OFFICIAL NOTICE OF BOND SALE

and

PRELIMINARY OFFICIAL STATEMENT

State of Utah,
State Building Ownership Authority

$18,725,000* Lease Revenue Bonds
(State Facilities Master Lease Program), Series 2018

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

Electronic bids will be received up to 9:30:00 A.M., M.S.T., via the **PARITY®** electronic bid submission system, on Wednesday, February 21, 2018.

* Preliminary; subject to change.

(This Page Has Been Intentionally Left Blank.)

OFFICIAL NOTICE OF BOND SALE
(Bond Sale to be Conducted Electronically)

STATE OF UTAH
STATE BUILDING OWNERSHIP AUTHORITY

$18,725,000* LEASE REVENUE BONDS
(STATE FACILITIES MASTER LEASE PROGRAM), SERIES 2018

Bids will be received electronically (as described under "PROCEDURES REGARDING ELECTRONIC BIDDING" below) by the State of Utah (the *"State"*), State Building Ownership Authority (the *"Authority"*) on the PARITY® electronic bid submission system (*"PARITY®"*) up to 9:30:00 a.m., Mountain Standard Time, on Wednesday, February 21, 2018, for the purchase of $18,725,000* State of Utah, State Building Ownership Authority Lease Revenue Bonds (State Facilities Master Lease Program), Series 2018 (the *"2018 Bonds"*), to be issued pursuant to an Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement dated as of September 1, 1994, as supplemented and amended (as so supplemented and amended, the *"Indenture"*), between the Authority and the Trustee (described herein), and to be payable from, and secured by, Base Rentals to be paid by 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, as supplemented and amended (as so supplemented and amended, the *"Master Lease"*), between the Authority (as lessor) and the Lessee, as more fully described under "Security" herein. The bids will be publicly reviewed and considered in public session held by the Authority on Wednesday, February 21, 2018, at 4:00 p.m., Mountain Standard Time, at the State Capitol Building, in Salt Lake City, Utah.

The 2018 Bonds are being issued pursuant to the provisions of the State Building Ownership Authority Act, Part 3, Chapter 1, Title 63B of the Utah Code Annotated 1953 as amended (the *"Utah Code"*) and other applicable State laws (the *"Act"*) and the resolution of the Authority, adopted on November 21, 2017, and a resolution of the Authority to be adopted Wednesday, February 21, 2018, which provide for the issuance of the 2018 Bonds; and other applicable provisions of law.

The 2018 Bonds are more fully described in the Authority's Preliminary Official Statement with respect to the 2018 Bonds dated February 9, 2018 (the *"Preliminary Official Statement"*).

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

---

* Preliminary; subject to change. See caption "ADJUSTMENT OF PRINCIPAL AMOUNT OF THE 2018 BONDS" in this Official Notice of Bond Sale.

DESCRIPTION OF 2018 BONDS: The 2018 Bonds will be dated their date of delivery[1] and will mature serially on May 15 of each of the years (except as otherwise described under the caption "Term Bonds and Mandatory Sinking Fund Redemption at Bidder's Option" herein) and in the amounts as follows:

YEAR	PRINCIPAL AMOUNT*	YEAR	PRINCIPAL AMOUNT*
2020	$605,000	2030	$ 955,000
2021	640,000	2031	990,000
2022	665,000	2032	1,015,000
2023	700,000	2033	1,050,000
2024	735,000	2034	1,090,000
2025	775,000	2035	1,125,000
2026	815,000	2036	1,160,000
2027	850,000	2037	1,200,000
2028	905,000	2038	1,240,000
2029	920,000	2039	1,290,000

TOTAL PRINCIPAL AMOUNT: $18,725,000*

The 2018 Bonds will be issued in registered form and, when issued, will be registered in the name of The Depository Trust Company, New York, New York, or its nominee. The Depository Trust Company will act as securities depository for the 2018 Bonds. Purchases of beneficial interests in the 2018 Bonds will be made in book–entry form in the denomination of $5,000 or any whole multiple thereof.

ADJUSTMENT OF PRINCIPAL AMOUNT OF THE 2018 BONDS: The Authority reserves the right, following determination of the best bid(s), to reduce or increase the principal amount of each maturity of the 2018 Bonds by the amount necessary to properly size the issue so that proceeds available to the Authority will be approximately $19,700,000.00. The dollar amount of the price bid (i.e., par plus any premium bid) by the successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits and the Authority will consider the bid as having been made for the adjusted amount of the 2018 Bonds. The dollar amount of the price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the 2018 Bonds to the public and the price to be paid to the Authority (excluding accrued interest, if any), by (ii) the principal amount of the 2018 Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown in this Official Notice of Bond Sale. The Authority expects to advise the successful bidder as soon as possible, but expects no later than 11:00 a.m., Mountain Standard Time, on the date of sale, of the changes to the principal amount of the 2018 Bonds maturing on one or more of the above–designated maturity dates for the 2018 Bonds. Any such adjustment will be in an amount of $5,000 or a whole multiple thereof.

To facilitate any adjustment in the principal amounts, each successful bidder(s) is required to indicate by facsimile transmission to Zions Public Finance, Inc., the Municipal Advisor to the Authority (the "*Municipal Advisor*") at fax number 801.844.4484 within one–half hour of the time of bid opening, the amount of any original issue discount or premium on each maturity of the 2018 Bonds and the amount received from the sale of the 2018 Bonds to the public that will be retained by the successful bidder(s) as its compensation.

---

1 The anticipated date of delivery of the 2018 Bonds is Wednesday, March 7, 2018.

* Preliminary; subject to change.

TERM BONDS AND MANDATORY SINKING FUND REDEMPTION AT BIDDER'S OPTION: The 2018 Bonds scheduled to mature on one or more of the above–designated maturity dates may be rescheduled, at bidder's option, to mature as term bonds on one or more dates within that period, in which event the 2018 Bonds will mature and be subject to mandatory sinking fund redemption in such amounts and on such dates as will correspond to the above–designated maturity dates and principal amounts (as adjusted as described above) maturing on those dates.

PURCHASE PRICE: The purchase price to be bid for the 2018 Bonds shall not be less than the principal amount of the 2018 Bonds ($18,725,000*).

POSSIBLE REJECTION OF ALL BIDS FOR 2018 BONDS: As described below under "Sale Reservations," the Authority reserves the right to reject any and all bids and to resell the 2018 Bonds.

