

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 2022 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 2022 Bonds is exempt from State of Utah individual income taxes. See "TAX MATTERS" herein.

State of Utah, State Building Ownership Authority

\$42,675,000 Lease Revenue Bonds (State Facilities Master Lease Program), Series 2022

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 \$42,675,000, Lease Revenue Bonds (State Facilities Master Lease Program), Series 2022, 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 2022 Bonds.

Principal of and interest on the 2022 Bonds (interest payable May 15 and November 15 of each year, commencing November 15, 2022) are payable by Computershare Corporate Trust, Minneapolis, Minnesota, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2022 BONDS—Book-Entry System" herein.

The 2022 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 2022 BONDS—Redemption Provisions For The 2022 Bonds." herein.

The 2022 Bonds are being issued for financing the acquisition and construction of: three liquor stores located in Salt Lake City, Utah and one liquor store located in Sandy, Utah, other authorized projects, related improvements, capitalized interest and paying the costs associated with the issuance of the 2022 Bonds. The 2022 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 2022 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 2022 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 2022 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 Delivery¹

Due: May 15, as shown on inside front cover

See the inside front cover for the maturity schedule of the 2022 Bonds

The 2022 Bonds were awarded pursuant to competitive bidding received by means of the **PARITY**[®] electronic bid submission system on June 8, 2022, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated as of the date of the PRELIMINARY OFFICIAL STATEMENT) to the successful bidder at a "true interest rate" of 3.34%.

Zions Public Finance, Inc., Salt Lake City, Utah, is acting 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 June 8, 2022, and the information contained herein speaks only as of that date.

¹ The anticipated date of delivery is Wednesday, June 22, 2022.

\$42,675,000

**Lease Revenue Bonds,
(State Facilities Master Lease Program), Series 2022**

Dated: Date of Delivery¹

Due: May 15, as shown below

Due May 15	CUSIP® 917547	Principal Amount	Interest Rate	Yield
2024.....	D81	\$ 230,000	5.00%	1.74%
2025.....	D99	1,175,000	5.00	1.91
2026.....	E23	1,680,000	5.00	2.02
2027.....	E31	1,760,000	5.00	2.10
2028.....	E49	1,850,000	5.00	2.25
2029.....	E56	1,940,000	5.00	2.40
2030.....	E64	2,045,000	5.00	2.48
2031.....	E72	2,140,000	5.00	2.55
2032.....	E80	2,245,000	5.00	2.65
2033.....	E98	2,360,000	5.00	2.73 ^c
2034.....	F22	2,480,000	5.00	2.77 ^c
2035.....	F30	2,605,000	5.00	2.82 ^c
2036.....	F48	2,735,000	5.00	2.86 ^c
2037.....	F55	2,865,000	5.00	2.90 ^c
2038.....	F63	3,005,000	5.00	2.95 ^c
2039.....	F71	2,680,000	5.00	3.00 ^c
2040.....	F89	2,815,000	5.00	3.03 ^c
2041.....	F97	2,960,000	5.00	3.06 ^c
2042.....	G21	3,105,000	5.00	3.10 ^c

¹ The anticipated date of delivery is Wednesday, June 22, 2022.

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^c Priced to par call on May 15, 2032.

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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 2022 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); Computershare Corporate Trust (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 2022 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 2022 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 2022 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2022 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 2022 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 2022 Bonds to dealers and others. In connection with the offering of the 2022 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2022 Bonds. Such transactions may include overallocments in connection with the purchase of 2022 Bonds, the purchase of 2022 Bonds to stabilize their market price and the purchase of 2022 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—COVID-19 World Pandemic” “—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 2022 Bonds because of subsequent actions including, but not limited to, a refunding in whole or in part of the 2022 Bonds.

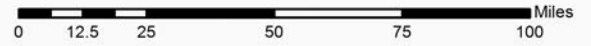
The information available at web sites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2022 Bonds and is not a part of this OFFICIAL STATEMENT.

Idaho

UTAH



SCALE 1:2,250,000



Wyoming

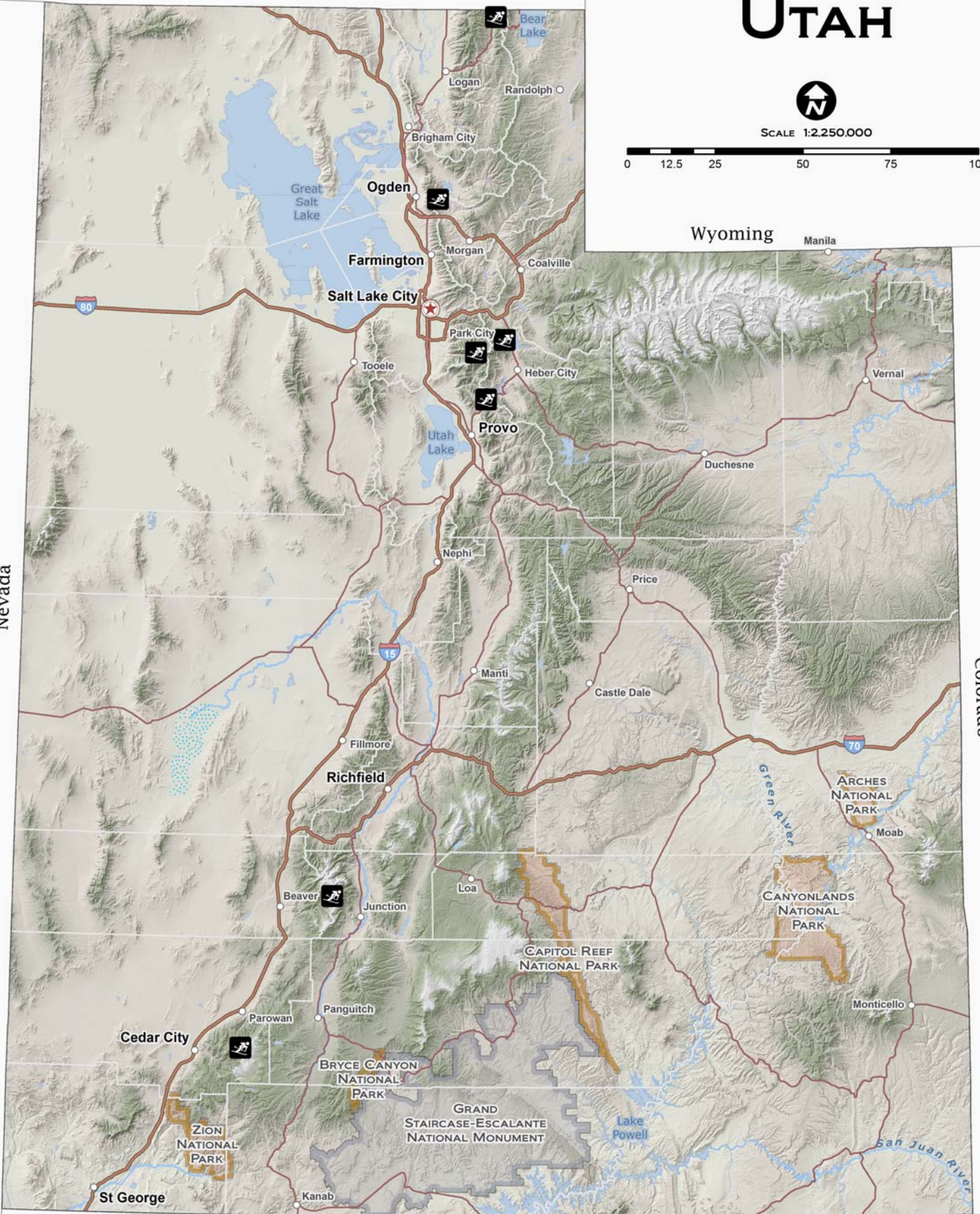
Manila

Nevada

Colorado

Arizona

New Mexico



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OFFICIAL STATEMENT RELATED TO

State of Utah, State Building Ownership Authority

\$42,675,000 Lease Revenue Bonds (State Facilities Master Lease Program), Series 2022

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 \$42,675,000, Lease Revenue Bonds (State Facilities Master Lease Program), Series 2022 (the “2022 Bonds” or the “2022 Bond”).

This introduction is only a brief description of the 2022 Bonds and the security and source of payment for the 2022 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 2022 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 Indenture and the Lease as hereinafter defined. See “APPENDIX D—BASIC DOCUMENTATION—DEFINITIONS OF CERTAIN TERMS.”

Public Sale/Electronic Bid

The 2022 Bonds were awarded pursuant to competitive bidding received by means of the *PARITY*[®] electronic bid submission system on June 8, 2022, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated the date of the PRELIMINARY OFFICIAL STATEMENT) to Morgan Stanley & Co. LLC, New York, New York at a “true interest rate” of 3.34%.

Morgan Stanley & Co. LLC has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2022 Bonds.

Impact Of Coronavirus (COVID–19)

In December 2019, a novel strain of coronavirus known as COVID–19 (“COVID–19”) began spreading throughout the world and was characterized by the World Health Organization as a pandemic disease. Policies implemented to control the spread of COVID–19, in addition to increased health emergency response costs affected State, local, national, and global economic activity. As the spread of COVID-19 has declined in the United States and the nation recovers from these challenges, multiple economic indications show Utah is in the recovery phase and the impact of the pandemic on the Utah economy was milder than initially expected. However, as the OFFICIAL STATEMENT relies on future budgets and historical data for financial information about the State, such information may not necessarily predict future trends accurately.

While future pandemic activity cannot be predicted, the Authority does not expect COVID–19 to negatively impact the Authority’s ability to make Rentals (as hereinafter defined) in sufficient amounts that will allow the Authority to pay the principal of and interest on its Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” below. For a discussion of the State’s response to manage the economic recovery and all current and future State revenues, expenditures, and budgets, see “FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—COVID–19 World Pandemic ” below.

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 2021 population estimate by the U.S. Census Bureau was 3,337,975 (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>). The State’s Division of Facilities Construction and Management (“DFCM”) maintains a web site at <http://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 2022 Bonds; Prior Parity Bonds

The 2022 Bonds are being issued pursuant to: (i) the Building Ownership Act and other applicable State laws (collectively, the “Act”); (ii) an authorizing resolution adopted by the Authority on May 3, 2022 (the “Resolution”) which provides for the authorization, issuance, sale and delivery of the 2022 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 Computershare Corporate Trust (“Computershare Corporate Trust”), as successor trustee (the “Trustee”) and as further supplemented by the Twenty–Fifth Supplemental Indenture of Trust dated as of June 1, 2022, by and between the Authority and the Trustee.

The 2022 Bonds are being issued for financing the acquisition and construction of: three liquor stores located in Salt Lake City, Utah, and one liquor store located in Sandy, Utah and any other facilities specifically authorized by legislation as of the date of the Resolution (See “STATE BUILDING OWNERSHIP AUTHORITY—Authorized State Lease Revenue Bonds; Future Lease Revenue Bonds Issuance” below) and for related improvements; paying capitalized interest and paying the costs associated with the issuance of the 2022 Bonds. See “THE 2022 BONDS—Estimated Sources And Uses Of Funds” and “THE FACILITIES” below.

The Authority has previously issued 32 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 Building Ownership Act. The 2022 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 interest 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 June 22, 2022 (the anticipated delivery date of the 2022 Bonds), the outstanding aggregate principal amount of the Prior Parity Bonds is \$234,630,000 (exclusive of the 2022 Bonds).

The 2022 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 2022 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 Government Operations, 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-Fifth Amendment to State Facilities Master Lease Agreement dated as of June 1, 2022 (collectively, the "Lease").

Security For The 2022 Bonds; Cross Collateralization

The 2022 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 2022 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 2022 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 2022 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 2022 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, its 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 2022 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 2022 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 2022 BONDS—Redemption Provisions For The 2022 Bonds" below.

Tax Matters Regarding The 2022 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 2022 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 2022 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 2022 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 2022 Bonds:

Trustee, Registrar and Paying Agent

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johnathan.ward@zionsbancorp.com

Conditions On Delivery, Anticipated Date, Manner, And Place Of Delivery For The 2022 Bonds

The 2022 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 2022 Bonds, in book-entry form, will be available for delivery in Salt Lake City, Utah, for deposit with DTC or its agent on Wednesday, June 22, 2022.

Risks Inherent In The Ownership Of The 2022 Bonds

The purchase of the 2022 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 2022 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 2022 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 2022 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 2022 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 2022 Bonds. Descriptions of the Indenture, the Lease and the 2022 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 2022 Bonds, the Indenture, the Lease, and other documentation, authorizing the issuance of the 2022 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”):

Johnathan Ward, Senior Vice President, johnathan.ward@zionsbancorp.com
Jeanette Harris, Vice President, jeanette.harris@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 2022 Bonds is:

Marlo Oaks, Utah State Treasurer, moaks@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 2022 Bonds is:

Lee Fairbourn, Real Estate Program Manager, lfairbourn@utah.gov
Division of Facilities Construction and Management
4135 South 2700 West, 3rd Floor
Taylorsville UT 84129
801.707.4234

RISK FACTORS

The purchase of the 2022 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 2022 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 2022 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, 2023. 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, 2023. Unless sooner terminated, this annual renewal option will continue through June 30, 2041, with a final renewal term commencing July 1, 2041, and ending May 16, 2042 (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 2022 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, business cycles, unemployment, weather-related economic effects 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 2021" below.

No Reserve Fund For The 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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 2022 Bonds on a timely basis.

Sugarhouse Liquor Store

The issuer notes that the DABS liquor store to be located at 850 East 2100 South, Salt Lake City, Utah (financed with the 2022 Bonds) is intended to be part of a mixed-use condominium development with other retail facilities. Therefore, there may be obligations and or restrictions related to the condominium association that could restrict the remedies available upon foreclosure.

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 2022 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 2022 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 2022 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 approve 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 2022 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 re-

build 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 2022 BONDS—Redemption Provisions For The 2022 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 2022 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 2022 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 2022 Bonds to comply with certain covenants relating to the Indenture, the Lease and the 2022 Bonds, on a continuing basis, so long as any of the 2022 Bonds are outstanding under the Indenture and thereafter as required by such document provisions and applicable law, could result in interest on the 2022 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 2022 Bonds do not provide for payment of any additional interest or penalty or redemption if interest on the 2022 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 2022 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 2022 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 2021 Legislative General Session the Legislature appropriated funds sufficient to pay Rentals due under the Lease during Fiscal Year 2022 (which commenced on July 1, 2021 and will end on June 30, 2022). Additionally, in its 2022 Legislative General Session the Legislature appropriated funds sufficient to pay Rentals due under the Lease during Fiscal Year 2023 (which commences on July 1, 2022 and will end on June 30, 2023).

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 2023 through 2041, and a final Renewal Term commencing July 1, 2041, and ending May 16, 2042, 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 2022 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, 2023, 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 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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 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; Recent Earthquake" below.

Additional Bonds; Refunding Bonds

Additional Bonds may be issued pursuant to the Indenture on a parity with the 2022 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 2022 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

To the best knowledge of current officials of the Authority, 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. To the best knowledge of current officials of the State, 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 2022 BONDS

General

The 2022 Bonds will be dated the date of delivery¹ thereof (the “Dated Date”) and will mature in May 15 of the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

The 2022 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 2022 Bonds is payable semiannually on each May 15 and November 15, commencing November 15, 2022, and will be computed based on a 360-day year of 12, 30-day months. Computershare Corporate Trust is the initial Registrar (the “Registrar”), Paying Agent (the “Paying Agent”) and Trustee with respect to the 2022 Bonds.

The 2022 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 2022 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 2022 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 2022 Bonds. Purchases of 2022 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 2022 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 2022 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined under “APPENDIX G—BOOK-ENTRY SYSTEM.”

Principal of and interest on the 2022 Bonds are payable by the Paying Agent to the registered owners of the 2022 Bonds. So long as Cede & Co. is the sole registered owners it will in turn, remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2022 Bonds, as described under “APPENDIX G—BOOK-ENTRY SYSTEM.”

So long as DTC or its nominee is the sole registered owner of the 2022 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 2022 Bonds. Under these same circumstances, references herein and in the Indenture to the “Bondowners” or “Registered Owners” of the 2022 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the 2022 Bonds.

Regular Record Date; Transfer Or Exchange Of The 2022 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 2022 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 mailing of a notice of redemption of the 2022 Bonds selected for redemption and ending at the

¹ The anticipated date of delivery is Wednesday, June 22, 2022.

close of business on the day of such mailing, and (iii) for any 2022 Bond so selected for redemption, in whole or in part, except the unredeemed portion of such 2022 Bond being redeemed in part.

Estimated Sources And Uses Of Funds

The proceeds from the sale of the 2022 Bonds are estimated to be applied as set forth below:

<i>Sources</i>	
Par amount of 2022 Bonds.....	\$42,675,000.00
Original issue premium on the 2022 Bonds	<u>7,255,457.50</u>
Total.....	\$49,930,457.50
<i>Uses</i>	
Deposit into 2022 Project Account (SLC Foothill).....	\$12,859,000.00
Deposit into 2022 Capitalized Interest Account (through November15, 2024)	1,486,877.08
Deposit into 2022 Project Account (SLC Sugarhouse).....	11,725,700.00
Deposit into 2022 Capitalized Interest Account (through May 15, 2025).....	1,673,145.83
Deposit into 2022 Project Account (SLC East Broadway St).....	14,591,000.00
Deposit into 2022 Capitalized Interest Account (through May 15, 2024).....	1,303,391.67
Deposit into 2022 Project Account (Sandy).....	5,524,000.00
Deposit into 2022 Capitalized Interest Account (through May 15, 2023).....	223,408.33
Costs of issuance on the 2022 Bonds (1)	268,786.96
Underwriter’s discount on the 2022 Bonds.....	<u>275,147.63</u>
Total.....	\$49,930,457.50

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

(Source: Municipal Advisor.)

Redemption Provisions For The 2022 Bonds

2022 Bonds Optional Redemption. The 2022 Bonds maturing on or before May 15, 2032, are not subject to redemption prior to maturity, except as otherwise described in this section “Redemption Provisions For The 2022 Bonds.”

The 2022 Bonds maturing on or after May 15, 2033, are subject to redemption (i) in whole on any business day on or after May 15, 2032, 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, 2032, or on any date thereafter from such maturities or portions thereof designated by the Lessee in the event 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 2022 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 2022 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 2022 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 2022 Bonds are called for extraordinary optional redemption, the 2022 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 2022 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 2022 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 2022 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 2022 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 2022 Bond, shall not affect the validity of any proceedings for the redemption of any other 2022 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 2022 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 2022 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 2022 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 2022 Bonds called for redemption, which moneys are or will be available for redemption of 2022 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 2022 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 2022 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 2022 Bonds to be redeemed, upon presentation and surrender of such 2022 Bonds.

Partial Redemption of 2022 Bonds. In the case of a partial redemption of 2022 Bonds when 2022 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 2022 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 2022 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 2022 Bond shall forthwith surrender such 2022 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 2022 Bond or 2022 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 2022 Bond to be so redeemed. If the Owner of any such 2022 Bond of a denomination greater than \$5,000 shall fail to present such 2022 Bond to the Trustee for redemption and exchange as aforesaid, the principal amount of such 2022 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 2022 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 2022 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 2022 Bonds be thereafter issued corresponding to said unit or units. 2022 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 2022 Bonds of less than all of a particular maturity of 2022 Bonds, the particular 2022 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 2022 Bonds. The 2022 Bonds will be issued as fully–registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully–registered 2022 Bond certificate will be issued for each maturity of the 2022 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 2022 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. 2022 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 2022 Bonds based on Base Rental payments dates.

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Debt Service On The 2022 Bonds

<u>Payment Date</u>	The 2022 Bonds		<u>Period Total</u>	<u>Fiscal Total</u>
	<u>Principal</u>	<u>Interest</u>		
November 1, 2022.....	-	\$ 847,572.91	\$ 847,572.91	
May 1, 2023.....	-	1,066,875.00	1,066,875.00	\$ 1,914,447.91
November 1, 2023.....	-	1,066,875.00	1,066,875.00	
May 1, 2024.....	\$ 230,000	1,066,875.00	1,296,875.00	2,363,750.00
November 1, 2024.....	-	1,061,125.00	1,061,125.00	
May 1, 2025.....	1,175,000	1,061,125.00	2,236,125.00	3,297,250.00
November 1, 2025.....	-	1,031,750.00	1,031,750.00	
May 1, 2026.....	1,680,000	1,031,750.00	2,711,750.00	3,743,500.00
November 1, 2026.....	-	989,750.00	989,750.00	
May 1, 2027.....	1,760,000	989,750.00	2,749,750.00	3,739,500.00
November 1, 2027.....	-	945,750.00	945,750.00	
May 1, 2028.....	1,850,000	945,750.00	2,795,750.00	3,741,500.00
November 1, 2028.....	-	899,500.00	899,500.00	
May 1, 2029.....	1,940,000	899,500.00	2,839,500.00	3,739,000.00
November 1, 2029.....	-	851,000.00	851,000.00	
May 1, 2030.....	2,045,000	851,000.00	2,896,000.00	3,747,000.00
November 1, 2030.....	-	799,875.00	799,875.00	
May 1, 2031.....	2,140,000	799,875.00	2,939,875.00	3,739,750.00
November 1, 2031.....	-	746,375.00	746,375.00	
May 1, 2032.....	2,245,000	746,375.00	2,991,375.00	3,737,750.00
November 1, 2032.....	-	690,250.00	690,250.00	
May 1, 2033.....	2,360,000	690,250.00	3,050,250.00	3,740,500.00
November 1, 2033.....	-	631,250.00	631,250.00	
May 1, 2034.....	2,480,000	631,250.00	3,111,250.00	3,742,500.00
November 1, 2034.....	-	569,250.00	569,250.00	
May 1, 2035.....	2,605,000	569,250.00	3,174,250.00	3,743,500.00
November 1, 2035.....	-	504,125.00	504,125.00	
May 1, 2036.....	2,735,000	504,125.00	3,239,125.00	3,743,250.00
November 1, 2036.....	-	435,750.00	435,750.00	
May 1, 2037.....	2,865,000	435,750.00	3,300,750.00	3,736,500.00
November 1, 2037.....	-	364,125.00	364,125.00	
May 1, 2038.....	3,005,000	364,125.00	3,369,125.00	3,733,250.00
November 1, 2038.....	-	289,000.00	289,000.00	
May 1, 2039.....	2,680,000	289,000.00	2,969,000.00	3,258,000.00
November 1, 2039.....	-	222,000.00	222,000.00	
May 1, 2040.....	2,815,000	222,000.00	3,037,000.00	3,259,000.00
November 1, 2040.....	-	151,625.00	151,625.00	
May 1, 2041.....	2,960,000	151,625.00	3,111,625.00	3,263,250.00
November 1, 2041.....	-	77,625.00	77,625.00	
May 1, 2042.....	3,105,000	77,625.00	3,182,625.00	3,260,250.00
Totals.....	<u>\$42,675,000.00</u>	<u>\$26,568,447.91</u>	<u>\$69,243,447.91</u>	

(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 2022 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 2022 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 Disclosure 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 annual comprehensive financial report (the “ACFR”) (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 2022 ACFR and other operating and financial information for the 2022 Bonds on or before January 15, 2023, 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 2022 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 2022 Bonds in the secondary market. Any such failure may adversely affect the marketability of the 2022 Bonds.

State’s Failure To Provide Certain Operating Information

The State failed to provide the following information as indicated below for the January 15, 2018, filing period.

Investment return tables and funding ratios for the Utah State Retirement Systems related to:

- 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).

The State and the Authority submitted the required information to correct the above omissions 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 executive director of the Department of Government Operations (effective May 4, 2022, the position was previously held by 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.

Department of Government Operations. The Department of Government Operations coordinates the agencies that provide administrative support to State government and is presently composed of various divisions including, among others, the Division of Facility Construction and Management, the Division of Finance and the Division of Risk Management.

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."*

Outstanding Lease Revenue Bonds Of The Authority

Current Lease Revenue Obligation Bonds Outstanding. The 2022 Bonds will be the 32nd 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 2022 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 2022 Bonds are State Lease Revenue Bonds.

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As of June 22, 2022 (the anticipated delivery date of the 2022 Bonds), the Authority will have the following State Lease Revenue Bonds outstanding under the State Facilities Master Lease Program:

<u>Series (1)</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2022	DABS	\$42,675,000	May 15, 2042	\$ 42,675,000
2020	DABS	18,865,000	May 15, 2039	17,650,000
2018	DABS/parking	18,465,000	May 15, 2039	16,620,000
2017 (2)	Refunding/crossover	25,910,000	May 15, 2024	10,525,000
2016	Justice/DABS	98,150,000	May 15, 2038	83,800,000
2015	Refunding	30,015,000	May 15, 2030	21,015,000
2012A	Refunding	15,610,000	May 15, 2027	7,495,000
2011	Various purposes	5,250,000	May 15, 2031	1,090,000
2010	Refunding	36,735,000	May 15, 2024	6,150,000
2009E (3) (4)	Huntsman Hospital (BABs)	89,470,000	May 15, 2030	57,690,000
2009C (3)	DABS Warehouse (BABs)	16,715,000	May 15, 2029	<u>12,595,000</u>
Total principal amount of outstanding State Lease Revenue Bonds (5)				<u>\$277,305,000</u>

- (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) Issued as federally taxable, originally 35% issuer subsidy, “Build America Bonds” or “BABs.”
 - (4) 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.
 - (5) For accounting purposes, the total unamortized bond premium is \$11,810,039 (and including the 2022 Bonds), which together with current debt outstanding of \$277,305,000, results in total outstanding net direct debt of \$289,115,039.
- (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 \$15,669,595 aggregate principal amount of additional authorized and unissued lease revenue bonds, the proceeds of which may be used by DFCM for various projects. The authorizations consist of \$8,214,253 for a Summit County market area DABS liquor store Park City, Utah (2022 Legislative Session); and \$7,455,342 for a Washington County area market DABS liquor store in St. George, Utah (2022 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 2023 but may issue additional bonds at any time in the future.

The State has created the State Store Land Acquisition and Building Construction Fund that may be used in the future to fund the construction of new State stores similar to the liquor stores being financed with the 2022 Bonds.

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 equalized assessment for taxable proper-

ty values occurred in November 2020 (which timing is in Calendar Year 2020 and in the State’s Fiscal Year 2021). The November 2021 taxable property values will not be finalized until the Fall of 2022 (Calendar Year 2021/Fiscal Year 2022).

As of June 22, 2022, (the anticipated delivery date of the 2022 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)	\$545,564,609,582
Fees in lieu of ad valorem taxable property (2)	<u>14,751,411,004</u>
Total fair market value of taxable property (1)	<u>\$560,316,020,586</u>
Statutory Lease Revenue Debt Limit (1.5%)	\$8,404,740,309
Currently outstanding general obligation debt (net) (3).....	(2,319,359,791)
Authority’s outstanding lease revenue bonds (net) (4)	(289,115,039)
Long-term contract liabilities (5)	(114,969,000)
Statutorily exempt State general obligation highway debt (net) (4)	<u>1,892,941,320</u>
Estimated Statutory Lease Revenue Debt Limit capacity of the Authority	<u>\$7,574,237,799</u>

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- (1) Based on Calendar Year 2021 (Fiscal Year 2022) 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 2021 (Fiscal Year 2022) “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 and the Statutory Appropriations General Obligation Debt Limit.
 - (4) Includes the 2022 Bonds and 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 \$114,969,000, which financial obligations may be considered 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 2021 (Fiscal Year 2022). Based on the ad valorem property tax reports from the State Tax Commission, the Calendar Year 2021 (Fiscal Year 2022) fair market value of ad valorem taxable property and estimated valuation for fees in lieu property is approximately \$560.3 billion, leaving the Authority (after the issuance of the 2022 Bonds) to legally issue an additional approximately \$7.574 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 2022		Series 2020		Series 2018		Series 2017		Series 2016		Series 2015	
	\$42,675,000		\$18,865,000		\$18,465,000		\$25,910,000		\$98,150,000		\$30,015,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
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
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
2023.....	-	1,914,448	735,000	586,700	675,000	658,900	5,085,000	526,250	4,025,000	2,719,156	2,220,000	979,050
2024.....	230,000	2,133,750	770,000	549,950	720,000	625,150	5,440,000	272,000	4,200,000	2,517,906	2,875,000	868,050
2025.....	1,175,000	2,122,250	805,000	511,450	745,000	589,150	-	-	4,400,000	2,307,906	3,005,000	724,300
2026.....	1,680,000	2,063,500	845,000	471,200	785,000	551,900	-	-	4,650,000	2,087,906	3,150,000	574,050
2027.....	1,760,000	1,979,500	890,000	428,950	825,000	512,650	-	-	4,750,000	1,983,281	3,325,000	416,550
2028.....	1,850,000	1,891,500	935,000	384,450	865,000	471,400	-	-	4,850,000	1,864,531	2,855,000	250,300
2029.....	1,940,000	1,799,000	985,000	337,700	905,000	428,150	-	-	5,000,000	1,731,156	1,775,000	107,550
2030.....	2,045,000	1,702,000	1,030,000	288,450	940,000	391,950	-	-	5,150,000	1,581,156	1,810,000	54,300
2031.....	2,140,000	1,599,750	1,060,000	257,550	980,000	354,350	-	-	5,300,000	1,426,656	-	-
2032.....	2,245,000	1,492,750	1,095,000	225,750	1,010,000	324,950	-	-	5,450,000	1,267,656	-	-
2033.....	2,360,000	1,380,500	1,130,000	192,900	1,035,000	294,650	-	-	5,625,000	1,104,156	-	-
2034.....	2,480,000	1,262,500	1,160,000	159,000	1,085,000	253,250	-	-	5,775,000	935,406	-	-
2035.....	2,605,000	1,138,500	1,190,000	124,200	1,125,000	209,850	-	-	5,950,000	762,156	-	-
2036.....	2,735,000	1,008,250	1,220,000	100,400	1,175,000	164,850	-	-	6,150,000	583,656	-	-
2037.....	2,865,000	871,500	1,240,000	76,000	1,210,000	126,663	-	-	6,325,000	399,156	-	-
2038.....	3,005,000	728,250	1,270,000	51,200	1,250,000	87,338	-	-	6,200,000	201,500	-	-
2039.....	2,680,000	578,000	1,290,000	25,800	1,290,000	45,150	-	-	-	-	-	-
2040.....	2,815,000	444,000	-	-	-	-	-	-	-	-	-	-
2041.....	2,960,000	303,250	-	-	-	-	-	-	-	-	-	-
2042.....	3,105,000	155,250	-	-	-	-	-	-	-	-	-	-
Totals.....	<u>\$ 42,675,000</u>	<u>\$ 26,568,448</u>	<u>\$ 18,865,000</u>	<u>\$ 6,128,925</u>	<u>\$ 17,875,000</u>	<u>\$ 7,503,100</u>	<u>\$ 21,105,000</u>	<u>\$ 2,652,750</u>	<u>\$ 91,225,000</u>	<u>\$ 29,472,906</u>	<u>\$ 25,150,000</u>	<u>\$ 6,244,750</u>

Fiscal Year Ending	Series 2012B		Series 2012A		Series 2011		Series 2010		Series 2009E		Series 2009C	
	\$11,700,000		\$15,610,000		\$5,250,000		\$36,735,000		\$89,470,000		\$16,715,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest (b)	Principal	Interest (b)
2021.....	\$ 665,000	\$ 18,138	\$ 1,555,000	\$ 384,100	\$ 430,000	\$ 64,644	\$ 3,145,000	\$ 628,500	\$ 0 (2)	\$ 3,327,559	\$ 1,370,000 (4)	\$ 860,693
2022.....	215,000	4,838	1,630,000	306,350	440,000	52,819	3,275,000	471,250	0 (2)	3,327,559	1,445,000 (4)	788,165
2023.....	-	-	1,710,000	224,850	455,000	39,619	3,445,000	307,500	0 (2)	3,327,559	1,520,000 (4)	711,667
2024.....	-	-	1,230,000	173,550	70,000 (1)	25,400	2,705,000	135,250	0 (2)	3,327,559	1,605,000 (4)	631,198
2025.....	-	-	2,850,000	136,650	70,000 (1)	22,600	-	-	6,015,000 (3)	3,327,559	1,685,000 (5)	546,230
2026.....	-	-	1,135,000	51,150	75,000 (1)	19,800	-	-	8,635,000 (3)	2,980,614	1,785,000 (5)	449,039
2027.....	-	-	570,000	17,100	80,000 (1)	16,800	-	-	9,145,000 (3)	2,482,547	1,890,000 (5)	346,080
2028.....	-	-	-	-	80,000 (1)	13,600	-	-	10,665,000 (3)	1,955,064	1,995,000 (5)	237,065
2029.....	-	-	-	-	85,000 (1)	10,400	-	-	11,285,000 (3)	1,339,906	2,115,000 (5)	121,993
2030.....	-	-	-	-	85,000 (1)	7,000	-	-	11,945,000 (3)	688,988	-	-
2031.....	-	-	-	-	90,000 (1)	3,600	-	-	-	-	-	-
2032.....	-	-	-	-	-	-	-	-	-	-	-	-
2033.....	-	-	-	-	-	-	-	-	-	-	-	-
2034.....	-	-	-	-	-	-	-	-	-	-	-	-
2035.....	-	-	-	-	-	-	-	-	-	-	-	-
2036.....	-	-	-	-	-	-	-	-	-	-	-	-
2037.....	-	-	-	-	-	-	-	-	-	-	-	-
2038.....	-	-	-	-	-	-	-	-	-	-	-	-
2039.....	-	-	-	-	-	-	-	-	-	-	-	-
2040.....	-	-	-	-	-	-	-	-	-	-	-	-
2041.....	-	-	-	-	-	-	-	-	-	-	-	-
2042.....	-	-	-	-	-	-	-	-	-	-	-	-
Totals.....	<u>\$ 880,000</u>	<u>\$ 22,975</u>	<u>\$ 10,680,000</u>	<u>\$ 1,293,750</u>	<u>\$ 1,960,000</u>	<u>\$ 276,281</u>	<u>\$ 12,570,000</u>	<u>\$ 1,542,500</u>	<u>\$ 57,690,000</u>	<u>\$ 26,084,915</u>	<u>\$ 15,410,000</u>	<u>\$ 4,692,130</u>

(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) 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 \$82,000 for the November 2021 and May 2022 interest payments.

(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.

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	Total	Total Debt
	Principal	Interest (a)	Service
2021.....	\$ 19,055,000	\$ 12,072,315	\$ 31,127,315
2022.....	19,725,000	11,057,037	30,782,037
2023.....	19,870,000	11,995,699	31,865,699
2024.....	19,845,000	11,259,764	31,104,764
2025.....	20,750,000	10,288,095	31,038,095
2026.....	22,740,000	9,249,159	31,989,159
2027.....	23,235,000	8,183,458	31,418,458
2028.....	24,095,000	7,067,910	31,162,910
2029.....	24,090,000	5,875,856	29,965,856
2030.....	23,005,000	4,713,844	27,718,844
2031.....	9,570,000	3,641,906	13,211,906
2032.....	9,800,000	3,311,106	13,111,106
2033.....	10,150,000	2,972,206	13,122,206
2034.....	10,500,000	2,610,156	13,110,156
2035.....	10,870,000	2,234,706	13,104,706
2036.....	11,280,000	1,857,156	13,137,156
2037.....	11,640,000	1,473,319	13,113,319
2038.....	11,725,000	1,068,288	12,793,288
2039.....	5,260,000	648,950	5,908,950
2040.....	2,815,000	444,000	3,259,000
2041.....	2,960,000	303,250	3,263,250
2042.....	3,105,000	155,250	3,260,250
Totals.....	<u>\$ 316,085,000</u>	<u>\$ 112,483,431</u>	<u>\$ 428,568,431</u>

(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 2022 Bonds

The 2022 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

The Facilities financed or refinanced through the proceeds of the 2022 Bonds and the Prior Parity Bonds includes approximately 72 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 Services (the “DABS”), 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.

2022 Bonds. It is anticipated the proceeds of the 2022 Bonds will be used to finance any or all of the following facilities and any other facilities specifically authorized by legislation as of the date of the Resolution:

- (1) *Foothill Liquor Store.* The Foothill liquor store, located in Salt Lake City on Foothill Blvd., is expected to be a two-story 12,600 square foot building situated on an approximately 32,500 square foot lot. The store is constructed with concrete, metal, brick and steel, and other materials. The estimated cost is \$13,000,000 with a projected completion date of November 2024.
- (2) *Downtown Liquor Store.* Located in Salt Lake City, plans for the Downtown liquor store include a two story 12,750 square foot building sitting on a 25,670 square foot lot with an attached 10 story parking garage. The building is expected to be constructed of concrete, metal, brick and steel, and other materials. The estimated cost is \$14,600,000 with a projected completion date of May 2024.
- (3) *Sugarhouse Liquor Store.* The 13,100 square foot Sugarhouse liquor store is expected to be located on 2100 South in Salt Lake City, is part of a mixed-use development with five levels of commercial units and apartments. Parking will be available both at ground level and underground. The estimated cost is \$11,750,000 with a projected completion date of May 2025.
- (4) *East Sandy Liquor Store.* The East Sandy liquor store is being constructed as part of a remodel of a larger building. At 14,675 square feet, the cost for the design, construction and upgrades is estimated at \$5,500,000 with a projected completion date of May 2023.

Nothing in these descriptions prohibits the Authority from making changes necessary to consummate the facilities in the best possible manner, including location, materials, square footage or other modifications.

Prior Parity Bonds. Significant facilities financed or refinanced with the Prior Parity Bonds 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 Provo City, Utah. The Authority issued approximately \$87 million of Bonds to finance this facility in 2016.
- (3) DABS 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.

The following table provides further summary information regarding the Facilities:

<u>Facility</u>	<u>Construction Status</u>	<u>Scheduled Date of Release from Lien (May 16)(1)</u>
Huntsman Cancer Hospital (2009 expansion)	Completed –2012	2030
Provo District Courts Complex.....	Completed –2019	2038
DABS Warehouse.....	Completed –2011	2029
West Jordan Courts Complex	Completed –2005	2025
All other facilities (2) (mostly DABS liquor stores).....	Completed or under construction	2022–2042

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

(2) Includes the Salt Lake City and East Sandy DABS liquor stores financed with the 2022 Bonds.

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, including the following four DABS liquor stores financed with the 2022 Bonds: (i) Foothill location, Salt Lake City, Utah; (ii) Downtown location (East Broadway Street), Salt Lake City, Utah; (iii) Sugarhouse location, Salt Lake City, Utah and (iv) East Sandy location, Salt Lake City, Utah, 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 2022 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 Janu-

ary. 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.

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 Planning and Budget. The Governor’s Office of Planning 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 June 22, 2022 (the anticipated delivery date of the 2022 Bonds), the State has \$2,162,715,000 of outstanding general obligation bonds that mature through Fiscal Year 2035.

Authorized General Obligation Bonds And Future General Obligation Bonds Issuance

The State has the following authorized and unissued general obligation bonds, the proceeds of which bonds, when and if issued, will be used by DFCM and UDOT for various projects.

The authorizations consist of:

- \$314,000,000 for Front Runner Commuter Rail and other transportation projects from the 2021 General Legislative Session (*the State has provided appropriation funding/cash funding/alternative funding plans for all of these projects and does not intend to issue this 2021 authorization, which may be repealed in future legislative sessions*);
- \$1,165,228 for highway projects from the 2007 General 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 General 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 authorize and issue additional general obligation bonds in the future depending on the needs of the State.

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,” but are not applied against the general obligation borrowing capacity of the State.

Excluding the Authority, most of the State’s revenue bonds and notes are issued by the Utah Board of Higher Education (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 2021 were \$48.429 million for primary government. The total future minimum lease payments for the State’s non-cancellable operating leases for primary government totaled \$70.681 million (with commitments payments scheduled through Fiscal Year 2061).

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 ACFR.

Primary government’s total capital lease payments including principal and interest for Fiscal Year 2021 were approximately \$3.559 million. The present value of the minimum lease payments of the State’s capital leases (including direct borrowings) for primary government totals approximately \$25.624 million (with annual payments scheduled through Fiscal Year 2046).

For detailed information on operating and capital leases see “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Notes to the Financial Statements, Note 9. Lease Commitments” (ACFR page 104).

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 June 22, 2022 (the anticipated delivery date of the 2022 Bonds), the State will have \$3,505,234,000 principal amount outstanding of Guaranteed Bonds. Currently, the Guaranteed Bond program’s annual principal and interest payments are scheduled through Fiscal Year 2043 (for Fiscal Year 2022 the program’s current annual principal and interest payments totaled \$479,494,351 (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—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Notes to the Financial Statements, Note 16. Litigation, Contingencies, and Commitments—B. Contingencies. The Utah School Bond Guaranty Act...” (ACFR page 121).

State Moral Obligation Bonds

Bonds issued by the Utah Board of Higher Education, 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:

Colleges and Universities. The Utah Board of Higher Education (through its colleges and universities) has outstanding approximately \$1.760 billion (as of June 22, 2022, the anticipated delivery date of the 2022 Bonds) of revenue bonds issued to finance capital projects at the State’s institutions of higher education of which approximately \$1.746 billion are State Moral Obligation Bonds (Source: Municipal Advisor). For additional information see “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Notes to the Financial Statements, Note 10. Long-Term Liabilities—C. Revenue Bonds—Business-type Activities—Discrete Component Units” (ACFR page 110) and “—Note 20. Subsequent Events” (ACFR page 143).

State of Utah Recapitalization Revenue Bonds. As of Fiscal Year 2021, the State has \$13.672 million principal and interest remaining of recapitalization water revenue bonds that mature through Fiscal Year 2023 that are State Moral Ob-

ligation Bonds. For additional information see “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Notes to the Financial Statements, Note 10. Long-Term Liabilities—C. Revenue Bonds—Business-type Activities—The State’s Water Loan Program...” (ACFR page 110).

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 June 22, 2022 (the anticipated delivery date of the 2022 Bonds), the Utah Charter School Finance Authority will have \$382.57 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 2054 (for Fiscal Year 2021 the program’s current annual principal and interest payments total approximately \$26.9 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, 2022, the Utah Charter School Finance Authority may not issue State Moral Obligation Bonds if total outstanding principal exceeds approximately \$631.161 million. Based on the anticipated principal amount of outstanding bonds, as of June 22, 2022 (the anticipated delivery date of the 2022 Bonds), the Utah Charter School Finance Authority has available approximately \$248.591 million of bonds that could be issued as State Moral Obligation Bonds. (Source: Municipal Advisor). For additional information see “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Notes to the Financial Statements, Note 10. Long-Term Liabilities—D. Conduit Debt Obligations” (ACFR page 113).

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.

Utah Board of Higher Education. On March 24, 2022, the Utah Board of Higher Education redeemed the remaining outstanding student loan revenue bonds of \$749,628,081. Additionally, on February 7, 2022, the Utah Board of Higher Education defeased the remaining \$517,024 principal amount outstanding of other revenue bonds (Office Facility Bonds).

For additional information regarding this debt see “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Notes to the Financial Statements, Note 10. Long-Term Liabilities—C. Revenue Bonds—Business-type Activities—The Utah Board of Higher Education Student Loan Purchase Program...” and “—The Office Facility Bond...” (ACFR page 107).

Additional information. Also see “APPENDIX B—ADDITIONAL DEBT AND FINANCIAL 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

COVID-19 Pandemic

The state’s first confirmed case of COVID-19 was on March 6, 2020. As of the end of April 2022, Utah’s cumulative detected case total was 932,253 and the cumulative confirmed COVID-19 death total was 4,747. On a per capita basis, Utah ranks 8th among all states in highest cumulative infection rate at about 280 per thousand Utahns, and 48th among all states in cumulative death rate at about 1.4 per thousand Utahns. As of May 4th, Utah’s seven-day average case count was approximately 380 (compared to over 10,000 in early 2022), with a seven-day average hospitalization count of 51.7 (compared to over 800 in early 2022). Public health data and other information related to the state’s COVID-19 status is published at <https://coronavirus.utah.gov/>.

State Actions. During the initial onset of the pandemic, Utah did not impose a mandatory statewide shelter in place order. However, various COVID-19 mitigation and suppression policies were implemented, such as remote learning for K-12 and higher education students, travel limitations, limitations on public gatherings and business restrictions for high-contact industries. In March of 2022, the state implemented a “steady state” response to the COVID-19 pandemic. Key changes accompanying the “steady state” response include closing state-sponsored community COVID-19 testing sites, reducing operating

hours of the state’s COVID-19 hotline and discontinuing the state-operated monoclonal antibody infusion site. Given the widespread access to COVID-19 vaccines and boosters, the state is making these changes to bring the COVID-19 response more in line with responses to other infectious diseases. These changes will encourage individuals to seek care for COVID-19 through their traditional healthcare providers and allow public health staff and resources to focus on other chronic and serious issues that challenge the health of Utahns. While this step is an important move forward, the state recognizes there will likely be times when COVID-19 response efforts need to ramp up again, or specific recommendations will be provided to populations and communities based on their risk level.

Budget and Legislative Changes. At the onset of the COVID-19 pandemic, the state was in a strong fiscal and economic position as COVID-19. Between 2009 and 2020, the state and the nation experienced the longest, sustained economic expansion in modern history. The state created over 400,000 jobs, and unemployment dropped to what at the time were historic lows. These conditions, along with numerous forms of federal stimulus, enabled Utah to respond to potential COVID-19 budget challenges quickly and successfully. Over the spring and summer of 2020, Utah held multiple special legislative sessions, during which various COVID-19 response task forces were created, federal stimulus funds were authorized for expenditure, and various budget flexibilities were granted, among other actions. Ultimately, the state closed Fiscal Year 2020 with a \$95 million revenue surplus, relative to final adopted estimates. During the 2021 General Legislative Session, COVID-19 related federal grant funding was reauthorized, and legislation providing for the termination of certain emergency powers and public health orders related to the COVID-19 pandemic was passed and later enacted (House Bill 294 *Pandemic Emergency Powers Amendments*). During the First Special Legislative Session of 2021, over \$500 million in federal funding from the American Rescue Plan Act (ARPA) was appropriated and legislation prohibiting an institution of higher education from imposing face coverings requirements after spring semester of 2021 was passed and later enacted (House Bill 1007 *Face Covering Requirements*), as well as a state grant program designed to leverage a combination of state and sub-state ARPA relief funds to support local projects (House Bill 1004 *COVID-19 Grant Program Amendments*). During the 2022 General Session, over \$900 million in additional ARPA funding was appropriated, along with federal grant reauthorizations, and legislative actions that exclude state facilities from local public health restrictions (House Bill 182 *Local Health Department Order Amendments*) and legislation that increases criminal penalties for assault or threat of violence against an employee of a health facility (House Bill 32 *Health Care Worker Protection Amendments*) were passed and later signed by the governor.

Also see in this section “Operating And Capital Budget And Related Appropriations” below.

The extent to which COVID-19 will impact the State in the future is uncertain and cannot be predicted. However, the State does not expect the various aspects of COVID-19 to negatively impact the State’s ability to pay the principal of and interest on the 2022 Bonds. See “SECURITY FOR THE 2022 BONDS” above.

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, private purpose trust funds, and custodial 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, the Transportation Investment Fund and the Trust Lands Permanent 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— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Notes to the Financial Statements—Note 1. Summary of Significant Accounting Policies” (ACFR page 61).

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 Efforts. In the Legislature’s 2021 General Session held January 2021 through March 2021, the Legislature passed the following bills: (i) House Bill 86 (“HB 86”); (ii) Senate Bill 11 (“SB 11”); and (iii) Senate Bill 154 (“SB 154”); which resulted in tax cuts of approximately \$100,000,000 for individuals. Additionally, in the 2022 General Session held January 2022, through March 2022, the Legislature passed Senate Bill 59 (“SB 59”), which made various changes to the State’s income tax for individuals and corporations and expanded eligibility for the social security benefits tax credit. 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. See “FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—State Revenues and Collections and State Economy—2021 and 2022 Tax Changes” below.

Individual Income Taxes. The State is one of 43 states that impose an individual income tax. Taxpayers’ income for tax year 2021 is subject to a single rate of 4.95% of federal adjusted gross income. Beginning in 2022, the income tax rate drops to 4.85% 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—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Statistical Section—Schedule B–1, Revenue Base” (ACFR page 228); “–Schedule B–3, Revenue Payers–Personal Income Tax” (ACFR page 230) and “–Schedule B–4, Personal Income Tax Rates” (ACFR page 231).

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. In the State’s 2022 General Session, the Legislature reduced the corporate income tax rate from 4.95% to 4.85%, 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 grocery items is 3.00% (when including the 1.25% local option), residential fuels rate is \$0.319 per gallon (effective January 1, 2022) and the general sales tax rate is 4.85%.

The State requires its largest sales taxpayers (with annual sales and use tax liabilities of more than \$50,000) to remit 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 2011 and 2020 see "APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Statistical Section—Schedule B-2, Revenue Payers by Industry—Taxable Sales, Services and Use Tax Purchases" (ACFR page 230) and "APPENDIX C—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE STATE OF UTAH—Taxable Sales" (page C-9).

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 2021, 2022 and 2023 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 2022 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 monies 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. 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 August 1 or a day within 90 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 Commis-

sion 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 delinquent 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

<u>Tax Year/ Fiscal Year</u>	<u>Taxable Value (1)</u>	<u>% Change Over Prior Year</u>	<u>Fair Market Value (2)</u>	<u>% Change Over Prior Year</u>
2021/2022	\$379,351,840,178	11.4%	\$545,564,609,582	12.5%
2020/2021	340,575,858,362	7.9	484,739,861,737	8.3
2019/2020.....	315,576,620,662	10.8	447,545,071,909	11.2
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

- (1) Includes all state–wide redevelopment agencies’ valuations. *Does not include Uniform Fees (as defined below) or semi–conductor manufacturing equipment.*
- (2) 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 \$10 to \$150 for passenger vehicles. 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.

Taxable And Fair Market/Market Value Of Property

Calendar Year	Taxable Value (1)	% Change Over Prior Year	Fair Market/Market Value (2)	% Change Over Prior Year
2021	\$ 379,351,840,178	11.4%	\$ 545,564,609,582	12.5%
2020	340,575,858,362	7.9%	484,739,861,737	8.3%
2019	315,576,620,662	10.8%	447,545,071,909	11.2%
2018	284,817,132,983	9.9%	402,353,021,949	10.3%
2017	259,071,436,352	8.2%	364,682,337,447	8.7%

- (1) Taxable valuation includes redevelopment agency valuation but excludes semi-conductor manufacturing equipment (“SCME”) and Uniform Fees (as defined below).
- (2) 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 Matter" above.

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

Historical Summaries Of Taxable Values Of Property

	Calendar Year				
	2021	2020	2019	2018	2017
	Taxable Value	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by State Tax Commission					
<i>(centrally assessed)</i>					
Natural resources*	\$ 8,505,705,125	\$ 8,408,504,675	\$ 9,778,940,171	\$ 9,408,602,053	\$ 8,896,550,545
Utilities*	18,693,083,332	18,479,464,816	17,342,823,185	17,122,795,096	15,419,849,210
Total centrally assessed.....	27,198,788,457	26,887,969,491	27,121,763,356	26,531,397,149	24,316,399,755
Set by County Assessor					
<i>(locally assessed)</i>					
Real property (land and buildings)					
Primary residential.....	202,922,129,406	176,200,448,570	161,294,773,746	143,654,975,403	129,079,990,227
Commercial and industrial.....	79,863,422,245	74,931,532,664	69,264,564,495	63,154,638,254	57,198,293,068
Other.....	47,981,885,621	42,610,740,022	38,860,173,312	34,464,943,309	31,872,270,824
Total real property.....	330,767,437,272	293,742,721,256	269,419,511,553	241,274,556,966	218,150,554,119
Personal property					
Total personal property.....	21,385,614,449	19,945,167,615	19,035,345,753	17,011,178,868	16,604,482,478
Total locally assessed.....	352,153,051,721	313,687,888,871	288,454,857,306	258,285,735,834	234,755,036,597
Total taxable value (1).....	\$ 379,351,840,178	\$ 340,575,858,362	\$ 315,576,620,662	\$ 284,817,132,983	\$ 259,071,436,352

* Preliminary, subject to change. Estimated based on Fiscal Year 2020 percentage breakout for natural resources and utilities.

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

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, and a Disaster Recovery Fund, along with the recently created Public Education Economic Stabilization Restricted Account.

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. In addition, the State maintains budget reserves for natural disasters and other emergencies through the Disaster Recovery Fund and a Medicaid Growth Reduction and Budget Stabilization Account.

As of the end of Fiscal Year 2021, the balance in the General Fund Budget Reserve Account was \$257 million and the balance in the Education Fund Budget Reserve Account was \$630 million; the balance in the Medicaid Growth Reduction and Budget Stabilization Account was \$114 million, and the balance in the Disaster Recovery Fund was \$64 million. An additional \$146 million of deposits to the General Fund and Education Fund reserve accounts have been appropriated during Fiscal Year 2022, which will bring the total balances of these four rainy day accounts to \$1.2 billion.

In addition to budget reserves, the State ended Fiscal Year 2021 with \$109.8 million surplus in the General Fund and a \$504.7 million surplus in the Education Fund after transfers. As of the 2022 Third Special Session, the State has a Fiscal Year 2023 structural surplus of over \$17 million, along with a one-time unappropriated balance of about \$55 million.

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.

During the 2020 General Session, the State created the Public Education Economic Stabilization Account (formerly the Growth in Student Population Restricted Account), which by statute must receive 15% of the difference between the estimated amount of new ongoing Education Fund and Uniform School Fund for the next fiscal year and the amount of ongoing appropriations from the Education Fund and Uniform School Fund in the current fiscal year, up to 11% of total ongoing Uniform School Fund appropriations. Funds may be appropriated from the account to the public education system for one-time purposes, or for ongoing purposes if Education Fund revenue and Uniform School Fund revenue are insufficient to maintain existing ongoing appropriations to the public education system, enrollment growth or statutorily required inflationary increases to the public education system. In practice, this account serves as a structural surplus contingency, as ongoing deposits are increasing each year against annual one-time appropriations from the account.

Beginning in Fiscal Year 2023, ongoing appropriations to the Public Education Economic Stabilization Account total \$248 million (with an additional \$21.3 million in a one-time balance) against \$267.9 million of one-time appropriations from the account.

State Stress Testing/Budget Model

During Calendar Year 2019, the Governor’s Office of Planning and Budget (the “GOPB”) 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 assisted 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, GOPB believes the State has a number of strong reserves and contingencies allowing the State to navigate an economic downturn.

Utah Code 36-12-13 requires this analysis to be updated on a three-year cycle, with the latest version scheduled for a fall 2022 completion.

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.

Fiscal Year 2021 Revenue Collections. Fiscal Year 2021 ended with combined General Fund and Education Fund (collectively, the "GF/EF") revenue collections coming in over \$10.07 billion, creating a revenue surplus of \$793.4 million. Additional adjustments of about \$68.5 million, including budget savings and other adjustments, brought the total year-end GF/EF surplus to \$861.9 million before budget reserve account deposits. After a \$247.4 million in statutorily required transfers to budget resource accounts and other set-asides, about \$614.5 million in revenue remained available from Fiscal Year 2021 for appropriation in the 2022 General Legislative Session.

Of the combined GF/EF year-end surplus amount, \$646.2 million came from the Education Fund, including a revenue surplus of \$634.6 million and budget savings and other adjustments of nearly \$12 million. After a \$141.5 million transfer to the Education Fund Budget Reserve Account, the net Education Fund surplus was nearly \$505 million.

