiring contingency plans from state agencies.
- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, identified questioned costs are immaterial. In addition, program compliance audits by the federal government are conducted periodically; however, an estimate of any potential disallowances on these audits and findings on other audits on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2019, will be available in December 2019.
- Management's estimated liability for the Petroleum Storage Tank Trust (private purpose trust fund) is highly sensitive to change based on the short period of historical data and the uncertainty in estimating costs. Since it is not possible to determine the occurrence date of a leak in an underground storage tank, it is not possible to estimate the number or the associated costs of leaks that have not been detected.
- The Utah Fund of Funds (UFOF) (legally separate entity) was created by the passage of the Utah Venture Capital Enhancement Act in fiscal year 2003 to mobilize private investments and enhance the venture capital culture and infrastructure within the State. The State's involvement in this program is limited to public oversight of the UFOF primarily in the form of approving the issuance of contingent tax credit certificates, ensuring that the UFOF is achieving its statutory purposes of spurring economic development and protecting against the redemption of contingent tax credits. The aggregate outstanding tax certificates available to the program cannot exceed: (***1***) $130 million of contingent tax credits used as collateral or a guarantee on loans for the debt-based financing of investments initiated before July 1, 2014; or ***(2)*** $120 million of contingent tax credits for a loan refinanced using debt-based or equity-based financing; and (***3***) $100 million used as an incentive for equity investments in the UFOF. The tax certificates are structured so that not more than $20 million of contingent tax credits for each $100 million increment of contingent tax liability may be redeemable in any fiscal year. At December 31, 2018, a $38 million note payable was outstanding and invested in venture capital and private equity funds. The note will mature in 2021. Under certain circumstances, the holder of a certificate is entitled to a refundable tax credit against tax liabilities imposed by Section 59-7, "Corporate Franchise and Income Taxes," or Section 59-10, "Individual Income Tax Act" of the *Utah Code*. To date, the State has not had to place any contingent tax credits into the program, and it does not anticipate the use of tax credits anytime in the near future.
- The State is self-insured for liability claims up to $2 million and beyond the excess insurance policy limit of $10 million. The State is self-insured for individual property and casualty claims up to $1 million and up to $3.5 million in aggregate claims and beyond the excess insurance policy limit of $1 billion per occurrence. According to an actuarial study and

other known factors, $63.558 million exists as either incurred but unfiled or unpaid claims. This amount is reported as a liability of the Department of Administrative Services' Risk Management Fund (internal service fund).

- The Utah School Bond Guaranty Act (Sections 53G-4-801 to 808 of the *Utah Code*), which took effect on January 1, 1997, pledges the full faith, credit, and unlimited taxing power of the State to guaranty full and timely payment of the principal and interest on general obligation bonds issued by qualifying local school boards. The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guaranteed Bonds. The local school boards do not meet the criteria for inclusion as part of the State's reporting entity.

  In the event a school board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may use any available monies, may use short-term borrowing from the State Permanent School Fund (part of the permanent Trust Lands Fund), or may issue short-term general obligation notes. The local school board remains liable to the State for any such payments on Guaranteed Bonds. Reimbursements to the State may be obtained by intercepting payment of state funds intended for the local school board. The State may also compel the local school board to levy a tax sufficient to reimburse the State for any guaranty payments.

  The State Superintendent of Public Instruction is charged with monitoring the financial condition of local school boards and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately any circumstances that suggest a local school board may not be able to pay its debt service obligations when due. The State has not advanced any monies for the payment of debt service on Guaranteed Bonds and does not expect that it will be required to advance monies for any significant period of time.

  Local school boards have $3.367 billion principal amount of Guaranteed Bonds outstanding at June 30, 2019, with the last maturity date being 2039. The State cannot predict the amount of bonds that may be guaranteed in future years, but no limitation is currently imposed by the Guaranty Act.

- The Charter School Credit Enhancement Program (Program) (Sections 53A-20b-201 to 204 of the *Utah Code*) was established to reduce borrowing costs for qualifying charter schools by providing credit enhancement on bonds issued on behalf of those schools. Bonds issued under this Program are not legal obligations of the State, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the bonds. If a charter school with bonds issued under the Program draws on its debt service reserve fund, state law requires the Governor to request an appropriation from the Legislature to restore the school's debt service reserve fund to its required level or to meet any principal or interest payment deficiency. However, the Legislature is not required to make any such appropriations. A charter school is required to repay the State any appropriations it receives to restore its debt service reserves at the time and in the manner required by the Utah Charter School Finance Authority (Authority) (nonmajor discrete component unit).

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

  The Authority is the conduit issuer of Credit Enhancement Program bonds and responsible for developing criteria by which a charter school qualifies to participate in the Program. The Authority is also charged with monitoring the financial condition of qualifying charter schools and certifying, at least annually, the amount required to restore amounts on deposit in the debt service reserve funds of charter schools participating in the Program. The total amount of charter school debt enhanced by the Program is limited by formula. As of June 30, 2019, $327.010 million of debt was outstanding under the Program.

- At June 30, 2019, the Utah Higher Education Assistance Authority Student Loan Guarantee Program (Student Assistance Programs, major enterprise fund) had guaranteed student loans outstanding with a current principal and interest balance of $684.579 million.

- The Attorney General of the State sued the tobacco industry for medical costs related to smoking. The State of Utah has signed on to a master settlement agreement along with 45 other states. The major tobacco manufacturers and most of the smaller manufacturers have joined the agreement. The State received $25.677 million from tobacco companies in fiscal year 2019 and expects to receive approximately $26 million in fiscal year 2020. Annual payments will be adjusted for factors, such as inflation, decreased sales volume, previously settled lawsuits, disputed payments, and legal fees.

- The Utah School Readiness Initiative (Title 35A Chapter 15 of the *Utah Code*) created the School Readiness Board (the Board) and enabled the Board to provide grants and enter into contracts with private entities in order to improve early childhood education for at-risk students. Under the terms of the contract, private investors fund the program using a social impact bond financial model. This bond offers the investors a return on investment only if students in the program meet specific education benchmarks. The maximum number of students the program will pay on is 427 per year for each of the remaining 6 years. As of June 30, 2019, the State of Utah has reserved a total of $5.860 million to cover student evaluations and any repayment of the social impact bond. The program has repaid $1.780 million to investors as of June 30, 2019. The Board authorized an additional payment to investors of $1.234 million at the October 2019 board meeting. It is anticipated the State of Utah will commit additional funds in future years as necessary.

C. Commitments

- At June 30, 2019, the Industrial Assistance Program of the General Fund had grant commitments of $18.612 million, contingent on participating companies meeting certain performance criteria.

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

- At June 30, 2019, the Motion Picture Incentive Program had outstanding contract commitments for General Fund cash rebates of $2.248 million and Education Fund tax credits (tax

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

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

NOTE 17. JOINT VENTURES

Utah Education Network

The Utah Education Network (UEN) is a publicly funded consortium administered by the University of Utah supporting educational technology needs for Utah's public and higher education institutions, public libraries, and state agencies. UEN provides internet access for all Utah public middle schools, high schools, and higher education institutions. UEN also operates a fully interactive distance learning network interconnecting public schools and higher education institutions statewide. State appropriation support of UEN amounted to $33.801 million for the year ended June 30, 2019. UEN is not separately audited, but is included in the audited financial statements of KUEN, a public broadcasting television station operated by the University of Utah. Copies of those statements can be obtained from KUEN's administrative offices.

NOTE 18. PENSION PLANS

Utah Retirement Systems (URS) was established by Title 49 of the *Utah Code*. URS administers the pension systems and plans under the direction of the URS Board whose members are appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans it administers. URS maintains records and prepares financial statements using fund accounting principles and the accrual basis of accounting, under which benefits and expenses are recognized when due and payable, and revenues are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2018, financial report has been included in this Comprehensive Annual Financial Report as a pension trust fund for URS within the fiduciary funds. Copies of the separately issued financial report, which includes financial statements and required supplemental information, may be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102-2044, or online at www.urs.org. Utah Transit Authority (major discrete component unit) does not participate in URS. See Note 18.B for a description of Utah Transit Authority pension plans.

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

- The Public Employees Noncontributory Retirement System (Noncontributory System); the Public Employees Contributory Retirement System (Contributory System); and the Firefighters Retirement System (Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;

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

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

A. Defined Benefit Plans - Utah Retirement Systems

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

Summary of Benefits by System

	Noncontributory System	Contributory System	Public Safety System / Firefighters System	Judges System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Final Average Salary.....	Highest 3 Years	Highest 5 Years	Highest 3 Years	Highest 2 Years	Highest 5 Years	Highest 5 Years
Years of Service Required and/or Age Eligible for Benefit	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	20 years any age 10 years age 60 4 years age 65	25 years any age 20 years age 55* 10 years age 62 6 years age 70	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	25 years any age 20 years age 60* 10 years age 62* 4 years age 65
Benefit Percent per Year of Service**.....	2.00% per year all years	1.25% per year to June 1975 2.00% per year July 1975 to present	2.50% per year up to 20 years 2.00% per year over 20 years	5.00% first 10 years 2.25% second 10 years 1.00% over 20 years	1.50% per year all years	1.50% per year all years
COLA***.....	Up to 4.00%	Up to 4.00%	Up to 2.50% or 4.00% depending on the employer	Up to 4.00% compounded	Up to 2.50%	Up to 2.50%

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

* With actuarial reductions.
** For members and retirees in the systems, prior to January 1, 1989, there may be a 3.00 percent benefit enhancement.
*** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Former governors at age 65 receive $1,400 per month per term. Legislators with four or more years of service receive a benefit at age 65 at the rate of $30.40 per month per year of service. Retirement at age 62 with ten or more years of service will receive an actuarial reduction. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

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

At December 31, 2018, the following number of employees were covered by the State's (primary government) single-employer plans:

Single-employer Plans Covered Employees
December 31, 2018

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

Contribution Rates

As a condition of participation in the Defined Benefit Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. For the Utah Governors and Legislators plan, an annual appropriation is statutorily required to maintain this plan on a financially and actuarially sound basis. The State paid 100 percent of the contractually and statutorily required contributions. Contribution rates and contributions for the fiscal year ended June 30, 2019, are presented in the following table (dollars expressed in thousands):

Contributions

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

* Tier 2 plans provide a statutory required contribution (0.08 to 18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 plans.

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

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

Single-employer Plans
Changes in Net Pension Liability and Related Ratios
Increases (Decreases)
For the Fiscal Year Ended December 31, 2018
(dollars expressed in thousands)

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

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

Proportionate Share of Net Pension Asset and Liability

Utah Retirement Systems (URS) (pension trust and defined contribution plans) provides retirement benefits to employees of the primary government and its discrete component units (except UTA) as well as to public education and other political subdivisions of the State. At December 31, 2018, the net pension asset and the net pension liability for all URS systems is $0 and $5.449 billion respectively. The plan's fiduciary net position as a percent of the total pension liability is 85 percent. At December 31, 2018, the primary government's net pension asset and net pension liability is $0 and $1.170 billion, respectively. The following table summarizes the State's (primary government) net pension asset and liability by plan.

Primary Government
Net Pension Asset and Liability
December 31, 2018
(dollars expressed in thousands)

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

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

Discrete Component Units (except UTA)
Net Pension Asset and Liability
December 31, 2018
(dollars expressed in thousands)

System	Net Pension Asset	Net Pension Liability	Proportionate Share 2018	Proportionate Share 2017	Proportionate Share Change
Noncontributory System	$ —	$ 336,338	9.23%	9.62%	(0.39)%
Contributory System	—	20,956	30.23%	29.06%	1.17 %
Public Safety System	—	5,745	2.46%	2.51%	(0.05)%
Tier 2 Public Employees System	—	1,987	5.28%	6.92%	(1.64)%
Tier 2 Public Safety and Firefighters System	—	11	0.49%	0.41%	0.08 %
Total Net Pension Asset / Liability	$ —	$ 365,037			

Deferred Outflows and Inflows of Resources

The net pension asset and liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

At December 31, 2018, the State (primary government) recognized pension expense of $284.214 million. The State's discrete component units (except UTA) recognized pension expense of $83.542 million. Deferred outflows of resources and deferred inflows of resources related to the recognition of pension expense are from the following sources:

(Notes continue on next page.)

Deferred Outflows and Inflows of Resources *
Related to Pensions

December 31, 2018

(expressed in thousands)

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

* Before amounts allocated for financial statement presentation.

Deferred Outflows and Inflows of Resources *
Related to Pensions

December 31, 2018

(expressed in thousands)

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

* Before amounts allocated for financial statement presentation.

The $120.757 million and $36.390 million reported as deferred outflows of resources by the primary government and discrete component units (except UTA), respectively, are the result of contributions subsequent to the measurement date of December 31, 2018. These contributions will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Recognition of Remaining Deferred Outflows and (Inflows) of Resources

Year Ended December 31	Noncontributory System Primary Government	Contributory System Primary Government	Public Safety System Primary Government	Firefighters System Primary Government	Judges Retirement System Primary Government
2019	$ 91,179	$ 2,676	$ 25,440	$ 127	$ 8,657
2020	$ 27,333	$ 73	$ 2,494	$ 52	$ 5,696
2021	$ 15,719	$ 656	$ 4,318	$ 69	$ 2,678
2022	$ 67,472	$ 3,347	$ 17,106	$ 187	$ 2,964
2023	$ —	$ —	$ —	$ 33	$ —
Thereafter	$ —	$ —	$ —	$ 5	$ —

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

The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Summary of Actuarial Assumptions

	Non-contributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Valuation Date	01/01/18	01/01/18	01/01/18	01/01/18	01/01/18	01/01/18	01/01/18	01/01/18
Measurement Date	12/31/18	12/31/18	12/31/18	12/31/18	12/31/18	12/31/18	12/31/18	12/31/18
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Actuarial Assumptions: Investment Rate of Return	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%
Projected Salary Increases	3.25-9.75%	3.25-9.75%	3.25–7.25%	3.25–8.75%	3.25%	None	3.25-9.75%	3.25–8.75%
Inflation Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Post-retirement Cost-of-living Adjustment	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

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

The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016. Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

Target Allocations The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2018, are summarized in the table below:

Target Allocations
Expected Return Arithmetic Basis

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return*
Equity Securities	40.00%	6.15%	2.46%
Debt Securities	20.00%	0.40%	0.08%
Real Assets	15.00%	5.75%	0.86%
Private Equity	9.00%	9.95%	0.89%
Absolute Return	16.00%	2.85%	0.46%
Cash and Cash Equivalents	0.00%	0.00%	0.00%
Total Asset Classes	100.00%		4.75%
Inflation			2.50%
Expected Arithmetic Nominal Return			7.25%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the municipal bond rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the State's (primary government) net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.95 percent) or 1 percentage-point higher (7.95 percent) than the current rate:

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

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

B. Defined Benefit Plans - Utah Transit Authority

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

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

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

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

Retirement Benefits

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

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

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

Upon termination of employment, members may leave their retirement account intact for future benefits based on vesting qualification or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based. If employees terminate employment before rendering five years of service, they forfeit the right to receive their non-vested accrued plan benefits.

Early Retirement Benefits

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

Disability Benefits

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

Death Benefits

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

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

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

Lump Sum Distributions

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

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

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

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

Contributions

Employer Contribution Requirements

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

Participant Voluntary Contributions

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

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

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

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

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

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

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

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

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

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

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

Actuarial assumptions

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

(Table on next page)

Utah Transit Authority Retirement Plan and Trust
Summary of Actuarial Assumptions

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

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

Investment Policy and Target Allocation

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

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

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

Utah Transit Authority Retirement Plan and Trust
Policy Allocation

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

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

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow each month. The money-weighted rate of return is calculated net of investment expenses. For the calendar year ending, December 31, 2018, the annual money-weighted rate of return, net of investments was (7.77) percent.

Discount Rate

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

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

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

C. Defined Contribution Plans

The 401(k), 457, and Roth and Traditional IRA Plans, in which the State participates and administered by URS, are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the Retirement Systems and a primary retirement plan for some Tier 2 participants. Contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the 401(k) and 457 Plans at rates determined by the employers and according to Title 49 of the *Utah Code*. There are 466 employers participating in the 401(k) Plan and 293 employers participating in the 457 Plan. There are 178,010 plan participants in the 401(k) Plan, 18,336 participants in the 457 Plan, 12,232 participants in the Roth IRA Plan, and 2,383 participants in the Traditional IRA Plan.

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

Employees of the State are eligible to participate in the defined contribution 401(k), 457, and Roth and Traditional IRA Plans. Employees, who contribute to a 401(k), 457, or IRA will get a match from the State of up to $26 per pay period. In addition, the State and participating employers are required to contribute 1.50 percent of an employee's salary into a 401(k) for those employees who participate in the noncontributory system. The amounts contributed to the 401(k) Plan during the year ended June 30, 2019, by employees and employers are as follows: for primary government,

$38.459 million and $33.781 million; for component units, $5.446 million and $8.444 million, respectively. The amounts contributed by employees to the 457, and Roth and Traditional IRA Plans (primary government and discrete component units) were $7.484 million, $5.843 million, and $297 thousand, respectively.

For the Tier 2 Public Employee System, Tier 2 Public Safety System, and the Tier 2 Firefighters System, the State and participating employers are required to contribute varying amounts into a 401(k). The amounts range from 0.74 to 1.15 percent of an employee's salary for the hybrid defined benefit systems and 10 to 12 percent of an employee's salary for the defined contribution systems. These contributions vest immediately, except for the Tier 2 401(k) required contributions that are subject to a 4 year vesting period. The primary government and discrete component units paid in 401(k) defined contributions required by statute $8.810 million and $1.754 million, respectively. In addition to these contributions, the Tier 2 plans provide a statutory required contribution (0.08 to 18.54 amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 (defined benefit) plans.

Teachers Insurance and Annuity Association

Teachers Insurance and Annuity Association (TIAA) and Fidelity Investments, privately administered defined-contribution retirement plans, provide individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and staff. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.20 percent of the employee's annual salary. The State has no further liability once annual contributions are made.

The total contribution made by the colleges and universities (discrete component units) to the TIAA retirement system for June 30, 2019 and 2018, were $266.359 million and $246.549 million, respectively.

Utah Transit Authority

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

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

NOTE 19. OTHER POSTEMPLOYMENT BENEFITS

The State administers the State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan) through the State Post-Retirement Benefits Trust Fund, as set forth in Section 67-19d-201 of the *Utah Code*. A separate Elected Official Other Post-employment Benefit Plan (Elected Official OPEB Plan) is provided for governors and legislators, and this plan is administered through the Elected Official Post-Retirement Benefits Trust Fund as set forth in Section 67-19d-201.5 of the *Utah Code*. Both trust funds are irrevocable and legally protected from creditors. Both are also administered under the direction of a board of trustees, which consists of the State Treasurer, the Director of the Division of Finance, and the Director of the Governor's Office of Management and Budget or a designee. Neither plan issues a publicly available financial report, but are included in this report of the primary government.

State Employee OPEB Plan Description

At the option of individual state agencies, employees may participate in the State Employee OPEB Plan, a single-employer defined benefit healthcare plan, as set forth in Section 67-19-14.2 of the *Utah Code*. Only state employees who are entitled to receive retirement benefits are eligible to receive postemployment health and life insurance benefits, and in some situations dental coverage, from the State Employee OPEB Plan. Upon retirement, employees receive up to 25 percent of the value of their unused accumulated sick leave, earned prior to January 1, 2006, as a mandatory employer contribution into a 401(k) account. Employees may exchange eight hours of their remaining unused accumulated sick leave for one month of paid health and life insurance coverage up to age 65. After age 65, employees may use the balance of unused accumulated sick leave, earned prior to January 1, 2006, to exchange for spouse health insurance to age 65, or Medicare supplemental insurance for employee or spouse. In addition, any full-time employees of the Utah State Board of Education and the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) hired before July 1, 2012, who have attained at least five consecutive years of service with the agency, have the option of receiving postemployment health, dental, and life insurance coverage for up to five years or until reaching age 65 regardless of their unused sick leave balance. Also, judges have their own retiree health coverage that is part of the State Employee OPEB Plan. The State Employee OPEB Plan is closed to new entrants since it is only applicable to employees eligible for retirement who have sick leave earned prior to January 1, 2006, or employees of the Utah State Board of Education hired before July 1, 2012.

Elected Official OPEB Plan Description

The Elected Official OPEB Plan is a single-employer defined benefit healthcare plan, as set forth in Section 49-20-404 of the *Utah Code*. Only governors and legislators (elected officials) who retire after January 1, 1998, and have four or more years of service can elect to receive and apply for health insurance coverage or Medicare supplemental coverage. The State will pay 40 percent of the benefit cost for four years of service and up to 100 percent for ten or more years of service for elected officials and their spouses.

To qualify for health insurance coverage, an elected official must be between 62 and 65 years of age and either be an active member at the time of retirement or have continued coverage with the program until the date of eligibility. In addition, to qualify for health insurance coverage, an elected official must have service as a legislator or governor prior to January 1, 2012.

To qualify for Medicare supplemental coverage, an elected official must be at least 65 years of age. In addition, the elected official must retire under Chapter 19, *Utah Governors' and Legislators' Retirement Act*, and began service as an elected official prior to July 1, 2013. The Plan is closed to new entrants.

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

Single-employer Plans Covered Employees
June 30, 2019

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

State Employee OPEB Plan Contributions

The contribution requirements of employees and the State are established, and may be amended, by the State Legislature. For retirees who participate in the State Employee OPEB Plan, health insurance premiums are paid 100 percent by the State for individuals who retired before July 1, 2000. Individuals retiring thereafter are required to contribute specified amounts monthly, ranging from 0 to 30.1 percent, toward the cost of health insurance premiums. For the fiscal year ended June 30, 2019, retirees contributed $1.541 million, or approximately 4.80 percent of total premiums, through their required contributions of $0 to $802.80 per month depending on the coverage (single, double, or family) and health plan selected.

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

Elected Official OPEB Plan Contributions

For the fiscal year ended June 30, 2019, elected officials who participated in the Elected Official OPEB Plan contributed $30 thousand, or approximately 6.79 percent of total premiums, through their required contributions of $0 (for 10 or more years of service) to $922.22 per month (for four years of service) depending on the coverage (single or double) and health plan selected.

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

Net OPEB Liability

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

Single-employer Plans
Changes in Net OPEB Liability and Related Ratios
Increases (Decreases)
For the Year Ended June 30, 2019
(dollars expressed in thousands)

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

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

Deferred Outflows and Inflows of Resources and OPEB Expense

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

Total deferred inflows of resources related to the recognition of OPEB expense was $37.028 million, of which $36.610 million was recognized by the State, and $418 thousand was allocated to the Utah Schools for the Deaf and Blind.

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

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

Deferred Outflows and Inflows of Resources Related to OPEB
June 30, 2019
(expressed in thousands)

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

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

Recognition of Remaining
Deferred Outflows and Inflows of Resources

Fiscal Year Ended June 30, 2019
(expressed in thousands)

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

The total OPEB liability in the December 31, 2018, valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Summary of Actuary Assumptions

	State Employee OPEB Plan	Elected Official OPEB Plan
Actuarial Valuation Date	12/31/2018	12/31/2018
Measurement Date	6/30/2019	6/30/2019
Actuarial Cost Method	Entry Age Normal	
Investment Rate of Return	3.00%	5.25%
Inflation Rate	2.40%	
Healthcare Inflation Rate	5.40% initial 3.94% ultimate	

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

Investment Policy and Target Allocations

The State Treasurer is responsible for investing the assets of the State Employee OPEB Plan and the Elected Official OPEB Plan. The State Treasurer has an investment committee which establishes the asset allocation for the OPEB plans with the primary goal of providing for the stability, income, and growth of the principal. The asset allocation for the plans is not expected to change substantially over the short or intermediate time horizons in response to short-

term market movements, but may change incrementally based upon long-term capital market projections. For the fiscal year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 9.72 percent for the State Employee OPEB Plan and 11.65 percent for the Elected Official OPEB Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in each plan's target asset allocation as of June 30, 2019, are summarized below:

State Employee OPEB Plan
Target Allocations
Expected Return Arithmetic Basis

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Debt Securities	90.00%	0.90%	0.80%
Real Estate	10.00%	2.00%	0.20%
Total Asset Classes	100.00%		1.00%
Inflation			2.00%
Expected Arithmetic Nominal Return			3.00%

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	100.00%		3.25%
Inflation			2.00%
Expected Arithmetic Nominal Return			5.25%

Discount Rates

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

The projection of cash flows used to determine the discount rates assumed that future State contributions will be equal to the Actuarially Determined Contribution (ADC) as calculated in each future valuation. Based on those assumptions, the OPEB Plan's Fiduciary Net Position for both plans was projected at the beginning of each year to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the OPEB Plan's investments for both plans, was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rates do not incorporate a municipal bond rate.

The following presents the net OPEB liability for the State for both plans, calculated using the discount rate of 3.00 percent for the State Employee OPEB Plan and 5.25 percent for the Elected Official OPEB Plan, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.0 percent - State Employee OPEB Plan, 4.25 percent - Elected Official OPEB Plan) or 1 percentage-point higher (4.00 percent - State Employee OPEB Plan, 6.25 percent - Elected Official OPEB Plan) than the current rate:

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

OPEB Plan	1% Decrease (2.00%)	Current Discount Rate	1% Increase (4.00%)
State Employee OPEB Plan	$ 88,297	$ 68,550	$ 49,896
	1% Decrease (4.25%)	**Current Discount Rate**	**1% Increase (6.25%)**
Elected Official OPEB Plan	$ 4,257	$ 1,538	$ (643)
Total Net OPEB Liability / (Asset)	$ 92,554	$ 70,088	$ 49,253

The following presents the net OPEB liability of the State, as well as what the State's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (4.4 percent decreasing to 2.9 percent) or 1 percentage-point higher (6.4 percent decreasing to 4.9 percent) than the current healthcare cost trend rates:

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

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

NOTE 20. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to use a combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management Fund (internal service fund) and the Public Employees Health Program (PEHP) (major discrete component unit). The Risk Management Fund manages the general property, auto/physical damage, and general liability risks of the State. PEHP manages the group medical, dental, life insurance, and long-term disability programs of the State. The State is a major participant in both of these programs with all state funds and

departments included. All state colleges, universities, school districts, most charter schools, and other state discrete component units participate in the Risk Management Fund. PEHP also provides insurance coverage to approximately 370 local governments, school districts, and other public entities within the State.

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

The State has determined that the Risk Management Fund and PEHP can economically and effectively manage the State's risks internally and have set aside assets for claim settlements through reserves. Risks are also covered through commercial insurance for excessive losses. The State is self-insured for liability claims up to $2 million and beyond the excess insurance policy limit of $10 million. The State is self-insured for individual property and casualty claims up to $1 million and up to $3.5 million in aggregate claims and beyond the excess insurance policy limit of $1 billion per occurrence. The Risk Management Fund has not had a liability loss that exceeded the State's self-insured claim limit of $1 million for the fiscal years ended June 30, 2017 and June 30, 2018. The fund had losses that exceeded the State's self-insured claim limit of $1 million for the fiscal year ended June 30, 2019.

PEHP has reinsurance coverage for a life catastrophic occurrence in excess of $7.5 million, not to exceed $80 million per year with a one-time reinstatement with additional premium. PEHP also has excess medical reinsurance for medical losses that exceed $1.25 million on a person per year to a maximum of $2 to $5 million during the person's lifetime, depending on the participating group's lifetime maximum.

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

Risk Management and PEHP claims liabilities are reported when it is probable that a claim has occurred and the ultimate cost of settling that claim can be reasonably estimated and includes an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors (i.e., inflation, changes in legal doctrines and insurance benefits, and unanticipated damage awards), the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically by actuaries who take into consideration recently settled claims, frequency of claims, and other economic or social factors. Inflation and other appropriate modifiers are included in this calculation because reliance is based on historical data. The Risk Management Fund general liability program reserves of $60.414 million are reported using a discount rate of 2 percent. The PEHP long-term disability benefit reserves of $18.726 million are reported using discount rates between 2 and 5.75 percent.

All employers who participate in the Utah Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program according to Section 49-21-201 of the *Utah Code*. Employees of state departments who meet long-term disability eligibility receive benefits for the duration of their disability up to the time they are eligible for retirement or until age 65. Benefits beginning after a three-month waiting period are paid 100 percent by the program. As of June 30, 2019, there were 157 state employees receiving benefits. The program is funded by paying premiums to PEHP where assets are set aside for future payments. For the fiscal year ended June 30, 2019, the primary government and the discrete component units of the State paid premiums for the Long-term Disability Program of $5.165 million and $291 thousand, respectively.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University (major and nonmajor discrete component units) each maintain self-insurance funds to manage health/dental care and report claims liabilities if it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The University of Utah also maintains a self-insurance fund to manage medical malpractice liabilities. The University of Utah and the University of Utah Hospital and Clinics also have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by their respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances.

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

The following table presents the prior and current year changes in claims liabilities balances (short and long-term combined). The Risk Management and College and University self-insurance balances are for the fiscal years ended June 30, 2018 and June 30, 2019. The PEHP and UTA balances are for the calendar years ended December 31, 2017 and December 31, 2018:

(Table on next page)

Changes in Claims Liabilities
(expressed in thousands)

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

NOTE 21. SUBSEQUENT EVENTS

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

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

On August 22, 2019, Utah State University (USU) (major discrete component unit) issued $54.995 million of Student Fee and Housing System Revenue Bonds, Series 2019. Principal on the bonds is due annually commencing April 1, 2021 through June 30, 2049. Bond interest is due semi-annually commencing October 1, 2019 at rates ranging from 2.125 to 5.00 percent. Proceeds from these bonds are for the purpose of financing the costs of constructing a six-story student apartment building; a multi-level parking structure on the University main campus; and to pay costs of issuance.

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

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

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

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

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REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule
General Fund
(expressed in thousands)

For the Fiscal Year Ended June 30, 2019

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

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

Budgetary Comparison Schedule
Education Fund
(expressed in thousands)

For the Fiscal Year Ended June 30, 2019

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

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

Budgetary Comparison Schedule
Transportation Fund
(expressed in thousands)

For the Fiscal Year Ended June 30, 2019

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

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

Budgetary Comparison Schedule
Budget to GAAP Reconciliation
(expressed in thousands)

For the Fiscal Year Ended June 30, 2019

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

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

INFORMATION ABOUT BUDGETARY REPORTING

Budgetary Presentation

A Budgetary Comparison Schedule is presented for the General Fund and each of the State's major special revenue funds for which the Legislature enacts an annual budget. An annual budget is also adopted for the Transportation Investment Fund, a major capital projects fund, the Debt Service Fund, a nonmajor governmental fund, and the Alcoholic Beverage Control Fund, a nonmajor enterprise fund. The budgets are enacted through passage of *Appropriations Acts.* Budgets for specific general revenues are not adopted through an *Appropriations Act*, but are based on supporting estimates approved by the Executive Appropriations Committee of the Legislature. General revenues are those revenues available for appropriation for any program or purpose as allowed by law. Department-specific revenues are revenues dedicated by an *Appropriations Act* or restricted by other law or external grantor to a specific program or purpose.

Original budgets and related revenue estimates represent the spending authority enacted through *Appropriations Acts* as of June 30, 2019, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: (***1***) lapse to unrestricted balances (committed, assigned, or unassigned) and be available for future appropriation; (***2***) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or (***3***) be nonlapsing, which means balances are reported as either restricted or committed fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act*, or by limited encumbrances.

Budgetary Control

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of Management and Budget so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January, the Governor recommends a budget to the Legislature. The Legislature considers those recommendations and prepares a series of *Appropriations Acts* that modify the State budget for the current year and constitute the State budget for the following year. The Legislature passes the *Appropriations Acts* by a simple majority vote. The *Appropriations Acts* becomes the State's authorized operating budget upon the Governor's signature. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning balances.

Budgetary control is maintained at the functional or organizational level, as identified by numbered line items in the *Appropriations Acts.* Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Acts*. If funding sources are not sufficient to cover the appropriation, the Governor is required to reduce the budget by the amount of the deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental *Appropriations Act*.

Any department that spends more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. All appropriated budgets of the State were within their authorized spending levels.

Spending Limitation

The State also has an appropriation limitation statute that limits the growth in state appropriations. The total of the amount appropriated from unrestricted General Fund sources plus the income tax revenues appropriated for higher education is limited to the growth in population and inflation. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for debt service, emergency expenditures, amounts from other than unrestricted revenue sources, transfers to the Budgetary Reserve Account (Rainy Day Fund), Education Budget Reserve Account and the Transportation Investment Fund; or capital developments meeting certain criteria are exempt from the appropriations limitation. For the fiscal year ended June 30, 2019, the State was $597.068 million below the appropriations limitation.

INFORMATION ABOUT THE STATE'S PENSION PLANS

A. Single-employer Plans - Utah Retirement Systems

The State's defined benefit pension systems/plan is administered by Utah Retirement Systems and is included in this Comprehensive Annual Financial Report as a pension trust fund within the fiduciary funds. The Judges System and the Utah Governors and Legislators Retirement Plan are single-employer service retirement plans.

The following schedules present for the State's (primary government) single-employer retirement plans Changes in the Net Pension Liability and Related Ratios and Schedule of Employer Contributions.

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

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

* The State of Utah adopted GASB Statement 68 in fiscal year 2015. This schedule will eventually include ten years of history.

** Employer-paid contributions for the Judges System include a 3 percent retirement increase (substantial substitute) that is not reflected in this schedule.

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

Contributions – The following schedule presents a ten year history of the State's (primary government) contributions to the Utah Retirement Systems for its single-employer plans:

Employer Contributions
Single-employer Plans - Utah Retirement System
(dollars expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Judges System	2010	$ 2,427	$ 2,427	$ 0	$ 14,203	17.09%
	2011	$ 3,475	$ 3,475	$ 0	$ 14,650	23.72%
	2012	$ 3,839	$ 3,839	$ 0	$ 14,870	25.82%
	2013	$ 4,910	$ 4,910	$ 0	$ 14,937	32.87%
	2014	$ 5,335	$ 5,335	$ 0	$ 14,989	35.59%
	2015	$ 6,179	$ 6,179	$ 0	$ 15,453	39.99%
	2016	$ 7,154	$ 7,154	$ 0	$ 17,204	41.58%
	2017	$ 7,728	$ 7,728	$ 0	$ 18,347	42.12%
	2018	$ 7,958	$ 7,958	$ 0	$ 18,641	42.69%
	2019	$ 8,501	$ 8,501	$ 0	$ 19,462	43.68%
Utah Governors and Legislators Retirement Plan[1]	2010	—	—	—	—	—
	2011	$ 153	$ 153	$ 0	$ 771	19.84%
	2012	$ 214	$ 214	$ 0	$ 757	28.27%
	2013	$ 252	$ 252	$ 0	$ 1,431	17.61%
	2014	$ 411	$ 411	$ 0	$ 1,783	23.05%
	2015	$ 411	$ 411	$ 0	$ 1,751	23.47%
	2016	$ 421	$ 421	$ 0	$ 943	44.64%
	2017	$ 421	$ 421	$ 0	$ 799	52.69%
	2018	$ 392	$ 392	$ 0	$ 860	45.58%
	2019	$ 384	$ 384	$ 0	$ 848	45.28%

[1] Complete information not available prior to fiscal year 2011.

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

Methods and Assumptions Used to Determine Contribution Rates

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

*All post-retirement cost-of-living adjustments are noncompounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual CPI increase for the year, although unused CPI increases not met may be carried forward to subsequent years.
**Composed of 2.50 percent inflation, plus 0.75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.

Footnotes to Single-employer Plans - Utah Retirement Systems Schedule of Contributions *(continued)*

Other Information:

The actuarially determined contribution rates are calculated as of January 1 and become effective on July 1 of the following year, which is 18 months after the valuation date. The Utah Retirement Systems' Board certifies the contribution rates that employers are contractually required to contribute to the Retirement System. According to Section 49-11-301(5) of the *Utah Code*, if the funded ratio of the plan is less than 110 percent, then the Board is permitted to maintain the prior year's contribution rate if the actuarially determined contribution is lower. The Board has historically followed this policy.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- Investment Rate of Return

  In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8 to 7.75 percent, and then again in 2011 down to 7.50 percent. In 2017, the discount rate was reduced to 7.20 percent and was again reduced in 2018 to 6.95 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
- Amortization

  Changes implemented in 2009 included amortizing 2008 losses over the next 5 years (20 percent per year) and modifying the unfunded actuarial accrued liability (UAAL) amortization period from 20 to 25 years.
- Inflation Rate

  In 2017, the assumed rate of inflation was decreased from 2.75 to 2.60 percent. In 2018, the assumed rate of inflation was decreased from 2.60 to 2.50 percent.
- Projected Salary Increases

  In 2019, the wage inflation assumption decreased from 3.35 to 3.25 percent and 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 (discrete component unit)
Last Five Calendar Years ending December 31 *

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

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

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

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

Last Ten Calendar Years

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

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

Methods and Assumptions Used to Determine Contribution Rates

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

Other Information:

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

Money-Weighted Rate of Return - 10 Years

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

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

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

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

C. Multiple-employer Systems - Utah Retirement Systems

The State's defined benefit pension systems are administered by Utah Retirement Systems and are included in this Comprehensive Annual Financial Report as a pension trust fund within the fiduciary funds. The Noncontributory System, Contributory System, Public Safety System, Firefighters System, Tier 2 Public Employees System, and Tier 2 Public Safety and Firefighters System are defined-benefit multiple-employer, cost-sharing, public employee retirement systems.

The following schedule presents the State's (primary government) proportionate share of the net pension liability for its multiple-employer, cost-sharing public employee employer retirement systems:

Changes in Net Pension Liability
Multiple-employer Plans
Last Four Calendar Years ending December 31*
(dollars expressed in thousands)

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

* The State of Utah adopted GASB Statement 68 in fiscal year 2015. This schedule will eventually include ten years of history.