INTEREST RATE: Bidders must specify the rate of interest with respect to each maturity of the respective 2018 Bonds. Bidders will be permitted to bid different rates of interest for each separate maturity of the 2018 Bonds, but:

(a) the highest interest rate bid for any of the 2018 Bonds shall not exceed five percent (5.00%) per annum;

(b) each interest rate specified in any bid with respect to the 2018 Bonds must be in a multiple of one–eighth or one–twentieth of one percent (1/8th or 1/20th of 1%) per annum;

(c) all 2018 Bonds of the same maturity must bear the same rate of interest;

(d) interest shall be computed from the dated date of the 2018 Bonds to its stated maturity date at the interest rates specified in the bid for each maturity of the 2018 Bonds;

(e) the purchase price must be paid in Federal Reserve Bank funds and no bid will be accepted that contemplates the cancellation of any interest or the waiver of interest or other concession by the bidder as a substitute for Federal Reserve Bank funds;

(f) any premium must be paid in the funds specified for the payment of the 2018 Bonds as part of the purchase price;

(g) there shall be no supplemental interest coupons;

(h) a zero percent (0%) interest rate may not be used; and

(i) interest shall be computed on the basis of a 360–day year of twelve 30–day months.

Interest will be payable semiannually on May 15 and November 15 of each year, commencing November 15, 2018.

RATINGS: The Authority will, at its own expense, pay fees of Moody's Investors Service and Standard & Poor's Global Ratings for rating the 2018 Bonds. Any additional ratings shall be at the option and expense of the bidder(s).

TRUSTEE, BOND REGISTRAR AND PAYING AGENT; PLACE OF PAYMENT: Wells Fargo Bank, N.A., Denver, Colorado, will be the trustee (the "*Trustee*"), paying agent and bond registrar for the

* Preliminary; subject to change.

2018 Bonds. The Authority may remove any Trustee, paying agent or bond registrar, and any successor thereto, and appoint a successor or successors thereto. Principal of and premium, if any, on the 2018 Bonds will be payable when due to the registered owner of each 2018 Bond upon presentation and surrender thereof at the principal corporate trust office of the paying agent at maturity or upon redemption prior to maturity. Payment of interest on each 2018 Bond will be made to the person who, as of the record date, is the registered owner of the 2018 Bond and shall be made by check or draft mailed to the person who, as of the record date, is the registered owner of the 2018 Bond, at the address of such registered owner as it appears on the registration books of the Authority kept by the bond registrar.

REDEMPTION PROVISIONS: *Optional Redemption of the 2018 Bonds*. The 2018 Bonds maturing on or before May 15, 2027, are not subject to redemption prior to maturity, except as otherwise described under this caption "Redemption Provisions." The 2018 Bonds maturing on or after May 15, 2028, are subject to redemption (i) in whole on any business day on or after November 15, 2027, 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 November 15, 2027, or on any date thereafter from such maturities or portions thereof designated by the Lessee in the event that the Lessee prepays additional Base Rentals pursuant to the Master Lease or purchases a portion of the Leased Property representing separate Facilities pursuant to the Master Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2018 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 2018 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 2018 Bonds shall be subject to redemption prior to maturity in whole or in part from time to time, from such maturities or portions thereof designated by the Lessee, on such date or dates as the Trustee shall determine as provided in the Indenture, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date, 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 the Leased Property or construction defects in any of the Facilities as described in the Master 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 the Leased Property and (iii) the Lessee elects, pursuant to the Master Lease, to waive its obligation to rebuild, repair or replace the affected portion of the Leased Property by depositing such Net Proceeds into the Redemption Fund under the Indenture for application to the redemption of the then outstanding 2018 Bonds in accordance with the Master Lease and the Indenture and provides written notice of such election to the Trustee and the Authority. If the 2018 Bonds are called for extraordinary optional redemption, the 2018 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 2018 Bonds.

SECURITY: The principal of, and premium (if any) and interest on, the 2018 Bonds are payable from, and secured by, annually renewable Base Rentals to be paid by the Lessee pursuant to the Master Lease, subject to annual appropriation by the Utah Legislature of amounts sufficient to pay such Base Rentals and certain other amounts payable under the Master Lease. The 2018 Bonds are also payable from certain funds and accounts held under the Indenture.

The obligation of the Lessee to pay Base Rentals and other amounts under the Master Lease is annually renewable as provided therein. Neither the obligation of the Lessee to make such payments nor the 2018 Bonds will constitute a debt of the Authority, the Lessee or any political subdivision of the State. Neither the issuance of the 2018 Bonds nor the execution and delivery of the

Master Lease directly or contingently obligate the Lessee or any political subdivision of the State to appropriate any money to pay Rentals under the Master Lease or to pay any Rentals beyond those appropriated for the then current fiscal year of the State. The 2018 Bonds do not constitute an indebtedness within the meaning of any State constitutional or statutory debt limitation or restriction.

AWARD: Award or rejection of bids will be made at the Wednesday, February 21, 2018 meeting of the Authority referred to above. The 2018 Bonds will be awarded to the responsible bidder offering to pay the lowest effective interest cost to the Authority for the 2018 Bonds, computed from the date of the 2018 Bonds to maturity and taking into consideration the premium, if any, in the purchase price of the 2018 Bonds. The effective interest rate to the Authority shall be the interest rate per annum (based upon a 360–day year) determined on a per annum true interest cost (*"TIC"*) based on the discounting of the scheduled semiannual debt service payments of the Authority on the 2018 Bonds (based on such rate or rates of interest so bid) to the dated date of the 2018 Bonds, compounded semiannually, and to the bid price, excluding accrued interest to the date of delivery.

PROCEDURES REGARDING ELECTRONIC BIDDING: Bids will be received by means of the PARITY® electronic bid submission system in accordance with the following procedure:

A prospective bidder for the 2018 Bonds who intends to use PARITY® must communicate its bid electronically on or before 9:30:00 a.m., Mountain Standard Time, on Wednesday, February 21, 2018. No bid will be received after the times for receiving bids specified above. To the extent any instructions or directions set forth in PARITY® conflict with this Official Notice of Bond Sale, the terms of this Official Notice of Bond Sale shall control. For further information about PARITY®, potential bidders may contact the Municipal Advisor or i–Deal LLC at 1359 Broadway, New York, New York 10018, telephone 212.849.5021.

For purposes of PARITY®, the time as maintained by PARITY® shall constitute the official time.

Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access PARITY® for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Bond Sale. Neither the Municipal Advisor, the Authority nor i–Deal LLC shall have any duty or obligation to provide or assure such access to any qualified prospective bidder, and neither the Municipal Advisor, the Authority nor i–Deal LLC shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, PARITY®. The Authority is using PARITY® as a communication mechanism, and not as the Authority's agent, to conduct the electronic bidding for the 2018 Bonds.

NOTIFICATION: The Authority will notify the apparent successful bidder, as soon as possible after the Authority's receipt of bids for the 2018 Bonds, that such bidder's bid appears to be the lowest and best bid received for such 2018 Bonds which conforms to the requirements of this Official Notice of Bond Sale, subject to verification and to official action to be taken at the Authority's meeting as described in the next succeeding paragraph.

The award of the 2018 Bonds to the respective successful bidder(s) will be considered at the Authority meeting to be held beginning at 4:00 p.m., Mountain Standard Time, on Wednesday, February 21, 2018.

FORM OF BID: Each bidder is required to transmit electronically via PARITY® an unconditional bid specifying the lowest rate or rates of interest and confirm the purchase price, which shall be not less than the principal amount of the 2018 Bonds ($18,725,000*), at which the bidder will purchase the 2018 Bonds. Each bid must be for all the 2018 Bonds herein offered for sale.

For information purposes only, bidders are requested to state in their bids the effective interest rate for the 2018 Bonds represented on a TIC basis, as described under "Award" above, represented by the rate or rates of interest and the bid price specified in their respective bids.

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of PARITY®; *provided, however,* that in the event a prospective bidder cannot access PARITY® through no fault of its own, it may so notify the Municipal Advisor by telephone at 801.844.7373. Thereafter, it may submit its bid by telephone to the Municipal Advisor by telephone at 801.844.7373, who shall transcribe such bid into written form, or by facsimile transmission to the office of the Municipal Advisor at 801.844.4484, in either case before 9:30:00 a.m., Mountain Standard Time, on Wednesday, February 21, 2018. For purposes of bids submitted telephonically to the office of the Municipal Advisor (as described above) or by facsimile transmission, the time as maintained by PARITY® shall constitute the official time. Each bid submitted as provided in the preceding sentence must specify the interest rate or rates for the 2018 Bonds and the total purchase price of all of the 2018 Bonds. The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission. Neither the Authority nor the Municipal Advisor assumes any responsibility or liability for the failure of any such transcribed telephonic bid or facsimile transmission (whether such failure arises from equipment failure, unavailability of phone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Municipal Advisor, the apparent successful bidder will provide written confirmation of its bid (by facsimile transmission) to the Municipal Advisor prior to 2:00 p.m., Mountain Standard Time, on Wednesday, February 21, 2018.

ISSUE PRICE: The winning bidder shall assist the Authority in establishing the issue price of the 2018 Bonds and shall execute and deliver to the Authority at Closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2018 Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as *Annex 1* with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Authority and Bond Counsel. All actions to be taken by the Authority under this Official Notice of Bond Sale to establish the issue price of the 2018 Bonds may be taken on behalf of the Authority by the Municipal Advisor and any notice or report to be provided to the Authority may be provided to the Municipal Advisor.

The Authority intends that the provisions of Treasury Regulation Section 1.148–1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the 2018 Bonds) will apply to the initial sale of the 2018 Bonds (the *"competitive sale requirements"*) because:

(a) the Authority shall disseminate this Official Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(b) all bidders shall have an equal opportunity to bid;

(c) the Authority may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(d) the Authority anticipates awarding the sale of the 2018 Bonds to the bidder who submits a firm offer to purchase the 2018 Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Bond Sale.

Any bid submitted pursuant to this Official Notice of Bond Sale shall be considered a firm offer for the purchase of the 2018 Bonds, as specified in the bid.

In the event that the competitive sale requirements are not satisfied, the Authority shall so advise the winning bidder. The Authority shall then treat the first price at which 10% of a maturity of the 2018 Bonds (the *"10% test"*) is sold to the public as the issue price of that maturity, applied on a maturity–by–maturity basis. The winning bidder shall advise the Authority if any maturity of the 2018 Bonds satisfies the 10% test as of the date and time of the award of the 2018 Bonds. The Authority will *not* require bidders to comply with the "hold–the–offering–price rule" and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the 2018 Bonds as the issue price of that maturity. Bids will *not* be subject to cancellation in the event that the competitive sale requirements are not satisfied. *Bidders should prepare their bids on the assumption that all of the maturities of the 2018 Bonds will be subject to the 10% test in order to establish the issue price of the 2018 Bonds*.

In the event the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the 2018 Bonds, the winning bidder agrees to promptly report to the Authority the prices at which the unsold 2018 Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the 2018 Bonds of that maturity or until all 2018 Bonds of that maturity have been sold to the public.

By submitting a bid, each bidder confirms that: (a) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the 2018 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker–dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold 2018 Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the 2018 Bonds of that maturity or all 2018 Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (b) any agreement among underwriters relating to the initial sale of the 2018 Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the 2018 Bonds to the public to require each broker–dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold 2018 Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the 2018 Bonds of that maturity or all 2018 Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any 2018 Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Official Notice of Bond Sale. Further, for purposes of this Official Notice of Bond Sale:

(a) *"public"* means any person other than an underwriter or a related party,

(b) *"underwriter"* means (i) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the 2018 Bonds to the public and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) to participate in the initial sale of the 2018 Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2018 Bonds to the public),

(c) a purchaser of any of the 2018 Bonds is a *"related party"* to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) *"sale date"* means the date that the 2018 Bonds are awarded by the Authority to the winning bidder.

Any questions regarding the certificate should be directed to Chapman and Cutler LLP, Bond Counsel, 215 South State Street, Suite 800, Salt Lake City, Utah 84111, 801.536.1426, fax: 801.533.9595, bjerke@chapman.com.

GOOD FAITH DEPOSIT: A good faith deposit (the "Deposit") in the amount of $200,000 is required only from the successful bidder. The Deposit shall be payable to the order of the Authority in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 2:00 p.m., Mountain Standard Time, on Wednesday, February 21, 2018. As an alternative to wiring funds, a bidder may deliver a cashier's or certified check, payable to the order of the Authority, with its bid. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

The Authority shall, as security for the faithful performance by the successful bidder of its obligation to take up and pay for the 2018 Bonds when tendered, cash the Deposit check, if applicable, of the successful bidder and hold the proceeds of the Deposit of the successful bidder or invest the same (at the Authority's risk) in obligations that mature at or before the delivery of the 2018 Bonds as described under the caption "Delivery and Payment" below, until disposed of as follows: (a) at such delivery of the 2018 Bonds and upon compliance with the successful bidder's obligation to take up and pay for such 2018 Bonds, the full amount of the Deposit held by the Authority, without adjustment for interest, shall be applied toward the purchase price of such 2018 Bonds at that time and the full amount of any interest earnings thereon shall be retained by the Authority; and (b) if the successful bidder fails to take up and pay for the 2018 Bonds, when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the Authority as liquidated damages.