Additionally, \$216 million of the combined GF/EF year-end surplus amount came from the General Fund, including a revenue surplus of \$159 million and other adjustments of \$57 million. After nearly \$106 million in automatic year-end transfers and set-asides, including a \$39 million transfer to the Medicaid Growth Reduction and Budget Stabilization Account, a \$47.6 million Disaster Recovery Restricted Account transfer, a \$3 million Local Government Emergency Response Loan Fund transfer, and a \$16.3 million set-aside for the Industrial Assistance Fund, the net General Fund surplus was reduced to \$109.8 million.

2021 and 2022 Tax Changes. Legislators enacted nearly \$100 million in income tax cuts in the 2021 General Session. Senate Bill 11 *Military Retirement Income Tax Amendments* enacted a \$24 million tax credit for military retiree pay, House Bill 86 *Social Security Tax Amendments* enacted an \$18 million tax credit for taxable social security benefits, and SB 153 *Utah Personal Exemption Amendments* increased the Taxpayer Tax Credit by \$53 million by increasing the Utah dependent exemption amount. In the 2022 General Session, the Legislature passed nearly \$200 million in additional income tax cuts via Senate Bill 59 *Tax Amendments*. These cuts include roughly \$164 million from a 10-basis-point individual and corporate income tax rate reduction (from 4.95% to 4.85%), about \$16 million for a non-refundable earned income tax credit, and approximately \$15 million for an expansion of the social security tax credit. Other notable legislation enacted in the 2022 General Session include Senate Bill 49, which increases the limits on refundable motion picture tax credits by an additional \$12 million for two years; Senate Bill 250, which provides a severance tax credit of up to 30% of severance tax liability for the cost of certain mineral exploration activities (estimated foregone revenue of \$7.25 million); Senate Bill 93, which exempts certain tangible personal property consumed in the performance of a taxable service from sales tax (estimated foregone revenue of \$4.5 million); and House Bill 268, which allows businesses to treat all income from the sales of intangible property as business income, thus making it apportionable, and also gives a sales tax exemption for indoor skydiving, rock climbing, or surfing facility, provided a trained instructor actively instructs the participant (estimated foregone revenue of about \$3 million).

Public Education Commitments and Budget Flexibility. In November of 2020, Utah voters approved Constitutional Amendment G by a 54/46 margin. This amendment modified the Utah Constitution to allow for state income tax revenue to be used to support children and individuals with a disability. Prior to this change, Utah income tax revenue was constitutionally earmarked exclusively for public and higher education purposes. Following the November 2020 election, the provisions of House Bill 357 *Public Education Funding Stabilization* from the 2020 General Session and House Bill 5011 *WPU Value Increase Guarantee* from the 2020 Fifth Special Session of the Utah Legislature went into effect. These bills established the Public Education Economic Stabilization Account (described under Budget Reserves above); imposed the statutory obliga-

tion to fund inflation and enrollment growth in Utah’s foundational public education funding formula (i.e., Minimum School Program); provided school districts with authority to use some revenue from their discretionary capital local levies to fund operations in a low-revenue year; moved all state education fund appropriations for the Minimum School Program into the Uniform School Fund, which is constitutionally restricted for public education. During the 2021 General Legislative Session, the Legislature met these new budgetary obligations with the passage of Senate Bill 1 *Public Education Base Budget Amendments*. In the 2022 General Session, Senate Bill 211 *Tax Fund Amendments* was passed and subsequently signed by the Governor. This bill changes the name of the Education Fund to the Income Tax Fund effective July 1, 2022.

Current State Economy. Despite the disruption of COVID-19, Utah began Fiscal Year 2022 with a strong economy. The U.S. Census Bureau estimates that the State added about 56,000 additional residents between July 2020 and July 2021, bringing the State’s population to an estimated 3,337,975 persons (annual growth rate of about 1.7%).

Since the steep employment decline at the beginning of the COVID-19 pandemic, Utah’s labor market has recovered and is once again experiencing strong growth. Since the pandemic trough in April of 2020, Utah has added nearly 222,000 jobs. Additionally, the preliminary March 2022 establishment employment figure is nearly 80,000 higher compared to the pre-pandemic peak in February of 2020, leading the nation at 5.0% growth over the period.

In-migration has sustained the State’s strong economic growth. Each year a sizable number of State residents age into the labor force, yet that is estimated by itself to be insufficient to maintain the pace of labor force expansion. In recent years, in-migration has been sufficient to continue the State’s strong employment growth, a trend that is expected to continue in coming years. The 2021 net migration number of over 32,000 was one of the largest in the history of the state.

*Fiscal Year 2022 and 2023 Projections*¹. The Governor and Legislature released the GF/EF consensus revenue forecast in February 2022. At that time, GF/EF updated budget estimates indicate an additional \$432 million in one-time revenue in Fiscal Year 2022 and an additional \$383 million in ongoing funds in Fiscal Year 2023. During the 2022 General Session, policymakers had an additional \$617 million in one-time revenue and \$429 million in ongoing money in the General Fund, and an additional \$1.68 billion one-time and \$1.07 billion ongoing in the Education Fund to allocate, not including unappropriated balances for Fiscal Year 2022.

The February consensus Fiscal Year 2022 GF/EF unrestricted revenue forecast is \$10.1 billion (\$65 million above Fiscal Year 2021 actual collections, and \$860 million higher when adjusting for the income tax filing shift). Fiscal Year 2023 revenues are projected to total \$10.0 billion (a decrease of \$119 million compared to the revised Fiscal Year 2022 consensus projections). The flat revenue expectation in Fiscal Year 2023 recognizes fiscal and economic uncertainty that could contribute to decelerating revenue collections off of very strong Fiscal Year 2021 and 2022 compounded growth.

These estimates considered robust growth in GF/EF revenues in Fiscal Year 2021, with collections increasing over 15% on a year-over basis after controlling for the income tax filing shift² (underpinned by 15.9% growth in sales and use tax and 13.9% growth in shift-adjusted² income tax). The consensus Fiscal Year 2022 estimates assume a 7.6% increase in shift-adjusted² income tax collections and a 13.6% increase in sales and use tax deposited to the General Fund. As of late April, seven-day average shift-adjusted² GF/EF revenue collections were up approximately 16% against an adopted year-end growth rate of 9.3%, providing optimism that Fiscal Year 2022 revenue targets will be materially exceeded. For Fiscal Year 2023, consensus revenue expectations are that income tax will fall by 0.5% relative to adopted Fiscal Year 2022 targets, and sales and use tax deposited to the General Fund will decrease by 3.7%. Enacted budgets from the 2022 General Legislative Session recognize this expectation of moderating revenue.

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¹ February 2022 consensus estimates reflect pre-legislative adjustment revenue.

² Growth rates will not compare with publicized tables herein due to the adjustments related to the 2020 extended tax filing dead line.

Fiscal Year Revenue Collections

Revenue Source	Nominal Revenue (\$ in Millions)							%	%	%	%	%	%
	2023 (f)	2022 (r)	2021	2020	2019	2018	2017	Change 2022-23	Change 2021-22	Change 2020-21	Change 2019-20	Change 2018-19	Change 2017-18
Sales and use tax.....	\$ 2,872.4	\$ 2,981.8	\$ 2,625.3	\$ 2,265.3	\$ 2,116.3	\$ 2,018.7	\$ 1,856.8	(3.7)	13.6	15.9	7.0	4.8	8.7
Earmarked sales and use tax.....	998.0	1,044.9	929.3	815.0	690.6	643.5	585.4	(4.5)	12.4	14.0	18.0	7.3	9.9
Total sales and use tax.....	3,870.5	4,026.7	3,554.6	3,080.3	2,806.9	2,662.3	2,442.2	(3.9)	13.3	15.4	9.7	5.4	9.0
Cable/satellite excise tax.....	27.5	28.2	26.7	28.4	28.2	29.3	31.3	(2.5)	5.8	(5.9)	0.5	(3.7)	(6.3)
Liquor profits.....	135.5	131.2	123.7	121.7	118.1	112.3	106.3	3.2	6.1	1.6	3.1	5.2	5.7
Insurance premiums.....	177.8	169.6	157.4	142.2	136.6	133.6	122.0	4.8	7.8	10.7	4.1	2.3	9.5
Beer, cigarette and tobacco.....	101.5	102.6	103.1	108.5	106.0	111.1	116.3	(1.0)	(0.5)	(5.0)	2.3	(4.6)	(4.4)
Oil and gas severance tax.....	29.0	26.9	11.4	19.5	14.5	17.4	9.3	8.0	135.1	(41.5)	34.8	(16.9)	87.3
Metal severance tax.....	14.2	12.7	10.0	10.8	10.0	7.6	6.8	11.2	27.1	(6.8)	7.2	31.7	12.0
Investment income.....	18.9	12.5	10.3	30.5	34.8	22.2	14.3	51.2	22.0	(66.3)	(12.4)	56.9	55.0
General Fund (other).....	95.0	94.7	109.7	108.0	75.4	91.4	83.8	0.2	(13.6)	1.5	43.2	(17.5)	9.1
Property and energy credit.....	(6.1)	(6.0)	(6.0)	(5.9)	(5.8)	(5.6)	(5.6)	2.2	0.4	2.0	0.8	3.1	0.6
Total General Fund.....	3,465.7	3,554.3	3,171.6	2,829.0	2,634.2	2,538.1	2,341.3	(2.5)	12.1	12.1	7.4	3.8	8.4
Total General Fund and earmarks.....	4,463.7	4,599.3	4,100.9	3,644.0	3,324.8	3,181.6	2,926.7	(2.9)	12.2	12.5	9.6	4.5	8.7
Individual income tax.....	5,927.2	5,796.8	6,110.5	3,985.4	4,320.0	3,999.0	3,609.5	2.2	(5.1)	53.3	(7.7)	8.0	10.8
Corporate taxes.....	558.4	722.0	742.7	355.9	520.9	447.9	328.5	(22.7)	(2.8)	108.7	(31.7)	16.3	36.4
Mineral production withholding.....	33.6	32.2	16.2	26.0	28.8	21.6	15.1	4.4	99.4	(38.0)	(9.5)	33.3	42.7
Education Fund (other).....	28.2	26.6	26.3	48.0	39.0	30.9	27.1	5.9	1.1	(45.2)	23.1	26.2	14.2
Total Education Fund.....	6,547.5	6,577.6	6,895.7	4,415.4	4,908.7	4,499.4	3,980.1	(0.5)	(4.6)	56.2	(10.1)	9.1	13.0
Total General Fund and Education Fund.....	10,013.2	10,131.9	10,067.3	7,244.4	7,543.0	7,037.5	6,321.4	(1.2)	0.6	39.0	(4.0)	7.2	11.3
Total General Fund and Education Fund..... and earmarks.....	11,011.2	11,176.9	10,996.6	8,059.4	8,233.6	7,681.1	6,906.8	(1.5)	1.6	36.4	(2.1)	7.2	11.2
Motor fuel tax.....	422.3	402.4	379.5	351.0	371.6	354.0	348.8	4.9	6.0	8.1	(5.5)	5.0	1.5
Special fuel tax.....	178.0	168.1	172.0	153.4	142.3	134.9	134.9	5.9	(2.2)	12.1	7.8	5.5	(0.0)
Other.....	126.9	120.4	114.5	109.6	106.0	95.5	89.8	5.4	5.1	4.5	3.4	10.9	6.4
Total Transportation Fund.....	727.2	690.9	665.9	614.0	619.9	584.4	573.5	5.2	3.7	8.5	(1.0)	6.1	1.9
Mineral lease payments.....	78.1	70.8	50.5	60.2	79.5	75.3	75.3	10.4	40.3	(16.1)	(24.3)	5.5	0.0
Totals.....	10,818.5	10,893.7	10,783.8	7,918.5	8,242.4	7,697.2	6,970.2	(0.7)	1.0	36.2	(3.9)	7.1	10.4
Totals and earmarks.....	\$ 11,816.5	\$ 11,938.6	\$ 11,713.1	\$ 8,733.5	\$ 8,933.0	\$ 8,340.8	\$ 7,555.5	(1.0)	1.9	34.1	(2.2)	7.1	10.4

(f) forecast.

(r) revised.

(Source: GOPB, unadjusted for 2022 legislative impacts.)

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

	Fiscal Year (\$ in Thousands)									
	2021	(1)	2020	(1)	2019	(1)	2018	(1)	2017	(1)
Taxes.....	\$10,708,868	56%	\$ 9,155,600	59%	\$ 8,596,915	61%	\$ 8,002,670	60%	\$ 7,214,700	58%
Federal contracts and grants	6,223,486	33	4,648,234	30	3,973,026	28	3,893,654	29	3,828,714	31
All other misc. revenues	<u>2,092,887</u>	<u>11</u>	<u>1,751,558</u>	<u>11</u>	<u>1,597,761</u>	<u>11</u>	<u>1,499,125</u>	<u>11</u>	<u>1,362,005</u>	<u>11</u>
Total all funds(2)	<u>\$19,025,241</u>	<u>100%</u>	<u>\$15,555,392</u>	<u>100%</u>	<u>\$14,167,702</u>	<u>100%</u>	<u>\$13,395,449</u>	<u>100%</u>	<u>\$12,405,419</u>	<u>100%</u>

(1) Percentage of total Governmental Fund revenue.

(2) The increase in Fiscal Year 2021 revenues is attributable to (i) growth in the Utah Economy; (ii) increases in individual and corporate income taxes mainly due to the shift in the individual income and corporate franchise tax filing extension being changed from April 2020 to July 2020 (due to economic conditions related to the COVID-19 pandemic); and (iii) increases in federal contracts and grants due to an increase in federal funding for Medicaid and homeless programs and COVID-19 relief funding.

(Source: Division of Finance and the State's Fiscal Years 2017 through 2021 ACFRs.)

Most government services of the State are paid through one of its major governmental funds. In Fiscal Year 2021, the State's major governmental funds were the General Fund, Education Fund, Transportation Fund, and Transportation Investment Fund.

Revenue Summary. For Fiscal Year 2021, General Fund revenues from all sources totaled approximately \$9.3 billion. Of this amount, 55% came from federal contracts and grants; 29% came from sales taxes; 6% came from charges for services and licenses, permits and fees; 5% came from federal mineral leases, investment income and miscellaneous and other revenues; and 4% came from other tax sources.

In the Education Fund for Fiscal Year 2021, revenues from all sources totaled approximately \$6.89 billion. Of this amount, 79% came from individual income taxes; 9% came from federal contracts and grants; 10% came from corporate franchise taxes; and 2% came from charges for services, licenses, permits and fees, miscellaneous other revenues, investment income and other taxes.

In the Transportation Fund for Fiscal Year 2021, revenues from all sources totaled approximately \$1.25 billion. Of this amount, 45% came from motor and special fuel taxes; 33% came from federal contracts and grants; 14% came from charges for services and licenses, permits, and fees; and 8% came from other miscellaneous taxes and fees, sales and use taxes and investment income.

In the Transportation Investment Fund for Fiscal Year 2021, revenues from all sources totaled approximately \$837.6 million. Of this amount, 88% came from sales tax revenue and 11% came from motor vehicle registration fees and 1% 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.

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.

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Revenues by Source—All Governmental Fund Types Only (1)

	Fiscal Year (\$ in Thousands)				
	2021	2020	2019	2018	2017
Taxes					
Individual income tax.....	\$ 5,451,297	\$ 4,758,082	\$ 4,336,437	\$ 4,033,320	\$ 3,646,112
Sales and use tax.....	3,569,706	3,068,002	2,805,618	2,646,996	2,403,347
Corporate tax	687,791	405,632	534,977	423,019	325,701
Motor and special fuel tax.....	560,763	498,402	521,199	500,049	484,677
Other taxes.....	439,311	425,482	398,684	399,286	354,863
Total taxes.....	\$ 10,708,868	\$ 9,155,600	\$ 8,596,915	\$ 8,002,670	\$ 7,214,700
Other revenues					
Federal contracts and grants.....	\$ 6,223,486	\$ 4,648,234	\$ 3,973,026	\$ 3,893,654	\$ 3,828,714
Charges for services.....	1,070,764	818,178	730,033	687,952	620,960
Miscellaneous other.....	646,815	560,138	437,553	455,879	258,921
Licenses, permits and fees.....	237,702	225,258	219,972	211,045	203,829
Investment income.....	88,567	81,321	120,387	63,203	120,387
Federal mineral lease.....	49,039	58,606	73,787	69,245	138,635
Intergovernmental.....	—	8,057	16,029	11,801	19,273
Total other revenues.....	8,316,373	6,399,792	5,570,787	5,392,779	5,190,719
Total revenues.....	\$ 19,025,241	\$ 15,555,392	\$ 14,167,702	\$ 13,395,449	\$ 12,405,419

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

(Source: Division of Finance and the State's Fiscal Year 2017 through 2021 ACFRs.)

Expenditures by Function—All Governmental Fund Types Only (1)

Function	Fiscal Year (\$ in Thousands)				
	2021	2020	2019	2018	2017
Public education.....	\$ 4,829,615	\$ 4,409,279	\$ 4,140,263	\$ 3,983,098	\$ 3,732,813
Health and environmental quality.....	4,048,719	3,427,211	2,997,039	2,823,947	2,733,374
Higher education (2)	1,267,376	1,105,108	1,098,237	1,014,419	979,030
Transportation.....	1,206,786	1,166,194	996,728	1,024,576	975,662
Human/juvenile justice services.....	1,023,128	984,607	919,227	858,099	804,283
Capital outlay.....	1,394,526	1,286,659	847,541	778,543	668,768
Employment and family services.....	1,067,848	778,046	755,613	749,620	754,530
General government.....	1,197,643	589,499	478,438	448,366	395,505
Debt service	440,050	471,915	364,366	391,917	447,645
Public safety.....	363,518	341,668	340,210	294,693	253,976
Corrections.....	341,174	337,885	328,586	317,425	305,438
Natural resources.....	274,500	272,994	251,545	231,665	225,387
Courts.....	162,466	165,465	165,369	170,233	152,262
Business, labor, and agriculture.....	149,968	132,022	119,491	119,158	107,800
Higher education (State Adm).....	182,070	125,335	96,323	78,773	73,641
Heritage and Arts.....	67,719	41,864	31,981	30,965	29,335
Total expenditures.....	\$ 18,017,106	\$ 15,635,751	\$ 13,930,957	\$ 13,315,497	\$ 12,639,449

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

(2) Includes all colleges and universities.

(Source: Division of Finance and the State's Fiscal Year 2017 through 2021 ACFRs.)

Summary of Changes in Fund Balance—All Governmental Fund Types Only (1)

	Fiscal Year (\$ in Thousands)				
	2021	2020	2019	2018	2017
Revenues.....	\$ 19,025,241	\$ 15,555,392	\$ 14,167,702	\$ 13,395,449	\$ 12,405,419
% change over previous year.....	22.3%	9.8%	5.8%	8.0%	5.8%
Expenditures	(18,017,106)	(15,635,751)	(13,930,957)	(13,315,497)	(12,639,449)
% change over previous year.....	15.2%	12.2%	4.6%	5.3%	6.0%
Net other financing sources (uses) (2).....	269,956	1,334,678	377,896	814,621	197,781
Adjustments to fund balances (3).....	1,513	-	-	-	28,106
Net change in fund balance.....	<u>\$ 1,278,091</u>	<u>\$ 1,254,319</u>	<u>\$ 614,641</u>	<u>\$ 894,573</u>	<u>\$ (8,143)</u>

(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 in Fiscal Year 2017 were the result of adjusting a prior year tax accrual and adjustments for Fiscal Year 2021 were due to the implementation of GASB Statement No. 84.

(Source: Division of Finance and the State's Fiscal Year 2017 through 2021 ACFRs.)

Fund Balances—All Governmental Fund Types Only (1)

Function	Fiscal Year (\$ in Thousands)				
	2021	2020	2019	2018	2017
General (2)	\$ 2,244,424	\$ 1,454,028	\$ 1,238,520	\$ 1,055,216	\$ 831,155
Special Revenue					
Education.....	2,435,735	1,919,739	1,203,696	1,144,738	881,222
Transportation.....	503,487	487,323	511,606	407,653	355,969
State endowment.....	314,574	260,080	245,153	215,184	196,172
Medicaid Expansion (3).....	158,920	109,317	-	-	-
Miscellaneous special revenue.....	94,528	80,054	108,795	43,129	37,116
Rural development.....	22,249	24,179	23,498	24,305	29,749
Environmental reclamation.....	47,678	49,320	15,082	16,551	16,764
Crime victim reparation	8,112	7,021	5,936	4,223	3,578
Universal telephone.....	16,812	11,480	5,566	6,881	3,299
Consumer education.....	5,277	4,728	5,029	4,919	4,223
State capitol (4).....	-	-	1,555	1,030	852
Capital Projects					
Transportation investment.....	688,839	957,985	670,295	654,819	433,973
General government.....	616,363	542,938	593,206	401,758	282,824
State Building Ownership.....	5,148	5,265	6,029	15,521	52,507
Debt Service					
General government.....	20,333	19,020	14,209	8,222	7,810
State Building Ownership.....	\$ 5,951	\$ 6,028	\$ 6,332	\$ 35,654	\$ 8,080
Total	<u>\$ 7,188,430</u>	<u>\$ 5,938,505</u>	<u>\$ 4,654,507</u>	<u>\$ 4,039,803</u>	<u>\$ 3,145,293</u>

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

(2) The fund balance increase of 54.36 percent and a \$109.771 million surplus in fiscal year 2021 is primarily due to an unexpended increase in sales taxes due to the recovering economy.

(3) Previous to Fiscal Year 2020, the Medicaid Expansion fund was reported as part of the Miscellaneous special revenue funds line.

(4) Beginning Fiscal Year 2020, the State Capital fund was reported as part of the Miscellaneous special revenue funds line.

(Source: Division of Finance and the State's Fiscal Year 2017 through 2021 ACFRs.)

General Fund—Revenues, Expenditures and Fund Balances

	Fiscal Year (\$ in Thousands)				
	2021	2020	2019	2018	2017
Revenues					
Federal contracts and grants.....	\$ 5,117,824	\$ 3,652,812	\$ 3,103,195	\$ 2,977,665	\$ 2,904,697
Sales and use tax.....	2,711,382	2,302,910	2,147,235	2,063,883	1,868,946
Charges for services.....	552,524	537,191	501,910	491,686	487,630
Other taxes.....	385,635	364,794	342,048	341,481	327,007
Miscellaneous and other.....	430,007	343,952	268,298	278,109	243,262
Federal mineral lease.....	49,039	58,606	77,607	76,693	73,787
Investment income.....	27,415	35,148	43,630	24,174	17,397
Licenses, permits and fees.....	25,635	25,659	25,664	25,805	27,663
Total revenues.....	\$ 9,299,461	\$ 7,321,072	\$ 6,509,587	\$ 6,279,496	\$ 5,950,389
% change over previous year.....	27.0%	12.5%	3.7%	5.5%	4.6%
Expenditures.....	\$ 9,647,977	\$ 8,079,513	\$ 7,386,308	\$ 6,938,622	\$ 6,654,337
% change over previous year.....	19.4%	9.4%	6.5%	4.3%	3.8%
Fund Balance (1)					
Committed.....	1,181,796	855,925	835,171	675,228	559,791
Assigned.....	607,794	294,255	339,999	314,910	194,174
Restricted.....	85,032	69,366	43,241	38,978	33,516
Nonspendable					
Long-term portion of interfund					
loans receivable.....	6,272	9,388	12,063	14,950	18,927
Prepaid items.....	209,933	183,074	7,625	2,463	14,475
Inventories.....	43,823	27,564	421	721	687
Unassigned.....	109,774	14,456	–	7,966	9,585
Total fund balances.....	\$ 2,244,424	\$ 1,454,028	\$ 1,238,520	\$ 1,055,216	\$ 831,155
% change over previous year.....	54.4%	17.4%	17.4%	27.0%	-3.1%

(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.

(Source: Division of Finance and the State's Fiscal Year 2017 through 2021 ACFRs.)

Operating And Capital Budget And Related Appropriations

Fiscal Year 2022

Statewide Summary. The enacted Fiscal Year 2022 GF/EF budget is based upon February 2022 revenue estimates that project roughly \$10.1 billion in discretionary GF/EF revenue in Fiscal Year 2022, along with previous year budget surplus and unappropriated balances. After adjustments made during the Legislature's 2022 General Session, the Legislature balanced the State's Fiscal Year 2022 GF/EF budget at approximately \$10.3 billion and operating and capital budget from all sources of finance at \$27.7 billion.

Fiscal Year 2023

Statewide Summary. The enacted Fiscal Year 2023 GF/EF budget is based upon February 2022 revenue estimates that project roughly \$10 billion in discretionary GF/EF revenue in Fiscal Year 2023, along with the previous year budget surplus and unappropriated balances. After adjustments made during the Legislature's 2022 General Session, the Legislature then balanced the State's Fiscal Year 2023 GF/EF budget at approximately \$11.6 billion and operating and capital budget from all sources of finance at about \$26 billion.

Major categories of General Fund and Education Fund expenditures include public education (about \$4.7 billion), higher education (about \$1.5 billion), Medicaid and other social services (about \$1.5 billion), and corrections, public safety, and justice (about \$678 million). In addition, transportation expenditures from State-collected funds total about \$4.1 billion (including debt service payments for transportation projects). These expenditures are funded primarily through various transportation funds outside the General Fund.

Appropriations. Altogether, the Legislature made \$30.9 billion in appropriations from all sources for all purposes in Fiscal Year 2023, 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 2023 is \$26 billion. The Legislature appropriated about \$11.6 billion from the GF/EF in Fiscal Year 2023, an increase of 13% over the revised Fiscal Year 2022 budget. At the end of the Legislature's 2022 Third Special Session, approximately \$72 million remains unappropriated.

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Operating and Capital Budget
(All Sources of Finance, in Thousands of Dollars)

Sources	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	
	Actual	Actual	Actual	Initial Authorized	April 2022 Authorized*
General Fund	\$ 2,459,002,200	\$ 2,395,875,100	\$ 2,676,939,400	\$ 2,831,418,000	\$ 2,831,418,000
General Fund, One-time	(161,397,100)	249,081,100	(444,776,700)	(380,147,900)	(797,634,900)
Education Fund	4,228,859,000	4,564,058,100	4,465,172,900	1,208,767,800	1,208,767,800
Education Fund, One-time	303,210,000	(283,508,200)	680,476,500	749,183,100	1,214,671,900
Uniform School Fund	27,500,000	32,500,000	25,500,000	3,633,458,900	3,633,458,900
Uniform School Fund, One-time	10,000,000	(3,000,000)	142,500,000	45,400,000	27,737,300
Transportation Fund	603,847,900	576,425,200	648,055,300	653,039,600	653,039,600
Transportation Fund, One-time	(25,541,300)	4,156,200	3,498,000	16,839,600	34,092,300
General Fund Restricted	431,896,000	468,880,100	460,474,200	517,306,500	573,564,900
Education Special Revenue	288,172,100	336,424,000	377,533,100	432,658,200	432,658,200
Local Education Revenue	912,130,100	1,083,600,700	1,193,859,600	1,296,207,800	1,281,207,800
Transportation Special Revenue	63,165,000	70,143,200	57,894,800	58,030,400	58,366,200
Transportation Fund Restricted	-	-	1,525,000	366,000	32,366,000
Federal Funds	3,912,907,000	4,635,666,900	5,539,576,800	8,358,410,000	9,407,630,900
Federal Funds - COVID-19	-	150,098,300	776,813,700	434,340,300	889,458,300
Dedicated Credits	1,514,987,900	1,678,843,300	1,820,266,800	1,865,558,400	2,024,671,200
Federal Mineral Lease	65,484,100	60,645,100	45,178,200	60,474,900	61,148,400
Restricted Revenue	35,415,800	26,615,900	7,321,700	-	-
Special Revenue	154,719,600	259,004,100	260,348,800	288,756,900	293,733,300
Private Purpose Trust Funds	4,565,100	4,638,600	4,663,300	4,736,800	4,555,600
Other Trust and Agency Funds	1,565,900	712,800	845,400	166,600	166,600
Capital Project Funds	172,490,300	162,991,100	176,609,800	551,014,100	843,475,400
Transportation Investment Fund	879,468,400	1,145,286,400	874,952,700	1,704,367,800	1,704,367,800
Internal Service Funds	200,000	-	-	-	-
Enterprise Funds	147,265,100	200,358,300	151,672,200	218,929,800	218,765,800
Transfers	570,374,900	655,975,700	1,147,020,000	934,008,600	995,195,100
Other Financing Sources	8,776,300	7,957,700	5,451,400	9,230,200	15,995,300
Pass-through	1,951,000	1,969,400	20,316,200	3,871,900	2,771,900
Beginning Balance	1,455,329,700	1,584,633,300	1,450,733,900	1,365,339,700	2,042,039,600
Closing Balance	(1,592,217,900)	(1,478,691,900)	(1,834,644,100)	(1,231,431,500)	(2,012,164,500)
Lapsing Balance	(327,942,800)	(276,639,600)	(223,626,200)	(1,104,000)	(16,436,800)
Total	\$ 16,146,184,300	\$ 18,314,700,900	\$ 20,512,152,700	\$ 25,629,198,500	\$ 27,659,087,900

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 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 project funds or accounts.

* Legislature authorized budget as of the 2022 1st Special Session

(Source: GOPB.)

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 2021, 2020 and 2019 (\$ in Thousands)

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

	<u>Fiscal Year 2021</u>		<u>Fiscal Year 2020</u>		<u>Fiscal Year 2019</u>	
	<u>Amounts</u>	<u>% Change From Prior Year</u>	<u>Amounts</u>	<u>% Change From Prior Year</u>	<u>Amounts</u>	<u>% Change From Prior Year</u>
Revenues (1):						
Individual and corporate income taxes.....	\$ 5,451,297	15%	\$ 4,758,082	10%	\$ 4,336,437	9%
Federal contracts and grants.....	6,172,978	34	4,596,925	17	3,918,450	2
Sales and use tax.....	3,452,294	17	2,955,253	6	2,782,188	5
Other revenues.....	2,225,900	19	1,869,722	(1)	1,886,215	4
Motor/special fuel taxes.....	560,763	13	498,402	(4)	521,199	4
Other taxes.....	<u>427,700</u>	5	<u>408,211</u>	7	<u>382,594</u>	(1)
Total.....	<u>\$18,290,932</u>	21%	<u>\$15,086,595</u>	9%	<u>\$13,827,083</u>	5%
Expenditures.....	<u>\$16,460,754</u>	14%	<u>\$14,456,635</u>	10%	<u>\$13,132,226</u>	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 2019 through 2021 ACFRs.)

Other Summaries. The following summaries were extracted from the State’s audited financial statements for Fiscal Years 2017 through 2021. 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— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021–Statistical Section” at the indicated pages as set forth below.

- (i) Schedule A–1, Net Position by Component (ACFR page 218);
- (ii) Schedule A–2, Changes in Net Position (ACFR page 220).
- (iii) Schedule A–3, Fund Balances–Governmental Funds (ACFR page 224); and
- (iv) Schedule A–4, Changes in Fund Balances–Governmental Funds (ACFR page 226).

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State of Utah

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

	As of June 30 (\$ in Thousands)				
	2021	2020	2019	2018	2017
Assets					
Investments.....	\$ 2,556,089	\$ 3,378,708	\$ 2,016,631	\$ 2,383,503	\$ 1,238,387
Cash and cash equivalents.....	4,868,178	1,924,994	1,925,265	1,061,778	1,441,638
Receivables					
Accrued taxes, net.....	1,856,947	2,349,189	1,556,933	1,467,881	1,242,324
Accounts, net.....	906,400	864,566	825,168	804,645	714,720
Capital lease payments, net.....	58,455	57,630	86,350	86,445	90,660
Notes/mortgages, net.....	17,584	23,233	12,245	14,682	5,065
Accrued interest.....	87	6,658	1,222	233	7,295
Due from other funds.....	91,261	88,348	80,106	58,995	56,847
Due from component units.....	55,412	38,849	76,422	49,644	45,667
Interfund loans receivable.....	20,523	24,891	31,417	34,240	44,872
Inventories.....	56,881	40,657	13,190	13,680	14,592
Prepaid items.....	210,502	183,603	8,062	3,337	14,475
Other assets.....	16,620	—	250	—	—
Total assets.....	\$ 10,714,939	\$ 8,981,326	\$ 6,633,261	\$ 5,979,063	\$ 4,916,542
Liabilities, deferred inflows of resources and fund balances					
Liabilities					
Accounts payable and accrued liabilities.....	\$ 1,428,961	\$ 1,387,482	\$ 1,130,248	\$ 1,107,830	\$ 991,239
Unearned revenue.....	1,110,167	924,797	88,831	80,083	73,170
Due to other funds.....	88,850	80,582	82,259	73,871	61,918
Deposits.....	35,291	—	—	—	—
Due to other governments.....	434	—	—	—	—
Due to component units.....	178	1,501	94	1,749	58
Total liabilities.....	2,663,881	2,394,362	1,301,432	1,263,533	1,126,385
Deferred inflows of resources					
Unavailable revenue.....	862,628	678,138	677,322	675,664	644,864
Fund balance					
Restricted.....	3,458,239	3,430,824	1,897,423	1,897,245	1,342,101
Committed.....	2,437,499	1,730,514	1,834,732	1,551,804	1,246,374
Assigned.....	909,263	499,384	889,037	550,884	499,239
Nonspendable					
Long-term portion of Interfund Loans.....	6,272	9,388	12,063	14,950	18,927
Inventories.....	56,881	40,657	13,190	13,680	14,592
Prepaid items.....	210,502	183,603	8,062	3,337	14,475
Unassigned.....	109,774	14,456	—	7,966	9,585
Total fund balances.....	7,188,430	5,908,826	4,654,507	4,039,866	3,145,293
Total liabilities, deferred inflows of resources and fund balances.....	\$ 10,714,939	\$ 8,981,326	\$ 6,633,261	\$ 5,979,063	\$ 4,916,542

(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)				
	2021	2020	2019	2018	2017
Revenues					
Taxes					
Sales and use tax (1).....	\$ 2,711,382	\$ 2,302,910	\$ 2,147,235	\$ 2,063,883	\$ 1,868,946
Other taxes.....	385,635	364,794	342,048	341,481	327,007
Total taxes.....	<u>3,097,017</u>	<u>2,667,704</u>	<u>2,489,283</u>	<u>2,405,364</u>	<u>2,195,953</u>
Other revenues					
Federal contracts and grants (2).....	5,117,824	3,652,812	3,103,195	2,977,665	2,904,697
Charges for services.....	552,524	537,191	501,910	491,686	487,630
Miscellaneous and other.....	430,007	343,952	268,298	278,109	243,262
Federal mineral lease.....	49,039	58,606	77,607	76,693	73,787
Investment income.....	27,415	35,148	43,630	24,174	17,397
Licenses, permits and fees.....	25,635	25,659	25,664	25,805	27,663
Total revenues.....	<u>9,299,461</u>	<u>7,321,072</u>	<u>6,509,587</u>	<u>6,279,496</u>	<u>5,950,389</u>
Expenditures					
Current					
Health and environmental quality.....	4,043,152	3,423,327	2,995,463	2,821,745	2,727,556
Higher education—colleges and universities.....	1,221,898	1,063,339	1,063,258	979,827	934,784
Human services and juvenile justice services.....	1,013,956	969,244	908,593	851,057	798,133
Employment and family services.....	1,057,614	769,126	744,336	736,278	740,583
General government.....	851,602	525,846	420,062	393,449	367,825
Corrections.....	330,760	331,116	322,230	312,599	301,430
Public safety.....	320,785	299,167	300,839	259,073	223,610
Natural resources.....	271,596	263,264	247,042	222,167	216,676
Courts.....	159,020	161,204	159,098	152,114	147,429
Business, labor, and agriculture.....	129,151	108,421	97,919	101,858	93,867
Higher education—state administration.....	182,070	125,335	96,323	78,118	73,641
Heritage and arts.....	66,373	40,124	31,145	30,337	28,803
Total expenditures.....	<u>9,647,977</u>	<u>8,079,513</u>	<u>7,386,308</u>	<u>6,938,622</u>	<u>6,654,337</u>
Excess revenues over (under) expenditures.....	<u>(348,516)</u>	<u>(758,441)</u>	<u>(876,721)</u>	<u>(659,126)</u>	<u>(703,948)</u>
Other financing sources (uses)					
Transfers in.....	1,907,321	1,124,262	1,501,574	1,095,534	938,598
Transfers out.....	(768,776)	(150,520)	(441,552)	(212,625)	(261,765)
Sale of capital assets.....	—	207	3	278	116
Total other financing sources (uses).....	<u>1,138,545</u>	<u>973,949</u>	<u>1,060,025</u>	<u>883,187</u>	<u>676,949</u>
Net change in fund balances.....	<u>790,029</u>	<u>215,508</u>	<u>183,304</u>	<u>224,061</u>	<u>(26,999)</u>
Beginning fund balances.....	1,454,028	1,238,520	1,055,216	831,155	858,154
Adjustments to beginning fund balances.....	367	—	—	—	—
Beginning fund balances as adjusted.....	<u>1,454,395</u>	<u>1,238,520</u>	<u>1,055,216</u>	<u>831,155</u>	<u>858,154</u>
Ending fund balances.....	<u>\$ 2,244,424</u>	<u>\$ 1,454,028</u>	<u>\$ 1,238,520</u>	<u>\$ 1,055,216</u>	<u>\$ 831,155</u>

- (1) Increase in sales taxes compared to Fiscal Year 2021 compared to Fiscal Year 2020 is primarily due to growth in the Utah Economy, and increases in individual and corporate income taxes mainly due to the shift in the individual income and corporate franchise tax filing extension being changed from April 2020 for July 2020 due to economic conditions related to the COVID-19 Pandemic.
- (2) Increases in federal contracts and grants is due to an increase in federal funding for Medicaid and homeless programs, and COVID-19 relief funding.

(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)				
	2021	2020	2019	2018	2017
Revenues					
Taxes					
Individual income tax.....	\$ 5,451,297	\$ 4,758,082	\$ 4,336,437	\$ 4,033,320	\$ 3,646,112
Sales and use tax	740,912	652,343	634,953	575,717	529,800
Motor and special fuels tax.....	560,763	498,402	521,199	500,049	484,677
Corporate tax.....	687,791	405,632	534,977	423,019	325,701
Other taxes.....	42,065	43,417	40,546	44,592	17,746
Total taxes.....	<u>7,482,828</u>	<u>6,357,876</u>	<u>6,068,112</u>	<u>5,576,697</u>	<u>5,004,036</u>
Other revenues					
Federal contracts and grants.....	1,055,154	944,113	815,255	870,610	877,534
Licenses, permits and fees.....	212,067	199,599	194,308	185,240	176,167
Miscellaneous and other.....	109,015	118,321	87,472	93,411	74,636
Charges for services/Royalties.....	69,964	63,350	56,345	52,931	54,749
Liquor sales allocated for school lunch.....	51,746	50,022	48,024	45,432	42,723
Investment income.....	10,697	32,242	47,980	20,895	11,149
Total other revenues.....	<u>1,508,643</u>	<u>1,407,647</u>	<u>1,249,384</u>	<u>1,268,519</u>	<u>1,236,958</u>
Total revenues (2).....	<u>8,991,471</u>	<u>7,765,523</u>	<u>7,317,496</u>	<u>6,845,216</u>	<u>6,240,994</u>
Expenditures					
Current					
Public education.....	4,829,288	4,408,707	4,138,708	3,981,455	3,730,948
Transportation.....	1,202,511	1,162,676	994,803	1,019,882	971,547
Capital outlay.....	780,987	805,739	612,407	511,814	394,652
Total expenditures.....	<u>6,812,786</u>	<u>6,377,122</u>	<u>5,745,918</u>	<u>5,513,151</u>	<u>5,097,147</u>
Excess revenues over (under) expenditures.....	<u>2,178,685</u>	<u>1,388,401</u>	<u>1,571,578</u>	<u>1,332,065</u>	<u>1,143,847</u>
Other financing sources (uses)					
General obligation bonds issued.....	-	600,055	127,715	295,810	-
Transfers in.....	242,725	157,120	176,248	209,262	159,006
Premium on bonds issued.....	-	116,741	22,688	35,735	-
Sale of capital assets.....	18,644	28,736	31,134	19,421	24,570
Transfers out.....	(2,177,049)	(1,311,603)	(1,750,976)	(1,356,247)	(1,274,079)
Total other financing sources (uses).....	<u>(1,915,680)</u>	<u>(408,951)</u>	<u>(1,393,191)</u>	<u>(796,019)</u>	<u>(1,090,503)</u>
Net changes in fund balances.....	<u>263,005</u>	<u>979,450</u>	<u>178,387</u>	<u>536,046</u>	<u>53,344</u>
Beginning fund balances.....	3,365,047	2,385,597	2,207,210	1,671,164	1,603,380
Adjustments to beginning fund balances (2).....	-	-	-	-	14,440
Beginning fund balances as adjusted.....	<u>3,365,047</u>	<u>2,385,597</u>	<u>2,207,210</u>	<u>1,671,164</u>	<u>1,617,820</u>
Ending fund balances.....	<u>\$ 3,628,052</u>	<u>\$ 3,365,047</u>	<u>\$ 2,385,597</u>	<u>\$ 2,207,210</u>	<u>\$ 1,671,164</u>

- (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.

(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 2021

The State prepared a narrative discussion, overview, and analysis of the financial activities of the State for Fiscal Year 2021. For the complete discussion see “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Management’s Discussion and Analysis” (ACFR page 19).

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				
2022 (1)	2021	2020	2019	2018
\$3,780.7	\$2,725.1	\$2,031.7	\$1,821.7	\$1,664.9

(1) The Fiscal Year 2022 authorized capital expenditures includes \$1.2 billion of one-time General Fund appropriations for cash funded transportation and transit programs.

(Source: GOPB.)

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 with the exception of those funds that have been excluded from the MM Act.

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— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Notes to the Financial Statements—Note 3. Deposits and Investments” (ACFR page 69) and “—Note 4. Investment Pool” (ACFR page 97).

State Employee Workforce; Public Retirement System

State Employee Workforce. The State is among the largest employers in the State employing 20,848 people (full-time equivalents) in Fiscal Year 2021. For a 10-year history of the State’s employment numbers see “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Statistical Section—Schedule E–1 Full-time Equivalent State Employees by Function” (ACFR page 246).

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 ACFR for Calendar Year 2020 is reported in the 2021 ACFR as a pension trust fund for URS within the fiduciary funds. See “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Fiduciary Fund Financial Statements” (ACFR pages 52 and 53). Copies of URS’s ACFR for Calendar Year 2020 may be found at <https://www.urs.org/publications/members>.

For Fiscal Year 2021, the State reported the following asset, liability and related transactions equal to its proportionate share of the collective net pension liability of URS (measured as of December 31, 2020): \$9.222 million in net pension asset, \$413.752 million in net pension liability, \$220.624 million in deferred outflows of resources and \$469.198 million in deferred inflows of resources for primary government. For Fiscal Year 2021, the State contributed approximately \$230.183 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— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Notes to the Financial Statements—Note 17. Pension Plans” (ACFR page 123).

For the financial statements of the pension (and other employee benefit trust funds) see “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Supplementary Information—Fiduciary Funds—Pension and Other Employee Benefits Trust Fund” (ACFR pages 196 through 199).

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 2021, the total net OPEB asset for both the State Employee OPEB Plan and the Elected Official OPEB Plan was \$27.312 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 2021, the State contributed \$27.029 million to the State Employee OPEB Plan and \$1.249 million to the Elected Official OPEB Plan, which were \$127,000 and \$649,000 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 110.32% and 97.25%, respectively.

For additional detailed discussion of the State’s postemployment benefits see “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Notes to the Financial Statements—Note 18. Other Postemployment Benefits” (ACFR page 136).

For the financial statements of the other employee benefit trust funds (and pensions) see “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Supplementary Information—Fiduciary Funds—Pension and Other Employee Benefits Trust Fund” (ACFR pages 196 through 199).

Risk Management And Insurance; Cybersecurity; Recent Earthquake

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

The State is self–insured for liability claims up to \$2 million per claim (retention) and has purchased excess liability insurance and reinsurance with a collective per claim limit of \$8 million and an annual aggregate limit of \$16 million. The State is also self–insured for individual property claims up to \$1 million per claim (retention) with a \$3.5 million annual aggregate. The excess property insurance policy limit is \$1 billion per occurrence.

The Fund experienced liability and property losses exceeding the State’s self–insured retention limits as shown in the table below. The total risk to the Fund for the previous six years is shown in the table as commercial insurance covered the remaining portion of the claim(s) listed.

Total Risk To The State/Risk Management Fund (In Millions)

<u>Fiscal Year</u>	<u>Coverage</u>	<u>Total Risk</u>
2016	Property	N/A
2017	Property	\$1,000
2018	Property	\$2,000
2020	Property	\$1,000
2020	Property	\$1,000
2021	Property	\$1,000
2016	Liability	N/A
2017	Liability	\$2,000
2017	Liability	\$1,000
2019	Liability	\$1,500

(Source: State of Utah Risk Management.)

Earthquake Insurance. The Utah Division of Risk Management (“DRM”) annually procures excess property insurance with earthquake coverage for its Covered Entities. This earthquake coverage has limits of \$525 million, with a \$1 million self-insured retention, or deductible through fiscal year 2020. Additionally, DRM recently procured a parametric earthquake policy with limits of \$50 million. Payments under the parametric policy are based upon the severity and location of an earthquake, irrespective of actual property damage. Beginning Fiscal Year 2021, the States’ per occurrence deductible (retention) for earthquakes is two percent of the value of each building involved in the loss, subject to a minimum of \$5 million and a maximum of \$25 million.

The Fund is tasked to be actuarially and economically sound and utilizes a public actuary to set premiums each year. Annual premiums are charged to each member of the Fund and are designed to cover all costs of the Fund.

As of June 30, 2021, the Fund contained approximately \$87.317 million in reserves available to pay for claims incurred. For the financial statements of the risk management fund see “APPENDIX A—ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Supplementary Information—Internal Service Funds—Risk Management” (ACFR pages 190 through 192).

Also see “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Notes to the Financial Statements—Note 16. Litigation, Contingencies and Commitments—Litigation” (ACFR page 120) and “—Note 19. Risk Management And Insurance” (ACFR page 141).

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) an \$9.5 million annual budget for security operations and security privacy and compliance; (ii) a Utah Cyber Task Force comprised of the state’s technology services agency, department of public safety, the Federal Bureau of Investigation and Homeland Security. These entities work collaboratively to monitor and respond to incidents 24/7; (iii) a Chief Information Security Officer reporting directly to the State’s Chief Information Officer; (iv) a security team of 21 employees; (v) a self-assessment every two years in cooperation with the Department of Homeland Security using National Institute of Standards and Technology standards; (vi) compliance audits regularly performed by the Internal Revenue Service, Federal Bureau of Investigation, homeland security, and the Social Security Administration; and (vii) 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 carries commercial liability insurance policy regarding cybersecurity. The most recent security incident was in 2012, when the State experienced a cybersecurity breach in the Utah Department of Health related to individual personal information on Medicaid data. The State does not believe this breach had a material impact on overall State finances.

Federal Funding

Opioid Settlement Payments. In late February 2022, Utah Attorney General Sean D. Reyes announced the final approval of the \$26 billion opioid agreement with the nation’s three major pharmaceutical distributors: Cardinal, McKesson, AmerisourceBergen, and Johnson & Johnson. Fifty-two states and territories have signed on to the agreement as well as thousands

of local governments across the country. In Utah, 27 counties have signed onto the agreement. As a result, Utah will receive \$266 million total over 18 years. \$133 million will go to the state and \$133 million will go to local communities to support treatment, recovery, harm reduction, expand needed services, and other strategies to address the opioid epidemic. The state has engaged with multiple stakeholders to develop a blueprint for programs and interventions for which these payments will support. A draft of this initial blueprint can be found here <https://le.utah.gov/interim/2022/pdf/00000863.pdf>.

COVID-19 Relief Funding. The State has received billions of COVID-related federal aid dollars including direct state aid (\$1.25 billion to the State and its counties from the Coronavirus Relief Fund which was created pursuant to federal Coronavirus Aid, Relief and Economic Security Act (“the “CARES Act”), \$2.5 billion to the State and its local governments from the State and Local Fiscal Recovery Fund (SLFRF) which was created pursuant to the federal American Rescue Plan Act of 2021 (“ARPA”), plus hundreds of millions in grants through State and local government agencies), direct payments to citizens (\$7.96 billion), aid to businesses (an estimated \$9.7 billion awarded under the Paycheck Protection Program and Economic Injury Disaster Loans), and aid to health care providers.

Of the \$1.25 billion from the CARES Act’s Coronavirus Relief Fund, \$315 million went directly to Utah’s two largest counties while \$935 million was directed by the State in the following manner: \$274 million related to the direct COVID-19 response, \$265 million related to the economic response, \$247 million to other local governments, and \$147 million related to the educational response. Of the \$2.5 billion of ARPA’s State and Local Fiscal Recovery Fund funds allocated to Utah, \$1.1 billion is allocated for local governments, while \$1.4 billion is being directed by the State as follows: \$430 million for water infrastructure, \$383 million for responding to the negative economic impacts of the pandemic, \$333 million for government services, \$155 million for public health, \$75 million for investments in local government projects, and \$10 million for the educational response. Additionally, the State was allocated \$138 million from ARPA’s Capital Projects Fund, which the State will use for eligible capital projects enabling work, education, and health monitoring.

Infrastructure Investment and Jobs Act. The \$1.2 trillion Infrastructure Investment and Jobs Act (IIJA) passed by Congress in November 2021 is expected to provide billions of dollars to the State to fund new infrastructure and infrastructure improvements. The estimate of currently known formula-based funding coming to Utah is \$3.9 billion, \$3.5 billion of which is for transportation-related infrastructure. The State expects to receive additional infrastructure funding for areas such as broadband, drinking water, wastewater & environmental remediation, energy, cybersecurity, water storage, and public land. Additional information and funding estimates are expected from the federal government.

Medicaid Funding in the State. Despite its status as a Medicaid expansion state, Utah carries the second lowest per capita rate of combined Medicaid and Children’s Health Insurance Program (CHIP) enrollment in the country at 13.1% as of November 2021. Nevertheless, a likely combination of pandemic effects and the continuous enrollment requirement associated with the federal Families First Coronavirus Response Act (FFCRA) have continued to put upward pressure on Medicaid enrollment in Utah. From Fiscal Year 2020 to Fiscal Year 2021, Utah’s Medicaid and CHIP rolls increased by 25% to 429,300. The current consensus between Utah’s Governor’s Office of Planning and Budget, the Office of the Legislative Fiscal Analyst and the Department of Health projects that enrollment will increase by more than 13% in Fiscal Year 2022 and subsequently decrease by 12% to 428,900 in Fiscal Year 2023. However, these consensus estimates were adopted in February of 2022 and included the conservative assumption that the federal Public Health Emergency (PHE) declaration would expire in April, with the corresponding 6.2 percentage point increase in federal cost sharing under the FFCRA ending at the close of the state fiscal year. On April 12, the U.S. Department of Health and Human Services announced the renewal of the declaration of the PHE, extending it for another 90 days beginning on April 16. With the FFCRA-enacted 6.2 percentage point federal cost sharing increase lasting through the end of the calendar quarter in which the PHE ends, Utah will continue to receive these infusions of federal Medicaid payments ending no earlier than September 30, 2022.

On the budget side, the Medicaid consensus process estimated about \$83 million in additional one-time General Fund needed for traditional Medicaid and CHIP in Fiscal Year 2022, offset by \$147 million in savings from the 6.2 percentage point increase in federal cost sharing, for a net budget savings of \$64 million. In Fiscal Year 2023, Medicaid and CHIP General Fund costs are expected to increase by \$84 million, as the state anticipates beginning the FFCRA disenrollment process and the loss of the 6.2 percentage point increase in federal cost sharing.

In December of 2019, the Centers for Medicare and Medicaid Services (CMS) authorized Utah’s implementation of full Medicaid expansion at the Affordable Care Act rate of 90% federal cost sharing. As originally enacted through the November 2018 ballot initiative, Utah’s Medicaid expansion program is primarily funded by a 0.15 percentage point increase in sales and use tax earmarked for these services, which is expected to bring in over \$113 million in Fiscal Year 2022 and \$117 million in Fiscal Year 2023. Other sources of state match for Utah’s Medicaid expansion program include an assessment on Utah hospitals (\$13.6 million), certain preferred drug list savings (about \$1 million), and more than \$58 million in ongoing General Fund. Because Medicaid expansion enrollment has trended below original projections, Utah currently has both a struc-

tural surplus in ongoing Medicaid expansion revenues and a sizable one-time reserve to support the program. Utah started Fiscal Year 2022 with a nearly \$160 million balance in the Medicaid Expansion Fund, with Fiscal Year 2022 inflows to the fund estimated at \$130 million and estimated program expenditures at \$107 million. In Fiscal Year 2023, the Medicaid Expansion Fund is expected to start the year with more than \$180 million in balances, with inflows to the fund estimated at \$190 million and estimated program expenditures at \$117 million, resulting in an expected \$255 million fund balance to begin Fiscal Year 2024.

Federal Funding in the State Budget. Approximately 76% of federal funds included in the Fiscal Year 2023 budget fund the following programs: Medicaid (\$3.854 billion); transportation (\$510 million); education, including special education, school lunch, and Title I for disadvantaged students (\$904 million); Supplemental Nutrition Assistance (\$416 million); Temporary Assistance for Needy Families (\$71 million); and National Guard (\$60 million), Office of Rehabilitation (\$52 million). Not only do federal dollars fund a large portion of the State’s major social service programs, but federal dollars also play a key role in funding programs that provide care for elderly veterans, clean drinking water, and air pollution prevention.

According to a 2020 study published by Federal Funds Information for States (FFIS), in FY 2019, Utah had the lowest federal spending when measured on a per capita basis. This comparatively low level of federal funding is in part because Utah’s population is the youngest in the nation and receives a much smaller portion of federal dollars for programs such as Social Security and Medicare, two of the largest federal entitlement programs targeted to the elderly. A recent federal spending report from the Pew Charitable Trust shows that Utah has the fifth-lowest total of federal funding compared to all revenue sources. Another group of researchers recently compared gross domestic product (GDP) and federal assistance to federal taxes paid and determined that Utah is the ninth least dependent state on federal revenue.

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 \$708,530,000 in outstanding BABs (the State’s \$631,415,000 of general obligation bonds and \$6,830,000 of water revenue bonds; and the Authority’s \$70,285,000 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 2022 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 2022 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 2022 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 2022 Bonds

There is no litigation pending or threatened against the 2022 Bonds questioning or in any matter relating to or affecting the validity of the 2022 Bonds.

On the date of the execution and delivery of the 2022 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 2022 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 2022 Bonds or such other documents as may be required in connection with the issuance and sale of the 2022 Bonds, or to comply therewith or perform its respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2022 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2022 Bonds are issued, the legality of the purposes for which the 2022 Bonds are issued, or the validity of the 2022 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— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Notes to the Financial Statements—Note 16. Litigation, Contingencies, and Commitments—Litigation" (ACFR page 120).

Attorney General's Opinion Of Effect Of Legal Proceedings On State's Ability To Make Timely Payments On 2022 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 2022 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 income tax consequences of holding and disposing of the 2022 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 2022 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 2022 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 2022 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 2022 Bonds:

Federal Tax Exemption. The interest on the 2022 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 2022 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 2022 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 2022 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 2022 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the 2022 Bonds.

State of Utah Tax Exemption. The interest on the 2022 Bonds is exempt from State individual income taxes.