Contributions - The following schedule presents a ten year history of the State's (primary government) contributions to the Utah Retirement Systems for its multiple-employer, cost-sharing public employee employer retirement systems:

Employer Contributions
Multiple-employer Plans
(dollars expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Noncontributory System	2010	$ 103,548	$ 103,548	$ 0	$ 728,183	14.22%
	2011	$ 117,029	$ 117,029	$ 0	$ 717,445	16.31%
	2012	$ 116,876	$ 116,876	$ 0	$ 705,969	16.56%
	2013	$ 129,519	$ 129,519	$ 0	$ 681,504	19.00%
	2014	$ 139,990	$ 139,990	$ 0	$ 656,413	21.33%
	2015	$ 139,126	$ 139,126	$ 0	$ 636,665	21.85%
	2016	$ 136,246	$ 136,246	$ 0	$ 623,605	21.85%
	2017	$ 138,041	$ 138,041	$ 0	$ 631,040	21.88%
	2018	$ 129,414	$ 129,414	$ 0	$ 591,404	21.88%
	2019	$ 126,809	$ 126,809	$ 0	$ 579,713	21.87%
Contributory System	2010	$ 2,062	$ 2,062	$ 0	$ 21,188	9.73%
	2011	$ 2,154	$ 2,154	$ 0	$ 18,204	11.83%
	2012	$ 2,012	$ 2,012	$ 0	$ 16,266	12.37%
	2013	$ 2,129	$ 2,129	$ 0	$ 14,919	14.27%
	2014	$ 2,114	$ 2,114	$ 0	$ 13,238	15.97%
	2015	$ 1,985	$ 1,985	$ 0	$ 11,215	17.70%
	2016	$ 1,623	$ 1,623	$ 0	$ 9,171	17.70%
	2017	$ 1,373	$ 1,373	$ 0	$ 7,756	17.70%
	2018	$ 1,118	$ 1,118	$ 0	$ 6,317	17.70%
	2019	$ 863	$ 863	$ 0	$ 4,875	17.70%
Public Safety System	2010	$ 34,297	$ 34,297	$ 0	$ 113,776	30.14%
	2011	$ 36,418	$ 36,418	$ 0	$ 111,277	32.73%
	2012	$ 38,733	$ 38,733	$ 0	$ 118,083	32.80%
	2013	$ 42,054	$ 42,054	$ 0	$ 115,261	36.49%
	2014	$ 44,472	$ 44,472	$ 0	$ 112,858	39.41%
	2015	$ 43,893	$ 43,893	$ 0	$ 110,125	39.86%
	2016	$ 43,850	$ 43,850	$ 0	$ 109,288	40.12%
	2017	$ 44,808	$ 44,808	$ 0	$ 111,465	40.20%
	2018	$ 43,333	$ 43,333	$ 0	$ 107,565	40.29%
	2019	$ 42,189	$ 42,189	$ 0	$ 104,652	40.31%
Firefighters System	2010	—	—	—	—	—
	2011	$ 13	$ 13	$ 0	$ 777	1.67%
	2012	$ 5	$ 5	$ 0	$ 1,021	0.49%
	2013	$ 27	$ 27	$ 0	$ 1,033	2.61%
	2014	$ 22	$ 22	$ 0	$ 935	2.35%
	2015	$ 34	$ 34	$ 0	$ 897	3.79%
	2016	$ 46	$ 46	$ 0	$ 1,164	3.95%
	2017	$ 47	$ 47	$ 0	$ 1,216	3.87%
	2018	$ 43	$ 43	$ 0	$ 1,086	3.96%
	2019	$ 58	$ 58	$ 0	$ 1,260	4.60%
Tier 2 Public Employees System	2010	—	—	—	—	—
	2011	—	—	—	—	—
	2012	$ 1,492	$ 1,492	$ 0	$ 19,662	7.59%
	2013	$ 4,395	$ 4,395	$ 0	$ 51,339	8.56%
	2014	$ 6,390	$ 6,390	$ 0	$ 75,172	8.50%

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Employer Contributions
Multiple-employer Plans (continued)
(dollars expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	2015	$ 18,280	$ 18,280	$ 0	$ 100,055	18.27%
	2016	$ 24,358	$ 24,358	$ 0	$ 133,543	18.24%
	2017	$ 31,467	$ 31,467	$ 0	$ 172,519	18.24%
	2018	$ 36,277	$ 36,277	$ 0	$ 196,807	18.43%
	2019	$ 44,102	$ 44,102	$ 0	$ 233,714	18.87%
Tier 2 Public Safety and Firefighters System	2010	—	—	—	—	—
	2011	—	—	—	—	—
	2012	$ 56	$ 56	$ 0	$ 536	10.45%
	2013	$ 506	$ 506	$ 0	$ 4,558	11.10%
	2014	$ 1,002	$ 1,002	$ 0	$ 9,091	11.02%
	2015	$ 3,711	$ 3,711	$ 0	$ 12,751	29.10%
	2016	$ 5,349	$ 5,349	$ 0	$ 18,448	29.00%
	2017	$ 7,248	$ 7,248	$ 0	$ 24,965	29.03%
	2018	$ 8,534	$ 8,534	$ 0	$ 29,390	29.04%
	2019	$ 10,266	$ 10,266	$ 0	$ 34,716	29.57%

Footnotes to Multiple-employer Systems Schedule of Contributions

This schedule reflects the legislative authorized rates and contributions for these systems. Tier 2 rates include a statutory required contribution (0.08 to 18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 plans.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- Investment Rate of Return
  In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8 to 7.75 percent, and then again in 2011 down to 7.50 percent. In 2017, the discount rate was reduced to 7.20 percent and was again reduced in 2018 to 6.95 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
- Amortization
  Changes implemented in 2009 included amortizing 2008 losses over the next 5 years (20 percent per year) and modifying the unfunded actuarial accrued liability (UAAL) amortization period from 20 to 25 years.
- Inflation Rate
  In 2017, the assumed rate of inflation was decreased from 2.75 to 2.60 percent. In 2018, the assumed rate of inflation was decreased from 2.60 to 2.50 percent.
- Projected Salary Increases
  In 2019, the wage inflation assumption decreased from 3.35 to 3.25 percent and the payroll growth assumption also decreased from 3.10 to 3.00 percent.

New Retirement Plans:

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

Restatement:

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

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INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

A. Single-employer Plans

The State administers two single-employer Other Postemployment Benefit (OPEB) Plans, the State Employee OPEB Plan and the Elected Official OPEB Plan. The State Employee OPEB Plan and the Elected Official OPEB Plan are administered through two separate irrevocable trusts; the State Post-Retirement Benefits Trust Fund and Elected Official Post-Retirement Benefits Trust Fund, respectively. Assets of the trust funds are dedicated to providing postemployment health and life insurance coverage to current and eligible future state retirees and elected officials.

The following schedules present, for the State's (primary government) single-employer OPEB Plans, the Changes in the Net OPEB Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment Returns.

Changes in Net OPEB Liability
Single-employer Plans
(expressed in thousands)

		Fiscal Year *		
State Employee Plan		**2019**	**2018**	**2017**
Total OPEB Liability				
Service Cost		$ 5,189	$ 5,063	$ 4,939
Interest		12,749	13,219	13,661
Difference between Actual and Expected Experience		(28,055)	—	—
Assumption Changes		31,163	—	—
Benefit Payments		(30,560)	(31,339)	(30,158)
Net Change in Total OPEB Liability		(9,514)	(13,057)	(11,558)
Total OPEB Liability – Beginning		349,916	362,973	374,531
Total OPEB Liability – Ending	*A*	$ 340,402	$ 349,916	$ 362,973
Plan Fiduciary Net Position				
Contributions – Employee		$ —	$ —	$ —
Contributions – Employer		26,510	29,735	33,361
Net Investment Income (Loss)		24,082	(2,065)	14,194
Benefit Payments		(30,560)	(31,339)	(30,158)
Administrative Expense		—	—	—
Net Transfers with Affiliated Systems		356	961	—
Net Change in Plan Fiduciary Net Position		20,388	(2,708)	17,397
Plan Fiduciary Net Position – Beginning		251,464	254,172	236,775
Plan Fiduciary Net Position – Ending	*B*	$ 271,852	$ 251,464	$ 254,172
Net OPEB Liability (A - B)		$ 68,550	$ 98,452	$ 108,801
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		79.86%	71.86%	70.03%
Covered Payroll **		$ 1,032,288	$ 994,839	$ 966,279
Net OPEB Liability as a Percentage of Covered Payroll		6.64%	9.90%	11.26%
Elected Official OPEB Plan				
Total OPEB Liability				
Service Cost		$ 733	$ 715	$ 698
Interest		908	850	789
Difference between Actual and Expected Experience		(245)	—	—
Assumption Changes		(347)	—	—
Benefit Payments		(412)	(534)	(503)
Net Change in Total OPEB Liability		637	1,031	984
Total OPEB Liability – Beginning		16,766	15,735	14,751
Total OPEB Liability – Ending	*A*	$ 17,403	$ 16,766	$ 15,735
Plan Fiduciary Net Position				
Contributions – Employee		$ —	$ —	$ —
Contributions – Employer		1,388	1,388	1,388
Net Investment Income		1,287	667	1,214
Benefit Payments		(412)	(534)	(503)
Administrative Expense		—	—	—
Net Transfers with Affiliated Systems		—	1	—
Net Change in Plan Fiduciary Net Position		2,263	1,522	2,099
Plan Fiduciary Net Position – Beginning		13,602	12,080	9,981
Plan Fiduciary Net Position – Ending	*B*	$ 15,865	$ 13,602	$ 12,080
Net OPEB Liability (A - B)		$ 1,538	$ 3,164	$ 3,655
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		91.16%	81.13%	76.77%
Covered-employee Payroll **		$ 1,317	$ 1,421	$ 1,478
Net OPEB Liability as a Percentage of Covered-employee Payroll		116.78%	222.66%	247.29%

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

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

Contributions – The following schedule presents a ten year history of the State's (primary government) contributions to its single-employer OPEB plans, the State Employee OPEB Plan and Elected Official OPEB Plan.

Employer Contributions – OPEB Plans
Single-employer Plans
(expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Contributions as a Percentage of Covered Payroll
State Employee OPEB Plan.....	2010	$ 43,819	$ 43,819	$ 0	$ 868,215	5.05%
	2011	$ 43,819	$ 43,819	$ 0	$ 870,590	5.03%
	2012	$ 37,594	$ 43,293	$ (5,699)	$ 866,012	5.00%
	2013	$ 37,594	$ 38,070	$ (476)	$ 874,401	4.35%
	2014	$ 30,342	$ 30,342	$ 0	$ 888,806	3.41%
	2015	$ 30,342	$ 30,342	$ 0	$ 905,895	3.35%
	2016	$ 29,100	$ 35,683	$ (6,583)	$ 942,630	3.79%
	2017	$ 29,100	$ 33,361	$ (4,261)	$ 966,279	3.45%
	2018	$ 29,100	$ 29,735	$ (635)	$ 994,839	2.99%
	2019	$ 25,928	$ 26,510	$ (582)	$ 1,032,288	2.57%
Elected Official OPEB Plan.....	2010	—	—	—	—	—
	2011	—	—	—	—	—
	2012	$ 1,894	$ 3,470	$ (1,576)	$ 757	458.39%
	2013	$ 1,894	$ 2,030	$ (136)	$ 1,431	141.86%
	2014	$ 1,321	$ 2,030	$ (709)	$ 1,783	113.85%
	2015	$ 1,321	$ 1,388	$ (67)	$ 1,751	79.27%
	2016	$ 1,241	$ 1,388	$ (147)	$ 1,661	83.56%
	2017	$ 1,241	$ 1,388	$ (147)	$ 1,478	93.91%
	2018	$ 1,241	$ 1,388	$ (147)	$ 1,421	97.68%
	2019	$ 1,026	$ 1,388	$ (362)	$ 1,317	105.39%

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

Footnotes to Single-employer OPEB Plans Schedule of Contributions

Methods and Assumptions Used to Determine Contribution Rates

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

Other Information:

- Only the last eight years of data, measured in conformity with the latest GASB Statements, is available for the Elected Official OPEB Plan.
- The Actuarially Determined Contribution (ADC) is calculated biennially as of December 31 and is used to establish contributions to fund the plans on July 1, which is generally the fiscal year that begins 6 months after the valuation date. The OPEB Board recommends the ADC to the Governor and Legislature. The Legislature has historically fully funded the ADC.
- The State Employee OPEB Plan was closed to new entrants beginning January 1, 2006. This change to benefit terms was reflected in the subsequent December 31 valuation and reflected in the fiscal year 2010 ADC.
- Healthcare coverage (ages 62 to 65) for the Elected Official OPEB Plan was closed and is only available for elected officials who began service prior to January 1, 2012. This change to healthcare coverage was reflected in the fiscal year 2012 ADC. Benefit terms

were changed again to allow only elected officials that began service prior to July 1, 2013 to receive Medicare coverage. This change to Medicare coverage was reflected in the subsequent December 31 valuation and reflected in the fiscal year 2014 ADC.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- Investment Rate of Return

  In fiscal year 2012, the actuarial assumed rate of return (the discount rate) for the State Employee OPEB Plan was modified from 6.00 to 4.50 percent. In fiscal year 2014, the discount rate for the Elected Official OPEB Plan was modified from 4.00 to 4.50 percent. In fiscal year 2015, the discount rate for the Elected Official OPEB Plan was modified from 4.50 to 5.25 percent. In fiscal year 2019, the discount rate for the State Employee OPEB Plan was modified from 3.75 to 3.00 percent.
- Amortization Period

  In fiscal year 2012, the amortization period for the State Employee OPEB Plan was changed from a 25 year open to a 20 year open. The amortization period for State Employee OPEB Plan was changed again in fiscal year 2014 from a 20 year open to a 10 year open. In fiscal year 2012, the amortization period for the Elected Official OPEB Plan was changed from a 30 year open to a 20 year open. In fiscal year 2019, the amortization period for the Elected Official OPEB Plan was changed again from a 20 year open to a 10 year open.
- Healthcare Cost Trend Rates

  In fiscal year 2012, for both Plans, the health care cost trend rate changed from an initial rate of 10 to 9.50 percent. In fiscal year 2014, the healthcare cost trend rate changed from an initial rate of 9.50 to 8.50 percent, and changed again in fiscal year 2016 to an initial rate of 5.20 percent. In fiscal year 2016 the healthcare cost trend rate changed from an ultimate rate of 4.50 to 4.20 percent. In fiscal year 2019, the health care trend rate assumption was updated to reflect the latest cost trend model, resulting in a decrease of the initial and ultimate rates from 5.90 to 5.40 percent and 4.14 to 3.94 percent, respectively.
- Other

  In fiscal year 2019, the Per Capita Claims Costs (PCCC) aging factors were updated for pre-Medicare and post-Medicare retirees. The pre-Medicare PCCC now vary by age instead of 5-year age bands used in the prior valuation. Additionally, the post-Medicare PCCC varied by 5-year age bands in the prior valuation, but they are now based on the annualized premium rates provided for Medicare Supplement 100 and Enhanced Rx.

OPEB Plans

Schedule of Investment Returns

Single-employer Plans

Last Ten Fiscal Years

	Fiscal Year*	Annual Money-Weighted Rate of Return (Net of Investment Expense)
State Employee OPEB Plan	2010	—
	2011	—
	2012	—
	2013	—
	2014	—
	2015	—
	2016	—
	2017	5.79 %
	2018	(0.43)%
	2019	9.72 %
Elected Official OPEB Plan	2010	—
	2011	—
	2012	—
	2013	—
	2014	—
	2015	—
	2016	—
	2017	11.24 %
	2018	5.09 %
	2019	11.65 %

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

INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

As allowed by the Governmental Accounting Standards Board (GASB), the State has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). This includes infrastructure acquired prior to fiscal year 1981. Under this alternative method, referred to as the "modified approach," infrastructure assets are not depreciated, and maintenance and preservation costs are expensed.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the State.
- Document that infrastructure assets are being preserved approximately at, or above the condition level established by the State.

Roads

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

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

Condition Level – Roads

UDOT performs pavement condition assessments at a minimum of every other calendar year. The State has established an overall condition target to assure the system is funded adequately and not at any financial risk to maintain. This target is to maintain the Statewide system with 80 percent or more of the mileage rated in "Fair or Better" condition. UDOT utilizes a number of additional strategies and performance measures for estimating long term performance and managing allocations of funds to different categories within the pavement system. These measures vary slightly in function and purpose, all seeking to help assure systems are performing well. Some of these additional measures include strategic goals for both High Volume and Low Volume systems, internal goals for each pavement category, and annual national performance targets for reporting to the Federal Highway Administration for the Interstate system and the National Highway system. Ultimately these additional strategies and measures are only used as a mechanism to distribute funding and are adjusted as needed to assure the Statewide system remains with 80 percent or more of the pavement mileage rated in "Fair or Better" condition.

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

	2018	2017	2015
Statewide System	91.40%	90.36%	89.32%

The following table presents the State's estimated amounts needed to maintain and preserve roads at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

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

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,957 state-owned bridges. A number, ranging from 1 to 100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

Category	Range	Description
Good	80 - 100	Preventive maintenance requirements include repair leaking deck joints, apply deck overlays and seals, place concrete sealers to splash zones, paint steel surfaces, and minor beam repairs.
Fair	50 - 79	Corrective repairs include deck, beam, and substructure repairs, fixing settled approaches, and repairing collision damage.
Poor	1 - 49	Major rehabilitation and replacement includes deck, beam, or substructure replacements or replacement of the entire bridge.

Condition Level – Bridges

The State performs assessments on 50 percent of bridges on an annual basis. The established condition level is to maintain 50 percent of the bridges with a rating of “good” and no more than 10 percent with a rating of “poor.” The following table reports the results of the bridges assessed for the past three years:

Rating	2019	2018	2017
Good	64.38%	64.52%	67.91%
Poor	2.91%	2.76%	1.45%

The following table presents the State’s estimated amounts needed to maintain and preserve bridges at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

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

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SUPPLEMENTARY INFORMATION

STATE OF UTAH

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Crater Springs Golf Course in Midway

2019

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

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

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

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

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

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

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

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

Capital Projects – General Government
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by the State and its discrete component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and intergovernmental revenues.

Capital Projects – State Building Ownership Authority *(Blended Component Unit)*
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

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

Debt Service – State Building Ownership Authority *(Blended Component Unit)*
This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority. The fund also receives capital lease payments from certain college and university component units.

Combining Balance Sheet
Nonmajor Governmental Funds
(expressed in thousands)

June 30, 2019

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

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

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

(expressed in thousands)

For the Fiscal Year Ended June 30, 2019

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

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

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

For the Fiscal Year Ended June 30, 2019

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

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

For the Fiscal Year Ended June 30, 2019

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

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

For the Fiscal Year Ended June 30, 2019

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

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

For the Fiscal Year Ended June 30, 2019

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

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

For the Fiscal Year Ended June 30, 2019

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

Detail Schedule of Expenditures – Budget and Actual
Education Fund, Transportation Fund, Transportation Investment Fund, and Debt Service Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2019

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

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Housing Loan Programs

These programs provide loans or grants to low income or special needs individuals for construction, rehabilitation, or purchase of single or multi-family housing. Funds are provided from federal programs, loan repayments, appropriations, and interest earnings.

Agriculture Loan Fund

This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

Energy Efficiency Fund

This fund provides revolving loans to assist in the conversion of government and private fleet vehicles to clean fuel and for energy efficiency projects in political subdivisions and state facilities. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

Local Government Loan Fund

This fund provides revolving loan programs to local governments for infrastructure assistance, to expedite construction projects, and for providing emergency disaster services. These loan programs are funded with state appropriations.

Alcoholic Beverage Control

The Alcoholic Beverage Control Commission was established to conduct, license, and regulate the sale of alcoholic beverages. Funding is provided through the sale of products. The net profit from the fund is transferred to the State's General Fund and is used for general government purposes.

Utah Correctional Industries

Utah Correctional Industries (UCI) was established to provide work training opportunities for inmates of the Utah State Prison. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy, plant nursery, and textile products, and provides printing services and miscellaneous other products and services. Funding comes from charges for products and services.

State Trust Lands Administration

The Utah School and Institutional Trust Lands Administration (SITLA) and the School and Institutional Trust Fund Office (SITFO) manage the assets of the Trust Lands permanent fund. Their objective is to maximize revenue from land assets and investment returns for the beneficiaries.

Utah Dairy Commission

The purpose of the Commission is to promote the use of dairy products. Its operations are comprised of promotion, advertising, research, and nutritional education regarding dairy products. Funding consists primarily of fees from milk producers.

Medical Cannabis Fund

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

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

June 30, 2019	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Local Government Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 17,561	$ 26,019	$ 2,256	$ 17,095
Receivables:				
Accounts, net	760	—	—	—
Accrued Interest	1,988	411	4	324
Notes/Loans/Mortgages, net	6,718	4,674	322	3,170
Due From Other Funds	—	—	—	—
Due From Component Units	—	—	—	—
Prepaid Items	—	—	—	—
Inventories	595	—	—	—
Total Current Assets	27,622	31,104	2,582	20,589
Noncurrent Assets:				
Investments	—	—	—	—
Accrued Interest Receivable	1,098	—	—	202
Notes/Loans/Mortgages Receivables, net	127,195	23,571	1,360	45,765
Capital Assets:				
Land	—	—	—	—
Infrastructure – depreciating	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	20	—	—
Intangible Assets – Software	—	—	—	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	—	(20)	—	—
Total Capital Assets	0	0	0	0
Total Noncurrent Assets	128,293	23,571	1,360	45,967
Total Assets	$ 155,915	$ 54,675	$ 3,942	$ 66,556
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —
Deferred Outflows Relating to Pensions	—	—	—	—
Deferred Outflows Relating to Other Postemployment Benefits	—	—	—	—
Total Deferred Outflows of Resources	$ 0	$ 0	$ 0	$ 0
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 431	$ 196	$ —	$ —
Deposits	1	—	—	—
Due To Other Funds	3	1	—	—
Unearned Revenue	—	—	—	—
Notes Payable	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Total Current Liabilities	435	197	0	0
Noncurrent Liabilities:				
Notes Payable	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Net Pension Liability	—	—	—	—
Net Other Postemployment Benefit Liability	—	—	—	—
Total Noncurrent Liabilities	0	0	0	0
Total Liabilities	$ 435	$ 197	$ 0	$ 0
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions	$ —	$ —	$ —	$ —
Deferred Inflows Relating to Other Postemployment Benefits	—	—	—	—
Total Deferred Inflows of Resources	$ 0	$ 0	$ 0	$ 0
NET POSITION				
Net Investment in Capital Assets	$ —	$ —	$ —	$ —
Restricted for:				
Loan Programs	97,671	5,352	—	65,030
Unrestricted	57,809	49,126	3,942	1,526
Total Net Position	$ 155,480	$ 54,478	$ 3,942	$ 66,556

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

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

For the Fiscal Year Ended June 30, 2019

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

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

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

For the Fiscal Year Ended June 30, 2019

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

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

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

For the Fiscal Year Ended June 30, 2019

	Housing Loan Program	Agriculture Loan Fund	Energy Efficiency Fund	Local Government Loan Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 732	$ 620	$ (262)	$ (1)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	—	—	—	—
Pension and OPEB Expense Accruals	—	—	—	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds	—	—	—	—
Notes/Accrued Interest Receivables	(5,235)	653	—	—
Inventories	(57)	—	—	—
Prepaid Items	—	1	—	—
Accrued Liabilities/Due to Other Funds	259	181	—	—
Unearned Revenue/Deposits	—	—	—	—
Net Cash Provided (Used) by Operating Activities	$ (4,301)	$ 1,455	$ (262)	$ (1)
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ (186)
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ (186)

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

Detail Schedule of Expenditures - Budget and Actual Comparison
Enterprise Funds with Legally Adopted Annual Budgets
(expressed in thousands)

For the Fiscal Year Ended June 30, 2019

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

Technology Services
This fund is responsible for providing data processing and various other computer services along with voice and data communication services to state agencies.

General Services
This fund manages cooperative purchasing contracts and provides purchasing card, printing and mailing services, and surplus property services to state agencies. This fund also provides warehouse services for the Department of Natural Resources.

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

Risk Management
This fund provides insurance coverage and loss prevention services to state agencies, institutions of higher education, and participating local school districts. Coverage is provided using a combination of self-insurance and private excess insurance.

Property Management
This fund is responsible for the operation and maintenance of facilities used by state agencies. This fund is also used to account for the State's facility energy efficiency program.

Human Resource Management
This fund provides human resource and payroll services to state agencies.

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

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

June 30, 2019

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

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

For the Fiscal Year Ended June 30, 2019

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

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

For the Fiscal Year Ended June 30, 2019

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

Continues

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

For the Fiscal Year Ended June 30, 2019

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

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PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Defined Benefit Pension Plans and Defined Contribution Plans

These funds are used to account for the various pension trust funds and defined contribution plans administered by the Utah Retirement Systems. Funding comes from employee and employer contributions and investment earnings. Contributions in some systems are augmented by fees, insurance premium taxes, or legislative appropriations.

Post-Retirement Benefits Trust Funds

The State administers the State Employee and the Elected Official Other Postemployment Benefit Plans as irrevocable trusts. These trust funds account for the assets accumulated and the payments made for other postemployment benefits provided to current and future state employee and elected official retirees. Funding comes from employer contributions and investment earnings.

Other Employee Benefits Trust Funds

These trust funds are used to pay other employee benefits upon retirement or termination.

PRIVATE PURPOSE TRUST FUNDS

Utah Navajo Trust

This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of Navajo residents of San Juan County, Utah.

Unclaimed Property Trust

This fund is used to account for unclaimed property escheated to the State. Proceeds of the fund pay the administrative costs to operate the fund and any claims. The remaining proceeds are deposited in the Education Fund and can only be used to help fund public education.

Employers' Reinsurance Trust

This fund primarily provides compensation to individuals injured from industrial accidents or occupational diseases occurring on or before June 30, 1994, where the injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on insurance premiums and court-ordered penalties. The net position of the fund is held in trust for injured workers and cannot be used for any other purpose.

Petroleum Storage Tank Trust

This fund is used to pay the costs of damage caused by petroleum storage tank releases and provide revolving loan capital. Sources of funding include fees from participating companies, recovered costs and settlements from responsible parties, and investment income. The net position of this fund is held in trust for the benefit of participants and cannot be used for any other purpose.

Utah Educational Savings Plan Trust (dba My529)

This fund was created as a means to encourage investment in a public trust to pay for future higher education costs. Participant contributions are used to pay for future college expenses.

Miscellaneous Restricted Trust

This is made up of various small individual funds created to receive and disburse funds in accordance with applicable laws and trust agreements.

AGENCY FUNDS

Taxes and Social Security

This fund is used to account for federal withholding and social security taxes on the State's payroll.

County and Local Collections

This fund receives and disburses various taxes collected by the State on behalf of county and local governments.

State Courts

This fund receives and disburses various fines and forfeitures collected by the state courts on behalf of state and local agencies.

Deposits, Suspense, and Miscellaneous

This fund is made up of small individual funds established to account for various receipts and disbursements.

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

June 30, 2019

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

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

Continues

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

June 30, 2019

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

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

For the Fiscal Year Ended June 30, 2019

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

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

Continues

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

For the Fiscal Year Ended June 30, 2019

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

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

June 30, 2019

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

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

For the Fiscal Year Ended June 30, 2019

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

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
(expressed in thousands)

June 30, 2019

	Taxes and Social Security	Country and Local Collections	State Courts	Deposits, Suspense, and Miscellaneous	Total
ASSETS					
Cash and Cash Equivalents	$ 39	$ 148,606	$ 6,706	$ 25,655	$ 181,006
Accounts Receivable	—	—	—	20,048	20,048
Due From Other Funds	—	—	—	123	123
Investments:					
Debt Securities	—	117	—	3,192	3,309
Other Assets	—	—	37,791	16,330	54,121
Total Assets	$ 39	$ 148,723	$ 44,497	$ 65,348	$ 258,607
LIABILITIES					
Due To Individuals, Organizations, and Other Governments	$ 39	$ 148,723	$ 44,497	$ 65,348	$ 258,607
Total Liabilities	$ 39	$ 148,723	$ 44,497	$ 65,348	$ 258,607

Combining Statement of Changes in Assets and Liabilities

Agency Funds

(expressed in thousands)

For the Fiscal Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	$ 5	$ 267,399	$ 267,365	$ 39
Total Assets	$ 5	$ 267,399	$ 267,365	$ 39
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 5	$ 267,433	$ 267,399	$ 39
Total Liabilities	$ 5	$ 267,433	$ 267,399	$ 39
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	$ 142,820	$ 2,019,290	$ 2,013,504	$ 148,606
Investments	39	3,104	3,026	117
Total Assets	$ 142,859	$ 2,022,394	$ 2,016,530	$ 148,723
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 142,859	$ 2,037,275	$ 2,031,411	$ 148,723
Total Liabilities	$ 142,859	$ 2,037,275	$ 2,031,411	$ 148,723
STATE COURTS				
Assets				
Cash and Cash Equivalents	$ 818	$ 22,422	$ 16,534	$ 6,706
Other Assets	43,860	103,515	109,584	37,791
Total Assets	$ 44,678	$ 125,937	$ 126,118	$ 44,497
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 44,678	$ 125,943	$ 126,124	$ 44,497
Total Liabilities	$ 44,678	$ 125,943	$ 126,124	$ 44,497
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	$ 32,743	$ 517,311	$ 524,399	$ 25,655
Investments	3,069	1,204	1,081	3,192
Receivables:				
Accounts Receivable	18,864	2,334	1,150	20,048
Due From Other Funds	152	123	152	123
Other Assets	15,930	400	—	16,330
Total Assets	$ 70,758	$ 521,372	$ 526,782	$ 65,348
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 70,758	$ 511,511	$ 516,921	$ 65,348
Total Liabilities	$ 70,758	$ 511,511	$ 516,921	$ 65,348
TOTAL — ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	$ 176,386	$ 2,826,422	$ 2,821,802	$ 181,006
Investments	3,108	4,308	4,107	3,309
Receivables:				
Accounts Receivable	18,864	2,334	1,150	20,048
Due From Other Funds	152	123	152	123
Other Assets	59,790	103,915	109,584	54,121
Total Assets	$ 258,300	$ 2,937,102	$ 2,936,795	$ 258,607
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 258,300	$ 2,942,162	$ 2,941,855	$ 258,607
Total Liabilities	$ 258,300	$ 2,942,162	$ 2,941,855	$ 258,607

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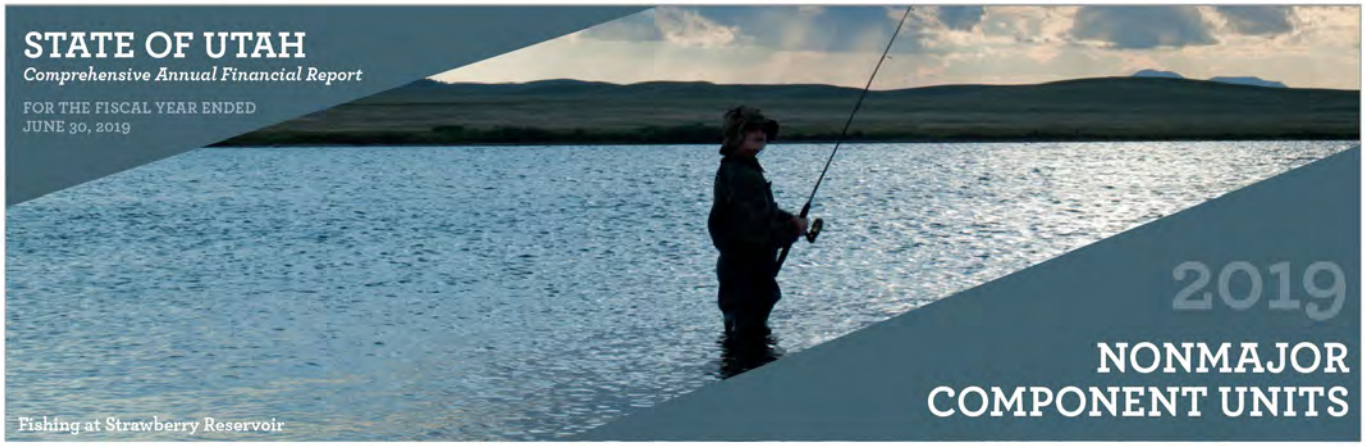

Utah Communications Authority

The Utah Communications Authority (UCA) provides public safety communications services and facilities on a statewide basis for the benefit and use of state, local, and federal agencies. UCA supports statewide interoperability of emergency communications throughout the State, and manages the 911 funds collected by the State for the benefit of the Public Safety Answering Points within the State. UCA operations are funded through service charges supplemented with federal grants and state fees and appropriations.

Utah Schools for the Deaf and the Blind

The Schools were created to provide education to individuals with hearing and/or vision impairments, through direct and indirect education services, as well as consultation to their families and service providers.

Military Installation Development Authority

This Authority is an independent, nonprofit entity whose purpose is to provide for the development and improvement of project areas near military installations throughout the State. Operations are funded through service charges, project revenue, and state appropriations.

Heber Valley Historic Railroad Authority

This Authority was created to operate, maintain, improve, and provide for a scenic and historic railway in and around the Heber Valley in Wasatch County. Operations are funded primarily through user charges.

Utah State Fair Corporation

This Corporation was created to operate the State Fair Park and conduct the Utah State Fair and other expositions and entertainment events. Operations are funded by admissions, rentals, donations, and state appropriations.

Utah Inland Port Authority

This Authority is an independent, nonprofit corporation whose purpose is to facilitate the development of the authority jurisdictional land to maximize the long-term economic and other benefits for the State. Operations are funded through state appropriations.

Colleges and Universities

The colleges and universities are the State's public institutions of higher education. The nonmajor institutions of higher education are:

Weber State University | Southern Utah University | Salt Lake Community College | Utah Valley University | Dixie State University | Snow College | Utah System of Technical Colleges

Combining Statement of Net Position
Nonmajor Component Units
(expressed in thousands

June 30, 2019

	Utah Communications Authority	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 212	$ 5,738	$ 2,529	$ 99	$ 2,840
Investments	27,625	—	—	—	—
Receivables:					
Accounts, net	439	531	224	5	61
Notes/Loans/Mortgages/Pledges, net	—	—	—	—	—
Accrued Interest	—	—	—	—	—
Due From Primary Government	—	320	—	—	—
Prepaid Items	55	—	—	—	139
Inventories	168	—	—	9	—
Other Assets	—	—	—	—	—
Total Current Assets	28,499	6,589	2,753	113	3,040
Noncurrent Assets:					
Restricted Investments	—	—	4,632	—	—
Accounts Receivables, net	—	—	—	—	—
Investments	—	—	—	—	—
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	—	—	—
Other Assets	142	—	—	—	—
Capital Assets (net of Accumulated Depreciation)	12,889	26,726	6,981	3,415	1,040
Total Noncurrent Assets	13,031	26,726	11,613	3,415	1,040
Total Assets	$ 41,530	$ 33,315	$ 14,366	$ 3,528	$ 4,080
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —	$ —
Deferred Outflows Relating to Pensions	1,189	5,626	93	139	235
Deferred Outflows Relating to Other Postemployment Benefit	—	365	—	—	—
Total Deferred Outflows of Resources	$ 1,189	$ 5,991	$ 93	$ 139	$ 235
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	$ 1,665	$ 1,327	$ 1,840	$ 28	$ 250
Deposits	—	—	—	—	—
Due To Primary Government	—	169	—	1	10
Unearned Revenue	321	—	3,478	—	45
Current Portion of Long-term Liabilities	346	—	122	104	—
Total Current Liabilities	2,332	1,496	5,440	133	305
Noncurrent Liabilities:					
Accounts Payable and Accrued Liabilities	—	—	—	—	—
Unearned Revenue	10	—	—	—	—
Net Pension Liability	1,717	12,663	122	195	397
Net Other Postemployment Benefit Liability	—	645	—	—	—
Long-term Liabilities	1,069	—	2,555	473	—
Total Noncurrent Liabilities	2,796	13,308	2,677	668	397
Total Liabilities	$ 5,128	$ 14,804	$ 8,117	$ 801	$ 702
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Relating to Beneficial Interests	$ —	$ —	$ —	$ —	$ —
Deferred Amount on Refundings of Bonded Debt	—	—	—	—	—
Deferred Inflows Relating to Pensions	544	373	79	97	132
Deferred Inflows Relating to Other Postemployment Benefit	—	418	—	—	—
Total Deferred Inflows of Resources	$ 544	$ 791	$ 79	$ 97	$ 132
NET POSITION					
Net Investment in Capital Assets	$ 12,247	$ 26,726	$ 4,379	$ 2,831	$ 1,040
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	—
Expendable:					
Higher Education	—	—	—	—	—
Other	5,154	—	399	—	6
Unrestricted (Deficit)	19,646	(3,015)	1,485	(62)	2,435
Total Net Position	$ 37,047	$ 23,711	$ 6,263	$ 2,769	$ 3,481

Utah Inland Port Authority	Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State University	Snow College	Utah System of Technical Colleges	Total Nonmajor Component Units
$ 1,402	$ 46,733	$ 11,584	$ 37,286	$ 103,186	$ 22,197	$ 6,458	$ 30,763	$ 271,027
—	12,599	16,946	35,854	53,512	8,147	4,162	1,957	160,802
—	9,527	7,008	7,392	6,192	4,047	907	3,576	39,909
—	1,608	447	299	2,384	—	—	38	4,776
—	245	—	—	—	—	—	—	245
—	—	—	—	—	—	—	—	320
—	1,134	4,536	2,084	2,063	211	173	240	10,635
—	2,494	756	993	3,463	615	156	2,014	10,668
—	437	—	29	—	—	—	—	466
1,402	74,777	41,277	83,937	170,800	35,217	11,856	38,588	498,848
—	18,704	1,651	15,781	4,017	16,541	160	2,387	63,873
—	4,122	—	1,099	5,454	3,345	—	—	14,020
—	208,732	63,192	87,752	80,931	28,330	15,032	837	484,806
—	6,628	11,393	197	24,507	—	—	500	43,225
—	9,052	846	—	1,935	—	—	—	11,975
—	391,991	163,531	255,564	447,291	165,141	111,175	223,566	1,809,310
0	639,229	240,613	360,393	564,135	213,357	126,367	227,290	2,427,209
$ 1,402	$ 714,006	$ 281,890	$ 444,330	$ 734,935	$ 248,574	$ 138,223	$ 265,878	$ 2,926,057
$ —	$ 536	$ —	$ —	$ 90	$ —	$ —	$ —	$ 626
—	7,809	5,901	9,178	11,020	2,410	2,032	9,541	55,173
—	—	—	—	—	—	—	—	365
$ 0	$ 8,345	$ 5,901	$ 9,178	$ 11,110	$ 2,410	$ 2,032	$ 9,541	$ 56,164
$ —	$ 3,509	$ 8,113	$ 11,667	$ 20,806	$ 1,368	$ 925	$ 5,029	$ 56,527
—	—	866	515	768	561	649	67	3,426
—	3,783	84	911	2,516	5,234	1,447	223	14,378
—	8,651	7,401	7,179	9,245	1,500	392	1,566	39,778
—	6,591	5,709	6,913	6,578	3,190	1,248	2,513	33,314
0	22,534	22,173	27,185	39,913	11,853	4,661	9,398	147,423
—	—	—	1,063	—	—	29	—	1,092
—	—	—	—	505	—	—	—	515
—	20,866	14,868	22,295	28,963	4,227	3,405	15,549	125,267
—	—	—	—	—	—	—	—	645
—	48,378	20,389	14,305	46,018	49,249	14,522	26,089	223,047
0	69,244	35,257	37,663	75,486	53,476	17,956	41,638	350,566
$ 0	$ 91,778	$ 57,430	$ 64,848	$ 115,399	$ 65,329	$ 22,617	$ 51,036	$ 497,989
$ —	$ 8,961	$ 477	$ —	$ —	$ —	$ —	$ —	$ 9,438
—	—	—	—	—	—	—	—	—
—	963	276	1,162	1,487	2,499	1,841	8,365	17,818
—	—	—	—	—	—	—	—	418
$ 0	$ 9,924	$ 753	$ 1,162	$ 1,487	$ 2,499	$ 1,841	$ 8,365	$ 27,674
$ —	$ 345,235	$ 138,497	$ 254,635	$ 398,206	$ 130,207	$ 96,288	$ 198,356	$ 1,608,647
—	110,974	23,705	7,994	39,786	21,876	5,839	1,963	212,137
—	68,673	35,653	12,841	64,708	19,595	4,062	2,761	208,293
—	—	—	—	—	—	1,204	1,059	7,822
1,402	95,767	31,753	112,028	126,459	11,478	8,404	11,879	419,659
$ 1,402	$ 620,649	$ 229,608	$ 387,498	$ 629,159	$ 183,156	$ 115,797	$ 216,018	$ 2,456,558

Combining Statement of Activities
Nonmajor Component Units
(expressed in thousands)

For the Fiscal Year Ended June 30, 2019

	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	$ 33,907	$ 40,856	$ 18,345	$ 1,961	$ 5,400
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	—
Scholarship Allowances	—	—	—	—	—
Sales, Services, and Other Revenues	459	7,227	16,663	2,225	5,646
Operating Grants and Contributions	164	1,224	—	44	—
Capital Grants and Contributions	—	—	—	—	—
Total Program Revenues	623	8,451	16,663	2,269	5,646
Net (Expenses) Revenues	(33,284)	(32,405)	(1,682)	308	246
General Revenues:					
State Appropriations	35,357	30,902	—	—	300
Unrestricted Investment Income	438	27	24	—	43
Gain (Loss) on Sale of Capital Assets	—	—	1	—	—
Miscellaneous	10	—	5,162	—	—
Permanent Endowments Contributions	—	—	—	—	—
Total General Revenues and Contributions	35,805	30,929	5,187	0	343
Change in Net Position	2,521	(1,476)	3,505	308	589
Net Position – Beginning	34,526	25,187	2,758	2,461	2,892
Net Position – Ending	$ 37,047	$ 23,711	$ 6,263	$ 2,769	$ 3,481

Utah Inland Port Authority	Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State University	Snow College	Utah System of Technical Colleges	Total Nonmajor Component Units
$ 573	$ 255,529	$ 170,421	$ 207,300	$ 335,620	$ 120,255	$ 57,157	$ 131,699	$ 1,379,023
—	125,293	93,834	78,550	202,749	57,769	16,465	15,018	589,678
—	(39,471)	(32,347)	(19,183)	(54,576)	(14,344)	(6,789)	(3,640)	(170,350)
—	25,856	25,037	15,835	28,801	8,823	(1,416)	5,544	140,700
—	65,075	33,991	41,509	92,579	22,858	1,614	20,587	279,645
—	34,070	14,926	2,754	31,215	1,293	11,350	12,203	107,811
0	210,823	135,441	119,465	300,768	76,399	21,224	49,712	947,484
(573)	(44,706)	(34,980)	(87,835)	(34,852)	(43,856)	(35,933)	(81,987)	(431,539)
1,975	90,744	42,661	103,056	117,271	39,813	33,611	83,781	579,471
—	—	—	—	—	—	—	—	532
—	—	—	—	—	—	—	121	122
—	—	—	—	—	—	186	—	5,358
—	3,874	388	638	—	132	—	40	5,072
1,975	94,618	43,049	103,694	117,271	39,945	33,797	83,942	590,555
1,402	49,912	8,069	15,859	82,419	(3,911)	(2,136)	1,955	159,016
—	570,737	221,539	371,639	546,740	187,067	117,933	214,063	2,297,542
$ 1,402	$ 620,649	$ 229,608	$ 387,498	$ 629,159	$ 183,156	$ 115,797	$ 216,018	$ 2,456,558

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STATISTICAL SECTION

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STATISTICAL SECTION

Fiscal Year Ended June 30, 2019

This section of the State of Utah's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State's overall financial health.