SALE RESERVATIONS: The Authority reserves the right: (a) to waive any irregularity or informality in any bid or in the electronic bidding process; (b) to reject any and all bids for the 2018 Bonds; and (c) to resell the 2018 Bonds as provided by law.

PROMPT AWARD: The Authority will take action awarding the 2018 Bonds or rejecting all bids not later than 10 hours after the expiration of the time herein prescribed for the receipt of bids, unless such award is waived by the successful bidder.

DELIVERY AND PAYMENT: Delivery of the 2018 Bonds will be made to the successful bidder(s) in book–entry form, on or about Wednesday, March 7, 2018. Closing documentation will be delivered in Salt Lake City, Utah. At least seven days' prior notice of the time of delivery will be given to the successful bidder. Payment for the 2018 Bonds must be made in Federal Reserve Bank funds or other funds immediately available to the Authority in Salt Lake City, Utah, on the date of delivery. Any expense incurred in providing immediate funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the successful bidder.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the 2018 Bonds, but neither the failure to print such numbers on any 2018 Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder thereof to accept delivery of and pay for the 2018 Bonds in accordance with the terms of its bid. All expenses in relation to the providing of CUSIP numbers for the 2018 Bonds shall be paid for by the Authority.

TAX–EXEMPT STATUS: In the opinion of Chapman and Cutler LLP, Bond Counsel, subject to the Authority's and the State's compliance with certain covenants, under present law, interest on the 2018 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended, but is taken into account, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Authority and State covenants could cause interest on the 2018 Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2018 Bonds. Ownership of the 2018 Bonds may result in other federal tax consequences to certain taxpayers, and Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2018 Bonds.

It is further the opinion of Bond Counsel that under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2018 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the State of Utah or any political subdivision thereof. Ownership of the 2018 Bonds may result in other state and local tax consequences to certain taxpayers; Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2018 Bonds. Prospective purchasers of the 2018 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

LEGAL OPINION AND CLOSING CERTIFICATES: The approving opinion of Chapman and Cutler LLP, Bond Counsel to the Authority, as to the legality of the 2018 Bonds will be furnished without charge to the successful bidder. Closing certificates will also be furnished, dated as of the date of delivery of and payment for the 2018 Bonds, including a statement that there is no litigation pending or, to the knowledge of the signer thereof, threatened affecting the validity of the 2018 Bonds.

OFFICIAL STATEMENT: The Authority has employed Zions Public Finance, Inc., in Salt Lake City, Utah, as Municipal Advisor, to prepare the Preliminary Official Statement describing the 2018 Bonds, copies of which will be furnished by the Authority or by the Municipal Advisor upon request. Upon award of the 2018 Bonds, the Authority will complete the final Official Statement and will, within seven business days after acceptance of bid and in sufficient time to accompany any confirmation that requests payment from any customer of the successful bidder, deliver to the successful bidder for the 2018 Bonds a final copy of the Official Statement in electronic format. The Authority will cooperate with the successful bidder during the underwriting period as shall be reasonable and necessary to assist the successful bidder to comply with the requirements of Securities and Exchange Commission Rule 15c2–12 to deliver the Preliminary Official Statement and final Official Statement to customers and potential customers.

DISCLOSURE CERTIFICATE AND DISCLOSURE LETTER: The Authority will deliver to the successful bidder a certificate of a member of the Authority, dated the date of the delivery of the 2018 Bonds, stating that, as of the date thereof, to the best of the signer's knowledge and after reasonable investigation: (a) the descriptions and statements contained in the Preliminary Official Statement circulated with respect to the 2018 Bonds were at the time of the acceptance of the bid true and correct in all material respects and did not at the time of the acceptance of the bid contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (b) the descriptions and statements contained in the final Official Statement are at the time of the delivery of the 2018 Bonds true and correct in all material respects and do not at the time of the delivery of the 2018 Bonds contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, should the final Official Statement be supplemented or amended subsequent to the date thereof, the foregoing confirmation as to the final Official Statement shall relate to the final Official Statement as so supplemented or amended.

The Authority has retained Gilmore & Bell, P.C., to act as disclosure counsel to the Authority with respect to the 2018 Bonds and, as such disclosure counsel, such firm will review the contents of the final Official Statement. Gilmore & Bell, P.C., will deliver a letter to the successful bidder with respect to the final Official Statement which will state, in effect, that while the firm has not verified and is not passing upon, and does not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the final Official Statement, based upon participation in conferences and in reliance thereon with various representatives of the Authority, representatives of the Lessee, representatives of the office of the Utah Attorney General, representatives of the Municipal Advisor for the Authority and Bond Counsel at which the contents of the final Official Statement were discussed and reviewed, without independent verification, no facts came to the attention of the attorneys of such firm rendering legal services in connection with such retention which lead such attorneys to believe that the final Official Statement (apart from (i) CUSIP numbers, (ii) the information relating to The Depository Trust Company and its book–entry only system, (iii) the financial statements or other financial, operating, economic, demographic, statistical, numerical or accounting data contained or incorporated therein, and (iv) the information describing the opinion of Bond Counsel under the headings "Legal Matters—Federal Income Tax Matters", "—State of Utah Income Tax", "—No Further Opinion" and "—Changes in Federal and State Tax Laws" and the form of opinion of Bond Counsel in Appendix E, as to all of which such firm does not express any conclusion or belief) as of its date contained, or as of the date of the delivery of the 2018 Bonds contains, any untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

CONTINUING DISCLOSURE UNDERTAKING: The Authority and the Lessee covenant and agree to enter into a written agreement or contract constituting an undertaking (the *"Undertaking"*) to provide ongoing disclosure about the Authority and the Lessee for the benefit of the beneficial owners of the 2018 Bonds on or before the date of delivery of the 2018 Bonds, as required by Section (b)(5) of Rule 15c2–12 (the *"Rule"*) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Authority and the Lessee expect to deliver an Undertaking as described in the Preliminary Official Statement and as will be set forth in the final Official Statement. The successful bidder's obligation to purchase the respective 2018 Bonds shall be conditioned upon the Authority and the Lessee delivering the Undertaking on or before the date of delivery of the 2018 Bonds. Except as otherwise described in the Preliminary Official Statement, the Authority and the Lessee are in compliance in all material respects with each and every undertaking previously entered into by it pursuant to the Rule.