Bond Counsel is expressing no opinion regarding other federal, state, or local tax consequences arising with respect to the 2022 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 2022 Bond over its issue price. The issue price of a 2022 Bond is generally the first price at which a substantial amount of the 2022 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 2022 Bond during any accrual period generally equals (1) the issue price of that 2022 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that 2022 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 2022 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 2022 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 2022 Bond over its stated redemption price at maturity. The issue price of a 2022 Bond is generally the first price at which a substantial amount of the 2022 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 2022 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the 2022 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 2022 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 2022 Bond, an owner of the 2022 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 2022 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the 2022 Bond. To the extent a 2022 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 2022 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 2022 Bonds, and to the proceeds paid on the sale of the 2022 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 2022 Bonds should be aware that ownership of the 2022 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 2022 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of 2022 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 2022 Bonds, including the possible application of state, local, foreign, and other tax laws.

MISCELLANEOUS

Bond Ratings

Moody’s and S&P have rated the 2022 Bonds “Aa1,” and “AA+” respectively, as of the date of this OFFICIAL STATEMENT. No rating was requested from Fitch.

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 2022 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 2022 Bonds. The Authority and the State have not applied to Fitch for a rating on the 2022 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 2022 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 2022 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 2022 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors relating to the sale of the 2022 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 2022 Bonds.

Independent Auditor

The financial statements of the State as of June 30, 2021, and for the fiscal year then ended, are included as “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021” to this OFFICIAL STATEMENT and have been audited by the office of the State Auditor, as indicated in its report thereon (ACFR 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 2022 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 2022 Bonds, and subsequently, at the office of the Trustee in Minneapolis, Minnesota.

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH
FOR FISCAL YEAR 2021**

The ACFR of the State for Fiscal Year 2021 is contained herein.

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 ACFR for the 36th consecutive year, beginning with Fiscal Year 1985 through Fiscal Year 2020.

The State has submitted its Fiscal Year 2021 ACFR to GFOA to determine its eligibility for a Certificate of Achievement. The State believes that its Fiscal Year 2021 ACFR 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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STATE OF UTAH

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Michael Hart

Sun slips behind the Oquirrh Mountains.

State of Utah
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

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

OTHER STATE OFFICIALS

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Sophia M. DiCaro.....Executive Director, Governor’s Office of Planning and Budget
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Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort has made this report possible. Thank you also to Clark Kidman at Design Type Service for providing photo images and captions throughout the report.



Utah Department of
**Government
Operations**

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

State of Utah
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

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State of Utah
ANNUAL COMPREHENSIVE FINANCIAL REPORT

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State of Utah

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

Department of Government Operations

Division of Finance

JENNEY REES
Executive Director

JANICA M. GINES, CPA
Division Director

December 21, 2021

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

It is our pleasure to present the 2021 Annual Comprehensive Financial Report of the State of Utah in accordance with Section 63A-3-204 of the *Utah Code*. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. To the best of our knowledge and belief, the enclosed data accurately presents the State's financial position and results of operations in all material respects in accordance with generally accepted accounting principles (GAAP). We believe that all disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

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

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

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

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

PROFILE OF THE GOVERNMENT

Structure – As shown in the [Organizational Chart](#), state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Utah Constitution*, which can be amended only by vote of the Legislature and a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government provides various services to over 3,328,000 citizens. Services include building and maintaining roads; providing public safety, health, and environmental protection services to protect the general welfare of the State's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural

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

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

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

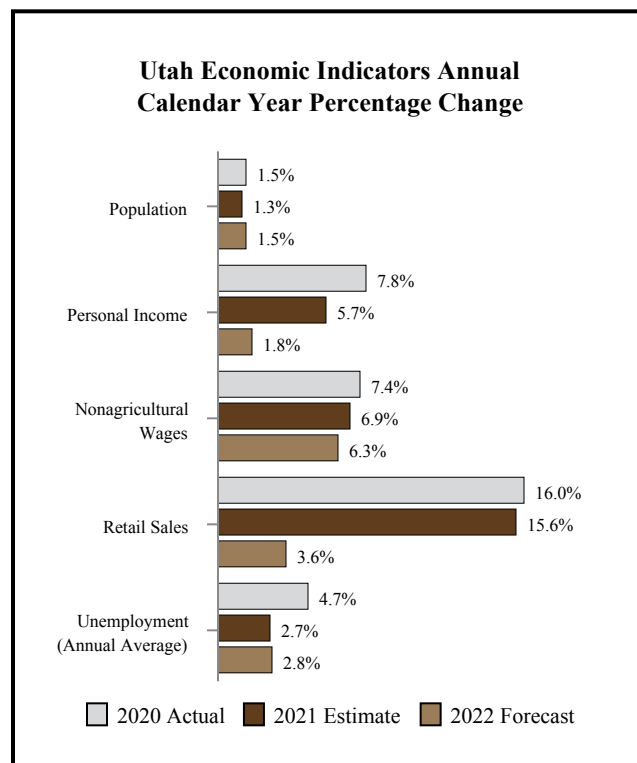
INFORMATION USEFUL IN ASSESSING A GOVERNMENT’S ECONOMIC CONDITION

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

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

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

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



Source: State of Utah Revenue Assumptions Working Group, Moody’s Economy.com, and IHS Markit.

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

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

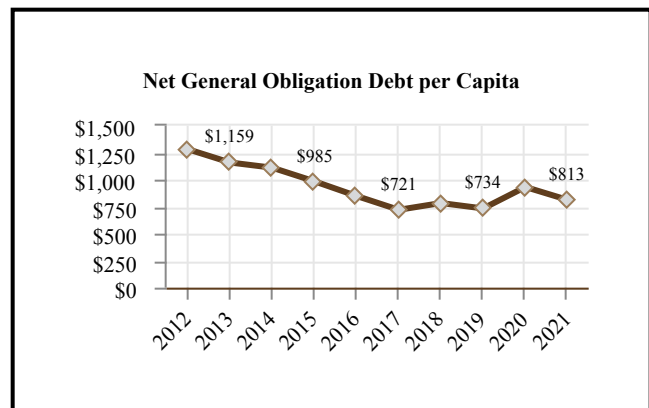
	Number of Jobs				Components of Labor Force
	September (p) 2021	September (r) 2020	Numerical Change	Percentage Change	September (p) 2021
Trade, Transportation, and Utilities	307.40	294.00	13.40	4.56 %	18.91 %
Professional and Business	242.10	228.50	13.60	5.95 %	14.90 %
Education and Health Services	214.10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

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

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

FINANCIAL PLANNING AND POLICIES

General Obligation Debt Administration – As part of long-term financial planning, the State has used a combination of bonding and pay-as-you-go methods to meet its infrastructure needs. In fiscal years 2010 through 2014, under budget constraints coupled with a low interest rate environment, the State elected to increase its debt by issuing bonds for highway and/or building projects that otherwise would have been funded from current resources. During the years debt was issued, the State continued to fund some projects with cash. In fiscal years 2015 and 2016, the State continued its prudent fiscal management by paying cash for most buildings, highways, and other projects.



In fiscal year 2015, the State authorized \$474.7 million in general obligation debt for the new prison project. There were no general obligation bond issuances, authorizations, or refundings in fiscal year 2016. In fiscal year 2017, the State authorized \$1.0 billion in general obligation bonds for highway construction projects and authorized an additional \$101.0 million for the prison project. In fiscal year 2018, the State authorized no new general obligation bonds, but issued \$295.8 million for highway

construction projects and \$189.4 million for the prison project from prior authorizations. The State also advanced refunded \$118.7 million of general obligation bonds to take advantage of the low interest rate environment. In fiscal year 2019, the State issued \$127.7 million for highway construction projects from prior bond authorizations. In fiscal year 2020, the State authorized \$89.5 million in general obligation bonds for highway projects, cash defeased \$78.4 million of highway bonds, and issued \$600.1 million for highway construction projects and \$295.7 million for the prison project from fiscal year 2020 and prior authorizations. In fiscal year 2021, the State authorized \$52.1 million in general obligation bonds for highway projects and \$266.6 million for rail and transit projects. As of June 30, 2021, the State's general obligation debt per capita was \$813. The State has an aggressive policy of repaying its general obligation debt within ten years for debt associated with capital facilities and fifteen years for highway construction projects. More information about the State's long-term debt is found in [Note 10](#) to the Basic Financial Statements.

Revenue and Expenditure Forecasts – Economists and budget analysts from the Executive and Legislative branches of government work with experts from the private sector and academia to develop the consensus revenue forecast used for establishing the State's annual budget. The final 2021 consensus revenue forecast projected an increase of 27.9 percent in fiscal year 2021 from 2020 actual revenue for the General and Education Funds combined. For fiscal year 2022, a 6.1 percent decrease is projected. The long-term average revenue growth rate, adjusted for inflation, was approximately 3.3 percent for fiscal periods 1971 through 2020. See the Budgetary Highlights – General Fund in the [MD&A](#) for a comparison of budgeted to actual results for fiscal year 2021.

Budget Stabilization – In accordance with Sections 63J-1-312 and 313 of the *Utah Code*, the State maintains the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") and an Education Budget Reserve Account in the Education Fund (the "Education Reserve"). State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund after any required Medicaid growth savings transfer is made (see Medicaid Sustainability section below) and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve based on the amount of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred. Both the General Fund and Education Fund had a revenue surplus in fiscal year 2021. A transfer of \$141.5 million was made to the Education Reserve Fund in fiscal year 2021. The Rainy Day Fund met the statutory limit at yearend and no funds were transferred. For additional information on the State's budget stabilization accounts see [Note 12.B](#).

Medicaid Sustainability – The State implemented reforms in the Medicaid program in an effort to bring Medicaid growth more in line with overall revenue growth. The reforms align financial incentives in the health care system by replacing the fee-for-service model with one or more risk-based delivery models. When a General Fund revenue surplus occurs, an amount representing the Medicaid growth savings from the risk-based delivery models will be deposited into the "Medicaid Budget Stabilization Account." The account will then be used to meet the growing needs in the program in years when growth is expected to be at least 8 percent. A transfer of \$39.1 million was made into the account in fiscal year 2021. For additional information on the State's budget stabilization accounts see [Note 12.B](#).

Public Education Growth – Projections indicate that an additional 7,245 new students will enroll in fall 2021. Due to the current and future enrollment growth and the demands it places on state funding, public education continues to be a top priority for the Governor and the Legislature.

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

Additionally, the Legislature created the Federalism Commission in Section 63C-4a-302 of the *Utah Code*. One aspect of the Commission's responsibilities is to study and make recommendations on federal funding issues. The Commission is tasked with considering the financial stability of the federal government, the risk that the State will experience a reduction in the amount or value of federal funds, and methods to avoid or minimize the risk. Utah law requires economists and budget analysts from the Executive and Legislative branches of government to consider expected changes in federal funding when preparing the annual revenue volatility report and, if appropriate, recommend changes to amounts or limits of reserve funds. Section 63J-1-205 of the *Utah Code* requires the analyst to evaluate current and long-term trends relating to federal funds receipts and taxes, and prepare a three-year cycle of analysis on revenue volatility and budget matters.

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

Spending Limitation – The State has a statutory appropriations limit. The appropriations limit adjusts annually pursuant to a statutory formula based on population and inflation. The definition of appropriations includes only appropriations from General Fund and Education Fund sources (i.e., spending for public education and for transportation is exempt from the limitation). For the fiscal year ended June 30, 2021, the State was \$643.2 million below the appropriations limitation.

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

Operating/Capital Expenditure Accountability – Section 63J-1-205 of the *Utah Code* requires an annual revenue volatility report, with the purpose of managing volatility with rainy day deposit mechanisms and treating windfalls as one-time revenue. Section 36-12-13 of the *Utah Code* adds an in-depth budget review to the regular budget process. It also provides that the Office of the Legislative Fiscal Analyst shall prepare, before each annual general session of the Legislature, a summary showing the current status of the State’s debt, long-term liabilities, contingent liabilities, General Fund borrowing, reserves, fund and nonlapsing balances, and cash-funded capital investments, as compared to the prior nine fiscal years. In addition, the Legislative Fiscal Analyst also implemented a “fiscal health dashboard” website where legislators and citizens can quickly and easily check Utah’s fiscal health. The website can be found at le.utah.gov/lfa/fiscalhealth.

MAJOR INITIATIVES

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

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

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

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

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

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

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

State Employee Other Postemployment Benefit Plan – The Actuarially Determined Contribution (ADC) for the State Employee Other Postemployment Benefit (OPEB) plan was \$26.9 million. The Legislature considered this ADC when establishing the OPEB budget for fiscal year 2022. If paid on an ongoing basis, the ADC represents a level of funding that is projected actuarially to fund the unfunded liability over a period of three years.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded the *Certificate of Achievement for Excellence in Financial Reporting* to the State of Utah for its annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the thirty-sixth consecutive year the State has achieved this prestigious award.

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

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

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

Sincerely,

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

Janica Gines, CPA
Director of Finance



Government Finance Officers Association

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

Presented to

State of Utah

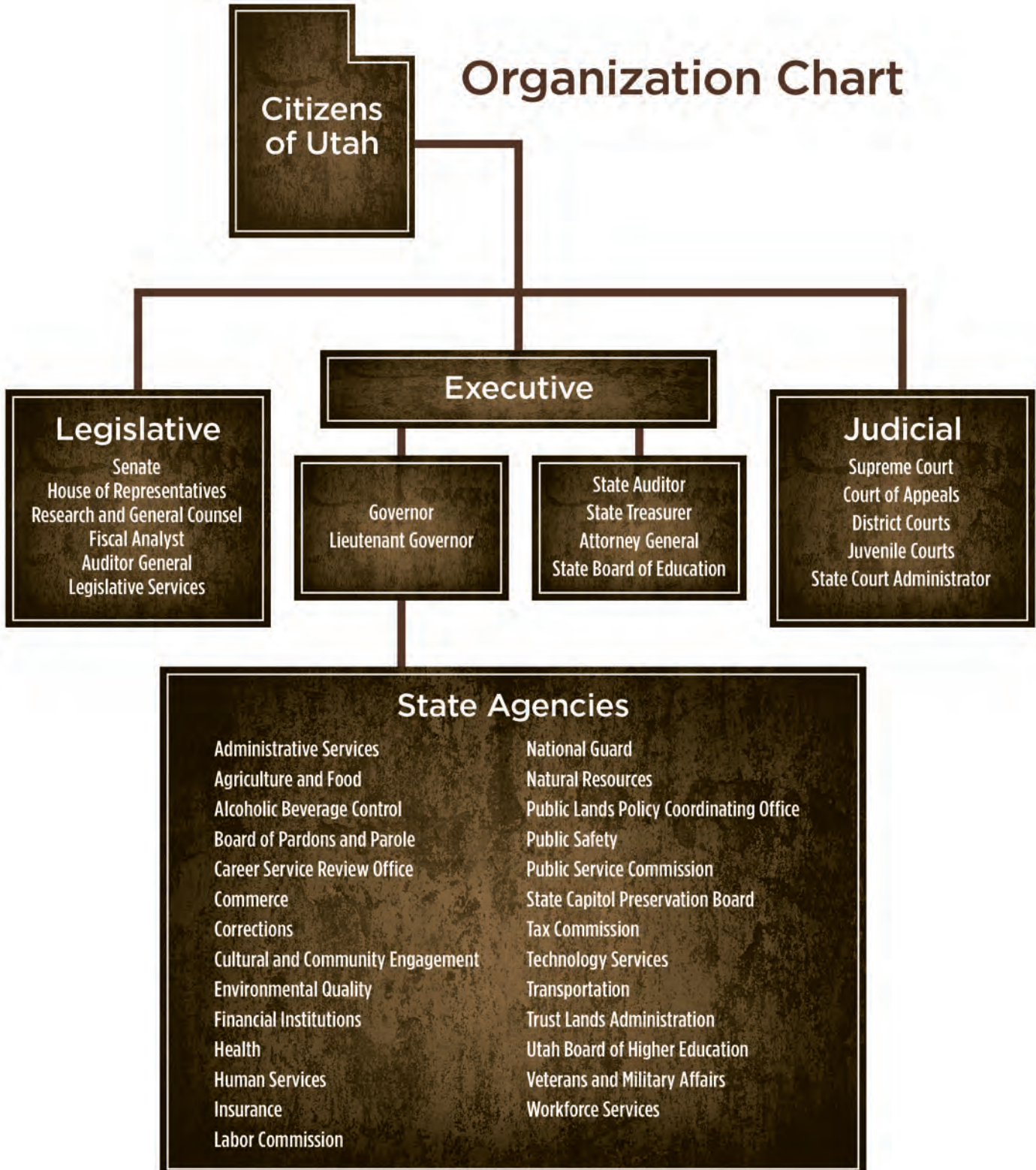
For its Annual Comprehensive
Financial Report
for the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Organization Chart



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STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FINANCIAL SECTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Cristina Thompson



OFFICE OF THE
STATE AUDITOR

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah (State), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

- School and Institutional Trust Funds Office, which represents 97 percent of the assets, 98 percent of the fund balance, and 88 percent of the revenues of the Permanent Trust Lands Fund.
- Student Assistance Programs, which represent 100 percent of the assets, net position, and revenues of the Student Assistance Programs' major enterprise fund.
- Public Employees Health Program, Utah Transit Authority, University of Utah Hospitals and Clinics, the University of Utah's component units, and Utah State University Space Dynamics Laboratory, which collectively represent 40 percent of the assets, 28 percent of the net position, and 52 percent of the revenues of the aggregate discretely presented component units.

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

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

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2021, and the respective changes in financial position and, where applicable, the cash flows thereof for the year then ended.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the State implemented Governmental Accounting Standards Board (GASB) Statement 84, *Fiduciary Activities*. This statement narrows the definition of a fiduciary fund and the accounting treatments for fiduciary funds. As a result, the State reclassified several funds, previously reported as fiduciary activities, to governmental or proprietary funds. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following information—Management’s Discussion and Analysis; Budgetary Comparison Schedules and Reporting; and, Information about the State’s Pension Plans, Other Postemployment Benefit Plans, and Infrastructure Reporting; comprising the Required Supplementary Information listed in the table of contents—be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State’s basic financial statements. Other information, such as Supplementary Information and the Introductory and Statistical sections, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Supplementary Information, comprised of Combining Statements and Individual Fund Statements and Schedules, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021 on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

Office of the State Auditor

Office of the State Auditor
December 21, 2021

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STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

MD&A
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Dana Johnson

Storm at sunset on Alkali Ridge.

INTRODUCTION

The following is a discussion and analysis of the State of Utah's financial performance and condition providing an overview of the State's activities for the fiscal year ended June 30, 2021. Please read this in conjunction with the [Letter of Transmittal](#) located in the Introductory Section of this report along with the State's [Basic Financial Statements](#) that follow this section.

HIGHLIGHTS

Government-wide

- Total assets and deferred outflows of resources of the State exceeded liabilities and deferred inflows of resources by \$32.321 billion (reported as net position). Of this amount, \$4.412 billion (unrestricted net position) may be used to meet the government's ongoing obligations, while \$27.910 billion is restricted for specific uses or invested in capital assets.
- The State's total net position increased \$3.681 billion or 12.85 percent over the prior year. Net position of governmental activities increased \$3.734 billion or 14.84 percent. Net position of business-type activities decreased \$53.057 million or 1.53 percent.

Fund Level

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

Long-term Debt

- The State's long-term bonded debt decreased by a net \$519.756 million or 11.76 percent. General obligation bonds for the primary government decreased \$354.587 million or 11.60 percent, while revenue bonds for the primary government decreased \$165.169 million or 12.05 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements – Reporting the State as a Whole

The [Statement of Net Position](#) and the [Statement of Activities](#) together comprise the *government-wide financial statements*. These statements provide a broad overview of the State's finances as a whole with a long-term focus and are prepared using the *full-accrual* basis of accounting, similar to private-sector companies. This means all revenues and expenses are recognized regardless of when cash is received or spent, and all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets and long-term debt, are reported at the entity level. The government-wide statements report

the State's *net position*—the difference between assets and deferred outflows of resources, compared to liabilities and deferred inflows of resources—and how it has changed from the prior year. Over time, increases and decreases in net position measure whether the State's overall financial condition is improving or deteriorating. In evaluating the State's overall condition, additional non-financial factors should be considered such as the State's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

- *Governmental Activities* – Most of the State's basic services fall under this activity including education, transportation, public safety, courts, corrections, health, and human services. Taxes and federal grants are the major funding sources for these programs.
- *Business-type Activities* – The State operates certain activities much like private-sector companies by charging fees to customers to cover all or most of the costs of providing the goods and services. Student loans, unemployment compensation, water loan programs, and liquor sales are examples of business-type activities.
- *Component Units* – A number of entities are legally separate from the State, yet the State remains financially accountable for them. Colleges and Universities, Utah Communications Authority, and Utah State Fair Corporation are examples of discrete component units.

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

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

- *Governmental Funds* – Most of the State's basic services are accounted for in governmental funds and are essentially the same functions reported as *governmental activities* in the government-wide statements. Governmental funds use the *modified accrual* basis of accounting, which measures the flow of current financial resources that can be converted to cash and the balances left at yearend that are available for future spending. This *short-term* view of the State's financial position helps determine whether the State has sufficient resources to cover expenditures for its basic services in the near future.
- *Proprietary Funds* – Proprietary funds include enterprise funds and internal service funds and account for state activities that are operated much like private-sector companies. Like the government-wide statements, proprietary fund statements are presented using the *full-accrual* basis of accounting. Activities whose customers are mostly outside of state government (e.g., water loans to local governments) are accounted for in *enterprise funds* and are the same functions reported as *business-type activities*. Thus, the *enterprise fund* financial statements reinforce the information reported for *business-type* activities in the government-wide statements, but provide more detail and additional information, such as cash flows. Activities whose customers are mostly other state entities (e.g., motor pool) are accounted for in *internal service funds*. The internal service fund activities are consolidated with the governmental activities in the government-wide statements because those services predominantly benefit governmental rather than business-type activities.
- *Fiduciary Funds* – Fiduciary funds account for assets that, because of trust relationships, can be used only for trust beneficiaries. The State is responsible for ensuring these assets are used for their intended purposes. Fiduciary funds use the *full-accrual* basis of accounting, but are *not* included in the government-wide statements because their assets are not available to finance the State's own programs.

Reconciliation between Government-wide and Fund Statements

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

- Capital assets and long-term debt are included on the government-wide statements, but are not reported on the governmental fund statements.
- Capital outlay expenses result in capital assets on the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.

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

Notes to the Financial Statements

The [Notes to the Financial Statements](#) provide additional information and schedules that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the governmental fund financial statements.

Required Supplementary Information (RSI)

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

Supplementary Information

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

Statistical Section

The [Statistical Section](#) provides up to ten years of financial, economic, and demographic information.

Adjustments to Beginning Net Position and Other Significant Changes

As discussed in [Note 2](#) of the financial statements, with the implementation of GASB Statement No. 84, *Fiduciary Funds*, several funds previously considered fiduciary in nature were reclassified as governmental or propriety funds, as appropriate. This resulted in an increase of the net position of governmental activities of \$3.513 million and of business-type activities by \$30.824 million.

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

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

The largest component of the State's net position, 58.73 percent, reflects investments in capital assets (e.g., land, buildings, equipment, intangible assets, roads, and other infrastructure) less the outstanding debt issued to finance those assets. These types of assets are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

Restricted net position comprises 27.62 percent of total net position and is subject to constitutional, legal, or external constraints on use. Net position that is restricted by the *Utah Constitution* includes individual income and corporate income taxes that can be used only for public and higher education costs, proceeds from fees, taxes, charges related to motor vehicles that can be used only for transportation expenses, and earnings received from investment of the permanent State School Fund.

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

(MD&A continues on next page.)

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

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

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

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

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

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

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

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

The State's total net position increased \$3.681 billion or 12.85 percent in fiscal year 2021. In comparison, net position in the prior year increased \$1.052 billion or 3.81 percent. The increase in total net position reflects a recovering economy and the active management of the State's resources. The change in net position is comprised of the following:

- *Net Investment in Capital Assets* – Total net investment in capital assets increased by 4.98 percent or \$901.128 million as the state continues to construct the new State prison and other infrastructure projects.
- *Restricted Net Position* – Total restricted net position increased \$1.254 billion or 16.34 percent over the prior year adjusted net position as follows:

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

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

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

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

(MD&A continues on next page.)

Changes in Net Position

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

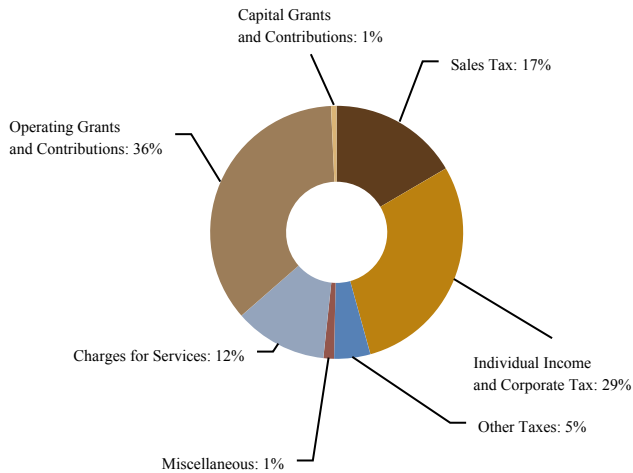
State of Utah
Changes in Net Position
for the Fiscal Year Ended June 30
(dollars expressed in thousands)

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

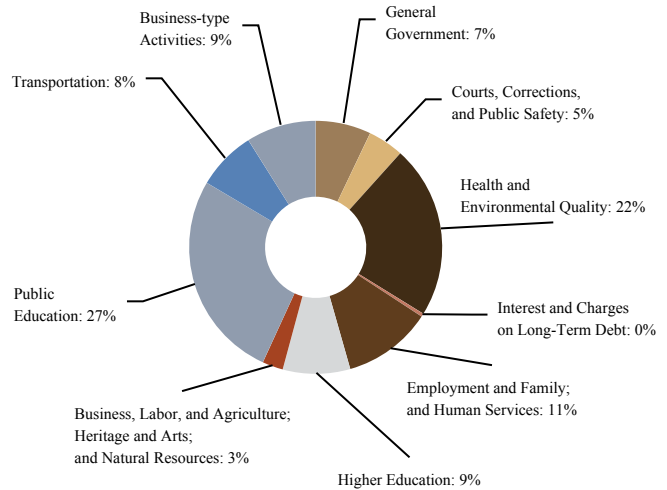
¹As reported in the published fiscal year ended June 30, 2020 annual comprehensive financial report.

(Charts on next page)

State of Utah Total Revenues FY 2021



State of Utah Total Expenses FY 2021



This year the State received 50.34 percent of its revenues from state taxes and 36.43 percent of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 53.46 percent and grants and contributions were 32.08 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park fees, and court fees, combined with other miscellaneous collections, comprised 13.23 percent of total revenues in fiscal year 2021 as compared to 14.46 percent in fiscal year 2020.

Governmental Activities

The State’s total governmental revenues from all sources increased \$4.473 billion or 28.65 percent. The increase was due in part to an increase in tax revenues of \$1.729 billion or 18.84 percent due to economic growth despite the continuing COVID-19 pandemic and a \$2.398 billion or 52.17 percent increase of operating grants and contributions of federal funding provided for aid and relief for the COVID-19 pandemic. The balance of the increase was due to an increase in demand for services. Significant changes in governmental activities’ revenues and expenses at the government-wide level mirror changes in the governmental funds, except for Transportation and Public Safety expenses, as discussed below. However, due to differences in measurement focus and timing of collections, the increase at the government-wide level should not be used to predict future increases at the fund statement or budget level.

- *Transportation* — Expenses decreased \$215.121 million or 13.58 percent, as compared to the prior year, due to an increase in the amount spent for transportation related capital outlay (i.e. land, roads, and bridges) as compared to prior year, primarily for completion of the I-15 Lehi project. The amount expended for capital outlay is not reported as an expense, but as an asset on the government-wide statements.
- *Public Safety* — Expenses increased \$46.422 million or 14.76 percent as compared to the prior year. Prior year expenses were lower due to the capitalization of the Camp Williams Readiness Center in the prior year with no corresponding capital projects during fiscal year 2021.

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

(MD&A continues on next page.)

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

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

Business-type Activities

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

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

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

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Fund Balances

At June 30, 2021, the State's governmental funds reported combined ending fund balances of \$10.372 billion. Of this amount, \$2.206 billion or 21.27 percent is nonspendable, either due to its form or legal constraints, and \$4.709 billion or 45.40 percent is restricted for specific programs by either external constraints, constitutional provisions, or contractual obligations. Revenue restricted for public education, revenue that derives from the operation of motor vehicles on public highways, mineral lease revenues, and earnings received from investment of the Trust Lands Permanent Fund are included in restricted fund balance. An additional \$2.437 billion or 23.50 percent of the total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An additional \$909.263 million or 8.77 percent of the total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining \$109.774 million or 1.06 percent of the fund balance is unassigned and available for future appropriations.

(MD&A continues on next page.)

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

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

General Fund

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

Specific changes in the General Fund balance include the following:

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

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

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

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

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

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

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

Budgetary Highlights – General Fund

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

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

Education Fund

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

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

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

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

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

Transportation Fund

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

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

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

Transportation Investment Fund

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

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

Trust Lands Permanent Fund

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

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

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Student Assistance Programs

The net position of the Student Assistance Programs decreased slightly by \$9.188 million or 2.43 percent from the prior year. Total assets decreased \$158.762 million or 10.67 percent mainly due to a decrease of \$133.330 million in student loans receivable and a \$16.848 million decrease in investments due to the elimination of a derivative instrument–interest rate swap, which occurred as a result of defeasance. Total Liabilities decreased \$141.822 million or 13.07 percent primarily due to a \$137.387 million or 12.86 percent reduction in bonds and notes payable, due to a combination of principal payments and changes in issuance and retirement of certain outstanding obligations. Revenue decreased by a total of \$36.156 million or 34.76 percent. Student loan interest revenue decreased \$10.632 million or 18.44 percent from the prior year due in large part to continued relief provided by the CARES Act to federal borrowers in the form of an interest waiver. Federal reinsurance decreased \$10.753 million or 65.82 percent as a result of portfolio closure. Sales and charges for services were reduced by \$14.824 million or 55.05 percent primarily due to a decline in federal loan servicing revenue as a result of portfolio closure. The Programs experienced an overall decrease in operating expenses of \$29.698 million or 27.74 percent. This is mostly comprised of a decrease in interest expense of \$21.010 million or 73.73 percent due to both declining market rates as a continued result of the COVID-19 pandemic, reductions in outstanding debt balances, and a decrease in the payments to lenders for guaranteed claims of \$10.777 million or 65.84 percent. Of a total net position of \$368.941 million, \$189.615 million is restricted for use within the Programs by bond covenants or federal law.

Unemployment Compensation Fund

The State's average unemployment rate for the fiscal year 2021 decreased to an estimated 2.70 percent from 4.90 percent the prior year. Employer tax revenue increased \$33.140 million or 18.30 percent due to an overall contribution rate increase from the prior year. Expenses decreased \$37.313 million or 3.24 percent due to fewer claims as the economy recovers, but are still high due to the continued COVID-19 pandemic. Overall, benefit payments far exceeded employer taxes and other revenues, resulting in a decrease in net position of \$148.364 million or 15.54 percent. The entire net position of \$806.448 million is restricted for use within the fund by state and federal law.

Employers' Reinsurance Fund

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

Water Loan Programs

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

Community Impact Loan Fund

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

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

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

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

Several buildings financed by the State are actually owned by the colleges and universities, which are discrete component units of the State. Therefore, while the capital assets are on the discrete component unit's financial statements, any outstanding debt issued by the State to finance the construction of those assets is reported as a liability of the State's governmental activities. This in turn reduces unrestricted net position. As of June 30, 2021, the State had \$58.929 million of outstanding debt related to capital assets of discretely presented component units.

At June 30, 2021, the State had commitments in capital projects funds of \$624.622 million for building projects and \$770.228 million for highway construction and improvement projects. The State also had commitments of \$421.020 million for road construction and other contract commitments in the Transportation Fund. Funding for the commitments will come from existing resources in these funds and from future appropriations and bond proceeds.

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

The State's established condition level for state roads is to maintain a certain percentage of mileage at a "fair" or better condition. The overall system has a target of 80.00 percent rated as "fair" or better. The most recent condition assessment completed in 2020 indicated that 93.26 percent of roads were in "fair" or better condition. These results reflect maintaining roads above target percentages and are consistent with calendar year 2019, when 91.18 percent of roads were assessed as "fair" or better condition.

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

During fiscal year 2021, the State spent \$415.212 million and \$73.273 million to maintain and preserve roads and bridges, respectively. These combined amounts were 9.95 percent below the estimated amounts of \$461.097 million and \$81.370 million needed to maintain these roads and bridges at established condition levels, respectively.

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

Long-term Debt

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

State to not exceed 45.00 percent of the maximum allowable state budget appropriation limit. As of June 30, 2021, the general obligation indebtedness of the State was \$4.763 billion below the constitutional debt limit and \$1.381 billion below the statutory debt limit.

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

State of Utah Net Outstanding Bonded Debt as of June 30 (expressed in millions)							
	Governmental Activities		Business-type Activities		Total Primary Government		Percentage Change
	2021	2020	2021	2020	2021	2020	2020 to 2021
General Obligation Bonds	\$ 2,706	\$ 3,061	\$ —	\$ —	\$ 2,706	\$ 3,061	(11.60)%
Revenue Bonds:							
State Building Ownership Authority	177	191	84	91	261	282	(7.45)%
Student Assistance Programs	—	—	931	1,069	931	1,069	(12.91)%
Water Loan Programs	—	—	13	20	13	20	(35.00)%
Total Bonds Payable	\$ 2,883	\$ 3,252	\$ 1,028	\$ 1,180	\$ 3,911	\$ 4,432	(11.76)%

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

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

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

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

Preliminary data for fiscal year 2022 show tax revenues to be in line with estimates. The State's overall unemployment rate is expected to be 2.70 percent in 2021, a decrease from the average 2020 rate of 4.70 percent. Taxable retail sales are expected to increase 15.60 percent in 2021 and increase 3.60 percent in 2022. Personal income is expected to increase 5.70 percent in 2021, and 1.80 percent in 2022. Because these indicators are measured on a calendar year basis, the impact on the State budget will not be fully realized until well into fiscal year 2022. The Governor and Legislature will review the fiscal year 2022 budget again during the upcoming 2022 General Session and take action as necessary to ensure a balanced budget.

CONTACTING THE STATE'S DIVISION OF FINANCE

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Department of Government Operations: Division of Finance, Financial Reporting Section at P.O. Box 141031, Salt Lake City, UT, 84114, phone (801) 957-7780 or by email at utahcafr@utah.gov. You may also visit our website at finance.utah.gov.

The preceding discussion and analysis focuses on the State's primary government operations. With the exception of a few nonmajor discretely presented component units, the State's discrete component units each issue separate audited financial statements that include their respective management's discussion and analysis. Discrete component unit statements may be obtained from their respective administrative offices or from the Office of the State Auditor, Utah State Capitol Complex, East Office Building, Suite E310, Salt Lake City, UT 84114. You may also visit their website at auditor.utah.gov.

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STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Scott Osborn

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Statement of Net Position
(expressed in thousands)

June 30, 2021

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

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

State of Utah

Statement of Activities (expressed in thousands)

For the Fiscal Year Ended June 30, 2021

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

Continues

Statement of Activities
(expressed in thousands)

For the Fiscal Year Ended June 30, 2021
Continued

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

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

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General Fund

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

Education Fund

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

Transportation Fund

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

Transportation Investment Fund

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

Trust Lands Fund

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

Nonmajor Governmental Funds

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

State of Utah

Balance Sheet
Governmental Funds
(expressed in thousands)

June 30, 2021

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

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

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

June 30, 2021

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

The total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds: (See [Note 8](#))

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

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

Revenues are not available soon enough after yearend to pay for the current period's expenditures	863,641	
Related to Pensions	(416,658)	
Related to Other Postemployment Benefits	<u>(51,528)</u>	395,455

Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations to individual governmental funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.

64,521

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

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

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

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

Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the governmental funds: (See [Note 10](#))

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

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

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

State of Utah

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

For the Fiscal Year Ended June 30, 2021

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

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

State of Utah

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

For the Fiscal Year Ended June 30, 2021

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

The change in net position reported for governmental activities in the Statement of Activities is different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for discrete component units. When the buildings are completed they are “transferred” to the respective discrete component unit and reported as expenses in its Statement of Activities. This is the amount by which capital outlays of \$1,318,105 exceeded depreciation expense of \$(119,521) and buildings “transferred” to discrete component units of \$(107,010) in the current period. (See [Note 8](#)) 1,091,574

In the Statement of Activities only the gain/loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus the change in net position differs from the change in governmental fund balance by the cost of the assets sold. (25,000)

Net effect of revenues reported on the accrual basis in the Statement of Activities that are reported as deferred inflows of resources in the governmental funds, as they are unavailable and do not provide current financial resources. 204,164

Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations to individual governmental funds. The net revenue (expense) of the internal service funds is reported with governmental activities. 22,574

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

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

Expenditures are recognized in the governmental funds when paid or due for: items not normally paid with available financial resources; and interest on long-term debt unless certain conditions are met. However, the Statement of Activities is presented on the accrual basis and expenses are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances:

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

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

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

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PROPRIETARY FUND FINANCIAL STATEMENTS

STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

Photo by Dana Johnson

Contrails at sunset.

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Student Assistance Programs

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

Unemployment Compensation Fund

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

Water Loan Programs

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

Community Impact Loan Fund

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

Employers' Reinsurance Fund

This fund primarily provides compensation to individuals injured from industrial accidents or occupational diseases occurring on or before June 30, 1994, where the injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on insurance premiums and court-ordered penalties. The net position of the fund is held for use for injured workers and cannot be used for any other purpose.

Nonmajor Enterprise Funds

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

Governmental Activities – Internal Service Funds

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

Statement of Net Position
Proprietary Funds
(expressed in thousands)

June 30, 2021

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

Continues

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

Statement of Net Position
 Proprietary Funds
 (expressed in thousands)

June 30, 2021

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

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

State of Utah

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

For the Fiscal Year Ended June 30, 2021

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

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

State of Utah

Statement of Cash Flows

Proprietary Funds

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

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

Continues

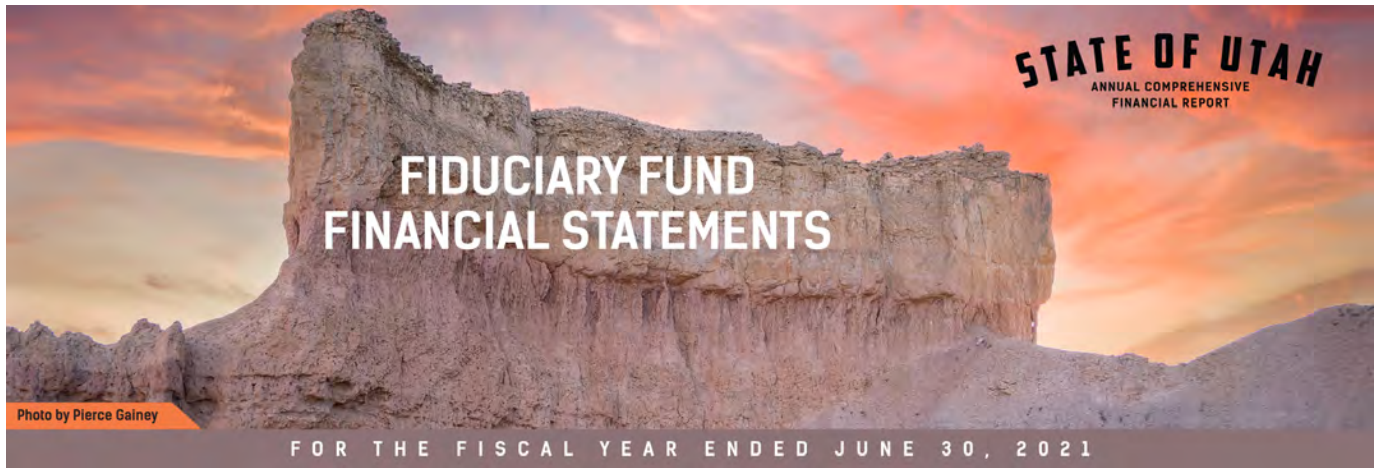
The Notes to the Financial Statements are an integral part of this statement.

Statement of Cash Flows
 Proprietary Funds
 (expressed in thousands)

For the Fiscal Year Ended June 30, 2021

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

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



Pension and Other Employee Benefit Trust Funds

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

Private Purpose Trust Funds

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

Custodial Funds

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

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

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

June 30, 2021

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

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

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

For the Fiscal Year Ended June 30, 2021

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

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

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COMPONENT UNIT FINANCIAL STATEMENTS

STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

Photo by Michael Hart

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Public Employees Health Program

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

University of Utah and Utah State University

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

Utah Transit Authority

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

Nonmajor Component Units

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

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

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

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

Continues

State of Utah

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

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

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

State of Utah

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

For the Fiscal Year Ended June 30, 2021

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

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

STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Dana Johnson

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

For the Fiscal Year Ended June 30, 2021

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

Blended Component Units

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

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

Discrete Component Units

Discretely presented component units are organizations that are legally separate and do not exist to provide services exclusively to the primary government. Financial information for discretely

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

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

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

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

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

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

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

The State's nonmajor discrete component units are:

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

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

Utah State Fair Corporation – This Corporation is a nonprofit public corporation that operates the State Fair Park and conducts

the Utah State Fair and other various expositions and entertainment events.

Colleges and Universities – Weber State University, Southern Utah University, Salt Lake Community College, Utah Valley University, Dixie State University, Snow College, Bridgerland Technical College, Davis Technical College, Dixie Technical College, Mountainland Technical College, Ogden-Weber Technical College, Southwest Technical College, Tooele Technical College; and Uintah Basin Technical College. These colleges and universities are funded primarily through state appropriations, tuition, federal grants, and private donations and grants.

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

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

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

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

Point of the Mountain Development Authority – This Authority was created by the Utah Legislature during the 2018 General Session to facilitate the disposition of land, nearly 700 acres, where the Utah State Prison now stands and to oversee the process of developing the current site once the prison has been relocated. The Authority is an independent, nonprofit corporation. Operations are funded through state appropriations. The Authority does not issue separate financial statements.

Fiduciary Component Units

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

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

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

Related Organization (Excluded from Financial Statements)

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

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

governmental and enterprise funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary fund financial statements.

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

Government-wide Financial Statements

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

Governmental Fund Financial Statements

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

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

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

- **General Fund.** This fund is the principal operating fund of the State. It accounts for all financial resources not accounted for and reported in another fund.
- **Education Fund.** This special revenue fund accounts for all corporate taxes, income taxes, and revenues from taxes on intangible property that support public and higher education. Specific revenues that support public elementary and secondary schools in the State are also reported in the Education Fund.
- **Transportation Fund.** This special revenue fund accounts for dedicated highway user taxes, fees, and federal funds associated with construction, maintenance, and repair of state highways and local roads.
- **Transportation Investment Fund.** This capital projects fund accounts for vehicle registration fees, sales and use taxes, bond proceeds, and federal funds used in the construction and reconstruction of specific highway projects. Projects designated for the Transportation Investment Capacity program are accounted for in this fund.

- **Trust Lands Fund.** This is a permanent fund that accounts for investment earnings, land grants, and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education. The Utah Constitution allows all investment earnings of the permanent fund to be distributed, limited to four percent of the fund (calculation described in statute). The Utah School and Institutional Trust Lands Administration (SITLA) and the School and Institutional Trust Fund Office (SITFO) manage the assets of the Trust. SITFO issues separate audited statements for the investments they manage.

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

Proprietary Fund Financial Statements

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

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

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

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

- **Employers' Reinsurance Fund.** This fund primarily provides compensation to individuals injured from industrial accidents or occupational diseases occurring on or before June 30, 1994, where the injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on insurance premiums.

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

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

Fiduciary Fund Financial Statements

The fiduciary funds account for assets held by the State in a trustee or custodial capacity for others that cannot be used to support the State's own programs. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The following fiduciary fund types are reported:

- **Funds and Other Employee Benefit Trust Funds.** These funds account for the plan assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and changes in net position of: (1) defined benefit pension plans and defined contribution plans administered by Utah Retirement Systems; (2) the Post-Retirement Benefits Trust Funds, defined benefit other postemployment health care plans administered by the State for state employees and elected officials; and (3) Other Employee Benefits Trust Fund used to separately account and report assets dedicated for employee benefits other than postemployment healthcare benefits that are administered through the Post-Retirement Benefits Trust Funds.
- **Private Purpose Trust Funds.** These funds report resources held in a trust or trust arrangement that are required to be used for specific purposes for the benefit of individuals or other organizations. Examples include the Utah Navajo Trust Fund and the Utah Educational Savings Plan Trust.
- **Custodial Funds.** These funds are assets held by the State as a custodial agent for the benefit of individuals, organizations, or other governments that are not part of the State's reporting entity. They also include the external investment pool which is used account for the investments related to external participants in the Utah State Public Treasurers' Investment Fund; the Unclaimed Property fund; and funds related to fines, forfeitures, tax collections, and restitution payments collected on behalf of others.

Discrete Component Unit Financial Statements

The combining discrete component unit financial statements are presented in order to provide information on each of the major discrete component units included in the discrete component unit's column of the government-wide statements. The discrete

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

D. Fiscal Yearends

All funds and discretely presented component units are reported using fiscal years which end on June 30, except for the following entities which have fiscal years ending December 31:

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

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

Cash and Cash Equivalents and Investments

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

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

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

value of the investments is based upon the Fund's ownership interest in partners' capital.

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

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

See [Note 3](#) for additional information about derivative instruments.

Receivables

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

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

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

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

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

Inventories, Prepaid Items, and Other Assets

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

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

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

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

Capital Assets

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

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

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

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

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

Most works of art and historical treasures of the primary government are not capitalized or depreciated. These assets are held for public exhibition, education, or research rather than financial gain. These assets are also protected, unencumbered, preserved, and subject to policies requiring the proceeds from sales of collection items to be used to acquire other collection items. The State’s assets of this nature include the State Fine Art Collection, photographs, prints, paintings, historical documents and artifacts, monuments, statues, and pale-ontological and archaeological collections. See [Note 8](#) for additional information about capital assets.

Deferred Outflows of Resources

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

Accrued Liabilities

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

Unearned Revenue

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

Policy Claims Liabilities

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

Long-term Debt

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

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

The *Tax Reform Act of 1986* requires governmental entities issuing tax-exempt bonds to refund to the U.S. Treasury interest earnings on bond proceeds in excess of the yield on those bonds. Governmental entities must comply with arbitrage rebate requirements in order for their bonds to maintain tax-exempt status. Entities are required to remit arbitrage rebate payments for non-purpose interest to the federal government at least once every five years over the life of the bonds. Some State of Utah bonds may be exempt from the rebate requirements if they meet certain statutory exceptions per the regulations.

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

Compensated Absences

For most employees vacation leave is accrued at a rate of four hours every two weeks for the first five years of employment, and grows to a rate of seven hours every two weeks after 20 years of employment. There is no requirement to use vacation leave, but a maximum of 320 hours may be carried forward at the beginning of each calendar year. The State established the State Employees’ Annual Leave Trust Fund (other employee benefit trust funds)

where any unused vacation leave is paid to employees upon termination. The ongoing termination payments from the Trust Fund are provided by charges to agency budgets as benefits are earned. Vacation leave taken as time off is paid from current budgets when used.

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

At retirement, for participating agencies, an employee receives 25 percent of the value of all unused accumulated sick leave, earned prior to January 4, 2014, as a mandatory employer contribution into a 401(k) account. Each day of remaining sick leave earned prior to January 1, 2006, may be used to participate in the State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan), to purchase health and life insurance coverage or Medicare supplemental insurance. See [Note 18](#) for additional information about the State Employee OPEB Plan.

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

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

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

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

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems (URS) Pension Plan and additions to/

deductions from URS’s fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government’s proportionate share of pension amounts were further allocated to proprietary funds (business-type activities) based on the amount of employer contributions paid by each proprietary fund. Pension investments are reported at fair value.

Postemployment Benefits Other than Pensions (OPEB)

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

Deferred Inflows of Resources

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

Net Position/Fund Balances

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

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

The State maintains three stabilization accounts: (1) the General Fund Budget Reserve Account in the General Fund (the “Rainy Day Fund”) reported as committed fund balance; (2) the Medicaid Growth Reduction and Budget Stabilization Restricted Account in the General Fund (“the Medicaid Budget Stabilization Account”) reported as committed fund balance; and (3) the

Education Budget Reserve Account in the Education Fund (the "Education Reserve") reported as restricted fund balance. The resources of these accounts may only be expended when specific non-routine budget shortfalls occur and upon appropriation by the Legislature.

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

F. Restricted and Unrestricted Resources

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

Grants

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

Federal grants include nonmonetary transactions for food and vaccine commodities and personal protective equipment (PPE). Commodity revenues and expenditures are valued at their federally reported value. PPE revenue and expenditures are valued at acquisition value at the time the items were received. Commodity and federal grant PPE inventories at yearend are immaterial. For the fiscal year ended June 30, 2021, the State reported revenues and expenditures of \$33.932 million and \$22.576 million for commodities and PPE, respectively, in the General Fund, and \$27.818 million for commodities in the Education Fund (special revenue fund).

Investment Income

Investment income includes interest, dividends, realized gains and other earnings, and the change in fair value of investments. Negative investment income is reported where the decrease in the fair value of investments due to market conditions exceeded the other components of investment income.

In accordance with state law, interest and dividend income from the State Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the General Fund. A portion of the applicable income in the General Fund is transferred into the State Endowment Fund to increase the principal in the fund as required by state law. The State Endowment Fund generated \$5.721 million of interest and dividend income, of which \$3.590 million was reported in the General Fund and \$2.131 million was reported in the State Endowment Fund.

G. Interfund Transactions

Government-wide Financial Statements

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

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

Governmental Fund Financial Statements

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

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

NOTE 2. BEGINNING NET POSITION ADJUSTMENTS AND OTHER CHANGES

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

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

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

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

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

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

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

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

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

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

Other Adjustments and Changes

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

During fiscal year 2021, management of the Office of the Attorney General reclassified a portion of services and employees to the Attorney General Legal Services Fund, an Internal Service Fund. As a result, the Attorney General Legal Services Fund was allocated a proportionate share of the State's Net Pension and OPEB liabilities in accordance with GASB statements 68 and 75. This resulted in a reduction of the fund's beginning net position of \$2.703 million.

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

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

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

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

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

NOTE 3. DEPOSITS AND INVESTMENTS

Deposits and investments for the primary government and its discrete component units are governed by the State's Money Management Act (MMA) (Title 51, Chapter 7 of the *Utah Code*) and rules of the State Money Management Council. However, the MMA also exempts certain funds that have a long time horizon to make investments of a long-term nature, such as equities and bond mutual funds. In the primary government these are the Trust Lands (permanent fund), State Endowment (nonmajor special revenue fund), Utah Navajo Trust (private purpose trust), Employers' Reinsurance Trust (major enterprise fund), Utah Educational Savings Plan Trust (private purpose trust), Pension Trust Funds (fiduciary funds), Post-Retirement Benefits Trust Funds (fiduciary funds), and Other Employee Benefits Trust Funds (fiduciary funds). The discrete component units exempt from the MMA are Public Employees Health Program and the Colleges' and Universities' endowment funds.

A. Primary Government

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. The MMA requires that deposits be in a qualified depository. It also defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and that has been certified by the State Commissioner of Financial

Institutions as having met the requirements of the MMA and adhering to the rules of the State Money Management Council.

Deposits with qualified depository institutions in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by State statute. The deposits for the primary government at June 30, 2021, including those of Utah Retirement Systems (URS) (pension trust and defined contribution plans) and Trust Lands (permanent fund), were \$2.662 billion. These deposits are exposed to custodial credit risk as follows:

- \$450.738 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for \$2.173 billion of the primary government deposits, which are in FDIC-insured accounts that are held in trust by Utah Educational Savings Plan Trust (private purpose trust fund) at two banks. Funds in the FDIC-insured accounts are insured on a pass-through basis to each account owner at each bank up to \$250 thousand. The amount of FDIC insurance provided to an account owner is based on the total of (1) the value of an account owner's investment in the FDIC-insured account at each bank plus, (2) the value of other accounts held (if any) at each bank, as determined by the banks and by FDIC regulations. It is the account owner's responsibility to determine how investments in the FDIC-insured accounts would be aggregated with other investments at the banks for purposes of FDIC insurance coverage.

Investments

The MMA defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Public treasurers conduct investment transactions through qualified depositories, certified dealers, or directly with issuers of the investment securities. The Utah State Treasurer is exempt from the requirement to conduct investment transactions through a certified dealer.

The MMA authorizes investments in negotiable or nonnegotiable deposits of qualified depositories and permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative instruments, issued by U.S. government-sponsored enterprises (U.S. Agencies), such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed-rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the MMA; the Utah Public Treasurers' Investment Fund; negotiable brokered certificates of deposit and reciprocal deposits subject to rules of the State Money Management Council.

The Utah Educational Savings Plan Trust (private purpose trust) is permitted to invest in the Utah Public Treasurers' Investment Fund; mutual funds, securities, or other investments registered with the United States Securities and Exchange Commission (SEC); federally insured depository institutions; stable value

products, including guaranteed investment contracts, guaranteed interest contracts, and guaranteed insurance contracts; and any investments that are determined by the board of directors of the Utah Educational Savings Plan to be appropriate and that would be authorized under the provisions of the MMA or Rule 2 of the State Money Management Council.

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

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

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

The primary government's investments at June 30, 2021, are presented below except those of the Pension Trust Funds administered by (URS) (fiduciary funds) and the Trust Lands Fund (permanent fund). The investments are presented at fair value and by investment type with debt securities presented by maturity.

[Note 3.B.](#) presents the investments of the Pension Trust Funds (fiduciary funds) administered by URS. URS investments are presented consistent with their separately issued financial statements by investment type.

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

Fair Value Measurements

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

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

The following table presents the recurring fair value measurements at June 30, 2021, for the primary government, with the exception of URS and Trust Lands:

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

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

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

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

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

Investments Measured at the Net Asset Value (NAV)

The State Endowment (nonmajor governmental fund) and Post-Retirement Benefits Trust (fiduciary funds-pension and other employee benefit trust funds) have an investment in an open-end real estate fund measured at the NAV, with fair values of \$8.814 million and \$8.909 million, respectively. The fair values of the investments have been determined using the NAV per share (or its equivalent) of the fund's ownership interest in partners' capital.

The real estate fund is structured as a limited partnership and invests in commercial real estate located in the United States. The fund invests in income producing properties as well as properties that are near core properties with short-term challenges with the intent to sell the properties to core funds when the challenges have been addressed. The fund allows for quarterly redemptions with 90 days' notice subject to the discretion of the general partner based upon the fund's liquidity position and other factors. If redemption requests are greater than available cash, the redemptions are fulfilled on a pro rata basis each quarter, until all redemption requests have been fulfilled.

Interest Rate Risk

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

(Notes continue on next page.)

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

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

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

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

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

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

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

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

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The primary government, with the exception of URS and Trust Lands, follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk.

The primary government's rated debt investments as of June 30, 2021, with the exception of URS and Trust Lands, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale. Securities rated less than "A" met the investment criteria at the time of purchase.

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

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

Custodial Credit Risk

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

The primary government's investments at June 30, 2021, with the exception of URS and Trust Lands, were held by the State or in the State's name by the State's custodial banks.