Financial Trends Information
These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

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Other Information
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Sources: Unless otherwise noted, the information in the following schedules is derived from the State of Utah Comprehensive Annual Financial Report.

Schedule A–1

Net Position by Component*

Last Ten Fiscal Years

(expressed in thousands)

	Fiscal Year			
	2019	**2018**	**2017**	**2016**
Governmental Activities				
Net Investment in Capital Assets	$ 17,147,477	$ 16,827,887	$ 16,370,572	$ 15,478,397
Restricted [1]	4,953,627	4,693,165	4,251,152	3,864,294
Unrestricted [2]	1,847,710	1,249,827	819,880	1,011,204
Total Governmental Activities Net Position	23,948,814	22,770,879	21,441,604	20,353,895
Business-type Activities				
Net Investment in Capital Assets	32,972	29,237	19,440	20,384
Restricted [3]	2,286,785	2,221,712	2,110,776	2,065,552
Unrestricted [4]	1,319,130	1,287,673	1,228,915	1,169,162
Total Business-type Activities Net Position	3,638,887	3,538,622	3,359,131	3,255,098
Primary Government				
Net Investment in Capital Assets	17,180,449	16,857,124	16,390,012	15,498,781
Restricted	7,240,412	6,914,877	6,361,928	5,929,846
Unrestricted	3,166,840	2,537,500	2,048,795	2,180,366
Total Primary Government Net Position	$ 27,587,701	$ 26,309,501	$ 24,800,735	$ 23,608,993

*This schedule is presented using the accrual basis of accounting.

Note: This schedule has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

[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.

[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 and 2019, unrestricted net position increased due to an increase in amounts unspent and carried forward in the General Fund and for transportation projects. In fiscal year 2019, capital projects also contributed to this increase.

[3] From fiscal year 2011 to 2019, restricted net position has continued to steadily increase due to unemployment revenues exceeding related claims.

[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 2019, business-type activities' unrestricted net position increased primarily due to the the State providing additional capital to the loan funds from dedicated sales tax revenues.

Fiscal Year					
2015	**2014**	**2013**	**2012**	**2011**	**2010**
$ 14,789,631	$ 14,025,472	$ 13,481,005	$ 12,773,959	$ 12,358,579	$ 12,005,321
3,877,468	3,600,039	3,120,501	2,601,082	2,337,607	2,009,168
888,526	1,496,537	1,305,793	1,083,417	1,055,226	895,517
19,555,625	19,122,048	17,907,299	16,458,458	15,751,412	14,910,006
16,740	14,198	14,012	13,293	12,862	13,061
1,975,859	1,734,512	1,616,819	1,463,006	1,311,865	1,272,090
1,157,416	1,231,623	1,094,041	1,053,270	984,552	937,452
3,150,015	2,980,333	2,724,872	2,529,569	2,309,279	2,222,603
14,806,371	14,039,670	13,495,017	12,787,252	12,371,441	12,018,382
5,853,327	5,334,551	4,737,320	4,064,088	3,649,472	3,281,258
2,045,942	2,728,160	2,399,834	2,136,687	2,039,778	1,832,969
$ 22,705,640	$ 22,102,381	$ 20,632,171	$ 18,988,027	$ 18,060,691	$ 17,132,609

Schedule A–2
Changes in Net Position*
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year			
	2019	**2018**	**2017**	**2016**
GOVERNMENTAL ACTIVITIES				
Expenses				
General Government	$ 576,183	$ 503,430	$ 476,428	$ 457,564
Human Services and Juvenile Justice Services	932,553	854,614	818,058	765,027
Corrections	340,123	314,701	297,587	282,538
Public Safety	363,510	307,121	266,032	245,598
Courts	165,833	162,049	150,066	142,913
Health and Environmental Quality [1]	2,979,063	2,807,215	2,719,553	2,600,928
Higher Education	1,339,338	1,318,207	1,104,855	1,137,364
Employment and Family Services	769,277	753,205	760,777	710,018
Natural Resources	264,093	238,545	225,176	198,190
Heritage and Arts [2]	31,928	30,279	28,874	27,048
Business, Labor, and Agriculture	122,449	116,964	106,523	112,809
Public Education [3]	4,141,443	3,981,186	3,748,684	3,554,337
Transportation[4]	1,288,760	970,442	888,854	825,923
Interest and Other Charges on Long-Term Debt	83,657	85,141	84,820	93,598
Total Expenses	13,398,210	12,443,099	11,676,287	11,153,855
Program Revenues				
Charges for Services:				
General Government	208,338	216,929	182,026	166,386
Human Services and Juvenile Justice Services	10,843	11,399	12,674	10,725
Corrections	1,960	3,199	4,824	3,836
Public Safety	78,901	73,939	59,581	61,395
Courts	54,481	52,563	51,645	51,868
Health and Environmental Quality	391,072	337,171	315,962	325,024
Higher Education	500	—	—	—
Employment and Family Services	9,153	9,639	8,911	8,082
Natural Resources	107,817	105,790	101,933	90,561
Heritage and Arts	3,325	3,041	3,961	3,443
Business, Labor, and Agriculture	119,166	104,113	94,305	94,924
Public Education	75,944	79,337	191,968	89,269
Transportation	222,588	214,221	206,963	207,554
Operating Grants and Contributions	4,162,578	4,057,460	3,994,614	3,632,735
Capital Grants and Contributions	155,265	164,278	132,708	87,942
Total Program Revenues	5,601,931	5,433,079	5,362,075	4,833,744
Net Program (Expense) - Governmental Activities	(7,796,279)	(7,010,020)	(6,314,212)	(6,320,111)
General Revenues and Other Changes in Net Position				
Taxes:				
Sales Tax and Use Tax [5]	2,804,457	2,648,552	2,402,809	2,300,368
Individual Income Tax Imposed for Education [5]	4,346,855	4,072,919	3,646,721	3,435,425
Corporate Tax Imposed for Education [5]	529,279	422,980	327,266	354,979
Motor and Special Fuel Taxes Imposed for Transportation	521,012	500,080	483,922	425,366
Other Taxes	398,486	398,940	355,075	354,800
Investment Income	60,503	34,424	22,058	9,365
Gain on Sale of Capital Assets	65,471	40,871	54,012	27,048
Miscellaneous	104,415	139,753	106,723	82,882
Special Item:				
Comprehensive Health Insurance Pool Transfer	—	—	—	—
Transfers–Internal Activities	143,736	96,245	135,338	128,148
Prior Period Adjustments and Restatements	—	(15,469)	1,207	—
Total General Revenues and Other Changes in Net Position	8,974,214	8,339,295	7,535,131	7,118,381
Change in Net Position — Governmental Activities – Increase (Decrease)	1,177,935	1,329,275	1,220,919	798,270

Fiscal Year					
2015	2014	2013	2012	2011	2010
$ 442,340	$ 417,067	$ 406,065	$ 420,612	$ 402,543	$ 383,925
718,731	690,117	671,831	646,565	648,456	669,169
273,695	268,346	255,679	249,569	243,616	238,902
231,250	243,783	254,503	241,101	204,627	184,197
129,951	128,877	124,660	123,405	123,604	118,577
2,503,794	2,410,760	2,259,695	2,145,929	2,001,233	1,875,775
1,004,382	908,795	884,775	1,115,301	828,660	837,479
724,477	693,789	786,221	712,388	707,019	672,852
194,026	189,641	178,670	157,145	187,164	166,749
23,207	22,447	21,147	154,759	159,755	177,823
100,566	105,987	99,655	100,385	94,397	96,895
3,338,653	3,202,327	3,096,089	3,000,117	3,058,046	3,007,905
797,392	847,752	836,488	738,877	721,240	704,886
98,442	110,034	112,994	121,192	104,887	87,393
10,580,906	10,239,722	9,988,472	9,927,345	9,485,247	9,222,527
181,907	148,213	182,731	178,354	140,794	169,808
11,744	12,529	18,204	11,905	12,140	12,851
5,106	5,463	4,743	4,715	5,988	6,520
60,528	63,831	61,543	57,257	55,394	53,504
54,615	52,390	53,900	56,148	57,959	77,953
313,376	289,198	268,753	230,318	150,763	88,504
—	—	—	194	90	419
7,440	12,659	16,602	11,802	10,476	(2,715)
88,304	91,967	85,685	79,577	73,645	70,780
2,524	2,696	2,316	3,148	5,804	5,030
89,722	89,426	86,962	83,758	67,582	74,400
75,123	110,564	82,676	80,425	71,757	73,962
243,301	253,094	249,288	339,488	254,682	275,154
3,717,276	3,954,581	3,802,274	3,704,709	4,079,907	3,865,150
114,490	100,481	114,156	157,564	109,669	204,237
4,965,456	5,187,092	5,029,833	4,999,362	5,096,650	4,975,557
(5,615,450)	(5,052,630)	(4,958,639)	(4,927,983)	(4,388,597)	(4,246,970)
2,206,633	2,121,518	2,090,841	1,931,045	1,812,271	1,735,023
3,280,568	2,918,991	2,969,128	2,525,082	2,384,025	2,027,884
369,747	321,424	331,080	284,666	226,726	272,535
370,974	359,822	351,553	351,346	355,042	340,568
386,228	431,901	399,788	415,190	397,908	328,703
7,804	8,829	6,726	8,464	7,480	5,575
28,131	20,012	30,580	17,294	19,727	10,927
94,616	40,577	46,884	58,851	35,403	35,288
16,288	—	—	—	—	—
109,028	44,305	76,231	43,091	47,431	55,845
1,940	—	104,669	—	(56,010)	—
6,871,957	6,267,379	6,407,480	5,635,029	5,230,003	4,812,348
1,256,507	1,214,749	1,448,841	707,046	841,406	565,378

Schedule A-2
Changes in Net Position* - continued
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year 2019	2018	2017	2016
BUSINESS-TYPE ACTIVITIES				
Expenses				
Student Assistance Programs	$ 114,087	$ 120,169	$ 136,037	$ 154,247
Unemployment Compensation [6]	152,359	156,121	175,354	182,516
Water Loan Programs	13,744	12,613	15,998	14,913
Community and Economic Loan Programs	2,402	4,991	9,074	5,253
Liquor Retail Sales	311,261	292,936	277,965	260,755
Other Business-type Activities	45,344	45,065	45,612	37,849
Total Expenses	639,197	631,895	660,040	655,533
Program Revenues				
Charges for Services:				
Student Assistance Programs	97,239	101,350	108,057	123,218
Unemployment Compensation	169,468	187,754	210,907	240,709
Water Loan Programs	729	234	746	902
Community and Economic Loan Programs	3,159	3,137	3,393	3,208
Liquor Retail Sales	430,829	407,694	384,009	364,482
Other Business-type Activities	45,891	43,991	47,994	34,968
Operating Grants and Contributions [7, 8]	33,575	44,392	39,053	46,118
Total Program Revenues	780,890	788,552	794,159	813,605
Net Program Revenue (Expense) — Business-type Activities	141,693	156,657	134,119	158,072
General Revenues and Other Changes in Net Position				
Taxes:				
Sales Tax and Use Tax	34,278	59,864	57,528	29,841
Investment Income [8]	68,162	56,561	49,349	45,318
Gain on Sale of Capital Assets	(132)	—	529	—
Miscellaneous	—	2,654	—	—
Transfers–Internal Activities	(143,736)	(96,245)	(135,338)	(128,148)
Capital Contributions	—	—	37	—
Prior Period Adjustments and Restatements	—	—	—	—
Total General Revenues and Other Changes in Net Position	(41,428)	22,834	(27,895)	(52,989)
Change in Net Position — Business-type Activities – Increase (Decrease)	100,265	179,491	106,224	105,083
Total Primary Government Change in Net Position	$ 1,278,200	$ 1,508,766	$ 1,327,143	$ 903,353

*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 expenses have increased over the last ten fiscal years due to rising Medicaid program costs.

[2] In fiscal year 2013, legislative action moved the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

[3] Public Education expenses continue to increase for both enrollment growth and benefit-related costs for educators.

[4] In fiscal year 2019, Transportation expenses increased primarily due to a decrease in the amount spent for capital outlay.

[5] In fiscal years 2011 to 2019, general tax revenues increased due to higher revenues from a strengthening economy. In fiscal year 2019, corporate tax revenues also increased due to recent federal tax changes, which created a temporary surge as corporations repatriated foreign corporate earnings.

Fiscal Year					
2015	2014	2013	2012	2011	2010
$ 111,437	$ 79,963	$ 99,379	$ 111,662	$ 93,422	$ 156,754
177,105	233,403	307,444	436,880	642,023	872,826
18,276	13,778	12,828	19,045	38,069	31,971
2,967	8,603	2,420	2,604	1,770	2,166
242,933	225,948	213,395	201,976	190,373	180,401
36,720	54,983	75,361	47,341	33,796	30,886
589,438	616,678	710,827	819,508	999,453	1,275,004
88,188	59,784	63,727	66,312	71,966	109,804
295,851	357,059	384,114	380,533	296,847	170,224
406	12,329	13,464	13,710	10,584	13,875
5,562	10,051	11,152	11,843	10,583	9,033
338,039	313,444	293,978	272,363	252,225	238,767
38,892	40,832	39,010	33,555	44,230	41,527
48,482	75,568	168,514	262,035	403,847	518,280
815,420	869,067	973,959	1,040,351	1,090,282	1,101,510
225,982	252,389	263,132	220,843	90,829	(173,494)
28,384	27,304	25,891	24,264	21,819	22,206
41,421	20,073	16,636	14,727	17,169	28,560
—	—	—	—	—	—
—	—	425	3,547	4,290	38,188
(109,028)	(44,305)	(76,231)	(43,091)	(47,431)	(55,845)
—	—	—	—	—	—
(367)	—	(34,550)	—	—	—
(39,590)	3,072	(67,829)	(553)	(4,153)	33,109
186,392	255,461	195,303	220,290	86,676	(140,385)
$ 1,442,899	$ 1,470,210	$ 1,644,144	$ 927,336	$ 928,082	$ 424,993

[6] In fiscal years 2011 to 2015, Unemployment Compensation expenses decreased reflecting Utah's improving economy and employment.

[7] In fiscal years 2010 and 2011, Operating Grants and Contributions increased overall from the preceding and subsequent years, primarily due to increased federal programs funded in part by the American Recovery and Reinvestment Act in the Unemployment Compensation Fund and additional operating grants issued for loan related programs.

[8] In fiscal year 2016, Investment Income of business-type activities was reclassified to other general revenues from operating grants and contributions. This change was made to comply with applicable governmental accounting standards. Prior years have been restated.

Schedule A–3
Fund Balances — Governmental Funds*
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year			
	2019	**2018**	**2017**	**2016**
General Fund				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable [1]	$ 12,063	$ 14,950	$ 18,927	$ 26,747
Prepaid Items [1]	7,625	2,463	14,475	106,745
Inventories	421	721	687	434
Restricted	43,241	38,978	33,516	38,124
Committed [2]	835,171	675,228	559,791	546,782
Assigned [3]	339,999	314,910	194,174	132,126
Unassigned	—	7,966	9,585	7,196
Total General Fund	1,238,520	1,055,216	831,155	858,154
All Other Governmental Funds				
Nonspendable:				
Prepaid Items	$ 437	$ 874	$ —	$ —
Inventories	12,769	12,959	13,905	13,990
Permanent Fund Principal [4]	1,785,184	1,707,449	2,504,560	2,267,538
Restricted [5]	2,733,925	2,731,594	1,308,585	1,189,881
Committed [6]	999,561	876,576	686,583	758,530
Assigned [7]	546,447	235,974	305,065	347,321
Total All Other Governmental Funds	6,078,323	5,565,426	4,818,698	4,577,260
Total Fund Balances — Governmental Funds	$ 7,316,843	$ 6,620,642	$ 5,649,853	$ 5,435,414

*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 to due the timing of yearend payments. The long-term portion of interfund loans receivable with Internal Service Funds varies from year to year based on changes in loan balances and projections for repayments for the next year.

[2] In fiscal year 2018 and 2019, the committed fund balance within the General Fund increased due to an increase in monies set aside for specific purposes.

[3] In fiscal year 2016, the assigned fund balance within the General Fund decreased due to a reduction in the amount set aside for next year's budget. In fiscal year 2018, the assigned fund balance increased due to an increase in the amount set aside for next year's budget.

[4] 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.

[5] In fiscal year 2017, the restricted fund balance within other governmental funds increased primarily due to an increase in the unspent balance of restricted resources within the Transportation Fund as the result of an increase in the motor and special fuels tax and also higher fuel consumption. In fiscal year 2018, the increase within other governmental funds was primarily due to the reclassification of a portion of the Permanent Fund, as explained in note 4. The balance of the increase was due to an increase in the unspent balance of restricted resources within the Education Fund as a result of growth in the individual and corporate income tax and increases within the Capital Projects and Transportation Investment Funds due to unspent bond proceeds.

[6] In fiscal years 2012 to 2014, the committed fund balance within other governmental funds increased as a result of sales and use tax diversions for transportation projects. In fiscal years 2016 and 2017, the committed fund balance decreased as expenditures increased for transportation projects utilizing sales and use tax revenue. In fiscal year 2018, the committed fund balance within other governmental funds increased due to growth in sales and use tax revenue allocated for transportation projects. In fiscal year 2019, the committed fund balance within other governmental funds increased primarily due to growth in sales and use tax revenue for transportation, and also due to new sales and use tax diversions for the Medicaid and outdoor recreation grant programs.

[7] The assigned fund balance within other governmental funds varies from year to year due to changes in funding provided for capital projects.

Fiscal Year					
2015	**2014**	**2013**	**2012**	**2011**	**2010**
$ 26,996	$ 38,832	$ 44,360	$ 13,537	$ 10,134	$ 2,861
96,939	73,033	67,790	23,450	—	—
662	926	800	662	538	411
34,278	40,898	41,931	39,745	31,523	35,171
496,758	507,380	496,795	489,487	445,540	371,354
255,841	197,842	224,452	159,082	212,002	222,963
—	7,224	—	11,342	609	14,884
911,474	866,135	876,128	737,305	700,346	647,644
$ —	$ —	$ —	$ —	$ —	$ —
13,605	14,018	11,980	11,583	10,523	11,646
2,244,902	2,089,334	1,690,261	1,436,623	1,355,565	1,066,568
1,188,672	1,160,581	1,094,754	1,089,030	1,191,591	1,333,776
843,483	865,786	698,264	631,983	390,278	347,254
163,194	128,631	63,586	112,015	174,737	92,806
4,453,856	4,258,350	3,558,845	3,281,234	3,122,694	2,852,050
$ 5,365,330	$ 5,124,485	$ 4,434,973	$ 4,018,539	$ 3,823,040	$ 3,499,694

Schedule A–4
Changes in Fund Balances — Governmental Funds*
Last Ten Fiscal Years
(dollars expressed in thousands)

	Fiscal Year			
	2019	**2018**	**2017**	**2016**
Revenues				
Sales and Use Tax [1]	$ 2,805,618	$ 2,646,996	$ 2,403,347	$ 2,302,886
Individual Income Tax [1]	4,336,437	4,033,320	3,646,112	3,393,087
Corporate Tax [1]	534,977	423,019	325,701	354,615
Motor and Special Fuels Tax [2]	521,199	500,049	484,677	425,343
Other Taxes	398,684	399,286	354,863	355,229
Federal Contracts and Grants [3]	3,973,026	3,893,654	3,828,715	3,573,699
Charges for Services/Royalties	780,790	740,282	667,665	630,300
Licenses, Permits, and Fees	219,972	211,045	203,830	199,748
Federal Mineral Lease [4]	77,607	76,693	73,787	69,245
Intergovernmental	16,029	11,801	19,273	11,264
Investment Income [5]	218,077	198,082	266,775	34,168
Miscellaneous and Other	433,733	448,431	394,167	388,295
Total Revenues	14,316,149	13,582,658	12,668,912	11,737,879
Expenditures				
General Government	492,800	460,569	409,626	412,204
Human Services and Juvenile Justice Services	919,227	858,099	804,283	766,186
Corrections	328,586	317,425	305,438	290,217
Public Safety	340,210	294,693	253,976	263,417
Courts	165,369	170,233	152,262	146,510
Health and Environmental Quality [6]	2,997,039	2,823,947	2,733,374	2,622,797
Higher Education–State Administration	96,323	78,773	73,641	79,567
Higher Education–Colleges and Universities	1,102,310	1,018,286	981,938	915,432
Employment and Family Services [7]	755,613	749,620	754,530	708,184
Natural Resources	251,545	231,665	225,387	196,188
Heritage and Arts [7]	31,981	30,965	29,335	27,826
Business, Labor, and Agriculture	119,491	119,158	107,800	111,186
Public Education [8]	4,140,263	3,983,098	3,732,813	3,556,897
Transportation [9, 10]	996,728	1,024,576	975,662	835,111
Capital Outlay [11]	847,541	778,543	668,768	523,937
Debt Service — Principal Retirement	260,949	288,051	342,622	348,576
Debt Service — Interest and Other Charges	103,417	103,866	105,023	118,805
Total Expenditures	13,949,392	13,331,567	12,656,478	11,923,040
Revenues Over (Under) Expenditures	366,757	251,091	12,434	(185,161)
Other Financing Sources (Uses)				
General Obligation Bonds Issued [11]	127,715	485,225	—	—
Revenue Bonds Issued	—	2,920	—	93,625
Refunding Bonds Issued	—	144,610	—	—
Premium on Bonds Issued	23,308	71,360	—	4,405
Payment to Refunded Bond Escrow Agent	(27,770)	(118,495)	—	—
Capital Leases/Contracts Issued	—	13,705	—	5,100
Sale of Capital Assets	65,331	40,277	53,025	30,688
Transfers In	2,581,581	1,880,116	1,792,074	1,998,019
Transfers Out	(2,440,721)	(1,784,551)	(1,657,967)	(1,876,592)
Special Item				
Comprehensive Health Insurance Pool Transfer [12]	—	—	—	—
Prior Period Adjustments and Restatements	—	(15,469)	1,207	—
Total Other Financing Sources (Uses)	329,444	719,698	188,339	255,245
Net Change in Fund Balances	$ 696,201	$ 970,789	$ 200,773	$ 70,084
Debt Service as a Percentage of Noncapital Expenditures	2.74%	3.18%	3.78%	4.17%

*This schedule is presented using the modified accrual basis of accounting.

Notes: This schedule also has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

[1] In fiscal years 2011 to 2019, tax revenues increased due to a rebounding and then prospering economy. In fiscal year 2019, the increase in corporate tax revenues was also due to recent federal tax changes, which created a temporary surge as corporations repatriated foreign corporate earnings.

[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.

[3] In fiscal year 2017, federal contracts and grants increased due to an increase in funding provided for the Medicaid program and highway projects. In fiscal years 2018 and 2019, the increase was the result of an increase in funding provided for the Medicaid program.

[4] In fiscal year 2016, federal mineral lease revenue decreased due to lower energy prices and a decline in production.

[5] Significant changes in investment income from year to year are due to the change in the fair value of investments as a result of general market conditions.

Fiscal Year					
2015	2014	2013	2012	2011	2010
$ 2,204,389	$ 2,121,249	$ 2,094,132	$ 1,934,035	$ 1,812,011	$ 1,733,412
3,211,476	2,916,015	2,865,195	2,518,373	2,332,562	2,124,173
366,543	322,748	329,726	285,541	230,888	266,961
371,412	359,176	351,197	353,299	352,918	341,196
386,066	432,178	400,111	414,744	397,248	328,753
3,478,563	3,463,045	3,489,515	3,561,512	3,626,354	3,713,771
682,288	706,125	677,119	625,831	528,568	463,436
194,648	188,653	185,976	183,630	188,998	179,947
138,635	158,193	138,122	183,739	135,979	129,377
12,620	7,211	32,704	34,407	18,537	28,659
133,092	353,653	221,139	46,133	274,797	118,541
384,968	327,880	305,267	393,010	332,722	356,004
11,564,700	11,356,126	11,090,203	10,534,254	10,231,582	9,784,230
386,059	374,134	362,845	356,752	316,440	313,981
723,663	692,277	669,091	645,418	646,411	667,192
272,053	266,246	251,118	245,829	238,090	235,411
266,586	271,716	255,727	239,453	207,426	199,731
137,901	132,886	129,693	127,066	128,676	136,373
2,517,513	2,434,410	2,252,166	2,141,835	2,008,356	1,873,264
56,935	48,920	51,901	49,359	48,836	52,084
875,610	781,998	735,438	721,074	718,026	734,440
730,972	703,441	781,178	706,181	703,786	673,329
190,378	184,465	178,330	153,698	189,430	161,640
24,041	24,231	22,428	155,575	160,338	178,258
101,331	105,915	99,828	99,689	93,149	96,579
3,340,290	3,202,007	3,097,161	2,999,706	3,059,351	3,002,318
903,700	902,788	951,277	1,064,449	946,692	1,204,955
499,705	380,930	524,582	973,206	1,236,168	1,007,219
319,739	329,659	309,268	266,300	223,952	189,041
135,994	150,101	154,472	168,047	142,452	113,876
11,482,470	10,986,124	10,826,503	11,113,637	11,067,579	10,839,691
82,230	370,002	263,700	(579,383)	(835,997)	(1,055,461)
—	226,175	33,240	609,920	1,034,970	982,170
—	—	1,900	5,250	—	101,595
221,765	—	22,612	—	196,610	—
47,562	24,656	8,346	92,558	94,689	65,853
(267,870)	—	(24,358)	—	(234,873)	—
—	—	2,824	—	—	11,122
29,274	24,596	31,243	22,158	20,256	13,966
1,659,616	1,489,272	1,360,691	1,097,387	1,125,598	929,044
(1,549,960)	(1,445,189)	(1,283,764)	(1,052,391)	(1,077,907)	(873,367)
16,288	—	—	—	—	—
1,940	—	—	—	—	—
158,615	319,510	152,734	774,882	1,159,343	1,230,383
$ 240,845	$ 689,512	$ 416,434	$ 195,499	$ 323,346	$ 174,922
4.22%	4.60%	4.59%	4.45%	3.85%	3.29%

[6] Expenditures for Health and Environmental Quality have increased over the last ten fiscal years due to rising Medicaid program costs.

[7] In fiscal year 2013, legislative action moved the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

[8] Public education expenditures continue to increase for both enrollment growth and benefit-related costs for educators.

[9] In fiscal year 2012, the Transportation Investment Fund was reclassified as a capital projects fund. Expenditures relating to this fund have been reclassified from transportation expenditures to capital outlay for prior years.

[10] Expenditures for transportation vary from year to year due to the timing of highway construction projects.

[11] Expenditures for capital outlay vary from year to year due to changes in funding from bond proceeds or state appropriations provided for buildings, highways, and other projects.

[12] In fiscal year 2015, the Comprehensive Health Insurance Pool (nonmajor discrete component unit) was dissolved and the remaining cash balance was transferred to the State's General Fund.

Schedule B–1
Revenue Base
Last Ten Calendar Years
(dollars expressed in thousands)

	Calendar Year			
	2018	**2017**	**2016**	**2015**
Taxable Sales, Services, and Use Tax Purchases [1]				
Agriculture, Forestry, and Fishing	$ 20,664	$ 19,438	$ 16,790	$ 15,400
Mining	562,722	555,332	473,021	606,129
Construction	1,048,607	930,707	793,332	719,199
Manufacturing	2,692,334	2,500,510	2,334,180	2,394,889
Transportation	165,418	150,783	129,326	119,530
Communications and Utilities	4,554,313	4,575,019	4,603,701	4,640,315
Wholesale Trade	5,420,375	4,922,340	4,508,459	4,544,672
Retail	34,806,178	33,029,982	30,458,131	28,847,726
Finance, Insurance, and Real Estate	1,835,800	1,715,813	1,562,251	1,518,729
Services	11,229,829	10,636,808	10,058,980	9,383,910
Public Administration	275,969	265,678	256,124	254,337
Prior Period Payments and Refunds	2,370,315	1,729,282	1,308,139	888,441
Total Taxable Sales, Services and Use Tax Purchases	$ 64,982,524	$ 61,031,692	$ 56,502,434	$ 53,933,277
State Sales Tax Rate	4.70%	4.70%	4.70%	4.70%
Personal Income by Industry				
Federal Civilian	$ 3,778,271	$ 3,640,850	$ 3,503,288	$ 3,362,932
Federal Military	811,704	754,588	745,003	715,450
State and Local Government	12,673,085	12,023,320	11,377,417	11,214,437
Forestry, Fishing, and Related Activities	88,548	81,560	79,894	73,334
Mining	830,860	728,766	677,740	919,572
Utilities	792,597	734,147	581,721	559,871
Construction	8,871,956	8,126,268	7,497,605	6,757,362
Manufacturing	10,410,291	9,839,547	9,335,841	9,074,439
Wholesale Trade	4,919,835	4,772,174	4,433,918	4,457,942
Retail Trade	8,193,653	7,659,363	7,462,318	7,036,881
Transportation and Warehousing	4,537,486	4,219,443	4,055,241	3,664,221
Information	3,802,217	3,508,693	3,308,820	2,939,164
Financial, Insurance, Real Estate, Rental, and Leasing	10,361,683	9,683,027	9,169,397	7,951,465
Services	37,575,359	34,897,156	32,839,863	30,551,475
Farm Earnings	272,101	334,015	338,436	465,109
Other [2]	38,502,883	35,540,769	33,000,523	28,980,981
Total Personal Income	$ 146,422,529	$ 136,543,686	$ 128,407,025	$ 118,724,635
Highest Income Tax Rate	4.95%	5.00%	5.00%	5.00%

Sources: Taxable Sales, Services, and Use Tax Purchases – Utah State Tax Commission; Personal Income by Industry – U.S. Department of Commerce, Bureau of Economic Analysis and the Utah Department of Workforce Services. Prior year information has been updated with the most recent data available.

[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.

Calendar Year					
2014	**2013**	**2012**	**2011**	**2010**	**2009**
$ 16,721	$ 15,083	$ 13,880	$ 14,082	$ 12,747	$ 10,938
842,837	850,275	961,570	848,168	757,601	560,727
718,877	686,116	749,572	654,043	662,141	685,598
2,439,019	2,251,708	2,283,863	2,209,327	2,082,345	2,079,294
116,776	151,582	123,695	274,577	236,609	150,891
4,764,084	4,609,452	4,515,800	4,250,457	4,147,437	4,060,387
4,564,362	4,397,645	4,647,539	4,065,152	3,615,569	3,457,754
27,160,751	25,848,614	24,351,361	22,794,901	21,480,510	22,613,395
1,441,941	1,378,991	1,327,864	1,337,530	1,328,491	1,430,640
8,696,364	8,108,526	7,670,035	7,137,503	6,737,174	6,289,414
262,250	250,212	245,093	229,227	224,668	225,935
685,181	855,842	640,908	339,856	622,276	359,249
$ 51,709,163	$ 49,404,046	$ 47,531,180	$ 44,154,823	$ 41,907,568	$ 41,924,222
4.70%	4.70%	4.70%	4.70%	4.70%	4.70%
$ 3,226,299	$ 3,127,049	$ 3,201,034	$ 3,556,359	$ 3,427,143	$ 3,262,129
732,507	758,348	782,075	1,023,592	1,066,165	1,059,773
10,932,387	10,438,482	10,479,690	9,440,193	9,056,491	8,996,163
71,162	79,070	69,036	69,173	59,568	56,230
1,055,022	1,488,131	1,451,372	1,134,370	939,571	905,190
518,729	509,579	510,476	531,434	517,919	500,769
6,139,119	5,749,752	5,310,328	5,033,034	4,851,542	4,880,333
8,607,123	8,372,774	8,079,603	7,787,202	7,523,277	7,243,424
4,019,735	3,920,138	3,778,828	3,473,443	3,142,845	3,145,582
6,688,936	6,245,965	5,817,378	5,478,538	5,352,492	5,248,220
3,319,368	3,148,136	2,983,157	2,977,382	2,871,728	2,818,544
2,729,627	2,527,863	2,426,304	2,146,263	1,931,461	1,837,118
7,068,780	7,101,517	6,281,226	6,113,185	5,578,130	5,432,615
28,810,801	27,872,193	26,044,184	24,676,881	23,756,996	22,798,279
509,130	510,235	231,074	266,260	202,854	105,542
26,415,095	24,223,342	23,716,925	20,693,761	19,972,051	18,640,550
$ 110,843,820	$ 106,072,574	$ 101,162,690	$ 94,401,070	$ 90,250,233	$ 86,930,461
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Schedule B–2

Revenue Payers by Industry – Taxable Sales, Services, and Use Tax Purchases

Most Current Calendar Year and Historical Comparison

(dollars expressed in thousands)

	Calendar Year 2009		Calendar Year 2018	
	Taxable Sales and Purchases	**Percent of Total**	**Taxable Sales and Purchases**	**Percent of Total**
Agriculture, Forestry, and Fishing	$ 10,938	0.10%	$ 20,664	0.10%
Mining	560,727	1.30%	562,722	0.90%
Construction	685,598	1.60%	1,048,607	1.60%
Manufacturing	2,079,294	5.00%	2,692,334	4.10%
Transportation	150,891	0.40%	165,418	0.30%
Communications and Utilities	4,060,387	9.70%	4,554,313	7.00%
Wholesale Trade	3,457,754	8.20%	5,420,375	8.30%
Retail	22,613,395	53.90%	34,806,178	53.60%
Finance, Insurance, and Real Estate	1,430,640	3.40%	1,835,800	2.80%
Services	6,289,414	15.00%	11,229,829	17.30%
Public Administration	225,935	0.50%	275,969	0.40%
Prior Period Payments, Refunds	359,249	0.90%	2,370,315	3.60%
Total Taxable Sales, Services, and Use Tax Purchases	$ 41,924,222	100.00%	$ 64,982,524	100.00%
State Sales Tax Rates	4.70% except 2.00% for Communications and Utilities		4.70% except 2.00% for Communications and Utilities	

Source: Utah State Tax Commission

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue.

Schedule B–3

Revenue Payers – Personal Income Tax

Most Current Calendar Year and Historical Comparison

(dollars expressed in thousands)

	Calendar Year 2008				Calendar Year 2017			
	Number of Filers	**Percent of Total**	**Tax Liability**	**Percent of Total**	**Number of Filers**	**Percent of Total**	**Tax Liability**	**Percent of Total**
Adjusted Gross Income Class								
$10,000 and under	168,575	16.40%	$ 1,645	0.10%	164,351	13.43%	$ 956	0.10%
$10,001–20,000	153,906	14.90%	24,645	1.20%	154,108	12.59%	21,975	0.60%
$20,001–30,000	137,722	13.40%	67,157	3.40%	145,577	11.90%	72,371	2.16%
$30,001–40,000	109,522	10.60%	99,020	5.00%	124,388	10.17%	115,596	3.44%
$40,001–50,000	87,555	8.50%	119,038	6.00%	99,574	8.14%	140,856	4.20%
$50,001–75,000	161,759	15.70%	353,082	17.80%	188,287	15.39%	424,359	12.65%
$75,001–100,000	98,409	9.50%	335,364	16.90%	129,457	10.58%	448,909	13.39%
$100,001–250,000	99,075	9.60%	600,572	30.20%	186,299	15.23%	1,187,880	35.42%
Over $250,000	13,983	1.40%	387,798	19.40%	31,446	2.57%	940,537	28.04%
Total	1,030,506	100.00%	$ 1,988,321	100.00%	1,223,487	100.00%	$ 3,353,439	100.00%

Source: Utah State Tax Commission, for full-year residents only.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for personal income tax information is calendar year 2017.

Schedule B–4
Personal Income Tax Rates
Last Ten Calendar Years

	Calendar Year	
	2018	**2009 to 2017**
	Single and Married Filing Separately	
Tax Rate	4.95%	5.00%
	Married Filing Joint, Head of Household, and Qualifying Widow(er) [1]	
Tax Rate	4.95%	5.00%

Source: Utah State Tax Commission

Note: The Utah State Legislature can raise the income tax rates by legislation, no vote of the populace is required; *Utah Constitution*, Article XIII, Section 5.

Schedule C–1
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars expressed in millions)

	Fiscal Year			
	2019	**2018**	**2017**	**2016**
Governmental Activities				
General Obligation Bonds	$ 2,374	$ 2,498	$ 2,235	$ 2,585
State Building Ownership Authority				
Lease Revenue Bonds	205	244	230	249
Capital Leases	31	33	22	23
Contracts/Notes Payable	—	—	—	—
Total Governmental Activities	2,610	2,775	2,487	2,857
Business-type Activities				
Student Assistance Revenue Bonds [1]	1,254	1,495	1,812	1,255
State Building Ownership Authority				
Lease Revenue Bonds	77	83	73	79
Water Loan Recapitalization Revenue Bonds	26	31	37	42
Contracts/Notes Payable [1]	1	1	—	922
Total Business-type Activities	1,358	1,610	1,922	2,298
Total Primary Government	$ 3,968	$ 4,385	$ 4,409	$ 5,155
Debt as a Percentage of Personal Income [2]	2.57%	2.99%	3.23%	4.01%
Amount of Debt Per Capita (expressed in dollars) [2]	$ 1,235	$ 1,387	$ 1,421	$ 1,693
Net General Obligation Bonded Debt				
General Obligation Bonds	$ 2,374	$ 2,498	$ 2,235	$ 2,585
Net General Obligation Bonded Debt as a Percentage of Taxable Property Value [3]	0.80%	0.92%	0.89%	1.10%
Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) [2]	$ 739	$ 791	$ 721	$ 849

Sources: Utah Department of Administrative Services, Division of Finance; Utah State Tax Commission – Property Tax; and Utah Governor's Office of Management and Budget – Demographics.

Note: Net general obligation and revenue bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amounts on refunding of bonded debt was no longer reported as part of long-term liabilities, but as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

[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.

Fiscal Year					
2015	**2014**	**2013**	**2012**	**2011**	**2010**
$ 2,950	$ 3,271	$ 3,361	$ 3,660	$ 3,256	$ 2,410
170	187	200	213	223	239
20	22	23	24	26	28
—	6	10	—	—	—
3,140	3,486	3,594	3,897	3,505	2,677
1,511	1,284	1,274	970	1,243	1,389
80	81	85	90	95	98
47	52	58	62	67	68
1,152	—	—	552	648	811
2,790	1,417	1,417	1,674	2,053	2,366
$ 5,930	$ 4,903	$ 5,011	$ 5,571	$ 5,558	$ 5,043
5.04%	4.42%	4.78%	5.51%	5.89%	5.59%
$ 1,979	$ 1,665	$ 1,727	$ 1,951	$ 1,975	$ 1,817
$ 2,950	$ 3,271	$ 3,361	$ 3,660	$ 3,256	$ 2,410
1.33%	1.58%	1.67%	1.82%	1.59%	1.13%
$ 985	$ 1,111	$ 1,159	$ 1,282	$ 1,157	$ 868

Schedule C–2
Long-term Debt and Other Long-term Liabilities
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year			
	2019	**2018**	**2017**	**2016**
Governmental Activities				
General Obligation Bonds [1]	$ 2,155,675	$ 2,396,875	$ 2,173,985	$ 2,498,895
General Obligation Bonds - Direct Placement [2]	117,600	—	—	—
State Building Ownership Authority (SBOA) Lease Revenue Bonds	174,076	237,426	225,163	242,976
SBOA Lease Revenue Bonds - Direct Placement [2]	25,910	—	—	—
Net Unamortized Premiums	106,066	108,115	66,423	92,827
Deferred Amount on Refundings [3]	—	—	—	—
Capital Leases - Direct Borrowing [2]	28,203	33,132	21,616	23,498
Notes Payable - Direct Borrowing [2]	227	268	305	339
Capital Leases	2,803	—	—	—
Compensated Absences [4]	211,138	184,505	181,557	182,707
Claims Liability	63,558	57,330	53,645	48,092
Pollution Remediation Obligation	5,324	5,366	5,891	6,401
Settlement Obligations	227	273	319	365
Net Pension Liability [7]	1,140,766	763,753	1,031,449	992,495
Net Other Post Employment Benefit Obligation [8]	—	—	—	3,848
Net Other Post Employment Benefit Liability [8]	68,335	99,058	109,618	—
Arbitrage Liability	544	—	—	—
Total Governmental Activities	4,100,452	3,886,101	3,869,971	4,092,443
Business-type Activities				
Student Assistance Revenue Bonds [5]	1,265,880	1,506,965	1,822,807	1,256,026
State Building Ownership Authority Lease Revenue Bonds	72,549	77,704	67,438	72,674
Water Loan Recapitalization Revenue Bonds	25,520	31,225	36,680	41,915
Net Unamortized Premiums/(Discounts)	(8,000)	(6,418)	(5,437)	5,434
Deferred Amount on Refundings [3]	—	—	—	—
Notes Payable - Direct Borrowing [2, 6]	618	635	—	921,995
Claims and Uninsured Liabilities	3,279	4,365	4,810	5,726
Arbitrage Liability	—	—	—	—
Net Pension Liability [7]	19,065	12,038	17,468	17,845
Net Other Post Employment Benefit Liability [8]	1,108	1,564	1,731	—
Total Business-type Activities	1,380,019	1,628,078	1,945,497	2,321,615
Total Primary Government Other Long-term Liabilities	$ 5,480,471	$ 5,514,179	$ 5,815,468	$ 6,414,058

Note: Details regarding the liabilities listed above can be found in Note 10. Long-term Liabilities in the financial statements.