ADDITIONAL INFORMATION: For copies of this Official Notice of Bond Sale, the Preliminary Official Statement and information regarding the electronic bidding procedures and other related information, contact the Municipal Advisor, Zions Bank Public Finance, One South Main Street, 18th Floor, Salt Lake City, Utah 84133, 801.844.7376, fax: 801.844.4484, jon.bronson@zionsbancorp.com or eric.pehrson@zionsbancorp.com. The Preliminary Official Statement (including the Official Notice of Bond Sale) is also available at idealprospectus.com, munihub.com and munios.com.

Dated: February 9, 2018

STATE OF UTAH, STATE BUILDING OWNERSHIP AUTHORITY

By /s/ David C. Damschen
Secretary
State Building Ownership Authority

ANNEX 1

CERTIFICATE OF PURCHASER

[TO BE DATED THE CLOSING DATE]

The undersigned, on behalf of __________ (the *"Purchaser"*), hereby certifies as set forth below with respect to the sale and issuance of the $__________ aggregate principal amount of Lease Revenue Bonds (State Facilities Master Lease Program), Series 2018 (the *"2018 Bonds"*) of the State Building Ownership Authority of the State of Utah (the *"Authority"*).

I. Defined Terms

1. "*Maturity"* means 2018 Bonds with the same credit and payment terms. 2018 Bonds with different maturity dates are treated as separate Maturities.

2. "*Public"* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

3. A person is a *"Related Party"* to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

4. "*Sale Date"* means the first day on which there is a binding contract in writing for the sale of a Maturity of the 2018 Bonds. The Sale Date of the 2018 Bonds is February 21, 2018.

5. "*Underwriter"* means (i) any person that agrees pursuant to a written contract with the Authority (or with the Purchaser to form an underwriting syndicate) to participate in the initial sale of the 2018 Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the 2018 Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the 2018 Bonds to the Public).

II. General

1. On the Sale Date the Purchaser purchased the 2018 Bonds from the Authority by submitting electronically an "Official Bid Form" responsive to an "Official Notice of Bond Sale" and having its bid accepted by the Authority. The Purchaser has not modified the terms of the purchase since the Sale Date.

III. Price

[1. [To be used if at least 3 bids are received] Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the 2018 Bonds to the Public by the Purchaser are the prices listed in *Schedule A* (the *"Expected Offering Prices"*). The Expected Offering Prices are the prices for the Maturities of the 2018 Bonds used by the Purchaser in formulating its bid to purchase the 2018 Bonds. Attached as *Schedule B* is a true and correct copy of the bid provided by the Purchaser to purchase the 2018 Bonds.

(b) The Purchaser was not given an exclusive opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the 2018 Bonds.]

[1. [To be used if there are not at least 3 bids received] As of the date of this certificate, for each of the ___________ Maturities of the 2018 Bonds, the first price at which at least 10% of each of such Maturities of the 2018 Bonds was sold to the Public is the respective price listed in *Schedule A*.

2. With respect to each of the _____________ Maturities of the 2018 Bonds:

(a) As of the date of this certificate, the Purchaser has not sold at least 10% of the 2018 Bonds of these Maturities at any price.

(b) As of the date of this certificate, the Purchaser reasonably expects that the first sale to the Public of an amount of 2018 Bonds of each of these Maturities equal to 10% or more of each of these Maturities will be at or below the expected sale price listed on the attached *Schedule A* (the *"Expected First Sale Price"*).]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Authority with respect to certain of the representations set forth in its documents and with respect to compliance with the federal income tax rules affecting the 2018 Bonds, and by Chapman and Cutler LLP in connection with rendering its opinion that the interest on the 2018 Bonds is excluded from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038–G, and other federal income tax advice it may give to the Authority from time to time relating to the 2018 Bonds.

Dates as of the day and year first above written.

____

By: ________________________________

Name:______________________________
Its: ________________________________

SCHEDULE A

TO CERTIFICATE OF PURCHASER

Re: $__________, State of Utah, State Building Ownership Authority, Lease Revenue Bonds (State Facilities Master Lease Program), Series 2018

The 2018 Bonds are dated _________, 2018, and are due on May 15 of the years, in the amounts, bearing interest at the rates, and first sold and offered to the Public as described in the attached Certificate of Purchaser at the prices, in percentages and dollars, as follows:

YEAR	PRINCIPAL AMOUNT ($)	INTEREST RATE (%)	FIRST SALE PRICE OF AT LEAST 10% (% OF PAR)	EXPECTED OFFERING PRICE (% OF PAR)	TOTAL DOLLAR PRICE BASED ON LOWER OF FIRST SALE PRICE OR OFFER PRICE ($)
	$	%	%	%	$
Total	$				$

PRELIMINARY OFFICIAL STATEMENT

State of Utah,
State Building Ownership Authority

$18,725,000* Lease Revenue Bonds
(State Facilities Master Lease Program), Series 2018

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

On Wednesday, February 21, 2018 up to 9:30:00 A.M., M.S.T., electronic bids will be received by means of the ***PARITY®*** electronic bid submission system. See the "OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding."

The 2018 Bonds will be awarded to the successful bidder(s) and issued pursuant to a resolution of the Authority which will be presented for adoption at 4:00 P.M., M.S.T. on Wednesday, February 21, 2018.

The Secretary of the Authority has deemed this PRELIMINARY OFFICIAL STATEMENT final as of the date hereof for purposes of paragraph (b)(1) of Rule 15c2–12 of the Securities and Exchange Commission, subject to completion with certain information to be established at the time of sale of the 2018 Bonds, as permitted by the Rule.

For copies of the OFFICIAL NOTICE OF BOND SALE, the PRELIMINARY OFFICIAL STATEMENT, and other related information with respect to the 2018 Bonds, contact the Municipal Advisor:

ZIONS PUBLIC FINANCE, INC.

Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484
eric.pehrson@zionsbancorp.com

This PRELIMINARY OFFICIAL STATEMENT is dated February 9, 2018 and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

(This page has been intentionally left blank)

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 9, 2018

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

Subject to compliance by the Authority and the State with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the 2018 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2018 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. See "TAX MATTERS" herein for a more complete discussion.