Concentration of Credit Risk

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

Except for URS and Trust Lands, the primary government's policy for reducing this risk of loss is to comply with the Rules of the State Money Management Council. Rule 17 of the State Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the

portfolio. Such limitations do not apply to securities issued by the U.S. government and its agencies. The primary government had no debt securities investments at June 30, 2021, with more than 5 percent of the total investments in a single issuer.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The primary government, with the exception of URS and Trust Lands, does not have a formal policy to limit foreign currency risk. The following funds have investments in international equity funds, and as such, no foreign currency risk is presented: Utah Educational Savings Plan Trust (private purpose trust) \$2.935 billion, Post-Retirement Benefits Trust Funds (fiduciary funds), and Other Employee Benefits Trust Funds (fiduciary funds) \$5.363 million, State Endowment Fund (special revenue fund) \$32.894 million, Employers' Reinsurance Fund (major enterprise fund) \$7.743 million, Utah Navajo Trust (private purpose trust fund) \$3.969 million, and General Fund \$1.268 million.

(Notes continue on next page.)

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

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

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

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

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

Fair Value Measurements

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

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

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

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

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

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

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

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

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

Continues

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

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

(Notes continue on next page.)

Investments Measured at the Net Asset Value (NAV)

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

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

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

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

Defined Benefit

- **Short-term Beta/Overlays** – This type consists of one pooled investment fund that invests in exchange traded short-term options and futures referencing equity indexes used for portfolio rebalancing. The fair values have been determined using the NAV per share of the investments.
- **Co-mingled International Equity Fund and Co-mingled Small Cap Fund** – This type consists of three institutional investment funds that invest in international equities diversified across all sectors and one fund that invests in U.S. small cap equities. The fair values of the investments in these types have been determined using the NAV per share of the investments.
- **Absolute Return Funds** – The fair values of the investments in this type have been determined using the NAV per share of the investments. *Directional funds* include investments in twelve funds whose investments are more directional in nature although they can shift opportunistically between having a directional bias and a non-directional bias. One fund with a value of \$24.800 million is in redemption. *Equity long/short funds* includes investments in nine funds in

which the equity securities maintain some level of market exposure (either net long or net short); however the level of market exposure may vary through time. There is one fund in redemption with a value of \$28 thousand. *Event driven funds* include investments in twenty-one funds whose investments focus on identifying and analyzing securities that can benefit from the occurrence of an extraordinary corporate transaction or event (e.g., restructurings, takeovers, mergers, spin-offs, bankruptcy, etc). One fund are in the process of redemption totaling \$58.600 million over the next 2 to 10 years. *Multi-strategy funds* include investments in ten funds. Investments in these funds represent a mix of the other absolute return strategies. Seven funds are in the process of redemption totaling \$87 million over the next 1-5 years. *Relative value funds* include investments in ten funds. These funds seek returns by capitalizing on the mispricing of related securities or financial instruments. One fund with a value of \$12.900 million is in redemption. All other funds currently have no redemption restrictions.

- **Private Equity Partnerships** – This type includes investments in limited partnerships. Generally speaking, the types of partnership strategies included in this portfolio are buyouts, venture capital, growth equity, and special situations. These investments have an approximate life of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of

the partnerships distributions are received as underlying partnership investments are realized. The majority of the private equity partnership investments are managed by two gatekeepers. Both gatekeepers manage discretionary accounts for URS. The gatekeepers are required to manage the private equity portfolio in accordance with guidelines established by the URS. The Systems have no plans to liquidate the total portfolio. As of December 31, 2020, it is probable that all the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the Systems ownership interest in partners' capital.

- **Energy, Mineral, and Royalty Funds** – Investments in *Energy* consist of 29 private equity partnerships, which invest primarily in oil and gas related investments. *Mineral funds* include seven private equity partnerships, which invest in mineral mining equity securities, commodities and other mining investments. *Royalty funds* include two private equity partnerships, which invest primarily in drug royalties. These investments have an approximate life of 10 years and are considered illiquid. Redemption restrictions are in place over the life of the partnership. During the life of the partnerships, distributions are received as underlying

partnership investments are realized. As of December 31, 2020, it is probable that all the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of URS's ownership interest in partners' capital. The fair values of these investments have been determined using estimates provided by the underlying partnerships using recent observable transactions information for similar investments.

- **Real Estate and Timber Funds** – This type includes 66 investments, which are invested primarily in apartments industrial, office, specialty, and retail properties in the United States. *Timber* includes three funds, which invest in timber-related resources. *Agriculture* includes seven investments which operate in the production, processing, and distribution of high-value foods. Investments in these types can never be redeemed with the funds. Instead, the nature of these investments are that distributions from each investment will be received as the underlying investments are liquidated. Because it is probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of URS's ownership interest in partners' capital.

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments Measured at the Net Asset Value (NAV) — Defined Contribution

At December 31, 2020

(expressed in thousands)

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Equity Securities				
Co-mingled Large Cap Equity Fund.....	\$ 2,006,688	\$ —	Daily	None
Total Equity Securities.....	<u>2,006,688</u>	<u>0</u>		
Real Assets				
Co-mingled Real Estate Equity Fund	254,888	—	Quarterly	N/A
Co-mingled Commodities Fund.....	5	—	Daily	N/A
Total Real Asset.....	<u>254,893</u>	<u>0</u>		
Total Investments Measured at the NAV.....	<u>\$ 2,261,581</u>	<u>\$ 0</u>		

Defined Contribution

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

Interest Rate Risk

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

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

- The global debt securities investment managers will maintain an effective duration of their portfolio between 75 and 125 percent of the appropriate index.
- The global debt inflation-linked debt securities investment managers will maintain an effective duration of their portfolio between 80 and 120 percent of the appropriate index.

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

URS compares an investment's effective duration against the Bloomberg Barclays US Aggregate Bond Index for domestic debt securities, the Bloomberg Barclays Global Aggregate Index (USD hedged) for global debt securities, and the Bloomberg Barclays World Government Inflation-Linked Investment Bond Index (USD hedged) for inflation-linked debt securities. The index duration range as of December 31, 2020, was 4.67 to 7.78 percent for domestic debt securities, 5.57 to 9.29 percent for global debt securities, and 10.06 to 15.08 for inflation-linked debt securities.

URS compares an investment's effective duration against the Bloomberg Barclays US Intermediate Aggregate Bond Index for domestic debt securities, the Bloomberg Barclays Global Aggregate ex-US Bond Index (USD hedged) for international debt securities, and the Bloomberg Barclays Global Inflation-Linked Bond Index 1-10 Year (USD hedged) for inflation-linked debt securities. The index duration range as of December 31,

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

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

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

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

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

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, URS will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. URS does not have an investment policy regarding custodial credit risk. As of December 31, 2020, URS had \$219.502 million of cash and cash equivalents exposed to custodial credit risk and \$396.351 million of other assets where exposure to custodial credit risk is not determined. The \$219.502 million frictional cash and cash equivalents subject to custodial credit risk are in foreign banks in URS's name. Because it is in foreign banks, it is subject to custodial credit risk. URS does not have an investment policy regarding custodial credit risk for frictional cash in foreign banks.

Concentration of Credit Risk

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

- **AAA/Aaa Debt Securities** – No more than 5 percent of an investment manager's assets at market with a single issuer.
- **AA-/Aa3 Debt Securities or higher** – No more than 4 percent of an investment manager's assets at market with a single issuer.
- **A-/A3 Debt Securities or higher** – No more than 3 percent of an investment manager's assets at market with a single issuer.
- **BBB-/Baa3 Debt Securities or higher** – No more than 2 percent of an investment manager's assets at market with a single issuer.
- **Debt Securities** – No individual holding will constitute more than 10 percent of the fair value of outstanding debt of

a single issuer with the exception of the U.S. Government or its agencies, or collateralized mortgage obligations.

As of December 31, 2020, URS had no single issuer investments that exceeded the above guidelines.

Credit Risk of Debt Securities

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

- U.S. Government and Agency Securities – no restriction.
- Total portfolio quality will maintain a minimum overall rating of "A".
- Securities with a quality rating of below BBB- are considered below investment grade. No more than 5 percent of an investment manager's assets can be below investment grade and no more than 1 percent of an investment manager's assets can be with a single below investment grade issuer. No more than 15 percent of an investment manager's assets can be below investment grade.
- Upon approval, a domestic debt securities investment manager may invest up to 10 percent of the portfolio in non-U.S. dollar-denominated bonds.

The global debt securities investment managers may hold up to 25 percent of the fair value of their portfolios in securities rated below investment grade (below BBB-/Baa3). The remaining assets will have on average an investment grade rating. International debt securities investment managers may hold up to 20 percent of the fair value of their portfolios in securities rated below investment grade (below BBB-/Baa3). The remaining assets will have an investment grade rating.

URS's weighted quality rating average of the global debt securities, excluding pooled investments, as of December 31, 2020, was A+, and the fair value of below grade investments was \$190.523 million or 2.45 percent.

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

(Notes continue on next page.)

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

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

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

Foreign Currency Risk

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

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

specifically authorized within the investment managers' contract.

- Domestic investment managers are allowed to invest in international corporations traded in American Depository Receipts (ADRs).
- Portfolios should be adequately diversified to limit foreign currency and security risk.

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

Utah Retirement Systems
(pension trust and defined contribution plans)
Foreign Currency Risk
International Investment Securities at Fair Value
At December 31, 2020
(expressed in thousands)

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

C. Primary Government – Trust Lands

Investments

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

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

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

Fair Value Measurements

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

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

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

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

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

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

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

(Notes continue on next page.)

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

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

(Notes continue on next page.)

Investments Measured at Net Asset Value (NAV)

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

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

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

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

Growth–Private Equity: Consists of twenty four investments in private equity limited partnerships. Generally speaking, the types of strategies included in this portfolio include venture capital, growth equity, opportunistic real estate equity, buyouts, secondaries and special situations. These investment commitments were made in 2016 onward and have an approximate life in excess of 10 years and are considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnership, distributions are received as underlying partnership investments are realized. Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2021, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of Trust Lands' ownership interest in partners' capital.

Real Assets – Private Real Estate: Consists of fourteen investments in private real estate limited partnerships. Generally speaking, the types of strategies included in this portfolio include core, value-added, and opportunistic property interests. These investment commitments were made over a period ranging from

2008 onward and have an approximate life in excess of 10 years and are therefore considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnership, distributions are received as underlying partnership investments are realized. Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2021, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of Trust Lands' ownership interest in partners' capital. This category also includes one investment in pooled investment funds with a focus on real estate property and property income. The fair value of the investment in this type have been determined using the NAV per share (or its equivalent) of Trust Lands' investments ownership interest in partners' capital.

Real Assets – Private Natural Resources: Consists of sixteen investments in limited partnerships. Generally speaking, the types of strategies included in this portfolio include infrastructure/power generation, farmland, and opportunistic natural resource investments, including co-investments. These investment commitments were made over a period ranging from 2016 onward and have an approximate life in excess of 10 years and are therefore considered illiquid. Redemptions are restricted over the life of the partnership. During the life of the partnership, distributions are received as underlying partnership investments are realized. Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2021, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of Trust Lands' ownership interest in partners' capital.

Real Assets – Public Real Assets: Consists of one investment in a pooled investment fund with a focus on real estate property and property income. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of the Trust funds' investments ownership interest in partners' capital.

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

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

Income – Non US: Consists of two investment in a limited partnership with underlying global derivative instruments and associated strategies. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of Trust Lands' ownership interest in partners' capital.

Income – Insurance-Linked Securities: Consists of six investments in limited partnerships with underlying insurance-linked securities investments and associated strategies. The fair value of the investments in this type have been determined using the NAV per share (or its equivalent) of the Trust Lands' ownership interest in partners' capital.

Income – Private Debt: Consists of nineteen investments in limited partnerships. Generally speaking, the types of strategies included in this portfolio include securitized credit, asset-backed/collateralized loan obligation, mezzanine debt and equity, distressed debt/special situations, co-investments and related investments. These investment commitments were made over a period ranging from 2016 onwards and have an approximate life, including lock-ups of three to nearly 10 years and are therefore considered illiquid. Trust Lands has no plans to liquidate the total portfolio. As of June 30, 2021, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of Trust Lands' ownership interest in partners' capital.

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

Interest Rate Risk

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

As of June 30, 2021, Trust Lands' debt security investments (including the underlying portfolios of indirectly held investments, where available) had the following weighted average maturities:

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

As of June 30, 2021, Trust Lands held \$358.022 million in six investments with a fixed income (or related) investment emphasis for which Weighted Average Maturity details were unavailable and not evaluated. These investments included Bank Loan investment funds with other assets held, and hedge fund strategies.

Credit Risk of Debt Securities

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

As of June 30, 2021, the fair value of Trust Lands' debt security investments with exposure to credit risk had the following credit quality ratings (S&P rating is primary, if not available or not rated by S&P, corresponding Moody's rating is substituted).

(Notes continue on next page.)

Trust Lands
(permanent fund)
Credit Risk of Debt Securities at Fair Value
June 30, 2021

(expressed in thousands)

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

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

Custodial Credit Risk

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

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

- Cash and Cash Equivalents – The \$2.976 million frictional cash and cash equivalents subject to custodial credit risk are in foreign banks in the Trust Lands' name. Because it is in foreign banks, it is subject to custodial credit risk. Trust Lands does not have an investment policy regarding custodial credit risk for frictional cash in foreign banks.
- Other Assets – The \$609.771 million other assets represent the investments, including accrued income/expense, that have custodial credit risk which has not been determined.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Trust Lands manages exposure to fair value loss arising from concentrations of credit risk through prudent deployment, management, and oversight of investments. Trust Lands does not have a formal policy for concentrations of credit risk. As of June 30, 2021, Trust Lands does not hold any credit positions exceeding 5.00 percent of the total portfolio.

Foreign Currency Risk

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

(Notes continue on next page.)

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

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

D. Discrete Component Units

Custodial Credit Risk – Deposits

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

The discrete component units follow the Utah Money Management Act by making deposits only in qualified depository institutions or in foreign depository institutions in accordance with rules of the State Money Management Council. Deposits with qualified depository institutions in excess of FDIC insurance limits amount are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by state statute. The deposits for the discrete component units at June 30, 2021, were \$414.598 million. Of these, \$322.632 million were exposed to custodial credit risk as uninsured and uncollateralized and \$80.686 million were exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the discrete component units' names.

Investments

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

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

College and university funds from gifts, private grants, and the corpus of funds functioning as endowments are invested according to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Utah Board of Higher Education Management and Reporting of

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

The discrete component units' investments at June 30, 2021, are presented on the next page. The investments are presented at fair value and by investment type with debt securities presented by maturity.

Fair Value Measurements

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

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

The following table presents the recurring fair value measurements at June 30, 2021, for the discrete component units:

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

At June 30, 2021

(expressed in thousands)

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

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

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

- U.S. Treasuries, U.S. Agencies, and Commercial Paper are valued using quoted prices for identical securities in markets that are not active or using a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.
- Corporate Debt, Municipal/Public Bonds, Negotiable Certificates of Deposit, and Equity Securities are valued

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

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

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

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

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

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

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

Investments Measured at the Net Asset Value (NAV)

In order to mitigate market volatility and provide diversification to traditional investments, the State's colleges and universities, (discrete component units), have opted to invest portions of their portfolios in alternative assets, including private capital. Private capital partnerships utilize investments strategies that focus on managers who buy and sell privately owned companies. The fair values of these "alternative investments" are measured at the NAV per share (or its equivalent) as they generally do not have readily obtainable fair values and often take the form of limited partnerships. The NAV is based on the values provided by the partnerships as well as their audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent capital calls and distributions. The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the alternative investments measured at NAV:

Discrete Component Units Debt Securities Investments Measured at the Net Asset Value (NAV) At June 30, 2021

(expressed in thousands)

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

Interest Rate Risk

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

Discrete Component Units
Debt Investments at Fair Value
At June 30, 2021
(expressed in thousands)

Investment Type	Fair Value	Investment Maturities (in years)				
		Less Than 1	1-5	6-10	11-20	More Than 20
U.S. Treasuries	\$ 456,770	\$ 273,021	\$ 183,006	\$ 101	\$ 642	\$ —
U.S. Agencies	988,039	143,609	450,289	385,775	8,366	—
Government Mortgage-backed Securities	153,513	6,746	689	3,940	14,989	127,149
Corporate Debt	772,789	211,075	407,609	77,131	76,974	—
Commercial Paper	11,659	11,659	—	—	—	—
Negotiable Certificates of Deposit	13,788	1,624	12,164	—	—	—
Money Market Mutual Funds	1,455,624	1,455,624	—	—	—	—
Municipal/Public Bonds	18,875	2,149	9,238	2,989	4,499	—
Asset-backed Securities	18,765	7	65	—	18,693	—
Bond Mutual Funds	300,895	32,691	84,377	180,401	3,426	—
Exchange Traded Securities	6,573	—	501	177	5,895	—
Non-government-backed CMOs	231	—	—	—	231	—
Securities Lending Cash Collateral Pool	34,023	34,023	—	—	—	—
Utah Public Treasurers' Investment Fund	1,409,431	1,409,431	—	—	—	—
Total Debt Investments	<u>\$ 5,640,975</u>	<u>\$ 3,581,659</u>	<u>\$ 1,147,938</u>	<u>\$ 650,514</u>	<u>\$ 133,715</u>	<u>\$ 127,149</u>

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

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

For the fixed income portfolio, the Public Employees Health Program's (PEHP) (major discrete component unit) policy to

manage its exposure to fair value loss arising from increasing interest rates is that the investment manager's portfolio will have an effective duration between 75 – 125 percent of the effective duration of the appropriate index.

Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. PEHP compares an investment's effective duration against the Barclays U.S. Intermediate Aggregate Bond Index. The allowable duration range was 2.66 to 4.44 percent as of December 31, 2020 and the portfolio was within the policy guidelines.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The discrete component units' policy for reducing its exposure to credit risk is to comply with the State's MMA, the UPMIFA, and Rule 541, as previously discussed. The discrete component units' debt investments as of June 30, 2021, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using Standard and Poor's rating scale.

(Table on next page)

Discrete Component Units
Debt Investments Quality Ratings
At June 30, 2021

(expressed in thousands)

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

Custodial Credit Risk

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

The various discrete component units' investments at June 30, 2021, were held by the discrete component unit or in the name of the discrete component unit by the discrete component unit's custodial bank or trustee, except the following, which were uninsured, were not registered in the name of the discrete component unit, and were held by other entities, as listed below (expressed in thousands):

Counterparty

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

Counterparty's Trust Department or Agent

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Except for Public Employees Health Program (PEHP) (major discrete component unit), the discrete component units' policy for reducing this risk of loss is the same as described above for the primary government funds complying with the State's MMA or as applicable for endowments the UPMIFA, Rule 541, or separate endowment investment policies, which have been approved by their boards of trustees and by the Utah Board of Higher

Education. Rule 17 of the Money Management Council limits non-endowment fund investments in a single issuer of commercial paper and corporate obligations between 5 – 10 percent depending upon the total dollar amount held in the portfolio. For endowment funds, Rule 541 requires that a minimum of 25 percent of the overall endowment portfolio be invested in fixed income or cash equivalents. Also, the overall endowment portfolio cannot consist of more than 75 percent equity investments. Rule 541 also limits investments in alternative investment funds to between 0 and 30 percent based on the size of the endowment fund.

PEHP's policy limits the amount that may be invested in any one issuer to between 2 and 5 percent, depending on the credit rating of the security. If a security is downgraded, the manager has 30 days to sell enough of the security to comply with the single issuer guideline applicable to the new rating. At no time should more than 1 percent of an Investment Manager's assets at market be with a single below investment grade issuer. No individual holding shall constitute more than 10 percent of the market value of the issuer with the exception of the U.S. government or its agencies, or collateralized mortgage obligations. Two issuers held in PEHP's portfolio were downgraded to below investment grade. Securities held from these two issuers constitute 1.39 and 1.65 percent of the total portfolio value.

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

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

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

Foreign Currency Risk

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

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

E. Securities Lending

Utah Retirement Systems (URS) (pension trust and defined contribution plans), Public Employees Health Program (PEHP) (major discrete component unit) and Trust Lands (permanent fund) participate in security lending programs as authorized by their Boards. Under these programs, securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities, and for URS and Trust Lands, irrevocable bank letters of credit equal to approximately 102 percent of the fair value of the domestic securities on loan and 105 percent of the fair value of the international securities on loan, and for PEHP 102 percent of the fair value of the domestic securities on loan, with simultaneous agreements to return the collateral for the same securities in the future. For all three state entities, their custodial bank is the agent for each of their securities lending programs. URS securities under loan are maintained in the financial records, and corresponding liabilities are recorded for the market value of the collateral received. PEHP and Trust Lands securities are classified as investments. For the state entities, a corresponding liability is recorded for the market value of the collateral received. For PEHP and Trust Lands, under provision of GASB Statement 28, collateral which cannot be pledged or sold is not recorded as investments nor is the related liability recorded in the financial statements. Pledged non-cash collateral was \$33.924 million and \$110.179 million for PEHP and Trust Lands, respectively.

At yearend, URS, PEHP, and Trust Lands had no credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were \$1.058 billion for URS, \$31.354 million for PEHP, and \$227.103 million for Trust Lands. Collateral received for those securities on loan was \$1.143 billion for URS, \$34.023 million for PEHP, and \$237.950 million for Trust Lands. Under the terms of the lending agreement, all three state entities are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the credit worthiness of the borrower. In addition, they are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the state entity or the borrower. Cash collateral is invested in the lending agent's short-term investment pool.

Regarding URS and PEHP, the short-term investment pool guidelines specify that a minimum of 20 percent of the invested cash collateral is to be available each business day and that the dollar-weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short-term investment pool and each of the state entities' loans is affected by

the maturities of the securities loans made by other entities that use the agent's pool, which the state entities cannot determine. Because the securities lending collateral is in a pool maintained by the custodial bank, the state entities do not have the ability to pledge or sell the securities, and it is not necessary to report the total income and expenses of securities lending. Trust Lands' average term of securities loans was 54 days.

F. Derivative Instruments

Utah Retirement Systems

The Utah Retirement Systems (URS) (pension trust and defined contribution plans) invests in derivative instruments as authorized by Board policy. Derivative instruments are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed-upon benchmark. All derivative instruments are considered investments. The fair value of all derivative instruments is reported in the Statements of Fiduciary Net Position—Pension and Other Employee Benefit Trust Funds. Within the investment asset class, swaptions are recorded in debt securities. By policy, portfolio liabilities associated with investments will be backed by cash equivalents or deliverable securities. URS does not have a policy regarding master netting arrangements. At December 31, 2020, URS had five types of derivative instruments: futures, currency forwards, options, swaps, and Synthetic Guaranteed Investment Contracts (SGIC).

Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specified price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing URS' credit risk. The net change in the futures contracts value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included with trading account securities gains in the Statement of Changes in Fiduciary Net Position. At December 31, 2020, URS' investments had the following notional futures balances as shown in the following table:

Utah Retirement Systems
(pension trust and defined contribution plans)
Futures — Notional Market Value
At December 31, 2020
(expressed in thousands)

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

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency denominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing

of such contracts is included in net realized gains or losses on foreign currency related transactions in the Combining Statement of Fiduciary Net Position–Pension. At December 31, 2020, URS

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

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

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

(Notes continue on next page.)

At December 31, 2020, URS investments had the following option balances as shown in the table below:

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

Options

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, URS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

Swaps

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

Gains and losses on swaps are determined based on fair values and are recorded in the Combining Statement of Fiduciary Net Position-Pension. Swap fair values are determined by an independent third party. As of December 31, 2020, URS' investments had the swap market value balances as shown in the following table:

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

Derivative Credit Risk

Derivative instruments that are exchange traded are not subject to credit risk. No derivative instruments held are subject to custodial credit risk. The maximum loss that would be recognized as of December 31, 2020, if all counterparties fail to perform as contracted, was \$2.197 billion. Derivative instrument credit risk at fair value is shown in the next table.

This maximum exposure is reduced by \$2.221 billion of liabilities, resulting in \$0 exposure to credit risk. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts (SGICs) are noted in a subsequent table. As of December 31, 2020, the counterparties' credit ratings for currency forwards, options, and swaps are subject to credit risk.

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

Synthetic Guaranteed Investment Contracts

URS Defined Contribution Plans members are able to participate in SGICs. The SGICs are fully benefit responsive, which means that URS is prohibited from assigning and selling the contract or its proceeds to a third party without the consent of the issuer. Prospective interest crediting rate adjustments are provided to

plan participants. The SGICs provide assurance that the probability of future rate adjustments resulting in an interest crediting rate less than zero is remote. The underlying investments are high credit quality averaging A+ and therefore credit loss is remote. The terms of the SGICs require all plan participants to initiate transactions within the fund at contract

value. The contract value is the fair value (cost plus accrued interest). The fair value of these contracts as of December 31, 2020, was \$1.070 million and the market value was \$1.125 million. Credit ratings for the wrap contracts associated with the SGICs are also noted below.

Utah Retirement Systems
(pension trust and defined contribution plans)
Synthetic Guaranteed Investment Contracts Underlying Investments

At December 31, 2020

(dollars expressed in thousands)

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

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

At December 31, 2020

(dollars expressed in thousands)

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

Trust Lands

Trust Lands (permanent fund) invests in derivative instruments through external investment managers retained by the Board and subject to investment management agreements and other policy requirements. Derivative instruments are financial arrangements between two parties whose payments are based on, or “derived” from, the performance of some agreed-upon benchmark. All derivative instruments are considered investments. The fair value of all derivative instruments is reported in the Statement of Net Position. Trust Lands does not have a formal policy for derivative instruments.

As of June 30, 2021, Trust Lands had the following exposure types classified within Derivative Instruments: Equity Rights/Warrants, Currency Forwards, Options, Swaps, and Futures as shown in the table below.

Trust Lands
(permanent fund)
Derivative Financial Instruments
June 30, 2021
(expressed in thousands)

Risk Type	Gross Notional Value	Asset Fair Market Value	Liability Fair Market Value	Earnings (Losses)
Equity Rights/Warrants	\$ 326	\$ —	\$ —	\$ (137)
Currency Forwards	3,410	48	(5)	(156)
Options	4,530	68	(9)	233
Swaps	—	—	—	(206)
Futures	5,741	—	—	788
Total	<u>\$ 14,007</u>	<u>\$ 116</u>	<u>\$ (14)</u>	<u>\$ 522</u>

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

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency denominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net realized gains or losses on foreign currency related transactions in the Statement of Changes in Net Position.

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. The Trust Funds have exposure to Options related to Interest Rates and Swaps. As a writer of financial options through external investment manager portfolios (as authorized), the Trust Funds receive a premium at the outset of the agreement and bear the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options through external investment manager portfolios (as authorized), the Trust Funds pay a premium at the outset of the agreement and the counter-party bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty, who in turn agrees to make return interest payments that float with some reference rate. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Net Position. Swap market values are determined by an independent third party.

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

NOTE 4. INVESTMENT POOL

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

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

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

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

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

(Notes continue on next page.)

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

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

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

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

	Range of Yields	Weighted Average Maturity
U.S. Treasuries	0.03% – 0.07%	178.69 days
Money Market Mutual Funds	0.03%	1 day
Corporate Bonds and Notes	0.13% – 1.19%	39.37 days
Commercial Paper	0.07% – 0.24%	141.84 days
	Weighted Average Yield	Weighted Average Maturity
Total Investment Fund	0.35%	66.70 days

Deposits and Investments

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

Custodial Credit Risk – Deposits

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

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by state statute. The PTIF did not have any deposits at June 30, 2021.

Fair Value Measurements of Investments

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

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

The following table presents the recurring fair value measurements at June 30, 2021, for the PTIF:

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

At June 30, 2021

(expressed in thousands)

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

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

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

Interest Rate Risk

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

The majority of the PTIF's corporate debt securities are variable-rate securities, most of which reset every three months to the market interest rate. Because these securities frequently re-price to prevailing market rates, interest rate risk is substantially

reduced at each periodic reset date. In the table below, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

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

The PTIF investments at June 30, 2021, are presented on the following table:

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

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The PTIF follows the Money Management Act as its policy for reducing exposure to investment credit risk. The PTIF's rated debt investments as of June 30, 2021, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale.

**Utah Public Treasurers' Investment Fund
Rated Debt Investments**

At June 30, 2021

(expressed in thousands)

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

Custodial Credit Risk

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

The PTIF's investments at June 30, 2021, were held by the State or in the State's name by the State's custodial bank.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The PTIF's policy for reducing this risk of loss is to comply with the Rules of the State Money Management Council. Rule 17 of the State Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5 percent of the total dollar amount held in the portfolio. The State Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies. The PTIF had no debt securities investments at June 30, 2021, with more than 5 percent of the total investments in a single issuer.

NOTE 5. RECEIVABLES

Accounts receivable balances are an aggregation of amounts due from the federal government, customers, and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, and receivables as a result of overpayments to individuals receiving state assistance.

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

Receivables for Fiduciary Funds listed below represent amounts due from fiduciary funds that were reclassified as external

receivables on the government-wide Statement of Net Position. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Position.

Aggregated receivables for major and nonmajor discrete component units at June 30, 2021, were \$1.201 billion and \$178.928 million, respectively. These receivables are net of an allowance for doubtful accounts of \$483.234 million and \$9.609 million, respectively.

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

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

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

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

Accounts payable and accrued liability balances are an aggregation of amounts due to: (1) state employees for salaries/benefits; (2) service providers for childcare, job and health services; (3) vendors, miscellaneous suppliers, brokers, dealers, and clearing organizations for unsettled investment trades (Trust Lands Fund); (4) local and federal governments for services; (5) individuals and others as a result of tax overpayments or credits issued; and (6) interest due on bonds and other obligations.

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

(Notes continue on next page.)

NOTE 7. INTERFUND BALANCES AND LOANS

Interfund Balances

Interfund balances at June 30, 2021, consisted of the following (in thousands):

Due to General Fund from:

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

Due to Education Fund from:

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

Due to Transportation Fund from:

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

Due to Trust Lands from:

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

Due to Nonmajor Governmental Funds from:

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

Due to Water Loan Programs from:

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

Due to Nonmajor Enterprise Funds from:

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

Due to Internal Service Funds from:

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

Due to Fiduciary Funds from:

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

These interfund balances resulted from timing lags between the dates that: (1) interfund goods and services are provided or reimbursable expenditures occur; (2) transactions are recorded in the accounting system; and (3) payments between funds are made.

Interfund Loans

At June 30, 2021, interfund loans receivable/payable balances consist of \$20.523 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of \$20.523 million includes \$6.272 million that is not expected to be repaid within one year and is classified as nonspendable fund balance.

(Notes continue on next page.)

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows (in thousands):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	\$ 2,348,414	\$ 84,505	\$ (21,861)	\$ 2,411,058
Infrastructure	14,656,430	412,998	(1,540)	15,067,888
Construction in Progress	1,727,281	1,353,016	(758,418)	2,321,879
Total Capital Assets Not Depreciated/Amortized	<u>18,732,125</u>	<u>1,850,519</u>	<u>(781,819)</u>	<u>19,800,825</u>
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	2,396,656	69,771	(843)	2,465,584
Infrastructure	75,448	4,340	—	79,788
Machinery and Equipment	535,978	49,331	(36,320)	548,989
Intangible Assets—Software	343,690	9,081	(5,772)	346,999
Total Capital Assets Depreciated/Amortized	<u>3,351,772</u>	<u>132,523</u>	<u>(42,935)</u>	<u>3,441,360</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(1,088,888)	(67,890)	353	(1,156,425)
Infrastructure	(41,377)	(2,595)	—	(43,972)
Machinery and Equipment	(332,090)	(35,400)	32,526	(334,964)
Intangible Assets—Software	(271,919)	(29,429)	5,472	(295,876)
Total Accumulated Depreciation/Amortization	<u>(1,734,274)</u>	<u>(135,314)</u>	<u>38,351</u>	<u>(1,831,237)</u>
Total Capital Assets Depreciated/Amortized, Net	<u>1,617,498</u>	<u>(2,791)</u>	<u>(4,584)</u>	<u>1,610,123</u>
Capital Assets, Net	<u>\$ 20,349,623</u>	<u>\$ 1,847,728</u>	<u>\$ (786,403)</u>	<u>\$ 21,410,948</u>
Business-type Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	\$ 39,116	\$ 606	\$ —	\$ 39,722
Construction in Progress	3,325	2,102	(2,718)	2,709
Total Capital Assets Not Depreciated/Amortized	<u>42,441</u>	<u>2,708</u>	<u>(2,718)</u>	<u>42,431</u>
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	105,028	13,781	—	118,809
Infrastructure	430	—	—	430
Machinery and Equipment	19,301	549	(609)	19,241
Intangible Assets—Software	4,152	—	—	4,152
Total Capital Assets Depreciated/Amortized	<u>128,911</u>	<u>14,330</u>	<u>(609)</u>	<u>142,632</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(45,506)	(3,692)	—	(49,198)
Infrastructure	(174)	(12)	—	(186)
Machinery and Equipment	(14,403)	(1,591)	599	(15,395)
Intangible Assets—Software	(3,446)	(178)	—	(3,624)
Total Accumulated Depreciation/Amortization	<u>(63,529)</u>	<u>(5,473)</u>	<u>599</u>	<u>(68,403)</u>
Total Capital Assets Depreciated/Amortized, Net	<u>65,382</u>	<u>8,857</u>	<u>(10)</u>	<u>74,229</u>
Capital Assets, Net	<u>\$ 107,823</u>	<u>\$ 11,565</u>	<u>\$ (2,728)</u>	<u>\$ 116,660</u>

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

fiscal year 2021, \$107.010 million of buildings were completed for colleges and universities. On the government-wide statement of activities, the building “transfers” are reported as higher education expenses of governmental activities and as program revenues of discrete component units.

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

General Government	\$ 16,075
Human Services and Juvenile Justice Services	8,899
Corrections	8,399
Public Safety	19,442
Courts	9,583
Health and Environmental Quality	5,733
Employment and Family Services	14,052
Natural Resources	11,233
Heritage and Arts	656
Business, Labor, and Agriculture	2,732
Public Education	990
Transportation	21,727
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided	15,793
Total Depreciation Expense	<u>\$ 135,314</u>

Discrete Component Units

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

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

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

NOTE 9. LEASE COMMITMENTS

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

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

The primary government's capital lease payments were \$2.757 million in principal and \$802 thousand in interest for fiscal year 2021. As of June 30, 2021, the historical cost of the primary government's assets acquired through capital leases was \$55.832 million of which \$55.063 million was buildings and land and \$769 thousand was equipment and other depreciable assets. As of June 30, 2021, the accumulated depreciation of the primary government's assets acquired through capital leases was \$22.692 million of which \$21.923 million was buildings and \$769 thousand was equipment and other depreciable assets. Of the \$194.536 million in discrete component unit present value of future minimum lease payments noted below, \$58.455 million relates to capital lease arrangements between the primary government and certain colleges and universities (discrete component units).

Operating leases contain various renewal options, as well as some purchase options. However, due to the nature of the leases, they do not qualify as capital leases and the related assets and liabilities are not recorded. Any escalation clauses, sublease rentals, and contingent rents were considered immaterial to the

future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

Operating lease expenditures for fiscal year 2021 were \$48.429 million for the primary government and \$39.628 million for discrete component units. For fiscal year 2020, the operating

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

Future Minimum Lease Commitments

Operating Leases

(expressed in thousands)

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

Future Minimum Lease Commitments

Capital Leases

(expressed in thousands)

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

(Notes continue on next page.)

Future Minimum Lease Commitments

Capital Leases - Direct Borrowings

(expressed in thousands)

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

(Notes continue on next page.)

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Debt and Other Long-term Liabilities

Changes in long-term debt and other long-term liabilities for the year ended June 30, 2021 are presented in the following table. Changes for Utah Transit Authority and PEHP (major discrete component units) are included as of year ended December 31, 2020. As referenced below, certain long-term debt and other long-term liabilities are discussed in other notes to the Financial Statements.

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

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

* The Net Pension Liability and Net Other Postemployment Benefit (OPEB) Liability of governmental activities are liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. The changes in these liabilities are either netted as additions or reductions for this schedule since that information is not readily available for inclusion. See [Note 17](#) and [Note 18](#) for further information.

** Compensated Absences of governmental activities are liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. Claims Liability of governmental activities are liquidated in the Risk Management Internal Service Fund. Settlement Obligations of governmental activities are liquidated in the Crime Victim Reparation Fund (nonmajor governmental fund). The Pollution Remediation Obligations of the governmental activities are liquidated in the Environmental Reclamation Fund (nonmajor governmental fund).

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

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

B. General Obligation Bonds

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

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

General Obligation Bonds Payable (expressed in thousands)

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

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

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

Continues

Continued

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

C. Revenue Bonds

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

Governmental Activities

The Utah State Building Ownership Authority (SBOA) has issued bonds for the purchase and construction of facilities to be leased to state agencies and other organizations. The bonds are secured by the facilities, and repayment is made from lease income appropriated by the Legislature and is not considered pledged revenue of the State. The outstanding bonds payable at June 30, 2021, are reported as a long-term liability of the governmental activities, except for \$82.888 million and \$721 thousand, which are reported in the Alcoholic Beverage Control Fund and the Utah Correctional Industries Fund (nonmajor enterprise funds), respectively. These portions are reported as liabilities of the business-type activities on the government-wide Statement of Net Position.

Business-type Activities

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

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

The Student Assistance Programs' notes issued under the 2012 Trust Estate are special limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to refinance eligible student loans and retire outstanding funding notes of the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$117.580 million of outstanding student loan backed notes which are payable through 2032. Principal and interest paid for the current year and total net revenue before interest expense were \$16.505 million and \$950 thousand, respectively.

The notes issued under the 2014 Trust Estate are limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire outstanding student loan revenue bonds of the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$87.959 million of outstanding student loan backed notes, which are payable through 2039. Principal and interest paid for the current year and total net revenues before interest expense were \$13.305 million and \$1.951 million, respectively.

The notes issued under the 2015 Trust Estate are special limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the 2015 Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$124.850 million of outstanding student loan backed notes, which are payable through 2043. Principal and interest paid for the current year and total net revenue before interest expense were \$17.333 million and \$1.127 million, respectively.

The notes issued under the 2016 Trust Estate are special limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$199.207 million of outstanding student loan backed notes, which are payable through 2057. Principal and interest paid for the current year and total net revenue before interest expense were \$27.347 million and \$1.439 million, respectively.

The notes issued under the 2017 Trust Estate are special limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$202.745 million of outstanding student loan backed notes, which are payable through 2057.

Principal and interest paid for the current year and total net revenue before interest expense were \$26.040 million and \$1.483 million, respectively.

The notes issued under the 2020 Trust Estate are special limited obligations of the Board secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the 2020 Warehouse Facility to the Board, resulting in a deferred gain on bond refundings. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay \$206.851 million of outstanding student loan backed notes which are payable through fiscal year 2061. Principal and interest paid for the current year and total net revenue before interest expense were \$17.629 million and \$94 thousand, respectively.

The bonds issued under the Office Facility Bond fund are limited obligations of the Board, secured solely by a pledge of the proceeds from the sale of the bonds and the monies and revenues in the fund and accounts held by the Trustee under the indenture. No other money, revenue or income of the Board is pledged to the repayment of the Office Facility Bonds. The bonds were issued to refund the Series 2002 and Series 2004 Bonds. The Board has pledged these assets and net revenues to repay \$1.255 million of outstanding Office Facility Bonds, which are payable through 2024. Principal and interest paid for the current fiscal year and total net revenues before interest expense were \$807 thousand and \$805 thousand, respectively.

The State’s Water Loan Programs have issued recapitalization revenue bonds to provide additional capital for the State’s

revolving water resources loan programs. The bonds are secured by and repayments are made from the pledged principal and interest payments (pledged revenues) of specific revolving water resources loan funds. These pledged revenues will not be available for other purposes until the end of fiscal year 2023 when the bonds are completely paid off. Pledged revenues were projected to produce 150 percent of debt service requirements over the life of the bonds. The total principal and interest remaining to be paid on the bonds is \$13.672 million. For the current year, the total amount of principal and interest paid was \$6.849 million and total pledged revenue recognized was \$30.613 million. Of the bonds payable outstanding at June 30, 2021, \$13.345 million are reported in the Water Loan Programs Fund (major enterprise fund). These portions are reported as liabilities of the business-type activities on the government-wide Statement of Net Position.

Discrete Component Units

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

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

Information on pledged revenues for discrete component units for the fiscal year ended June 30, 2021, is presented below.

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

	University of Utah	Utah State University	Utah Transit Authority	Nonmajor Component Units
Type of Revenue Pledged *	A, B, C	A, B	D	A
Amount of Pledged Revenue	\$1,686,201	\$478,718	\$3,482,081	\$481,185
Term of Commitment	Thru 2045	Thru 2052	Thru 2050	Thru 2051
Percent of Revenue Pledged	100.00%	100.00%	100.00%	100.00%
Current Year Pledged Revenue	\$523,175	\$79,181	\$311,521	\$18,983
Current Year Principal and Interest Paid	\$95,931	\$16,326	\$116,900	\$16,289

* Type of Revenue Pledged:

- A. Student and housing fees, auxiliary net revenues from bookstores, parking, stadium and event centers, and other campus generated charges and fees.
- B. Research net revenue generated from the recovery of allocated facilities and administrative rates to grants and contracts.
- C. Hospital and clinic net revenues from providing various health and psychiatric services to the community.
- D. Sales tax revenues and other transit revenues.

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

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2021
SBOA Lease Revenue Bonds:					
Series 2009E	09/09/09	2018 – 2030	4.62% – 5.77%	\$ 89,470	\$ 57,690
Series 2010	11/30/10	2011 – 2024	2.00% – 5.00%	\$ 24,555	6,176
Series 2011	10/25/11	2012 – 2031	2.13% – 4.00%	\$ 5,250	1,530
Series 2012A	11/20/12	2017 – 2027	1.50% – 5.00%	\$ 11,755	7,150
Series 2012B	11/20/12	2013 – 2022	1.50% – 2.25%	\$ 9,100	215
Series 2015	04/29/15	2016 – 2030	3.00% – 5.00%	\$ 785	45
Series 2016	04/05/16	2016 – 2038	2.25% – 5.00%	\$ 93,625	83,725
Series 2017 – Direct Placement	12/15/17	2020 – 2024	5.00%	\$ 25,910	15,985
Series 2018	02/21/18	2020 – 2039	3.00% – 5.00%	\$ 2,920	2,730
Total Lease Revenue Bonds Outstanding					175,246
Plus Unamortized Bond Premium					1,887
Total Lease Revenue Bonds Payable					<u>\$ 177,133</u>

Business-type Activities
(dollars expressed in thousands)

Student Assistance Programs:

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

SBOA Lease Revenue Bonds:

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

Water Loan Programs:

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

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

Fiscal Year	Principal							
	2012 Trust Estate Student Loan Indentures	2014 Trust Estate Student Loan Indentures	2015 Trust Estate Student Loan Indentures	2016 Trust Estate Student Loan Indentures	2017 Trust Estate Student Loan Indentures	2020 Trust Estate Student Loan Indentures	SAP Office Facility Bond Fund	2009C Utah SBOA Bonds
2022	\$ 18,304	\$ 11,288	\$ 16,678	\$ 25,100	\$ 25,200	\$ 28,505	\$ 765	\$ 1,445
2023	18,370	11,016	16,800	25,062	25,360	28,539	240	1,520
2024	18,351	10,999	16,392	24,963	25,272	28,481	250	1,605
2025	14,439	9,074	12,486	19,365	19,810	24,937	—	1,685
2026	13,642	8,676	12,433	18,773	19,238	23,138	—	1,785
2027-2031	34,474	36,666	50,061	75,576	78,812	73,251	—	6,000
2032-2036	—	240	—	10,368	9,053	—	—	—
2037-2041	—	—	—	—	—	—	—	—
Total	\$ 117,580	\$ 87,959	\$ 124,850	\$ 199,207	\$ 202,745	\$ 206,851	\$ 1,255	\$ 14,040

Fiscal Year	Principal							
	2009E Utah SBOA Bonds	2010 Utah SBOA Bonds	2011 Utah SBOA Bonds	2012A Utah SBOA Bonds	2012B Utah SBOA Bonds	2015 Utah SBOA Bonds	2016 Utah SBOA Bonds	2017 Utah SBOA Bonds
2022	\$ —	\$ 3,275	\$ 440	\$ 1,630	\$ 215	\$ 2,115	\$ 3,800	\$ 5,460
2023	—	3,445	455	1,710	—	2,220	4,025	5,085
2024	—	2,705	70	1,230	—	2,875	4,200	5,440
2025	6,015	—	70	2,850	—	3,005	4,400	—
2026	8,635	—	75	1,135	—	3,150	4,650	—
2027-2031	43,040	—	420	570	—	9,765	25,050	—
2032-2036	—	—	—	—	—	—	28,950	—
2037-2041	—	—	—	—	—	—	12,525	—
Total	\$ 57,690	\$ 9,425	\$ 1,530	\$ 9,125	\$ 215	\$ 23,130	\$ 87,600	\$ 15,985

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

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

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

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

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

D. Conduit Debt Obligations

The Utah Charter School Finance Authority (nonmajor discrete component unit) issued conduit debt obligations on behalf of various charter schools. The debt is the responsibility of the charter schools, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the debt. Accordingly, this debt has not been reported in the accompanying financial statements. The outstanding balance at June 30, 2021, is \$321.560 million in taxable and tax-exempt conduit debt.

E. Defeased Bonds and Bond Refunding

Primary Government

In prior years, the State defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other monies available for debt service in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Position. At June 30, 2021, the total amount outstanding of defeased general obligation bonds was \$387.210 million. At June 30, 2021, there were no outstanding defeased lease revenue bonds.

Business-type Activities

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

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

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

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

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

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

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

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

Discrete Component Units

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

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

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

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

reserves in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the component unit column on the Statement of Net Position. At June 30, 2021, \$336.350 million of colleges and universities' bonds outstanding are considered defeased.

F. Contracts Payable

Discrete component units capital leases/contracts payable include \$4.539 million in life annuity contracts.

G. Pollution Remediation Obligations

Under the federal Superfund law, the State is responsible for sharing remediation costs at sites where the Environmental Protection Agency expends Superfund trust monies for cleanup. Currently there are five sites in various stages of cleanup, from initial assessment to cleanup activities. The pollution remediation liabilities associated with these sites were measured using the actual contract cost, where no changes in cost are expected, or the expected cash flow technique. Liability estimates are subject to change due to price increases or reductions, technology, or changes in applicable laws or regulations governing the remediation efforts. As of June 30, 2021, the liability is \$10.639 million. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

H. Notes Payable

The notes payable balance consists of notes issued by discrete component units for the purchase of buildings and equipment. The notes bear various interest rates and will be repaid over the next 18 years. They are secured by the related assets. The Utah Transit Authority (UTA) entered into an interlocal agreement with Utah County that requires UTA to reimburse Utah County for all bond costs (principal, interest, and cost of issuance) prior to December 31, 2028 related to Utah County's \$65 million 2016 Subordinated Transportation Sales Tax Revenue Bond that was issued for the construction of the Utah Valley Express bus route. Payment information on notes payable is presented below.

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

Fiscal Year	Principal				Total Principal Required	Total Interest Required	Total Amount Required
	University of Utah	Utah State University	Utah Transit Authority	Nonmajor Component Units			
2022	\$ 2,795	\$ 1,647	\$ 1,886	\$ 2,017	\$ 8,345	\$ 4,053	\$ 12,398
2023	2,803	1,519	1,533	1,521	7,376	3,784	11,160
2024	4,534	1,309	1,607	11,083	18,533	3,222	21,755
2025	2,647	336	1,645	2,705	7,333	3,105	10,438
2026	2,797	281	1,700	2,654	7,432	2,811	10,243
2027-2031	7,168	605	57,295	11,433	76,501	8,751	85,252
2032-2036	—	—	—	6,188	6,188	512	6,700
2037-2041	—	—	—	47	47	54	101
Total	\$ 22,744	\$ 5,697	\$ 65,666	\$ 37,648	\$ 131,755	\$ 26,292	\$ 158,047

NOTE 11. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred Outflows and Inflows of Resources reported on the Statement of Net Position as of June 30, 2021, consisted of the following:

Deferred Outflows and Inflows of Resources
(expressed in thousands)

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

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

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

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

Under the modified accrual basis of accounting, governmental fund financial statements reported deferred inflows of resources of \$874.271 million in unavailable revenue. This was comprised of \$752.737 million from various taxes and \$121.534 million from other sources.

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

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

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

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

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

A. Governmental Fund Balances – Restricted, Committed and Assigned

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

governments; (2) **Committed Purposes**, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; (3) **Assigned Purposes**, which include balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2021, follows:

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

Continues

Governmental Fund Balances
(expressed in thousands)

	<u>Restricted Purposes</u>	<u>Committed Purposes</u>	<u>Assigned Purposes</u>
<i>Continued</i>			
Aeronautical Programs	8,316	—	—
Tax Accruals and Other Purposes *	66,461	—	—
Total	<u>\$ 486,816</u>	<u>\$ 0</u>	<u>\$ 3,119</u>
Transportation Investment Fund:			
Transportation Investment Capacity Projects	\$ —	\$ 592,219	\$ —
Other Purposes	—	96,620	—
Total	<u>\$ 0</u>	<u>\$ 688,839</u>	<u>\$ 0</u>
Permanent Fund - Trust Lands:			
Public Education System*	\$ 1,195,305	\$ —	\$ —
Higher Education and Other Purposes	55,528	—	—
Total	<u>\$ 1,250,833</u>	<u>\$ 0</u>	<u>\$ 0</u>
Nonmajor Governmental Funds:			
Capital Projects	\$ 371,014	\$ —	\$ 250,497
Debt Service	—	—	26,284
State Endowment Fund	—	314,574	—
Environmental Reclamation	39,776	7,902	—
Rural Development	—	22,249	—
Medicaid Expansion	—	138,209	20,711
Other Purposes	39,927	83,930	858
Total	<u>\$ 450,717</u>	<u>\$ 566,864</u>	<u>\$ 298,350</u>

* Resources restricted through constitutional provisions.

B. Budget Stabilization Accounts

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

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

Section 63J-1-217 of the *Utah Code* requires the State to maintain a balanced budget. If a budget shortfall is expected, the Governor is required to direct state agencies to reduce commitments and expenditures by an amount proportionate to any revenue shortfall until the Legislature is able to take action to rectify the shortfall. The Legislature utilizes funding reallocations, spending cuts, and

reserve funds to address a shortfall. If these measures do not rectify the shortfall, the Legislature may use the stabilization funds in extreme cases. Over the past 17 years, the Rainy Day Fund has been used three times, once for a budget shortfall and twice to pay state settlement agreements. Over the same period of time, the Education reserve has been used twice for budget shortfalls.

The Rainy Day Fund and the Education Reserve ended the year with balances of \$256.791 million and \$630.183 million, respectively. For the fiscal year ended June 30, 2021, there was no transfer into the Rainy Day Fund because the fund was at the statutory limit. The Education Reserve received \$141.483 million as a result of a revenue surplus.

In accordance with Section 63J-1-315 of the *Utah Code*, the State maintains the Medicaid Growth Reduction and Budget Stabilization Restricted Account (“Medicaid Budget Stabilization Account”). The account can only be used for specific purposes detailed in Section 63J-1-315, upon appropriation by the Legislature. The Legislature may appropriate money from the account only if Medicaid program expenditures are estimated to be 108 percent or more of Medicaid program expenditures for the previous year. This is not expected to occur routinely, as the state has implemented reforms in the Medicaid Program to bring Medicaid growth more in line with overall state revenue growth. In the nine years since the fund was created, there have been no appropriations from the fund. The account is funded in a fiscal year when there are savings in the Medicaid Program and a General Fund revenue surplus. For the fiscal year ended June 30, 2021, \$39.043 million was transferred into the Medicaid Budget Stabilization Account. The account ended the year with a balance of \$113.862 million.

C. Minimum Fund Balance Policies

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

D. Net Position Restricted by Enabling Legislation

The State’s net position restricted by enabling legislation represents resources which a party external to a government—such as citizens, public interest groups, or the judiciary—can compel the government to use only for the purpose specified by the legislation. The government-wide Statement of Net Position reports \$8.926 billion of restricted net position, of which \$26.425 million is restricted by enabling legislation.

NOTE 13. DEFICIT NET POSITION AND FUND BALANCE

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

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

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

Funds are the result of recording the funds’ portions of pensions and other postemployment benefits (OPEB) as required by GASB Statements. These Statements require the recognition and reporting of the net pension liability, net OPEB liability, and related transactions, often resulting in a deficit net position. The Technology Services, Human Resource Management, and Attorney General Legal Services Funds also reported a \$8.909 million deficit, a \$3.942 million deficit, and a \$8.574 million deficit respectively, in the unrestricted portions of their net positions at June 30, 2021, primarily as a result of recording the fund’s portions of pension and OPEB.

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

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

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

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

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

(Notes continue on next page.)

NOTE 14. INTERFUND TRANSFERS

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital to another fund. All transfers must be legally authorized by the Legislature through statute or an *Appropriation Act*. Interfund transfers for the fiscal year ended June 30, 2021, are as follows (in thousands):

Transferred From	Transferred To									Total
	Governmental Funds					Enterprise Funds				
	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Governmental Funds	Water Loan Programs	Nonmajor Enterprise Funds	Internal Service Funds	
General Fund	\$ —	\$ 50,526	\$ 43,151	\$ 1,525	\$ 10	\$ 657,381	\$ 3,247	\$ 10,244	\$ 2,692	\$ 768,776
Education Fund	1,468,517	—	—	—	—	229,159	—	—	—	1,697,676
Transportation Fund	53,906	—	—	42,729	—	12,733	—	—	—	109,368
Transportation Investment Fund	750	—	10,201	—	—	359,054	—	—	—	370,005
Trust Lands Fund	—	92,843	—	—	—	—	—	—	—	92,843
Nonmajor Governmental Funds	220,445	—	—	—	—	—	—	—	—	220,445
Unemployment Compensation Fund	9,734	—	—	—	—	—	—	—	—	9,734
Water Loan Programs	6,027	—	—	—	—	—	—	—	—	6,027
Community Impact Loan Fund	21,481	—	—	—	—	—	—	—	—	21,481
Employers' Reinsurance Fund	84	—	—	—	—	—	—	—	—	84
Nonmajor Enterprise Funds	126,091	1,750	—	—	—	—	—	—	—	127,841
Internal Service Funds	286	—	—	—	—	—	—	—	—	286
Total	<u>\$ 1,907,321</u>	<u>\$ 145,119</u>	<u>\$ 53,352</u>	<u>\$ 44,254</u>	<u>\$ 10</u>	<u>\$ 1,258,327</u>	<u>\$ 3,247</u>	<u>\$ 10,244</u>	<u>\$ 2,692</u>	<u>\$ 3,424,566</u>

Transfers from major governmental funds to nonmajor governmental funds are primarily for debt service expenditures and capital facility construction. Transfers from nonmajor enterprise funds to the General Fund are mostly liquor profits from the Alcoholic Beverage Control Fund that are required by statute to be deposited in the General Fund. Transfers of Trust Lands Fund (permanent fund) investment earnings are required by State constitution and statute to be deposited in the Education Fund (major governmental fund). All other transfers are made to finance various programs as authorized by the Legislature.

During fiscal year 2021, the Legislature authorized transfers of \$286 thousand from Internal Service Funds to the General Fund to subsidize general fund revenues. In addition, the Legislature authorized payments of \$1.299 billion to discrete component units. Payments to discrete component units are reported as expenditures in both the General Fund governmental fund statements and the governmental activities column of the Statement of Activities. They are also reported as revenues in the discrete component units column of the Statement of Activities.