[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 2011 and 2019, a new actuary valuation was performed for GASB Statement 16, *Accounting for Compensated Absences* and as a result the total liability increased.

[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.

Fiscal Year					
2015	**2014**	**2013**	**2012**	**2011**	**2010**
$ 2,830,150	$ 3,136,755	$ 3,225,435	$ 3,487,680	$ 3,128,890	$ 2,299,300
—	—	—	—	—	—
166,773	183,590	198,485	210,384	220,380	236,629
—	—	—	—	—	—
122,321	138,187	159,882	200,979	162,003	119,694
—	—	(22,546)	(26,248)	(31,904)	(7,080)
20,287	21,794	23,213	24,270	25,799	27,542
370	5,983	9,758	446	466	484
—	—	—	—	—	—
185,792	184,679	185,711	185,701	182,543	162,120
46,931	48,585	48,190	44,700	42,731	41,897
5,086	5,327	6,222	6,640	7,083	7,690
4,471	6,928	25,020	34,007	38,926	39,422
802,543	—	—	—	—	—
4,126	4,331	5,206	5,439	7,142	5,693
—	—	—	—	—	—
—	—	—	—	—	—
4,188,850	3,736,159	3,864,576	4,173,998	3,784,059	2,933,391
1,509,543	1,277,837	1,240,407	930,422	1,218,390	1,388,922
73,207	79,106	83,795	88,161	92,445	96,476
46,940	51,800	56,545	61,205	65,800	65,800
8,696	9,110	13,143	16,917	29,092	4,093
—	—	23,413	25,445	(994)	(221)
1,152,207	—	—	552,423	647,842	811,354
7,587	9,283	18,694	17,866	16,179	19,105
—	—	—	10,000	11,968	50,214
12,853	—	—	—	—	—
—	—	—	—	—	—
2,811,033	1,427,136	1,435,997	1,702,439	2,080,722	2,435,743
$ 6,999,883	$ 5,163,295	$ 5,300,573	$ 5,876,437	$ 5,864,781	$ 5,369,134

[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.

Schedule C–3
Legal Debt Margin
Last Ten Fiscal Years
(dollars expressed in millions)

	Fiscal Year			
	2019	**2018**	**2017**	**2016**
Taxable Property, Taxable Value [1]	$ 298,114	$ 271,649	$ 251,598	$ 235,273
Taxable Property, Fair Market Value [1]	415,650	377,260	347,716	323,367
Debt Limit (Fair Market Value times 1.50 %)	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount	6,235	5,659	5,216	4,851
Net General Obligation Bonded Debt [2, 3]	2,374	2,498	2,235	2,585
Legal Debt Margin	$ 3,861	$ 3,161	$ 2,981	$ 2,266
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount	38.08%	44.14%	42.85%	53.29%

Source: Utah State Tax Commission and the Utah Department of Administrative Services, Division of Finance.

Note: Article XIV, Section 1 of the *Utah Constitution* allows the State to contract debts not exceeding 1.50 percent of the total taxable property in the State. The Legislature authorizes general obligation indebtedness within this limit. The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. The State has other long-term contract liabilities consisting of unused vacation for employees of $100.062 million as of fiscal yearend. These contract liabilities do not affect the State's compliance with the constitutional debt limit.

[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, 2018, are used for fiscal year 2019.

Schedule C–4
Statutory Debt Limit
Last Ten Fiscal Years
(dollars expressed in millions)

	Fiscal Year			
	2019	**2018**	**2017**	**2016**
Appropriations Limitation Amount	$ 3,911	$ 3,738	$ 3,567	$ 3,469
Limit (Appropriations Limitation Amount times applicable percentage)	45.00%	45.00%	45.00%	45.00%
Statutory Debt Limit Amount	1,760	1,682	1,605	1,561
Net General Obligation Bonded Debt [1]	2,374	2,498	2,235	2,585
Less: Exempt Highway Construction Bonds	(2,175)	(2,282)	(2,180)	(2,402)
Net General Obligation Bonded Debt Subject to Statutory Debt Limit	199	217	55	183
Additional General Obligation Debt Incurring Capacity	$ 1,561	$ 1,466	$ 1,550	$ 1,378

Source: Utah Governor's Office of Management and Budget and the Utah Department of Administrative Services, Division of Finance.

Note: Article XIV, Section 5 of the *Utah Constitution* limits any funds borrowed to be used solely for purposes as authorized by law. In addition, Title 63J-3-402 of the *Utah Code* limits outstanding state general obligation debt to not exceed the applicable percentage (unless approved by more than two-thirds of both houses of the Legislature) of that fiscal year's appropriations limit. The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. The State has other long-term contract liabilities consisting of unused vacation for employees of $100.062 million as of fiscal yearend. These contract liabilities do not affect the State's compliance with the constitutional debt limit.

Fiscal Year					
2015	2014	2013	2012	2011	2010
$ 221,650	$ 207,211	$ 201,294	$ 201,473	$ 205,284	$ 212,423
303,725	282,489	272,954	274,806	280,846	291,460
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
4,556	4,237	4,094	4,122	4,213	4,372
2,950	3,271	3,361	3,660	3,256	2,410
$ 1,606	$ 966	$ 733	$ 462	$ 957	$ 1,962
64.75%	77.20%	82.10%	88.79%	77.28%	55.12%

[2] During 2010 to 2012, the State issued general obligation bonds to take advantage of low interest rates and ease budget constraints.

[3] Net general obligation bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amount on refundings of bonded debt was no longer reported as part of long-term liabilities, but as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

Fiscal Year					
2015	2014	2013	2012	2011	2010
$ 3,315	$ 3,250	$ 3,142	$ 3,034	$ 2,849	$ 2,657
45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
1,492	1,463	1,414	1,365	1,282	1,196
2,950	3,271	3,361	3,660	3,256	2,410
(2,622)	(2,860)	(2,869)	(3,132)	(2,698)	(1,861)
328	411	492	528	558	549
$ 1,164	$ 1,051	$ 922	$ 837	$ 724	$ 646

[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						
2010	$ 1,295	$ —	$ 1,295	$ —	$ 862	1.50
2011	$ 3,742	$ —	$ 3,742	$ —	$ 2,424	1.54
2012	$ 3,860	$ —	$ 3,860	$ 4,595	$ 2,371	0.55
2013	$ 3,649	$ —	$ 3,649	$ 4,660	$ 2,297	0.52
2014	$ 3,877	$ —	$ 3,877	$ 4,745	$ 2,197	0.56
2015	$ 3,920	$ —	$ 3,920	$ 4,860	$ 2,067	0.57
2016	$ 3,744	$ —	$ 3,744	$ 5,025	$ 1,851	0.54
2017	$ 3,628	$ —	$ 3,628	$ 5,235	$ 1,658	0.53
2018	$ 3,756	$ —	$ 3,756	$ 5,455	$ 1,406	0.55
2019	$ 4,113	$ —	$ 4,113	$ 5,705	$ 1,167	0.60
Student Assistance Programs						
2010	$ 70,616	$ 42,470	$ 28,146	$ 966,668	$ 35,967	0.03
2011	$ 27,188 [4]	$ (20,137)	$ 47,325	$ 557,894	$ 20,655	0.08
2012	$ 25,404	$ 14,904	$ 10,500	$ 797,350	$ 10,620	0.01
2013	$ 44,378	$ 27,914	$ 16,464	$ 208,715	$ 9,747	0.08
2014	$ 49,679	$ 36,697	$ 12,982	$ 171,000	$ 7,631	0.07
2015	$ 75,796	$ 59,463	$ 16,333	$ 967,584 [5]	$ 6,646	0.02
2016	$ 110,982 [6]	$ 87,889	$ 23,093	$ 483,729	$ 25,338	0.05
2017	$ 92,421	$ 65,327	$ 27,094	$ 1,227,465 [7]	$ 30,833	0.02
2018	$ 79,408	$ 40,098	$ 39,310	$ 315,842	$ 38,403	0.11
2019	$ 69,749	$ 22,821	$ 46,928	$ 241,085	$ 44,081	0.16

Note: Details regarding the State's outstanding bonds can be found in Note 10. Long-term Liabilities in the financial statements.

[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] During 2011, the Student Assistance Programs had a substantial decrease in its provision for interest arbitrage rebate of $37.200 million on its 1988 and 1993 revenue bonds.

[5] 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.

[6] 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.

[7] During 2017, the Student Assistance Programs retired its line of credit issued in 2015 related to acquiring federally guaranteed student loans.

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Schedule D–1

Demographic and Economic Indicators

Last Ten Calendar Years

Calendar Year	Population *(in thousands)*				Unemployment Rate		Utah Net Migration
	Utah		U.S.				
	Number	Change	Number	Change	Utah	U.S.	
2010	2,775	1.46%	310,100	0.75%	8.10%	9.60%	4,500
2011	2,814	1.41%	312,300	0.71%	6.80%	8.90%	2,300
2012	2,855	1.46%	314,500	0.70%	5.40%	8.10%	3,700
2013	2,901	1.61%	316,700	0.70%	4.40%	7.40%	9,200
2014	2,945	1.52%	319,500	0.88%	3.80%	6.20%	6,000
2015	2,991	1.56%	321,500	0.63%	3.50%	5.30%	14,200
2016	3,044	1.77%	324,000	0.78%	3.40%	4.90%	25,300
2017	3,103	1.94%	326,000	0.62%	3.30%	4.40%	30,000
2018	3,161	1.87%	328,000	0.61%	3.10%	3.90%	29,100
2019 (est.)	3,212	1.61%	330,000	0.61%	2.90%	3.70%	22,900

Calendar Year	Personal Income *(in millions)*				Per Capita Income *(in dollars)*			
	Utah		U.S.		Utah		U.S.	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
2010	$ 90,250	2.62%	$12,322,000	3.29%	$ 32,523	1.14%	$ 39,736	2.52%
2011	$ 94,401	4.60%	$12,947,000	5.07%	$ 33,547	3.15%	$ 41,457	4.33%
2012	$ 101,163	7.16%	$13,888,000	7.27%	$ 35,434	5.62%	$ 44,159	6.52%
2013	$ 104,910	3.70%	$14,167,000	2.01%	$ 36,163	2.06%	$ 44,733	1.30%
2014	$ 110,844	5.66%	$14,810,000	4.54%	$ 37,638	4.08%	$ 46,354	3.62%
2015	$ 118,725	7.11%	$15,553,000	5.02%	$ 39,694	5.46%	$ 48,376	4.36%
2016	$ 128,407	8.15%	$16,125,000	3.68%	$ 42,184	6.27%	$ 49,769	2.88%
2017	$ 136,544	6.34%	$ 16,879,000	4.68%	$ 44,004	4.31%	$ 51,776	4.03%
2018	$ 146,423	7.24%	$17,819,000	5.57%	$ 46,322	5.27%	$ 54,326	4.93%
2019 (est.)	$ 154,636	5.61%	$18,684,000	4.85%	$ 48,143	3.93%	$ 56,618	4.22%

Source: Population – Utah Population Estimates Committee at July 1 each year. The 2019 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate – Utah Department of Workforce Services. The 2019 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration – Utah Population Estimates Committee at July 1 each year. The 2019 estimate is from the Utah Revenue Assumption Committee.

Source: Personal Income – U.S. Department of Commerce, Bureau of Economic Analysis, and Utah Department of Workforce Services. The 2019 estimate is from the Utah Revenue Assumption Committee.

Note: Prior year information has been updated with the most recent data available. Per Capita Income is calculated by dividing total personal income by population. Amounts may not be exact due to rounding.

Schedule D–2

Principal Employers

Most Current Calendar Year and Historical Comparisons

	Calendar Year 2009			Calendar Year 2018		
Entity Name	**Number of Employees**	**Rank**	**Percent of All Employees**	**Number of Employees**	**Rank**	**Percent of All Employees**
Intermountain Health Care (IHC)	20,000 +	1	2.20%	20,000 +	1	2.40%
University of Utah (includes Hospital)	15,000 – 19,999	5	1.30%	20,000 +	2	2.20%
State of Utah	20,000 +	2	1.90%	20,000 +	3	1.40%
Brigham Young University	15,000 – 19,999	4	1.40%	15,000 – 19,999	4	1.30%
Wal-Mart Stores	15,000 – 19,999	3	1.50%	15,000 – 19,999	5	1.10%
Hill Air Force Base	10,000 – 14,999	6	1.00%	10,000 – 14,999	6	0.80%
Davis County School District	7,000 – 9,999	8	0.70%	7,000 – 9,999	7	0.60%
Utah State University				7,000 – 9,999	8	0.60%
Smith's Food and Drug Centers	5,000 – 6,999	10	0.60%	7,000 – 9,999	9	0.60%
Granite School District	7,000 – 9,999	7	0.80%	7,000 – 9,999	10	0.60%
Jordan School District	5,000 – 6,999	9	0.70%			
Total Employees of Principal Employers	146,600		12.10%	176,700		11.60%

Source: Utah Department of Workforce Services.

Note: Number of employees is based on a calendar year average.

Schedule D–3

Composition of the Labor Force

Last Ten Calendar Years

	Calendar Year			
	2018	**2017**	**2016**	**2015**
Nonagricultural Jobs				
Government	247,904	244,311	239,416	233,658
Mining	9,470	8,618	8,494	10,372
Construction	104,341	97,495	91,537	84,676
Manufacturing	133,006	129,199	125,926	123,695
Trade, Transportation, and Utilities	286,355	278,526	271,432	263,158
Information	38,080	38,429	36,860	34,402
Financial Activity	87,540	84,072	81,710	79,020
Professional and Business Services	217,642	206,987	202,175	194,127
Education and Health Services	203,484	198,251	190,935	182,273
Leisure and Hospitality	148,530	143,029	138,591	133,657
Other Services	41,189	40,210	39,472	38,689
Total Nonagricultural Jobs	1,517,541	1,469,127	1,426,548	1,377,727
Civilian Labor Force	1,572,136	1,548,263	1,511,279	1,464,404
Total Employed	1,523,158	1,497,812	1,459,309	1,412,473
Unemployed	48,978	50,451	51,970	51,931
Unemployment Rate	3.10%	3.30%	3.40%	3.50%

Source: Utah Department of Workforce Services and the Utah Revenue Assumption Committee. Prior year information has been updated with the most recent data available.

Calendar Year					
2014	**2013**	**2012**	**2011**	**2010**	**2009**
230,619	225,917	223,298	220,772	216,828	214,679
12,160	12,107	12,553	11,659	10,442	10,694
78,676	73,462	69,231	65,166	65,223	70,492
120,706	118,747	116,667	113,684	111,075	112,879
252,574	246,900	241,815	233,251	229,108	234,098
33,320	32,427	31,295	29,495	29,276	29,570
74,965	72,869	69,537	68,391	67,981	71,092
185,121	177,462	167,268	159,420	152,335	149,532
174,309	170,541	163,590	159,210	155,001	150,866
128,086	123,521	118,640	113,512	110,662	110,859
37,604	36,425	35,054	34,090	33,625	34,028
1,328,140	1,290,378	1,248,948	1,208,650	1,181,556	1,188,789
1,431,553	1,418,522	1,376,628	1,353,257	1,362,489	1,382,861
1,377,013	1,355,720	1,302,641	1,261,698	1,252,517	1,275,514
54,540	62,802	73,987	91,559	109,972	107,347
3.80%	4.40%	5.40%	6.80%	8.10%	7.80%

Schedule D–4
Public Education Student Enrollment (K-12)
Last Ten Academic Years

	Academic Year			
	2018–19	**2017–18**	**2016–17**	**2015–16**
Elementary	358,908	358,190	356,686	353,050
Secondary	299,893	294,158	287,790	280,846
Total All Grades	658,801	652,348	644,476	633,896

Source: State of Utah Office of Education

Note: Public Education Student Enrollment count is based on October 1st counts.

Schedule D–5
Public Higher Education Enrollment
Last Ten Academic Years

	Academic Year			
	2019–20	**2018–19**	**2017–18**	**2016–17**
University of Utah	32,852	33,023	32,800	32,061
Utah State University [1]	27,810	27,932	27,679	28,118
Weber State University	29,644	28,247	27,949	26,809
Southern Utah University	11,224	10,196	9,468	8,955
Salt Lake Community College	29,517	29,156	29,620	29,901
Utah Valley University	41,728	39,931	37,282	34,978
Dixie State University	11,193	9,950	9,673	8,993
College of Eastern Utah [1]	—	—	—	—
Snow College	5,383	5,514	5,563	5,350
Utah System of Technical Colleges	20,130	19,418	16,838	17,293
Total All Institutions	209,481	203,367	196,872	192,458

Source: Utah State Board of Regents

Note: Utah Higher Education Enrollment count is based on fall semester third week headcounts.

[1] Includes USU-Eastern (formerly College of Eastern Utah) beginning in academic year 2011–12.

Academic Year					
2014–15	**2013–14**	**2012–13**	**2011–12**	**2010–11**	**2009–10**
349,382	345,967	340,443	334,110	329,111	322,704
272,771	266,584	260,542	253,635	247,134	240,569
622,153	612,551	600,985	587,745	576,245	563,273

Academic Year					
2015–16	**2014–15**	**2013–14**	**2012–13**	**2011–12**	**2010–11**
31,673	31,515	32,080	32,398	31,673	30,833
28,622	27,662	27,812	28,786	28,994	25,767
25,955	26,266	25,301	26,680	25,483	24,126
8,881	7,656	7,745	8,297	7,750	8,024
28,814	29,537	31,137	30,112	33,167	33,983
33,211	31,332	30,564	31,556	33,395	32,670
8,503	8,570	8,350	8,863	9,086	8,755
—	—	—	—	—	2,634
5,111	4,779	4,605	4,599	4,465	4,386
16,933	14,834	14,851	15,418	15,536	18,476
187,703	182,151	182,445	186,709	189,549	189,654

Schedule E–1

Full-Time Equivalent State Employees by Function

Last Ten Fiscal Years

	Fiscal Year			
	2019	**2018**	**2017**	**2016**
General Government:				
Government Operations	2,150	2,122	2,095	2,063
Tax Commission	685	690	690	697
All Other	191	184	185	181
Human Services and Juvenile Justice Services	3,978	4,046	4,113	4,037
Corrections	2,513	2,527	2,453	2,392
Public Safety:				
Department of Public Safety	1,403	1,341	1,333	1,329
Utah National Guard	261	253	247	226
State Courts	1,004	983	986	994
Health and Environmental Quality:				
Department of Health	992	977	954	943
Department of Environmental Quality	358	361	365	367
Employment and Family Services [1, 2]	2,013	2,043	1,989	1,719
Natural Resources	1,355	1,361	1,334	1,320
Heritage and Arts [1]	128	124	126	125
Business, Labor, and Agriculture	796	786	773	767
Education:				
Public Education Support [2]	749	721	816	1,138
Higher Education Support	422	399	274	236
Transportation	1,693	1,638	1,642	1,616
Total Full-time Equivalent State Employees	20,691	20,556	20,375	20,150

Source: Utah Department of Administrative Services, Division of Finance

[1] In fiscal year 2013, Legislative action moved the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

[2] In fiscal year 2017, Legislative action moved the Utah State Office of Rehabilition from Public Education Support to Employment and Family Services.

Fiscal Year					
2015	**2014**	**2013**	**2012**	**2011**	**2010**
2,055	2,066	2,069	2,024	1,976	2,018
708	715	718	716	719	723
176	166	165	159	152	157
3,942	3,991	3,955	3,907	3,935	4,155
2,307	2,295	2,265	2,244	2,243	2,271
1,324	1,327	1,314	1,275	1,241	1,218
210	218	243	226	214	196
994	1,009	1,031	1,038	1,042	1,068
946	946	933	923	937	950
373	371	376	372	376	384
1,758	1,768	1,872	1,912	2,041	2,066
1,315	1,304	1,304	1,302	1,361	1,350
120	117	117	169	190	193
748	728	722	701	686	691
1,135	1,119	1,119	1,094	1,137	1,170
277	227	213	204	195	171
1,569	1,583	1,603	1,604	1,612	1,637
19,957	19,950	20,019	19,870	20,057	20,418

Schedule E–2
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2019	**2018**	**2017**	**2016**
General Government				
Government Operations:				
Construction Projects Managed	1,052	1,155	896	910
Tax Commission:				
Percent of Data Managed Electronically	86.00%	84.50%	83.80%	83.20%
Number of Returns Filed Electronically	1,307,267	1,246,011	1,196,647	1,171,287
Motor Vehicle Registrations (in thousands)	2,976	2,950	3,027	2,961
Human Services and Juvenile Justice Services				
Food Stamp Recipients	273,779	298,396	323,768	338,362
Percent of Population	8.52%	9.45%	10.41%	11.09%
Juveniles, Daily Average in Justice System Placement	425	467	604	686
Rate of Recommitment to Juvenile Custody	16.90%	14.90%	9.90%	8.40%
Corrections: [1]				
Incarcerated Offenders	N/A	6,522	6,309	6,298
Supervised Offenders	N/A	17,329	16,855	16,590
Utah Incarceration Rate (per 100,000 population)	N/A	N/A	206	201
US Incarceration Rate (per 100,000 population)	N/A	N/A	440	450
State Courts: [2]				
State Court Filings	284,152	278,392	283,449	288,797
State Court Dispositions	255,926	245,764	262,841	260,952
Health				
Children's Health Insurance Program Enrollment	18,198	19,338	19,248	17,058
Medicaid Eligible (unduplicated)	404,861	404,303	414,519	418,356
Percent of Population	12.60%	12.80%	13.33%	13.71%
Employment and Family Services				
Individuals Registered for Employment	121,759	131,386	150,168	185,347
Percent Who Entered Employment	67.00%	67.00%	73.00%	71.00%
Natural Resources				
Hatchery Fish, Pounds Raised	1,155,821	1,089,720	1,081,766	1,093,205
Hunting and Fishing Licenses Sold [1, 3]	590,111	587,443	582,751	558,893
State Park Visitations (in thousands)	7,424	6,712	5,691	5,176
Business, Labor, and Agriculture				
Department of Commerce:				
Licenses and Registrations Issued [4]	417,172	409,301	387,348	378,478
Department of Agriculture and Food: [1]				
Dairy Farm Inspections	N/A	515	525	533
Pounds of Turkey Inspected and Graded (in thousands)	N/A	108,130	121,106	102,511
Gas Pumps and Scales Inspected	N/A	33,774	30,116	32,486
Higher Education				
Number of Certificates and Degrees Awarded	38,622	37,756	36,701	33,822
Transportation				
Percent of Roads Which are Deficient [5]	N/A	8.60%	9.64%	N/A
Vehicles Weighed or Inspected (in thousands)	8,542	8,116	7,893	5,969

Source: Various agencies of the State and the Utah State Board of Regents.

Note: N/A = Data Not Available

[1] Data is provided on a calendar year basis.

[2] State Courts includes filings and dispositions for the appellate, district, and juvenile courts; it does not include the justice courts which are operated by cities and counties.

[3] Includes only licenses for elk, deer, fishing, and all other big game.

[4] Includes professional, occupational, real estate, and securities licenses. Does not include corporation and other business registrations or filings.

[5] Assessments are completed at a minimum of every other calendar year. See Information About Infrastructure Assets Reported Using The Modified Approach.

Fiscal Year					
2015	**2014**	**2013**	**2012**	**2011**	**2010**
802	1,020	815	849	898	847
81.80%	79.90%	78.10%	75.50%	77.00%	70.50%
1,103,323	1,051,940	997,329	946,606	863,907	777,485
2,846	2,863	2,759	2,725	2,583	2,681
348,459	363,154	389,426	404,316	394,170	363,714
11.65%	12.33%	13.42%	14.16%	14.01%	13.11%
812	922	923	928	946	1,023
7.80%	6.60%	5.90%	6.40%	6.90%	8.30%
6,723	7,113	7,065	6,893	6,812	6,692
13,897	15,307	12,730	12,759	12,906	12,702
215	237	242	242	238	232
458	471	477	492	500	502
305,778	311,187	324,523	329,176	348,548	367,541
273,731	279,903	309,420	309,307	312,953	341,626
15,775	29,953	35,446	37,872	38,498	41,503
415,843	391,139	366,061	361,457	340,805	325,204
13.90%	13.28%	12.62%	12.66%	12.11%	11.72%
215,861	260,138	318,008	351,629	316,703	317,998
66.00%	65.00%	61.00%	59.00%	56.00%	59.00%
1,212,696	1,204,984	1,180,927	1,058,375	1,240,499	1,334,782
585,666	583,460	682,594	659,534	661,239	598,474
4,482	3,741	5,054	5,051	4,821	4,620
355,124	350,416	333,646	325,769	315,238	308,717
560	693	672	678	718	667
79,060	107,833	33,743	45,869	106,016	77,257
32,131	26,612	20,377	20,492	21,499	15,548
32,797	32,491	31,970	31,553	30,199	28,639
10.68%	12.49%	N/A	10.90%	10.90%	14.70%
6,706	7,484	6,071	4,807	4,622	4,686

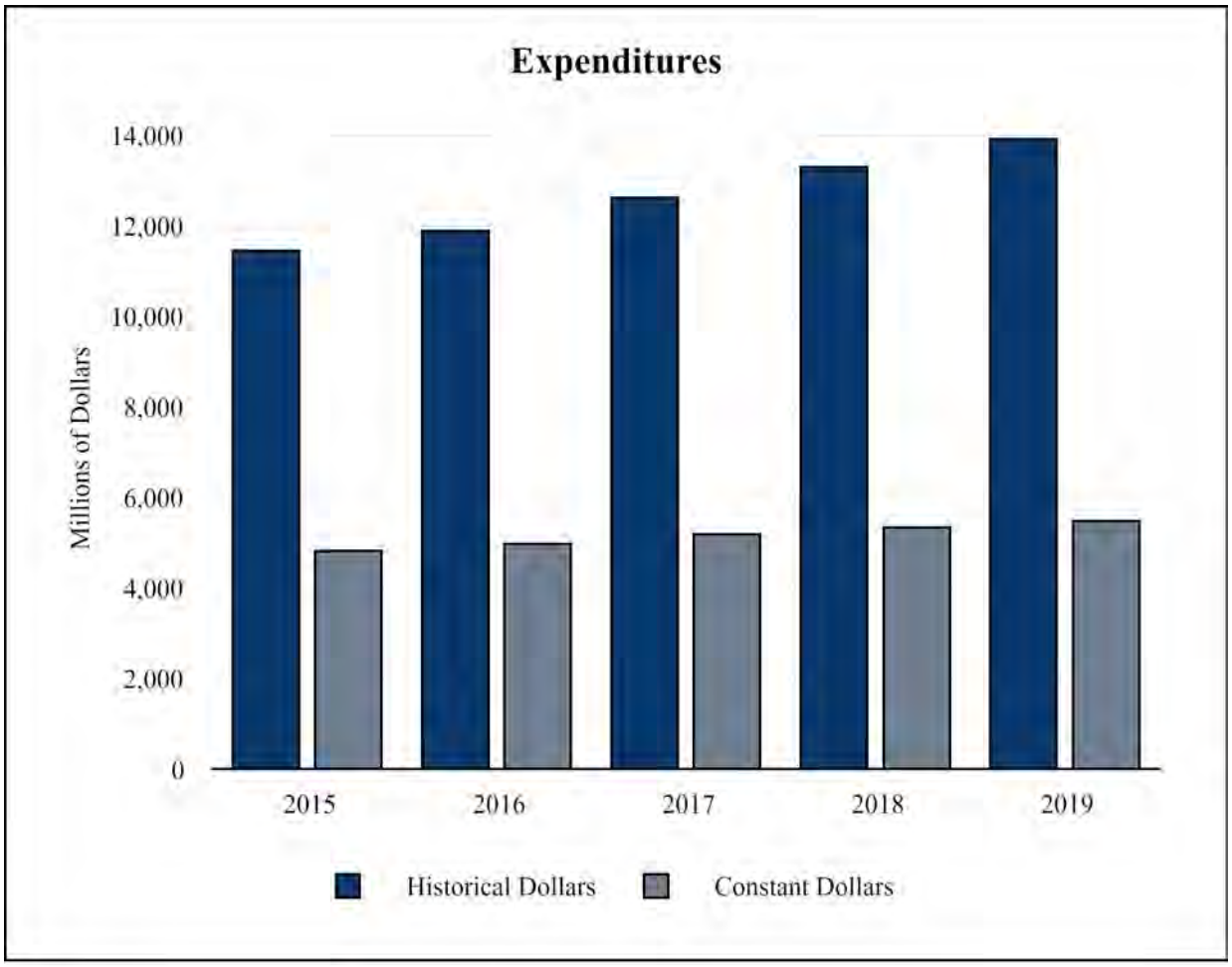
Schedule E–3
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2019	**2018**	**2017**	**2016**
General Government				
Buildings	332	326	323	319
Vehicles	7,969	7,828	7,732	7,886
Data Processing Equipment and Software	1,315	1,314	1,397	2,428
Reproduction and Printing Equipment	1,133	1,112	1,138	1,140
Human Services and Juvenile Justice Services				
Data Processing Equipment and Software	73	71	68	64
Corrections				
Data Processing Equipment and Software	217	219	220	222
Security and Surveillance Equipment	83	70	75	73
Public Safety				
Department of Public Safety:				
Vehicles	35	35	35	35
Data Processing Equipment and Software	219	208	222	213
Medical and Lab Equipment	208	205	236	220
Utah National Guard:				
Buildings	237	237	237	235
State Courts				
Data Processing Equipment and Software	72	65	60	63
Audio Visual Equipment	134	134	146	150
Health and Environmental Quality				
Department of Health:				
Data Processing Equipment and Software	71	72	69	89
Medical and Lab Equipment	299	287	283	295
Department of Environmental Quality:				
Monitoring and Lab Equipment	555	562	510	448
Employment and Family Services				
Data Processing Equipment and Software	402	393	387	370
Natural Resources				
Division of Parks and Recreation:				
State Parks	44	44	43	43
Buildings	789	785	779	778
Vehicles	359	356	351	344
Division of Wildlife Resources:				
Wildlife Management Areas	92	92	92	92
Fish Hatcheries	12	12	11	11
Buildings	195	192	191	190
Vehicles	229	224	220	214
Business, Labor, and Agriculture				
Data Processing Equipment and Software	115	112	110	101
Monitoring and Lab Equipment	142	143	138	122
Transportation				
Highway Center Line Miles	5,787	5,780	5,880	5,825
Buildings	456	446	442	440
Vehicles	330	1,010	956	931
Heavy Equipment	2,412	2,635	2,602	2,599

Source: Utah Department of Administrative Services, Division of Finance and various agencies of the State.

Fiscal Year					
2015	**2014**	**2013**	**2012**	**2011**	**2010**
315	314	314	311	305	299
7,781	7,524	7,360	7,309	7,323	7,266
2,383	2,931	2,794	2,691	2,541	2,437
1,178	1,209	1,165	1,127	1,065	1,003
64	64	59	52	52	64
220	216	216	216	218	226
69	55	59	67	59	59
34	35	35	35	34	34
204	249	247	230	222	200
207	197	193	187	184	174
229	223	221	215	213	206
63	52	64	64	64	105
151	143	146	145	192	192
112	120	131	127	143	147
291	302	288	303	287	257
433	404	384	376	349	316
365	358	396	389	422	449
43	43	43	43	43	42
756	736	727	722	719	684
340	334	332	332	333	329
92	92	92	92	92	92
12	11	11	11	11	11
183	182	181	180	175	166
209	203	202	201	212	208
114	117	117	102	97	94
118	114	111	111	108	105
5,830	5,719	5,719	5,724	5,772	5,753
423	402	391	387	386	361
904	878	861	844	838	824
2,595	2,593	2,582	2,574	2,549	2,538

Schedule F–1
Expenditures — Historical and Constant Dollars
All Governmental Fund Types
Last Five Fiscal Years

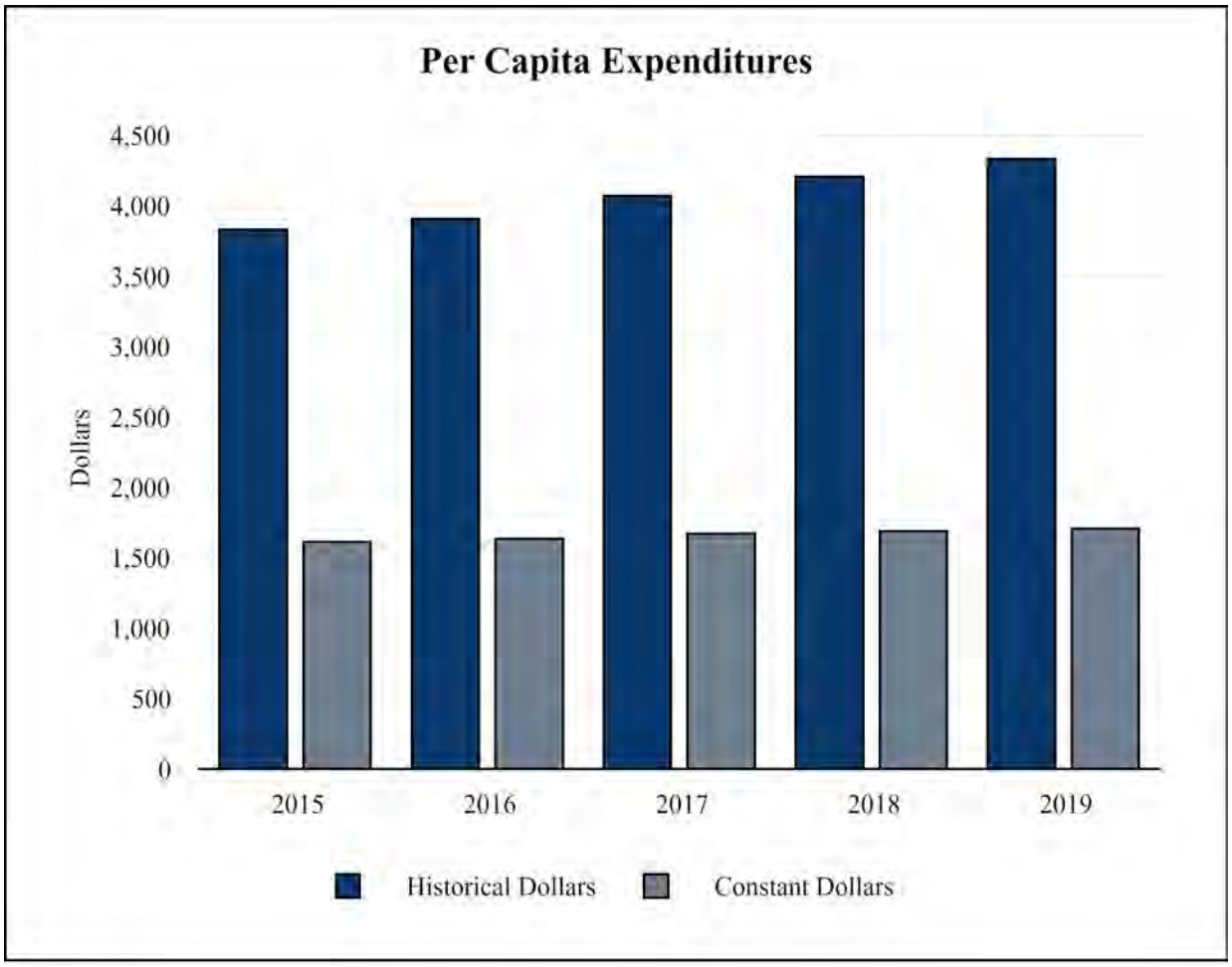


Fiscal Year	Historical Dollars		Constant Dollars	
	(in millions)	Change	(in millions)	Change
2015	$11,482	4.52%	$4,852	3.76%
2016	$11,923	3.84%	$5,004	3.15%
2017	$12,656	6.15%	$5,216	4.23%
2018	$13,332	5.33%	$5,373	3.01%
2019	$13,949	4.63%	$5,508	2.51%

Note: Historical and Constant percentage changes may not be exact due to rounding.

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982–84 = 100.

Schedule F–2
Per Capita Expenditures — Historical and Constant Dollars
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Per Capita Expenditures			
	Historical Dollars		Constant Dollars	
		Change		Change
2015	$3,839	2.91%	$1,622	2.16%
2016	$3,917	2.03%	$1,644	1.35%
2017	$4,079	4.13%	$1,681	2.25%
2018	$4,218	3.40%	$1,700	1.12%
2019	$4,343	2.97%	$1,715	0.88%

Note: Prior year information has been updated with the most recent population data available. Historical and Constant percentage changes may not be exact due to rounding.

Source: Historical Dollars are derived by dividing total expenditures of governmental funds by population data (See Schedule D-1). Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982–84 = 100.

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STATE OF UTAH

Comprehensive Annual Financial Report

Skiing powder near Alta.

2019

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

DAS | Utah Department of Administrative Services

2110 State Office Building | Salt Lake City, Utah 84114 | finance.utah.gov

APPENDIX B

ADDITIONAL DEBT AND FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

Outstanding General Obligation Indebtedness Of The State

The State has issued general obligation bonds for general administrative buildings, higher education buildings, highways (transportation), prisons, water and wastewater facilities, flood control facilities, technology, and refunding purposes. As of March 26, 2020, the State expects to have the following principal amounts of general obligation debt outstanding:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2020	Highways	$448,430,000	July 1, 2034	$ 448,430,000
2019	Highways	127,715,000	July 1, 2033	121,290,000
2018 (2)	Prison/highways	343,155,000	July 1, 2032	302,010,000
2017 (3)	Refunding/highways	118,700,000	July 1, 2028	116,300,000
2017 (4)	Prison/highways	142,070,000	July 1, 2032	124,855,000
2015 (5)	Refunding	220,980,000	July 1, 2024 (9)	117,785,000
2013 (6)	Highways	226,175,000	July 1, 2022 (10)	44,850,000
2011A (7)	Building/highways	609,920,000	July 1, 2021 (11)	87,980,000
2010B (8)	Highways (BABs)	621,980,000	July 1, 2025	592,510,000
2009D (8)	Highways (BABs)	491,760,000	July 1, 2024	417,615,000
Total principal amount of outstanding general obligation debt (12)				$2,373,625,000

(1) Each series of bonds has been rated "AAA" by Fitch Ratings ("Fitch"); "Aaa" by Moody's; and "AAA" by S&P, as of the date of this OFFICIAL STATEMENT. *Additionally, all the outstanding general obligation bonds are exempt from the Statutory Appropriations General Obligation Debt Limit (as defined herein) calculation unless otherwise indicated.*

(2) $73,275,000 of these bonds is included in Statutory Appropriations General Obligation Debt Limit calculations.

(3) Issued as a direct purchase.

(4) $86,830,000 of these bonds is included in Statutory Appropriations General Obligation Debt Limit calculations.

(5) Portions of this bond were refunded by a cash defeasance escrow on February 26, 2020.