State of Utah,
State Building Ownership Authority

$18,725,000* Lease Revenue Bonds (State Facilities Master Lease Program), Series 2018

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

State of Utah

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

The $18,725,000*, Lease Revenue Bonds (State Facilities Master Lease Program), Series 2018, 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 2018 Bonds.

Principal of and interest on the 2018 Bonds (interest payable May 15 and November 15 of each year, commencing November 15, 2018) are payable by Wells Fargo Bank, N.A., Corporate Trust Services, Denver, Colorado, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2018 BONDS—Book–Entry System" herein.

The 2018 Bonds are subject to optional redemption, and may be subject to mandatory sinking fund redemption at the option of the successful bidders, 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 2018 BONDS—Redemption Provisions For The 2018 Bonds" and "—Mandatory Sinking Fund Redemption At Bidder's Option" herein.

The 2018 Bonds are being issued for financing the acquisition and construction of: a parking structure for the Fourth District Provo Courthouse; liquor stores in the cities of Syracuse, Farmington, and Herriman, Utah and for related improvements; and paying the costs associated with the issuance of the 2018 Bonds. The 2018 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 2018 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 2018 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 2018 Bonds does not directly or contingently obligate the State to pay any Rentals beyond those appropriated for the State's then current fiscal year. The Authority has no taxing power.

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

See the inside front cover for the maturity schedule of the 2018 Bonds.

The 2018 Bonds will be awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on Wednesday, February 21, 2018, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated February 9, 2018).

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 February __, 2018, and the information contained herein speaks only as of that date.

---

* Preliminary; subject to change.

[1] The anticipated date of delivery is Wednesday, March 7, 2018.

$18,725,000*

Lease Revenue Bonds,
(State Facilities Master Lease Program), Series 2018

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

Due May 15*	CUSIP® 917547	Principal Amount*	Interest Rate	Yield/ Price
2020……		$ 605,000		
2021……		640,000		
2022……		665,000		
2023……		700,000		
2024……		735,000		
2025……		775,000		
2026……		815,000		
2027…....		850,000		
2028……		905,000		
2029……		920,000		
2030……		955,000		
2031……		990,000		
2032……		1,015,000		
2033……		1,050,000		
2034……		1,090,000		
2035……		1,125,000		
2036……		1,160,000		
2037……		1,200,000		
2038……		1,240,000		
2039……		1,290,000		

* Preliminary; subject to change.

1 The anticipated date of delivery is Wednesday, March 7, 2018.

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

Table Of Contents

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 2018 Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by either the State; the Authority; Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); Wells Fargo Bank, Corporate Trust Division, Denver, Colorado (as Trustee, Registrar and Paying Agent); or any other entity. All information contained herein has been obtained from the Authority, the State, The Depository Trust Company, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2018 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.

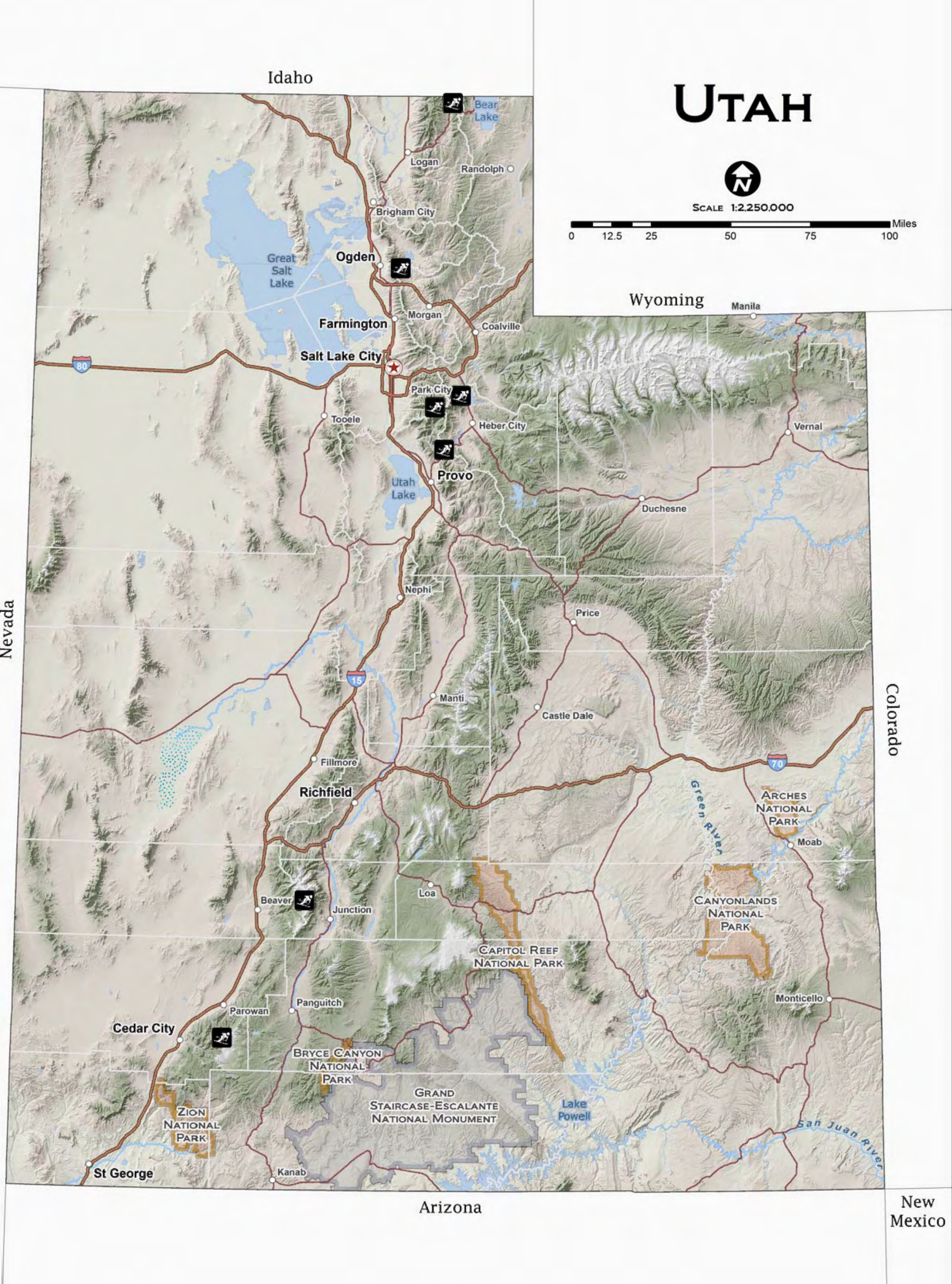
The 2018 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Any registration or qualification of the 2018 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2018 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 2018 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 2018 Bonds to dealers and others. In connection with the offering of the 2018 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2018 Bonds. Such transactions may include overallotments in connection with the purchase of 2018 Bonds, the purchase of 2018 Bonds to stabilize their market price and the purchase of 2018 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—"Fiscal Year 2018—Budget" 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 2018 Bonds because of subsequent actions including, but not limited to, a refunding in whole or in part of the 2018 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 2018 Bonds and is not a part of this OFFICIAL STATEMENT.