NOTE 15. TAX ABATEMENTS

The State provides tax abatements through a number of programs administered by the Governor's Office of Economic Development (GOED): the Economic Development Tax Increment Financing (EDTIF) program, the Motion Picture Incentive Program (MPIP), the New Markets Tax Credit program (NMTC), and the Utah Rural Jobs Act program (URJA). These programs offer post-performance tax abatements of corporate and individual tax revenues, which would otherwise fund education, in exchange for specific actions that are intended to benefit the State or its citizens. GOED also administers the New Convention Facility Development Incentives program (NCFDI). This program offers tax abatement of sales tax revenues, which would otherwise fund government services, in exchange for specific actions that are intended to benefit the State or its citizens.

The EDTIF program provides incentives in the form of a refundable tax credit to accelerate business growth, job creation, and to encourage economic development within specific economic development zones. A business entity must enter into an incentive agreement with GOED, which specifies performance milestones on a commercial project. According to Section 63N-2-1 of the *Utah Code*, the project must: (1) be within the development zone; (2) include direct investment in the zone; (3) bring new incremental jobs to Utah; (4) create high-paying jobs and significant capital investment in the State or significant purchases from vendors, contractors, or service providers in the State; (5) generate new State revenues; and (6) meet the procedural eligibility requirements to qualify for a tax credit.

Each year, a business entity must apply to GOED for a tax credit certificate. GOED reviews the results of the commercial project for compliance before a credit is issued. A tax credit may not exceed 30 percent of new state tax revenues from the new project over the lesser of the life of the project or 20 years. A tax credit may not exceed 50 percent of new state tax revenues from the new project in a given year. If a business entity should fail to meet its obligations or has received more EDTIF refundable tax credits than it is entitled to, the excess amount must be returned and any future claim for credit may be denied and/or the contract may be nullified.

The MPIP provides tax credits to encourage television and movie producers to film in the State of Utah. This refundable tax credit provides financial incentives to qualified, pre-approved participants in the film industry to develop a strong motion picture presence in the State and boost the State's economy. Section 63N-8-104 of the *Utah Code* allows up to a 20 percent refundable tax credit, and an additional 5 percent, not to exceed 25 percent of the dollars left in the state by the motion picture company, if the applicant: (1) employs a significant percentage of cast and crew locally; (2) highlights Utah and the Utah Film Commission in the motion picture credits; and (3) meets other agreed-upon promotion requirements. The tax credit certificates are issued after the company completes production, pays in full

all Utah-based vendors, and provides an independently reviewed financial report for verification. Each fiscal year, GOED may issue up to \$6.794 million in tax credit certificates, or more if there are remaining unissued tax credits from a prior year.

The NMTC program provides incentives in the form of nonrefundable tax credits to Community Development Entities (CDE) that make qualified equity investments in small businesses. This program sunset on January 1, 2021.

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

GOED entered into an agreement with a qualified hotel owner during fiscal year 2019. While the eligibility period has commenced with beginning construction of the qualified hotel, GOED has not abated any taxes related to this project during fiscal year 2021.

The URJA program enables an eligible small business located in a rural county to expand and create high-paying jobs by providing flexible and affordable capital. This tax abatement provides financial incentives to a qualified claimant in a rural investment company that makes a credit-eligible investment of cash. Section 63N-4-304 of the *Utah Code* allows a tax credit equal to 25 percent of the claimant’s total credit-eligible capital contribution in each of the taxable years that include the fourth through the seventh anniversaries of the closing date. According to Section 63N-4-303 of the *Utah Code*, a Rural Investment Company (RIC) must submit an application that includes the following: (1) a copy of a license as a federally licensed rural business investment company or as a federally licensed small business investment company; (2) evidence that before the date the application is submitted, the applicant has invested at least \$50 million in nonpublic companies located in counties in the U.S. with fewer than 50,000 inhabitants; (3) a signed affidavit from each claimant stating the amount of the commitment; and (4) the sum of all credit-eligible contribution commitments, which must equal 58 percent of the total investment authority sought by the applicant. In addition, an RIC must perform the following within 65 days of approval: (1) collect the total amount of committed credit-eligible capital contributions from each claimant included in the application; (2) collect one or more cash equity investments contributed by affiliates of the RIC; and (3) collect one or more cash investments when combined with collections in (1) and (2) equal the RICs investment authority; (4) send sufficient documentation to the office to prove the amounts have been collected.

As authorized by 63N-4-305 of the *Utah Code*, the credit may be recaptured in the following situations: (1) if the RIC fails to invest 100 percent of its investment authority in growth investments in the state within three years of the closing date; (2) if the RIC fails to invest 100 percent of its investment authority until the seventh anniversary of the closing date; (3) if the RIC fails to maintain growth investments in this state equal to 100 percent of its investment authority until the 70th anniversary of the closing date; (4) if the RIC makes a distribution or payment that results in the RIC having less than 100 percent of its investment authority invested in growth investments in this state or available for growth investments and held in cash and other marketable securities; (5) if the RIC fails to maintain growth investments equal to 70 percent of its investment authority in eligible small businesses that maintain their principal business operations in a rural county; (6) if the RIC invests more than \$5 million from its investment authority in the same eligible small business; and (7) if the RIC makes a growth investment in an eligible small business that owns or has the right to acquire an ownership interest in the RIC or makes a loan to or an investment in the RIC.

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

The gross dollar amounts, on an accrual basis, by which the State’s revenues were reduced for the fiscal year ended June 30, 2021 are:

Tax Abatement Programs
(expressed in thousands)

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

The State has other recently enacted tax abatement programs where tax abatement agreements have not been entered into or the total tax abatement for these programs is less than 10 percent of the total taxes abated during the fiscal year. The State has no tax abatements that are entered into by other governments that reduce the State’s tax revenues. In addition, the State has other various tax credit incentives that are not defined as tax abatements under generally accepted accounting principles and therefore are not described and included here. See [Note 16.C](#) for commitments related to the tax abatements.

NOTE 16. LITIGATION, CONTINGENCIES, AND COMMITMENTS

A. Litigation

- The State is involved in various legal actions arising in the ordinary course of business. The State is vigorously contesting all of these matters, but as of this date it is not possible to determine the outcome of these proceedings. In the opinion of the Attorney General and management, the ultimate disposition of these matters will not have a material adverse effect on the State’s financial position.

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

B. Contingencies

- The State receives a significant amount of funding from the federal government. Funds flowing from the federal government to the State are subject to changes to federal laws and appropriations. Based on the financial position of the federal government, it is reasonably possible that events will occur in the near term that will significantly affect the flow of federal funds to the State. The State is taking action to identify and address the impact a significant reduction of federal funds will have on the programs and operations of the State, including requiring contingency plans from state agencies.
- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, identified questioned costs are immaterial. In addition, program compliance audits by the federal government are conducted periodically; however, an estimate of any potential disallowances on these audits and findings on other audits on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2021, will be available in the Spring of 2022.
- Management's estimated liability for the Petroleum Storage Tank Fund (non-major enterprise fund) is highly sensitive to change based on the short period of historical data and the uncertainty in estimating costs. Since it is not possible to determine the occurrence date of a leak in an underground storage tank, it is not possible to estimate the number or the associated costs of leaks that have not been detected.
- The Utah Fund of Funds (UFOF) (legally separate entity) was created by the passage of the Utah Venture Capital Enhancement Act in fiscal year 2003 to mobilize private investments and enhance the venture capital culture and infrastructure within the State. The State's involvement in this program is limited to public oversight of the UFOF primarily in the form of approving the issuance of contingent tax credit certificates, ensuring that the UFOF is achieving its statutory purposes of spurring economic development and protecting against the redemption of contingent tax credits. The aggregate outstanding tax certificates available to the program cannot exceed: (1) \$130 million of contingent tax credits used as collateral or a guarantee on loans for the debt-based financing of investments initiated before July 1, 2014; or (2) \$120 million of contingent tax credits for a loan refinanced using debt-based or equity-based financing; and (3) \$100 million used as an incentive for equity investments in the UFOF. The tax certificates are structured so that not more than \$20 million of contingent tax credits for each \$100 million increment of contingent tax liability may be redeemable in any fiscal year. Under certain circumstances, the holder of a certificate is entitled to a refundable tax credit against tax liabilities imposed by Section 59-7, "Corporate Franchise and Income Taxes," or Section 59-10, "Individual Income Tax Act" of the *Utah Code*. To date, the State has not had to place any contingent tax credits into the program, and it does not anticipate the use of tax credits any time in

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

- The State is self-insured for liability claims up to \$2 million per claim, plus an annual \$1 million corridor deductible, augmented by excess liability insurance with a per claim limit of \$3 million and an annual aggregate limit of \$6 million. The State purchased excess liability reinsurance with a per claim limit of \$5 million (excess of \$5 million) and an annual aggregate limit of \$10 million (excess of \$6 million). The State is self-insured for property claims up to \$1 million per occurrence, with an annual aggregate of \$3.5 million, and with sub-limits of \$525 million for earthquake and flood losses. Beginning fiscal year 2021, the State's per occurrence deductible for earthquakes is 2 percent of the value of each building involved in the loss, subject to a minimum of \$5 million and a maximum of \$25 million. The State's per occurrence deductible for flood losses is \$50 thousand. According to actuarial studies and other known factors, \$87.317 million exists as either incurred but unfiled or unpaid claims. This amount is reported as a liability of the Department of Administrative Services' Risk Management Fund (internal service fund).
- The Utah School Bond Guaranty Act (Sections 53G-4-801 to 808 of the *Utah Code*), which took effect on January 1, 1997, pledges the full faith, credit, and unlimited taxing power of the State to guaranty full and timely payment of the principal and interest on general obligation bonds issued by qualifying local school boards. The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guaranteed Bonds. The local school boards do not meet the criteria for inclusion as part of the State's reporting entity.

In the event a school board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may use any available monies, may use short-term borrowing from the State Permanent School Fund (part of the permanent Trust Lands Fund), or may issue short-term general obligation notes. The local school board remains liable to the State for any such payments on Guaranteed Bonds. Reimbursements to the State may be obtained by intercepting payment of state funds intended for the local school board. The State may also compel the local school board to levy a tax sufficient to reimburse the State for any guaranty payments.

The State Superintendent of Public Instruction is charged with monitoring the financial condition of local school boards and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately any circumstances that suggest a local school board may not be able to pay its debt service obligations when due. The State has not advanced any monies for the payment of debt service on Guaranteed Bonds and does not expect that it will be required to advance monies for any significant period of time.

Local school boards have \$3.592 billion principal amount of Guaranteed Bonds outstanding at June 30, 2021, with the last maturity date being 2040. The State cannot predict the

amount of bonds that may be guaranteed in future years, but no limitation is currently imposed by the Guaranty Act.

- The Charter School Credit Enhancement Program (Program) (Sections 53A-20b-201 to 204 of the *Utah Code*) was established to reduce borrowing costs for qualifying charter schools by providing credit enhancement on bonds issued on behalf of those schools. Bonds issued under this Program are not legal obligations of the State, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the bonds. If a charter school with bonds issued under the Program draws on its debt service reserve fund, state law requires the Governor to request an appropriation from the Legislature to restore the school's debt service reserve fund to its required level or to meet any principal or interest payment deficiency. However, the Legislature is not required to make any such appropriations. A charter school is required to repay the State any appropriations it receives to restore its debt service reserves at the time and in the manner required by the Utah Charter School Finance Authority (Authority) (nonmajor discrete component unit).

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

The Authority is the conduit issuer of Credit Enhancement Program bonds and responsible for developing criteria by which a charter school qualifies to participate in the Program. The Authority is also charged with monitoring the financial condition of qualifying charter schools and certifying, at least annually, the amount required to restore amounts on deposit in the debt service reserve funds of charter schools participating in the Program. The total amount of charter school debt enhanced by the Program is limited by formula. As of June 30, 2021, \$432.34 million of debt was outstanding under the Program.

- At June 30, 2021, the Utah Higher Education Assistance Authority Student Loan Guarantee Program (Student Assistance Programs, major enterprise fund) had guaranteed student loans outstanding with a current principal and interest balance of \$562.009 million.
- The Attorney General of the State sued the tobacco industry for medical costs related to smoking. The State of Utah has signed on to a master settlement agreement along with 45 other states. The major tobacco manufacturers and most of the smaller manufacturers have joined the agreement. The State received \$27.659 million from tobacco companies in fiscal year 2021 and expects to receive approximately \$24.500 million in fiscal year 2022. Annual payments will be adjusted for factors, such as inflation, decreased sales volume, previously settled lawsuits, disputed payments, and legal fees.
- The Utah School Readiness Initiative (Title 35A Chapter 15 of the *Utah Code*) created the School Readiness Board (the Board) and enabled the Board to provide grants and enter into contracts with private entities in order to improve early childhood education for at-risk students. Under the terms of the contract, private investors fund the program using a social impact bond financial model. This bond offers the investors a return on investment only if students in the

program meet specific education benchmarks. The maximum number of students the program will pay on is 383 per year for each of the remaining 4 years. As of June 30, 2021, the State of Utah has reserved a total of \$5.047 million to cover student evaluations and any repayment of the social impact bond. The program has repaid \$4.180 million to investors as of June 30, 2021. The Board authorized an additional payment to investors of \$948 thousand at the September 2021 board meeting. It is anticipated the State of Utah will commit additional funds in future years as necessary.

C. Commitments

- At June 30, 2021, the Industrial Assistance Program of the General Fund had grant commitments of \$16.301 million, contingent on participating companies meeting certain performance criteria.
- At June 30, 2021, the Economic Development Tax Increment Financing incentive program had outstanding long-term contract commitments for General Fund cash rebates of \$80.586 million and Education Fund tax credits (tax abatements) of \$678.041 million. These cash rebates and tax credits are contingent on participating companies meeting certain economic development performance criteria.
- At June 30, 2021, the Motion Picture Incentive Program had outstanding contract commitments for General Fund cash rebates of \$5.531 million and Education Fund tax credits (tax abatements) of \$10.816 million. These cash rebates and credits are contingent upon participating motion picture companies meeting certain within-the-state production criteria.
- At June 30, 2021, the New Convention Facilities Development Incentives program had outstanding contract commitments for General Fund tax credits (tax abatements) of \$75.000 million. These tax credits are contingent on the participating entities meeting certain statutorily required construction criteria.
- At June 30, 2021, the Utah Rural Jobs Act program had outstanding commitments for Education Fund tax credits (tax abatements) of \$24.360 million. These tax credits are contingent on the participating entities meeting statutorily required construction criteria.
- At June 30, 2021, the Utah Department of Transportation had construction and other contract commitments of \$1.191 billion, of which \$421.020 million is for Transportation Fund (major fund) and \$770.228 million is for projects within the Transportation Investment Fund (major capital projects fund) highway projects. These commitments will be funded with future appropriations in the Transportation Fund and through proceeds of general obligation bonds and future appropriations in the Transportation Investment Fund.
- As of June 30, 2021, the permanent Trust Lands Fund had contractual commitments of \$1.181 billion to various investments. Of this amount, an estimated \$447.896 million remained unfunded and subject to call by the funds.
- At June 30, 2021, the capital projects funds had construction commitments of \$624.622 million. These commitments will be funded with legislative appropriations, intergovernmental revenues, and proceeds of general obligation and lease revenue bonds.

- At June 30, 2021, the enterprise funds had loan commitments of approximately \$449.234 million and grant commitments of approximately \$48.130 million.
- At its yearend December 31, 2020, the Utah Retirement Systems (pension trust and defined contribution plans) had committed to fund certain private equity partnerships, absolute return, and real asset funds projects for an amount of \$18.640 million. Funding of \$14.525 million had been provided by December 31, 2020, leaving an unfunded commitment of \$4.115 million.
- At June 30, 2021, the University of Utah (major discrete component unit) had outstanding commitments for the construction and remodeling of its buildings of approximately \$70.500 million.
- The University of Utah, under the terms of various limited partnership agreements approved by the Board of Trustees or University officers, is obligated to make periodic payments for advance commitments to venture capital and private equity investments. As of June 30, 2021, the University had committed, but not paid, a total of \$77.525 million in funding for these alternative investments.
- At June 30, 2021, Utah State University (major discrete component unit) had outstanding commitments for the construction and remodeling of its buildings of approximately \$62.000 million.
- Utah State University, under the terms of various limited partnership agreements approved by the Board of Trustees or by University officers, is obligated to make periodic payments for advance commitments to venture capital, natural resource, and private equity investments. As of June 30, 2021, the University had committed, but not paid, a total of \$29.570 million in funding for these alternative investments.
- At its yearend of December 31, 2020, the Utah Transit Authority (major discrete component unit) had outstanding purchasing commitments of approximately \$127.800 million for several capital projects.

NOTE 17. PENSION PLANS

Utah Retirement Systems (URS) was established by Title 49 of the *Utah Code*. URS administers the pension systems and plans under the direction of the URS Board whose members are appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans it administers. URS maintains records and prepares financial statements using fund accounting principles and the accrual basis of accounting, under which benefits and expenses are recognized when due and payable, and revenues are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2020, financial report has been included in this Annual Comprehensive Financial Report as a pension trust fund for URS within the fiduciary funds. Copies of the separately issued financial report, which includes financial statements and required supplemental information, may be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102-2044, or online at www.urs.org. The Utah Transit

Authority (major discrete component unit) does not participate in URS. See [Note 17.B](#) for a description of Utah Transit Authority pension plans.

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

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

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

A. Defined Benefit Plans - Utah Retirement Systems

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

(Table on next page.)

Summary of Benefits by System

	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Final Average Salary ...	Highest 3 Years	Highest 5 Years	Highest 3 Years	Highest 3 Years	Highest 2 Years	Highest 5 Years	Highest 5 Years
	30 years any age	30 years any age	20 years any age	20 years any age	25 years any age	35 years any age	25 years any age
	25 years any age*	20 years age 60*	10 years age 60	10 years age 60	20 years age 55*	20 years age 60*	20 years age 60*
Years of Service Required and/or Age Eligible for Benefit.....	20 years age 60*	10 years age 62*	4 years age 65	4 years age 65	10 years age 62	10 years age 62*	10 years age 62*
	10 years age 62*	4 years age 65			6 years age 70	4 years age 65	4 years age 65
	4 years age 65						
Benefit Percent per Year of Service**	2.00% per year all years	1.25% per year to June 1975 2.00% per year July 1975 to present	2.50% per year up to 20 years 2.00% per year over 20 years	Up to 2.50% or 4.00% annually depending on the employer	5.00% first 10 years 2.25% second 10 years 1.00% over 20 years	1.50% per year all years	1.50% per year to June 2020; 2.0% per year July 2020 to present
COLA***	Up to 4.00% annually	Up to 4.00% annually		Up to 4.00% annually	Up to 4.00% compounded annually	Up to 2.50% annually	Up to 2.50% annually

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

* With actuarial reductions.

** For members and retirees in the systems, prior to January 1, 1989, there may be a 3.00 percent benefit enhancement.

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

Former governors at age 65 receive \$1,440 per month per term. Legislators with four or more years of service receive a benefit at age 65 at the rate of \$31.20 per month per year of service. Legislators retiring at age 62 with ten or more years of service will receive an actuarial reduction. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

members of the Systems may leave their retirement account intact for future benefits based on vesting qualification, or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

At December 31, 2020, the following number of employees were covered by the State's (primary government) single-employer plans:

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

Single-employer Plans Covered Employees
December 31, 2020

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

Contribution Rates

As a condition of participation in the Defined Benefit Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an

additional amount to finance any unfunded actuarial accrued liability. For the Utah Governors and Legislators plan, an annual appropriation is statutorily required to maintain this plan on a financially and actuarially sound basis. The State paid 100 percent of the contractually and statutorily required contributions. Contribution rates and contributions for the fiscal year ended June 30, 2021, are presented in the following table (dollars expressed in thousands):

Contributions

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

* Tier 2 plans provide a statutory required contribution (0.08 to 18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 plans.

In addition to the contributions noted above, the primary government and discrete component units (except UTA) also paid to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements of \$1.231 million and \$262 thousand, respectively.

(Notes continue on next page.)

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

Single-employer Plans		
Changes in Net Pension Liability and Related Ratios		
Increases (Decreases)		
For the Fiscal Year Ended December 31, 2020		
<i>(dollars expressed in thousands)</i>		
	Judges System	Utah Governors and Legislators Retirement Plan
Total Pension Liability		
Service Cost	\$ 6,144	\$ 104
Interest	17,675	875
Difference between Actual and Expected Experience	548	224
Refunds	—	(10)
Assumption Changes	3,588	169
Benefit Payments	(15,863)	(1,023)
Net Change in Total Pension Liability	12,092	339
Total Pension Liability – Beginning	259,024	12,991
Total Pension Liability – Ending	A \$ 271,116	\$ 13,330
Plan Fiduciary Net Position		
Contributions – Employer	\$ 8,646	\$ 369
Court Fees *	1,410	—
Net Investment Income	27,391	1,396
Benefit Payments	(15,863)	(1,023)
Refunds	—	(10)
Administrative Expense	(84)	(4)
Net Transfers with Affiliated Systems	2,340	(17)
Net Change in Plan Fiduciary Net Position	23,840	711
Plan Fiduciary Net Position – Beginning	220,293	11,344
Plan Fiduciary Net Position – Ending	B \$ 244,133	\$ 12,055
Net Pension Liability / (Asset) – Ending (A – B)	\$ 26,983	\$ 1,275
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.05 %	90.44 %
Covered Payroll	\$ 20,201	\$ 757
Net Pension Liability as a Percentage of Covered Payroll	133.57 %	168.43 %

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

(Notes continue on next page.)

Proportionate Share of Net Pension Asset and Liability

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

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

**Primary Government
Net Pension Asset and Liability**

December 31, 2020

(dollars expressed in thousands)

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

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

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

December 31, 2020

(dollars expressed in thousands)

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

Deferred Outflows and Inflows of Resources

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's

actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year. The following table summarizes the pension expense by system, separated by primary government and the discrete component units (except UTA).

(Notes continue on next page.)

Primary Government and Discrete Component Units (except UTA)

Pension Expense

December 31, 2020

(dollars expressed in thousands)

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

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

Deferred Outflows and Inflows of Resources *

Related to Pensions

December 31, 2020

(expressed in thousands)

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

Deferred Outflows and Inflows of Resources *
Related to Pensions

December 31, 2020

(expressed in thousands)

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

Continues

* Before amounts allocated for financial statement presentation.

Deferred Outflows and Inflows of Resources *
Related to Pensions

December 31, 2020

(expressed in thousands)

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

* Before amounts allocated for financial statement presentation.

The \$125.522 million and \$35.841 million reported as deferred outflows of resources by the primary government and discrete component units (except UTA), respectively, are the result of contributions subsequent to the measurement date of December 31, 2020. These contributions will be recognized as a reduction of

the net pension liability in the subsequent fiscal year. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Recognition of Remaining Deferred Outflows and (Inflows) of Resources

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

(Notes Continue on next page.)

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Summary of Actuarial Assumptions

	Non-contributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Valuation Date	01/01/20	01/01/20	01/01/20	01/01/20	01/01/20	01/01/20	01/01/20	01/01/20
Measurement Date	12/31/20	12/31/20	12/31/20	12/31/20	12/31/20	12/31/20	12/31/20	12/31/20
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Actuarial Assumptions: Investment Rate of Return	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%
Projected Salary Increases ..	3.25–9.25%	3.25–9.25%	3.25–7.25%	3.25–8.50%	3.25%	None	3.25–9.25%	3.25–8.50%
Inflation Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Post-retirement Cost-of-living Adjustment	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

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

The actuarial assumptions used in the January 1, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016. Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA from 2017, a model developed by the Society of Actuaries.

Target Allocations

The long-term expected rate of return on pension plan investments was determined using a building-block method in

which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2020, are summarized in the table below:

**Target Allocations
Expected Return Arithmetic Basis**

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return*
Equity Securities	37.00 %	6.30 %	2.33 %
Debt Securities	20.00 %	0.00 %	0.00 %
Real Assets	15.00 %	6.19 %	0.93 %
Private Equity	12.00 %	9.50 %	1.14 %
Absolute Return	16.00 %	2.75 %	0.44 %
Cash and Cash Equivalents	0.00 %	0.00 %	0.00 %
Total Asset Classes	<u>100.00 %</u>		4.84 %
Inflation			2.50 %
Expected Arithmetic Nominal Return			<u>7.34 %</u>

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

Discount Rate

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS

Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the municipal bond rate.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the State’s (primary government) net pension liability calculated using the discount rate of

6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.95 percent) or 1 percentage-point higher (7.95 percent) than the current rate:

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

System	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 1,020,674	\$ 318,386	\$ (268,823)
Contributory System	12,773	(8,414)	(26,575)
Public Safety System	261,217	62,712	(100,429)
Firefighters System	367	(808)	(1,759)
Judges System	57,467	26,983	1,124
Utah Governors and Legislators Retirement Plan	2,545	1,275	192
Tier 2 Public Employees System	42,477	2,524	(28,038)
Tier 2 Public Safety and Firefighters System	8,826	1,872	(3,674)
Total Net Pension Liability / (Asset)	<u>\$ 1,406,346</u>	<u>\$ 404,530</u>	<u>\$ (427,982)</u>

Changes in Assumptions

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

B. Defined Benefit Plans - Utah Transit Authority

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

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

The Plan is administered by the Pension Committee that consists of five (5) members, one (1) full-time Board Member, two (2) appointed by the Amalgamated Transit Union Local 382 in

accordance with a collective bargaining agreement and two members of staff appointed by the Board of Trustees. The members of the Pension Committee may (but need not) be participants in the Plan. In the absence of a Pension Committee, the Plan Administrator assumes the powers, duties and responsibilities of the Pension Committee with respect to the administration of the Plan. U.S. Bank serves as the administrator and custodian of the Plan, with Cambridge Associates, LLC (CA) serving as a third-party investment manager.

The Plan prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, under which benefits and expenses are recognized when due and payable and revenues are recorded in the accounting period in which they are earned and become measurable in accordance with the terms of the Plan. Accordingly, the valuation of investments is shown at fair value and both realized and unrealized gains (losses) are included in net appreciation and depreciation in fair value of investments. The Plan does not issue a publicly available financial report.

Retirement Benefits

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

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

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

Upon termination of employment, members may leave their retirement account intact for future benefits based on vesting qualification or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based. If employees terminate employment before rendering five years of service, they forfeit the right to receive their non-vested accrued plan benefits.

Early Retirement Benefits

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

Disability Benefits

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

Death Benefits

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

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

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

Lump Sum Distributions

Payment in a lump sum, regardless of amount, may be made with the participant's written consent. Effective September 1, 2012, a participant who has not previously received benefits may elect a partial lump sum payment with the remaining part to be paid in the same manner as the traditional annuity. During calendar year 2020, 43 participants elected to receive their benefit in the form of lump sum distribution. Lump sum distributions collectively totaled \$6.880 million for 2020. Individuals are removed from the Plan's membership if they choose to take all of their benefit as a lump sum distribution.

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

Utah Transit Authority Retirement Plan and Trust Membership

January 1, 2020

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

Contributions

Employer Contribution Requirements

UTA's contributions are determined by the Pension Committee and approved by the Board of Trustees based on funding levels recommended by the Plan's actuary. The Authority's contribution rate consists of (1) an amount for normal cost, the estimated amount necessary to finance benefits earned by participants during the current year, and (2) an amount for amortization of the unfunded or excess funded actuarial liability over the service life of the vested participants. The rates are determined using the entry age actuarial cost method. The Authority's Board of Trustees adopted a contribution rate policy of 16.30 percent for calendar year 2020. Employer contributions in calendar year 2020 totaled \$24.274 million.

Participant Voluntary Contributions

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

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

Utah Transit Authority Retirement Plan and Trust
Changes in Net Position Liability and Related Ratios
Increases (Decreases)
For the Fiscal Year Ended December 31, 2020
(expressed in thousands)

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

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

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

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

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

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

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

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

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

Actuarial assumptions

Actuarial valuation of the Plan involves estimates of the reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The significant actuarial assumptions and methods used in the January 1, 2020 valuation are as follows:

Utah Transit Authority Retirement Plan and Trust
Summary of Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal
Inflation	2.30%
Salary Increases	5.40% per annum for the first five (5) years of employment; 3.40% per annum thereafter
Investment rate of return	6.75% net of investment expenses
Cost of Living Adjustments	None
Mortality	RP-2014 Blue Collar Mortality Table, with MP-2014 Project Scale (Preretirement; Employee Table; Post-retirement Annuitant Table)
Annual Payroll Growth Including Inflation	3.40%
Percent of Future Retirement Electing Lump Sum	20.00%

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2008.

Investment Policy and Target Allocation

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

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

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

Utah Transit Authority Retirement Plan and Trust
Policy Allocation

	Target Asset Allocation	Range	Long-term Expected Return
Global Equity	63.00 %	51% - 75%	6.80 %
Liquid Diversifiers	10.00 %	0% - 15%	3.40 %
Real Assets	4.00 %	0% - 8%	5.10 %
Fixed Income	22.00 %	12% - 32%	2.70 %
Cash & Equivalents	1.00 %	0% - 5%	1.60 %
Total	<u>100.00 %</u>		

The long-term rate of return is selected by the Plan's Pension Committee after a review of the expected inflation and long term real returns, reflecting expected volatility and correlation. The 6.75 percent assumed investment rate of return is net of investment expense.

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the middle of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow each month. The money-weighted rate of return is calculated net of investment expenses. For the calendar year ending, December 31, 2020, the annual money-weighted rate of return, net of investments was 13.88 percent.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. Previous to 2020, as discount rate of 7.00 percent was used. Based on the actuarial assumptions, the Plan's fiduciary net position was projected to be available to make all the projected future benefit payments of current active and inactive Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The following sensitivity analysis assumes rate volatility of plus and minus one percent of the discount rate of 6.75 percent.

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

(expressed in thousands)

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

C. Defined Contribution Plans

The 401(k), 457, and Roth and Traditional IRA Plans, in which the State participates and administered by URS, are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the Retirement Systems and a primary retirement plan for some Tier 2 participants. Contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the 401(k) and 457 Plans at rates determined by the employers and according to Title 49 of the *Utah Code*. There are 476 employers participating in the 401(k) Plan and 299 employers participating in the 457 Plan. There are 188,356 plan participants in the 401(k) Plan, 19,040 participants in the 457 Plan, 15,382 participants in the Roth IRA Plan, and 2,825 participants in the Traditional IRA Plan.

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

Employees of the State are eligible to participate in the defined contribution 401(k), 457, and Roth and Traditional IRA Plans. Employees, who contribute to a 401(k), 457, or IRA will get a match from the State of up to 2.00 percent and \$26 per pay period. In addition, the State and participating employers are required to contribute 1.50 percent of an employee’s salary into a 401(k) for those employees who participate in the noncontributory system. The amounts contributed to the 401(k) Plan during the year ended June 30, 2021, by employees and employers are as follows: for primary government, \$41.484 million and \$37.044 million; for component units, \$6.156 million and \$9.040 million, respectively. The amounts contributed by employees to the 457, and Roth and Traditional IRA Plans (primary government and discrete component units) were \$8.499 million, \$9.354 million, and \$366 thousand, respectively.

For the Tier 2 Public Employee System, Tier 2 Public Safety System, and the Tier 2 Firefighters System, the State and participating employers are required to contribute varying amounts into a 401(k). The amounts range from 0.89 to 1.50 percent of an employee’s salary for the hybrid defined benefit systems and 10 to 14 percent of an employee’s salary for the defined contribution systems. These contributions vest immediately, except for the Tier 2 401(k) required contributions that are subject to a 4 year vesting period. The primary government and discrete component units paid in 401(k) defined contributions required by statute \$12.506 million and \$1.936 million, respectively. In addition to these contributions, the Tier 2 plans provide a statutory required contribution (0.08 to

18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 (defined benefit) plans.

Teachers Insurance and Annuity Association

Teachers Insurance and Annuity Association (TIAA) and Fidelity Investments, privately administered defined-contribution retirement plans, provide individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and staff. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.20 percent of the employee’s annual salary. The State has no further liability once annual contributions are made.

The total contribution made by the colleges and universities (discrete component units) to the TIAA and Fidelity retirement systems for June 30, 2021 and June 30, 2020, were \$305.791 million and \$289.623 million, respectively.

University of Utah

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

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

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

Utah Transit Authority

The Utah Transit Authority (UTA) (major discrete component unit) offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all employees on a voluntary basis and permits them to defer a portion of their salaries until future years. UTA

currently matches \$2 for every \$3 of employee contributions, up to 2.00 percent of the employee's salary. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS

The State administers the State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan) through the State Post-Retirement Benefits Trust Fund, as set forth in Section 67-19d-201 of the *Utah Code*. A separate Elected Official Other Post-employment Benefit Plan (Elected Official OPEB Plan) is provided for governors and legislators, and this plan is administered through the Elected Official Post-Retirement Benefits Trust Fund as set forth in Section 67-19d-201.5 of the *Utah Code*. Both trust funds are irrevocable and legally protected from creditors. Both are also administered under the direction of a board of trustees, which consists of the State Treasurer, the Director of the Division of Finance, and the Director of the Governor's Office of Management and Budget or a designee. Neither plan issues a publicly available financial report, but are included in this report of the primary government.

State Employee OPEB Plan Description

At the option of individual state agencies, employees may participate in the State Employee OPEB Plan, a single-employer defined benefit healthcare plan, as set forth in Section 67-19-14.2 of the *Utah Code*. Only state employees who are entitled to receive retirement benefits are eligible to receive postemployment health and life insurance benefits, and in some situations dental coverage, from the State Employee OPEB Plan. Upon retirement, employees receive up to 25 percent of the value of their unused accumulated sick leave, earned prior to January 1, 2006, as a mandatory employer contribution into a 401(k) account. Employees may exchange eight hours of their remaining unused accumulated sick leave for one month of paid health and life insurance coverage up to age 65. After age 65, employees may

use the balance of unused accumulated sick leave, earned prior to January 1, 2006, to exchange for spouse health insurance to age 65, or Medicare supplemental insurance for employee or spouse. In addition, any full-time employees of the Utah State Board of Education and the Utah Schools for the Deaf and the Blind (nonmajor discrete component unit) hired before July 1, 2012, who have attained at least five consecutive years of service with the agency, have the option of receiving postemployment health, dental, and life insurance coverage for up to five years or until reaching age 65 regardless of their unused sick leave balance. Also, judges have their own retiree health coverage that is part of the State Employee OPEB Plan. The State Employee OPEB Plan is closed to new entrants since it is only applicable to employees eligible for retirement who have sick leave earned prior to January 1, 2006, or employees of the Utah State Board of Education hired before July 1, 2012.

Elected Official OPEB Plan Description

The Elected Official OPEB Plan is a single-employer defined benefit healthcare plan, as set forth in Section 49-20-404 of the *Utah Code*. Only governors and legislators (elected officials) who retire after January 1, 1998, and have four or more years of service can elect to receive and apply for health insurance coverage or Medicare supplemental coverage. The State will pay 40 percent of the benefit cost for four years of service and up to 100 percent for ten or more years of service for elected officials and their spouses.

To qualify for health insurance coverage, an elected official must be between 62 and 65 years of age and either be an active member at the time of retirement or have continued coverage with the program until the date of eligibility. In addition, to qualify for health insurance coverage, an elected official must have service as a legislator or governor prior to January 1, 2012.

To qualify for Medicare supplemental coverage, an elected official must be at least 65 years of age. In addition, the elected official must retire under Chapter 19, *Utah Governors' and Legislators' Retirement Act*, and began service as an elected official prior to July 1, 2013. The Plan is closed to new entrants.

At June 30, 2021, the following number of employees were covered by the State's single-employer OPEB plans:

(Table on next page)

**Single-employer Plans Covered Employees
June 30, 2021**

	State Employee OPEB Plan	Elected Official OPEB Plan
Inactive Employees or Beneficiaries Currently Receiving Benefits ..	2,972	97
Inactive Employees Entitled to But Not Yet Receiving Benefits.....	—	99
Active Employees.....	4,487	50
Total Single-employer Plans Covered Employees	<u>7,459</u>	<u>246</u>

State Employee OPEB Plan Contributions

The contribution requirements of employees and the State are established, and may be amended, by the State Legislature. For retirees who participate in the State Employee OPEB Plan, health insurance premiums are paid 100 percent by the State for individuals who retired before July 1, 2000. Individuals retiring thereafter are required to contribute specified amounts monthly, ranging from 0 to 30.10 percent, toward the cost of health insurance premiums. For the fiscal year ended June 30, 2021, retirees contributed \$1.446 million, or approximately 4.66 percent of total premiums, through their required contributions of \$0 to \$875.66 per month depending on the coverage (single, double, or family) and health plan selected.

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

Elected Official OPEB Plan Contributions

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

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

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

Net OPEB Liability/Asset

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

(Table on next page)

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

For the Year Ended June 30, 2021

(dollars expressed in thousands)

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

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

(Notes continue on next page.)

Deferred Outflows and Inflows of Resources and OPEB Expense

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

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

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

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

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

Deferred Outflows and Inflows of Resources Related to OPEB

June 30, 2021

(expressed in thousands)

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

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

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

Fiscal Year Ended June 30, 2021

(expressed in thousands)

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

The total OPEB liability in the December 31, 2020, valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Summary of Actuary Assumptions

	State Employee OPEB Plan	Elected Official OPEB Plan
Actuarial Valuation Date	12/31/2020	12/31/2020
Measurement Date	6/30/2020	6/30/2020
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay Cost Method	
Investment Rate of Return	3.00%	5.25%
Inflation Rate	2.50%	
Healthcare Inflation Rate	6.00% initial 4.04% ultimate	

Rates for the pre-retirement mortality assumption were based on the Pub-2010 Headcount-Weighted General or Public Safety Employees Mortality Tables with generational projection using Scale MP-2020. Rates for the post-employment mortality assumption were based on the Pub-2010 Headcount-Weighted General or Public Safety Retirees or Contingent Survivors Mortality Tables with generational projection using Scale MP-2020. The medical trend assumptions used in the valuation were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model (version 2019_b).

The actuarial assumptions were updated since the prior measurement period based on the assumptions used in the Utah Retirement Systems (URS) actuarial valuation as of January 1, 2020 based on the results of an actuarial experience study for the five-year period ending December 31, 2018.

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

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

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

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

Investment Policy and Target Allocations

The State Treasurer is responsible for investing the assets of the State Employee OPEB Plan and the Elected Official OPEB Plan. The State Treasurer has an investment committee which establishes the asset allocation for the OPEB plans with the primary goal of providing for the stability, income, and growth of

the principal. The asset allocation for the plans is not expected to change substantially over the short or intermediate time horizons in response to short-term market movements, but may change incrementally based upon long-term capital market projections. For the fiscal year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 2.91 percent for the State Employee OPEB Plan and 20.32 percent for the Elected Official OPEB Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in each plan's target asset allocation as of June 30, 2021, are summarized below:

State Employee OPEB Plan Target Allocations Expected Return Arithmetic Basis

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Debt Securities	90.00 %	0.90 %	0.80 %
Real Estate	10.00 %	2.00 %	0.20 %
Total Asset Classes ..	<u>100.00 %</u>		1.00 %
Inflation			2.00 %
Expected Arithmetic Nominal Return			<u>3.00 %</u>

Elected Official OPEB Plan Target Allocations Expected Return Arithmetic Basis

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Equity Securities	55.00 %	5.00 %	2.73 %
Debt Securities	35.00 %	0.90 %	0.32 %
Real Estate	10.00 %	2.00 %	0.20 %
Total Asset Classes ..	<u>100.00 %</u>		3.25 %
Inflation			2.00 %
Expected Arithmetic Nominal Return			<u>5.25 %</u>

Discount Rates

The discount rate used to measure the total OPEB liability was 3.00 percent for the State Employee OPEB Plan and 5.25 percent for the Elected Official OPEB Plan.

The projection of cash flows used to determine the discount rates assumed that future State contributions will be equal to the Actuarially Determined Contribution (ADC) as calculated in each future valuation. Based on those assumptions, the OPEB Plan’s Fiduciary Net Position for both plans was projected at the beginning of each year to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the OPEB Plan’s investments for both plans, was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rates do not incorporate a municipal bond rate.

The following presents the net OPEB liability for the State for both plans, calculated using the discount rate of 3.00 percent for the State Employee OPEB Plan and 5.25 percent for the Elected Official OPEB Plan, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2 percent – State Employee OPEB Plan, 4.25 percent – Elected Official OPEB Plan) or 1 percentage-point higher (4 percent – State Employee OPEB Plan, 6.25 percent – Elected Official OPEB Plan) than the current rate:

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

The following presents the net OPEB liability of the State, as well as what the State’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher the current healthcare cost trend rates:

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

NOTE 19. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to use a combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management Fund (internal service fund) and the Public Employees Health Program (PEHP) (major discrete component unit). The Risk Management Fund manages the general property, auto/physical damage, and general liability risks of the State. PEHP manages the group medical, dental, life insurance, and long-term disability programs of the State. The State is a major participant in both of these programs with all state funds and departments included. All state colleges, universities, school districts, most charter schools, and other state discrete component units participate in the Risk Management Fund. PEHP also provides insurance coverage to approximately 380 municipalities, school districts, and other public entities within the State.

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

The State has determined that the Risk Management Fund and PEHP can economically and effectively manage the State’s risks internally and have set aside assets for claim settlements through reserves. Risks are also covered through commercial insurance for excessive losses. The State is self-insured for liability claims up to \$2 million per claim, plus an annual \$1 million corridor deductible, augmented by excess liability insurance with a per claim limit of \$3 million and an annual aggregate limit of \$6 million. The State purchased excess liability reinsurance with a per claim limit of \$5 million (excess of \$5 million) and an annual aggregate limit of \$10 million (excess of \$6 million). The State is self-insured for property claims up to \$1 million per occurrence, with an annual aggregate of \$3.5 million, and with sub-limits of \$525 million for earthquake and flood losses. Beginning fiscal year 2021, the State’s per occurrence deductible for earthquakes is 2 percent of the value of each building involved in the loss, subject to a minimum of \$5 million and a maximum of \$25 million and the State’s per occurrence deductible for flood losses is \$50 thousand.

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

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

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

The Risk Management Fund and PEHP allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a premium to each participating public entity or employee. Premiums are based on each organization's recent trends in actual claims experience and property values. The primary government and discrete component units of the State paid premiums to PEHP for health and life insurance coverage in fiscal year 2021 of \$357.703 million and \$54.673 million, respectively.

Risk Management and PEHP claims liabilities are reported when it is probable that a claim has occurred and the ultimate cost of settling that claim can be reasonably estimated and includes an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors (i.e., inflation, changes in legal doctrines and insurance benefits, and unanticipated damage awards), the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically by actuaries who take into consideration recently settled claims, frequency of claims, and other economic or social factors. Inflation and other appropriate modifiers are included in this calculation because reliance is based on historical data. The Risk Management Fund claim reserves are reported using a discount rate of 1 percent. The PEHP long-term disability benefit reserves of \$15.959 million are reported using discount rates between 1.75 and 3.50 percent.

All employers who participate in the Utah Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program according to Section 49-21-201 of the *Utah Code*. Employees of state departments who meet long-term disability eligibility receive benefits for the duration of their disability up to the time they are eligible for retirement or until age 65. Benefits beginning after a three-month waiting period are

paid 100 percent by the program. As of June 30, 2021, there were 142 state employees receiving benefits. The program is funded by paying premiums to PEHP where assets are set aside for future payments. For the fiscal year ended June 30, 2021, the primary government and the discrete component units of the State paid premiums for the Long-term Disability Program of \$5.425 million and \$333 thousand, respectively.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, Utah Valley University, and Dixie State University (major and nonmajor discrete component units) each maintain self-insurance funds to manage health/dental care and report claims liabilities if it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The University of Utah also maintains a self-insurance fund to manage medical malpractice liabilities. The University of Utah and the University of Utah Hospital and Clinics also have a "claims made" umbrella medical professional liability insurance policy in the amount of \$20 million catastrophic malpractice liabilities in excess of the trusts' fund balances, the coverage provides for \$5 million per claim and \$26 million in the aggregate.

Utah Transit Authority (UTA) (major discrete component unit) is self-insured for amounts up to the maximum statutory liability in any one accident of \$3 million for incidents occurring after May 1, 2019. UTA carries an excess umbrella policy of \$10 million over a \$7 million self-insurance reserve. UTA has Railroad Liability Coverage of \$100 million per annum with \$5 million of risk retention. UTA is self-insured for worker's compensation up to the amount of \$1 million per incident and has excess insurance for claims over this amount. UTA has insurance for errors and omissions and damage to property in excess of \$100 thousand per annum.

The following table presents the prior and current year changes in claims liabilities balances (short and long-term combined). The Risk Management and College and University self-insurance balances are for the fiscal years ended June 30, 2020 and June 30, 2021. The PEHP and UTA balances are for the calendar years ended December 31, 2019 and December 31, 2020:

(Table on the next page)

Changes in Claims Liabilities
(expressed in thousands)

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

NOTE 20. SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the Governor's Office of Economic Development Board recommended and the director approved \$131.121 million of additional commitments to be credited over the next several years for the Economic Development Tax Increment Financing (EDTIF) and Motion Picture Incentive (MPIP) programs. These commitments are contingent on participating companies meeting certain economic development performance criteria and within-the-state production criteria.

On October 1, 2021, the Student Assistance Programs (the Programs) (major enterprise fund) received authorization from the Utah Board of Higher Education for the sale of the Federal Family Education Loan Program portfolio administered by the Utah Higher Education Assistance Authority. Financial advisers estimate the net proceeds of the sale of the federal student loan portfolio could be between \$207 million and \$220 million

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

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

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

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

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

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

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

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

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

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

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

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

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

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STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

REQUIRED SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Todd Trapani

Sun rises over the Oquirrh Mountains.

Budgetary Comparison Schedule

General Fund

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

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

The [Information About Budgetary Reporting](#) is an integral part of this schedule.

Budgetary Comparison Schedule
Education Fund
(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

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

The [Information About Budgetary Reporting](#) is an integral part of this schedule.

Budgetary Comparison Schedule
Transportation Fund
(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

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

The [Information About Budgetary Reporting](#) is an integral part of this schedule.

**Budgetary Comparison Schedule
Budget to GAAP Reconciliation**
(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

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

The [Information About Budgetary Reporting](#) is an integral part of this schedule.

INFORMATION ABOUT BUDGETARY REPORTING

Budgetary Presentation

A Budgetary Comparison Schedule is presented for the General Fund and each of the State's major special revenue funds for which the Legislature enacts an annual budget. An annual budget is also adopted for the Transportation Investment Fund, a major capital projects fund, the Debt Service Fund, a nonmajor governmental fund, and the Alcoholic Beverage Control Fund, a nonmajor enterprise fund. The budgets are enacted through passage of *Appropriations Acts*. Budgets for specific general revenues are not adopted through an *Appropriations Act*, but are based on supporting estimates approved by the Executive Appropriations Committee of the Legislature. General revenues are those revenues available for appropriation for any program or purpose as allowed by law. Department-specific revenues are revenues dedicated by an *Appropriations Act* or restricted by other law or external grantor to a specific program or purpose.

Original budgets and related revenue estimates represent the spending authority enacted through *Appropriations Acts* as of June 30, 2021, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: (1) lapse to unrestricted balances (i.e., committed, assigned, or unassigned) and be available for future appropriation; (2) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or (3) be nonlapsing, which means balances are reported as either restricted or committed fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act*, or by limited encumbrances.

Budgetary Control

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of Management and Budget so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January, the Governor recommends a budget to the Legislature. The Legislature considers those recommendations and prepares a series of *Appropriations Acts* that modify the State budget for the current year and constitute the State budget for the following year. The Legislature passes the *Appropriations Acts* by a simple majority vote. The *Appropriations Acts* becomes the State's authorized operating budget upon the Governor's signature. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning balances.

Budgetary control is maintained at the functional or organizational level, as identified by numbered line items in the *Appropriations Acts*. Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Acts*. If funding sources are not sufficient to cover the appropriation, the Governor is required to reduce the budget by the amount of the deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental *Appropriations Act*.

Any department that spends more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. All appropriated budgets of the State were within their authorized spending levels.

Spending Limitation

The State also has an appropriation limitation statute that limits the growth in state appropriations. The total of the amount appropriated from unrestricted General Fund sources plus the income tax revenues appropriated for higher education is limited to the growth in population and inflation. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for debt service, emergency expenditures, amounts from other than unrestricted revenue sources, transfers to the Budgetary Reserve Account (Rainy Day Fund), Education Budget Reserve Account and the Transportation Investment Fund; or capital developments meeting certain criteria are exempt from the appropriations limitation. For the fiscal year ended June 30, 2021, the State was \$643.246 million below the appropriations limitation.

INFORMATION ABOUT THE STATE'S PENSION PLANS

A. Single-employer Plans - Utah Retirement Systems

The State's defined benefit pension systems/plan is administered by Utah Retirement Systems and is included in this Annual Comprehensive Financial Report as a pension trust fund within the fiduciary funds. The Judges System and the Utah Governors and Legislators Retirement Plan are single-employer service retirement plans.

The following schedules present for the State's (primary government) single-employer retirement plans Changes in the Net Pension Liability and Related Ratios and Schedule of Employer Contributions.

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

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

* The State of Utah adopted GASB Statement 68 in fiscal year 2015. This schedule will eventually include ten years of history.

** Employer-paid contributions for the Judges System include a 3.00 percent retirement increase (substantial substitute) that is not reflected in this schedule.

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

Contributions – The following schedule presents a ten year history of the State’s (primary government) contributions to the Utah Retirement Systems for its single-employer plans:

Employer Contributions
Single-employer Plans - Utah Retirement System
(dollars expressed in thousands)

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

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

Methods and Assumptions Used to Determine Contribution Rates

	Judges System	Utah Governors and Legislators Retirement Plan
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level Percent of Payroll	Level Dollar Amount
Amortization period	Open Group 20 -Year Open Period	Closed Group 15-Year Closed Period
Actuarial asset valuation method	Based on the total fair value income of investments with the excess or shortfall of actual investment income over or under the expected investment return smoothed over 5 years. One-fifth of the excess or shortfall is recognized each year for five years.	
Actuarial assumptions:		
Investment rate of return		6.95%
Projected salary increases**	3.25%	None
Inflation rate		2.50%
Post-retirement cost-of-living adjustment*		2.50%
Mortality:	Male: 110% of 2020 Public Retirees of Utah (PR Utah) Mortality Table for males, projected with 80% of the ultimate rates from the MP-2019 mortality improvement scale using a base year of 2020. Female: 110% of 2020 Public Retirees of Utah (PR Utah) Mortality Table for females, projected with 80% of the ultimate rates from the MP-2019 mortality improvement scale using a base year of 2020.	

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

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

Footnotes to Single-employer Plans - Utah Retirement Systems Schedule of Contributions - *continued***Other Information:**

The actuarially determined contribution rates are calculated as of January 1 and become effective on July 1 of the following year, which is 18 months after the valuation date. The Utah Retirement Systems' Board certifies the contribution rates that employers are contractually required to contribute to the Retirement System. According to Section 49-11-301(5) of the *Utah Code*, if the funded ratio of the plan is less than 110 percent, then the Board is permitted to maintain the prior year's contribution rate if the actuarially determined contribution is lower. The Board has historically followed this policy.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- Investment Rate of Return
In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8 to 7.75 percent, and then again in 2011 down to 7.50 percent. In 2017, the discount rate was reduced to 7.20 percent and was again reduced in 2018 to 6.95 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
- Amortization
Changes implemented in 2009 included amortizing 2008 losses over the next 5 years (20 percent per year) and modifying the unfunded actuarial accrued liability (UAAL) amortization period from 20 to 25 years.
- Inflation Rate
In 2017, the assumed rate of inflation was decreased from 2.75 to 2.60 percent. In 2018, the assumed rate of inflation was decreased from 2.60 to 2.50 percent.
- Projected Salary Increases
In 2019, the wage inflation assumption decreased from 3.35 to 3.25 percent and payroll growth assumption also decreased from 3.10 to 3.00 percent.

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B. Single-employer Plans - Utah Transit Authority

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

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

Changes in Net Pension Liability
Single-employer Plan - Utah Transit Authority
Calendar Years ending December 31 *

(dollars expressed in thousands)

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

of history.

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

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

Last Ten Calendar Years

Utah Transit Authority	Calendar Year	Actuarial Required Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
	2011	\$ 10,115	\$ 10,115	\$ 0	\$ 91,265	11.08 %
	2012	\$ 12,206	\$ 11,646	\$ 560	\$ 96,750	12.04 %
	2013	\$ 14,352	\$ 13,338	\$ 1,014	\$ 102,100	13.06 %
	2014	\$ 14,757	\$ 15,367	\$ (610)	\$ 106,004	14.50 %
	2015	\$ 16,609	\$ 16,745	\$ (136)	\$ 110,727	15.12 %
	2016	\$ 17,148	\$ 19,604	\$ (2,456)	\$ 115,431	16.98 %
	2017	\$ 20,270	\$ 20,506	\$ (236)	\$ 126,691	16.19 %
	2018	\$ 21,203	\$ 22,355	\$ (1,152)	\$ 132,521	16.87 %
	2019	\$ 22,241	\$ 24,008	\$ (1,767)	\$ 141,813	16.93 %
	2020	\$ 25,168	\$ 24,274	\$ 894	\$ 152,297	15.94 %

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

Methods and Assumptions Used to Determine Contribution Rates

	<u>Utah Transit Authority</u>
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Payroll, open
Amortization period	13 years
Actuarial asset valuation method	Equal to Market Value
Actuarial assumptions:	
Investment rate of return	6.75%, net of investment expenses
Projected salary increases	5.40% per annum for the first five years of employment; 3.40% per annum thereafter
Inflation rate	2.30%
Cost-of-living adjustment	None
Retirement Age	Table of Rates by Age and Eligibility
Mortality	RP-2014 Blue Collar Mortality Table, with MP-2014 projection scale (Preretirement; Employee Table; Post-retirement Annuitant Table)
Percent of Future Retirements Electing Lump Sum	20%

Other Information:

The valuation date is January 1, 2020. This is the date as of which the actuarial valuation is performed. The measurement date is December 31, 2020. This is the date as of which the net pension liability is determined. The reporting date is December 31, 2020. This is the employer’s fiscal year ending date.

Money-Weighted Rate of Return - 10 Years

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

Schedule of Investment Returns

Single-employer Plans - Utah Transit Authority

Last Ten Calendar Years	Calendar Year*	Annual Money-Weighted Rate of Return (Net of Investment Expense)
Utah Transit Authority	2014	4.31 %
	2015	(0.72)%
	2016	4.90 %
	2017	18.01 %
	2018	(7.77)%
	2019	20.56 %
	2020	13.88 %

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

C. Multiple-employer Systems - Utah Retirement Systems

The State's defined benefit pension systems are administered by Utah Retirement Systems and are included in this Annual Comprehensive Financial Report as a pension trust fund within the fiduciary funds. The Noncontributory System, Contributory System, Public Safety System, Firefighters System, Tier 2 Public Employees System, and Tier 2 Public Safety and Firefighters System are defined-benefit multiple-employer, cost-sharing, public employee retirement systems.

The following schedule presents the State's (primary government) proportionate share of the net pension liability for its multiple-employer, cost-sharing public employee employer retirement systems:

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

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

* The State of Utah adopted GASB Statement 68 in fiscal year 2015. This schedule will eventually include ten years of history.