(6) Portions of this bond issue were refunded by the 2017 GO Bonds (Refunding).

(7) Portions of this bond issue were refunded by the 2015 GO Bonds.

(8) Issued as federally taxable, originally 35% issuer subsidy, "Build America Bonds."

(9) Final maturity date after the refunding effected by a cash defeasance escrow on February 26, 2020.

(10) Final maturity date after the refunding effected by the 2017 GO Bonds (Refunding).

(11) Final maturity date after the refunding effected by the 2015 GO Bonds.

(12) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued that is reported in the long–term debt notes of the State's financial statements. For accounting purposes, the total unamortized bond premium is $168,981,644 (as of March 26, 2020), together with current debt outstanding of $2,373,625,000, results in total outstanding net direct debt of $2,542,606,644.

(Source: Municipal Advisor.)

For the Fiscal Year 2019 presentation of the State's general obligation bonds see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019—Notes to the Financial Statements, Note 10. Long–Term Liabilities–B. General Obligation Bonds" (CAFR page 106).

Legal Borrowing Authority For General Obligation Bonds

Constitutional Debt Limit. Article XIV, Section 1 of the State Constitution limits the total general obligation indebtedness of the State to an amount equal to 1.5% of the fair market value of the total taxable property of the State, *as shown by the last assessment for State purposes before incurring such debt* (the "Constitutional Debt Limit"). The application of the Constitutional Debt Limit and the additional debt incurring capacity of the State under the State Constitution are estimated to be on March 26, 2020 as follows:

Fair market value of ad valorem taxable property (1)	$402,353,021,949
Fees in lieu of ad valorem taxable property (2)	13,297,245,336
Total fair market value of taxable property (1)	$415,650,267,285
Constitutional Debt Limit (1.5%)	$6,234,754,009
Currently outstanding general obligation debt (net) (3)	(2,542,606,644)
Long–term contract liabilities (4)	(100,062,000)
Estimated additional Constitutional Debt Limit incurring capacity of the State (5)	$3,592,085,365

(1) Based on Calendar Year 2018 (Fiscal Year 2019) taxable values. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters–Taxable Value Compared with Fair Market Value of All Taxable Property in the State" above.

(2) Based on Calendar Year 2018 (Fiscal Year 2019) "age based" values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state–assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.

(3) Includes unamortized original issue bond premium that was treated as principal for purposes of calculating the applicable Constitutional Debt Limit; the Statutory Appropriations General Obligation Debt Limit; and the Statutory 2017 General Obligation Highway Limitation Debt Limit (as defined herein).

(4) In the opinion of the State Auditor, the State has other long–term contract liabilities consisting of unused vacation leave for employees of $100,062,000 which financial obligations may be considered as general obligation debt of the State. Although no final legal determination has been made, for purposes of this OFFICIAL STATEMENT, this amount will be applied against the State's Constitutional Debt Limit.

(5) The State is further limited on its issuance of general obligation indebtedness by statute, see in this section "Statutory Appropriations General Obligation Debt Limit" below. Additionally, the State is limited on the future issuance of general obligation bonds authorized in the General Obligation Bond Authorization Acts, see in this section "Statutory Debt Limit on Issuance of Certain General Obligation Highway Bonds" below.

(Source: Municipal Advisor.)

Constitutional Debt Limit Estimate Using Calendar Year 2019 (Fiscal Year 2020) Estimated Taxable Valuation. As of the date of this OFFICIAL STATEMENT, based on estimated ad valorem property tax reports from the State Tax Commission, the Calendar Year 2019 (Fiscal Year 2020) estimated fair market value of ad valorem taxable property and valuation for fees in lieu property is approximately $460.4 billion, leaving the State approximately $4.26 billion of additional Constitutional Debt Limit incurring capacity taking into consideration the outstanding general obligation debt (long–term contract liabilities). (Source: Municipal Advisor.)

See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters–Taxable Value Compared with Fair Market Value of All Taxable Property in the State" above.

Statutory Appropriations General Obligation Debt Limit. Title 63J, Chapter 3, of the Utah Code (the "State Appropriations and Tax Limitation Act"), among other things, limits the maximum general obligation borrowing ability of the State. Under the State Appropriations and Tax Limitation Act, the outstanding general obligation debt of the State at any time may not exceed 45% of the maximum allowable State budget appropriations limit as provided in and subject to the exemption set forth in that act (the "Statutory Appropriations General Obligation Debt Limit"). The State Appropriations and Tax Limitation Act also

limits State government appropriations based upon a formula that reflects changes in population and inflation.

On occasion, the Legislature has amended the State Appropriations and Tax Limitation Act to provide an exemption for certain general obligation highway bonds and bond anticipation notes from the limitations imposed by the State Appropriations and Tax Limitation Act. Of the State's current outstanding general obligation bonds of $2,373,625,000, $2,213,520,000 is exempt from the State Appropriations and Tax Limitation Act. See in this section "Outstanding General Obligation Indebtedness" above and "DEBT STRUCTURE OF THE STATE OF UTAH—Authorized General Obligation Bonds and Future General Obligation Bonds Issuance" above.

Using the budget appropriations for Fiscal Year 2020, the Statutory Appropriations General Obligation Debt Limit under the State Appropriations and Tax Limitation Act and additional general obligation debt incurring capacity of the State under that act are as of March 26, 2020, as follows:

Statutory Appropriations General Obligation Debt Limit (1)	$1,847,223,450
Statutorily applicable general obligation debt (net) (2)	(174,970,270)
Long–term contract liabilities (3)	(100,062,000)
Remaining Statutory Appropriations General Obligation Debt Limit capacity	$1,572,191,180

(1) 45% of the Fiscal Year 2020 appropriation limit of $4,104,941,000 (as of the date of this OFFICIAL STATEMENT). (Source: Governor's Office of Planning and Budget.)

(2) Includes unamortized original issue bond premium that is treated as principal for purposes of calculating the applicable Constitutional Debt Limit and Statutory Appropriations General Obligation Debt Limit.

(3) In the opinion of the State Auditor, the State has other long–term contract liabilities consisting of unused vacation leave for employees of approximately $100,062,000 which financial obligations may be considered as general obligation debt of the State. Although no final legal determination has been made, for purposes of this OFFICIAL STATEMENT, this amount will be applied against the State's Statutory Appropriations General Obligation Debt Limit.

(Source: Municipal Advisor.)

For a 10–year Fiscal Year history of the State's Constitutional and Statutory Appropriations General Obligation Debt Limits see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019–Statistical Section–Schedule C–3 Legal Debt Margin" and "–Schedule C–4 Statutory Debt Limit" (CAFR page 226).

Statutory Debt Limit on Issuance of Certain General Obligation Highway Bonds. In January 2017, the Legislature passed legislation containing a statutory limit on how much general obligation highway bonds could be issued at a given time (this limit applied to a total $1.047 billion of authorized general obligation highway bonds). These general obligation highway bonds can only be issued up to an amount that, together with total current outstanding general obligation bonds of the State (and other long–term contract liabilities of the State), will not exceed 50% of the Constitutional Debt Limit capacity of the State (the "Statutory 2017 General Obligation Highway Limitation Debt Limit"). *As of March 26, 2020, the State is within the Statutory 2017 General Obligation Highway Limitation Debt Limit and the amount of highway debt that can be issued under the Statutory 2017 General Obligation Highway Limitation Debt Limit.*

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Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year (a)

Fiscal Year Ending	Series 2020 $448,430,000		Series 2019 $127,715,000		Series 2018 $343,155,000		Series 2017 (Refunding) $118,700,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019…….	$ 0	$ 0	$ 0	$ 0	$ 20,290,000	$ 12,975,193	$ 1,100,000 (1)	$ 2,721,534
2020…….	0	0	6,425,000	5,622,026	20,855,000	14,482,869	1,300,000 (1)	2,578,748
2021…….	19,750,000	16,992,457	6,135,000	5,911,125	21,925,000	13,413,369	1,300,000 (1)	2,550,083
2022…….	17,975,000	19,270,475	6,450,000	5,596,500	23,005,000	12,313,119	1,400,000 (1)	2,520,315
2023…….	18,900,000	18,348,600	6,780,000	5,265,750	24,180,000	11,156,494	1,400,000 (1)	2,489,445
2024…….	19,875,000	17,379,225	7,125,000	4,918,125	25,385,000	9,929,919	17,700,000 (1)	2,278,868
2025…….	20,900,000	16,359,850	7,490,000	4,552,750	26,705,000	8,640,219	18,100,000 (1)	1,884,173
2026…….	59,185,000	14,556,300	7,875,000	4,168,625	28,030,000	7,283,194	18,500,000 (1)	1,480,658
2027…….	60,345,000	11,766,625	8,280,000	3,764,750	29,480,000	5,856,794	18,900,000 (1)	1,068,323
2028…….	24,275,000	9,651,125	8,705,000	3,340,125	18,280,000	4,662,794	19,300,000 (1)	647,168
2029…….	25,525,000	8,406,125	9,150,000	2,893,750	19,215,000	3,725,419	19,700,000 (1)	217,193
2030…….	26,825,000	7,097,375	9,620,000	2,424,500	20,200,000	2,740,043	–	–
2031…….	28,200,000	5,721,750	10,115,000	1,931,125	21,130,000	1,812,444	–	–
2032…….	29,650,000	4,275,500	10,635,000	1,412,375	21,890,000	1,047,813	–	–
2033…….	31,175,000	2,754,875	11,180,000	867,000	22,585,000	352,891	–	–
2034…….	32,425,000	1,489,125	11,750,000	293,750	–	–	–	–
2035…….	33,425,000	501,375	–	–	–	–	–	–
Totals……	$448,430,000	$154,570,782	$ 127,715,000	$ 52,962,276	$343,155,000	$ 110,392,570	$118,700,000	$ 20,436,504

Fiscal Year Ending	Series 2017 $142,070,000		Series 2015 $220,980,000		Series 2013 $226,175,000		Series 2011A $609,920,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019…….	$ 6,515,000	$ 9,822,367	$ 0	$ 10,460,625	$ 12,850,000	$ 3,240,000	$ 43,995,000	$ 7,379,025
2020…….	10,700,000	6,202,000	24,765,000	9,841,500	13,525,000	2,580,625	43,990,000	5,202,500
2021…….	11,225,000	5,653,875	0	5,889,250	14,200,000	1,887,500	43,990,000	3,024,700
2022…….	11,825,000	5,077,625	0	5,889,250	14,950,000	1,158,750	43,990,000	965,600
2023…….	12,400,000	4,472,000	39,290,000	4,907,000	15,700,000	392,500	0	0 (4)
2024…….	13,050,000	3,835,750	39,260,000	2,943,250	0	0 (3)	0	0 (4)
2025…….	13,700,000	3,167,000	39,235,000	980,875	0	0 (3)	0	0 (4)
2026…….	14,425,000	2,463,875	0	0 (2)	0	0 (3)	0	0 (4)
2027…….	15,175,000	1,723,875	0	0 (2)	0	0 (3)	0	0 (4)
2028…….	15,930,000	946,250	–	–	0	0 (3)	–	–
2029…….	3,200,000	500,000	–	–	0	0 (3)	–	–
2030…….	3,300,000	402,500	–	–	–	–	–	–
2031…….	3,425,000	284,500	–	–	–	–	–	–
2032…….	3,550,000	162,750	–	–	–	–	–	–
2033…….	3,650,000	54,750	–	–	–	–	–	–
2034…….	–	–	–	–	–	–	–	–
2035…….	–	–	–	–	–	–	–	–
Totals……	$142,070,000	$ 44,769,117	$ 142,550,000	$ 40,911,750	$ 71,225,000	$ 9,259,375	$175,965,000	$ 16,571,825

(a) This table reflects the State's debt service schedule for its outstanding general obligation bonds for the Fiscal Year shown. This information is based on payments (cash basis) falling due in that particular Fiscal Year. **Does not reflect federal interest rate subsidy payments on Build America Bonds.** *The State anticipates that as a result of the federal sequestration, the subsidy paid by the federal government on these bonds will be reduced by $816,883 for the federal fiscal year ending September 30, 2020.*

(1) Mandatory sinking fund principal payments from a $118,700,000 2.205% term bond due July 1, 2028.

(2) Principal and interest has been refunded by a cash defeance escrow on February 26, 2020.

(3) Principal and interest has been refunded by the 2017 GO (Refunding) Bonds.

(4) Principal and interest has been refunded by the 2015 GO Bonds.

Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year–continued

Fiscal Year Ending June 30	Series 2010C (b) $172,055,000 Principal	Series 2010C (b) $172,055,000 Interest	Series 2010B $621,980,000 Principal	Series 2010B $621,980,000 Interest (4)	Series 2009D $491,760,000 Principal	Series 2009D $491,760,000 Interest (4)	Series 2009C (b) $490,410,000 Principal	Series 2009C (b) $490,410,000 Interest
2019	$ 70,435,000	$ 3,873,575	$ 0	$ 21,480,074	$ 0	$ 22,098,170	$ 70,865,000	$ 1,721,625
2020	44,475,000	1,056,350	29,470,000	21,010,175	74,145,000	20,558,179	–	–
2021	–	–	101,775,000	18,866,586	87,715,000 (6)	17,020,917	–	–
2022	–	–	102,480,000	15,466,620	86,740,000 (6)	13,048,576	–	–
2023	–	–	103,250,000 (5)	11,913,336	90,825,000 (6)	9,005,421	–	–
2024	–	–	104,160,000 (5)	8,243,216	64,420,000 (6)	5,470,493	–	–
2025	–	–	104,430,000 (5)	4,552,216	87,915,000 (6)	2,001,825	–	–
2026	–	–	76,415,000 (5)	1,352,163	–	–	–	–
2027	–	–	–	–	–	–	–	–
2028	–	–	–	–	–	–	–	–
2029	–	–	–	–	–	–	–	–
2030	–	–	–	–	–	–	–	–
2031	–	–	–	–	–	–	–	–
2032	–	–	–	–	–	–	–	–
2033	–	–	–	–	–	–	–	–
2034	–	–	–	–	–	–	–	–
2035	–	–	–	–	–	–	–	–
Totals	$114,910,000	$ 4,929,925	$ 621,980,000	$102,884,384	$491,760,000	$ 89,203,580	$ 70,865,000	$ 1,721,625

Fiscal Year Ending June 30	Series 2009A (b) $394,360,000 Principal	Series 2009A (b) $394,360,000 Interest	Totals (a) Total Principal	Totals (a) Total Interest	Totals (a) Total Debt Service
2019	$ 25,265,000	$ 586,175	$ 251,315,000	$ 96,358,363	$ 347,673,363
2020	0	0 (7)	269,650,000	89,134,971	358,784,971
2021	0	0 (8)	308,015,000	91,209,860	399,224,860
2022	0	0 (8)	308,815,000	81,306,830	390,121,830
2023	0	0 (8)	312,725,000	67,950,546	380,675,546
2024	0	0 (8)	290,975,000	54,998,845	345,973,845
2025	–	–	318,475,000	42,138,907	360,613,907
2026	–	–	204,430,000	31,304,815	235,734,815
2027	–	–	132,180,000	24,180,366	156,360,366
2028	–	–	86,490,000	19,247,461	105,737,461
2029	–	–	76,790,000	15,742,486	92,532,486
2030	–	–	59,945,000	12,664,418	72,609,418
2031	–	–	62,870,000	9,749,819	72,619,819
2032	–	–	65,725,000	6,898,438	72,623,438
2033	–	–	68,590,000	4,029,516	72,619,516
2034	–	–	44,175,000	1,782,875	45,957,875
2035	–	–	33,425,000	501,375	33,926,375
Totals	$ 25,265,000	$ 586,175	$ 2,894,590,000	$649,199,889	$ 3,543,789,889

(a) See prior page footnote (a).
(b) These bonds have been included in this table because final principal and interest payments occurred in Fiscal Year(s) 2019 and/or 2020.
(4) Issued as federally taxable "Build America Bonds." Does not reflect originally 35% federal interest subsidy payments.
(5) Mandatory sinking fund principal payments from a $388,255,000, 3.539% term bond due July 1, 2025.
(6) Mandatory sinking fund principal payments from a $417,615,000, 4.554% term bond due July 1, 2024.
(7) Principal and interest has been refunded by the 2015 GO Bonds.
(8) Principal and interest has been refunded by the 2010C GO Bonds.

(Source: Municipal Advisor.)

Debt Ratios Regarding General Obligation Debt Of The State

	Fiscal Year				
	2019	2018	2017	2016	2015
Outstanding general obligation debt (in $1,000's)	$2,273,275	$2,396,875	$2,173,985	$2,498,895	$2,830,150
Debt ratios:					
Per capita	$709	$758	$701	$821	$949
As % of State Total Personal Income	1.47%	1.64%	1.59%	1.94%	2.32%
As % of Taxable Value	0.80%	0.93%	0.91%	1.12%	1.35%
As % of Fair Market/Market Value	0.56%	0.66%	0.65%	0.80%	0.97%

	Estimated As of March 26, 2020
Outstanding general obligation debt	$2,373,625,000
Debt ratios:	
Per capita (2019 Census Bureau estimate–3,205,958)	$740
As % of State Total Personal Income (2020 forecast–$163,437,000,000)	1.45%
As % of Taxable Value (FY 2020 estimate–$315,456,000,000)	0.75%
As % of Fair Market Value/Market Value (FY 2020 estimate–$445,636,000,000)	0.53%

(Source: Municipal Advisor.)

The ratios of debt service expenditures to General Fund expenditures and to all governmental fund type expenditures (excluding Trust Lands) for the last five Fiscal Years are shown below:

	Fiscal Year ($ in Thousands)				
	2019	2018	2017	2016	2015
General Fund Expenditures	$7,386,308	$6,938,622	$6,654,337	$6,409,600	$6,160,589
Debt Service Expenditures	$364,366	$391,917	$447,645	$467,381	$455,733
Ratio of Debt Service to General Fund Expenditures	4.93%	5.65%	6.73%	7.29%	7.40%
Total All Governmental Funds Expenditures	$13,930,957	$13,315,497	$12,639,449	$11,923,040	$11,482,470
Ratio of Debt Service Expenditures to All Governmental Fund Expenditures	2.62%	2.94%	3.54%	3.92%	3.97%

(Sources: Division of Finance and the State's Fiscal Years 2015 through 2019 CAFRs.)

For a 10–year history of debt ratios of outstanding debt by Fiscal Year see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019–Statistical Section–Schedule C–1 Ratios of Outstanding Debt by Type" (CAFR page 222).

Revenue Bonds And Notes

State of Utah Recapitalization Revenue Bonds. The State Bonding Commission is authorized, with prior approval of the Legislature, to issue "recapitalization" revenue bonds of the State to provide funds for certain of the State's revolving loan funds. Such State revenue bonds are secured principally by the payments on certain bonds, notes and other obligations owned by the State through such funds and by debt service reserve funds, and constitute "State Moral Obligation Bonds," but are not applied against the general obligation borrowing capacity of the State. The State has issued the following recapitalization revenue bonds:

Series	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2010C (1)	Water resources (BABs)	$31,225,000	July 1, 2022	$19,565,000

(1) Rated "Aa2" by Moody's and "AA" by S&P, as of the date of this OFFICIAL STATEMENT. No bond rating was requested from Fitch. Issued as federally taxable, originally 35% issuer subsidy, "Build America Bonds."

(Source: Municipal Advisor.)

Average annual principal and interest payments on the State's recapitalization revenue bonds are approximately $6.99 million for each Fiscal Year extending through Fiscal Year 2023 (Source: Municipal Advisor). See also "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019–Notes to the Financial Statements–Note 10. Long–term Liabilities. C. Revenue Bonds–Business–type Activities–Water Loan Programs" (CAFR page 108).

Also see "DEBT STRUCTURE OF THE STATE OF UTAH—State Moral Obligation Bonds" above.

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APPENDIX C

DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE STATE OF UTAH

General Information

This appendix has been summarized from information provided by members of the Utah Economic Council, which is contained in the *2020 Economic Report to the Governor* (the "2020 Economic Report to the Governor January 2020"), State of Utah Revenue Assumptions Working Group and from other reliable sources. A complete copy of the 2020 Economic Report to the Governor and the State of Utah Revenue Assumptions Working Group economic indicators may be obtained on the web site or by contacting the Governor's Office of Management and Budget ("GOMB"); 801.538.1027 | f 801.538.1547 | https://www.gomb.utah.gov.

Additionally, GOMB may have updated certain sections contained in this appendix with the latest information available.

Geographic Information

On January 4, 1896, the State became the 45th state of the United States of America (the "U.S."). Ranking 13th largest among the states in total area, the State contains approximately 84,900 square miles. It ranges in elevation from a low of 2,200 feet above sea level in the south, to a high of 13,500 feet above sea level in the northern mountains. The State is in a semi–arid region (precipitation ranks as the 2nd lowest in the nation, behind Nevada). Home to deserts, plateaus, the Great Basin and the Rocky Mountains, the state is known for its scenic beauty and the diversity of its outdoor recreation areas. Land ownership in the State was distributed as about 64% federal, 10% State, and 26% other (American Indian reservation, municipal, state sovereign lands, and private).

Demographics

2019 Overview. The U.S. Census Bureau estimated the 2019 population of the State to be 3,205,958 persons. This is an increase of 52,408 persons and a growth rate of 1.7%, the fourth highest growth rate in the nation. The Utah Population Committee, whose estimates differ slightly from the U.S. Census Bureau, estimated that 53,596 persons were added to reach 3,220,262 persons in 2019. Based on the Utah Population Committee's estimates, net migration (in–migration minus out–migration) totaled 24,987 in 2019 or 47% of growth. Natural increase remains the mainstay of population growth, contributing 28,609 persons, which is over half (53%) of population growth. The State's birth rate remains the highest among all states, at 14.9 per 1,000 population in 2018.

The State is an urban state, meaning that population is very spatially concentrated. Per the 2010 Census, the most recent data on the urban population, 90.6% of the State's population lives in an urban setting, an increase from 88.2% in 2000. The State is the ninth most urban state in the nation. Salt Lake County remains the most populous county with 1.15 million residents. Salt Lake, Utah, Davis, and Weber counties are the four most populated counties, home to 2.4 million or about 75% of the State's residents.

In comparison to other states, the State's population is younger (31.0 median age), and households on average are larger (3.12 persons). While the lowest nationally, the State's median age has been increasing over the past several years. This reflects the fact that the 65 and older population has become a larger share of the State's overall population and leads to an age structure that is unique to the State.

A summary measure of the age structure is the dependency ratio, which is the number of non–working–age persons (younger than 18 and 65 and older) per 100 persons of working–age (18 to 64). The

State's total dependency ratio for 2018 was 68.3, the third highest in the nation behind Idaho (70.3) and South Dakota (70.4). The national dependency ratio was 62.5.

2020 Outlook. Projections estimate that the population will continue to grow at a moderate pace to reach 3,270,729 by July 1, 2020. This includes the consideration that natural increase (births minus deaths) is estimated to increase slightly, contributing 31,997 people to the State's population. Net migration is projected to remain positive but moderate to 20,472.

State Population

Year	Population	% Change From Prior Period
2019 Census Estimate	3,205,958	16.0%
2010 Census	2,763,885	23.8
2000 Census	2,233,169	29.6
1990 Census	1,722,850	17.9
1980 Census	1,461,037	37.9
1970 Census	1,059,273	18.9
1960 Census	890,627	29.3
1950 Census	688,862	25.2
1940 Census	550,310	8.4
1930 Census	507,847	13.0
1920 Census	449,396	20.4
1910 Census	373,351	34.9

(Source: U.S. Bureau of the Census.)

Year	Births	Deaths	Natural Increase	Net In-Migration	Population Change
2019	46,990	18,381	28,609	24,987	53,596
2018	47,310	17,894	29,416	23,248	52,664
2017	49,502	17,596	31,898	27,091	58,989
2016	50,704	17,555	33,149	24,261	57,410
2015	51,024	17,074	33,950	21,671	55,620
2014	50,807	15,941	34,866	4,919	39,785
2013	51,801	15,916	35,885	1,550	37,435
2012	50,388	15,289	35,099	9,032	44,131
2011	51,836	14,897	36,939	11,300	48,242
2010	52,899	14,302	38,597	2,214	40,811

(Source: Utah Population Committee, Kem C. Gardner Policy Institute; 2020 Economic Report to the Governor (data from this table may differ from other tables due to different sources of data or rounding).

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Significant Characteristics of the State's Population

Category	Ranking (1)	Comments
Demographic		
Population growth rate (2018 to 2019)	4th	1.7% growth rate
Population growth rate (2010 to 2019)	1st	16% growth rate
State population (July 1, 2019) (2)	30th	out of 50 states (3,205,958 persons)
Pre–school age (under five years old)	1st	8.0% of total population
School age (five to 17)	1st	21.5% of total population
Working age (18 to 64)	49th	59.4% of total population
Retirement age (over age 65)	51st	11.1% of total population
Birth rate (2018)	1st	14.9 births per 1,000 population (U.S. 11.6)
Fertility rate (2018)	2nd	2.03 (U.S. 1.73)
Life expectancy (2010)	10th	80.2 years
Death rate (2017)	1st	5.5 deaths per 1,000 population (U.S. 8.6)
Median age (2018)	1st	31.0 years
Household size (2018)	1st	3.12 persons
Dependency ratios (July 1, 2018):		
Preschool–age (under 5)	1st	(13.5 per 100 of working age) (U.S. 9.8)
School–age (5 to 17)	1st	(36.2 per 100 of working age) (U.S. 26.6)
Retirement–age (65 and over)	49th	(18.7 per 100 of working age) (U.S. 26.0)
Total non–working age	3rd	(68.3 per 100 of working age) (U.S. 62.5)
Economic		
Rate of job growth (December 2019)	1st	3.3%
Private sector job growth (December 2019)	1st	3.6%
Unemployment rate (December 2019)	1st	2.3%
Urban status (2010)	9th	91% urban
Median household income (2018)	8th	$77,067
Per capita personal income growth (2018)	15th	5.3%
Social indicators		
Poverty rate (2018)	3rd	9.0%
Educational attainment (2018)	8th	92.4% of persons 25+ (with high school degree)
Educational attainment (2018)	14th	34.9% of persons 25+ (with bachelor's or higher)

(1) Rankings are from most favorable to least favorable, highest to lowest. Rankings differ from other data.
(2) Total population rankings reflect 2019 Census estimates.

(Sources: 2020 Economic Report to the Governor; GOMB; U.S. Census Bureau, U.S. Department of Labor; U.S. Bureau of Economic Analysis.)

Employment, Wages And Labor Force

2019 Overview. Following up on a high–performing State economy in recent years, strong labor market statistics continued in 2019.

Quarterly Census of Employment and Wages

2019 (2nd Quarter - Private Sector Only)

	United States				Utah			
	Average Monthly Employment	Average Weekly Wage	Year-Over Employment Growth (%)	Year-Over Average Weekly Wage Growth (%)	Average Monthly Employment	Average Weekly Wage	Year-Over Employment Growth (%)	Year-Over Average Weekly Wage Growth (%)
All Industries, All Ownership	145,910,538	1,184	1.5%	2.8%	1,492,266	979	3.0%	3.2%
Natural Resources & Mining	1,990,866	1,115	0.5%	3.6%	15,285	1,160	0.4%	2.0%
Construction	7,482,060	1,201	3.1%	3.6%	109,252	986	4.3%	2.7%
Manufacturing	12,621,811	1,297	0.0%	2.7%	136,107	1,092	3.6%	2.2%
Trade, Transportation & Utilities	27,288,789	927	0.2%	4.0%	286,675	874	2.4%	5.9%
Information	2,837,239	2,168	1.1%	5.6%	38,395	1,520	5.2%	5.3%
Financial Activities	8,296,141	1,638	1.5%	3.3%	89,421	1,264	2.6%	3.0%
Professional and Business Services	21,185,796	1,429	1.8%	4.8%	223,096	1,151	4.0%	6.3%
Education and Health Services	23,060,757	979	2.0%	2.9%	192,086	820	3.6%	2.9%
Leisure and Hospitality	16,703,636	467	1.5%	4.0%	153,946	392	3.9%	4.8%
Other Services	4,576,118	754	1.0%	4.0%	37,150	702	2.7%	4.2%

*Industry level data for private sector only
(Source: Bureau of Labor Statistics)

The 2019 data is still being collected, but the year's employment gains are preliminary estimated to measure around 3.2%. The eighth year of strong employment growth coupled with an already tight labor market further pushed down the unemployment rate to 2.3% by December 2019, the lowest State unemployment rate on record.

A low–unemployment outcome featuring full employment across all education tiers, is strong wage growth. A lack of formidable wage gains throughout much of the Great Recession's rebound was the recovery's missing potency. But within the past two years in particular, the State's wage gains have been dynamic. The 2018 gains reached 4.2% (helped along by national tax stimulus) and 2019 is estimated to follow with another 3.7% increase. These gains can anchor their strength in all education tiers attaining full employment.

2020 Outlook. Two variables dominate the State's employment outlook for 2020—labor in–migration and the health of the U.S. economy. Both do not hold equal control, but both have strong enough influence to potentially amend the State's current economic trajectory.

The lesser influence is labor in–migration, which is currently helping to sustain the State's robust economic growth. With the unemployment rate at record lows, it is notable that the State finds enough labor to maintain nation–leading employment growth rates. Each year a sizeable number of State residents age into the labor force, yet that is not enough to maintain the expansion's current pace given historically low indigenous unemployment. To date, in–migration has been sufficient to continue the State's strong employment growth. Factors influencing migration decisions, like housing prices and quality–of–life, receive added attention when observing the State's 2020 economy.

The larger pressure on state economic performance is the United States economy. The State's economy runs parallel with the United States economy. It is rare in recent history for the direction of the State's economic statistics to move independently of the United States for sustained periods. Where the State's uniqueness lies is in its parallel movements, which are traditionally at a higher level. The State's ebbs and flows mirror the national ebbs and flows, but the State generally rides the top of those flows.

Current Unemployment Rates (seasonally adjusted)

Current Unemployment Rate	State	U.S.
December 2019	2.3%	3.5%
December 2018	3.2	3.9

(Sources: Utah Department of Workforce Services.)

Average Annual Employment and Unemployment Rate for Utah and the United States

Year	Utah Civilian Labor Force	Utah Total Employed	Unemployment Rate Utah	Unemployment Rate U.S.	Utah Unemployment Rate as % of U.S. Rate
2020 (f)	1,664,400	1,622,790	2.5%	3.5%	77%
2019 (e)	1,619,200	1,574,482	2.7	3.7	76
2018	1,572,136	1,523,158	3.1	3.9	75
2017	1,548,263	1,497,812	3.3	4.4	73
2016	1,506,239	1,454,399	3.4	4.9	69
2015	1,465,770	1,412,521	3.6	5.3	66
2014	1,430,503	1,375,910	3.8	6.2	61
2013	1,408,449	1,343,805	4.4	7.4	59
2012	1,376,628	1,302,641	5.4	8.1	67
2011	1,347,409	1,257,213	6.7	8.9	75
2010	1,352,123	1,245,849	7.9	9.6	82
2009	1,365,923	1,263,659	7.5	9.3	81

(f) forecast. (e) estimated.

(Sources: Utah Department of Workforce Services.)

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Employment

Utah Labor Force, Nonagricultural Jobs, and Wages

	2020 (f)	2019 (e)	2018	2017	2016	% Change 2019–20	% Change 2018–19	% Change 2017–18	% Change 2016–17
Civilian labor force	1,664,363	1,619,160	1,572,136	1,548,263	1,506,239	2.8	3.0	1.5	2.8
Employed persons	1,618,763	1,574,360	1,523,158	1,497,812	1,454,399	2.8	3.4	1.7	3.0
Unemployed persons	45,600	44,800	48,978	50,450	51,840	1.8	(8.5)	(2.9)	(2.7)
Unemployment rate (%)	2.7	2.8	3.1	3.3	3.4	–	–	–	–
U.S. unemployment rate (%)	3.5	3.7	3.9	4.4	4.9	–	–	–	–
Total nonfarm jobs	1,598,198	1,561,765	1,517,423	1,469,125	1,426,381	2.3	2.9	3.3	3.0
Mining	9,853	9,659	9,470	8,618	8,494	2.0	2.0	9.9	1.5
Construction	111,331	108,721	104,339	97,495	91,537	2.4	4.2	7.0	6.5
Manufacturing	140,250	137,366	132,978	129,198	125,926	2.1	3.3	2.9	2.6
Trade, transportation, utilities	299,080	292,356	286,343	278,526	271,433	2.3	2.1	2.8	2.6
Information	40,093	39,384	38,052	38,429	36,757	1.8	3.5	(1.0)	4.5
Financial activity	91,702	89,904	87,540	84,072	81,711	2.0	2.7	4.1	2.9
Professional and business services	232,824	225,605	217,555	206,987	202,175	3.2	3.7	5.1	2.4
Education and health services	214,422	209,396	203,495	198,251	190,935	2.4	2.9	2.6	3.8
Leisure and hospitality	159,385	154,443	148,503	143,029	138,591	3.2	4.0	3.8	3.2
Other services	43,257	42,326	41,253	40,209	39,405	2.2	2.6	2.6	2.0
Government	256,003	252,605	247,895	244,311	239,417	1.3	1.9	1.5	2.0
Goods–producing	261,434	255,747	246,787	235,311	225,957	2.2	3.6	4.9	4.1
Service–producing	1,334,666	1,306,018	1,270,636	1,233,814	1,200,424	2.2	2.8	3.0	2.8
% Service–producing	83.6%	83.6%	83.7%	84.0%	84.2%	–	–	–	–
U.S. nonagricultural job growth	1.1%	1.5%	1.7%	1.5%	1.7%	–	–	–	–
Total nonagricultural wages (millions)	$82,171	$77,174	$72,273	$67,180	$63,419	6.5	6.8	7.6	5.9
Average annual wage	$51,482	$49,412	$47,627	$45,727	$44,459	4.2	3.7	4.2	2.9
Average monthly wage	$4,290	$4,118	$3,969	$3,811	$3,705	4.2	3.7	4.2	2.9
Establishments (first quarter)	110,076	106,663	102,758	98,047	95,058	3.2	3.8	4.8	3.1

Note: Numbers in this table may differ from other tables as not all industrial sectors are listed here.
(f) forecast; (e) estimate.

(Sources: Utah Department of Workforce Services; Workforce Research Analysis.)

Largest Nonagricultural Employers–Annual Average Employment (1)

Employer	Business	Employee Range
Intermountain Health Care	Health Care	20,000+
State of Utah	State government	20,000+
University of Utah (including Hospital)	Higher education	20,000+
Brigham Young University	Higher education	15,000–20,000
Wal–Mart Associates	Warehouse clubs/supercenters	15,000–20,000
Hill Air Force Base	Federal government	10,000–15,000
Alpine School District	Public education	7,000–10,000
Davis School District	Public education	7,000–10,000
Granite School District	Public education	7,000–10,000
Smith's Food and Drug Centers	Grocery stores	7,000–10,000
Utah State University	Higher education	7,000–10,000
Jordan School District.	Public education	5,000–7,000
Salt Lake County	Local government	5,000–7,000
Utah Valley University	Higher education	5,000–7,000
U.S. Postal Service	Federal government	5,000–7,000
The Canyons School District.	Public education	4,000–5,000
Delta Airlines Inc.	Air transportation	4,000–5,000
The Home Depot	Home centers	4,000–5,000
U.S. Department of Treasury	Federal government	4,000–5,000
Weber County School District	Public education	4,000–5,000
Zions Bank Management Services	Banking	4,000–5,000
ARUP Laboratories, Inc.	Medical laboratory	3,000–4,000
ATK Launch Systems	Aerospace	3,000–4,000
Autoliv	Motor vehicle manufacturing	3,000–4,000
Costco	Warehouse clubs/supercenters	3,000–4,000
C.R. England Trucking	Transportation	3,000–4,000
Department of Veterans Affairs	Federal government	3,000–4,000
Discover Products	Consumer loans	3,000–4,000
Goldman Sachs	Banking/investments	3,000–4,000
Harmons	Grocery stores	3,000–4,000
L3 Technologies	Electronic manufacturing	3,000–4,000
Nebo School District	Public education	3,000–4,000
Salt Lake City	Local government	3,000–4,000
Salt Lake City School District	Public education	3,000–4,000
Salt Lake Community College	Higher education	3,000–4,000
United Parcel Service	Courier transportation	3,000–4,000
Vivint	Electric contractors	3,000–4,000
Washington County School District	Public education	3,000–4,000
Weber State University	Higher education	3,000–4,000
Wells Fargo Bank	Banking	3,000–4,000
America First Credit Union	Banking	2,000–3,000
Cache School District	Public education	2,000–3,000
JetBlue Airways Corporation	Air transportation	2,000–3,000
Lowe's Home Center	Home centers	2,000–3,000
Maverick County Stores	Retail stores	2,000–3,000
Sizzling Platter, LLC	Restaurants	2,000–3,000
SkyWest Airlines	Air transportation	2,000–3,000
Target Corporation	Supercenters	2,000–3,000
Utah Transit Authority	Public transportation	2,000–3,000

(1) Includes those firms with 2,000 to 3,000 and more employees. The Church of Jesus Christ of Latter–day Saints church remains one of the State's largest employers; however, the church does not disclose employment numbers.

(Source: Utah Department of Workforce Services. Updated September 2018.)

For the State's presentation of principal employers as of Calendar Year 2009 and 2018 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2019–Statistical Section–Schedule D–2. Principal Employers" (CAFR page 231).

Personal Income; Per Capita Income

2019 Overview. *Total Personal Income.* The State's total personal income in 2019 was an estimated $154.6 billion, a 5.6% increase from $146.4 billion in 2018. The State's estimated 2019 per capita income was $48,143, up 3.9% from $46,320 in 2018. Both measures of estimated personal income growth in the State were lower in 2019 than in 2018. In 2018, total personal income grew by 7.2% and per capita income grew by 5.3%.

Of the State's nonfarm earnings, 84.0% came from the private sector and 16.0% came from the public sector. Within the State's private sector, the professional, scientific, and technical services sector (11.6%) was the largest source of earnings; followed by manufacturing (11.5%), and health care and social assistance (10.2%). At the national level, health care and social assistance accounted for the largest percentage of private sector earnings (13.2%); followed by professional, scientific, and technical services (12.5%); and manufacturing (11.1%).

In 2018, all of the State's broad private–industry classifications experienced growth in earnings. The mining, quarrying, and oil and gas extraction sector had the highest year–over–year earnings growth of 14.0%. Other industries experiencing high growth included professional, scientific, and technical services (12.8%), educational services (11.2%), and construction (9.2%).

Total Personal Income ($ in Millions)

	Utah		United States	
Year	Amount	% Change	Amount	% Change
2020 (f)	$164,559	6.0%	$19,301,000	3.7%
2019 (e)	155,244	6.0	18,620,000	4.5
2018	146,423	7.2	17,819,158	5.6
2017	136,544	5.9	16,878,796	4.7
2016	128,929	5.8	16,121,183	2.6
2015	121,885	7.7	15,717,760	4.8
2014	113,141	6.3	14,991,715	5.7
2013	106,427	3.2	14,181,095	1.2
2012	103,121	7.1	14,010,140	5.1
2011	96,245	7.8	13,326,770	6.2
2010	89,242	2.9	12,551,597	4.1
2009	86,696	(3.8)	12,059,109	(3.1)
2005	70,862	–	10,598,246	–
2000	54,466	–	8,652,601	–
1995	38,308	–	6,291,376	–

(f) forecast. (e) estimate.

(Sources: U.S. Department of Commerce, Bureau of Economic Analysis ("BEA"); Kem C. Gardner Policy Institute.)