UTAH
SCALE 1:2,250,000
0 12.5 25 50 75 100 Miles
Idaho
Wyoming
Colorado
Nevada
Arizona
New Mexico
Bear Lake
Logan
Randolph
Brigham City
Great Salt Lake
Ogden
Morgan
Coalville
Manila
Farmington
Salt Lake City
80
Park City
Tooele
Heber City
Vernal
Provo
Utah Lake
Duchesne
Nephi
Price
15
Manti
Castle Dale
Fillmore
70
Richfield
Green River
Arches National Park
Moab
Beaver
Junction
Loa
Canyonlands National Park
Capitol Reef National Park
Parowan
Panguitch
Monticello
Cedar City
Bryce Canyon National Park
Grand Staircase-Escalante National Monument
Lake Powell
Zion National Park
San Juan River
St George
Kanab

(This page has been intentionally left blank)

OFFICIAL STATEMENT RELATED TO

State of Utah, State Building Ownership Authority

$18,725,000* Lease Revenue Bonds
(State Facilities Master Lease Program), Series 2018

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

State of Utah

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

INTRODUCTION

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information about the issuance and sale by the State of Utah, State Building Ownership Authority (the "Authority"), a body politic and corporate of the State of Utah (the "State"), of its $18,725,000*, Lease Revenue Bonds (State Facilities Master Lease Program), Series 2018 (the "2018 Bonds" or the "2018 Bond").

This introduction is only a brief description of the 2018 Bonds and the security and source of payment for the 2018 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 2018 Bonds to potential investors is made only by means of the entire OFFICIAL STATEMENT.

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

Public Sale/Electronic Bid

The 2018 Bonds will be awarded pursuant to competitive bidding received by means of the ***PARITY*®** electronic bid submission system on Wednesday, February 21, 2018 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated February 9, 2018).

See the "OFFICIAL NOTICE OF BOND SALE" herein.

---

* Preliminary; subject to change.

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 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 2017 population estimate by the U.S. Census Bureau was 3,101,833 people (ranked as the 31st 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 http://www.utah.gov (the State Treasurer's web site is at http://www.treasurer.utah.gov). In addition the Treasurer's office has provided additional information for investors at http://treasurer.utah.gov/investor-information/. The State's Division of Facilities Construction and Management ("DFCM") maintains a Web site at http://www.dfcm.utah.gov.

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

The Authority

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

Authorization For And Purpose Of The 2018 Bonds; Prior Parity Bonds

The 2018 Bonds are being issued pursuant to: (i) the Building Ownership Act and other applicable State laws (collectively, the "Act"); (ii) resolutions adopted by the Authority on November 21, 2017 (the "Parameters Resolution") and on [February 21, 2018] (the "Final Bond Resolution" and, together with the Parameters Resolution, the "Resolutions") which provide for the authorization, issuance, sale and delivery of the 2018 Bonds; and (iii) an Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement, dated as of September 1, 1994, as heretofore amended and supplemented (collectively, the "Indenture"), between the Authority and Wells Fargo Bank, N.A., Corporate Trust Services, Denver, Colorado ("Wells Fargo Bank"), as trustee (the "Trustee") and as further supplemented by the Twenty–Third Supplemental Indenture of Trust dated as of March 1, 2018, by and between the Authority and the Trustee.

The 2018 Bonds are being issued for financing the acquisition and construction of: a parking structure for the Fourth District Provo Courthouse; liquor stores in the cities of Syracuse, Farmington, and Herriman, Utah and for related improvements; and paying the costs associated with the issuance of the 2018 Bonds. See "THE 2018 BONDS—Estimated Sources And Uses Of Funds" and "THE FACILITIES" below.

The Authority has previously issued 29 series of Bonds (defined below) under the Indenture, 12 of which are currently outstanding (collectively, the "Prior Parity Bonds"), to finance and refinance the cost of various projects, which projects include a variety of real and personal property (collectively, the "Facilities" or "Leased Property") pursuant to the Act. The 2018 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 Wednesday, March 7, 2018 (the anticipated delivery date of the 2018 Bonds), the outstanding aggregate principal amount of the Prior Parity Bonds is $318,510,000 (exclusive of the 2018 Bonds).

The 2018 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 2018 Bonds, the Prior Parity Bonds, and any Additional Bonds issued pursuant to the Indenture are sometimes collectively referred to herein as the "Bonds."* See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds; Refunding Bonds" below and "APPENDIX D—BASIC DOCUMENTATION–THE INDENTURE–Additional Bonds."

The Authority has leased all Facilities to the State, acting through DFCM, a division of the State's Department of Administrative Services, pursuant to a State Facilities Master Lease Agreement, dated as of September 1, 1994, as amended and supplemented and as further supplemented by the Twenty–Third State Facilities Master Lease Agreement dated as of March 1, 2018 (collectively, the "Lease").

Security For The 2018 Bonds; Cross Collateralization

The 2018 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 2018 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 2018 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 2018 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 2018 Bonds does not directly or contingently obligate the State to pay any Rentals beyond those appropriated for the State's then current fiscal year. The Authority has no taxing power. See "RISK FACTORS" and "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" below.

Pursuant to the Indenture, the Authority has mortgaged, pledged and assigned to the Trustee, among other things, it's right, title and interest in and to all Facilities (except any Excepted Property) and its right to receive the Base Rentals as lessor under the Lease, as security for the payment of the principal of, premium, if any, and interest on the 2018 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 2018 Bonds are subject to optional redemption, and may be subject to mandatory sinking fund redemption at the option of the successful bidders, 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 2018 BONDS—Redemption Provisions For The 2018 Bonds" below.

Tax Matters Regarding The 2018 Bonds

Subject to compliance by the Authority and the State with certain covenants, in the opinion of Chapman and Cutler LLP, Bond Counsel, under present law, interest on the 2018 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but such interest is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. In the opinion of Bond Counsel, under the existing laws of the State of Utah, as presently enacted and construed, interest on the 2018 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act.