Contributions - The following schedule presents a ten year history of the State's (primary government) contributions to the Utah Retirement Systems for its multiple-employer, cost-sharing public employee employer retirement systems:

Employer Contributions
Multiple-employer Plans
(dollars expressed in thousands)

Last Ten Fiscal Years						
	Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Noncontributory System	2012	\$ 116,876	\$ 116,876	\$ 0	\$ 705,969	16.56 %
	2013	\$ 129,519	\$ 129,519	\$ 0	\$ 681,504	19.00 %
	2014	\$ 139,990	\$ 139,990	\$ 0	\$ 656,413	21.33 %
	2015	\$ 139,126	\$ 139,126	\$ 0	\$ 636,665	21.85 %
	2016	\$ 136,246	\$ 136,246	\$ 0	\$ 623,605	21.85 %
	2017	\$ 138,041	\$ 138,041	\$ 0	\$ 631,040	21.88 %
	2018	\$ 129,414	\$ 129,414	\$ 0	\$ 591,404	21.88 %
	2019	\$ 126,809	\$ 126,809	\$ 0	\$ 579,713	21.87 %
	2020	\$ 124,841	\$ 124,841	\$ 0	\$ 570,952	21.87 %
	2021	\$ 120,837	\$ 120,837	\$ 0	\$ 550,958	21.93 %
Contributory System	2012	\$ 2,012	\$ 2,012	\$ 0	\$ 16,266	12.37 %
	2013	\$ 2,129	\$ 2,129	\$ 0	\$ 14,919	14.27 %
	2014	\$ 2,114	\$ 2,114	\$ 0	\$ 13,238	15.97 %
	2015	\$ 1,985	\$ 1,985	\$ 0	\$ 11,215	17.70 %
	2016	\$ 1,623	\$ 1,623	\$ 0	\$ 9,171	17.70 %
	2017	\$ 1,373	\$ 1,373	\$ 0	\$ 7,756	17.70 %
	2018	\$ 1,118	\$ 1,118	\$ 0	\$ 6,317	17.70 %
	2019	\$ 863	\$ 863	\$ 0	\$ 4,875	17.70 %
	2020	\$ 671	\$ 671	\$ 0	\$ 3,790	17.70 %
	2021	\$ 569	\$ 569	\$ 0	\$ 3,218	17.68 %
Public Safety System	2012	\$ 38,733	\$ 38,733	\$ 0	\$ 118,083	32.80 %
	2013	\$ 42,054	\$ 42,054	\$ 0	\$ 115,261	36.49 %
	2014	\$ 44,472	\$ 44,472	\$ 0	\$ 112,858	39.41 %
	2015	\$ 43,893	\$ 43,893	\$ 0	\$ 110,125	39.86 %
	2016	\$ 43,850	\$ 43,850	\$ 0	\$ 109,288	40.12 %
	2017	\$ 44,808	\$ 44,808	\$ 0	\$ 111,465	40.20 %
	2018	\$ 43,333	\$ 43,333	\$ 0	\$ 107,565	40.29 %
	2019	\$ 42,189	\$ 42,189	\$ 0	\$ 104,652	40.31 %
	2020	\$ 40,972	\$ 40,972	\$ 0	\$ 101,946	40.19 %
	2021	\$ 37,892	\$ 37,892	\$ 0	\$ 94,507	40.09 %
Firefighters System	2012	\$ 5	\$ 5	\$ 0	\$ 1,021	0.49 %
	2013	\$ 27	\$ 27	\$ 0	\$ 1,033	2.61 %
	2014	\$ 22	\$ 22	\$ 0	\$ 935	2.35 %
	2015	\$ 34	\$ 34	\$ 0	\$ 897	3.79 %
	2016	\$ 46	\$ 46	\$ 0	\$ 1,164	3.95 %
	2017	\$ 47	\$ 47	\$ 0	\$ 1,216	3.87 %
	2018	\$ 43	\$ 43	\$ 0	\$ 1,086	3.96 %
	2019	\$ 58	\$ 58	\$ 0	\$ 1,260	4.60 %
	2020	\$ 50	\$ 50	\$ 0	\$ 1,084	4.61 %
	2021	\$ 45	\$ 45	\$ 0	\$ 980	4.59 %
Tier 2 Public Employees System	2012	\$ 1,492	\$ 1,492	\$ 0	\$ 19,662	0.00 %
	2013	\$ 4,395	\$ 4,395	\$ 0	\$ 51,339	8.56 %
	2014	\$ 6,390	\$ 6,390	\$ 0	\$ 75,172	8.50 %
	2015	\$ 18,280	\$ 18,280	\$ 0	\$ 100,055	18.27 %
	2016	\$ 24,358	\$ 24,358	\$ 0	\$ 133,543	18.24 %

Continues

Employer Contributions
Multiple-employer Plans
(dollars expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
<i>Continued</i>	2017	\$ 31,467	\$ 31,467	\$ 0	\$ 172,519	18.24 %
	2018	\$ 36,277	\$ 36,277	\$ 0	\$ 196,807	18.43 %
	2019	\$ 44,102	\$ 44,102	\$ 0	\$ 233,714	18.87 %
	2020	\$ 51,492	\$ 51,492	\$ 0	\$ 271,156	18.99 %
	2021	\$ 56,448	\$ 56,448	\$ 0	\$ 295,101	19.13 %
Tier 2 Public Safety and Firefighters System.....	2012	\$ 56	\$ 56	\$ 0	\$ 536	0.00 %
	2013	\$ 506	\$ 506	\$ 0	\$ 4,558	11.10 %
	2014	\$ 1,002	\$ 1,002	\$ 0	\$ 9,091	11.02 %
	2015	\$ 3,711	\$ 3,711	\$ 0	\$ 12,751	29.10 %
	2016	\$ 5,349	\$ 5,349	\$ 0	\$ 18,448	29.00 %
	2017	\$ 7,248	\$ 7,248	\$ 0	\$ 24,965	29.03 %
	2018	\$ 8,534	\$ 8,534	\$ 0	\$ 29,390	29.04 %
	2019	\$ 10,266	\$ 10,266	\$ 0	\$ 34,716	29.57 %
	2020	\$ 11,406	\$ 11,406	\$ 0	\$ 38,469	29.65 %
	2021	\$ 14,392	\$ 14,392	\$ 0	\$ 44,527	32.32 %

Footnotes to Multiple-employer Systems Schedule of Contributions

This schedule reflects the legislative authorized rates and contributions for these systems. Tier 2 rates include a statutory required contribution (0.08 to 18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 plans.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- **Investment Rate of Return**
In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8 to 7.75 percent, and then again in 2011 down to 7.50 percent. In 2017, the discount rate was reduced to 7.20 percent and was again reduced in 2018 to 6.95 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
- **Amortization**
Changes implemented in 2009 included amortizing 2008 losses over the next 5 years (20 percent per year) and modifying the unfunded actuarial accrued liability (UAAL) amortization period from 20 to 25 years.
- **Inflation Rate**
In 2017, the assumed rate of inflation was decreased from 2.75 to 2.60 percent. In 2018, the assumed rate of inflation was decreased from 2.60 to 2.50 percent.
- **Projected Salary Increases**
In 2019, the wage inflation assumption decreased from 3.35 to 3.25 percent and the payroll growth assumption also decreased from 3.10 to 3.00 percent.
- **Other**
In 2020, as a result of the passage of Senate Bill 129 in the 2019 General Session, the retirement rates for members in the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier 1 Public Safety and Firefighter Systems, except for a 10 percent load at first eligibility for un-reduced retirement prior to age 65.

New Retirement Plans:

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

Restatement:

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

INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

A. Single-employer Plans

The State administers two single-employer Other Postemployment Benefit (OPEB) Plans, the State Employee OPEB Plan and the Elected Official OPEB Plan. The State Employee OPEB Plan and the Elected Official OPEB Plan are administered through two separate irrevocable trusts; the State Post-Retirement Benefits Trust Fund and Elected Official Post-Retirement Benefits Trust Fund, respectively. Assets of the trust funds are dedicated to providing postemployment health and life insurance coverage to current and eligible future state retirees and elected officials.

The following schedules present, for the State's (primary government) single-employer OPEB Plans, the Changes in the Net OPEB Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment Returns.

Changes in Net OPEB Liability
Single-employer Plans
(dollars expressed in thousands)

State Employee Plan	Fiscal Year *				
	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 5,919	\$ 5,766	\$ 5,189	\$ 5,063	\$ 4,939
Interest	9,105	9,944	12,749	13,219	13,661
Difference between Actual and Expected Experience	(15,023)	(13,426)	(28,055)	—	—
Assumption Changes	(11,404)	—	31,163	—	—
Benefit Payments	(31,259)	(29,605)	(30,560)	(31,339)	(30,158)
Net Change in Total OPEB Liability	(42,662)	(27,321)	(9,514)	(13,057)	(11,558)
Total OPEB Liability – Beginning	313,081	340,402	349,916	362,973	374,531
Total OPEB Liability – Ending	A \$ 270,419	\$ 313,081	\$ 340,402	\$ 349,916	\$ 362,973
Plan Fiduciary Net Position					
Contributions – Employer	\$ 27,029	\$ 26,663	\$ 26,510	\$ 29,735	\$ 33,361
Net Investment Income (Loss)	8,020	25,638	24,082	(2,065)	14,194
Benefit Payments	(31,259)	(29,605)	(30,560)	(31,339)	(30,158)
Net Transfers with Affiliated Systems	—	—	356	961	—
Net Change in Plan Fiduciary Net Position	3,790	22,696	20,388	(2,708)	17,397
Plan Fiduciary Net Position – Beginning	294,548	271,852	251,464	254,172	236,775
Plan Fiduciary Net Position – Ending	B \$ 298,338	\$ 294,548	\$ 271,852	\$ 251,464	\$ 254,172
Net OPEB Liability (A - B)	\$ (27,919)	\$ 18,533	\$ 68,550	\$ 98,452	\$ 108,801
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	110.32 %	94.08 %	79.86%	71.86%	70.03%
Covered Payroll **	\$1,085,049	\$ 1,085,103	\$ 1,032,288	\$ 994,839	\$ 966,279
Net OPEB Liability as a Percentage of Covered Payroll	(2.57)%	1.71 %	6.64 %	9.90 %	11.26 %
Elected Official OPEB Plan					
Total OPEB Liability					
Service Cost	\$ 220	\$ 214	\$ 733	\$ 715	\$ 698
Interest	923	902	908	850	789
Difference between Actual and Expected Experience	3,823	63	(245)	—	—
Assumption Changes	125	—	(347)	—	—
Benefit Payments	(721)	(864)	(412)	(534)	(503)
Net Change in Total OPEB Liability	4,370	315	637	1,031	984
Total OPEB Liability – Beginning	17,718	17,403	16,766	15,735	14,751
Total OPEB Liability – Ending	A \$ 22,088	\$ 17,718	\$ 17,403	\$ 16,766	\$ 15,735
Plan Fiduciary Net Position					
Contributions – Employer	\$ 1,249	\$ 1,388	\$ 1,388	\$ 1,388	\$ 1,388
Net Investment Income	3,521	1,043	1,287	667	1,214
Benefit Payments	(721)	(864)	(412)	(534)	(503)
Net Transfers with Affiliated Systems	—	—	—	1	—
Net Change in Plan Fiduciary Net Position	4,049	1,567	2,263	1,522	2,099
Plan Fiduciary Net Position – Beginning	17,432	15,865	13,602	12,080	9,981
Plan Fiduciary Net Position – Ending	B \$ 21,481	\$ 17,432	\$ 15,865	\$ 13,602	\$ 12,080
Net OPEB Liability (A - B)	\$ 607	\$ 286	\$ 1,538	\$ 3,164	\$ 3,655
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	97.25 %	98.39 %	91.16%	81.13%	76.77%
Covered-employee Payroll **	\$ 912	\$ 1,144	\$ 1,317	\$ 1,421	\$ 1,478
Net OPEB Liability as a Percentage of Covered-employee Payroll	66.56 %	25.00 %	116.78 %	222.66 %	247.29 %

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

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

Contributions – The following schedule presents a ten year history of the State’s (primary government) contributions to its single-employer OPEB plans, the State Employee OPEB Plan and Elected Official OPEB Plan.

Employer Contributions – OPEB Plans
Single-employer Plans
(dollars expressed in thousands)

Last Ten Fiscal Years	Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution			Covered Payroll*	Contributions as a Percentage of Covered Payroll
			Actuarially Determined Contribution	Contribution Deficiency (Excess)			
State Employee OPEB Plan	2012	\$ 37,594	\$ 43,293	\$ (5,699)	\$ 866,012	5.00 %	
	2013	\$ 37,594	\$ 38,070	\$ (476)	\$ 874,401	4.35 %	
	2014	\$ 30,342	\$ 30,342	\$ 0	\$ 888,806	3.41 %	
	2015	\$ 30,342	\$ 30,342	\$ 0	\$ 905,895	3.35 %	
	2016	\$ 29,100	\$ 35,683	\$ (6,583)	\$ 942,630	3.79 %	
	2017	\$ 29,100	\$ 33,361	\$ (4,261)	\$ 966,279	3.45 %	
	2018	\$ 29,100	\$ 29,735	\$ (635)	\$ 994,839	2.99 %	
	2019	\$ 25,928	\$ 26,510	\$ (582)	\$ 1,032,288	2.57 %	
	2020	\$ 25,928	\$ 26,663	\$ (735)	\$ 1,085,103	2.46 %	
	2021	\$ 26,902	\$ 26,966	\$ (64)	\$ 1,085,049	2.49 %	
Elected Official OPEB Plan	2012	\$ 1,894	\$ 3,470	\$ (1,576)	\$ 757	458.39 %	
	2013	\$ 1,894	\$ 2,030	\$ (136)	\$ 1,431	141.86 %	
	2014	\$ 1,321	\$ 2,030	\$ (709)	\$ 1,783	113.85 %	
	2015	\$ 1,321	\$ 1,388	\$ (67)	\$ 1,751	79.27 %	
	2016	\$ 1,241	\$ 1,388	\$ (147)	\$ 1,661	83.56 %	
	2017	\$ 1,241	\$ 1,388	\$ (147)	\$ 1,478	93.91 %	
	2018	\$ 1,241	\$ 1,388	\$ (147)	\$ 1,421	97.68 %	
	2019	\$ 1,026	\$ 1,388	\$ (362)	\$ 1,317	105.39 %	
	2020	\$ 1,026	\$ 1,388	\$ (362)	\$ 1,144	121.33 %	
	2021	\$ 600	\$ 1,249	\$ (649)	\$ 912	136.95 %	

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

Footnotes to Single-employer OPEB Plans Schedule of Contributions

Methods and Assumptions Used to Determine Contribution Rates

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

Other Information:

- The Actuarially Determined Contribution (ADC) is calculated biennially as of December 31 and is used to establish contributions to fund the plans on July 1, which is generally the fiscal year that begins 6 months after the valuation date. The OPEB Board recommends the ADC to the Governor and Legislature. The Legislature has historically fully funded the ADC.
- The State Employee OPEB Plan was closed to new entrants beginning January 1, 2006. This change to benefit terms was reflected in the subsequent December 31 valuation and reflected in the fiscal year 2010 ADC.
- Healthcare coverage (ages 62 to 65) for the Elected Official OPEB Plan was closed and is only available for elected officials who began service prior to January 1, 2012. This change to healthcare coverage was reflected in the fiscal year 2012 ADC. Benefit terms were changed again to allow only elected officials that began service prior to July 1, 2013 to receive Medicare coverage. This change to Medicare coverage was reflected in the subsequent December 31 valuation and reflected in the fiscal year 2014 ADC.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

Investment Rate of Return:

In fiscal year 2012, the actuarial assumed rate of return (the discount rate) for the State Employee OPEB Plan was modified from 6.00 to 4.50 percent. In fiscal year 2014, the discount rate for the Elected Official OPEB Plan was modified from 4.00 to 4.50 percent. In fiscal year 2015, the discount rate for the Elected Official OPEB Plan was modified from 4.50 to 5.25 percent. In fiscal year 2019, the discount rate for the State Employee OPEB Plan was modified from 3.75 to 3.00 percent.

Amortization Period:

In fiscal year 2012, the amortization period for the State Employee OPEB Plan was changed from a 25 year open to a 20 year open. The amortization period for State Employee OPEB Plan was changed again in fiscal year 2014 from a 20 year open to a 10 year open. In fiscal year 2012, the amortization period for the Elected Official OPEB Plan was changed from a 30 year open to a 20 year open. In fiscal year 2019, the amortization period for the Elected Official OPEB Plan was changed again from a 20 year open to a 10 year open. During fiscal year 2021, the amortization period for the State Employee OPEB Plan was changed from a 5 year open to a 2 year open.

Healthcare Cost Trend Rates:

In fiscal year 2012, for both Plans, the health care cost trend rate changed from an initial rate of 10 to 9.50 percent. In fiscal year 2014, the healthcare cost trend rate changed from an initial rate of 9.50 to 8.50 percent, and changed again in fiscal year 2016 to an initial rate of 5.20 percent. In fiscal year 2016 the healthcare cost trend rate changed from an ultimate rate of 4.50 to 4.20 percent. In fiscal year 2019, the health care trend rate assumption was updated to reflect the latest cost trend model, resulting in a decrease of the initial and ultimate rates from 5.90 to 5.40 percent and 4.14 to 3.94 percent, respectively. In fiscal year 2021, the health care trend rate assumption was again, resulting in an increase of the initial and ultimate rates from 5.40 to 6.00 percent and 3.94 to 4.04 percent, respectively

Other:

- In fiscal year 2019, the Per Capita Claims Costs (PCCC) aging factors were updated for pre-Medicare and post-Medicare retirees. The pre-Medicare PCCC now vary by age instead of 5-year age bands used in the prior valuation. Additionally, the post-Medicare PCCC varied by 5-year age bands in the prior valuation, but they are now based on the annualized premium rates provided for Medicare Supplement 100 and Enhanced Rx.
- In fiscal year 2021, the following assumptions were updated for both OPEB plans:
 1. Aging subsidy was added to the post-65 periods for prescription drug benefit as a reflection of healthcare costs that vary by age (higher cost as the participant gets older).
 2. Mortality table was updated from (a) RP-2014 Healthy Employee / Annuitant Mortality Tables for males and females with generational projection under 75 percent of Scale MP-2015 to (b) Pub-2010 Headcount-Weighted General or Public Safety Employees / Retirees / Contingent Survivors Mortality Tables with generational projection using Scale MP-2020.
 3. Termination and retirement rates were updated from the same assumptions as used in the URS Actuarial Valuation as of January 1, 2017 to URS Actuarial Valuation as of January 1, 2020.
 4. Percentage of employees assumed to elect spousal coverage at retirement was updated from 80 percent for both male and female to 70 percent for male and 40 percent for female.
 5. Health care trend rate assumption was updated from the 2019 SOA Long-Run Medical Cost Trend model to the 2021 version.
- In fiscal year 2021, the following assumptions for the Elected Officials OPEB plan were updated:
 1. Percentage of elected officials assumed to elect coverage at retirement was increased from 40 percent to 55 percent. Percentage of former elected officials (terminated vested participants) assumed to elect coverage in the future has been reduced from 60 percent to 40 percent.
 2. Former elected officials were assumed to commence coverage at age 62 (or immediately if they are currently older than age 62) in the prior valuation. In this year’s valuation, only former elected officials who currently have coverage are assumed to commence coverage at age 62. All other former elected officials are assumed to commence coverage at age 65 (or immediately if they are currently older than age 65).
 3. Percentage of elected officials assumed to elect spousal coverage at retirement was updated from 75 percent for both male and female to 90 percent for male and 50 percent for female.

**OPEB Plans
Schedule of Investment Returns
Single-employer Plans**

Last Ten Fiscal Years	Fiscal Year*	Annual Money-Weighted Rate of Return (Net of Investment Expense)
State Employee OPEB Plan	2017	5.79 %
	2018	(0.43)%
	2019	9.72 %
	2020	9.96 %
	2021	2.91 %
Elected Official OPEB Plan	2017	11.24 %
	2018	5.09 %
	2019	11.65 %
	2020	7.20 %
	2021	20.32 %

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

INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

As allowed by the Governmental Accounting Standards Board (GASB), the State has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). This includes infrastructure acquired prior to fiscal year 1981. Under this alternative method, referred to as the “modified approach,” infrastructure assets are not depreciated, and maintenance and preservation costs are expensed.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the State.
- Document that infrastructure assets are being preserved approximately at, or above the condition level established by the State.

Roads

UDOT uses the Pavement Management System to determine the condition of 5,865 centerline miles of state roads. The assessment is based on Ride Quality, using the International Roughness Index (IRI) data. This data is also reported to the Federal Highways Administration (FHWA) and used for the National Condition Assessment reported to Congress. Ranges for Good, Fair and Poor condition were established to correlate with the national FHWA ranges. Additional condition measures for age, wheel path rutting, and surface cracking are considered in project recommendations.

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

Condition Level – Roads

UDOT performs pavement condition assessments at a minimum of every other calendar year. The State has established an overall condition target to assure the system is funded adequately and not at any financial risk to maintain. This target is to maintain the Statewide system with 80 percent or more of the mileage rated in “Fair or Better” condition. UDOT utilizes a number of additional strategies and performance measures for estimating long term performance and managing allocations of funds to different categories within the pavement system. These measures vary slightly in function and purpose, all seeking to help assure systems are performing well. Some of these additional measures include strategic goals for both High Volume and Low Volume systems, internal goals for each pavement category, and annual national performance targets for reporting to the Federal Highway Administration for the Interstate system and the National Highway system. Ultimately, these additional strategies and measures are only used as a mechanism to distribute funding and are adjusted as needed to assure the Statewide system remains with 80 percent or more of the pavement mileage rated in “Fair or Better” condition.

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

	2020	2019	2018
Statewide System	93.26%	91.18%	91.40%

The following table presents the State’s estimated amounts needed to maintain and preserve roads at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

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

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,966 state-owned bridges. A number, ranging from 1 to 100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

Category	Range	Description
Good	80 - 100	Preventive maintenance requirements include repair leaking deck joints, apply deck overlays and seals, place concrete sealers to splash zones, paint steel surfaces, and minor beam repairs.
Fair	50 - 79	Corrective repairs include deck, beam, and substructure repairs, fixing settled approaches, and repairing collision damage.
Poor	1 - 49	Major rehabilitation and replacement includes deck, beam, or substructure replacements or replacement of the entire bridge.

Condition Level – Bridges

The State performs assessments on 50 percent of bridges on an annual basis. The established condition level is to maintain 50 percent of the bridges with a rating of “good” and no more than 10 percent with a rating of “poor.” The following table reports the results of the bridges assessed for the past three years:

Rating	2021	2020	2019
Good	61.50%	61.63%	64.38%
Poor	2.90%	2.95%	2.91%

The following table presents the State’s estimated amounts needed to maintain and preserve bridges at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

Fiscal Year	Estimated Spending	Actual Spending
2021	\$81,370	\$73,273
2020	\$51,464	\$70,718
2019	\$44,775	\$54,828
2018	\$44,570	\$54,320
2017	\$38,399	\$61,079

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STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Brandon Green

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State Endowment Fund

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

Environmental Reclamation

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

Crime Victim Reparation

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

Universal Telephone Services

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

Consumer Education Fund

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

Rural Development Fund

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

Medicaid Expansion

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

Miscellaneous Special Revenue

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

Capital Projects – General Government

This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by the State and its discrete component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and transfers from other funds.

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

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

Debt Service – General Government

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

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

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

State of Utah

Combining Balance Sheet
 Nonmajor Governmental Funds
 (expressed in thousands)

June 30, 2021

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

Continues

State of Utah

Combining Balance Sheet
 Nonmajor Governmental Funds
 (expressed in thousands)

Continued

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

State of Utah

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

For the Fiscal Year Ended June 30, 2021

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

Continues

State of Utah

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

Continued

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

Detail Schedule of Expenditures – Budget and Actual

General Fund

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

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

Detail Schedule of Expenditures – Budget and Actual

General Fund

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

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

Detail Schedule of Expenditures – Budget and Actual

General Fund

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

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

Detail Schedule of Expenditures – Budget and Actual

General Fund

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

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

Detail Schedule of Expenditures – Budget and Actual

General Fund

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

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

State of Utah

Detail Schedule of Expenditures – Budget and Actual

Education Fund, Transportation Fund, Transportation Investment Fund, and Debt Service Funds

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

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

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Housing Loan Programs

These programs provide loans or grants to low income or special needs individuals for construction, rehabilitation, or purchase of single or multi-family housing. Funds are provided from federal programs, loan repayments, appropriations, and interest earnings.

Agriculture Loan Fund

This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

Energy Efficiency Fund

This fund provides revolving loans to assist in the conversion of government and private fleet vehicles to clean fuel and for energy efficiency projects in political subdivisions and state facilities. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

Local Government Loan Fund

This fund provides revolving loan programs to local governments for infrastructure assistance, to expedite construction projects, and for providing emergency disaster services. These loan programs are funded with state appropriations.

Alcoholic Beverage Control

The Alcoholic Beverage Control Commission was established to conduct, license, and regulate the sale of alcoholic beverages. Funding is provided through the sale of products. The net profit from the fund is transferred to the State's General Fund and is used for general government purposes.

Utah Correctional Industries

Utah Correctional Industries (UCI) was established to provide work training opportunities for inmates of the Utah State Prison. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy, plant nursery, and textile products, and provides printing services and miscellaneous other products and services. Funding comes from charges for products and services.

State Trust Lands Administration

The Utah School and Institutional Trust Lands Administration (SITLA) and the School and Institutional Trust Fund Office (SITFO) manage the assets of the Trust Lands permanent fund. Their objective is to maximize revenue from land assets and investment returns for the beneficiaries.

Utah Dairy Commission

The purpose of the Commission is to promote the use of dairy products. Its operations are comprised of promotion, advertising, research, and nutritional education regarding dairy products. Funding consists primarily of fees from milk producers.

Medical Cannabis Fund

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

Petroleum Storage Tank Fund

This fund is used to pay the costs of damage caused by petroleum storage tank releases and provide revolving loan capital. Sources of funding include fees from participating companies, responsible parties, and investment income. The net position of this fund is held for the benefit of participants and cannot be used for any other purpose.

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

June 30, 2021

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

Continues

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

Continued

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

State of Utah

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

For the Fiscal Year Ended June 30, 2021

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

Continues

State of Utah

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

Continued

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

State of Utah

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

For the Fiscal Year Ended June 30, 2021

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

Continues

State of Utah

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

Continued

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

Continues

State of Utah

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

For the Fiscal Year Ended June 30, 2021

Continued

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

Continues

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

Continued

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

Detail Schedule of Expenditures - Budget and Actual Comparison
Enterprise Funds with Legally Adopted Annual Budgets
(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

Appropriation Line Item Name	Source of Funding			Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted And Other	Nonlapse or (Deficit) Carry Forward
	State Funds	Federal Funds	Restricted and Other Funds					
ALCOHOLIC BEVERAGE CONTROL								
Alcoholic Beverage Control	\$ 60,783	\$ —	\$ —	\$ 60,783	\$ 59,999	\$ 284	\$ —	\$ 500
ABC Parents Empowered	2,480	—	—	2,480	2,387	—	—	93
Total Alcoholic Beverage Control	<u>\$ 63,263</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 63,263</u>	<u>\$ 62,386</u>	<u>\$ 284</u>	<u>\$ 0</u>	<u>\$ 593</u>



Technology Services

This fund is responsible for providing data processing and various other computer services along with voice and data communication services to state agencies.

General Services

This fund manages cooperative purchasing contracts and provides purchasing card, travel services, printing and mailing services, and surplus property services to state agencies. This fund also provides warehouse services for the Department of Natural Resources.

Fleet Operations

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

Risk Management

This fund provides insurance coverage and loss prevention services to state agencies, institutions of higher education, and participating local school districts. Coverage is provided using a combination of self-insurance and private excess insurance.

Property Management

This fund is responsible for the operation and maintenance of facilities used by state agencies. This fund is also used to account for the State's facility energy efficiency program.

Human Resource Management

This fund provides human resource and payroll services to state agencies.

Attorney General Legal Services

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

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

June 30, 2021

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

State of Utah

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

For the Fiscal Year Ended June 30, 2021

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

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

For the Fiscal Year Ended June 30, 2021

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

Continues

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

For the Fiscal Year Ended June 30, 2021
 Continued

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

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PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Defined Benefit Pension Plans and Defined Contribution Plans

These funds are used to account for the various pension trust funds and defined contribution plans administered by the Utah Retirement Systems. Funding comes from employee and employer contributions and investment earnings. Contributions in some systems are augmented by fees, insurance premium taxes, or legislative appropriations.

Post-Retirement Benefits Trust Funds

The State administers the State Employee and the Elected Official Other Postemployment Benefit Plans as irrevocable trusts. These trust funds account for the assets accumulated and the payments made for other postemployment benefits provided to current and future state employee and elected official retirees. Funding comes from employer contributions and investment earnings.

Other Employee Benefits Trust Funds

These trust funds are used to pay other employee benefits upon retirement or termination.

PRIVATE PURPOSE TRUST FUNDS

Utah Navajo Trust

This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of Navajo residents of San Juan County, Utah.

Utah Educational Savings Plan Trust (dba My529)

This fund was created as a means to encourage investment in a public trust to pay for future higher education costs. Participant contributions are used to pay for future college expenses.

Local Public Safety and Firefighter Surviving Spouse Trust

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

CUSTODIAL FUNDS

External Investment Pool

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

Unclaimed Property

This fund is used to account for unclaimed property escheated to the State. Proceeds of the fund pay the administrative costs to operate the fund and any claims. The remaining proceeds are deposited in the Education Fund and can only be used to help fund public education.

County and Local Collections

This fund receives and disburses various taxes collected by the State on behalf of county and local governments.

State Courts

This fund receives and disburses various fines and forfeitures collected by the state courts on behalf of state and local agencies.

Miscellaneous

This fund is made up of small individual funds established to account for various receipts and disbursements.

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

June 30, 2021

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

Continues

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

June 30, 2021

Continued

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

Continues

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

June 30, 2021

Continued

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

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

For the Fiscal Year Ended June 30, 2021

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

Continues

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

For the Fiscal Year Ended June 30, 2021

Continued

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

Continues

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

For the Fiscal Year Ended June 30, 2021

Continued

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

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

June 30, 2021

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

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

For the Fiscal Year Ended June 30, 2021

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

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

June 30, 2021

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

State of Utah

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

For the Fiscal Year Ended June 30, 2021

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

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Utah Communications Authority

The Utah Communications Authority (UCA) provides public safety communications services and facilities on a statewide basis for the benefit and use of state, local, and federal agencies. UCA supports statewide interoperability of emergency communications throughout the State, and manages the 911 funds collected by the State for the benefit of the Public Safety Answering Points within the State. UCA operations are funded through service charges supplemented with federal grants and state fees and appropriations.

Utah Schools for the Deaf and the Blind

The Schools were created to provide education to individuals with hearing and/or vision impairments, through direct and indirect education services, as well as consultation to their families and service providers.

Military Installation Development Authority

This Authority is an independent, nonprofit entity whose purpose is to provide for the development and improvement of project areas near military installations throughout the State. Operations are funded through service charges, project revenue, and state appropriations.

Heber Valley Historic Railroad Authority

This Authority was created to operate, maintain, improve, and provide for a scenic and historic railway in and around the Heber Valley in Wasatch County. Operations are funded primarily through user charges.

Utah State Fair Corporation

This Corporation was created to operate the State Fair Park and conduct the Utah State Fair and other expositions and entertainment events. Operations are funded through admissions, rentals, donations, and state appropriations.

Point of the Mountain Development Authority

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

Utah Inland Port Authority

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

Colleges and Universities

The colleges and universities are the State’s public institutions of higher education. The nonmajor institutions of higher education are:

Weber State University | Southern Utah University | Salt Lake Community College | Utah Valley University | Dixie State University | Snow College | Technical Colleges

Combining Statement of Net Position

Nonmajor Component Units

(expressed in thousands)

June 30, 2021

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

Continues

Combining Statement of Net Position
Nonmajor Component Units - continued

(expressed in thousands)

June 30, 2021

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

Continues

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

June 30, 2021

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

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

For the Fiscal Year Ended June 30, 2021

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

Continues

State of Utah

Combining Statement of Activities Nonmajor Component Units - continued

(expressed in thousands)

For the Fiscal Year Ended June 30, 2021

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

Continues

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

For the Fiscal Year Ended June 30, 2021

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

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STATE OF UTAH
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

STATISTICAL SECTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021



Photo by Dana Johnson

Long shadows near the Utah Arizona border.

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State of Utah

STATISTICAL SECTION

Fiscal Year Ended June 30, 2021

This section of the State of Utah’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State’s overall financial health.

Financial Trends Information

These schedules present trend information to help the reader understand how the State’s financial performance and fiscal health have changed over time.

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Schedule A-1 Net Position by Component	218
Schedule A-2 Changes in Net Position	220
Schedule A-3 Fund Balances – Governmental Funds	224
Schedule A-4 Changes in Fund Balances – Governmental Funds	226

Revenue Capacity Information

These schedules contain information to help the reader understand the State’s capacity to raise revenues and the sources of those revenues.

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

Debt Capacity Information

These schedules present information to help the reader understand and assess the State’s levels of outstanding debt and the State’s ability to issue additional debt in the future.

Schedule C-1 Ratios of Outstanding Debt by Type	232
Schedule C-2 Long-term Debt and Other Long-Term Liabilities	234
Schedule C-3 Legal Debt Margin	236
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Schedule C-5 Pledged Revenue Bond Coverage	238

Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State’s financial activities take place.

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

Operating Information

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

Schedule E-1 Full-Time Equivalent State Employees by Function	246
Schedule E-2 Operating Indicators by Function	248
Schedule E-3 Capital Asset Statistics by Function	250

Other Information

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

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

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

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

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

Continues

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

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

¹ In fiscal years 2011 to 2013, restricted net position increased due to slightly higher revenues from a strengthening economy. In fiscal year 2014 to 2017, restricted net position increased primarily due to an increase in investment values because of general market conditions. In fiscal year 2015, higher tax revenues also contributed to the increase in restricted net position. In fiscal year 2017, unspent restricted revenue as a result of a gas tax increase also contributed to the increase in restricted net position. In fiscal year 2018, restricted net position increased due to higher tax revenues from continued growth in the economy, an increase in unspent bond proceeds for transportation and capital projects, and an increase in investment values because of general market conditions. In fiscal year 2019, restricted net position increased due to an increase in investment values because of general market conditions and higher tax revenues from continued growth in the economy. Recent federal tax changes also caused a temporary surge in corporate tax revenues as corporations repatriated foreign corporate earnings. In fiscal year 2020 and 2021, restricted net position increased primarily due to overall higher individual income taxes and revenues generated from land use and gains on sale of trust lands.

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

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

⁴ In fiscal years 2012 to 2014, business-type activities' unrestricted net position increased primarily due to the State providing additional capital to the loan funds from mineral lease revenue and dedicated sales tax revenues. In fiscal years 2017 to 2021, business-type activities' unrestricted net position increased primarily due to the State providing additional capital to the loan funds from dedicated sales tax revenues. Fiscal year 2021 also experienced an increase due to a revenue bond defeasement by the Student Loan Programs.

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

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

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

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

Continues

Schedule A-2
Changes in Net Position* - continued

Last Ten Fiscal Years
(expressed in thousands)

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

Continues

Schedule A-2
Changes in Net Position* - continued

Last Ten Fiscal Years
(expressed in thousands)

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

Continues

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

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

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

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

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

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

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

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

⁷ In fiscal years 2012 to 2019, general tax revenues increased due to higher revenues from a strengthening economy. In fiscal year 2019, corporate tax revenues also increased due to recent federal tax changes, which created a temporary surge as corporations repatriated foreign corporate earnings. In fiscal year 2020, corporate tax revenues decreased following the temporary surge caused by repatriated foreign corporate earnings in the prior year. In fiscal year 2021, corporate tax revenue increased due to State income taxes being postponed 3 months in fiscal year 2020, affecting the timing of cash deposits.

Schedule A-2
Changes in Net Position* - continued

Last Ten Fiscal Years
(expressed in thousands)

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

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

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

¹⁰ In fiscal year 2016, Investment Income of business-type activities was reclassified to other general revenues from operating grants and contributions. This change was made to comply with applicable governmental accounting standards. Prior years have been restated.

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

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

Continues

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

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

¹ Nonspendable fund balance within the General Fund as to prepaid items varies from year to year due to the timing of yearend payments. The long-term portion of interfund loans receivable with Internal Service Funds varies from year to year based on changes in loan balances and projections for repayments for the next year. In fiscal year 2020 and 2021, prepaid items increased due to timing of Medicaid payments to Accountable Care Organizations and special relief funding for eligible expenditures distributed to state and local governments in response to the COVID-19 pandemic. Inventories increased due to the acquisition of personal protective equipment in response to the pandemic.

² In fiscal year 2020, restricted fund balance within the General Fund increased as a result of loans provided to small businesses impacted by the economic recession caused by the COVID-19 pandemic, and fewer expenditures than revenues in the mineral lease account due to declining production and pricing. In fiscal year 2021, restricted fund balance within the General Fund increased as a result of an increase in revenues set aside for specific purposes due to constraints that are imposed externally or by law.

³ In fiscal year 2018, 2019, and 2021, the committed fund balance within the General Fund increased due to an increase in monies set aside for specific purposes.

⁴ In fiscal year 2018, the assigned fund balance increased due to an increase in the amount set aside for next year's budget. In fiscal year 2020, the assigned fund balance decreased due to an increase in inventory and prepaid items classified as nonspendable. Items classified as nonspendable reduce the assigned fund balance. In fiscal year 2021, the assigned fund balance increased due to increase in future year general fund appropriations.

⁵ In fiscal years 2013 to 2017, the nonspendable fund balance within other governmental funds increased primarily due to a change in investment values as a result of the rebounding and then prospering economy. In fiscal year 2018, the nonspendable balance decreased due to the reclassification of a portion of the fund balance within the Permanent Fund to restricted fund balance. This reclassification was the result of a constitutional amendment that implemented a new spending plan to allow the distribution of Permanent Fund earnings.

⁶ In fiscal year 2017, the restricted fund balance within other governmental funds increased primarily due to an increase in the unspent balance of restricted resources within the Transportation Fund as the result of an increase in the motor and special fuels tax and also higher fuel consumption. In fiscal year 2018, the increase within other governmental funds was primarily due to the reclassification of a portion of the Permanent Fund, as explained in note 5 above. The balance of the increase was due to an increase in the unspent balance of restricted resources within the Education Fund as a result of growth in the individual and corporate income tax and increases within the Capital Projects and Transportation Investment Funds due to unspent bond proceeds. In fiscal year 2020, the increase is primarily due to unspent bond proceeds in the Capital Projects and Transportation Investment Funds. The Education Fund restricted balance contributed the balance of the increase due to unspent restricted resources as a result of growth in individual income tax. In fiscal year 2021, the growth in Education Fund restricted balance was due to an increase in individual income tax.

Schedule A-3
Fund Balances — Governmental Funds* - continued
 Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year				
	2016	2015	2014	2013	2012
General Fund					
Nonspendable:					
Long-term Portion of Interfund Loans Receivable	\$ 26,747	\$ 26,996	\$ 38,832	\$ 44,360	\$ 13,537
Prepaid Items ¹	106,745	96,939	73,033	67,790	23,450
Inventories ¹	434	662	926	800	662
Restricted ²	38,124	34,278	40,898	41,931	39,745
Committed ³	546,782	496,758	507,380	496,795	489,487
Assigned ⁴	132,126	255,841	197,842	224,452	159,082
Unassigned	7,196	—	7,224	—	11,342
Total General Fund	<u>858,154</u>	<u>911,474</u>	<u>866,135</u>	<u>876,128</u>	<u>737,305</u>
All Other Governmental Funds					
Nonspendable:					
Prepaid Items	\$ —	\$ —	\$ —	\$ —	\$ —
Inventories	13,990	13,605	14,018	11,980	11,583
Permanent Fund Principal ⁵	2,267,538	2,244,902	2,089,334	1,690,261	1,436,623
Restricted ⁶	1,189,881	1,188,672	1,160,581	1,094,754	1,089,030
Committed ⁷	758,530	843,483	865,786	698,264	631,983
Assigned ⁸	347,321	163,194	128,631	63,586	112,015
Total All Other Governmental Funds	<u>4,577,260</u>	<u>4,453,856</u>	<u>4,258,350</u>	<u>3,558,845</u>	<u>3,281,234</u>
Total Fund Balances — Governmental Funds	<u>\$ 5,435,414</u>	<u>\$ 5,365,330</u>	<u>\$ 5,124,485</u>	<u>\$ 4,434,973</u>	<u>\$ 4,018,539</u>

⁷ In fiscal years 2012 to 2014, the committed fund balance within other governmental funds increased as a result of sales and use tax diversions for transportation projects. In fiscal years 2016 and 2017, the committed fund balance decreased as expenditures increased for transportation projects utilizing sales and use tax revenue. In fiscal year 2018, the committed fund balance increased due to growth in sales and use tax revenue allocated for transportation projects. In fiscal year 2019, the committed fund balance increased primarily due to growth in sales and use tax revenue for transportation, and also due to new sales and use tax diversions for the Medicaid and outdoor recreation grant programs. In fiscal year 2020, the decrease is due to an increase in expenditures that utilized dedicated sales and use tax revenue. In fiscal year 2021, the increase is attributed to growth in sales and use tax revenue for transportation due to improved economic conditions and improved investment performance in the state endowment fund.

⁸ The assigned fund balance within other governmental funds varies from year to year due to changes in funding provided for capital projects.

Schedule A-4
Changes in Fund Balances — Governmental Funds*
 Last Ten Fiscal Years
(dollars expressed in thousands)

	Fiscal Year				
	2021	2020	2019	2018	2017
Revenues					
Sales and Use Tax ¹	\$ 3,569,706	\$ 3,068,002	\$ 2,805,618	\$ 2,646,996	\$ 2,403,347
Individual Income Tax ¹	5,451,297	4,758,082	4,336,437	4,033,320	3,646,112
Corporate Tax ¹	687,791	405,632	534,977	423,019	325,701
Motor and Special Fuels Tax ²	560,763	498,402	521,199	500,049	484,677
Other Taxes ³	439,311	425,482	398,684	399,286	354,863
Federal Contracts and Grants ⁴	6,223,486	4,648,234	3,973,026	3,893,654	3,828,715
Charges for Services/Royalties	1,112,837	859,452	780,790	740,282	667,665
Licenses, Permits, and Fees	237,702	225,258	219,972	211,045	203,830
Federal Mineral Lease ⁵	49,039	58,606	77,607	76,693	73,787
Intergovernmental	—	8,057	16,029	11,801	19,273
Investment Income ⁶	756,946	(13,567)	218,077	198,082	266,775
Miscellaneous and Other ⁷	646,815	560,138	433,733	448,431	394,167
Total Revenues	19,735,693	15,501,778	14,316,149	13,582,658	12,668,912
Expenditures					
General Government ⁸	1,204,986	608,657	492,800	460,569	409,626
Human Services and Juvenile Justice Services	1,023,128	984,607	919,227	858,099	804,283
Corrections	341,174	337,885	328,586	317,425	305,438
Public Safety	363,518	341,668	340,210	294,693	253,976
Courts	162,466	165,465	165,369	170,233	152,262
Health and Environmental Quality ⁹	4,048,719	3,427,211	2,997,039	2,823,947	2,733,374
Higher Education—State Administration ¹⁰	182,070	125,335	96,323	78,773	73,641
Higher Education—Colleges and Universities	1,271,944	1,109,447	1,102,310	1,018,286	981,938
Employment and Family Services	1,067,848	778,046	755,613	749,620	754,530
Natural Resources ¹¹	274,500	272,994	251,545	231,665	225,387
Heritage and Arts ¹²	67,719	41,864	31,981	30,965	29,335
Business, Labor, and Agriculture	149,968	132,022	119,491	119,158	107,800
Public Education ¹³	4,829,615	4,409,279	4,140,263	3,983,098	3,732,813
Transportation ¹⁴	1,206,786	1,166,194	996,728	1,024,576	975,662
Capital Outlay ¹⁵	1,394,526	1,286,659	847,541	778,543	668,768
Debt Service — Principal Retirement	320,546	281,801	260,949	288,051	342,622
Debt Service — Interest and Other Charges	119,504	190,114	103,417	103,866	105,023
Total Expenditures	18,029,017	15,659,248	13,949,392	13,331,567	12,656,478
Revenues Over (Under) Expenditures	1,706,676	(157,470)	366,757	251,091	12,434
Other Financing Sources (Uses)					
General Obligation Bonds Issued ¹⁶	—	895,745	127,715	485,225	—
Revenue Bonds Issued	—	—	—	2,920	—
Refunding Bonds Issued	—	—	—	144,610	—
Premium on Bonds Issued	—	173,585	23,308	71,360	—
Payment to Refunded Bond Escrow Agent	—	—	(27,770)	(118,495)	—
Capital Leases/Contracts Issued	—	—	—	13,705	—
Sale of Capital Assets	78,690	58,756	65,331	40,277	53,025
Transfers In	3,408,383	1,899,963	2,581,581	1,880,116	1,792,074
Transfers Out	(3,259,113)	(1,753,543)	(2,440,721)	(1,784,551)	(1,657,967)
Special Item					
Comprehensive Health Insurance Pool Transfer ¹⁷	—	—	—	—	—
Prior Period Adjustments and Restatements	—	—	—	(15,469)	1,207
Total Other Financing Sources (Uses)	227,960	1,274,506	329,444	719,698	188,339
Net Change in Fund Balances	\$ 1,934,636	\$ 1,117,036	\$ 696,201	\$ 970,789	\$ 200,773
Debt Service as a Percentage of Noncapital Expenditures	2.63 %	3.22 %	2.74 %	3.18 %	3.78 %

*This schedule is presented using the modified accrual basis of accounting.

Notes: This schedule also has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

¹ In fiscal years 2011 to 2019, tax revenues increased due to a rebounding and then prospering economy. In fiscal 2019, an increase in corporate tax revenue was also due to recent federal tax changes, creating a temporary surge as corporations repatriated foreign corporate earnings. In fiscal year 2020, sales and use tax revenue is up due in part to increased consumer spending in response to the COVID-19 pandemic as a result of federal economic stimulus payments made to individuals. The increase in sales and use tax is also the result of new legislation to tax online marketplaces, effective October 2019. Individual income tax increased primarily due to accruals of income after individual income tax payments due were shifted from April 2020 to July 2020. Corporate tax is decreasing due to timing and the residual effect of the temporary surge seen in the prior year. In fiscal year 2021, sales and use tax revenue is up due in part to increased consumer spending in response to the economic growth and recovery from the COVID-19 pandemic.

² In fiscal years 2016 and 2017, motor and special fuels tax increased due in part to a tax increase that became effective in mid-2016, and also as a result of higher fuel consumption. In fiscal 2019, the increase in motor and special fuels tax was due in part to a tax increase that became effective in mid-2019, and also as a result of higher fuel consumption. In fiscal year 2020, motor and special fuels tax increased due to a decrease in consumption and effects of the COVID-19 Pandemic. In fiscal year 2021, motor and special fuels tax increased due to increase in fuel rates and taxable gallons sold.

³ In fiscal year 2020 and 2021, other taxes were up due to overall increases in beer, cigarette, tobacco tax, insurance premium tax, mine occupation tax, and other taxes.

⁴ In fiscal year 2017, federal contracts and grants increased due to an increase in funding provided for the Medicaid program and highway projects. In fiscal years 2018 to 2020, the increase was the result of an increase in funding provided for the Medicaid program. The federal CARES Act provided additional funding to the state for relief assistance as a result of the COVID-19 pandemic. Additionally, the Education Fund saw increases due to the Families First Coronavirus Response Act that provided increased funds for nutrition and food distribution. The Transportation fund received additional federal grant money for road and highway construction. In fiscal year 2021, the increase was a result of an increase in federal funding for Medicaid programs and the CARES Act. The state also received federal funding from the American Rescue Plan Act of 2021 and from the Federal Emergency Management Agency.

Schedule A-4
Changes in Fund Balances — Governmental Funds* - continued
 Last Ten Fiscal Years
(dollars expressed in thousands)

	Fiscal Year				
	2016	2015	2014	2013	2012
Revenues					
Sales and Use Tax ¹	\$ 2,302,886	\$ 2,204,389	\$ 2,121,249	\$ 2,094,132	\$ 1,934,035
Individual Income Tax ¹	3,393,087	3,211,476	2,916,015	2,865,195	2,518,373
Corporate Tax ¹	354,615	366,543	322,748	329,726	285,541
Motor and Special Fuels Tax ²	425,343	371,412	359,176	351,197	353,299
Other Taxes ³	355,229	386,066	432,178	400,111	414,744
Federal Contracts and Grants ⁴	3,573,699	3,478,563	3,463,045	3,489,515	3,561,512
Charges for Services/Royalties	630,300	682,288	706,125	677,119	625,831
Licenses, Permits, and Fees	199,748	194,648	188,653	185,976	183,630
Federal Mineral Lease ⁵	69,245	138,635	158,193	138,122	183,739
Intergovernmental	11,264	12,620	7,211	32,704	34,407
Investment Income ⁶	34,168	133,092	353,653	221,139	46,133
Miscellaneous and Other ⁷	388,295	384,968	327,880	305,267	393,010
Total Revenues	<u>11,737,879</u>	<u>11,564,700</u>	<u>11,356,126</u>	<u>11,090,203</u>	<u>10,534,254</u>
Expenditures					
General Government ⁸	412,204	386,059	374,134	362,845	356,752
Human Services and Juvenile Justice Services	766,186	723,663	692,277	669,091	645,418
Corrections	290,217	272,053	266,246	251,118	245,829
Public Safety	263,417	266,586	271,716	255,727	239,453
Courts	146,510	137,901	132,886	129,693	127,066
Health and Environmental Quality ⁹	2,622,797	2,517,513	2,434,410	2,252,166	2,141,835
Higher Education—State Administration ¹⁰	79,567	56,935	48,920	51,901	49,359
Higher Education—Colleges and Universities	915,432	875,610	781,998	735,438	721,074
Employment and Family Services	708,184	730,972	703,441	781,178	706,181
Natural Resources ¹¹	196,188	190,378	184,465	178,330	153,698
Heritage and Arts ¹²	27,826	24,041	24,231	22,428	155,575
Business, Labor, and Agriculture	111,186	101,331	105,915	99,828	99,689
Public Education ¹³	3,556,897	3,340,290	3,202,007	3,097,161	2,999,706
Transportation ¹⁴	835,111	903,700	902,788	951,277	1,064,449
Capital Outlay ¹⁵	523,937	499,705	380,930	524,582	973,206
Debt Service — Principal Retirement	348,576	319,739	329,659	309,268	266,300
Debt Service — Interest and Other Charges	118,805	135,994	150,101	154,472	168,047
Total Expenditures	<u>11,923,040</u>	<u>11,482,470</u>	<u>10,986,124</u>	<u>10,826,503</u>	<u>11,113,637</u>
Revenues Over (Under) Expenditures	<u>(185,161)</u>	<u>82,230</u>	<u>370,002</u>	<u>263,700</u>	<u>(579,383)</u>
Other Financing Sources (Uses)					
General Obligation Bonds Issued ¹⁶	—	—	226,175	33,240	609,920
Revenue Bonds Issued	93,625	—	—	1,900	5,250
Refunding Bonds Issued	—	221,765	—	22,612	—
Premium on Bonds Issued	4,405	47,562	24,656	8,346	92,558
Payment to Refunded Bond Escrow Agent	—	(267,870)	—	(24,358)	—
Capital Leases/Contracts Issued	5,100	—	—	2,824	—
Sale of Capital Assets	30,688	29,274	24,596	31,243	22,158
Transfers In	1,998,019	1,659,616	1,489,272	1,360,691	1,097,387
Transfers Out	(1,876,592)	(1,549,960)	(1,445,189)	(1,283,764)	(1,052,391)
Special Item					
Comprehensive Health Insurance Pool Transfer ¹⁷	—	16,288	—	—	—
Prior Period Adjustments and Restatements	—	1,940	—	—	—
Total Other Financing Sources (Uses)	<u>255,245</u>	<u>158,615</u>	<u>319,510</u>	<u>152,734</u>	<u>774,882</u>
Net Change in Fund Balances	<u>\$ 70,084</u>	<u>\$ 240,845</u>	<u>\$ 689,512</u>	<u>\$ 416,434</u>	<u>\$ 195,499</u>
Debt Service as a Percentage of Noncapital Expenditures	4.17 %	4.22 %	4.60 %	4.59 %	4.45 %

⁵ In fiscal year 2016 and 2021, federal mineral lease revenue decreased due to lower energy prices and a decline in production.

⁶ Significant changes in investment income from year to year are due to the change in the fair value of investments as a result of general market conditions.

⁷ In fiscal year 2021, an increase to miscellaneous and other revenues is due to an increase in Medicaid drug rebates, court fines, and revenue from local governments for the ERA program.

⁸ In fiscal year 2021, general government expenditures increased due to the distribution of federal CARES Act relief monies to local governments in response to the COVID-19 pandemic.

⁹ Expenditures for health and environmental quality have increased over the last ten fiscal years due to rising and expanded Medicaid program costs.

¹⁰ Higher education - state administration expenditures increase due to an increase in appropriation allotment payments. Fiscal year 2021 increased to due additional COVID-19 program spending.

¹¹ Expenditures increase for natural resources due to an increase in expenditures for wildland fire suppression, purchase of property, and changes in transfers.

¹² In fiscal year 2013, legislative action transferred the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

¹³ Public education expenditures continue to increase for both enrollment growth and benefit-related costs for educators. Fiscal year 2021 increased to due additional COVID-19 program spending.

¹⁴ Expenditures for transportation vary from year to year due to the timing of highway construction projects. In fiscal year 2012, the Transportation Investment Fund was reclassified as a capital projects fund. Expenditures relating to this fund have been reclassified from transportation expenditures to capital outlay for prior years.

¹⁵ Expenditures for capital outlay vary from year to year due to changes in funding from bond proceeds or state appropriations provided for buildings, highways, and other projects.

¹⁶ Expenditures for debt service increased due to the issuance of general obligation bonds and related premiums, as explained in [Note 10.B](#).

¹⁷ In fiscal year 2015, the Comprehensive Health Insurance Pool (nonmajor discrete component unit) was dissolved and the remaining cash balance was transferred to the State's General Fund.

Schedule B-1
Revenue Base
Last Ten Calendar Years
(dollars expressed in thousands)

	Calendar Year			
	2020	2019	2018	2017
Taxable Sales, Services, and Use Tax Purchases ¹				
Agriculture, Forestry, and Fishing	\$ 36,411	\$ 22,535	\$ 20,664	\$ 19,438
Mining	231,015	320,753	562,722	555,332
Construction	1,281,216	1,147,119	1,048,607	930,707
Manufacturing	3,389,590	2,942,959	2,692,334	2,500,510
Transportation	147,661	150,515	165,418	150,783
Communications and Utilities	4,862,836	4,797,280	4,554,313	4,575,019
Wholesale Trade	6,331,798	5,774,636	5,420,375	4,922,340
Retail	44,323,114	38,154,835	34,806,178	33,029,982
Finance, Insurance, and Real Estate	2,107,424	2,171,717	1,835,800	1,715,813
Services	11,155,388	12,239,990	11,229,829	10,636,808
Public Administration	278,380	272,759	275,969	265,678
Prior Period Payments and Refunds	585,873	928,042	2,370,315	1,729,282
Total Taxable Sales, Services and Use Tax Purchases	\$ 74,730,706	\$ 68,923,140	\$ 64,982,524	\$ 61,031,692
State Sales Tax Rate	4.85 %	4.85 %	4.70 %	4.70 %
Personal Income by Industry				
Federal Civilian	\$ 4,154,092	\$ 3,913,587	\$ 3,755,880	\$ 3,640,850
Federal Military	929,445	882,696	807,528	754,588
State and Local Government	13,868,093	13,270,480	12,670,392	12,023,320
Forestry, Fishing, and Related Activities	111,891	99,777	93,312	81,560
Mining	952,304	983,443	917,021	728,766
Utilities	1,248,804	1,204,996	962,616	734,147
Construction	10,902,966	9,801,500	8,847,094	8,126,268
Manufacturing	11,272,173	10,837,710	10,251,192	9,839,547
Wholesale Trade	5,522,614	5,216,033	4,998,104	4,772,174
Retail Trade	9,058,716	8,387,261	8,090,145	7,659,363
Transportation and Warehousing	5,146,101	4,943,933	4,515,650	4,219,443
Information	4,502,472	4,118,870	3,763,888	3,508,693
Financial, Insurance, Real Estate, Rental, and Leasing	12,661,680	11,409,294	10,540,492	9,683,027
Services	42,381,551	40,946,697	37,687,654	34,897,156
Farm Earnings	691,575	423,694	393,503	334,015
Other ²	46,251,871	40,895,078	39,946,150	35,540,769
Total Personal Income	\$ 169,656,348	\$ 157,335,049	\$ 148,240,621	\$ 136,543,686
Highest Income Tax Rate	4.95 %	4.95 %	4.95 %	5.00 %

Sources: Taxable Sales, Services, and Use Tax Purchases – Utah State Tax Commission; Personal Income by Industry – U.S. Department of Commerce, Bureau of Economic Analysis and the Utah Department of Workforce Services. Prior year information has been updated with the most recent data available.