Components of the State's Total Personal Income

	(in thousands)					% change	% change	% change	% change
	2018	2017	2016	2015	2014	2017–18	2016–17	2015–16	2014–15
Personal income	$146,422,529	$136,543,686	$128,929,427	$121,884,897	$113,140,896	7.2	5.9	5.8	7.7
Earnings by place of work	107,919,646	101,002,917	95,573,532	90,414,026	84,821,050	6.8	5.7	5.7	6.6
less: Contributions for government social insurance	12,166,632	11,590,363	10,771,176	10,233,232	9,791,145	5.0	7.6	5.3	4.5
plus: Adjustment for residence	(39,909)	(39,055)	(30,295)	8,944	33,727	2.2	28.9	(438.7)	(73.5)
equals: Net earnings by place of residence	95,713,105	89,373,499	84,772,061	80,189,738	75,063,632	7.1	5.4	5.7	6.8
plus: Dividends, interest, and rent	32,247,902	29,805,915	27,334,550	25,704,718	22,972,097	8.2	9.0	6.3	11.9
plus: Personal current transfer receipts	18,461,522	17,364,272	16,822,816	15,990,441	15,105,167	6.3	3.2	5.2	5.9
Components of earnings									
Wage and salary disbursements	77,838,125	72,421,860	68,301,493	64,643,564	60,570,007	7.5	6.0	5.7	6.7
Supplements to wages and salaries	18,874,970	17,855,594	16,850,546	15,490,151	14,821,458	5.7	6.0	8.8	4.5
Proprietors' income	11,206,551	10,725,463	10,421,493	10,280,311	9,429,585	4.5	2.9	1.4	9.0
Earnings by industry									
Farm earnings	272,101	334,015	346,246	603,202	616,973	(18.5)	(3.5)	(42.6)	(2.2)
Nonfarm earnings	107,647,545	100,668,902	95,227,286	89,810,824	84,204,077	6.9	5.7	6.0	6.7
Private earnings	90,384,485	84,250,144	79,482,909	74,760,538	69,642,443	7.3	6.0	6.3	7.3
Forestry, fishing, related activities, and other	88,548	81,560	79,195	72,763	69,718	8.6	3.0	8.8	4.4
Mining	830,860	728,766	670,421	864,627	1,045,738	14.0	8.7	(22.5)	(17.3)
Utilities	792,597	734,147	584,496	600,117	538,717	8.0	25.6	(2.6)	11.4
Construction	8,871,956	8,126,268	7,484,880	6,910,461	6,321,005	9.2	8.6	8.3	9.3
Manufacturing	10,410,291	9,839,547	9,344,135	9,115,956	8,613,317	5.8	5.3	2.5	5.8
Wholesale trade	4,919,835	4,772,174	4,433,864	4,273,113	3,907,204	3.1	7.6	3.8	9.4
Retail trade	8,193,653	7,659,363	7,455,984	6,966,602	6,622,900	7.0	2.7	7.0	5.2
Transportation and warehousing	4,537,486	4,219,443	4,061,804	3,908,796	3,474,133	7.5	3.9	3.9	12.5
Information	3,802,217	3,508,693	3,312,321	3,031,914	2,827,288	8.4	5.9	9.2	7.2
Finance and insurance	6,920,853	6,389,024	6,005,373	5,690,247	5,067,005	8.3	6.4	5.5	12.3
Real estate and rental and leasing	3,440,830	3,294,003	3,175,617	2,580,439	2,040,652	4.5	3.7	23.1	26.5
Professional, scientific and technical services	10,486,913	9,293,984	8,505,224	8,105,041	7,561,401	12.8	9.3	4.9	7.2
Management of companies and enterprises	2,115,199	2,042,525	1,977,855	1,789,379	1,801,090	3.6	3.3	10.5	(0.7)
Administrative and waste services	4,591,244	4,371,662	4,050,379	3,795,297	3,582,869	5.0	7.9	6.7	5.9
Educational services	2,279,665	2,049,609	2,035,644	1,874,090	1,761,004	11.2	0.7	8.6	6.4
Health care and social assistance	9,200,017	8,705,124	8,333,099	7,621,217	7,242,138	5.7	4.5	9.3	5.2
Arts, entertainment and recreation	1,094,453	1,038,356	977,045	852,232	814,643	5.4	6.3	14.6	4.6
Accommodations and food services	3,119,786	2,907,472	2,733,168	2,586,176	2,361,905	7.3	6.4	5.7	9.5
Other services, except public administration	4,688,082	4,488,424	4,262,405	4,122,071	3,989,716	4.4	5.3	3.4	3.3
Government and government enterprises	17,263,060	16,418,758	15,744,377	15,050,286	14,561,634	5.1	4.3	4.6	3.4
Federal, civilian	3,778,271	3,640,850	3,495,535	3,345,365	3,197,349	3.8	4.2	4.5	4.6
Military	811,704	754,588	751,479	711,291	730,233	7.6	0.4	5.7	(2.6)
State and local	12,673,085	12,023,320	11,497,363	10,993,630	10,634,052	5.4	4.6	4.6	3.4

(Source: Bureau of Economic Analysis.)

2019 Overview. Per Capita Personal Income. The State's estimated 2019 per capita personal income is estimated at $48,143, up 3.9% from the 2018 level of $46,320. The State's estimated 2019 per capita income is 85.0% of the national per capita income of $56,618. In 2018, the State's total personal income growth was the 2nd highest in the nation, while its per capita personal income growth was 15th.

Per Capita Personal Income

	Income Per Capita		Annual % Change		Utah as a %
Year	Utah	U.S.	Utah	U.S.	of U.S.
2020 (f)	$50,432	$58,135	4.3%	3.0%	86.7%
2019 (e)	48,332	56,424	4.3	3.6	85.7
2018	46,320	54,465	5.3	4.9	85.0
2017	44,002	51,911	3.8	4.0	84.8
2016	42,375	49,900	3.7	1.8	84.9
2015	40,867	49,004	6.1	4.1	83.4
2014	38,517	47,087	4.9	4.9	81.8
2013	36,725	44,869	1.6	0.5	81.8
2012	36,139	44,636	5.7	4.4	81.0
2011	34,200	42,772	6.4	5.4	80.0
2010	32,156	40,577	1.0	3.2	79.2
2009	31,833	39,310	(6.0)	(3.9)	81.0
2005	28,832	35,863	–	–	80.4
2000	24,266	30,665	–	–	79.1
1995	19,019	23,627	–	–	80.5

(f) forecast. (e) estimated.

(Sources: 2020 Economic Report to the Governor; Kem C. Gardner Policy Institute; BEA and GOMB.)

2020 Outlook. The State's total personal income in 2019 is estimated to have grown 5.6%; down from 7.2% in 2018, but higher than the estimated national average of 4.9%. The State's 2019 per capita personal income growth of 3.9% is also estimated to be lower than the State's growth in 2018, and lower than the estimated 2019 per capita income growth nationwide of 4.0%. In 2020, the State looks to remain one of the top labor markets and centers for growth in the nation. The State has consistently experienced some of the fastest employment growth in the country since the end of the Great Recession, and this trend is likely to continue into the foreseeable future. With the State's unemployment rate sitting at all–time lows, businesses will face increased competition for a qualified workforce. This dynamic should encourage companies to increase wages and benefits, and put upward pressure on personal income growth.

Taxable Sales

2019 Overview. In 2019, total taxable sales (sales and purchases subject to sales and use tax) in the State were estimated to increase by 4.4% to approximately $67.8 billion. Growth in 2019 was projected to be slower than recent years and among the slowest years that the State has experienced since the Great Recession. Although growth in total taxable sales was buoyed by an increase in remote sales due to recent legislation and by a labor market that is among the best in the nation, it was also tempered by an expansion of the manufacturing exemption and by a moderation in business and consumer spending. Retail sales and taxable services were estimated to increase by the slowest rates since 2010 when the recovery from the Great Recession began, increasing by 3.9% and 4.0% respectively in 2019. Business investment also underperformed recent years, estimated to decline by 3.5%. Conversely, all other sales not categorized in those three sectors increased by an estimated 29% in 2019.

2020 Outlook. Momentum in the State's strong labor market is forecasted to drive another year of positive growth in the State's total taxable sales in 2020. Total taxable sales are forecast to increase by 5.2% to $71.3 billion in 2020. Healthy consumer fundamentals (low unemployment, strong wage growth and low debt service) point to another of year of solid growth in retail sales and taxable services, which are forecast to increase by 4.6% and 4.7% respectively. Business investment purchases are forecast to rebound, growing by 6.0%.

Recent and future legislation has the potential to impact forecasts for 2020. Specifically, Senate Bill 168 from the 2019 General Session requires marketplace facilitators that meet certain requirements to collect and remit sales and use tax on each sale the marketplace facilitator makes on its own behalf or that it makes or facilitates on behalf of a marketplace seller beginning October 1, 2019. Although this legislation may increase compliance and reporting for remote sales, the full impacts beyond the Senate Bill 168 original fiscal note of $6 million are unknown and will be more fully reflected in future forecasts.

Although overall growth in 2020 is forecast to exceed 2019, projections are always subject to uncertainty due to trade tensions and other geopolitical events, which softened the outlook somewhat and presents further risks to the outlook. Conditions with the potential to impact 2020 taxable sales are primarily external in nature and include, but are not limited to, national monetary and tax policy decisions, elections, national political climate, commodity prices, and geopolitical instability. Any significant changes in these and other economic or political conditions could result in changes to employment, disposable income, and consumer confidence, which will in turn affect the State's taxable sales.

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Taxable Sales

(in millions of dollars)

Calendar Year	Retail Sales	% Change	Business Investment Purchases	% Change	Taxable Services	% Change	All Other	% Change	Total Gross Taxable Sales	% Change
2020 (f)….	$36,321	4.6 %	$10,144	6.0 %	$19,062	4.7 %	$5,817	8.6 %	$71,344	5.2 %
2019 (e)….	34,708	3.9	9,567	(3.5)	18,210	4.0	5,356	29.0	67,841	4.4
2018……	33,404	5.1	9,910	9.2	17,518	4.2	4,151	23.7	64,983	6.5
2017……	31,779	8.4	9,079	10.0	16,816	4.4	3,357	18.1	61,032	8.0
2016……	29,303	5.4	8,255	(1.7)	16,102	4.2	2,842	24.5	56,502	4.8
2015……	27,801	6.1	8,400	(3.4)	15,449	4.4	2,283	13.2	53,933	4.3
2014……	26,193	5.0	8,699	4.2	14,802	5.7	2,016	(4.0)	51,710	4.7
2013……	24,944	6.1	8,352	(4.9)	14,008	4.2	2,100	16.7	49,404	3.9
2012……	23,512	7.8	8,780	8.9	13,439	6.0	1,800	15.7	47,531	7.8
2011……	21,801	6.5	8,063	10.0	12,676	4.6	1,556	6.2	44,096	6.5
2010……	20,475	0.7	7,333	6.8	12,114	2.7	1,465	(2.3)	41,387	2.2
2009……	20,329	(10.3)	6,864	(23.6)	11,790	(8.0)	1,499	1.1	40,482	(11.9)

(f) forecast. (e) estimate.

(Source: Utah State Tax Commission; 2020 Economic Report to the Governor.)

Construction

In 2019, the value of permit–authorized construction in the State was $9.46 billion, the highest year ever, in both current and inflation–adjusted dollars. The previous peak was in 2006, during the run–up to the Great Recession, when construction value totaled $9.45 billion in inflation–adjusted dollars. The value of residential construction in 2019 was $5.70 billion, 10.9% higher than the previous year.

2020 Outlook. The value of permit–authorized construction in the State in 2020 is forecast at $9.06 billion, a decline of 5.0% from 2019. The number of residential units is forecast at 26,000 units, down slightly from the 26,908 in 2019. The decline is due to a projected moderation in multi–family permit activity. The value of residential construction is projected to hold steady at around $5.8 billion while the value of nonresidential construction and additions, alterations, and repairs is projected to see modest declines. Nonresidential construction value is forecast at $2.06 billion, a drop of $300 million from 2019. Additions, alterations, and repairs value is forecast at $1.2 billion, a decline of $200 million. Despite the projected declines in nonresidential construction and additions, alterations, and repairs, the value of permit–authorized construction in 2020 is projected to be the second–highest year on record.

Permit–Authorized Construction ($ In Millions)

		Construction Value			
Year	Total Units	Residential	Nonresidential	Renovations	Total Valuation
2020 (f)	26,000	$5,800.0	$2,058.5	$1,200.0	$9,058.5
2019 (e)	26,908	5,700.0	2,300.0	1,460.0	9,460.0
2018	24,245	5,153.0	2,166.5	1,136.0	8,455.5
2017	23,002	4,696.0	2,280.6	1,214.6	8,191.3
2016	20,064	4,081.9	2,680.1	1,624.1	8,386.3
2015	17,294	3,819.2	2,076.5	1,006.1	6,902.1
2014	18,810	3,390.4	1,475.9	1,034.3	5,900.8
2013	15,009	3,087.1	1,106.0	784.9	4,978.2
2012	11,919	2,205.0	1,020.2	728.9	3,954.1
2011	9,085	1,769.7	1,456.5	846.4	4,072.6
2010	9,066	1,667.0	925.1	672.0	3,264.1
2009	10,488	1,674.0	1,056.1	660.1	3,390.2
2008	10,603	1,877.0	1,919.1	781.2	3,796.1

(f) forecast. (e) estimated.

(Sources: 2020 Economic Report to the Governor; University of Utah, David Eccles School of Business, Kem C. Gardner Policy Institute.)

Energy

The State's energy landscape continues to evolve as the balance between fossil fuels and renewable energy changes—some related to worldwide trends, whereas others are more specific to the State and the western United States. The most noteworthy trends include: (i) the weakening of crude oil prices plus operator turnover in the State's Uinta Basin area has led to reduced drilling activity resulting in a plateau in the State's crude oil production; (ii) low natural gas prices have resulted in the continued erosion of the State's natural gas production; (iii) the exponential growth in residential rooftop solar capacity plus energy efficiency measures have changed the State's electricity demand growth; and (iv) increases in renewable and natural gas–generated electricity have led to a reduction in the State's coal–fired power generation.

Minerals

The Utah Geological Survey ("UGS") projects an estimated gross production value of metallic and industrial mineral commodities of $3.2 billion in 2019, a slight decrease of about 1% from the value in 2018. USG reports the 2018 value of the State's nonfuel (metallic and industrial) minerals production ranks eighth nationally, accounting for 3.6% of the total U.S. nonfuel minerals production.

Tourism

The State's travel and tourism sector experienced continued economic growth in 2019, including record–level visitor spending, jobs and wages, and State and local tax revenue. During the first three quarters of 2019, 23 of the State's 29 counties experienced year–over–year increases in county transient room tax revenue. Additionally, total taxable sales in the leisure and hospitality sector increased 6.1% during the first half of 2019, while gas station, grocery store, and other travel–related retail sales increased around 2%. During the first half of 2019, jobs in the State's private leisure and hospitality sector experienced a 3.8% year–over–year increase—higher than all other sectors combined (3.1%). Leisure and hospitality sector wages increased 6.5% compared to 7.1% for all other sectors.

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APPENDIX D

BASIC DOCUMENTATION

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The following are definitions of certain terms from the Indenture and the Lease and summaries or extracts of certain provisions of the Indenture, the Lease and the State Facilities Master Agency Agreement. Reference is made to the Indenture, the Lease and the State Facilities Master Agency Agreement for complete recital of their terms. Copies of the Indenture, the Lease and the State Facilities Master Agency Agreement may be obtained from the Trustee.

DEFINITIONS OF CERTAIN TERMS

"*Acquisition*" (and other forms of the word "acquire") shall have the same meaning as when such term is used in the Act, including Section 63B–1–303 thereof, as amended from time to time.

"*Act*" shall mean the State Building Ownership Authority Act, Title 63B, Chapter 1, Part 3 of the Utah Code.

"*Additional Bonds*" shall mean additional parity Bonds authorized to be issued by the Issuer pursuant to the terms and conditions of the Indenture.

"*Additional Facilities*" shall mean any "facility" within the meaning of the Act, to be Acquired or Constructed pursuant to the Act as provided in the Lease as supplemented and amended from time to time by a Supplemental Lease.

"*Additional Projects*" shall mean the undertaking by the Issuer, at the direction of the Lessee, of the Acquisition or Construction of any Additional Facilities, as authorized by the Act and pursuant to the Lease.

"*Additional Rentals*" shall mean the amount or amounts payable by the Lessee pursuant to the Lease for the items described herein under "THE LEASE—Rentals Payable–General" below.

"*Agency Agreement*" shall mean (a) that certain State Facilities Master Agency Agreement, dated as of September 1, 1994, as supplemented and amended between the Lessor, as principal, and the Division of Facilities Construction and Management of the Department of Administrative Services of the State, as the Lessor's agent, relating to the undertaking and completion of the Projects and (b) any agency agreement between the Lessor, as principal, and any governmental body or other entity selected by the Lessor for purposes of causing the undertaking and completion of any Additional Project or Additional Projects.

"*Base Rental Payment Date*" shall mean the first day of each May and November during the term of the Lease, except that with respect to any Variable Rate Rentals, the Base Rental Payment Date shall mean each date on which such Variable Rate Rentals are due and payable as provided in the Supplemental Lease providing for such Variable Rate Rentals.

"*Base Rental Payment Schedule*" shall mean the Base Rental Payment Schedule attached to the Lease and the Attachments thereto relating to each of the Facilities, as such Schedule (including such Attachments) may be revised from time to time in accordance with the Indenture.

"*Base Rentals*" shall mean the amount or amounts (comprising a principal component and an interest component) payable by the Lessee pursuant to the Lease in consideration of the right to the use and enjoyment of the Leased Property during the term of the Lease, on the dates and in the amounts set forth in the Base Rental Payment Schedule and on the dates and in the amounts representing the interest component for Variable Rate Rentals calculated pursuant to the Supplemental Lease providing for such Variable Rate Rentals.

"*Bond*" or "*Bonds*" shall mean all bonds previously issued under the Indenture, the 2020 Bonds and any Additional Bonds authenticated and delivered from time to time under the Indenture.

"*Bond Fund*" shall mean the fund by that name created by the Indenture to be used to pay the principal of and interest on the Bonds as provided in the Indenture.

"*Bond Interest Payment Dates*" shall mean May 15 and November 15 of each year so long as any of the Bonds are Outstanding, or with respect to Variable Rate Bonds, such dates as shall be specified for the payment of interest on such Bonds in the Supplemental Indenture authorizing such Variable Rate Bonds.

"*Bond Payment Date*" shall mean a Bond Interest Payment Date and/or a Bond Principal Payment Date.

"*Bond Principal Payment Dates*" shall mean May 15 of each year.

"*Bondowner*" or "*Owner of the Bonds*," or any similar term, shall mean the Person in whose name a Bond is registered in the register kept for the registration, exchange and transfer of Bonds.

"*Build America Bonds*" means the interest subsidy bonds issuable by the Issuer under Sections 54AA and 6431 of the Code and a "qualified bond" under Section 54AA(g)(2) of the Code or such other tax credit bonds of substantially similar nature which may be hereafter authorized.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any applicable regulations thereunder.

"*Completion Certificate*" shall mean the certificate (including attachments thereto) delivered with respect to each Project by or at the direction of an authorized Lessee representative pursuant to the Lease and the Indenture, evidencing completion of such Project, the establishment of the Completion Date therefore, acceptance of the portion of the Leased Property represented by such Project by the Lessee and certain other matters.

"*Completion Date*" shall mean, with respect to each Project, the date of completion of such Project and of final acceptance of the portion of the Leased Property represented by such Project by the Lessee, all as evidenced by the delivery of the Completion Certificate relating thereto.

"*Construction*" (and other forms of the word "construct") shall have the same meaning as when such term is used in the Act, including Section 63B–1–303 thereof, as amended from time to time.

"*Contractor*" shall mean such reputable contractor or contractors designated as general contractor for any or all of the Facilities.

"*Direct Payments*" means the interest subsidy payments received by the Issuer from the Internal Revenue Service pursuant to Section 6431 of the Code or other similar programs with respect to Bonds issued under the Indenture.

"*Event of Default*" shall mean one or more of the events of default described in the Lease and the Indenture.

"*Event of Nonappropriation*" shall mean a nonrenewal of the term of the Lease by the Lessee, determined by the failure (for whatever reason) of the State to enact into law a State budget that appropriates and allocates to or for the benefit of the Lessee for purposes of the Lease moneys sufficient to pay the Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term as provided in the Lease or determined by the unavailability of such moneys for such purpose for any other reason. To the extent any non–lapsing appropriations are used as the basis for determining that sufficient moneys have been appropriated for a Fiscal Year, such appropriations shall be deemed to have been appropriated and to be legally available for the purpose of paying Rentals during such Fiscal Year. The existence or nonexistence of an Event of Nonappropriation shall be determined as of (a) the date on which the Utah State Legislature (the "Legislature") fails or refuses to adopt a final budget in accordance with applicable law which appropriates sufficient moneys to pay such Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term as contemplated by the Lease or (b) the date on which the Governor of the State of Utah (the "Governor") vetoes the appropriation to pay such Rentals contained in a final budget adopted by the Legislature, which veto is not thereafter overridden as provided by law; *provided, however,* that the Trustee may waive any Event of Nonappropriation that is cured by the Lessee within a reasonable time if, in the Trustee's judgment, such waiver is in the best interests of the Owners of the Bonds, except as otherwise provided in the Lease; and *provided, further, however,* that in no event shall an Event of Nonappropriation occur or be deemed to occur prior to June 1 of the Fiscal Year next preceding each Renewal Term, notwithstanding anything in the Lease to the contrary. If the State changes its Fiscal Year to a different 12–month period than the Fiscal Year in effect on the date of execution of the Lease, the foregoing reference to June 1 shall be deemed to refer to the date that is 30 days prior to the end of such new Fiscal Year.

"*Excepted Property*" shall mean the following described property of the Issuer that is expressly excepted and excluded from the lien and operation of the Indenture, whether such property is now owned on hereafter acquired:

(a) The last day of the term of the leasehold estate created under the Lease and the last day of the term of each Site Lease; *provided, however,* that the Issuer covenants and agrees that it will hold each such last day in trust for the use and benefit of the Owners of Bonds and that it will dispose of each such last day from time to time in accordance with such written order as the Trustee in its discretion may give;

(b) Certain property installed by the Lessee or by any sublessee or licensee of the Lessee as provided in the Lease;

(c) Amounts to be transferred pursuant to the Indenture to, or held by the Trustee in, the rebate fund established under any Tax Certificate; and

(d) Additional Facilities in which the Trustee has not been given a lien or security interest as provided in the relevant Supplemental Indenture.

"*Facilities*" shall mean any "facility" within the meaning of the Act to be Acquired or Constructed pursuant to the Act as provided in the Lease.

"*Fiscal Year*" shall mean the 12–month period used from time to time by the Lessee for its financial accounting purposes, such period currently extending from July 1 to the next succeeding June 30.

"*Government Obligations*" shall mean direct general obligations of, or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, the guarantee of which constitutes the full faith and credit obligation of the United States of America (including any such obligations issued or held in book–entry form on the books of the Department of the Treasury of the United States of America).

"*Indenture*" shall mean the Original Indenture as supplemented and amended from time to time in accordance with its terms.

"*Insurance Fund*" shall mean the fund by that name created by the Indenture.

"*Interests Secured by the Indenture*" shall mean the principal of and interest and premium, if any, on the Bonds and all additional amounts and other sums at any time due and owing from or required to be paid by or on behalf of the Issuer under the terms of the Bonds or the Indenture or by the Lessee pursuant to the terms of the Lease.

"*Investment Securities*" shall mean any of the investments in which the moneys and other assets of the State may be invested as permitted from time to time by the State Money Management Act, Title 51, Chapter 7 of the Utah Code, and such other investments as may be identified from time to time in a Supplemental Indenture as "Investment Securities."

"*Issuer*" shall mean the State Building Ownership Authority, a body politic and corporate of the State, and any public body or corporation that succeeds to its powers, duties or functions.

"*Lease*" shall mean the Original Lease as amended and supplemented in accordance with its terms and the terms of the Indenture.

"*Leased Property*" shall mean the Facilities leased and to be leased to the Lessee pursuant to the Lease.

"*Lessee*" shall mean the State, acting through its Department of Administrative Services, Division of Facilities Construction and Management, and any department, division, commission or agency of the State succeeding to such Division's powers, duties or functions.

"*Lessor*" shall mean the State Building Ownership Authority, a body politic and corporate of the State, or any successor to the powers, duties or functions of the Lessor.

"*Mortgage*" shall mean each Mortgage, Security Agreement and Assignment of Rents, substantially in the form attached to the Indenture, to be executed, delivered and recorded as provided in the Indenture and in the Lease and any other "mortgage" (as such term is defined in Section 63B–1–303 of the Act as such Section may be amended from time to time), relating to a mortgage lien, if any, to be imposed on the respective Facilities or Additional Facilities in accordance with the relevant Supplemental Indenture on or before the disbursement of moneys from each

Project Account as provided in the Indenture, for the purpose of providing security, in addition to that provided by the Indenture, for the payment of the principal of, and premium, if any, and interest on, the Bonds and the other Interests Secured by the Indenture.

"*Net Proceeds*" when used with respect to any performance or payment bond proceeds, or proceeds (including, but not limited to, any moneys derived from the Risk Management Fund or any self–insurance program) from policies of insurance required by the Lease, or any condemnation award, or any proceeds resulting from default under a Project Contract (including, but not limited to, any such proceeds realized as liquidated damages) with respect to the Leased Property, or with respect to proceeds from any foreclosure on the Leased Property or liquidation, reletting or sale of the Leased Property (subject to the Site Leases), shall mean the amount remaining after deducting all expenses (including attorneys' fees) incurred in the collection of such proceeds or award from the gross proceeds thereof.

"*Notice by Mail*" or "*notice*" of any action or condition "*by Mail*" shall mean a written notice meeting the requirements of the Indenture mailed by first–class mail, postage prepaid, to the Owners of specified Bonds, at the addresses shown in the Register.

"*Officer's Certificate*" when used with respect to the Lessee shall mean a certificate signed by an authorized Lessee representative, or when used with respect to the Issuer or the Lessor, an authorized Lessor representative, and delivered to the Trustee.

"*Optional Payment Date*" shall mean any business day (except as otherwise provided in the Lease) during the term of the Lease upon which the Lessee may elect pursuant to the Lease to purchase the Leased Property (other than State–Owned Sites) or any portion thereof consisting of separate Facilities identified on Subschedules to the Option Price Schedule for the then applicable Option Price or portion thereof with respect to such separately identified Facilities.

"*Option Price*" shall mean the price as specified in the Option Price Schedule at which (together with certain other amounts payable pursuant to the Lease) the Lessee may elect to purchase from the Lessor the Leased Property (other than State–Owned Sites) in its entirety on the applicable Optional Payment Date or any portion thereof consisting of separate Facilities identified on Subschedules to the Option Price Schedule and designated by the Lessee pursuant to the Lease prior to the scheduled payment of all sums to be paid for the Leased Property or any such portion, all as more particularly shown in the Option Price Schedule (or the applicable Subschedule thereto) and as such Option Price Schedule (including the Attachments thereto) may be revised hereafter in accordance with the Indenture.

"*Option Price Schedule*" shall mean the Option Price Schedule attached to the Lease, as such Schedule may be revised hereafter from time to time in accordance with the Indenture.

"*Original Indenture*" shall mean the Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement, dated as of September 1, 1994, between the Issuer and the Trustee.

"*Original Lease*" shall mean the State Facilities Master Lease Agreement, dated as of September 1, 1994, as heretofore supplemented and amended, between the Lessor and the Lessee.

"*Outstanding*" when used with respect to Bonds shall mean, as of the date of determination, all Bonds that have theretofore been duly authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds theretofore canceled and delivered to the Registrar or delivered to the Registrar for cancellation;

(b) Bonds that have been defeased pursuant to the Indenture; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture.

"*Permitted Encumbrances*" shall mean, as of any particular time, (a) liens for taxes, assessments and other governmental charges not then delinquent; (b) the Lease, the Indenture, any Mortgage, any sublease permitted by the Lease and any financing statements naming the Issuer or the Lessee as debtor and naming the Issuer or the Trustee as secured party now or hereafter filed to perfect the mortgage lien and security interests granted or to be granted by the Indenture, any Mortgage and the Lease; (c) the Site Leases; (d) utility, access and other easements and rights–

of–way, mineral rights, restrictions and exceptions that an authorized Lessee representative certifies to the Trustee will not materially interfere with or impair the operations being conducted in or on the Leased Property (or, if no operations are being conducted therein or thereon, the operations for which the Leased Property was designed or last modified); (e) any mechanic's, laborer's, materialmen's, supplier's or vendor's lien or right in respect thereof if payment is not yet due and payable under the contract in question; (f) such minor defects, irregularities, encumbrances, easements, rights–of–way and clouds on title as normally exist with respect to properties similar in character to the Leased Property and (1) as do not, in the opinion of the authorized Lessee representative, certified in writing to the Trustee, materially impair the property affected thereby for the purpose for which it was or is to be Acquired or is or will be held by the Issuer or the Lessee or (2) are adequately insured against by a title insurance policy reasonably satisfactory to the Trustee and the Lessee; (g) any liens or encumbrances being contested as provided in the Lease; (h) any encumbrance represented by financing statements recorded or filed to perfect purchase money security interests in any or all of the Facilities; (i) any encumbrance represented by a notice of agreement filed or recorded to evidence an obligation of the Lessee entered into for the purpose of financing energy conservation or energy management equipment; and (j) any easements, liens, security interests and other encumbrances as are included in the definition of "Permitted Encumbrances" as provided in a Supplemental Lease.

"*Plans and Specifications*" shall mean plans and specifications prepared for and showing each of the Facilities, as and when they are approved by the Lessee, the same being duly certified by an authorized Lessee representative, which plans and specifications are or will be on file at the office of the Lessee described in the first paragraph of the Lease and shall be available for reasonable inspection by the Lessor, the Trustee and their duly authorized representatives.

"*Project Accounts*" shall mean any Project Account created under the Indenture with respect to the financing of Facilities through the issuance of a Series of Bonds.

"*Project Contracts*" shall mean any contract entered into by the Lessee (acting in its capacity as the Lessor's agent pursuant to the Agency Agreement), any other agent acting on behalf of the Lessor pursuant to an Agency Agreement or the Lessor regarding any Project.

"*Project Costs*" with respect to each Project shall mean those items that the Lessee, in its own capacity or in its capacity as agent to the Issuer pursuant to the Agency Agreement, any other agent or the Issuer has paid or shall be required to pay under the terms of any Project Contracts and the financing thereof and all expenses preliminary and incidental thereto incurred by the Issuer, the Lessee (as such agent) or such other agent in connection therewith and in the issuance of the Bonds, including, but not limited to, the following:

(a) obligations of the Lessee or the Issuer incurred for labor, materials and equipment (including permitted reimbursements from proceeds of the Bonds payable to the Lessee for expenditures made with respect to the Facilities) in connection with such Project;

(b) the cost of performance or other bonds and any and all types of insurance (including, but not limited to, title insurance) that may be necessary or appropriate in connection with each Project and the Leased Property;

(c) all costs of planning and designing each of the Facilities, including architectural, planning, engineering, legal and fiscal advisors' fees and the costs incurred by the Lessee or the Issuer for test borings, surveys, estimates, plans and specifications and preliminary investigations therefore, and for supervising Construction, as well as for the performance of all other duties required by or consequent to the proper and timely completion of each Project;

(d) all costs of issuance related to the Series of Bonds issued with respect to such Project;

(e) payment of expenses incurred in seeking to enforce any remedy against any Contractor or subcontractor in respect of any default under a Project Contract;

(f) the cost of equipment and furnishings for each of the Facilities and all other authorized costs that are considered to be a part of the costs of each of the Facilities in accordance with generally accepted accounting principles and that will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Bonds, including, but not limited to, interest accruing on the Bonds from the date of original issuance thereof and during the period required to complete each Project and for not more 12 months after the respective Completion Date of each such Project;

(g) temporary rent and other similar temporary relocation expenses (including the cost of mobile office trailer space) to be paid for the benefit of any State Body that has been or will be dispossessed from its facilities for a period of time pending completion of the Facilities in which such State Body will be located upon completion thereof;

(h) any other costs and expenses identified in a Supplemental Indenture as "Project Costs" so long as such costs and expenses are authorized under the Act;

(i) land acquisition costs related to a Project to the extent permitted by the Act;

(j) any sums required to reimburse the Issuer or the Lessee for advances made by either of them for any of the above items or for any other costs incurred and for work done by either of them that are properly chargeable to a capital account in respect of a Project, including sums required to reimburse the Issuer or the Lessee for advances for costs incurred pursuant to clause (k) below; and

(k) all other amounts that shall be required to be paid under the terms of any Project Contract so long as such amounts are authorized under the Act.

"*Project Documents*" shall mean (a) the Plans and Specifications, including change orders (if any) as permitted by the Lease; (b) a survey of each site on which any of the Facilities are located, prepared by a registered land surveyor in accordance with standard requirements for land title surveys, showing the location of all improvements, easements, encroachments and other encumbrances on each such site; (c) any necessary permits for any of the Projects, including any building permits and certificates of occupancy; (d) the Project Contracts; (e) policies of title, casualty, public liability and workers' compensation insurance, or certificates thereof, as required by the Lease with respect to the Leased Property; (f) performance and payment bonds with respect to any Construction of any of the Facilities; (g) the executed contract with an architect hired by the Lessee in connection with the preparation of Plans and Specifications and (h) any and all other documents executed by or furnished to the Lessee or a Contractor in connection with any Project.

"*Project Fund*" shall mean the fund by that name created by the Indenture.

"*Projects*" shall mean, the undertaking by the Issuer, of the direction of the Lessee, of the Acquisition and Construction of any Facilities as authorized by the Act and pursuant to the Lease.

"*Property*" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"*Redemption Fund*" shall mean the fund by that name created by the Indenture.

"*Regular Record Date*" shall mean, with respect to any Bond Interest Payment Date for Bonds that are not Variable Rate Bonds, the first day of the month in which such Bond Interest Payment Date occurs. For Variable Rate Bonds, "Regular Record Date" shall have the meaning given thereto in the Supplemental Indenture authorizing such Variable Rate Bonds.

"*Renewal Term*" shall mean each of the additional and consecutive one–year renewal terms for which the Lessee at its option may extend the term of the Lease after the Initial Term.

"*Rentals*" shall mean the total amount of the Base Rentals and the Additional Rentals payable during the initial term and each Renewal Term under the Lease.

"*Revenues*" shall mean (a) the Option Price, if paid, and any portion of the Option Price (if paid) with respect to separate Facilities; (b) all Net Proceeds, if any, of casualty insurance (including any moneys derived from the Risk Management Fund or any self–insurance program), title insurance, performance bonds, condemnation awards and awards resulting from defaults under Project Contracts (including amounts realized as liquidated damages) in connection with the Projects, not applied to the repair, restoration, modification, improvement or replacement of the Leased Property; (c) all Net Proceeds, if any, derived from any sale of the Leased Property pursuant to a foreclosure pursuant to the Indenture or any of the Mortgages and reletting or sale of the Leased Property thereafter pursuant to the Indenture or any of the Mortgages or any other proceeds realized upon the exercise of any other remedies under the Indenture or under any of the Mortgages; (d) the Base Rentals; (e) any portion of the proceeds of sale of the

Bonds deposited into the Bond Fund or the Capitalized Interest Fund to pay accrued interest or capitalized interest on Bonds; (f) any earnings on moneys on deposit in the Bond Fund and the Capitalized Interest Fund to the extent such earnings are available as provided in the Indenture for application for the purposes for which such funds have been or will be established under the Indenture; (g) all other revenues derived from the Lease, except Additional Rentals; and (h) any other moneys to which the Trustee may be entitled for the benefit of the Owners of the Bonds, including, but not limited to, Direct Payments and any amounts to be paid into the Bond Fund pursuant to the Lease from rentals or other payments by permitted sublessees, assignees and transferees.

"*Risk Management Fund*" shall mean the Risk Management Fund of the State, established pursuant to Section 63A–4–201 of the Utah Code.

"*Series*" shall mean all of the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefore pursuant to the Indenture.

"*Site Leases*" shall mean any lease pursuant to which the State leases a State–Owned Site to the Issuer for the purpose of a Project.

"*Special Record Date*" shall mean a special date fixed to determine the names and addresses of Owners of Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as provided in the Indenture.

"*State*" shall mean the State of Utah.

"*State Bodies*" shall mean "state bodies" as such term is defined in the Act, including Section 63B–1–303 thereof, as amended from time to time.

"*State–Owned Site*" shall mean any parcel of land on which Facilities are to be Acquired or Constructed that is owned by the State, was not acquired by the State with the proceeds of any Bonds issued pursuant to the Indenture and is leased to the Issuer for the purpose of a Project.

"*Supplemental Indenture*" shall mean any supplement or amendment to the Indenture that has been duly entered into between the Issuer and the Trustee, but only if and to the extent that such Supplemental Indenture is entered into in accordance with the provisions of the Indenture.

"*Supplemental Lease*" shall mean any supplement or amendment to the Lease that has been duly entered into by the Lessor and the Lessee, but only if and to the extent that such Supplemental Lease is entered into in accordance with the provisions of the Lease and the Indenture.

"*Tax Certificate*" shall mean, with respect to each Series of Bonds, any agreement or certificate of the Issuer and the Lessee that the Issuer and the Lessee may execute in order to establish and assure the excludability from gross income for federal income tax purposes of interest on the Bonds.

"*Term of the Lease*" or "*term of the Lease*" with respect to the possessory interest of the Lessee shall mean the initial term and any Renewal Terms as to which the Lessee exercises its option to renew the term of the Lease as provided in the Lease, subject to the provisions hereof concerning termination of certain of the Lessee's obligations under the Lease.

"*Trust Estate*" shall mean the properties, rights, interests and privileges (a) described in the Granting Clauses of the Indenture and to be described in the Granting Clauses of each Supplemental Indenture or (b) subject to the lien of a Mortgage.

"*Trustee*" shall mean Wells Fargo Bank, N.A., of Denver, Colorado (as successor in interest to First Security Bank of Utah, N.A.), and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee under the Indenture.

"*Utah Code*" shall mean the Utah Code Annotated 1953, as amended.

"*Variable Rate Bonds*" shall mean, as of any date of calculation, any Bonds the terms of which on such date of calculation are such that interest thereon for any future period of time is expressed to be calculated for a period or at a rate that is not susceptible of precise determination for any future period of time; *provided, however,* that the term "Variable Rate Bonds" shall not apply to any period after the method for calculating interest on the Bonds has been converted to a fixed rate to maturity as provided in the applicable Supplemental Indenture.

"*Variable Rate Rentals*" shall mean the interest component of Base Rentals that is to be calculated for a period of time or at a rate that, as of any date of calculation, is not susceptible of precise determination for any future period of time; *provided, however,* that the term "Variable Rate Rentals" shall not apply to any period after the method for calculating the interest component of Base Rentals has been converted to a fixed rate to maturity as provided in the applicable Supplemental Lease.

THE INDENTURE

Additional Bonds

At any time while there is no Event of Default under the Indenture or the Lease and so long as no Event of Nonappropriation has occurred and is then continuing, Additional Bonds may be issued pursuant to a Supplemental Indenture for the purposes specified in the Indenture and the Lease. All Additional Bonds shall be secured by the lien of the Indenture and the Mortgages and rank *pari passu* with the Bonds then Outstanding.

Prior to the delivery on original issuance by the Trustee of each Series of such Additional Bonds, there shall be or have been delivered to the Trustee, among other items required by the Indenture, the following:

(a) a written opinion of bond counsel to the effect that the issuance of such Series of Additional Bonds will not adversely affect the excludability from gross income for federal income tax purposes of interest on any Bonds then Outstanding;

(b) a date–down endorsement to each ALTA mortgage title insurance policy, and if required by the Lessee, an ALTA leasehold policy which complies with Section 211(a)(vi) of the Indenture or a new ALTA mortgagee title insurance policy with comprehensive endorsement, which endorsement or new policy shall insure to the date of issuance of such Series of Additional Bonds and the recording of the Mortgage, if any, relating to such Additional Bonds the continuing validity of the lien thereof, as a first and prior lien on the premises thereby secured, subject only to Permitted Encumbrances, and which endorsement shall establish the amount of title insurance coverage thereunder as an amount equal to the principal amount of the Additional Bonds used to finance a particular Project plus the principal amount of any such Bonds (other than such Series of Additional Bonds) outstanding as of the date of issuance of such endorsement, and insuring that the title to the Additional Facilities to be financed with the proceeds of the sale of such Series of Additional Bonds is vested in the Issuer, title to the leasehold estate under the Lease is vested in the Lessee and, if such is the case, title to the leasehold estate under any Site Lease executed in connection with such Series of Additional Bonds is vested in the Issuer, subject to any Permitted Encumbrances, and naming the Trustee as an insured; *provided, however*, in the event that the property upon which Additional Projects are to be located has not been acquired at or prior to the time of issuance of the Additional Bonds, the Supplemental Lease or Supplemental Indenture relating to such Additional Bonds shall require that such endorsement or additional title policy with respect to such property be delivered at the time of or prior to any disbursements being made from the Project Fund with respect to such portion of the Project; and

(c) written evidence from each of the appropriate rating agencies to the effect that the issuance of the Series of Additional Bonds will not by itself result in a reduction of withdrawal of the rating or ratings then in effect with respect to the Outstanding Bonds.

Notwithstanding any other provisions of the Indenture to the contrary, the Issuer may issue Additional Bonds to finance or refinance Additional Facilities or portions thereof pursuant to the Indenture without subjecting such Additional Facilities or portions thereof to any additional Mortgages or supplements to existing Mortgages and without delivering a copy of the Mortgage to the Trustee, if the Issuer submits to the Trustee a certificate stating and demonstrating that (a) the Additional Facilities or portions thereof to be finance or refinanced are of such a nature that would make an additional Mortgage or supplement to an existing Mortgage impractical and (b) the value to the Les-

see of the Facilities and Additional Facilities or portions thereof that are subject to the Mortgage is sufficient to secure all Outstanding Bonds and the Additional Bonds to be issued.

Notwithstanding any other provisions of the Indenture to the contrary, the Issuer may issue Additional Bonds to finance or refinance Additional Facilities or portions thereof pursuant to the Indenture without providing title insurance therefore, if the Issuer submits to the Trustee a certificate stating that such Additional Facilities or portions thereof to be financed or refinanced are of such a nature that obtaining title insurance thereon is impractical or impossible.

General Covenants

Rental. Rates. The Issuer covenants to charge Base Rentals and Additional Rentals under the Lease sufficient in amount for such purposes and to pay any other obligations under the Indenture that are to be paid from Base Rentals or Additional Rentals.

Payment of Bonds. The Issuer covenants in the Indenture to pay promptly the principal of (whether at maturity, by operation of mandatory sinking fund redemptions, by acceleration, call for redemption or otherwise), and premium, if any, and interest on, the Bonds at the places, on the dates and in the manner provided in the Indenture and in every Bond issued under the Indenture according to the true intent and meaning thereof; *provided, however,* that such obligations are not general obligations of the Issuer but are limited obligations payable solely from the Revenues.

Performance of Issuer's Covenants; Authority. The Issuer covenants in the Indenture to faithfully observe and perform at all times any and all covenants, conditions and agreements on its part contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and in all proceedings of the Issuer pertaining thereto; *provided, however*, that the liability of the Issuer under any such covenant, condition or agreement for any breach or default by the Issuer thereof or thereunder shall be limited solely to the Revenues.

Payment of Taxes, Charges, Insurance, etc. The Issuer covenants in the Indenture to cause the Lessee pursuant to the Lease to maintain certain insurance and pay all lawful taxes, assessments and charges at any time levied or assessed against or with respect to the Leased Property or the Revenues, or any part thereof, that might impair or prejudice the lien and priority of the Indenture or any of the Mortgages; *provided, however*, that nothing contained in the Indenture shall require the maintenance of insurance or payment of any such taxes, assessments or charges if the same are not required to be maintained or paid under the provisions of the Lease.

Maintenance and Repair of and Alterations, Additions and Improvements to Leased Property. Pursuant to the provisions of the Lease, the Lessee has agreed at its own expense to maintain, manage and operate the Leased Property in good order, condition and repair, and the Lessee may, at its own expense, make from time to time additions, modifications or improvements to the Leased Property under the terms and conditions set forth in the Lease and as provided in the Indenture.

Recordation of the Lease, Indenture, Mortgages, Site Leases and Security Instruments. The Issuer covenants to cause the Indenture, each Mortgage, the Lease, each Site Lease and all supplements and amendments thereto as well as such other security instruments, financing statements, continuation statements and all supplements and amendments thereto and other instruments as may be required from time to time to be kept recorded and filed in such manner and in such places as may be required by law in order fully to preserve and protect the security of the Owners of the Bonds and the rights of the Trustee under the Indenture and to perfect the lien of, and the security interest created by, the Indenture and each Mortgage.

Revenues And Funds

Source of Payment of Bonds. The Base Rentals that the Lessee is required to pay in accordance with the Lease are to be remitted directly to the Trustee for the account of the Issuer and deposited into the Bond Fund and the Redemption Fund as provided in the Lease. Such payments, sufficient in amount to insure the prompt payment of the principal of (including mandatory sinking fund redemptions) and premium, if any, and interest on, the Bonds (so long as the Lessee appropriates sufficient moneys annually to pay Rentals accruing during each succeeding Renewal Term under the Lease) are pledged to secure the payment of such principal of, and premium, if any, and interest on, the Bonds. Said pledge shall constitute a first and exclusive lien on the Base Rentals provided in the Lease for the

payment of the principal of, and premium, if any, and interest on, the Bonds in accordance with the terms thereof and of the Indenture and otherwise for the benefit of the Interests Secured by the Indenture.

Funds and Accounts. The Indenture establishes the following irrevocable trust funds, among others, all of which are to be held by the Trustee:

(a) the Bond Fund;

(b) the Capitalized Interest Fund, which includes certain Capitalized Interest Accounts;

(c) the Project Fund which includes separate accounts for each Project;

(d) the Redemption Fund; and

(e) the Insurance Fund.

Payments into and Use of Moneys in Bond Fund. There shall be deposited into the Bond Fund, as and when received, the following:

(a) any amount in a Capitalized Interest Account to be paid into the Bond Fund in accordance with the applicable Supplemental Indenture;

(b) any amount in the Project Fund (including any Project Account therein) to be paid into the Bond Fund in accordance with the Indenture;

(c) all Base Rentals;

(d) any other amount to be deposited therein pursuant to any other provisions of the Indenture, or any provisions of a Supplemental Indenture; and

(e) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease or otherwise that are required or that are accompanied by directions that such moneys are to be paid into the Bond Fund.

Moneys in the Bond Fund are to be used solely for the payment of the principal of and interest on the Bonds, including mandatory sinking fund redemption payments.

Payments into and Disbursements from Project Fund. The proceeds of a Series of Bonds deposited into a Project Account within the Project Fund are to be used to pay the Project Costs being financed by such Series of Bonds. So long as no Event of Nonappropriation of Event of Default has occurred and is continuing and the Lessee's right (as agent of the Issuer under the Agency Agreement) or other agent to control the Projects has not otherwise been terminated pursuant to the Lease or the Agency Agreement, the Trustee is authorized and directed under the Indenture to make payments as requested by the Lessee from each Project Account to pay or reimburse (to the extent authorized) the Project Costs relating to each of the Projects, upon receipt of certain documents, certificates and opinions specified in the Indenture.

Completion of the Projects; Delivery of Completion Certificate. The completion of each Project under the Lease, the payment or provision made for payment of all Project Costs under the Lease related to each such Project and the acceptance of the portion of the Leased Property represented by such Project by the Lessee shall be evidenced by the filing with the Trustee of the Completion Certificate of an authorized Lessee representative stating that, to the best of the Lessee's knowledge based upon the representations of the engineers, vendors, suppliers, contractors, architects and other consultants for such Project and except for any amounts estimated by such authorized Lessee representative to be necessary for payment of any Project Costs not then due and payable, such Project has been completed and the portion of the Leased Property represented by such Project has been accepted by the Lessee. Immediately after the date of delivery of the Completion Certificate for a Project and unless otherwise provided in a Supplemental Indenture with respect to a Series of Additional Bonds, any moneys remaining in the related Project Account (except any amount that the Lessee shall have directed the Trustee to retain for any Project Costs not then due and payable and except as otherwise may be required by any Tax Certificate) shall without further authorization

be transferred by the Trustee for deposit into the Bond Fund and applied by the Trustee for the purposes for which such Fund has been established under the Indenture.

Deposit Into and Use of Moneys in Redemption Fund. All moneys to be used for redemption of Bonds (other than mandatory sinking fund redemptions) shall be deposited into the Redemption Fund.

Use of Moneys in Insurance Fund. All Net Proceeds of performance or payment bonds, proceeds (including any moneys derived from the Risk Management Fund and any self–insurance program) from policies of insurance required by the Lease or condemnation awards, or any proceeds resulting from a default under a Project Contract (except liquidated damages) or any other contract relating to the Leased Property that are received by the Trustee shall be deposited into the Insurance Fund. An authorized Lessee representative shall file an Officer's Certificate with Trustee, within 90 days after the occurrence of the event giving rise to such Net Proceeds, directing the application and disbursement of such funds, subject to any applicable provisions of any Tax Certificate, as follows:

(a) to the prompt repair, replacement, restoration, modification or improvement of the damaged or destroyed portion of the Leased Property if such Officer's Certificate states that such Net Proceeds, together with any other funds lawfully available to the Lessee for such purpose, are sufficient to pay in full the costs of such repair, replacement, restoration, modification or improvement; or

(b) to the redemption, in whole or in part, of the principal of the Bonds in accordance with the Indenture and the Lease.

Liquidated damages resulting from a default by a Contractor to complete a Project in a timely fashion under the Construction Contract are to be deposited into the Bond Fund.

Moneys To Be Held In Trust

All moneys required to be deposited with or paid to the Trustee for account to any fund referred to in any provision of the Indenture shall be held by the Trustee in trust in accordance with the terms of the Indenture.

Permitted Investments

Subject to compliance with the terms and provisions of any Tax Certificate, any moneys held as part of the Project Accounts, the Insurance Fund or any accounts therein or in any other funds or accounts under the Indenture (except the Bond Fund, the Redemption Fund and the Capitalized Interest Fund) and any moneys held as part of the Cost of Issuance Funds, shall be invested and reinvested by the Trustee to the extent permitted by law, at the written direction of the Utah State Treasurer for and on behalf of the Lessee, but only so long as no Event of Default has occurred and is continuing (or by the Trustee after the occurrence and during the continuance of any such Event of Default), in any Investment Securities maturing not later than such times as shall be necessary to provide moneys when needed for payments to be made from each such Fund or other fund or account.

Subject to compliance with the terms and provisions of any Tax Certificate, any moneys held as part of the Bond Fund, the Redemption Fund and the Capitalized Interest Fund, unless otherwise provided in a Supplemental Indenture, shall be invested and reinvested by the Trustee to the extent permitted by law, at the written direction of the Utah State Treasurer for and on behalf of the Lessee, but only so long as no Event of Default has occurred and is continuing (or by the Trustee after the occurrence and during the continuance of any such Event of Default), only in Government Obligations maturing at such times and in such amounts as shall be necessary to pay principal of and interest on the Bonds as such become due and payable or, with respect to moneys held as part of the Bond Fund, invested in (a) a money market mutual fund that invests only in Government Obligations or (b) the Utah State Treasurer's Investment Pool established pursuant to Title 51, Chapter 7 of the Utah Code.

All such investments shall at all times be a part of the fund from whence the moneys used to acquire such investments shall have come. In computing the amount in any fund or account under the Indenture, investments shall be valued at the market price thereof at least annually by the Trustee prior to May 1 of each year. All income and profits on such investments shall be credited to, and all losses thereon shall be charged against, such funds and accounts equal to each fund's or account's respective proportionate contribution thereto. Any such investments shall be made by the Trustee in such manner as to assure the availability of moneys to make disbursements from each Project Account on the anticipated dates of disbursement for the Project to which such Project Account relates and

to make payments of the principal of, and premium, if any, and interest on, the Bonds at the times and in the amounts as provided therein.

Discharge Of Lien

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid or provision for the unconditional payment made from any source, to or for the Owners of the Bonds all principal of, and premium, if any, and interest on, the Bonds at the times and in the manner stipulated therein and in the Indenture, and if the Issuer shall not then be in default in any of the other covenants and promises in the Bonds and in the Indenture expressed or implied as to be kept, performed and observed by it or on its part, and if the Lessee shall not then be in default in any of its covenants and promises in the Lease expressed or implied as to be kept, performed and observed by it or on its part, and if the Issuer shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions of the Indenture, then all rights and obligations of the Issuer, the Lessee and the Trustee under the Indenture, the Lease and the Site Leases shall terminate and be of no further force and effect and the Trustee shall cancel and discharge the Indenture, the Mortgages, the Lease and the Site Leases and execute and deliver to the Issuer and the Lessee such instruments in writing as shall be requisite to cancel and discharge the lien of the Indenture, and reconvey, release, assign and deliver unto the Issuer and the Lessee any and all the estate, right, title and interest in and to any property conveyed, mortgaged, assigned or pledged to the Trustee or otherwise subject to the lien of the Indenture or the Mortgages, except (a) amounts in the Bond Fund required to be paid to the Lessee pursuant to the Indenture, (b) moneys or securities held by the Trustee for the payment of the principal of, or premium, if any, or interest on, the Bonds and (c) any moneys to be paid pursuant to any Tax Certificate.

Any Bond shall be deemed to be paid, or any portion thereof shall be deemed to be paid, within the meaning of the Indenture when payment of the principal of, and premium, if any, and interest on, the Bonds (or such portion thereof) either (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Government Obligations (provided that such deposit does not, in the opinion of bond counsel, adversely affect the excludability from gross income for federal income tax purposes of interest on any of the Bonds or cause the Lease or any of the Bonds to be classified as arbitrage bonds within the meaning of Section 148(a) of the Code), which are not callable at the option of the issuer thereof prior to their maturity and which mature and bear interest in such amounts and at such times as will provide such amounts and at such times as will insure the availability of sufficient moneys to make such payment on and prior to the redemption date or maturity date, as the case may be. If the Bonds are not to be paid on the next succeeding Bond Payment Date, proper notice of redemption shall have been previously mailed as provided in the Indenture or the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to mail notice of redemption as provided in the Indenture. At such time as a Bond shall be deemed to be paid, it shall no longer be secured by or entitled to the benefits of the Indenture or the Mortgages, except for the purposes of registration and exchange of Bonds and of any such payment from such moneys or Government Obligations.

Possession, Use And Partial Release Of Leased Property

Subordination of Lease to the Indenture and the Mortgages. As provided in the Lease, the Lease and the Lessee's interest in the Leased Property and its interest as lessee under the Lease shall at all times be subject to the lien of the Indenture and the Mortgages; *provided, however*, that so long as no Event of Default under the Indenture or an Event of Nonappropriation has occurred and is then continuing, the Lease shall remain in full force and effect notwithstanding such subordination, and the Lessee shall not be disturbed by the Issuer or the Trustee in its possession, use and enjoyment of the Leased Property during the term of the Lease or in the enjoyment of its rights under the Lease.

Release of Sites. The Issuer and the Lessee have reserved the right in the Lease to withdraw certain portions of the sites on which any of the Facilities are located from the terms of the Lease and the lien of the Indenture upon compliance with the terms and conditions of the Lease. The Trustee shall release from the lien of the Indenture any such portions of the sites upon compliance with the provisions of the Lease.

Granting or Release of Easements. In accordance with the Lease, the Lessee may grant or release easements and take other action upon compliance with the terms and conditions of the Lease. The Trustee shall execute or confirm the grants or releases of easements, licenses, rights–of–way and other rights and privileges permitted by the Lease upon compliance with the provisions of the Lease.

Events Of Default And Remedies

Events of Default Defined. The occurrence of any of the following events shall constitute an "Event of Default" under the Indenture:

(a) Default in the payment of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity date thereof, by acceleration or call for redemption or otherwise;

(b) Default in the payment of any interest on any Bond when the same shall become due and payable;

(c) The occurrence of any Event of Nonappropriation or Event of Default as each such term is defined in the Lease or the occurrence of an event of default under any Mortgage; or

(d) Subject to the provisions of the Indenture, default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in the Indenture or in the Bonds contained and the continuance thereof for a period of 60 days after written notice to the Issuer and the Lessee given by the Trustee or to the Trustee, the Issuer and the Lessee by the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding.

Notice of Certain Defaults; Opportunity of Lessee to Cure Certain Defaults. Anything in the Indenture to the contrary notwithstanding, no default described in paragraph (d) under "Events of Default Defined" above will constitute an Event of Default until actual notice of such default by registered or certified mail has been given by the Trustee or by the Owners of not less than a majority in aggregate principal amount of all Bonds then Outstanding to the Issuer and the Lessee, and the Lessee has had 30 days after receipt of such notice to correct said default or cause said default to be corrected, and has not corrected said default or caused said default to be corrected, or if said default be such that it cannot be corrected within the applicable period, it will not constitute an Event of Default if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected.

Remedies Upon Default. Upon the occurrence and continuance of any Event of Default, the Trustee shall have all the rights and remedies with respect to the Trust Estate as the Issuer, as lessor, has against the Leased Property and the Lessee under the pertinent provisions of the Lease and subject to the restrictions and limitations therein provided. Upon the occurrence and continuance of any Event of Default, the Trustee may, and at the written request of Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall, declare the principal amount of the Bonds then Outstanding to be immediately due and payable, whereupon such principal amount shall, without further action, become and be immediately due and payable, anything in the Indenture, any Mortgage or in the Bonds to the contrary notwithstanding; *provided, however*, that no such acceleration shall change or otherwise affect the Lessee's obligation under the Lease to pay Rentals only during the term of the Lease and in the amounts and at the times as provided in the Lease. The Trustee shall give notice of such declaration of acceleration to the Lessee and the Issuer and, upon receipt of indemnity satisfactory to it, shall give notice thereof by Mail to Owners of all Bonds then Outstanding.

Upon the occurrence and continuance of any Event of Default specified in paragraphs (a), (b), or (c) under the heading "Events of Default Defined" above, the Trustee shall, without any action on the part of the Owners of the Bonds, or upon the occurrence and continuance of an Event of Default specified in paragraph (d) under the heading "Events of Default Defined" above, and at the written request of Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding the Trustee shall, give notice to the Lessee to vacate and surrender the Leased Property immediately as provided in the Lease, with or without terminating the term of the Lease thereunder except as to the Lessee's possessory interests in the Leased Property under the Lease. The Trustee may, and at the written request of Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall, commence an action to foreclose the lien of the Indenture as a mortgage in the manner provided in the Indenture and as permitted by law against the Trust Estate, commence an action or actions to foreclose any Mortgage or Mortgages in the manner therein provided and as permitted by law against the Issuer's right, title and interest in the Leased Property in such manner and order as the Trustee may determine, and take one or any combination of the following additional remedial steps:

(a) The Trustee may terminate the Lease or the Lessee's possessory rights thereunder (without otherwise terminating the Lease), re–enter the Leased Property and eject all parties in possession thereof therefrom and relet the Leased Property (subject to the Site Leases), all as provided in the Lease;

(b) The Trustee may, subject to compliance with the applicable provisions of the "one action rule" set forth in Title 78, Chapter 37 of the Utah Code, recover from the Lessee:

(1) the portion of Base Rentals and Additional Rentals that are or would otherwise have been payable under the Lease during any period in which the Lessee continues to use, occupy and operate the Leased Property or any portion thereof; and

(2) Base Rentals and Additional Rentals that are or would otherwise have been payable by the Lessee under the Lease during the remainder, after the Lessee vacates and surrenders the Leased Property, of the Renewal Term in which such Event of Default occurs for which Term the Lessee had lawfully appropriated moneys for purposes of paying such Base Rentals and Additional Rentals; *provided, however,* that if the Trustee does not proceed to sell the Leased Property reasonably promptly after such Event of Default, the Trustee shall be obligated to the Lessee to use the Trustee's best efforts to lease or sublease the Leased Property for the remainder of such Renewal Term, and the Net Proceeds of such leasing and subleasing shall be offset against the amount recoverable from the Lessee as described under this subparagraph (2);

(c) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Leased Property, or any part thereof, in its own name or in the name of the Issuer, and do any acts that the Trustee deems necessary or desirable to preserve the value, marketability or rentability of the Leased Property, or part thereof or interest or space therein, increase the income therefrom or protect the security of the Indenture and, with or without taking possession of the Leased Property, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any obligations secured by the Indenture, all in such order as the Trustee may determine;

(d) In conformity with the Indenture, exercise all rights of the Issuer in its capacity as lessor under the Lease, including the right to lease all or any part of the Leased Property (subject to the Site Leases) in the name and for the account of the Issuer, to collect, receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, any taxes and assessments and other charges prior to the lien of the Indenture that the Trustee may deem it wise to pay and all expenses and costs of repairs and improvements to the Leased Property and apply the remainder of the moneys so received in accordance with the Indenture;

(e) Exercise any or all of the remedies available to a secured party under the Utah Uniform Commercial Code, as then in effect, with respect to property subject to the Indenture or any Mortgage that is covered by such Code; and

(f) Exercise the option provided to the Trustee (as assignee of the Issuer, in its capacity as ground lessee under the Site Leases, pursuant to the Indenture) with respect to any Site Lease to purchase the Site that is the subject of such Site Lease.

A judgment requiring a payment of money may be entered against the Lessee by reason of an Event of Default under the Indenture only as to the liabilities described in paragraph (b) above. Notwithstanding anything set forth in the Lease, the Mortgages or the Indenture to the contrary, any Event of Default consisting of a failure by the Lessee to vacate or surrender the Leased Property by the expiration of the Renewal Term during which an Event of Nonappropriation occurs shall not result in any liability for Base Rentals or Additional Rentals allocable to any period other than the period in which the Lessee continues to use, occupy and operate the Leased Property or any portion thereof and to that extent only.

Other Remedies. Upon the occurrence of an Event of Default, the Trustee may, as an alternative, either after entry or without entry, pursue any available remedy by suit at law or equity to enforce the payment of the principal of, and premium, if any, and interest on, the Bonds then Outstanding, including, without limitation, foreclosure and mandamus and an action for specific performance of any agreement contained in the Indenture.

Upon the occurrence of an Event of Default, if requested to do so by the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in the Indenture, the Trustee shall exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, upon being advised by

counsel, shall deem most expedient in the interests of the Owners; provided that the obligation of the Trustee to accelerate the principal of the Bonds shall be subject to the provisions set forth under the heading "Remedies Upon Default" above.

Remedies Not Exclusive. No remedy conferred in the Indenture upon or reserved to the Trustee is intended to be exclusive of any other remedy in the Indenture or by law provided or permitted, but each such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute. Every power or remedy given by the Indenture, any Mortgage, the Lease or any Site Lease, or to which the Trustee may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Trustee, and the Trustee may pursue inconsistent remedies.

Limitation on Remedies. Notwithstanding anything in the Indenture to the contrary, no deficiency judgment upon foreclosure or exercise of other remedies as provided in the Indenture may be entered against the Issuer or the State (as Lessee or otherwise) or any of its political subdivisions, *provided* that the Lessee shall remain liable to pay Rentals for any period that it uses, occupies and operates the Leased Property, and the Trustee shall be entitled to recover such Rentals from the Lessee as provided in the Indenture.

No breach of any covenant or agreement in the Indenture or the Lease shall impose any general obligation or liability upon, nor a charge against the general credit or taxing power of, the State (in its capacity as Lessee or otherwise) or any of its political subdivisions.

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default under the Indenture and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds, and shall do so upon the written request of the Owners of (a) more than 50% in aggregate principal amount of all Bonds the Outstanding in respect of which a default exists in the payment of principal and/or premium, if any and/or interest, or (b) more than 50% in aggregate principal amount of all Bonds then Outstanding, subject to the provisions of the Indenture.

Rights and Remedies of Owners of the Bonds. Except in the case of a failure of the Trustee to accelerate payment of principal of the Bonds pursuant to the provisions of the Indenture described under the heading "Remedies Upon Default" above, no Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or the enforcement of any Mortgage or for the appointment of a receiver or any other remedy under the Indenture or under any Mortgage, unless (a) a default has occurred of which the Trustee has been notified, or of which it is deemed to have notice, (b) such default has become an Event of Default and the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and have offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (c) such Owners have offered to the Trustee indemnity as provided for in the Indenture and (d) the Trustee thereafter has failed or refused to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name or in the name of such Owners. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or the Mortgages or for the appointment of a receiver or any other proceedings under the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of law, the Indenture and any applicable Mortgage.

Limitations Of Liability

Limitations of Liability of Issuer. The Trustee and the Owners agree to look solely to the Trust Estate, including the Leased Property and the Revenues, for the payment of the obligations of the Issuer under the Indenture. However, nothing contained in the Indenture shall limit, restrict or impair the rights of the Owners of the Bonds or the Trustee to exercise all rights and remedies provided under the Indenture, the Mortgages, the Lease or any Site Lease or otherwise realize upon the Trust Estate and the Trustee may join the Issuer and the Lessee and their officers, trustees, agents and employees, in their capacities as officers, trustees, agents and employees of the Issuer or the Lessee, as defendants in any legal action it undertakes to enforce its rights and remedies under the Indenture.

Limitations of Liability of Lessee. Nothing in the Indenture shall be construed to require the Lessee to appropriate any money for the performance of any obligation under the Indenture or under the Lease. No provision of the Indenture shall be construed or interpreted as creating a general obligation or other indebtedness of the State (in its capacity as Lessee or otherwise) or any political subdivision of the State within the meaning of any constitutional or statutory debt limitation. Neither the execution, delivery and performance of the Lease nor the issuance of the Bonds directly or indirectly obligates the Lessee to make any payments under the Indenture or under the Lease beyond those appropriated for the Lessee's then current Fiscal Year or to pay the Option Price or any portion thereof.

Supplemental Indentures; Waivers

Supplemental Indentures Without Consent of the Owners of the Bonds. The Issuer and the Trustee from time to time and at any time with the prior written consent of the Lessee, but without the consent of or notice to any Owners and subject to the restrictions contained in the Indenture, may enter into an indenture or indentures supplemental thereto and that shall thereafter form a part thereof for any one or more or all of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon, the Issuer;

(b) to subject to the lien of the Indenture additional Property and Revenues hereafter acquired by the Issuer and intended to be subjected to the lien of the Indenture and to correct and amplify the description of any Property and Revenues subject to the lien of the Indenture;

(c) to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(d) to cure any ambiguity or cure, correct or supplement any provision contained in the Indenture or in any Supplemental Indenture that may be defective or inconsistent with any other provision contained in the Indenture or in any Supplemental Indenture or to make such other provisions in regards to matters or questions arising under the Indenture or any Supplemental Indenture as shall not adversely affect in a material way the interest of any Owner;

(e) to comply with any additional requirements necessary to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds; or

(f) to authorize the issuance of Additional Bonds and provide the terms therefore, including such provisions as are necessary in connection with the terms required to issue Variable Rate Bonds.

Waivers and Consents by Owners; Supplemental Indentures with Owners' Consent. Upon the prior written waiver or consent of the Owners of at least $66^{2}/_{3}$% in aggregate principal amount of the Bonds then Outstanding, (a) the Issuer may take any action prohibited, or omit the taking of any action required, by any of the provisions of the Indenture or any Supplemental Indenture, or (b) the Issuer and the Trustee may enter into an indenture or indentures supplemental thereto for the purpose of adding, changing or eliminating any provisions of the Indenture or of any Supplemental Indenture thereto or modifying in any manner the rights and obligations of the Owners of the Bonds and the Issuer; provided that no such waiver or supplemental indenture shall (1) impair or affect the right of any Owner to receive payments or prepayments of the principal of, and premium, if any, and interest on, such Owner's Bond, as provided therein and in the Indenture, without the consent of such Owner, (2) permit the creation of any lien with respect to any of the Trust Estate, without the consent of the Owners of all the Bonds at the time Outstanding, (3) effect the deprivation of the Owner of any Bond of the benefit of the liens of the Indenture or any Mortgage upon all or any part of the Trust Estate without the consent of such Owner, (4) reduce the aforesaid percentage of the aggregate principal amount of Bonds, the Owners of which are required to consent to any such waiver or supplemental indenture pursuant to the Indenture, without the consent of the Owners of all of the Bonds at the time Outstanding or (5) modify the rights, duties or immunities of the Trustee without the consent of the Trustee and the Owners of all of the Bonds at the time Outstanding.

Amendment Of Lease And Site Leases

Amendments to Lease or Site Leases Not Requiring Consent of Owners. The Issuer and the Lessee may, with the prior written consent of the Trustee, but without the consent of or notice to the Owners, consent to any amendment, change or modification of the Lease or any Site Lease as may be required (a) by the provisions of the Lease, any Site

Lease or the Indenture; (b) for the purpose of curing any ambiguity or formal defect or omission in the Lease or any Site Lease; (c) in order to more precisely identify the Leased Property or any portion thereof or to add additional or substituted improvements or properties acquired in accordance with the Lease, any Site Lease or the Indenture; (d) in connection with any other change in the Lease or any Site Lease that, in the judgment of the Trustee, does not adversely affect in a material way the interests of the Trustee or any Owner; (e) for the purposes of complying with additional requirements necessary to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds or (f) in connection with the issuance of Additional Bonds, including such provisions as are necessary to provide for Variable Rate Rentals.

Amendments to Lease or Site Leases Requiring Consent of Owners. Except for the amendments, changes or modifications described in the preceding paragraph, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Lease or any Site Lease without mailing of notice and the prior written approval or consent of the Owners of not less than $66^{2}/_{3}$% in aggregate principal amount of the Bonds at the time Outstanding.

THE LEASE

Term Of The Lease

Commencement of the Term of the Lease. The initial term of the Lease expired on June 30, 1995 (the "Initial Term"). Subject to the Lessee's option to extend the term of the Lease for additional and consecutive one–year renewal terms (which the Lessee has done since 1995 and through June 30, 2017), with a final renewal term commencing July 1, 2037, and ending May 16, 2038. The terms and conditions of the Lease during any Renewal Term shall be the same as the terms and conditions during the Initial Term, except that the Base Rentals will be as specified in Schedules attached to the Lease, as such Schedules may be revised as provided in the Indenture.

Each option shall be exercised automatically by the enactment into law of a State budget that appropriates and allocates to or for the benefit of the Lessee for purposes of the Lease moneys sufficient (after taking into account any moneys legally available for such purpose, including, but not limited to, such moneys as may be legally available from non–lapsing appropriations in the Fiscal Year prior to such Renewal Term) to pay the Base Rentals (using for purposes of computing any Variable Rate Rentals, a projected interest cost based upon the formula contained in the Supplemental Lease providing for such Variable Rate Rentals) and reasonably estimated Additional Rentals (calculated as provided in the Lease) for the next succeeding Renewal Term as provided in the Lease. The enactment into law of such State budget, after compliance with the procedures required by applicable law, shall automatically extend the term of the Lease for the succeeding Renewal Term without any further action required by any official, officer or employee of the Lessee or any other person.

The option to renew may not be exercised at any time during which an Event of Default or an Event of Nonappropriation (except as otherwise provided in the Lease as described under the heading "Rentals Payable—Nonappropriation" below) has occurred and is then continuing under any of the terms of the Lease; *provided, however,* that if the Event of Default complained of (money payments excepted) is of such nature that the same is curable but not within the period allowed for curing such Event of Default, then the right of the Lessee to exercise the option to renew shall not be suspended if the Lessee shall have promptly commenced within such period to comply with the provisions of the Lease that shall have been breached by it and if and so long as the Lessee shall, with diligence and continuity, proceed to cure such Event of Default.

Expiration or Termination of the Term of the Lease. The term of the Lease will expire or terminate, as appropriate, as to the Lessee's right of possession of the Leased Property as described in the next paragraph upon the first to occur of any of the following events: (a) the expiration of any Renewal Term during which there occurs an Event of Nonappropriation (which is not thereafter waived by the Trustee); (b) on the Optional Payment Date on which the deposit is made of the purchase price by the Lessee for Leased Property to be purchased pursuant to the Lease; (c) an Event of Default and a termination of the term of the Lease as to the possessory interest of the Lessee by the Trustee as provided in the Lease; (d) discharge of the Indenture as therein provided; or (e) May 16, 2038, which date constitutes the day following the last Bond Principal Payment Date of the final Renewal Term of the Lease, or such later date as all Rentals required under the Lease and the Bonds shall be paid.

The expiration or termination of the term of the Lease as to the Lessee's right of possession and use of the Leased Property as described in the preceding paragraph shall terminate all obligations of the Lessee thereunder

(except to the extent that the Lessee incurred any obligation to pay Rentals from moneys theretofore appropriated and available for such purpose) and shall terminate the Lessee's rights of use, occupancy and operation of the Leased Property (except to the extent of any conveyance of the Leased Property to the Lessee purchased by the Lessee as provided in the Lease). All other terms of the Lease and the Indenture, including all obligations of the Trustee with respect to the Owners of the Bonds and the receipt and disbursement of funds, shall be continuing until the lien of the Indenture is discharged or foreclosed, as provided in the Indenture, except that all obligations of the Lessee to pay any amounts to the Owners and the Trustee under the Indenture shall thereafter be satisfied only as provided in the Indenture. The termination or expiration of the term of the Lease as to Lessee's right of possession and use shall not in itself discharge the lien of the Indenture.

Rentals Payable

Rentals Payable–General. The Lessee shall pay the Base Rentals and the Additional Rentals (but shall not be entitled to prepay or cause to be prepaid any such Base Rentals or Additional Rentals, except as otherwise expressly provided in the Lease or in a Supplemental Lease) in the amounts, at the times and in the manner set forth in the Lease, said amounts constituting in the aggregate the total of the annual Rentals payable under the Lease, as follows:

(a) *Base Rentals*. The Lessee agrees, subject to the availability of appropriations of funds to it therefore and other moneys legally available for the purpose, to pay to the Trustee for the account of the Lessee in arrears during each Renewal Term (i) the principal component of the Base Rentals payable in annual installments on May 1 of each year as set forth in the Lease and (ii) the interest component of the Base Rentals payable in installments on May 1 and November 1 of each year as set forth in the Lease. The Base Rentals shall be paid for the right to the use, occupancy and operation of the Leased Property during the term of the Lease. The Lessee agrees to pay the Base Rentals in accordance with the Base Rental Payment Schedule set forth in the Lease as it may be revised from time to time by such amounts as are necessary to reflect the redemption of the principal of Bonds (other than mandatory sinking fund redemptions) or to pay the principal of and interest on Additional Bonds.

(b) *Additional Rentals.* In addition to the Base Rentals, and as part of the total Rentals during the term of the Lease, the Lessee shall pay on a timely basis, but only from legally available funds appropriated for such purposes or otherwise legally available therefore, to the parties entitled thereto an amount or amounts (the "Additional Rentals") for each Renewal Term, equivalent to the sum of the following:

(i) the annual fee of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, any Mortgage and any Tax Certificate;

(ii) the reasonable fees and charges of the Trustee, any paying agent and any registrar appointed under the Indenture with respect to the Bonds for acting as trustee, paying agent and registrar as provided in the Indenture;

(iii) the reasonable fees and charges of the Trustee for extraordinary services rendered and extraordinary expenses incurred by it as Trustee under the Indenture;

(iv) the reasonable fees and out–of–pocket expenses of the Lessor relating to the Leased Property not otherwise required to be paid by the Lessee under the terms of the Lease;

(v) the costs of maintenance, operation and repair with respect to the Leased Property and utility charges as required under the Lease and any costs to repair, rebuild or replace the Leased Property as provided in the Lease;

(vi) the costs of casualty, public liability, property damage and workers' compensation insurance as required under to the Lease and the costs related to any self–insurance carried or required to be carried as provided in the Lease;

(vii) the costs of taxes and governmental charges and assessments as required under the Lease;

(viii) an amount equal to any franchise, succession, capital levy or transfer tax, or any income, excess profits or revenue tax, or any other tax, assessment, charge or levy (however denominated), if any shall ever become due, levied, assessed or imposed by the State or any political subdivision thereof upon the Base

Rentals payable under the Lease or the Option Price (if paid) or upon the Leased Property, any portion thereof or any of the Revenues;

(ix) any amount of interest required to be paid (1) on any of the foregoing items as a result of the Lessee's failure to pay any such items when due or (2) pursuant to the Lease; and

(x) any additional payment required to be made pursuant to any Tax Certificate to maintain the excludability from gross income for federal income tax purposes of interest on any Bonds, together with an amount equal to all costs and expenses incurred by the Issuer to calculate or cause to be calculated the amount of any required payment, or otherwise to comply with the provisions of any Tax Certificate.

(c) *Prepayment of Base Rentals and Partial Redemption of Bonds*. The Lease expressly reserves to the Lessee the right, and the Lessee is authorized by the Lease, to prepay Base Rentals in addition to the Base Rentals otherwise payable under the Lease solely for the purpose of redeeming a Series of Bonds in part pursuant to the Indenture. Such additional Base Rentals shall be deposited into the Redemption Fund and applied to the redemption of the Series of Bonds in part in the manner and to the extent provided in the Indenture. See "THE 2020 BONDS—Redemption Provisions For The 2020 Bonds" in the body of the OFFICIAL STATEMENT to which this "APPENDIX D—BASIC DOCUMENTATION" is attached.

(d) *Allocation of Base Rentals.* Each payment of Base Rentals on a regularly scheduled Base Rental Payment Date shall be allocated and applied to each of the portions of the Base Rentals relating to the leasing of the respective Facilities as part of the Leased Property as provided in the Lease (each such portion being the "Amortization Payments" with respect to its related Facility) in the respective amounts set forth in the Base Rental Payment Schedule attached to the Lease. A partial payment of such Base Rentals on a regularly scheduled Base Rental Payment Date shall be allocated pro rata among such payments and shall be treated as a corresponding reduction to the amount payable with respect to each Facility. Prepayments of Base Rentals in part to effect a partial redemption of a Series of Bonds as described in paragraph (c) above shall be applied to a reduction of Base Rentals in the same manner as such Series of Bonds are redeemed in part and shall be allocated either (1) to the Amortization Payments for the Facilities or (2) pro rata among the Amortization Payments for all Facilities financed by such Series of Bonds.

(e) *Reductions to Option Price.* The allocation of payments and prepayments of Base Rentals to Amortization Payments for a Facility as provided in the Lease shall reduce correspondingly the Option Price for that Facility.

Covenant to Request Appropriations. During the term of the Lease, the Lessee covenants and agrees (a) to include in its annual appropriation request, or to cause to be included in the annual appropriation request of those State Bodies to which all or any portion of the Leased Property is subleased as permitted by the Lease, to the Governor for inclusion in the Governor's budget submitted to the Legislature, a request or requests for the amount necessary (after taking into account any moneys then legally available for such purpose) to pay the Base Rentals, including variable rate rentals, and reasonably estimated Additional Rentals for the Leased Property during the next succeeding Renewal Term, (b) to submit a copy of such request or requests for appropriation to the Utah Legislative Fiscal Analyst and (c) to take such further action (or cause the same to be taken) as may be necessary or desirable to assure that the final budget submitted to the Legislature for its consideration seeks an appropriation of moneys sufficient to pay such Base Rentals and Additional Rentals for each such Renewal Term.

To effect the covenants described in the preceding paragraph, the Lessee has in the Lease directed the Director to include in each such request submitted to the Governor and to cause to be included in the annual appropriation request of those State Bodies to which all or any portion of the Leased Property is subleased, items for all payments required for the ensuing Renewal Term under the Lease. The Lessee expresses its intention in the Lease that the decision to renew or not to renew the term of the Lease is to be made solely by the Legislature at the time the Legislature considers for adoption the final budget for each of the Fiscal Years of the State and corresponding Renewal Terms under the Lease, and not by any official or officials of the Lessee or any State Body, acting in his, her or their respective capacity as such. The Lessee covenants and agrees in the Lease that it shall not amend, modify or otherwise change the appropriations made in any finally adopted budget for the payment of any Rentals without the express prior approval of the Legislature.

In the event that any Rentals to be paid by the Lessee to the Trustee are insufficient to pay any Base Rentals payable under the Lease or principal of or interest on the Bonds when due, the Lessee shall request that the Gover-

nor submit a request to the Legislature to appropriate additional funds to the Lessee or to any State Body that is subleasing a portion of the Leased Property for the payment of increased Rentals as authorized by Section 63–1–308 of the Act.

Limitations on Liability. Nothing in the Lease shall be construed to require the Legislature to appropriate any money to pay any Rentals or the Option Price or any portion thereof. Subject to the provisions of the Lease, if the Lessee fails to pay any portion of the Rentals that are due under the Lease or an Event of Default under the Lease or an Event of Nonappropriation occurs, the Lessee shall immediately (but in no event earlier than the expiration of the then current Renewal Term for which the Lessee has paid or appropriated moneys sufficient to pay all Rentals due for such Renewal Term, in the case of an Event of Nonappropriation) surrender, quit and vacate the Leased Property in accordance with the schedule therefore provided by the Lessee to the Trustee in accordance with the Lease, and its obligation to pay any Rentals (except for Rentals theretofore appropriated and then available for such purpose) shall thereupon cease. Neither the State (in its capacity as Lessee or otherwise) nor any political subdivision thereof is obligated to pay any Rentals due to the Lessor or the Option Price or any portion thereof.