¹ Taxable Sales, Services, and Use Tax Purchases utilize *American Industrial Classification* codes.

² Other personal income includes dividends, interest, rents, residence adjustment, government transfers to individuals, and deduction for social insurance contributions.

State of Utah

Schedule B-1
Revenue Base - continued
 Last Ten Calendar Years
(dollars expressed in thousands)

Calendar Year					
2016	2015	2014	2013	2012	2011
\$ 16,790	\$ 15,400	\$ 16,721	\$ 15,083	\$ 13,880	\$ 14,082
473,021	606,129	842,837	850,275	961,570	848,168
793,332	719,199	718,877	686,116	749,572	654,043
2,334,180	2,394,889	2,439,019	2,251,708	2,283,863	2,209,327
129,326	119,530	116,776	151,582	123,695	274,577
4,603,701	4,640,315	4,764,084	4,609,452	4,515,800	4,250,457
4,508,459	4,544,672	4,564,362	4,397,645	4,647,539	4,065,152
30,458,131	28,847,726	27,160,751	25,848,614	24,351,361	22,794,901
1,562,251	1,518,729	1,441,941	1,378,991	1,327,864	1,337,530
10,058,980	9,383,910	8,696,364	8,108,526	7,670,035	7,137,503
256,124	254,337	262,250	250,212	245,093	229,227
1,308,139	888,441	685,181	855,842	640,908	339,856
<u>\$ 56,502,434</u>	<u>\$ 53,933,277</u>	<u>\$ 51,709,163</u>	<u>\$ 49,404,046</u>	<u>\$ 47,531,180</u>	<u>\$ 44,154,823</u>
4.70 %	4.70 %	4.70 %	4.70 %	4.70 %	4.70 %
\$ 3,503,288	\$ 3,362,932	\$ 3,226,299	\$ 3,127,049	\$ 3,201,034	\$ 3,556,359
745,003	715,450	732,507	758,348	782,075	1,023,592
11,377,417	11,214,437	10,932,387	10,438,482	10,479,690	9,440,193
79,894	73,334	71,162	79,070	69,036	69,173
677,740	919,572	1,055,022	1,488,131	1,451,372	1,134,370
581,721	559,871	518,729	509,579	510,476	531,434
7,497,605	6,757,362	6,139,119	5,749,752	5,310,328	5,033,034
9,335,841	9,074,439	8,607,123	8,372,774	8,079,603	7,787,202
4,433,918	4,457,942	4,019,735	3,920,138	3,778,828	3,473,443
7,462,318	7,036,881	6,688,936	6,245,965	5,817,378	5,478,538
4,055,241	3,664,221	3,319,368	3,148,136	2,983,157	2,977,382
3,308,820	2,939,164	2,729,627	2,527,863	2,426,304	2,146,263
9,169,397	7,951,465	7,068,780	7,101,517	6,281,226	6,113,185
32,839,863	30,551,475	28,810,801	27,872,193	26,044,184	24,676,881
338,436	465,109	509,130	510,235	231,074	266,260
33,000,523	28,980,981	26,415,095	24,223,342	23,716,925	20,693,761
<u>\$ 128,407,025</u>	<u>\$ 118,724,635</u>	<u>\$ 110,843,820</u>	<u>\$ 106,072,574</u>	<u>\$ 101,162,690</u>	<u>\$ 94,401,070</u>
5.00 %	5.00 %	5.00 %	5.00 %	5.00 %	5.00 %

State of Utah

Schedule B-2 Revenue Payers by Industry – Taxable Sales, Services, and Use Tax Purchases

Most Current Calendar Year and Historical Comparison
(dollars expressed in thousands)

	Calendar Year 2011		Calendar Year 2020	
	Taxable Sales and Purchases	Percent of Total	Taxable Sales and Purchases	Percent of Total
Agriculture, Forestry, and Fishing	\$ 14,082	0.10 %	\$ 36,411	0.10 %
Mining	848,168	1.90 %	231,015	0.30 %
Construction	654,043	1.50 %	1,281,216	1.70 %
Manufacturing	2,209,327	5.00 %	3,389,590	4.50 %
Transportation	274,577	0.60 %	147,661	0.20 %
Communications and Utilities	4,250,457	9.60 %	4,862,836	6.50 %
Wholesale Trade	4,065,152	9.20 %	6,331,798	8.50 %
Retail	22,794,901	51.60 %	44,323,114	59.30 %
Finance, Insurance, and Real Estate	1,337,530	3.00 %	2,107,424	2.80 %
Services	7,137,503	16.20 %	11,155,388	14.90 %
Public Administration	229,227	0.50 %	278,380	0.40 %
Prior Period Payments, Refunds	339,856	0.80 %	585,873	0.80 %
Total Taxable Sales, Services, and Use Tax Purchases	<u>\$ 44,154,823</u>	<u>100.00 %</u>	<u>\$ 74,730,706</u>	<u>100.00 %</u>
State Sales Tax Rates	4.70 % except 2.00 % for Communications and Utilities		4.85 % except 2.00 % for Communications and Utilities	

Source: Utah State Tax Commission.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue.

Schedule B-3 Revenue Payers – Personal Income Tax

Most Current Calendar Year and Historical Comparison
(dollars expressed in thousands)

Adjusted Gross Income Class	Calendar Year 2010				Calendar Year 2019			
	Number of Filers	Percent of Total	Tax Liability	Percent of Total	Number of Filers	Percent of Total	Tax Liability	Percent of Total
\$10,000 and under	159,947	15.40 %	\$ (12)	0.00 %	170,750	13.00 %	\$ 254	0.01 %
\$10,001–20,000	160,700	15.50 %	20,899	1.00 %	153,572	11.69 %	8,103	0.20 %
\$20,001–30,000	138,390	13.40 %	58,896	2.80 %	147,795	11.25 %	59,945	1.49 %
\$30,001–40,000	108,908	10.50 %	92,709	4.50 %	134,305	10.22 %	117,383	2.91 %
\$40,001–50,000	87,108	8.40 %	116,366	5.60 %	106,841	8.13 %	147,744	3.66 %
\$50,001–75,000	161,929	15.70 %	355,794	17.20 %	200,167	15.23 %	457,234	11.33 %
\$75,001–100,000	99,980	9.60 %	344,293	16.60 %	139,914	10.65 %	496,580	12.30 %
\$100,001–250,000	104,690	10.10 %	644,090	31.20 %	220,896	16.81 %	1,470,572	36.44 %
Over \$250,000	14,625	1.40 %	435,837	21.10 %	39,617	3.02 %	1,277,940	31.66 %
Total	<u>1,036,277</u>	<u>100.00 %</u>	<u>\$ 2,068,872</u>	<u>100.00 %</u>	<u>1,313,857</u>	<u>100.00 %</u>	<u>\$ 4,035,755</u>	<u>100.00 %</u>

Source: Utah State Tax Commission, for full-year residents only.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for personal income tax information is calendar year 2019.

Schedule B-4
Personal Income Tax Rates
 Last Ten Calendar Years

	Calendar Year	
	2018 to 2020	2011 to 2017
	Single and Married Filing Separately	
Tax Rate	4.95 %	5.00 %
	Married Filing Joint, Head of Household, and Qualifying Widow(er)	
Tax Rate	4.95 %	5.00 %

Source: Utah State Tax Commission.

Note: The Utah State Legislature can raise the income tax rates by legislation, no vote of the populace is required; *Utah Constitution*, Article XIII, Section 5.

Schedule C-1
Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
(dollars expressed in millions)

	Fiscal Year			
	2021	2020	2019	2018
Governmental Activities				
General Obligation Bonds	\$ 2,706	\$ 3,061	\$ 2,374	\$ 2,498
State Building Ownership Authority				
Lease Revenue Bonds	177	191	205	244
Capital Leases	26	28	31	33
Contracts/Notes Payable	—	—	—	—
Total Governmental Activities	2,909	3,280	2,610	2,775
Business-type Activities				
Student Assistance Revenue Bonds ^{1,4}	931	1,069	1,254	1,495
State Building Ownership Authority				
Lease Revenue Bonds	84	91	77	83
Water Loan Recapitalization Revenue Bonds	13	20	26	31
Contracts/Notes Payable ^{1,4}	—	—	1	1
Total Business-type Activities	1,028	1,180	1,358	1,610
Total Primary Government	\$ 3,937	\$ 4,460	\$ 3,968	\$ 4,385
Debt as a Percentage of Personal Income ²	2.20 %	2.61 %	2.53 %	2.96 %
Amount of Debt Per Capita (expressed in dollars) ²	\$ 1,183	\$ 1,320	\$ 1,237	\$ 1,390
Net General Obligation Bonded Debt				
General Obligation Bonds	\$ 2,706	\$ 3,061	\$ 2,374	\$ 2,498
Net General Obligation Bonded Debt as a Percentage of Taxable Property Value ³	0.76 %	0.80 %	0.92 %	0.92 %
Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) ²	\$ 813	\$ 932	\$ 734	\$ 784

Sources: Utah Department of Government Operations, Division of Finance; Utah State Tax Commission – Property Tax; and Utah Governor’s Office of Planning and Budget – Demographics.

Note: Net general obligation and revenue bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amounts on refunding of bonded debt was no longer reported as part of long-term liabilities, but as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

¹ During 2015 the Student Assistance Programs issued a line of credit to acquire federally guaranteed student loans. In 2017, the Student Assistance Programs issued additional bonds to retire its line of credit issued in 2015 related to acquiring federally guaranteed student loans.

² Ratios are calculated using personal income and population data. See Schedule D-1 for personal income and population data. During 2010 to 2012, the State issued just under \$1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

³ The percentage of Net General Obligation Bonded Debt based upon taxable property value is presented for comparative purposes. The State does not presently levy ad valorem property taxes for General Obligation Bonded Debt, but is authorized to do so in accordance with Title 59, Chapter 2, Part 901 of the *Utah Code*. See Schedule C-3 for taxable property value.

⁴ During 2020, the Student Assistance Programs issued a line of credit to retire outstanding revenue bonds and purchase governmental obligation for the purpose of redeeming the Series 2010 EE bonds. In 2020, the Student Assistance Programs issued additional bonds to retire its line of credit issued in 2020.

Schedule C-1
Ratios of Outstanding Debt by Type - continued
 Last Ten Fiscal Years
(dollars expressed in millions)

Fiscal Year						
2017	2016	2015	2014	2013	2012	
\$ 2,235	\$ 2,585	\$ 2,950	\$ 3,271	\$ 3,361	\$ 3,660	
230	249	170	187	200	213	
22	23	20	22	23	24	
—	—	—	6	10	—	
<u>2,487</u>	<u>2,857</u>	<u>3,140</u>	<u>3,486</u>	<u>3,594</u>	<u>3,897</u>	
1,812	1,255	1,511	1,284	1,274	970	
73	79	80	81	85	90	
37	42	47	52	58	62	
—	922	1,152	—	—	552	
<u>1,922</u>	<u>2,298</u>	<u>2,790</u>	<u>1,417</u>	<u>1,417</u>	<u>1,674</u>	
<u>\$ 4,409</u>	<u>\$ 5,155</u>	<u>\$ 5,930</u>	<u>\$ 4,903</u>	<u>\$ 5,011</u>	<u>\$ 5,571</u>	
3.23 %	4.01 %	5.04 %	4.42 %	4.78 %	5.51 %	
\$ 1,421	\$ 1,693	\$ 1,979	\$ 1,665	\$ 1,727	\$ 1,951	
<u>\$ 2,235</u>	<u>\$ 2,585</u>	<u>\$ 2,950</u>	<u>\$ 3,271</u>	<u>\$ 3,361</u>	<u>\$ 3,660</u>	
0.89 %	1.10 %	1.33 %	1.58 %	1.67 %	1.82 %	
\$ 721	\$ 849	\$ 985	\$ 1,111	\$ 1,159	\$ 1,282	

Schedule C-2
Long-term Debt and Other Long-term Liabilities

Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year			
	2021	2020	2019	2018
Governmental Activities				
General Obligation Bonds ¹	\$ 2,397,925	\$ 2,704,640	\$ 2,155,675	\$ 2,396,875
General Obligation Bonds - Direct Placement ²	115,000	116,300	117,600	—
State Building Ownership Authority				
Lease Revenue Bonds	159,261	166,693	174,076	237,426
SBOA Lease Revenue Bonds - Direct Placement ²	15,985	21,105	25,910	—
Net Unamortized Premiums	195,167	243,120	106,066	108,115
Deferred Amount on Refundings ³	—	—	—	—
Capital Leases - Direct Borrowing ²	23,372	25,849	28,203	33,132
Notes Payable - Direct Borrowing ²	134	183	227	268
Capital Leases	2,252	2,531	2,803	—
Compensated Absences ⁴	217,280	210,811	211,138	184,505
Claims Liability	87,317	73,622	63,558	57,330
Pollution Remediation Obligation	10,639	5,308	5,324	5,366
Settlement Obligations	768	1,113	227	273
Net Pension Liability ⁷	405,970	719,708	1,140,766	763,753
Net Other Post Employment Benefit Obligation ⁸	—	—	—	—
Net Other Post Employment Benefit Liability ⁸	608	18,410	68,335	99,058
Arbitrage Liability	198	418	544	—
Total Governmental Activities	3,631,876	4,309,811	4,100,452	3,886,101
Business-type Activities				
Student Assistance Revenue Bonds ^{5,9}	940,447	1,081,161	1,265,880	1,506,965
State Building Ownership Authority				
Lease Revenue Bonds	79,109	85,612	72,549	77,704
Water Loan Recapitalization Revenue Bonds	13,345	19,565	25,520	31,225
Net Unamortized Premiums/(Discounts)	(4,610)	(6,811)	(8,000)	(6,418)
Deferred Amount on Refundings ³	—	—	—	—
Notes Payable - Direct Borrowing ^{2,6}	—	—	618	635
Claims and Uninsured Liabilities	257,864	79,789	3,279	4,365
Arbitrage Liability	—	—	—	—
Net Pension Liability ⁷	5,447	11,064	19,065	12,038
Net Other Post Employment Benefit Liability ⁸	—	350	1,108	1,564
Total Business-type Activities	1,291,602	1,270,730	1,380,019	1,628,078
Total Primary Government Other Long-term Liabilities	\$ 4,923,478	\$ 5,580,541	\$ 5,480,471	\$ 5,514,179

Note: Details regarding the liabilities listed above can be found in [Note 10. Long-term Liabilities](#) in the financial statements.

¹ During 2010 to 2012, the State issued just under \$1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

² In 2019, GASB Statement 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires separate disclosure of debt issued directly to an investor.

³ Beginning in 2014, deferred amount on refundings are no longer reported in the financial statements as part of other long-term liabilities under Governmental and Business-type Activities. This obligation is now being reported as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

⁴ During 2019, a new actuary valuation was performed for GASB Statement 16, *Accounting for Compensated Absences* and as a result the total liability increased.

⁵ During 2012, the Student Assistance Programs advance refunded certain outstanding student loan revenue bonds to manage its interest costs. In 2017, the Student Assistance Programs issued additional bonds to retire its line of credit issued in 2015 related to acquiring federally guaranteed student loans.

⁶ In 2015, the Student Assistance Programs issued a line of credit to acquire federally guaranteed student loans.

Schedule C-2
Long-term Debt and Other Long-term Liabilities - continued
 Last Ten Fiscal Years
 (expressed in thousands)

		Fiscal Year					
		2017	2016	2015	2014	2013	2012
\$	2,173,985	\$ 2,498,895	\$ 2,830,150	\$ 3,136,755	\$ 3,225,435	\$ 3,487,680	
	—	—	—	—	—	—	
	225,163	242,976	166,773	183,590	198,485	210,384	
	—	—	—	—	—	—	
	66,423	92,827	122,321	138,187	159,882	200,979	
	—	—	—	—	(22,546)	(26,248)	
	21,616	23,498	20,287	21,794	23,213	24,270	
	305	339	370	5,983	9,758	446	
	—	—	—	—	—	—	
	181,557	182,707	185,792	184,679	185,711	185,701	
	53,645	48,092	46,931	48,585	48,190	44,700	
	5,891	6,401	5,086	5,327	6,222	6,640	
	319	365	4,471	6,928	25,020	34,007	
	1,031,449	992,495	802,543	—	—	—	
	—	3,848	4,126	4,331	5,206	5,439	
	109,618	—	—	—	—	—	
	—	—	—	—	—	—	
	<u>3,869,971</u>	<u>4,092,443</u>	<u>4,188,850</u>	<u>3,736,159</u>	<u>3,864,576</u>	<u>4,173,998</u>	
	1,822,807	1,256,026	1,509,543	1,277,837	1,240,407	930,422	
	67,438	72,674	73,207	79,106	83,795	88,161	
	36,680	41,915	46,940	51,800	56,545	61,205	
	(5,437)	5,434	8,696	9,110	13,143	16,917	
	—	—	—	—	23,413	25,445	
	—	921,995	1,152,207	—	—	552,423	
	4,810	5,726	7,587	9,283	18,694	17,866	
	—	—	—	—	—	10,000	
	17,468	17,845	12,853	—	—	—	
	1,731	—	—	—	—	—	
	<u>1,945,497</u>	<u>2,321,615</u>	<u>2,811,033</u>	<u>1,427,136</u>	<u>1,435,997</u>	<u>1,702,439</u>	
\$	<u>5,815,468</u>	<u>6,414,058</u>	<u>6,999,883</u>	<u>5,163,295</u>	<u>5,300,573</u>	<u>5,876,437</u>	

⁷ During 2015, the State implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions* which replaced GASB Statements 27 and 50 as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. In part, GASB Statement 68 requires the reporting of the net Pension liability. GASB Statement 27 only required the reporting of a Pension obligation when contributions were less than the actuary's Annual Required Contribution.

⁸ During 2017, the State implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaced GASB Statement 45. In part, GASB Statement 75 requires the reporting of the net Other Postemployment Benefit (OPEB) liability. GASB Statement 45 only required the reporting of an OPEB obligation when contributions were less than the actuary's Annual Required Contribution.

⁹ During 2020, the Student Assistance Programs issued a line of credit to retire outstanding revenue bonds and purchase governmental obligation for the purpose of redeeming the Series 2010 EE bonds. In 2020, the Student Assistance Programs issued additional bonds to retire its line of credit issued in 2020.

Schedule C-3
Legal Debt Margin
 Last Ten Fiscal Years
 (dollars expressed in millions)

	Fiscal Year			
	2021	2020	2019	2018
Taxable Property, Taxable Value ¹	\$ 353,750	\$ 329,096	\$ 298,114	\$ 271,649
Taxable Property, Fair Market Value ¹	497,914	461,064	415,650	377,260
Debt Limit (Fair Market Value times 1.50 %)	1.50 %	1.50 %	1.50 %	1.50 %
Debt Limit Amount	7,469	6,916	6,235	5,659
Net General Obligation Bonded Debt ²	2,706	3,061	2,374	2,498
Legal Debt Margin	\$ 4,763	\$ 3,855	\$ 3,861	\$ 3,161
Net General Obligation Bonded Debt				
As a Percentage of the Debt Limit Amount	36.23 %	44.26 %	38.08 %	44.14 %

Source: Utah State Tax Commission and the Utah Department of Government Operations, Division of Finance.

Note: Article XIV, Section 1 of the *Utah Constitution* allows the State to contract debts not exceeding 1.50 percent of the total taxable property in the State. The Legislature authorizes general obligation indebtedness within this limit. The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. The State has other long-term contract liabilities consisting of unused vacation for employees of \$114.969 million as of fiscal yearend. These contract liabilities do not affect the State’s compliance with the constitutional debt limit.

¹ Taxable property is assessed January 1 of each year. The value used for the fiscal year limitation is from the prior calendar year; assessed values as of January 1, 2020, are used for fiscal year 2021.

Schedule C-4
Statutory Debt Limit
 Last Ten Fiscal Years
 (dollars expressed in millions)

	Fiscal Year			
	2021	2020	2019	2018
Appropriations Limitation Amount	\$ 4,162	\$ 3,990	\$ 3,911	\$ 3,738
Limit (Appropriations Limitation Amount times applicable percentage)	45.00 %	45.00 %	45.00 %	45.00 %
Statutory Debt Limit Amount	1,873	1,796	1,760	1,682
Net General Obligation Bonded Debt ¹	2,706	3,061	2,374	2,498
Less: Exempt Highway Construction Bonds	(2,214)	(2,534)	(2,175)	(2,282)
Net General Obligation Bonded Debt Subject to Statutory Debt Limit	492	527	199	216
Additional General Obligation Debt Incurring Capacity ...	\$ 1,381	\$ 1,269	\$ 1,561	\$ 1,466

Source: Utah Governor’s Office of Planning and Budget and the Utah Department of Government Operations, Division of Finance.

Note: Article XIV, Section 5 of the *Utah Constitution* limits any funds borrowed to be used solely for purposes as authorized by law. In addition, Title 63J-3-402 of the *Utah Code* limits outstanding state general obligation debt to not exceed the applicable percentage (unless approved by more than two-thirds of both houses of the Legislature) of that fiscal year’s appropriations limit. The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. The State has other long-term contract liabilities consisting of unused vacation for employees of \$114.969 million as of fiscal yearend. These contract liabilities do not affect the State’s compliance with the constitutional debt limit.

Schedule C-3
Legal Debt Margin - continued
 Last Ten Fiscal Years
(dollars expressed in millions)

Fiscal Year					
2017	2016	2015	2014	2013	2012
\$ 251,598	\$ 235,273	\$ 221,650	\$ 207,211	\$ 201,294	\$ 201,473
347,716	323,367	303,725	282,489	272,954	274,806
1.50 %	1.50 %	1.50 %	1.50 %	1.50 %	1.50 %
5,216	4,851	4,556	4,237	4,094	4,122
2,235	2,585	2,950	3,271	3,361	3,660
<u>\$ 2,981</u>	<u>\$ 2,266</u>	<u>\$ 1,606</u>	<u>\$ 966</u>	<u>\$ 733</u>	<u>\$ 462</u>
42.85 %	53.29 %	64.75 %	77.20 %	82.10 %	88.79 %

² Net general obligation bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amount on refundings of bonded debt was no longer reported as part of long-term liabilities, but as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

Schedule C-4
Statutory Debt Limit - continued
 Last Ten Fiscal Years
(dollars expressed in millions)

Fiscal Year					
2017	2016	2015	2014	2013	2012
\$ 3,567	\$ 3,469	\$ 3,315	\$ 3,250	\$ 3,142	\$ 3,034
45.00 %	45.00 %	45.00 %	45.00 %	45.00 %	45.00 %
1,605	1,561	1,492	1,463	1,414	1,365
2,235	2,585	2,950	3,271	3,361	3,660
(2,180)	(2,402)	(2,622)	(2,860)	(2,869)	(3,132)
55	183	328	411	492	528
<u>\$ 1,550</u>	<u>\$ 1,378</u>	<u>\$ 1,164</u>	<u>\$ 1,051</u>	<u>\$ 922</u>	<u>\$ 837</u>

¹ Net general obligation bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amount on refundings of bonded debt was no longer reported as part of long-term liabilities, but as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

Schedule C-5
Pledged Revenue Bond Coverage

Last Ten Fiscal Years
(dollars expressed in thousands)

Fiscal Year	Gross Revenues ¹	Less Operating Expenses ²	Net Available Revenue	Debt Service		Coverage ³
				Principal	Interest	
Water Loan Programs						
2012	\$ 3,860	\$ 0	\$ 3,860	\$ 4,595	\$ 2,371	0.55
2013	\$ 3,649	\$ 0	\$ 3,649	\$ 4,660	\$ 2,297	0.52
2014	\$ 3,877	\$ 0	\$ 3,877	\$ 4,745	\$ 2,197	0.56
2015	\$ 3,920	\$ 0	\$ 3,920	\$ 4,860	\$ 2,067	0.57
2016	\$ 3,744	\$ 0	\$ 3,744	\$ 5,025	\$ 1,851	0.54
2017	\$ 3,628	\$ 0	\$ 3,628	\$ 5,235	\$ 1,658	0.53
2018	\$ 3,756	\$ 0	\$ 3,756	\$ 5,455	\$ 1,406	0.55
2019	\$ 4,113	\$ 0	\$ 4,113	\$ 5,705	\$ 1,167	0.60
2020	\$ 3,648	\$ 0	\$ 3,648	\$ 5,955	\$ 908	0.53
2021	\$ 2,694	\$ 0	\$ 2,694	\$ 6,220	\$ 629	0.39
Student Assistance Programs						
2012	\$ 25,404	\$ 14,904	\$ 10,500	\$ 797,350	\$ 10,620	0.01
2013	\$ 44,378	\$ 27,914	\$ 16,464	\$ 208,715	\$ 9,747	0.08
2014	\$ 49,679	\$ 36,697	\$ 12,982	\$ 171,000	\$ 7,631	0.07
2015	\$ 75,796	\$ 59,463	\$ 16,333	\$ 967,584 ⁴	\$ 6,646	0.02
2016	\$ 110,982 ⁵	\$ 87,889	\$ 23,093	\$ 483,729	\$ 25,338	0.05
2017	\$ 92,421	\$ 65,327	\$ 27,094	\$ 1,227,465 ⁶	\$ 30,833	0.02
2018	\$ 79,408	\$ 40,098	\$ 39,310	\$ 315,842	\$ 38,403	0.11
2019	\$ 69,749	\$ 22,821	\$ 46,928	\$ 241,085	\$ 44,081	0.16
2020	\$ 58,733	\$ 28,819	\$ 29,914	\$ 184,719	\$ 28,496	0.14
2021	\$ 46,868	\$ 36,974	\$ 9,894	\$ 363,165 ⁷	\$ 7,486	0.03

Note: Details regarding the State's outstanding bonds can be found in [Note 10. Long-term Liabilities](#) in the financial statements.

¹ Revenues for Water Loan Programs are primarily interest on revolving loan receivables; principal repayments are not included in gross revenues, but are pledged to cover debt service payments. Revenues for Student Assistance Programs are primarily interest on student loans and federal allowances.

² Operating Expenses do not include interest, depreciation, or amortization expenses.

³ Coverage equals net available revenue divided by debt service.

⁴ Prior to 2015, only Student Loan Purchase Program bonds were presented. During 2015, a line of credit was issued for \$1.600 billion in order to acquire federally guaranteed student loans.

⁵ During 2016, the Student Assistance Programs had a substantial increase in interest on loans related to the line of credit that was issued in 2015 to acquire federally guaranteed student loans.

⁶ During 2017, the Student Assistance Programs retired its line of credit issued in 2015 related to acquiring federally guaranteed student loans.

⁷ During 2020, the Student Assistance Programs issued a line of credit to retire outstanding revenue bonds and purchase governmental obligation for the purpose of redeeming the Series 2010 EE bonds. In 2020, the Student Assistance Programs issued additional bonds to retire its line of credit issued in 2020.

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Schedule D-1
Demographic and Economic Indicators
 Last Ten Calendar Years

Calendar Year	Population (in thousands)				Unemployment Rate		Utah Net Migration
	Utah		U.S.		Utah	U.S.	
	Number	Change	Number	Change			
2012	2,855	1.46 %	314,500	0.70 %	5.40 %	8.10 %	3,700
2013	2,901	1.61 %	316,700	0.70 %	4.40 %	7.40 %	9,200
2014	2,945	1.52 %	319,500	0.88 %	3.80 %	6.20 %	6,000
2015	2,991	1.56 %	321,500	0.63 %	3.50 %	5.30 %	14,200
2016	3,044	1.77 %	324,000	0.78 %	3.40 %	4.90 %	25,300
2017	3,103	1.94 %	326,000	0.62 %	3.30 %	4.40 %	30,000
2018	3,188	2.74 %	329,000	0.92 %	2.90 %	3.90 %	22,300
2019	3,237	1.54 %	330,000	0.30 %	2.50 %	3.70 %	20,200
2020	3,284	1.45 %	332,000	0.61 %	4.70 %	8.10 %	19,400
2021 (est.)	3,328	1.34 %	332,000	0.00 %	2.70 %	5.50 %	20,100

Calendar Year	Personal Income (in millions)				Per Capita Income (in dollars)			
	Utah		U.S.		Utah		U.S.	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
2012	\$ 101,163	7.16 %	\$13,888,000	7.27 %	\$ 35,434	5.62 %	\$ 44,159	6.52 %
2013	\$ 104,910	3.70 %	\$14,167,000	2.01 %	\$ 36,163	2.06 %	\$ 44,733	1.30 %
2014	\$ 110,844	5.66 %	\$14,810,000	4.54 %	\$ 37,638	4.08 %	\$ 46,354	3.62 %
2015	\$ 118,725	7.11 %	\$15,553,000	5.02 %	\$ 39,694	5.46 %	\$ 48,376	4.36 %
2016	\$ 128,407	8.15 %	\$16,125,000	3.68 %	\$ 42,184	6.27 %	\$ 49,769	2.88 %
2017	\$ 136,544	6.34 %	\$16,879,000	4.68 %	\$ 44,004	4.31 %	\$ 51,776	4.03 %
2018	\$ 148,241	8.57 %	\$17,852,000	5.76 %	\$ 46,500	5.67 %	\$ 54,261	4.80 %
2019	\$ 157,336	6.14 %	\$18,424,000	3.20 %	\$ 48,605	4.53 %	\$ 55,830	2.89 %
2020	\$ 169,656	7.83 %	\$19,628,000	6.53 %	\$ 51,661	6.29 %	\$ 59,120	5.89 %
2021 (est.)	\$ 179,242	5.65 %	\$20,892,000	6.44 %	\$ 53,859	4.25 %	\$ 62,928	6.44 %

Source: Population – Utah Population Estimates Committee at July 1 each year. The 2021 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate – Utah Department of Workforce Services. The 2021 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration – Utah Population Estimates Committee at July 1 each year. The 2021 estimate is from the Utah Revenue Assumption Committee.

Source: Personal Income – U.S. Department of Commerce, Bureau of Economic Analysis, and Utah Department of Workforce Services. The 2021 estimate is from the Utah Revenue Assumption Committee.

Note: Prior year information has been updated with the most recent data available. Per Capita Income is calculated by dividing total personal income by population. Amounts may not be exact due to rounding.

Schedule D-2
Principal Employers
 Most Current Calendar Year and Historical Comparisons

Entity Name	Calendar Year 2011			Calendar Year 2020		
	Number of Employees	Rank	Percent of All Employees	Number of Employees	Rank	Percent of All Employees
Intermountain Health Care (IHC).....	20,000 +	1	2.60 %	20,000 +	1	2.40 %
University of Utah (includes Hospital).....	20,000 +	2	1.80 %	20,000 +	2	2.10 %
State of Utah.....	20,000 +	3	1.70 %	20,000 +	3	1.40 %
Wal-Mart Stores.....	15,000 – 19,999	5	1.50 %	15,000 – 19,999	4	1.30 %
Brigham Young University.....	15,000 – 19,999	4	1.60 %	15,000 – 19,999	5	0.90 %
Hill Air Force Base.....	10,000 – 14,999	6	1.00 %	10,000 – 14,999	6	0.60 %
Alpine School District.....				7,000 – 9,999	7	0.60 %
Davis County School District.....	7,000 – 9,999	9	0.70 %	7,000 – 9,999	8	0.50 %
Utah State University.....	7,000 – 9,999	8	0.80 %	7,000 – 9,999	9	0.50 %
Granite School District.....	7,000 – 9,999	7	0.80 %	7,000 – 9,999	10	0.40 %
Smith's Food and Drug Center.....	5,000 – 6,999	10	0.60 %			
Total Employees of Principal Employers.....	164,000		13.10 %	165,500		10.70 %

Source: Utah Department of Workforce Services.

Note: Number of employees is based on a calendar year average.

Schedule D-3
Composition of the Labor Force
 Last Ten Calendar Years

	Calendar Year			
	2020	2019	2018	2017
Nonagricultural Jobs				
Government	248,613	253,697	247,904	244,311
Mining	8,658	9,361	9,470	8,618
Construction	115,434	109,486	104,341	97,495
Manufacturing	136,421	136,924	133,006	129,199
Trade, Transportation, and Utilities	290,391	290,908	286,355	278,526
Information	38,474	39,572	38,080	38,429
Financial Activity	93,399	90,007	87,540	84,072
Professional and Business Services	225,254	223,789	217,642	206,987
Education and Health Services	208,847	209,998	203,484	198,251
Leisure and Hospitality	133,439	153,446	148,530	143,029
Other Services	40,025	42,379	41,189	40,210
Total Nonagricultural Jobs	1,538,955	1,559,567	1,517,541	1,469,127
Civilian Labor Force	1,632,215	1,609,370	1,572,136	1,548,263
Total Employed	1,555,782	1,568,506	1,523,158	1,497,812
Unemployed	76,433	40,864	48,978	50,451
Unemployment Rate	4.70 %	2.50 %	3.10 %	3.30 %

Source: Utah Department of Workforce Services and the Utah Revenue Assumption Committee. Prior year information has been updated with the most recent data available.

Schedule D-3
Composition of the Labor Force - continued
 Last Ten Calendar Years

Calendar Year					
2016	2015	2014	2013	2012	2011
239,416	233,658	230,619	225,917	223,298	220,772
8,494	10,372	12,160	12,107	12,553	11,659
91,537	84,676	78,676	73,462	69,231	65,166
125,926	123,695	120,706	118,747	116,667	113,684
271,432	263,158	252,574	246,900	241,815	233,251
36,860	34,402	33,320	32,427	31,295	29,495
81,710	79,020	74,965	72,869	69,537	68,391
202,175	194,127	185,121	177,462	167,268	159,420
190,935	182,273	174,309	170,541	163,590	159,210
138,591	133,657	128,086	123,521	118,640	113,512
39,472	38,689	37,604	36,425	35,054	34,090
<u>1,426,548</u>	<u>1,377,727</u>	<u>1,328,140</u>	<u>1,290,378</u>	<u>1,248,948</u>	<u>1,208,650</u>
1,511,279	1,464,404	1,431,553	1,418,522	1,376,628	1,353,257
1,459,309	1,412,473	1,377,013	1,355,720	1,302,641	1,261,698
51,970	51,931	54,540	62,802	73,987	91,559
3.40 %	3.50 %	3.80 %	4.40 %	5.40 %	6.80 %

State of Utah

Schedule D-4 Public Education Student Enrollment (K-12) Last Ten Academic Years

	Academic Year			
	2020-21	2019-20	2018-19	2017-18
Elementary	350,621	358,817	358,908	358,190
Secondary	314,685	308,008	299,893	294,158
Total All Grades	665,306	666,825	658,801	652,348

Source: State of Utah Office of Education.

Note: Public Education Student Enrollment count is based on October 1st counts.

Schedule D-5 Public Higher Education Enrollment Last Ten Academic Years

	Academic Year			
	2021-22	2020-21	2019-20	2018-19
University of Utah	34,462	33,080	32,852	33,023
Utah State University	27,426	27,691	27,810	27,932
Weber State University	29,774	29,596	29,644	28,247
Southern Utah University	13,611	12,582	11,224	10,196
Salt Lake Community College	27,225	27,293	29,517	29,156
Utah Valley University	41,262	40,936	41,728	39,931
Dixie State University	12,266	12,043	11,193	9,950
Snow College	6,106	5,800	5,383	5,514
Technical Colleges	19,852	18,284	20,130	19,418
Total All Institutions	211,984	207,305	209,481	203,367

Source: Utah Board of Higher Education.

Note: Utah Higher Education Enrollment count is based on fall semester third week headcounts.

Schedule D-4
Public Education Student Enrollment (K-12) - continued
 Last Ten Academic Years

Academic Year					
2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
356,686	353,050	349,382	345,967	340,443	334,110
287,790	280,846	272,771	266,584	260,542	253,635
644,476	633,896	622,153	612,551	600,985	587,745

Schedule D-5
Public Higher Education Enrollment - continued
 Last Ten Academic Years

Academic Year					
2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
32,800	32,061	31,673	31,515	32,080	32,398
27,679	28,118	28,622	27,662	27,812	28,786
27,949	26,809	25,955	26,266	25,301	26,680
9,468	8,955	8,881	7,656	7,745	8,297
29,620	29,901	28,814	29,537	31,137	30,112
37,282	34,978	33,211	31,332	30,564	31,556
9,673	8,993	8,503	8,570	8,350	8,863
5,563	5,350	5,111	4,779	4,605	4,599
16,838	17,293	16,933	14,834	14,851	15,418
196,872	192,458	187,703	182,151	182,445	186,709

Schedule E-1
Full-Time Equivalent State Employees by Function
 Last Ten Fiscal Years

	Fiscal Year			
	2021	2020	2019	2018
General Government:				
Government Operations	2,169	2,180	2,150	2,122
Tax Commission	650	674	685	690
All Other	198	196	191	184
Human Services and Juvenile Justice Services	3,982	4,041	3,978	4,046
Corrections	2,520	2,501	2,513	2,527
Public Safety:				
Department of Public Safety	1,427	1,435	1,403	1,341
Utah National Guard	266	266	261	253
State Courts	998	1,009	1,004	983
Health and Environmental Quality:				
Department of Health	1,179	1,057	992	977
Department of Environmental Quality	358	361	358	361
Employment and Family Services ^{1,2}	2,053	2,026	2,013	2,043
Natural Resources	1,427	1,384	1,355	1,361
Heritage and Arts ¹	140	142	128	124
Business, Labor, and Agriculture	798	806	796	786
Education:				
Public Education Support ²	800	786	749	721
Higher Education Support	196	369	422	399
Transportation	1,687	1,694	1,693	1,638
Total Full-time Equivalent State Employees	<u>20,848</u>	<u>20,927</u>	<u>20,691</u>	<u>20,556</u>

Source: Utah Department of Government Operations, Division of Finance.

¹ In fiscal year 2013, Legislative action transferred the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

² In fiscal year 2017, Legislative action transferred the Utah State Office of Rehabilitation from Public Education Support to Employment and Family Services.

Schedule E-1

Full-Time Equivalent State Employees by Function - continued
Last Ten Fiscal Years

Fiscal Year					
2017	2016	2015	2014	2013	2012
2,095	2,063	2,055	2,066	2,069	2,024
690	697	708	715	718	716
185	181	176	166	165	159
4,113	4,037	3,942	3,991	3,955	3,907
2,453	2,392	2,307	2,295	2,265	2,244
1,333	1,329	1,324	1,327	1,314	1,275
247	226	210	218	243	226
986	994	994	1,009	1,031	1,038
954	943	946	946	933	923
365	367	373	371	376	372
1,989	1,719	1,758	1,768	1,872	1,912
1,334	1,320	1,315	1,304	1,304	1,302
126	125	120	117	117	169
773	767	748	728	722	701
816	1,138	1,135	1,119	1,119	1,094
274	236	277	227	213	204
1,642	1,616	1,569	1,583	1,603	1,604
<u>20,375</u>	<u>20,150</u>	<u>19,957</u>	<u>19,950</u>	<u>20,019</u>	<u>19,870</u>

Schedule E-2
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2021	2020	2019	2018
General Government				
Government Operations:				
Construction Projects Managed	1,099	1,058	1,052	1,155
Tax Commission:				
Percent of Data Managed Electronically	88.00 %	89.00 %	86.00 %	84.50 %
Number of Returns Filed Electronically	1,603,914	1,256,658	1,307,267	1,246,011
Motor Vehicle Registrations (in thousands)	3,352	3,113	2,976	2,950
Human Services and Juvenile Justice Services				
Food Stamp Recipients	254,397	265,352	273,779	298,396
Percent of Population	7.64 %	8.16 %	8.52 %	9.45 %
Juveniles, Daily Average in Justice System Placement	330	380	425	467
Rate of Recombinment to Juvenile Custody	28.90 %	25.80 %	16.90 %	14.90 %
Corrections: ¹				
Incarcerated Offenders	N/A	5,986	6,772	6,522
Supervised Offenders	N/A	16,180	16,775	17,329
Utah Incarceration Rate (per 100,000 population)	N/A	N/A	206	208
US Incarceration Rate (per 100,000 population)	N/A	N/A	419	431
State Courts: ²				
State Court Filings	260,461	277,250	284,152	278,392
State Court Dispositions	232,952	243,996	255,926	245,764
Health				
Children's Health Insurance Program Enrollment	15,388	17,235	18,198	19,338
Medicaid Eligible (unduplicated)	451,244	413,533	404,861	404,303
Percent of Population	13.56 %	12.72 %	12.60 %	12.80 %
Employment and Family Services				
Individuals Registered for Employment	553,241	382,178	121,759	131,386
Percent Who Entered Employment	67.30 %	71.00 %	67.00 %	67.00 %
Natural Resources				
Hatchery Fish, Pounds Raised	1,148,452	1,162,722	1,155,821	1,089,720
Hunting and Fishing Licenses Sold ^{1,3}	725,191	605,957	590,111	587,443
State Park Visitations (in thousands)	12,080	8,705	7,424	6,712
Business, Labor, and Agriculture				
Department of Commerce:				
Licenses and Registrations Issued ⁴	454,816	440,481	417,172	409,301
Department of Agriculture and Food: ¹				
Dairy Farm Inspections	N/A	465	435	515
Pounds of Turkey Inspected and Graded (in thousands)	N/A	18,805	27,692	108,130
Gas Pumps and Scales Inspected	N/A	43,762	31,655	33,774
Higher Education				
Number of Certificates and Degrees Awarded	47,974	44,031	38,622	37,756
Transportation				
Percent of Roads Which are Deficient ⁵	N/A	6.74%	8.82 %	8.60 %
Vehicles Weighed or Inspected (in thousands)	9,728	8,583	8,542	8,116

Source: Various agencies of the State and the Utah Board of Higher Education.

Note: N/A = Data Not Available

¹ Data is provided on a calendar year basis.

² State Courts includes filings and dispositions for the appellate, district, and juvenile courts; it does not include the justice courts which are operated by cities and counties.

³ Includes only licenses for elk, deer, fishing, and all other big game.

⁴ Includes professional, occupational, real estate, and securities licenses. Does not include corporation and other business registrations or filings.

⁵ Assessments are completed at a minimum of every other calendar year. See [Information About Infrastructure Assets Reported Using The Modified Approach](#).

Schedule E-2
Operating Indicators by Function - continued
 Last Ten Fiscal Years

Fiscal Year					
2017	2016	2015	2014	2013	2012
896	910	802	1,020	815	849
83.80 %	83.20 %	81.80 %	79.90 %	78.10 %	75.50 %
1,196,647	1,171,287	1,103,323	1,051,940	997,329	946,606
3,027	2,961	2,846	2,863	2,759	2,725
323,768	338,362	348,459	363,154	389,426	404,316
10.41 %	11.09 %	11.65 %	12.33 %	13.42 %	14.16 %
604	686	812	922	923	928
9.90 %	8.40 %	7.80 %	6.60 %	5.90 %	6.40 %
6,309	6,298	6,723	7,113	7,065	6,893
16,855	16,590	13,897	15,307	12,730	12,759
205	201	215	237	242	242
441	450	458	471	477	492
283,449	288,797	305,778	311,187	324,523	329,176
262,841	260,952	273,731	279,903	309,420	309,307
19,248	17,058	15,775	29,953	35,446	37,872
414,519	418,356	415,843	391,139	366,061	361,457
13.33 %	13.71 %	13.90 %	13.28 %	12.62 %	12.66 %
150,168	185,347	215,861	260,138	318,008	351,629
73.00 %	71.00 %	66.00 %	65.00 %	61.00 %	59.00 %
1,081,766	1,093,205	1,212,696	1,204,984	1,180,927	1,058,375
582,751	558,893	585,666	583,460	682,594	659,534
5,691	5,176	4,482	3,741	5,054	5,051
387,348	378,478	355,124	350,416	333,646	325,769
525	533	560	693	672	678
121,106	102,511	79,060	107,833	33,743	45,869
30,116	32,486	32,131	26,612	20,377	20,492
36,701	33,822	32,797	32,491	31,970	31,553
9.64 %	N/A	10.68 %	12.49 %	N/A	10.90 %
7,893	5,969	6,706	7,484	6,071	4,807

Schedule E-3
Capital Asset Statistics by Function
 Last Ten Fiscal Years

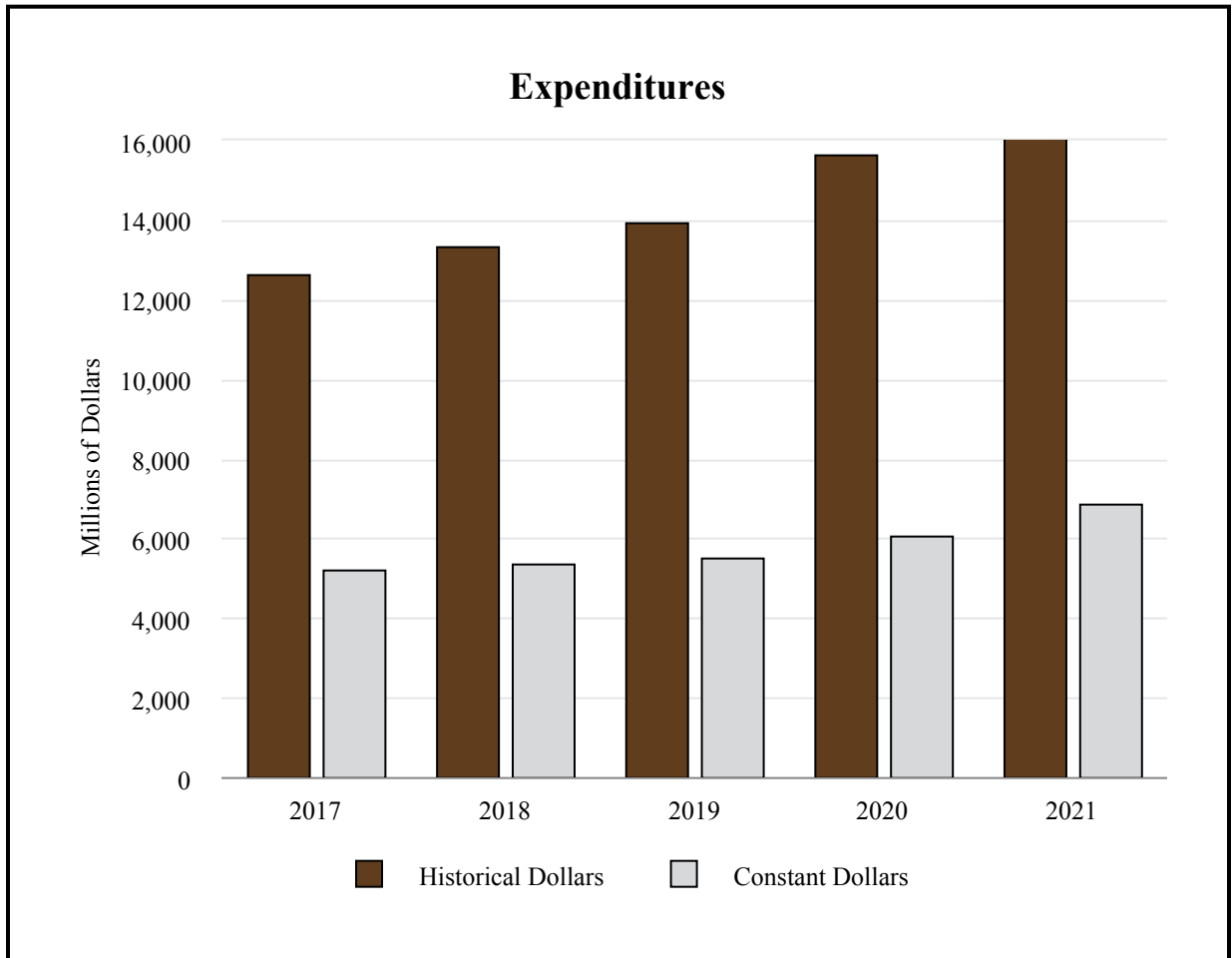
	Fiscal Year			
	2021	2020	2019	2018
General Government				
Buildings	333	333	332	326
Vehicles	8,045	8,049	7,969	7,828
Data Processing Equipment and Software	1,059	1,367	1,315	1,314
Reproduction and Printing Equipment	831	841	1,133	1,112
Human Services and Juvenile Justice Services				
Data Processing Equipment and Software	73	69	73	71
Corrections				
Data Processing Equipment and Software	220	216	217	219
Security and Surveillance Equipment	109	79	83	70
Public Safety				
Department of Public Safety:				
Vehicles	35	35	35	35
Data Processing Equipment and Software	241	230	219	208
Medical and Lab Equipment	296	216	208	205
Utah National Guard:				
Buildings	239	239	237	237
State Courts				
Data Processing Equipment and Software	78	78	72	65
Audio Visual Equipment	132	136	134	134
Health and Environmental Quality				
Department of Health:				
Data Processing Equipment and Software	72	72	71	72
Medical and Lab Equipment	311	308	299	287
Department of Environmental Quality:				
Monitoring and Lab Equipment	522	534	555	562
Employment and Family Services				
Data Processing Equipment and Software	407	407	402	393
Natural Resources				
Division of Parks and Recreation:				
State Parks	46	44	44	44
Buildings	794	793	789	785
Vehicles	369	368	359	356
Division of Wildlife Resources:				
Wildlife Management Areas	92	92	92	92
Fish Hatcheries	12	12	12	12
Buildings	203	202	195	192
Vehicles	236	234	229	224
Business, Labor, and Agriculture				
Data Processing Equipment and Software	121	116	115	112
Monitoring and Lab Equipment	153	156	142	143
Transportation				
Highway Center Line Miles	5,865	5,859	5,787	5,780
Buildings	457	456	456	446
Vehicles	333	345	330	1,010
Heavy Equipment	2,437	2,395	2,412	2,635

Source: Utah Department of Government Operations, Division of Finance and various agencies of the State.

Schedule E-3
Capital Asset Statistics by Function - continued
 Last Ten Fiscal Years

Fiscal Year					
2017	2016	2015	2014	2013	2012
323	319	315	314	314	311
7,732	7,886	7,781	7,524	7,360	7,309
1,397	2,428	2,383	2,931	2,794	2,691
1,138	1,140	1,178	1,209	1,165	1,127
68	64	64	64	59	52
220	222	220	216	216	216
75	73	69	55	59	67
35	35	34	35	35	35
222	213	204	249	247	230
236	220	207	197	193	187
237	235	229	223	221	215
60	63	63	52	64	64
146	150	151	143	146	145
69	89	112	120	131	127
283	295	291	302	288	303
510	448	433	404	384	376
387	370	365	358	396	389
43	43	43	43	43	43
779	778	756	736	727	722
351	344	340	334	332	332
92	92	92	92	92	92
11	11	12	11	11	11
191	190	183	182	181	180
220	214	209	203	202	201
110	101	114	117	117	102
138	122	118	114	111	111
5,880	5,825	5,830	5,719	5,719	5,724
442	440	423	402	391	387
956	931	904	878	861	844
2,602	2,599	2,595	2,593	2,582	2,574

Schedule F-1
Expenditures — Historical and Constant Dollars
All Governmental Fund Types
 Last Five Fiscal Years

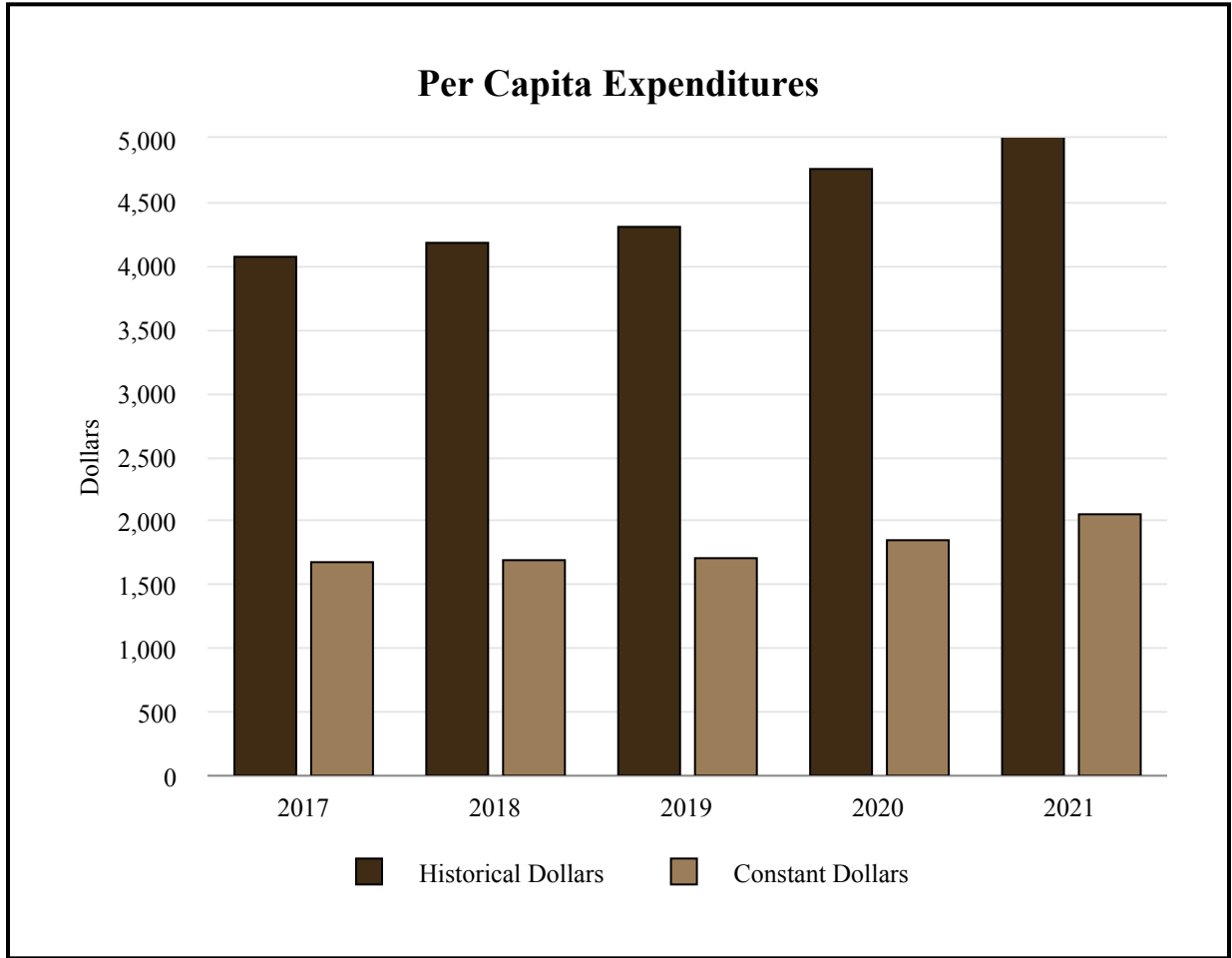


Fiscal Year	Historical Dollars		Constant Dollars	
	(in millions)	Change	(in millions)	Change
2017	\$12,656	6.15 %	\$5,216	4.23 %
2018	\$13,332	5.33 %	\$5,373	3.01 %
2019	\$13,949	4.63 %	\$5,508	2.51 %
2020	\$15,659	12.26 %	\$6,088	10.53 %
2021	\$18,029	15.13 %	\$6,851	12.54 %

Note: Historical and Constant percentage changes may not be exact due to rounding.

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982-84 = 100.

Schedule F-2
Per Capita Expenditures — Historical and Constant Dollars
 All Governmental Fund Types
 Last Five Fiscal Years



Fiscal Year	Per Capita Expenditures			
	Historical Dollars		Constant Dollars	
		Change		Change
2017	\$4,079	4.13 %	\$1,681	2.25 %
2018	\$4,182	2.53 %	\$1,685	0.26 %
2019	\$4,309	3.05 %	\$1,701	0.96 %
2020	\$4,768	10.65 %	\$1,854	8.95 %
2021	\$5,417	13.61 %	\$2,059	11.06 %

Note: Prior year information has been updated with the most recent population data available. Historical and Constant percentage changes may not be exact due to rounding.

Source: Historical Dollars are derived by dividing total expenditures of governmental funds by population data (See Schedule D-1). Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982-84 = 100.

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STATE OF UTAH

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2021

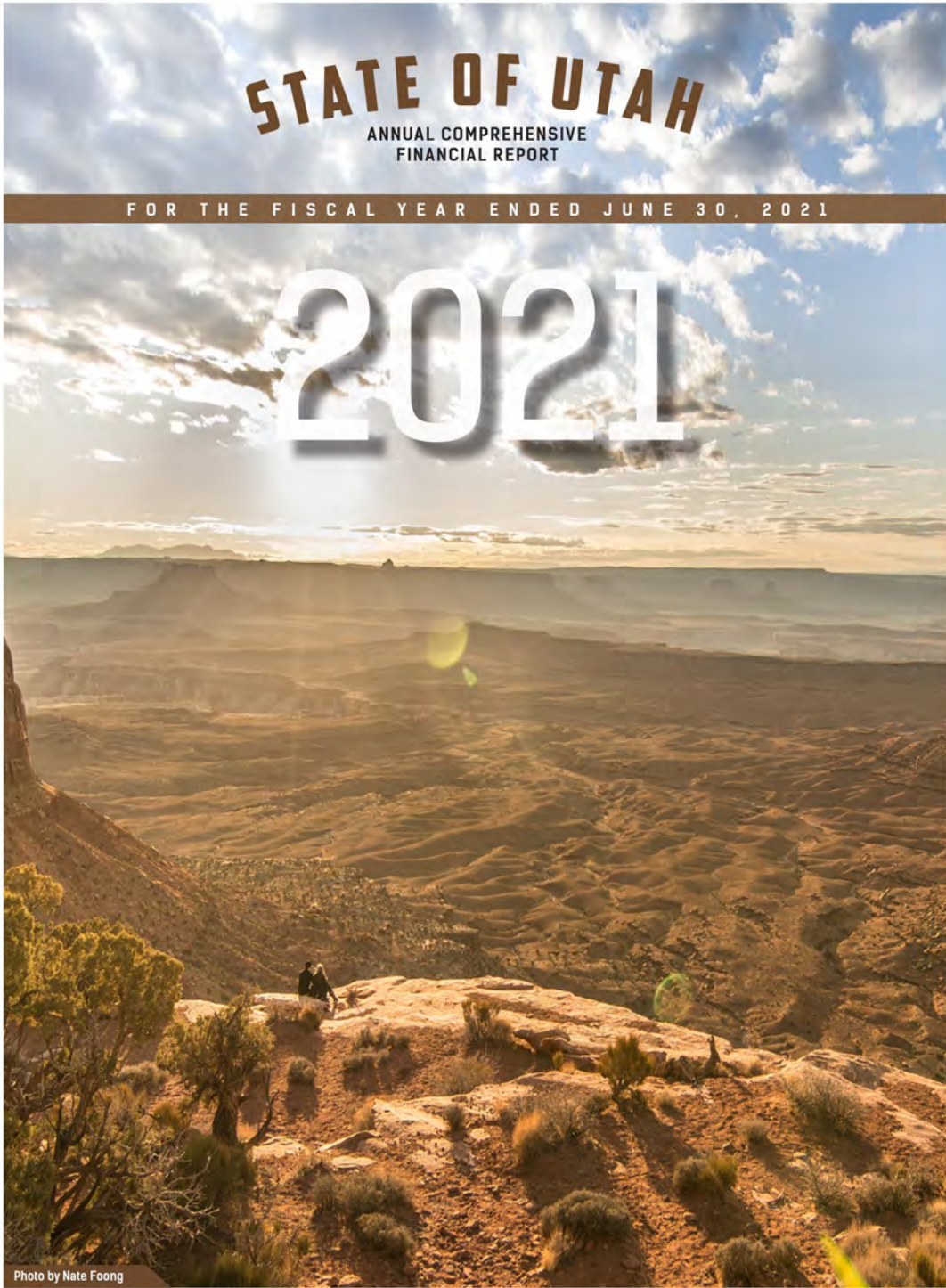


Photo by Nate Foong



Utah Department of
**Government
Operations**

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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 June 22, 2022, the State expects to have the following principal amounts of general obligation debt outstanding:

<u>Series (1)</u>	<u>Purpose</u>	<u>Original Principal Amount</u>	<u>Final Maturity Date</u>	<u>Current Principal Outstanding</u>
2020B (2).....	Prison/highways	\$447,315,000	July 1, 2034	\$ 405,920,000
2020.....	Highways	448,430,000	July 1, 2034	410,705,000
2019.....	Highways	127,715,000	July 1, 2033	108,705,000
2018 (3).....	Prison/highways	343,155,000	July 1, 2032	257,080,000
2017 (4).....	Refunding/highways	118,700,000	July 1, 2028	113,600,000
2017 (5).....	Prison/highways	142,070,000	July 1, 2032	101,805,000
2015 (6).....	Refunding	220,980,000	July 1, 2024 (9)	117,785,000
2013 (7).....	Highways	226,175,000	July 1, 2022 (10)	15,700,000
2010B (8).....	Highways (BABs)	621,980,000	July 1, 2025	388,255,000
2009D (8).....	Highways (BABs)	491,760,000	July 1, 2024	<u>243,160,000</u>
Total principal amount of outstanding general obligation debt (11)				<u>\$2,162,715,000</u>

- (1) Unless otherwise noted, each series of bonds has been rated “AAA” by Fitch Ratings (“Fitch”); “Aaa” by Moody’s Investors Service, Inc. (“Moody’s”); and “AAA” by S&P Global Ratings (“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) \$262,135,000 of these bonds is included in Statutory Appropriations General Obligation Debt Limit calculations.
- (3) \$54,865,000 of these bonds is included in Statutory Appropriations General Obligation Debt Limit calculations.
- (4) Issued as a direct purchase.
- (5) \$68,255,000 of these bonds is included in Statutory Appropriations General Obligation Debt Limit calculations.
- (6) Portions of this bond were refunded by a cash defeasance escrow on February 26, 2020.
- (7) Portions of this bond issue were refunded by the 2017 GO Bonds (Refunding).
- (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) 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 \$156,644,791 (as of May 27, 2022), together with current debt outstanding of \$2,162,715,000, results in total outstanding net direct debt of \$2,319,359,791.

(Source: Municipal Advisor.)

For the Fiscal Year 2021 presentation of the State’s general obligation bonds see “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Notes to the Financial Statements, Note 10. Long-Term Liabilities–B. General Obligation Bonds” (ACFR page 108).

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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 June 22, 2022, as follows:

Fair market value of ad valorem taxable property (1)	\$545,564,609,582
Fees in lieu of ad valorem taxable property (2)	<u>14,751,411,004</u>
Total fair market value of taxable property (1)	<u>\$560,316,020,586</u>
Constitutional Debt Limit (1.5%)	\$8,404,740,309
Currently outstanding general obligation debt (net) (3).....	(2,319,359,791)
Long-term contract liabilities (4)	<u>(114,969,000)</u>
Estimated additional Constitutional Debt Limit incurring capacity of the State (5).....	<u>\$5,970,411,518</u>

- (1) Based on Calendar Year 2021 (Fiscal Year 2022) 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 2021 (Fiscal Year 2022 “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 (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 \$114,969,000, which financial obligations may be considered 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.

(Source: Municipal Advisor.)

Constitutional Debt Limit Estimate Using Calendar Year 2021 (Fiscal Year 2022) 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 2021 (Fiscal Year 2022) estimated fair market value of ad valorem taxable property and valuation for fees in lieu property is approximately \$560.3 billion, leaving the State approximately \$5.97 billion of additional Constitutional Debt Limit incurring capacity taking into consideration the outstanding general obligation debt and 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 \$2,162,715,000, \$1,892,941,320 is exempt from the State Appropriations and Tax Limitation Act. See “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 2022, 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 June 22, 2022, as follows:

Statutory Appropriations General Obligation Debt Limit (1).....	\$1,985,201,100*
Statutorily applicable general obligation debt (net) (2)	(426,418,471)
Long-term contract liabilities (3)	<u>(114,969,000)</u>
Remaining Statutory Appropriations General Obligation Debt Limit capacity.....	<u>\$1,443,813,629*</u>

*preliminary, subject to change. (The Fiscal Year 2022 appropriations limit may change prior to the end of the Fiscal Year.)

- (1) 45% of the Fiscal Year 2022 appropriation limit of \$4,411,558,000 (as of the date of this OFFICIAL STATEMENT). (Source: GOPB.)
- (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 \$114,969,000, which financial obligations may be considered 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— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021–Statistical Section–Schedule C–3 Legal Debt Margin” and “–Schedule C–4 Statutory Debt Limit” (ACFR page 236).

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 June 22, 2022, 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 June 30	Series 2020B \$447,315,000		Series 2020 \$448,430,000		Series 2019 \$127,715,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2021.....	\$ 0	\$ 12,525,985	\$ 19,750,000	\$ 16,992,457	\$ 6,135,000	\$ 5,911,125
2022.....	41,395,000	20,036,875	17,975,000	19,270,475	6,450,000	5,596,500
2023.....	43,600,000	17,912,000	18,900,000	18,348,600	6,780,000	5,265,750
2024.....	45,905,000	15,674,375	19,875,000	17,379,225	7,125,000	4,918,125
2025.....	48,335,000	13,318,375	20,900,000	16,359,850	7,490,000	4,552,750
2026.....	50,910,000	10,837,250	59,185,000	14,556,300	7,875,000	4,168,625
2027.....	53,590,000	8,224,750	60,345,000	11,766,625	8,280,000	3,764,750
2028.....	69,165,000	5,155,875	24,275,000	9,651,125	8,705,000	3,340,125
2029.....	18,015,000	2,976,375	25,525,000	8,406,125	9,150,000	2,893,750
2030.....	11,700,000	2,233,500	26,825,000	7,097,375	9,620,000	2,424,500
2031.....	12,175,000	1,758,375	28,200,000	5,721,750	10,115,000	1,931,125
2032.....	12,545,000	1,387,575	29,650,000	4,275,500	10,635,000	1,412,375
2033.....	12,930,000	1,005,450	31,175,000	2,754,875	11,180,000	867,000
2034.....	13,320,000	611,700	32,425,000	1,489,125	11,750,000	293,750
2035.....	13,730,000	205,950	33,425,000	501,375	-	-
Totals.....	<u>\$ 447,315,000</u>	<u>\$ 113,864,410</u>	<u>\$ 448,430,000</u>	<u>\$ 154,570,782</u>	<u>\$ 121,290,000</u>	<u>\$ 47,340,250</u>

Fiscal Year Ending June 30	Series 2018 \$343,155,000		Series 2017 (Refunding) \$118,700,000		Series 2017 \$142,070,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2021.....	\$ 21,925,000	\$ 13,413,369	\$ 1,300,000 (1)	\$ 2,550,083	\$ 11,225,000	\$ 5,653,875
2022.....	23,005,000	12,313,119	1,400,000 (1)	2,520,315	11,825,000	5,077,625
2023.....	24,180,000	11,156,494	1,400,000 (1)	2,489,445	12,400,000	4,472,000
2024.....	25,385,000	9,929,919	17,700,000 (1)	2,278,868	13,050,000	3,835,750
2025.....	26,705,000	8,640,219	18,100,000 (1)	1,884,173	13,700,000	3,167,000
2026.....	28,030,000	7,283,194	18,500,000 (1)	1,480,658	14,425,000	2,463,875
2027.....	29,480,000	5,856,794	18,900,000 (1)	1,068,323	15,175,000	1,723,875
2028.....	18,280,000	4,662,794	19,300,000 (1)	647,168	15,930,000	946,250
2029.....	19,215,000	3,725,419	19,700,000 (1)	217,193	3,200,000	500,000
2030.....	20,200,000	2,740,043	-	-	3,300,000	402,500
2031.....	21,130,000	1,812,444	-	-	3,425,000	284,500
2032.....	21,890,000	1,047,813	-	-	3,550,000	162,750
2033.....	22,585,000	352,891	-	-	3,650,000	54,750
2034.....	-	-	-	-	-	-
2035.....	-	-	-	-	-	-
Totals.....	<u>\$ 302,010,000</u>	<u>\$ 82,934,509</u>	<u>\$ 116,300,000</u>	<u>\$ 15,136,223</u>	<u>\$ 124,855,000</u>	<u>\$ 28,744,750</u>

(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 \$495,036 for the federal fiscal year ending September 30, 2022.

(1) Mandatory sinking fund principal payments from a \$118,700,000 2.205% term bond due July 1, 2028

Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year—continued

Fiscal Year Ending June 30	Series 2015 \$220,980,000		Series 2013 \$226,175,000		Series 2011A \$609,920,000		Totals (a)		
	Principal	Interest	Principal	Interest	Principal	Interest	Total Principal	Total Interest	Total Debt Service
2021.....	\$ 0	\$ 5,889,250	\$ 14,200,000	\$ 1,887,500	\$ 43,990,000	\$ 3,024,700			
2022.....	0	5,889,250	14,950,000	1,158,750	43,990,000	965,600			
2023.....	39,290,000	4,907,000	15,700,000	392,500	0	0 (3)			
2024.....	39,260,000	2,943,250	0	0	0	0 (3)			
2025.....	39,235,000	980,875	0	0	0	0 (3)			
2026.....	0	0 (2)	0	0	0	0 (3)			
2027.....	0	0 (2)	0	0	0	0 (3)			
2028.....	-	-	0	0	-	-			
2029.....	-	-	0	0	-	-			
2030.....	-	-	-	-	-	-			
2031.....	-	-	-	-	-	-			
2032.....	-	-	-	-	-	-			
2033.....	-	-	-	-	-	-			
2034.....	-	-	-	-	-	-			
2035.....	-	-	-	-	-	-			
Totals.....	\$ 117,785,000	\$ 20,609,625	\$ 44,850,000	\$ 3,438,750	\$ 87,980,000	\$ 3,990,300			

Fiscal Year Ending June 30	Series 2010B \$621,980,000		Series 2009D \$491,760,000		Totals (a)		
	Principal	Interest (6)	Principal	Interest (6)	Total Principal	Total Interest	Total Debt Service
2021.....	\$ 101,775,000	\$ 18,866,586	\$ 87,715,000 (5)	\$ 17,020,917	\$ 308,015,000	\$ 103,735,845	\$ 411,750,845
2022.....	102,480,000	15,466,620	86,740,000 (5)	13,048,576	350,210,000	101,343,705	451,553,705
2023.....	103,250,000 (4)	11,913,336	90,825,000 (5)	9,005,421	356,325,000	85,862,546	442,187,546
2024.....	104,160,000 (4)	8,243,216	64,420,000 (5)	5,470,493	336,880,000	70,673,220	407,553,220
2025.....	104,430,000 (4)	4,552,216	87,915,000 (5)	2,001,825	366,810,000	55,457,282	422,267,282
2026.....	76,415,000 (4)	1,352,163	-	-	255,340,000	42,142,065	297,482,065
2027.....	-	-	-	-	185,770,000	32,405,116	218,175,116
2028.....	-	-	-	-	155,655,000	24,403,336	180,058,336
2029.....	-	-	-	-	94,805,000	18,718,861	113,523,861
2030.....	-	-	-	-	71,645,000	14,897,918	86,542,918
2031.....	-	-	-	-	75,045,000	11,508,194	86,553,194
2032.....	-	-	-	-	78,270,000	8,286,013	86,556,013
2033.....	-	-	-	-	81,520,000	5,034,966	86,554,966
2034.....	-	-	-	-	57,495,000	2,394,575	59,889,575
2035.....	-	-	-	-	47,155,000	707,325	47,862,325
Totals.....	\$ 592,510,000	\$ 60,394,136	\$ 417,615,000	\$ 46,547,231	\$2,820,940,000	\$ 577,570,965	\$3,398,510,965

- (a) See prior page footnote (a).
- (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 2015 GO Bonds.
- (4) Mandatory sinking fund principal payments from a \$388,255,000, 3.539% term bond due July 1, 2025.
- (5) Mandatory sinking fund principal payments from a \$417,615,000, 4.554% term bond due July 1, 2024.

(Source: Municipal Advisor.)

Debt Ratios Regarding General Obligation Debt Of The State

	Fiscal Year				
	2021	2020	2019	2018	2017
Outstanding general obligation debt (in \$1,000's).....	\$2,512,925	\$2,820,940	\$2,273,275	\$2,396,875	\$2,173,985
Debt ratios:					
Per capita.....	\$753	\$862	\$709	\$758	\$701
As % of State Total Personal Income.....	1.36%	1.76%	1.47%	1.64%	1.59%
As % of Taxable Value	0.69%	0.83%	0.80%	0.93%	0.91%
As % of Fair Market Value	0.52%	0.58%	0.56%	0.66%	0.65%

(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)				
	2021	2020	2019	2018	2017
General Fund Expenditures	\$9,647,977	\$8,079,513	\$7,386,308	\$6,938,622	\$6,654,337
Debt Service Expenditures.....	\$440,050	\$471,935	\$364,366	\$391,917	\$447,645
Ratio of Debt Service to General Fund Expenditures	4.56%	5.84%	4.93%	5.65%	6.73%
Total All Governmental Funds Expenditures (1)	\$18,017,106	\$15,635,751	\$13,930,957	\$13,315,497	\$12,639,449
Ratio of Debt Service Expenditures to All Governmental Fund Expenditures	2.44%	3.02%	2.62%	2.94%	3.54%

(1) Expenditures increased from Fiscal Year 2020 to Fiscal Year 2021 due to pandemic spending.

(Sources: Division of Finance and the State’s Fiscal Years 2017 through 2021 ACFRs.)

For a 10–year history of debt ratios of outstanding debt by Fiscal Year see “APPENDIX A— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021–Statistical Section–Schedule C–1 Ratios of Outstanding Debt by Type” (ACFR page 232).

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	<u>\$6,830,000</u>

(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— ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021–

Notes to the Financial Statements—Note 10. Long-term Liabilities. C. Revenue Bonds—Business-type Activities—Water Loan Programs” (ACFR page 109).

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 *2022 Economic Report to the Governor* (the “2022 Economic Report to the Governor January 2022”), the State of Utah Revenue Assumptions Working Group and from other reliable sources to generally reflect the latest information available. A complete copy of the 2022 Economic Report to the Governor and the State of Utah Revenue Assumptions Working Group economic indicators may be obtained on the website or by contacting the Governor’s Office of Planning and Budget; 801.538.1027 | kmcafferty@utah.gov | <https://www.gopb.utah.gov>.

Geographic Information

On January 4, 1896, Utah 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. Utah 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

2021 Overview. The April 1, 2020, census estimated the 2020 population of the State to be 3,271,616 persons. The increase of 507,731 new Utahns since 2010 placed Utah as the fastest-growing state in the nation with an 18.4% growth rate over the period. Utah’s population added 56,291 residents between July 1, 2020, and July 1, 2021, resulting in a population of 3,337,975, according to estimates prepared by the U.S. Census Bureau. Based on these estimates, net migration (in-migration minus out-migration) totaled 32,240 in 2021 or 58% of growth. A 14.9% increase in deaths, driven by COVID-19, combined with a slight decrease in births, resulted in the lowest natural increase on state record since 1975. The State’s birth rate remains the highest among all states, at 13.6 per 1,000 population in 2021.

The state is an urban state, meaning that population is very spatially concentrated. Per the 2010 Census survey, Utah was the ninth most urban state in the nation. While urbanization rankings have not yet been released from the 2020 Census as of the date of this Preliminary Official Statement, 89% of Utah’s population was located in one of its five Metropolitan Statistical Areas as of July 1, 2021. Salt Lake County remains the most populous county with 1.19 million residents. Salt Lake, Utah, Davis, and Weber counties are the four most populated counties, home to 2.5 million or about 75% of the State’s residents.

In comparison to other states, the state’s population is younger (31.2 median age), and households on average are larger (3.09 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 as of July 2020 Census data was 67.6, ranking 16th highest in the country. The national dependency ratio was 64.3.

2022 Outlook. Projections estimate that the population will continue to grow at a moderate pace to reach 3,390,000 by July 1, 2022. 2022 will likely be a year of continuing growth with strong net migration. The Intermountain West is estimated to remain an attractive area to potential new residents seeking employment opportunities and retirement options. Natural increase will likely return to pre-pandemic levels as COVID-19 tapers off and deaths are reduced.

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State Population

<u>Year</u>	<u>Population</u>	<u>% Change From Prior Period</u>
2021 Census Estimate (July, 1)	3,337,975	2.0%
2020 Census	3,271,616	18.4
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

(Source: U.S. Bureau of the Census.)

<u>Year</u>	<u>Births</u>	<u>Deaths</u>	<u>Natural Increase</u>	<u>Net In- Migration</u>	<u>Population Change</u>
2021	45,639	21,768	23,871	33,240	56,291
2020 (1)	46,510	18,937	27,573	26,091	53,664
2019	47,115	18,540	28,575	26,191	54,766
2018	47,628	18,145	29,483	24,381	53,864
2017	49,494	17,596	31,898	28,195	60,093
2016	50,704	17,555	33,149	25,443	58,592
2015	51,024	17,074	33,950	22,852	56,802
2014	50,807	15,941	34,866	6,101	40,967
2013	51,801	15,916	35,885	2,732	38,617
2012	50,388	15,289	35,099	10,214	45,313

(1) GOPB adjusted 2020 net migration number to align with the Utah Population Committee intercensal revisions.

(Source: U.S. Bureau of the Census, Kem C. Gardner Policy Institute.)

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Significant Characteristics of the State's Population

Category	Ranking (1)	Comments
Demographic		
Population growth rate (2020 to 2021).....	4 th	2.0% growth rate
Population growth rate (2010 to 2020).....	1 st	18.4% growth rate
State population (July 1, 2021) (2).....	30 th	out of 50 states (3,337,975 persons)
Pre-school age (under five years old).....	1 st	7.4% of total population
School age (five to 17).....	1 st	21.2% of total population
Working age (18 to 64).....	35 th	59.7% of total population
Retirement age (over age 65).....	50 th	11.7% of total population
Birth rate (2021).....	1 st	13.6 births per 1,000 population (U.S. 10.8)
Fertility rate (2020).....	4 th	1.92 (U.S. 1.64)
Life expectancy (2019).....	11 th	79.7 years
Death rate (2020).....	1 st	6.6 deaths per 1,000 population (U.S. 10.3)
Median age (2019).....	1 st	31.2 years
Household size (2016-2020).....	1 st	3.09 persons
Dependency ratios (2020):		
Child dependency ratio.....	1 st	(47.9 per 100 working age) (U.S. 36.4)
Old-age dependency ratio.....	50 th	(19.7 per 100 working age) (U.S. 27.9)
Total age dependency ratio.....	16 th	(67.6 per 100 of working age) (U.S. 64.3)
Economic		
Rate of job growth (March 2022*).....	20 th	4.0%
Private sector job growth (March 2022*).....	20 th	4.4%
Unemployment rate (March 2022*).....	1 st	2.0%
Urban status (2010).....	9 th	91% urban
Median household income (2020).....	6 th	\$83,670
Per capita personal income growth (2021).....	21 st	7.1%
Social indicators		
Poverty rate (2019).....	3 rd	8.9%
Educational attainment (2019).....	9 th	93.0% of persons 25+ (with high school degree)
Educational attainment (2019).....	16 th	34.8% of persons 25+ (with bachelor's or higher)

*Preliminary, subject to change.

(1) Rankings are from most favorable to least favorable, highest to lowest. Rankings differ from other data.

(2) Total population rankings reflect 2021 Census estimates.

(Sources: 2022 Economic Report to the Governor; Governor's Office of Planning and Budget; U.S. Bureau of the Census, U.S. Department of Labor; U.S. Bureau of Economic Analysis.)

Employment, Wages And Labor Force

2021 Overview. The Utah economy as measured by jobs grew over-and-above the state's pre-pandemic economic position. Therefore, a two-year economic evaluation was temporarily adopted to compare the state's economic position against real trend growth last seen in 2019. Utah ended 2021 with two-year job growth around 3.9%, spanning from late 2019 to late 2021, with a global health pandemic in-between.

The state entered the pandemic in the best economic position possible. The economy was at full employment. Job growth was strong, and unemployment was historically low. No major economic weaknesses carried into the pandemic. Utah's high birthrate is a major economic driver. As generations age into the labor force, Utah's economy is stimulated to absorb this growth. This can temper or mitigate negative external economic effects, such as those related to a global pandemic.

Another economic driver was the prompt acceptance of teleworking. Nationwide, businesses whose employees' main work tool is a computer found that their workforce could keep business running outside of an office environment. These new work arrangements facilitated labor mobility, which helped to support consumer demand for Utah goods and services.

An emerging tight labor market was another economic story of 2021. As COVID-19 vaccines were distributed at scale, pent-up demand for goods and services (especially those most interrupted by public health restrictions) materialized. By December of 2021, however, about 25,000 laborers had stopped participating in Utah's labor market relative to pre-pandemic rates of labor force participation. This labor shortfall is so pronounced that by year's end, Utah's unemployment rate had fallen to an all-time low of 2.3%.

2022 Outlook. As Utah's job growth reveals, to date, finding labor has not been a severely restrictive obstacle. However, labor restrictions may be a major economic risk facing the Utah economy in 2022. Labor restrictions could merge with another potential risk, which is low housing supply and high housing prices. Labor in-migration would help ease any Utah labor shortfall, but if housing prices and availability become barriers, they will work against that labor source.

Given the economic environment entering 2022 and taking into account the risks and restrictions surrounding the economy, it is forecast that Utah's employment level will still be able to grow between a 2.5% and 3.0% pace. The state has a track record of finding, attracting, and meeting its economic labor needs. Unemployment is expected to remain historically low, around the 2.0% level. Because of that, pressure will be upward on the price of labor. Therefore, average wage growth is expected to be above average.

Current Unemployment Rates (seasonally adjusted)

<u>Current Unemployment Rate</u>	<u>State</u>	<u>U.S.</u>
March 2022*	2.0%	3.6%
March 2021	3.0%	6.0%
March 2020	2.5%	4.4%

* Preliminary, subject to change.

(Source U.S. Bureau of Labor Statistics.)

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Employment
Utah Labor Force, Nonagricultural Jobs, and Wages

	2022f	2021e	2020	2019	2018	% Change 2021e-22f	% Change 2020-21e	% Change 2019-20	% Change 2018-19
Civilian labor force.....	1,718,733	1,681,494	1,640,426	1,618,055	1,583,703	2.2	2.5	1.4	2.2
Employed persons.....	1,687,796	1,636,150	1,562,799	1,576,421	1,537,389	3.2	4.7	-0.9	2.5
Unemployed persons.....	30,937	45,344	77,627	41,634	46,314	-31.8	-41.6	86.5	-10.1
Unemployment rate.....	1.8%	2.7%	4.7%	2.6%	2.9%	-	-	-	-
U.S. unemployment rate.....	3.6%	5.3%	8.1%	3.7%	3.9%	-	-	-	-
Total nonfarm jobs.....	1,661,100	1,614,240	1,538,912	1,559,710	1,517,423	2.9	4.9	-1.3	2.8
Mining.....	9,315	9,140	8,658	9,359	9,470	1.9	5.6	-7.5	-1.2
Construction.....	127,890	123,100	115,430	109,491	104,339	3.9	6.6	5.4	4.9
Manufacturing.....	147,600	145,200	136,421	136,923	132,978	1.7	6.4	-0.4	3.0
Trade, transportation, utilities.....	312,000	304,800	290,372	290,924	286,343	2.4	5.0	-0.2	1.6
Information.....	42,760	40,400	38,474	39,579	38,052	5.8	5.0	-2.8	4.0
Financial activity.....	100,115	97,200	93,399	90,020	87,540	3.0	4.1	3.8	2.8
Professional and business services.....	244,530	235,300	225,232	223,899	217,555	3.9	4.5	0.6	2.9
Education and health services.....	222,293	215,400	208,847	210,009	203,495	3.2	3.1	-0.6	3.2
Leisure and hospitality.....	152,677	147,800	133,439	153,448	148,503	3.3	10.8	-13.0	3.3
Other services.....	43,759	42,300	40,025	42,266	41,253	3.5	5.7	-5.3	2.5
Government.....	258,160	253,600	248,615	253,792	247,895	1.8	2.0	-2.0	2.4
Goods-producing.....	284,805	277,440	260,509	255,773	246,787	2.7	6.5	1.9	3.6
Service-producing.....	1,376,295	1,336,800	1,278,403	1,303,937	1,270,636	3.0	4.6	-2.0	2.6
% Service-producing.....	82.9%	82.8%	83.1%	83.6%	83.7%	-	-	-	-
U.S. nonagricultural job growth.....	3.8%	2.8%	-5.8%	1.3%	1.6%	-	-	-	-
Total nonagricultural wages (millions).....	\$97,050	\$89,410	\$83,135	\$77,400	\$72,270	8.5	7.5	7.4	7.1
Average annual wage.....	\$58,428	\$55,388	\$54,022	\$49,625	\$47,627	5.5	2.5	8.9	4.2
Average monthly wage.....	\$4,869	\$4,616	\$4,502	\$4,135	\$3,969	5.5	2.5	8.9	4.2
Establishments.....	126,030	119,800	111,937	106,740	102,758	5.2	7.0	4.9	3.9

Note: Numbers in this table may differ from other tables as not all industrial sectors are listed here.

e = estimate

f = forecast

(Sources: U.S. Bureau of Labor Statistics & Utah Department of Workforce Services; Workforce Research Analysis.)

Average Annual Employment and Unemployment Rate for Utah and the United States

Year	Utah		Unemployment Rate		Utah
	Civilian Labor Force	Total Employed	Utah	U.S.	Unemployment Rate as % of U.S. Rate
2022 (f)	1,718,733	1,687,796	1.8%	3.6%	50%
2021	1,681,494	1,636,150	2.7	5.3	51
2020	1,640,426	1,562,799	4.7	8.1	58
2019	1,618,055	1,576,421	2.6	3.7	70
2018	1,583,703	1,537,389	2.9	3.9	74
2017	1,554,352	1,505,413	3.1	4.4	71
2016	1,500,137	1,449,981	3.3	4.9	67
2015	1,453,457	1,401,945	3.5	5.3	66
2014	1,415,779	1,364,353	3.6	6.2	58
2013	1,385,908	1,327,560	4.2	7.4	57
2012	1,348,557	1,284,149	4.8	8.1	59
2011	1,341,427	1,246,797	7.1	8.9	80

(f) forecast.

(Sources: U.S. Bureau of Labor Statistics & Utah Department of Workforce Services.)

Largest Nonagricultural Employers—Annual Average Employment

Employer (1)	Business	Employee Range
University of Utah (Including Hospital)	Higher Education	20,000+
Intermountain Health Care	Health Care	20,000+
State of Utah	State government	20,000+
Wal-Mart Associates	Warehouse clubs/supercenters	20,000+
Brigham Young University	Higher education	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
Utah State University	Higher 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
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
U.S. Department of Treasury	Federal government	5,000–7,000
Amazon.com Services	Courier/express delivery service	5,000–7,000
The Home Depot	Home centers	5,000–7,000
Weber County School District	Public education	4,000–5,000
The Canyons School District	Public education	5,000–7,000
ARUP Laboratories, Inc.	Medical laboratory	3,000–4,000
Delta Airlines Inc.	Air transportation	4,000–5,000
United Parcel Service	Courier transportation	4,000–5,000
Zions Bancorporation	Banking	4,000–5,000
Nebo School District	Public education	3,000–4,000
Washington County School District	Public education	3,000–4,000
Salt Lake City School District	Public education	3,000–4,000

(1) Includes those firms with 2,000 to 3,000 and more employees.

(Source: Utah Department of Workforce Services. Updated June 2021.)

Largest Nonagricultural Employers—Annual Average Employment – Continued

Employer (1)	Business	Employee Range
Salt Lake City	Local government	3,000–4,000
VA Hospital.....	Health Care	3,000–4,000
Discover Products	Consumer loans	3,000–4,000
Vivint.....	Electric contractors	3,000–4,000
Autoliv.....	Motor vehicle manufacturing	3,000–4,000
Costco.....	Warehouse clubs/supercenters	3,000–4,000
America First Credit Union	Banking	3,000–4,000
Harmons.....	Grocery stores	3,000–4,000
Wells Fargo Bank	Banking	3,000–4,000
Cache School District	Public education	2,000–3,000
Utah Transit Authority.....	Public transportation	2,000–3,000
Salt Lake Community College.....	Higher education	2,000–3,000
Weber State University.....	Higher education	2,000–3,000
BioFire Diagnostics	Medical Technology Research	2,000–3,000
DoTERRA International.....	Direct selling	2,000–3,000
R1 RMC.....	Financial services	2,000–3,000
Young Living Essential Oils.....	Direct selling	2,000–3,000
Chrysalis Utah	Elderly and Disabled Services	2,000–3,000
L3 Technologies	Electronic manufacturing	3,000–4,000
Target Corporation.....	Supercenters	2,000–3,000
Kennecott Utah Copper	Mining	2,000–3,000
Merit Medical Systems	Medical Manufacturing	2,000–3,000
Lifetime Products.....	Sporting Goods Manufacturing	2,000–3,000
SkyWest Airlines.....	Air transportation	2,000–3,000
Sizzling Platter, LLC	Restaurants	2,000–3,000
Maverick County Stores	Retail stores	2,000–3,000
Goldman Sachs	Banking/investments	2,000–3,000
ATK Launch Systems.....	Aerospace	3,000–4,000
Mountain America Credit Union	Banking	2,000–3,000

(1) Includes those firms with 2,000 to 3,000 and more employees.

(Source: Utah Department of Workforce Services. Updated June 2021.)

For the state’s presentation of principal employers as of Calendar Year 2011 and 2020 see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2021—Statistical Section—Schedule D–2. Principal Employers” (ACFR page 241).

Personal Income; Per Capita Income

2021 Overview. Total Personal Income. Utah’s total personal income in 2021 was \$184.9 billion, a 9.0% increase from \$169.7 billion in 2020. Utah’s estimated 2021 per capita income was \$55,392, up 7.1% from 51,698 in 2020. Federal fiscal and monetary support continued in 2021, putting sustained upward pressure on personal income growth. U.S total personal income grew by 7.4% in 2021, and per capita personal income grew by 7.3%.

Of Utah’s 2021 nonfarm earnings, 85.3% came from the private sector and 14.7% came from the public sector. Within the Utah private sector, the professional, scientific, and technical services sector (12.2%) was the largest source of earnings; followed by manufacturing (11.2%) and construction (10.9%). At the national level, health care and social assistance accounted for the largest percentage of private-sector earnings (13.4%); followed by professional, scientific, and technical services (13.1%) and manufacturing (10.3%).

In 2021 all but two of Utah’s broad private industry classifications experienced positive growth in earnings. The arts, entertainment, and recreation sector had the higher year-over-year growth of 24.2%, followed by accommodation and food services (23.5%) and information (16.2%). The utilities sector had the lowest year-over-year earnings growth of -3.7%, followed by management of companies and enterprises (-1.3%) and mining, quarrying, and oil and gas extraction (1.9%).

Total Personal Income (\$ in Millions)

<u>Year</u>	<u>Utah</u>		<u>United States</u>	
	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>
2022 (f)	\$ 190,696(1)	3.1%	\$ 21,498,811	2.1%
2021	184,896	9.0	21,056,622	7.4
2020	169,656	7.8	19,607,447	6.6
2019	157,335	7.5	18,402,004	4.1
2018	146,326	7.9	17,681,159	5.0
2017	135,659	6.1	16,845,028	4.7
2016	127,881	5.4	16,092,713	2.6
2015	121,339	7.7	15,681,233	4.8
2014	112,620	6.1	14,969,527	5.5
2013	106,176	3.1	14,189,228	1.3
2010	84,439	–	12,586,509	–
2005	71,095	–	10,599,603	–
2000	54,451	–	8,654,561	–
1995	38,308	–	6,286,143	–

(f) forecast.

(1) Based on growth rate in Utah Revenue Assumptions Working Group forecast.

(Sources: U.S. Department of Commerce, U.S. Bureau of Economic Analysis, Revenue Assumptions Working Group, Governor's Office of Planning and Budget.)

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Components of the State's Total Personal Income

	(in thousands)					%	%	%	%
	2021	2020	2019	2018	2017	change 2020-21	change 2019-20	change 2018-19	change 2017-18
Personal income.....	\$184,896,287	\$169,656,348	\$157,335,049	\$146,326,354	\$135,658,763	9.0	7.8	7.5	7.9
Earnings by place of work.....	134,534,394	123,404,477	116,439,971	108,336,891	100,527,812	9.0	6.0	7.5	7.8
less: Contributions for government social insurance.....	15,230,113	13,847,947	12,866,024	12,016,950	11,414,789	10.0	7.6	7.1	5.3
plus: Adjustment for residence.....	(107,071)	(98,398)	(47,070)	(31,265)	(33,348)	8.8	109.0	50.6	(6.2)
equals: Net earnings by place of residence.....	119,197,210	109,458,132	103,526,877	96,288,676	89,079,675	8.9	5.7	7.5	8.1
plus: Dividends, interest, and rent.....	35,097,048	34,214,553	33,914,000	31,643,778	29,269,196	2.6	0.9	7.2	8.1
plus: Personal current transfer receipts.....	30,602,029	25,983,663	19,894,172	18,393,900	17,309,892	17.8	30.6	8.2	6.3
Components of earnings:									
Wage and salary disbursements.....	98,825,121	89,396,670	83,905,044	78,045,148	72,567,139	10.5	6.5	7.5	7.5
Supplements to wages and salaries.....	21,294,236	19,903,756	19,307,870	18,658,603	17,270,537	7.0	3.1	3.5	8.0
Proprietors' income.....	14,415,037	14,104,051	13,227,057	11,633,140	10,690,136	2.2	6.6	13.7	8.8
Earnings by industry:									
Farm earnings.....	579,869	691,575	423,694	350,745	370,490	(16.2)	63.2	20.8	(5.3)
Nonfarm earnings.....	133,954,525	122,712,902	116,016,277	107,986,146	100,157,322	9.2	5.8	7.4	7.8
Private earnings.....	114,227,261	103,761,272	97,949,514	90,729,947	83,759,245	10.1	5.9	8.0	8.3
Forestry, fishing, related activities, and other.....	118,372	111,891	99,777	93,631	79,948	5.8	12.1	6.6	17.1
Mining.....	970,073	952,304	983,443	921,969	714,304	1.9	(3.2)	6.7	29.1
Utilities.....	1,202,225	1,248,804	1,204,996	963,483	716,487	(3.7)	3.6	25.1	34.5
Construction.....	12,459,925	10,902,966	9,801,500	8,866,908	8,142,021	14.3	11.2	10.5	8.9
Manufacturing.....	12,752,274	11,272,173	10,837,710	10,253,835	9,720,466	13.1	4.0	5.7	5.5
Wholesale trade.....	5,966,490	5,522,614	5,216,033	4,995,855	4,710,664	8.0	5.9	4.4	6.1
Retail trade.....	10,218,684	9,058,716	8,387,261	8,089,289	7,618,810	12.8	8.0	3.7	6.2
Transportation and warehousing.....	5,393,408	5,146,101	4,943,933	4,515,958	4,187,861	4.8	4.1	9.5	7.8
Information.....	5,232,693	4,502,472	4,118,870	3,768,565	3,484,894	16.2	9.3	9.3	8.1
Finance and insurance.....	8,610,719	7,992,111	6,829,650	6,558,615	6,312,851	7.7	17.0	4.1	3.9
Real estate and rental and leasing.....	5,024,248	4,669,569	4,579,644	3,975,295	3,269,349	7.6	2.0	15.2	21.6
Professional, scientific and technical services.....	13,899,455	12,627,382	11,837,593	10,487,302	9,250,123	10.1	6.7	12.9	13.4
Management of companies and enterprises.....	2,300,521	2,331,077	2,218,875	2,125,938	2,012,490	(1.3)	5.1	4.4	5.6
Administrative and waste services.....	5,730,709	5,242,860	4,968,827	4,540,004	4,338,973	9.3	5.5	9.4	4.6
Educational services.....	2,892,791	2,687,486	2,504,442	2,290,376	2,106,051	7.6	7.3	9.3	8.8
Health care and social assistance.....	10,935,797	10,411,223	9,784,957	9,247,811	8,632,011	5.0	6.4	5.8	7.1
Arts, entertainment and recreation.....	1,099,797	885,340	1,125,214	1,070,437	1,034,464	24.2	(21.3)	5.1	3.5
Accommodations and food services.....	3,795,755	3,073,300	3,560,730	3,244,595	2,936,786	23.5	(13.7)	9.7	10.5
Other services, except public administration.....	5,623,325	5,122,883	4,946,059	4,720,081	4,490,692	9.8	3.6	4.8	5.1
Government and government enterprises.....	19,727,264	18,951,630	18,066,763	17,256,199	16,398,077	4.1	4.9	4.7	5.2
Federal, civilian.....	4,334,669	4,154,092	3,913,587	3,758,642	3,619,762	4.3	6.1	4.1	3.8
Military.....	961,163	929,445	882,696	822,115	768,218	3.4	5.3	7.4	7.0
State and local.....	14,431,432	13,868,093	13,270,480	12,675,442	12,010,097	4.1	4.5	4.7	5.5

(Source: Bureau of Economic Analysis.)

2021 Overview. *Per Capita Personal Income.* Utah’s estimated 2021 per capita personal income was \$55,392, up 7.1% from the 2020 level of \$51,698. Utah’s estimated 2021 per capita income was 87.3% of the national per capita income of \$63,444.

Per Capita Personal Income

Year	Income Per Capita		Annual % Change		Utah as a % of U.S.
	Utah	U.S.	Utah	U.S.	
2022 (f).....	\$56,252 (1)	\$64,520	1.6%	1.7%	87.2%
2021	55,392	63,444	7.1	7.3	87.3
2020.....	51,698	59,147	6.2	6.1	87.4
2019.....	48,670	55,724	5.8	3.5	87.3
2018.....	46,002	53,817	6.0	4.4	85.5
2017.....	43,400	51,573	4.0	4.0	84.2
2016.....	41,750	49,613	3.2	1.8	84.2
2015.....	40,459	48,725	6.0	3.9	83.0
2014.....	38,168	46,887	4.5	4.7	81.4
2013.....	36,511	44,798	1.4	0.6	81.5
2010.....	32,218	40,683	–	–	79.2
2005.....	28,927	35,868	–	–	80.6
2000.....	24,260	30,672	–	–	79.1
1995.....	19,019	23,607	–	–	80.6

(f) forecast.

(1) Based on growth rate in Utah Revenue Assumptions Working Group forecast.

(Sources: 2022 Economic Report to the Governor, U.S. Bureau of Economic Analysis, Revenue Assumptions Working Group and GOPB.)

2022 Outlook. In 2022, both Utah and the United States are expected to see decelerating personal income growth as federal fiscal stimulus wanes and monetary policy tightens.

Taxable Sales

2021 Overview. The COVID-19 pandemic continues to significantly impact Utah taxable sales, which are comprised of sales and purchases subject to sales and use tax. Following above-average increases in 2020, growth in total taxable sales accelerated significantly in 2021, increasing by an estimated 20.6% to \$90.1 billion. This growth rate is one of the highest ever seen in Utah and is considerably higher than recent historical rates (which averaged 6.7% over the previous five years). Each of the four major sectors witnessed above-normal growth. Retail sales followed exceptional growth in 2020 with an almost equally strong year in 2021, rising by an estimated 16.6%. Taxable services rebounded by 25.4% after a 5.4% decline in 2020. Both the business investment purchases and the “all other” sales sectors also saw historic levels of growth in 2021, expanding by an estimated 24.6% and 35.2%, respectively. Secondary impacts from the pandemic, such as pent-up demand, federal stimulus and rebounding taxable service industries contributed to this exceptional growth.

2022 Outlook. After a year of record increases, strong consumer spending is expected to drive another year of growth in Utah taxable sales, although at a much slower rate. Total taxable sales are forecasted to increase by 5.9% to \$95.4 billion in 2022. Growth in each of the four major sectors is forecasted to be much lower than the state witnessed in 2021. After two years of growth above 15%, retail sales is forecasted to increase by 4.5% in 2022. Following a significant recovery in 2021, taxable services is forecasted to return to a more typical, though still elevated, growth rate of 7.8%. Growth in business investment purchases and all other sales is also expected to moderate, increasing by a forecasted 7.8% and 6.9%, respectively. Although these growth rates are well below the record growth experienced in 2021, they are signs of a strong economy.

Taxable Sales
(in millions of dollars)

Calendar Year	Retail Sales	% Change	Business		Taxable Services	% Change	All Other	% Change	Total Gross Taxable	
			Investment Purchases	% Change					Sales	% Change
2022 (f)	\$51,967	4.5 %	\$15,337	7.8 %	\$24,438	7.8 %	\$3,719	6.9 %	95,421	6.2 %
2021	49,729	16.6	14,227	24.6	22,670	25.4	3,479	35.2	89,840	20.2
2020	42,656	16.0	11,418	10.2	18,084	(5.4)	2,573	(3.7)	74,731	8.4
2019	36,785	7.5	10,359	1.2	19,107	5.5	2,672	11.7	68,923	6.1
2018.....	34,220	5.9	10,236	10.1	18,115	4.9	2,392	10.2	64,963	6.4
2017.....	32,305	8.7	9,296	11.5	17,274	4.9	2,171	12.9	61,045	8.2
2016.....	29,721	5.5	8,337	(1.4)	16,461	5.0	1,923	14.0	56,443	4.6
2015.....	28,169	6.5	8,454	(3.1)	15,673	4.5	1,686	10.2	53,982	4.4
2014.....	26,459	5.0	8,726	5.2	14,994	6.5	1,530	(16.7)	51,708	4.7
2013.....	25,188	6.4	8,292	(5.3)	14,077	5.0	1,836	8.9	49,392	3.9

(f) forecast.

(Source: Utah State Tax Commission, Revenue Assumptions Working Group.)

Construction

2021 Overview. In 2021, the value of permit-authorized construction in Utah was \$13.72 billion, an all-time high. Construction value includes the value of permit-authorized residential and nonresidential construction as well as the construction value of additions, alterations, and repairs to existing structures.

2022 Outlook. The value of permit-authorized construction in Utah in 2022 is forecast at \$12.7 billion, a 7.8% decrease from 2021. The number of residential units is forecast at 36,000 units, a 10.3% decrease over the 40,144 in 2021. The value of residential construction is projected to moderate slightly at about \$8.0 billion.

Permit–Authorized Construction (\$ In Millions)

Year	Total Units	Construction Value			Total Valuation
		Residential	Nonresidential	Renovations	
2022 (f)	36,000	\$8,000.0	\$2,700.0	\$1,950.0	\$12,650.0
2021	40,144	8,850.2	2,930.2	1,935.2	13,715.6
2020	31,797	6,329.6	2,508.0	1,855.0	10,692.6
2019	27,610	5,800.2	2,595.9	1,413.7	9,809.8
2018	24,245	5,153.0	2,166.5	1,136.0	8,455.5
2017	23,002	4,696.1	2,280.6	1,214.6	8,191.3
2016	20,064	4,082.0	2,680.1	1,624.2	8,386.2
2015	17,294	3,819.2	2,076.5	1,006.4	6,902.1
2014	18,810	3,390.4	1,475.9	1,034.5	5,900.8
2013	15,009	3,087.1	1,106.0	785.1	4,978.2

(f) forecast.

(Sources: 2022 Economic Report to the Governor; Revenue Assumptions Working Group.)

Energy

Questions still linger as to how Utah’s energy industry will adjust to the emergence of new coronavirus variants and continued uncertainty regarding energy demand, inflation, and supply-chain challenges. Demand for oil and natural gas reached record highs in 2021 and will continue to play a major role in Utah’s energy landscape. However, there is a noticeable shift at the federal level to move more quickly to carbon-neutral energy sources. Fortunately, Utah is well positioned to take the lead in this energy transition with major research projects focused on geothermal energy, hydrogen technology, carbon sequestration opportunities, and utility-scale storage, as well as the continued buildout of large-scale PV solar farms, which soon could be coupled with innovative battery storage.

Minerals

The Utah Geological Survey (UGS) projects an estimated gross production value of metallic and industrial mineral commodities of \$3.8 billion in 2021, a substantial increase from 2020’s estimated value of \$3.2 billion (\$3.4 billion with inflation adjustment). The U.S. Geological Survey reported that the 2020 value of Utah’s nonfuel (metallic and industrial) minerals production ranked eighth nationally, accounting for 3.8% of the total U.S. nonfuel minerals production.

Tourism

In 2021, Utah’s travel and tourism economy continued its recovery after being significantly impacted by the COVID-19 pandemic. This year, COVID vaccine access and fewer travel restrictions led to increased airline bookings and overall travel. While Utah visitor spending and visitation trends surpassed 2019 baseline trends, tourism-related employment continued to lag.

In 2021, transient room tax revenue increased 61.9% from 2020 and 21.4% from 2019. Similarly, restaurant taxes were up from 29.7% over 2020 and 15.6% over 2019. All 29 Utah counties experienced year-over increases in county transient room tax revenue and 27 counties had exceeded 2019 transient room tax collections. Year-over taxable leisure and hospitality sales increased 35.8% in 2021 and were 11.9% higher than 2019 baseline sales.

Despite the pandemic's effects on Utah's leisure and hospitality sector, in 2021 Utah's statewide tourism economy rebounded quickly. In fact, even urban tourism, which was impacted significantly by the pandemic, began recovering in 2021, with Salt Lake County transient room taxable sales increasing by 62.6%.

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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 Government Operations 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 2022 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 or 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 Government Operations, 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 obliga-

tion 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 Computershare Trust Company, N.A. (as successor in interest to Wells Fargo Bank, 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 Lessee 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 or 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 funds 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 then 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 regard 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 66²/₃% 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 Out-

standing 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 66²/₃% 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, 2022), with a final renewal term commencing July 1, 2041, and ending May 16, 2042. 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, 2042, 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 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, lev-

ied, 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 2022 BONDS—Redemption Provisions For The 2022 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 Governor 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 ap-

propriated 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 Property 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 re-

cover 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 appropriate 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 excludability 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 Outstand-

ing 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 Rent-

als 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 2022 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.



15 West South Temple, Suite 1450
Salt Lake City, Utah 84101-1531

(801) 364-5080 / (801) 364-5032 FAX / gilmorebell.com

June 22, 2022

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 \$42,675,000 Lease Revenue Bonds (State Facilities Master Lease Program), Series 2022 (the "Series 2022 Bonds"). The Series 2022 Bonds are being issued pursuant to (i) the State Building Ownership Authority Act (the "Building Ownership Act"), Title 63B, Chapter 1, Part 3 of the Utah Code Annotated 1953, as amended (the "Utah Code"), and Sections 63B-29-101, 63B-28-101, and 63B-31-202, Utah Code; (ii) a resolution of the Board adopted on May 3, 2022 (the "Resolution"), 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-Fifth Supplemental Indenture of Trust dated as of June 1, 2022 (collectively, the "Indenture") between the Authority and Computershare Trust Company, N.A., as Trustee. The Series 2022 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 2022 Bonds.

The principal of, and premium (if any) and interest on, the Series 2022 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-Fifth Amendment to State Facilities Master Lease Agreement dated as of June 1, 2022 (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 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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 2022 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2022 Bonds.

6. Interest on the Series 2022 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 2022 Bonds.

The rights of the holders of the Series 2022 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 \$42,675,000 aggregate principal amount of its Lease Revenue Bonds (State Facilities Master Lease Program), Series 2022 (the “*2022 Bonds*”). The 2022 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-Fifth Supplemental Indenture of Trust, dated as of June 1, 2022 (as so amended and supplemented, the “*Indenture*”).

In consideration of the issuance of the 2022 Bonds by the Authority and the purchase of such 2022 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 2022 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 2022 Bonds at the time the 2022 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 2022 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 2022 Bonds.

“*Reportable Event*” means the occurrence of any of the Events with respect to the 2022 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 2022 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
2024	917547 D81	2034	917547 F22
2025	917547 D99	2035	917547 F30
2026	917547 E23	2036	917547 F48
2027	917547 E31	2037	917547 F55
2028	917547 E49	2038	917547 F63
2029	917547 E56	2039	917547 F71

MAY 15 OF THE YEAR	CUSIP NUMBER	MAY 15 OF THE YEAR	CUSIP NUMBER
2030	917547 E64	2040	917547 F89
2031	917547 E72	2041	917547 F97
2032	917547 E80	2042	917547 G21
2033	917547 E98		

The Final Official Statement relating to the 2022 Bonds is dated June 8, 2022 (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 and format and accompanied by identifying information as is prescribed by the MSRB or the Commission 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 2022 Bond or defeasance of any 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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 Computershare Corporate Trust, CTSO Mail Operations, 600 S 4th Street, 7th Floor, Minneapolis, Minnesota 55415; telephone: (677) 300-9819.

(Signature page follows.)

DATED as of the day and year first above written.

STATE OF UTAH

By _____
Marlo M. Oaks, 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	
–Outstanding Lease Revenue Bonds of the Authority	
–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 (<i>no tables – numerical data only to be updated</i>).....	
–State Guaranty Of General Obligation School Bonds (<i>no tables – numerical data only to be updated</i>)	
–State Moral Obligation Bonds (<i>no tables – outstanding balance of State Moral Obligation Bonds only to be updated</i>).....	
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 And State Economy–Revenues By Source–All Governmental Fund Types Only	
–State Revenues And Collections And State Economy –Expenditures By Function –All Government Fund Types Only	
–State Revenues And Collections And State Economy –Summary Of Changes In Fund Balance–All Governmental Types Only	
–State Revenues And Collections And State Economy –Fund Balances–All Governmental Fund Types Only	
–State Revenues And Collections And State Economy –General Fund–Revenues, Expenditures And Fund Balances	
–Financial Summaries–Revenues And Expenditures For Fiscal Years 2021, 2020 and 2019 (<i>to be updated for each new fiscal year as the same becomes historically available</i>).....	
–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 Using Calendar Year 2020 (Fiscal Year 2021) Estimated Taxable Valuation (*to be updated for each new calendar year as the same becomes historically available*)
- 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, 2023. 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 2022 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

* 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.

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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 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2022 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2022 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 2022 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 2022 Bonds, except if use of the book-entry system for the 2022 Bonds is discontinued.

To facilitate subsequent transfers, all 2022 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 2022 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 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2022 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 2022 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2022 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2022 Bonds may wish to ascertain that the nominee holding the 2022 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 2022 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 2022 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 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2022 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 2022 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, if a successor depository is not obtained, 2022 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, 2022 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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