Subject to the provisions of the Lease, should the Lessee fail to pay any portion of the required Rentals and then fail immediately to surrender, quit and vacate the Leased Property, the Trustee in accordance with the Indenture or any Mortgage may immediately bring legal action to recover the Leased Property from the Lessee or to evict the Lessee from the Leased Property (but not for money damages except as provided in the Lease and in the Indenture) and commence proceedings to foreclose the lien of the Indenture and any Mortgage pursuant to their respective provisions. The Lessee agrees, to the extent permitted by law, to pay as damages for its failure immediately to surrender, quit and vacate the Leased Property upon termination of the then current Renewal Term of the Lease in violation of the terms thereof and Section 63B–1–308 of the Act an amount equal to the Base Rentals otherwise payable during such period prorated on a daily basis and any reasonable Additional Rentals attributable to such period on the basis of the services provided.

Nothing in the Lease shall be construed to provide the Trustee or any Owners with any recourse against any Facilities or any portion thereof released from the security interests and lien under the Lease and under the Indenture and any Mortgage pursuant to the Lease. No judgment may be entered against the State (in its capacity as Lessee or otherwise) or any political subdivision of the State for failure to pay any Rentals or the Option Price or any portion thereof, except to the extent that the Lessee has theretofore incurred liability to pay any such Rentals through its actual use, occupancy and operation of the Leased Property, or through its exercise of an option that renews the Lease for an additional Renewal Term for which moneys have been appropriated, or is otherwise obligated to pay such Rentals pursuant to the Lease.

The Rentals constitute current expenses of the Lessee, and the Lessee's obligations under the Lease are from year–to–year only and do not constitute a mandatory payment obligation of the Lessee in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of the Lease shall be construed or interpreted as creating a general obligation or other indebtedness of the State or any political subdivision of the State within the meaning of any constitutional or statutory debt limitation. Neither the Bonds nor the obligation to pay Rentals under the Lease constitute or give rise to a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any political subdivisions thereof. Neither the execution, delivery and performance of the Lease nor the issuance of the Bonds directly or indirectly obligates the Lessee to make any payments under the Lease beyond those appropriated for the Lessee's then current Fiscal Year.

Nonappropriation. Subject to the provisions of the Lease, in the event that sufficient funds (a) are not appropriated in the duly enacted State budget by the June 1 next preceding the beginning of any Renewal Term for the payment of the Base Rentals on the Base Rental Payment Dates and reasonably estimated Additional Rentals payable during such Renewal Term, or (b) are otherwise not legally available for such purpose, then an Event of Nonappropriation shall be deemed to have occurred under the Lease. The Trustee shall declare an Event of Nonappropriation on any earlier date on which the Trustee receives an Officer's Certificate from an authorized Lessee representative to the effect that the Legislature has determined by official action not to renew the term of the Lease for the next succeeding Renewal Term and, absent receipt of such Officer's Certificate and if an Event of Nonappropriation has otherwise occurred under the Lease, the Trustee shall give written notice to the Lessee of any Event of Nonappropriation on or before July 1 next succeeding the expiration of the term of the Lease or such later date as the Trustee determines to be in the best interest of the Owners. Any failure of the Trustee to give such written notice to the Lessee will not prevent the Trustee from declaring an Event of Nonappropriation or from taking any remedial action that would otherwise be available to the Trustee under the Lease or under the Indenture or any Mortgage. An Event of Nonappropriation shall also be deemed to have occurred if, during any Renewal Term, any Additional Rentals

shall become due for which moneys were not appropriated in the duly enacted budget, or that exceed the amount for those Additional Rentals included in such budget, and funds are not legally available (including funds legally available for such purpose under the Indenture) to the Lessee to pay such Additional Rentals by the earlier of June 30 of the then current Renewal Term or 90 days after the date on which such Additional Rentals are due.

The Trustee may waive any Event of Nonappropriation that is cured by the Lessee within a reasonable time if, in the Trustee's judgment, such waiver is in the best interests of the Owners of the Bonds. After June 30 of each year during the term of the Lease the Trustee shall not waive any Event of Nonappropriation that results from sufficient funds not being appropriated in the duly enacted budget for the payment of the Base Rentals that would be payable during the next succeeding Renewal Term unless the Trustee has reason to believe that appropriate officials of the Lessee and the State are diligently pursuing appropriations by the Legislature to pay such Base Rentals on a timely basis and that a delay in declaring an Event of Nonappropriation, under the circumstances, is in the best interests of the Owners of the Bonds. If an Event of Nonappropriation shall occur, the Lessee shall not be obligated to make payment of the Base Rentals or Additional Rentals provided for in the Lease beyond the last day of the Renewal Term during which such Event of Nonappropriation occurs, except for the Lessee's obligation to pay Rentals that are payable prior to the termination of the Lease. The Lessee shall continue to be liable for the amounts payable pursuant to the Lease during such time when the Lessee continues to use, occupy and operate the Leased Property.

The Trustee shall, upon the occurrence of an Event of Nonappropriation and foreclosure of the lien of the Indenture or any Mortgage, have all rights and remedies to take possession of the Leased Property as trustee for the benefit of the Owners of the Bonds and shall be further entitled to all moneys then on hand in all funds and accounts created under the Indenture. All property, funds and rights acquired by the Trustee upon the termination of the Lessee's possessory interests under the Lease by reason of an Event of Nonappropriation shall be held by the Trustee under the Indenture for the benefit of the Owners of the Bonds until the principal of, and premium (if any) and interest on, the Bonds are paid in full.

Upon the occurrence of an Event of Nonappropriation (which is not waived) or an Event of Default (which is not waived), the Lessee shall have all responsibility for surrendering and vacating the Leased Property and shall surrender and vacate the Leased Property immediately following such occurrence. Within 10 days after the occurrence of an Event of Nonappropriation or an Event of Default, the Lessee shall provide the Trustee with a timetable for surrendering and vacating the Leased Property, which timetable shall provide that the Lessee shall completely surrender and vacate the Leased Property no later than June 30 of the then current Renewal Term.

Acquisition, Construction And Financing Of The Projects

The Lessor shall complete or cause the completion of the Projects, all in accordance with the applicable Project Documents. For this purpose, the Lessor has entered into the Agency Agreement with the Lessee, as the Lessor's agent, and may enter into amendments to such Agency Agreement or enter into other Agency Agreements relating to Additional Facilities. The Lessor or its agent for this purpose shall require the Contractor or Contractors who are or have been awarded the Project Contract or Contracts to provide a faithful performance bond and a labor and material payment bond satisfactory to the Lessor or such agent conditioned upon substantial completion of the respective Projects as expeditiously as reasonably possible from the date of execution of the Lease and also conditioned upon delivery of possession of the Leased Property to the Lessee free and clear of all liens and encumbrances, except Permitted Encumbrances, easements and restrictions in the record title accepted by the Lessee.

In the event that a Project is not completed as described above under the caption "THE INDENTURE—Revenues And Funds–Completion of the Projects; Delivery of Completion Certificate," as evidenced by delivery of a Completion Certificate with respect to such Project, the Trustee shall, upon 30 days' written notice to the Lessee, be authorized, but not required, to complete the Project from any moneys then remaining in the Project Account related to such Project.

If an Event of Nonappropriation or an Event of Default shall occur prior to the delivery of the Completion Certificate for a Project, the moneys remaining in the Project Account relating to such Project may be utilized by the Trustee to complete such Project or, upon termination of the term of the Lease as to the possessory interest of the Lessee, may be disbursed as provided in the Indenture.

The Lessee covenants in the Lease, to the extent permitted by applicable law, to use other legally available funds and to seek additional legally available funds to the extent necessary to complete the Projects as required in the Lease, or to make certain design changes in the Projects (so long as such changes do not cause the Leased Prop-

erty to be used for purposes other than lawful governmental purposes of the Lessee) to the extent necessary to complete the Projects with moneys then available for such purposes in the respective Project Accounts.

Maintenance And Operation

The Lessee shall, at its own expense, maintain, manage and operate the Leased Property and all improvements thereon in good order, condition and repair, and suffer no waste or injury to any of the Leased Property, ordinary wear and tear excepted. The Lessee shall provide or cause to be provided all security service, custodial service, janitor service, power, gas, telephone, light, heating and water, and all other public utility services. The Lessor, the Trustee and the Owners shall have no obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Leased Property during the term of the Lease. The Lessee shall keep the Leased Property and any and all improvements thereto free and clear of all liens, charges and encumbrances, except those caused or consented to by the Trustee and Permitted Encumbrances. The Lessee shall pay for all damage to the Leased Property, its fixtures and appurtenances due to any act or omission or cause whatsoever.

Insurance Provisions

The Lessee shall at all times maintain or cause to be maintained with responsible insurers all such insurance on the Leased Property that is customarily maintained with respect to properties of like character against accident to, loss of or damage to such properties. Notwithstanding the generality of the foregoing, the Lessee shall not be required to maintain or cause to be maintained any insurance that is not available from reputable insurers on the open market, except as required by the Lease, or more insurance than is specifically referred to below.

The Lessee shall during any period of completing each Project and thereafter so long as the Lessee has possession of the Leased Property:

(a) Keep or cause to be kept a policy or policies of insurance against loss or damage to the Leased Property resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such perils ordinarily defined as "extended coverage" and other perils as the Trustee and the Lessee may agree should be insured against on forms and in amounts satisfactory to each. Such insurance may be carried in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Lessee. Such extended coverage insurance shall, as nearly as practicable, also cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be maintained in an amount not less than the principal amount of the then Outstanding Bonds or the full insurable value of the Leased Property (such value to include amounts spent for completing the Projects and architectural, engineering, legal and administrative fees, inspection and supervision but excluding value attributable to the sites on which the Facilities are located), whichever amount is greater, subject to deductible conditions for any loss not to exceed the lesser of $500,000 or the amount available at any time for such deductible in the Risk Management Fund for any one loss;

(b) Maintain or cause to be maintained public liability insurance against claims for bodily injury or death, or damage to property occurring upon, in or about the Leased Property, such insurance to afford protection to a limit of not less than $1 million combined single limit; *provided, however,* that nothing in the Lease shall be construed to require the Lessee to maintain or cause to be maintained any such public liability insurance for amounts greater than the limitations on such liability provided under the Utah Governmental Immunity Act, Title 63, Chapter 30D of the Utah Code. Such insurance may be maintained under an Owners, Landlords and Tenants policy and may be maintained in the form of a minimum $1 million single limit policy covering all such risks. Such insurance may be carried in conjunction with any other liability insurance coverage carried or required to be carried by the Lessee; and

(c) Maintain or cause to be maintained workers' compensation coverage to the extent required by law.

All insurance provided for in the Lease shall be effected under policies issued by insurers of recognized responsibility, licensed or permitted to do business in the State, except as otherwise provided in the Lease. The Lessee may, in its discretion, insure the Leased Property under blanket insurance policies that insure not only the Leased Property but other properties as well, so long as such blanket insurance policies otherwise comply with the terms of the Lease.

The Net Proceeds of fire and extended coverage insurance shall be deposited into the Insurance Fund under the Indenture to be applied to rebuild, replace and repair the affected portion of the Leased Property or redeem Outstanding Bonds as provided in the Lease. The Net Proceeds of public liability and property damage insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid.

Notwithstanding anything to the contrary in the Lease, any policies of insurance or any deductible under any policies of insurance that the Lessee is required to keep or cause to be kept pursuant to the Lease may be provided through the Risk Management Fund or other self–insurance program of the State.

Taxes

The Lessor and the Lessee understand and agree in the Lease that the Leased Property constitutes public property free and exempt from all taxation in accordance with applicable law; *provided, however*, that the Lessor agrees to cooperate with the Lessee, upon written request by the Lessee, to contest any proposed tax or assessment, or to take steps necessary to recover any tax or assessment paid. In the event that the Leased Property or any portion thereof or any portion of the Rentals shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body that may be secured by a lien against the Leased Property or any portion of the Rentals, an Additional Rental shall be paid by the Lessee equal to the amount of all such taxes, assessments and governmental charges then due.

Alterations, Additions And Improvements

The Lessee shall have the right during the term of the Lease to make any alterations, additions, replacements, renovations, rehabilitations or improvements of any kind, structural or otherwise, as it shall deem necessary or desirable, on or to the Leased Property, to attach fixtures, structures or signs, and to affix any personal property to the improvements on the Leased Property; *provided, however,* that no such alteration, addition, replacement, renovation, rehabilitation or improvement shall reduce or otherwise adversely affect the value of the Leased Property or the fair rental value thereof or materially alter or change the character or use of the Leased Property or impair the excludability of interest on the Bonds from gross income of the Owners thereof for federal income tax purposes.

Except as described below, all such alterations, additions and improvements shall become the property of the Lessor as a part of the Leased Property and shall be subject to the Lease and the Indenture.

All of the Lessee's equipment and other personal property installed or placed by the Lessee in or on the Leased Property that is not a fixture under applicable law or that is not paid for with the proceeds of sale of the Bonds shall remain the sole property of the Lessee in which neither the Lessor, the Owners of the Bonds nor the Trustee shall have any interest.

Damage Or Destruction; Condemnation

The Lessor and the Lessee agree in the Lease that it is the intent of the parties that, after the delivery of the Completion Certificate with respect to a Project, the risk of any loss arising out of any damage, destruction, seizure or condemnation of the portion of the Leased Property represented by such Project shall be borne by the Lessee and not by the Lessor or the Owners. The Lessee covenants and agrees that in the event of any such damage, destruction or condemnation, the Lessee shall either repair, rebuild or replace the affected portion of the Leased Property to essentially its same condition before any such damage, destruction, seizure or condemnation or provide funds, either through payment of the applicable Option Price, or otherwise, but in any event only from legally available moneys for such purpose, necessary to redeem Bonds at the earliest practicable date in accordance with the Indenture.

If, during the term of the Lease, (a) the Leased Property or any portion thereof shall be destroyed, in whole or in part, or damaged by fire or other casualty or event; or (b) title to, or the temporary or permanent use of, the Leased Property or any portion thereof or the estate of the Lessee, the Lessor or the Trustee in the Leased Property or any portion thereof shall be taken under the exercise of the police power or the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or (c) a material defect in Construction of any of the Facilities shall become apparent; or (d) title to or the use of all or any portion of the Leased Property shall be lost by reason of a defect in title; then, subject to the provisions of the Lease, the Lessee shall continue to pay Base Rentals and Additional Rentals and to take such action as it shall deem necessary or ap-

propriate to repair, rebuild and replace the affected portion of the Leased Property, regardless of whether the Projects, or any of them, have been completed and accepted by the Lessee.

In accordance with the Indenture, the Trustee shall cause the Net Proceeds of any insurance policies (including any moneys derived from the Risk Management Fund or other self–insurance program), performance bonds or condemnation awards with respect to the Leased Property, or Net Proceeds received as a consequence of defaults under Project Contracts (excluding liquidated damages) for the Projects, to be deposited into the Insurance Fund to be applied as provided in the Lease and in the Indenture. Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the damaged or destroyed portion of the Leased Property by the Lessee, except as otherwise provided in the Lease or as may be required by a Tax Certificate. The balance of any Net Proceeds remaining after the repair, restoration, modification, improvement or replacement has been completed are to be deposited into the appropriate Project Account in the Project Fund, if received prior to the applicable Completion Date and, if received thereafter, are to be deposited into the Redemption Fund, except to the extent otherwise required by a Tax Certificate. The Trustee shall cause the Net Proceeds of any liquidated damages received as a consequence of a default by a Contractor to complete a Project in a timely fashion under the Construction Contract to be deposited into the Bond Fund.

If such Net Proceeds shall be insufficient to pay in full the cost of any such repair, restoration, modification, improvement or replacement, the Lessee shall, within 90 days after the occurrence of the event giving rise to such Net Proceeds, either:

(a) commence and thereafter complete the work and pay any cost in excess of the Net Proceeds, but only from Additional Rentals, in which case the Lessee agrees that it will not be entitled to any reimbursement therefore from the Trustee or the Owners of the Bonds, nor shall it be entitled to any diminution of the Base Rentals or Additional Rentals; or

(b) if the failure to repair, rebuild or replace shall not materially detract from the value of the Leased Property, then the Lessee may discharge its obligation to repair, rebuild or replace the affected portion of the Leased Property by causing such Net Proceeds to be deposited into the Redemption Fund for the purpose of causing the extraordinary optional redemption of all or part of the Bonds, as appropriate, in accordance with the Indenture; or

(c) apply or provide for the application of such Net Proceeds to the payment of the Option Price applicable to the affected Facilities as of the next occurring Optional Payment Date, in which case, if the Net Proceeds are insufficient to pay such Option Price, the Lessee shall pay or provide for the payment of such amounts as are necessary to equal the full Option Price applicable to such affected Facilities.

The Lessee agrees in the Lease that any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such Net Proceeds shall be the property of the Lessor subject to the Indenture, any relevant Mortgage and the Lease, and will be included as part of the Leased Property subject to the Lease and the Indenture.

Assignments

Neither the Lease nor any interest of the Lessee therein or in the Leased Property shall, at any time after the date of the Lease, without the prior written consent of the Trustee, be mortgaged, pledged, assigned or transferred by the Lessee by voluntary act or by operation of law, or otherwise, except as specifically provided in the Lease. The Lessee shall at all times remain liable for the performance of the covenants and conditions on its part to be performed, notwithstanding any assigning, transferring or subletting that may be made.

The Lessee shall have the right, without notice to or consent of the Lessor, the Trustee or any Owner of Bonds, to further sublease or permit the use of any specified portion of the Leased Property (a) to or for the benefit of any State Bodies with respect to any of the Facilities, (b) to or for the benefit of any political subdivision or other governmental entity of the State and (c) to any private operator, manager or service provider on such basis, for such use and for such period as will not impair the excludibility from gross income for federal income tax purposes of interest on the Bonds. No subleasing of the Leased Property shall relieve the Lessee from its obligation to pay Rentals as provided in the Lease or relieve the Lessee from any other obligations contained therein. No such assignment or sublease may be made if the use of the portion of the Leased Property represented by such subleased Facilities by the assignee or sublessee will affect the validity of the Lease, change the character or use of the Leased Property to

ones not then permitted by applicable law or impair the excludability from gross income for federal income tax purposes of interest on the Bonds.

Compliance With Environmental Laws

The Lessee covenants and agrees in the Lease to carry on the business and operations at the Leased Property in a manner that complies in all respects, and will remain in compliance, with all federal, State, regional, county or local laws, statutes, rules, regulations or ordinances concerning public health, safety or the environment, but only to the extent applicable to the Lessee.

Amendments, Changes And Modifications

Subject to certain limitations contained in the Lease, the Lessor and the Lessee may make, from time to time, without the consent of the Trustee or the Owners of the Bonds, such modifications, alterations, amendments or additions to, or deletions from, the sites on which any of the Facilities are located as the Lessor and the Lessee mutually agree to be necessary and desirable to facilitate the use and development by the Lessee, its successors, permitted sublessees and assigns, of such sites.

The Lease may be amended at any time by written agreement of the Lessor and the Lessee (regardless of any assignments of the Lessor's interests), with the prior written consent of the Trustee, but without notice to or the consent of the Owners of the Bonds pursuant to the Indenture, (a) whenever, in the opinion of counsel satisfactory to the Trustee and the Lessee, the contemplated amendment is necessary to cause the Lease to comply with State law or to cause interest on the Bonds to be or remain excludible from gross income for federal income tax purposes, (b) whenever the effect of such amendment is solely to add further, additional or improved security to the rights of the Trustee and the Owners of the Bonds, (c) whenever the amendment shall not prejudice in any material respect the rights of the Owners of the Bonds then Outstanding or (d) otherwise for any of the purposes permitted by the Indenture. See "THE INDENTURE—Amendment Of Lease And Site Leases" above.

Lessee's Options To Purchase The Leased Property

The Lessee may, if no Event of Default has occurred and is then continuing under the Lease, purchase the Leased Property or any portion thereof representing separate Facilities, subject to the terms of the Lease, on each Optional Payment Date by delivering written notice during the term of the Lease to the Trustee not less than 45 days prior to each Optional Payment Date indicating the Lessee's intention so to purchase the Leased Property or a portion thereof representing such Facilities.

The purchase price for the Leased Property in its entirety to be paid by the Lessee to exercise the option granted in the Lease shall be an amount equal to (a) the Option Price applicable on such Optional Payment Date as indicated on the Option Price Schedule, plus interest on the Bonds to the Optional Payment Date, premium on the Bonds applicable on such Optional Payment Date, if any, and fees and expenses that must be paid to retire the then Outstanding Bonds, (b) all costs of transferring title to the Leased Property to the Lessee and (c) all other reasonable costs and expenses incidental thereto.

The purchase price for a portion of the Leased Property representing separate Facilities shall be an amount equal to (a) the portion of the Option Price applicable to such Facilities on such Optional Payment Date as indicated in the Option Price Schedule attached to the Lease, plus the portion of interest on the Bonds allocable to such Facilities to the Optional Payment Date, premium (if any) on the Bonds to be prepaid from amounts deposited to pay such purchase price and fees and expenses related to a partial redemption of the then Outstanding Bonds, (b) all costs of releasing the lien of the Indenture and the applicable Mortgage with respect to, and transferring title to, the Facilities to be purchased to the Lessee and (c) all other reasonable costs and expenses incidental thereto. Nothing in the Lease shall be construed to create any obligation of the Lessee to purchase the Leased Property or any such separate Facilities.

Events Of Default; Remedies

Events of Default Defined. Any of the following shall be an "Event of Default" under the Lease:

(a) Failure by the Lessee to pay any Base Rentals or other payment obligations required to be paid under the Lease with respect to the Bonds at the times specified therein as the respective due dates therefore; or

(b) Failure by the Lessee to pay any Additional Rentals during the term of the Lease for a period of 30 days after written notice specifying such failure and requesting that it be remedied shall be received by the Lessee from the Trustee; or

(c) Subject to the provisions of the Lease, failure by the Lessee to surrender and vacate the Leased Property by the expiration of any Renewal Term during which an Event of Nonappropriation occurs; or

(d) Failure by the Lessee to observe and perform any covenant, condition or agreement in the Lease on its part to be observed or performed, other than clauses (a), (b) or (c) above, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Lessee by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; *provided, however,* that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected; or

(e) Any representation or warranty (1) made by the Lessee or by the Lessor pursuant to the Lease or (2) contained in any certificate delivered in connection with the Lease, shall prove to have been false or misleading in any material respect when made; or

(f) The entry of an order or decree in any court of competent jurisdiction enjoining or restraining any of the Projects or enjoining, restraining or prohibiting the Lessee from consummating the transactions contemplated by the Lease, which order, or decree is not vacated and which proceedings are not discontinued within 60 days after the granting of such order or decree.

The foregoing provisions of the Lease are subject to the following limitations: (a) the obligations of the Lessee to make payments of the Base Rentals and the Additional Rentals shall be subject to the provisions of the Lease with respect to an Event of Nonappropriation; and (b) if, by reason of Force Majeure (defined below), the Lessee shall be unable in whole or in part to carry out any agreement on its part contained in the Lease (other than the obligations of the Lessee to pay Base Rentals and Additional Rentals), the Lessee shall not be deemed in default during the continuance of such inability. The Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out its agreement; *provided, however,* that the settlement of strikes, lockouts and other disturbances shall be entirely within the discretion of the Lessee.

The term "Force Majeure" means the following: acts of God; strikes, lockouts or other disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the State or any of their respective departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fire; storms; floods; washouts; droughts; arrests; restraints of government and people; civil disturbances; explosions; partial or entire failure or unavailability of utilities; or any other cause or event not reasonably within the control of the Lessee.

Remedies on Default. Subject to the provisions of the Lease, upon the occurrence and continuance of any Event of Default under the Lease or an Event of Nonappropriation, the Trustee shall give notice to the Lessee to surrender and vacate the Leased Property immediately (but in no event earlier than the expiration of the then current Renewal Term for which the Lessee has paid or appropriated moneys sufficient to pay all Rentals due for such Renewal Term, in the case of an Event of Nonappropriation) and shall, without any further demand or notice, (a) terminate the Lease or the Lessee's possessory rights under the Lease (without otherwise terminating the Lease), re–enter the Leased Property and eject all parties therefrom, and relet the Leased Property or commence proceedings to foreclose on and liquidate, relet or sell the Leased Property; (b) exercise any of the remedies provided to the Trustee upon the occurrence of an Event of Default under the Indenture or any applicable Mortgage as the Trustee shall determine to be in the best interests of the Owners; or (c) take any action at law or in equity deemed necessary or desirable to enforce its and the Owners' rights with respect to the Leased Property and the Lessee.

Upon the termination of the term of the Lease or the Lessee's possessory interests in the Lease by reason of an Event of Nonappropriation or an Event of Default, all moneys then held in any fund or account under the Indenture and any Net Proceeds received on any foreclosure, liquidation, reletting or sale shall be held by the Trustee for the benefit of the Owners of the Bonds (and applied from time to time as provided in the Indenture). Notwithstanding anything in the Lease to the contrary, the Trustee shall be entitled to relet the Leased Property for such period (not exceeding the term of any applicable Site Lease) as is necessary for the Trustee to obtain sufficient moneys to pay in full the principal of, and premium (if any) and interest on, the Bonds, and the obligations of the Trustee with respect

to the Owners of the Bonds and the receipt and disbursement of funds shall be continuing until the liens of the Indenture and the Mortgages are discharged as provided in the Indenture and the Mortgages except as a result of foreclosure.

The Trustee shall give preference in liquidating, reletting or selling the Leased Property (subject to the Site Leases) provided therein to those lessees or buyers of the Leased Property whose use or ownership of the Leased Property would preserve the excludability from gross income for federal income tax purposes of interest on the Bonds.

Limitations on Remedies. With the sole exception of the obligation of the Lessee to pay Base Rentals and Additional Rentals attributable to any period during which the Lessee shall actually use, occupy and operate the Leased Property, or for which the Legislature has appropriated funds for such purpose, no judgment requiring the payment of money not subject to the lien of the Indenture may be entered against the Lessee by reason of any Event of Default or an Event of Nonappropriation under the Lease. In the event the term of the Lease is terminated as a result of an Event of Default or an Event of Nonappropriation, no deficiency judgment may be entered against the Lessee, except as otherwise expressly provided in the Lease with respect to the Lessee's actual use, occupancy and operation of the Leased Property. The Lessee shall not be under any obligation in respect to any creditors, shareholders or security holders of the Lessor (including the Owners of the Bonds), and no remedy or other provision in the Lease or in the Indenture or in any Mortgage provided shall be construed to provide any such remedy or to create or impose any such obligation.

Limitation of Remedies Relating to Certain Leased Property. Notwithstanding any other provisions of the Lease to the contrary, in the event that a lien on or a security interest in, any Facility constituting a portion of the Leased Property has not been granted to the Trustee under a Mortgage, the Lessee shall not be required to surrender, quit or vacate such Facility under any circumstance.

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APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the 2020 Bonds, Gilmore & Bell, P.C., Bond Counsel to the Authority and the State, proposes to issue its final approving opinion in substantially the following form.

March 26, 2020

State Building Ownership Authority
4110 State Office Building
Salt Lake City, Utah 84114

We have acted as bond counsel for the State Building Ownership Authority of the State of Utah (the "Authority") in connection with the issuance by the Authority of its $18,865,000 Lease Revenue Bonds (State Facilities Master Lease Program), Series 2020 (the "Series 2020 Bonds"). The Series 2020 Bonds are being issued pursuant to (i) the State Building Ownership Authority Act (the "Building Ownership Act"), Title 63B, Chapter 1, Part 3 Utah Code Annotated 1953, as amended (the "Utah Code"), and Sections 63B–27–201, 63B–28–101 and 63B–29–101, Utah Code; (ii) resolutions of the Board adopted on January 21, 2020 (the "Parameters Resolution") and February 27, 2020 (the "Bond Resolution," and collectively with the Parameters Resolution, the "Resolutions"), and (iii) an Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement dated as of September 1, 1994, as previously amended and supplemented, and as further amended and supplemented by a Twenty–Fourth Supplemental Indenture of Trust dated as of March 1, 2020 (collectively, the "Indenture") between the Authority and Wells Fargo Bank, N.A., as Trustee. The Series 2020 Bonds are being issued for the purpose of (a) acquiring and constructing certain property and improvements and (b) paying costs of issuance of the Series 2020 Bonds.

The principal of, and premium (if any) and interest on, the Series 2020 Bonds are payable from, and secured by, Base Rentals to be paid by the State of Utah (the "State"), acting through its Department of Administrative Services, Division of Facilities Construction and Management (the "Lessee"), pursuant to an annually renewable State Facilities Master Lease Agreement dated as of September 1, 1994 (the "Original Master Lease"), as previously amended and supplemented, and as further amended and supplemented by a Twenty–Fourth Amendment to State Facilities Master Lease Agreement dated as of March 1, 2020 (collectively, the "Lease"), between the Authority (as lessor) and the Lessee. Payments by the State under the Master Lease may be made only from funds which are appropriated by the State for such purpose. Except to the extent payable from the proceeds of certain insurance policies, performance bonds, condemnation awards and liquidation proceeds, if any, the Series 2020 Bonds and the interest thereon are payable solely from, and are secured by a pledge of, rentals derived by the Authority under the Lease. The Indenture provides that the Series 2020 Bonds and the interest thereon (i) are not general obligations, but are limited obligations of the Authority, (ii) shall not constitute an indebtedness of the State within the meaning of any constitutional provision or limitation, and (iii) do not constitute or give rise to a general obligation or liability of the State or a charge against the general credit or taxing powers of the State or any political subdivision of the State. Neither the State, nor the Authority on its behalf, has pledged the credit of the State to the payment of the Series 2020 Bonds or the interest thereon or rentals under the Lease.

Our services as bond counsel have been limited to the preparation of the legal proceedings and supporting certificates authorizing the issuance of the Series 2020 Bonds under the applicable laws of the State and to a review of the transcript of such proceedings and certificates. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify the same by independent investigation. Our examination has

been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Authority is a body politic and corporate and is validly organized and existing under the provisions of the State Building Ownership Authority Act, Part 3, Chapter 1, Title 63B, Utah Code Annotated 1953, as amended, with powers, among others, to issue the Series 2020 Bonds and to perform its obligations under the Indenture and the Lease.

2. The Lease has been authorized, executed and delivered by the State and the Authority, and constitutes a valid and binding obligation enforceable upon the State and the Authority.

3. The Indenture has been authorized, executed and delivered by the Authority and constitutes a valid and binding obligation enforceable against the Authority.

4. The Series 2020 Bonds have been authorized by the Authority, executed and delivered by authorized officials of the Authority and are valid and binding limited obligations of the Authority, and the Series 2020 Bonds do not constitute a general obligation indebtedness of the State within the meaning of any State constitutional provision or limitation, or a charge against the general credit or taxing power of the State.

5. The interest on the Series 2020 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Authority and the State comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Series 2020 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Authority and the State have covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Series 2020 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2020 Bonds.

6. Interest on the Series 2020 Bonds is exempt from State of Utah individual income taxes.

We express no opinion herein regarding the accuracy, completeness or sufficiency of any offering material relating to the Series 2020 Bonds.

The rights of the holders of the Series 2020 Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium, and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent applicable, and their enforcement may be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases.

This opinion is given as of its date, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law that may occur after the date of this opinion.

Respectfully submitted,

APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER PARAGRAPH (b)(5) OF RULE 15C2–12

[TO BE DATED CLOSING DATE]

THIS CONTINUING DISCLOSURE UNDERTAKING (the *"Agreement"*) is executed and delivered by the State of Utah (the *"State"*) in connection with the issuance by the State Building Ownership Authority of the State of Utah (the *"Authority"*) of $18,865,000 aggregate principal amount of its Lease Revenue Bonds (State Facilities Master Lease Program), Series 2020 (the *"2020 Bonds"*). The 2020 Bonds are being issued pursuant to an Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement, dated as of September 1, 1994, as heretofore amended and supplemented, and as further amended and supplemented by a Twenty–Fourth Supplemental Indenture of Trust, dated as of March 1, 2020 (as so amended and supplemented, the *"Indenture"*).

In consideration of the issuance of the 2020 Bonds by the Authority and the purchase of such 2020 Bonds by the beneficial owners thereof, the State covenants and agrees as follows:

Section 1. *PURPOSE OF THIS AGREEMENT.* This Agreement is executed and delivered by the State as of the date set forth above, for the benefit of the beneficial owners of the 2020 Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule (as defined below). The State represents that it will be the only obligated person with respect to the 2020 Bonds at the time the 2020 Bonds are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after issuance of the 2020 Bonds.

Section 2. *DEFINITIONS.* The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

"Annual Financial Information" means the financial information and operating data described in *Exhibit I*.

"Annual Financial Information Disclosure" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the audited financial statements of the State prepared pursuant to the standards and as described in *Exhibit I*.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by the State and which has filed with the State a written acceptance of such designation, and such agent's successors and assigns.

"EMMA" means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Financial Obligation" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of (a) or (b) in this definition; *provided however,* the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Lease" means the State Facilities Master Lease Agreement, dated as of September 1, 1994, as heretofore amended and supplemented, between the Authority and the State.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the 2020 Bonds.

"Reportable Event" means the occurrence of any of the Events with respect to the 2020 Bonds set forth in *Exhibit II*.

"Reportable Events Disclosure" means dissemination of a notice of a Event as set forth in Section 5.

"Rule" means Rule 15c2–12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"Undertaking" means the obligations of the State pursuant to Sections 4 and 5.

Section 3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the 2020 Bonds maturing in each of the following years are as follows:

MAY 15 OF THE YEAR	CUSIP NUMBER	MAY 15 OF THE YEAR	CUSIP NUMBER
2021	917547 B59	2031	917547 C74
2022	917547 B67	2032	917547 C82
2023	917547 B75	2033	917547 C90
2024	917547 B83	2034	917547 D24
2025	917547 B91	2035	917547 D32
2026	917547 C25	2036	917547 D40
2027	917547 C33	2037	917547 D57
2028	917547 C41	2038	917547 D65
2029	917547 C58	2039	917547 D73
2030	917547 C66		

The Final Official Statement relating to the 2020 Bonds is dated February 27, 2020 (the *"Final Official Statement"*).

Section 4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the State hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner

at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G–32 requires all EMMA filings to be in word–searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the State will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

Section 5. *REPORTABLE EVENTS DISCLOSURE*. Subject to Section 8 of this Agreement, the State hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G–32 requires all EMMA filings to be in word–searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any 2020 Bond or defeasance of any 2020 Bond need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the 2020 Bonds pursuant to the Indenture.

Section 6. *CONSEQUENCES OF FAILURE OF THE STATE TO PROVIDE INFORMATION.* The State shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the State to comply with any provision of this Agreement, the beneficial owner of any 2020 Bond may seek mandamus or specific performance by court order, to cause the State to comply with its obligations under this Agreement. The beneficial owners of 25% or more in principal amount of the 2020 Bonds outstanding may challenge the adequacy of the information provided under this Agreement and seek specific performance by court order to cause the State to provide the information as required by this Agreement. A default under this Agreement shall not be deemed a default under the Indenture or the Lease, and the sole remedy under this Agreement in the event of any failure of the State to comply with this Agreement shall be an action to compel performance.

Section 7. *AMENDMENTS; WAIVER*. Notwithstanding any other provision of this Agreement, the State by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the State, or type of business conducted; or

(ii) this Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) the amendment or waiver does not materially impair the interests of the beneficial owners of the 2020 Bonds, as determined either by parties unaffiliated with the State or any other obligated person (such as bond counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the State shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

Section 8. *TERMINATION OF UNDERTAKING*. The Undertaking of the State shall be terminated hereunder if the State shall no longer have any legal liability for any obligation on or relating to repayment of the 2020 Bonds under the Indenture and the Lease. The State shall give notice in a timely manner if this Section is applicable to EMMA.

Section 9. *DISSEMINATION AGENT.* The State may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. *ADDITIONAL INFORMATION.* Nothing in this Agreement shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the State chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the State shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Section 11. *BENEFICIARIES.* This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; *provided, however*, this Agreement shall inure solely to the benefit of the State, the Dissemination Agent, if any, and the beneficial owners of the 2020 Bonds, and shall create no rights in any other person or entity.

Section 12. *RECORDKEEPING.* The State shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 13. *ASSIGNMENT.* The State shall not transfer its obligations under the Lease unless the transferee agrees to assume all obligations of the State under this Agreement or to execute an Undertaking under the Rule.

Section 14. *GOVERNING LAW.* This Agreement shall be governed by the laws of the State.

Section 15. *SOURCE OF INFORMATION.* The persons from whom Annual Financial Information, Audited Financial Statements and any notices described herein can be obtained are (a) the Treasurer of the State of Utah, Utah State Capitol Complex, 350 North State Street, Suite C–180 (PO Box 142315), Salt Lake City, Utah 84114–2315, telephone: (801) 538–1042, and (b) a Trust Officer of the Bond Registrar, at Wells Fargo Bank, N.A., Corporate Trust Services, MAC C7300–107, 1740 Broadway, Denver, Colorado 80274; telephone: (303) 863–4884.

DATED as of the day and year first above written.

STATE OF UTAH

By_____
David Damschen, State Treasurer

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means financial information and operating data of the type contained in the tables (except where noted) of the Official Statement under the following captions:

CAPTION	PAGE
STATE BUILDING OWNERSHIP AUTHORITY	
–Debt Issuance	
–Statutory Legal Borrowing Debt Capacity	
–Debt Service Schedule Of Outstanding Lease Revenue Bonds (State Building Ownership Authority) By Fiscal Year	
DEBT STRUCTURE OF THE STATE OF UTAH	
–Lease Obligations (*no tables – numerical data only to be updated*)	
–State Guaranty Of General Obligation School Bonds (*no tables – numerical data only to be updated*)	
–State Moral Obligation Bonds (*no tables – outstanding balance of State Moral Obligation Bonds only to be updated*)	
FINANCIAL INFORMATION REGARDING THE STATE OF UTAH	
–Property Tax Matters–Taxable Value Compared With Fair Market Value Of All Taxable Property In The State	
–Property Tax Matters–Historical Summaries Of Taxable Values Of Property	
–State Revenues And Collections–Revenues By Source–All Governmental Fund Types	
–State Revenues And Collections–Expenditures By Function –All Government Fund Types	
–State Revenues And Collections–Summary Of Changes In Fund Balance –All Governmental Types	
–State Revenues And Collections–Fund Balances–All Governmental Fund Types	
–State Revenues And Collections–General Fund–Revenues, Expenditures And Fund Balances	
–Financial Summaries–Revenues And Expenditures For Fiscal Years 2017, 2016 and 2015 (*to be updated for each new fiscal year as the same becomes historically available*)	
–Financial Summaries–Combined Balance Sheet–All Governmental Fund Types Only	
–Financial Summaries–Statement Of Revenues, Expenditures And Changes In Fund Balances Governmental Fund Type–General Fund	
–Financial Summaries–Statement Of Revenues, Expenditures And Changes In Fund Balances Governmental Fund Type–Major Special Revenue And Major Capital Projects Funds	
APPENDIX B–ADDITIONAL DEBT AND FINANCIAL INFORMATION REGARDING THE STATE OF UTAH	
–Outstanding General Obligation Indebtedness Of The State	
–Legal Borrowing Authority For General Obligation Bonds	
–Constitutional Debt Limit	
–Statutory Appropriations General Obligation Debt Limit	
–Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year	
–Debt Ratios Regarding General Obligation Debt Of The State (*by Fiscal Year Only*)	
–Revenue Bonds And Notes	

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The State shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to EMMA not later than the January 15th following the end of each fiscal year of the State (presently June 30), beginning January 15, 2021. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared pursuant to generally accepted accounting principles as prescribed by the Government Accounting Standards Board. Audited Financial Statements will be provided to EMMA within 30 days after availability to State.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the State will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE 2020 BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non–payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the obligated person*
13. The consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. Incurrence of a Financial Obligation of the State, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the State, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the State, any of which reflect financial difficulties

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* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the State in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

APPENDIX G

BOOK–ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited–purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non–U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post–trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book–entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non–U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly–owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non–U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com.

Purchases of 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2020 Bonds, except if use of the book–entry system for the 2020 Bonds is discontinued.

To facilitate subsequent transfers, all 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2020 Bonds may wish to ascertain that the nominee holding the 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners

may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2020 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, if a successor depository is not obtained, 2020 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book–entry–only transfers through DTC (or a successor securities depository). In that event, 2020 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book–entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

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