See "TAX MATTERS" below for a more complete discussion.

Professional Services

As of the date of this OFFICIAL STATEMENT, the following have served the State in the capacity indicated in connection with the issuance of the 2018 Bonds:

Independent Auditors
Office of the State Auditor
Utah State Capitol Complex
East Office Bldg Ste E310
Salt Lake City UT 84114–2310
801.538.1025 | f 801.538.1383
jdougall@utah.gov

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

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

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

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

Conditions On Delivery, Anticipated Date, Manner, And Place Of Delivery For The 2018 Bonds

The 2018 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 Chapman and Cutler LLP, 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 Gilmore & Bell P.C. It is expected that the 2018 Bonds, in book–entry form, will be available for delivery in Salt Lake City, Utah, for deposit with DTC or its agent on Wednesday, March 7, 2018.

Risks Inherent In The Ownership Of The 2018 Bonds

The purchase of the 2018 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 2018 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 Owners of the 2018 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 2018 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 2018 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 2018 Bonds. Descriptions of the Indenture, the Lease and the 2018 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 2018 Bonds, the Indenture, the Lease and other documentation, authorizing the issuance of the 2018 Bonds and establishing the rights and responsibilities of the Authority, the State and other parties to the transaction, may be obtained from the "contact persons" as indicated below.

Contact Persons

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

Jon Bronson, Senior Vice President, Director of Public Finance, jon.bronson@zionsbancorp.com
Johnathan Ward, Vice President, johnathan.ward@zionsbancorp.com
Eric John Pehrson, Senior Vice President, eric.pehrson@zionsbancorp.com
Zions Public Finance Inc
Zions Bank Building
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 2018 Bonds is:

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

As of the date of this OFFICIAL STATEMENT, the chief contact persons for DFCM concerning the 2018 Bonds is:

Lee Fairbourn, Real Estate and Debt Manager, lfairbourn@utah.gov
Thomas Shaw, Commercial Real Estate Specialist, tashaw@utah.gov
Division of Facilities Construction and Management
450 N State Office 4110
Salt Lake City UT 84114
801.538.3799 | f 801.538.3267

RISK FACTORS

The purchase of the 2018 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 2018 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 2018 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, 2018. 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, 2018. Unless sooner terminated, this annual renewal option will continue through June 30, 2038 with a final renewal term commencing July 1, 2038, and ending May 16, 2039 (each renewal term, and all existing renewals are referred to herein as the "Renewal Terms").

There is no assurance that the State, in its sole discretion, will exercise its option to extend the term of the Lease for any future Renewal Term. Accordingly, the likelihood that the State will extend the term of the Lease for any Renewal Term and that there will be sufficient funds to pay the principal of, premium, if any, and interest on the 2018 Bonds as the same become due depends upon many factors, including, but not limited to:

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

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

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

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

General Economic Conditions

The State relies on tax revenues and fees as the primary source of funds to operate state government and to pay its obligations. Regional and national economic conditions, such as weather–related economic effects, business cycles, unemployment, and consumer confidence, are outside of the control of the Authority and the State, and can have material adverse effects on the State's revenues, and its ability to pay Base Rentals on the Facilities. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—State Revenues And Collections" and "—Discussion And Analysis Of Financial Statements For Fiscal Year 2017" below.

No Reserve Fund For The 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 Bonds on a timely basis.

Delays In Exercising Remedies; Limitations On Enforceability

The enforceability of the Lease and the Indenture is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State, the exercise of judicial authority by State or federal courts and the exercise by the United States of America of the powers delegated to it by the federal constitution. Because of the unique uses to which the Facilities may be suited and the delays inherent in obtaining foreclosure upon real property and judicial remedies, no assurance can be given that these remedies could be accomplished rapidly. Any delays in or failure on the part of the Trustee to obtain possession of or to foreclose the lien on the Facilities, if necessary, will likely result in delays in any payment of principal of or interest on the 2018 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 2018 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 2018 Bonds and the Prior Parity Bonds, together with certain investment earnings thereon and other sources of construction funds described in "THE FACILITIES—The Facilities Financed With The Bonds" below, will be sufficient to complete the acquisition, construction and equipping of the Facilities which are yet to be completed. In the event such proceeds are insufficient, the Authority is authorized, pursuant to the Lease, to complete the acquisition, construction and equipping of those certain Facilities from legally available funds, but only in connection with the issuance of Additional Bonds issued pursuant to the Indenture or from moneys otherwise legally available for that purpose. The Indenture provides that Additional Bonds may be issued for completing the Facilities or making additions or improvements to the Facilities or acquiring or constructing Additional Facilities, subject to satisfaction of certain conditions provided in the Indenture. There can be no assurance that such Additional Bonds will be permitted under applicable law or that the Legislature will agree to the issuance of Additional Bonds at that time. If issued, Additional Bonds will be secured under the Indenture on a parity with the Bonds previously issued, including the 2018 Bonds and the Prior Parity Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE Bonds—Additional Bonds; Refunding Bonds" below and "APPENDIX D—BASIC DOCUMENTATION–THE INDENTURE–Additional Bonds."

Destruction Of The Facilities

The Lease requires the Facilities to be insured by policies of insurance (including casualty and property damage insurance) as described in "APPENDIX D—BASIC DOCUMENTATION–THE LEASE–Insurance Provisions." In the event of damage to or destruction of all or any part of the Facilities, the State is nevertheless required to continue to make payments under the Lease during the period for which the Legislature has appropriated moneys to do so. In such event, the State will decide whether the proceeds from available insurance (and any other legally available source) are sufficient to repair and rebuild such Facilities or whether to apply the available proceeds to redemption or payment of the applicable Series of Bonds. If the net proceeds from insurance or certain other sources are insufficient to repair or replace such Facilities, the State may terminate its obligations under the Lease with respect to such Facilities and cause such proceeds to be distributed for the redemption of the applicable Series of Bonds in whole or in part as provided in the Indenture. See "THE 2018 BONDS—Redemption Provisions For The 2018 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 2018 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 2018 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 2018 Bonds to comply with certain covenants relating to the Indenture, the Lease and the 2018 Bonds, on a continuing basis, so long as any of the 2018 Bonds are outstanding under the Indenture and thereafter as required by such document provisions and applicable law, could result in interest on the 2018 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 2018 Bonds do not provide for payment of any additional interest or penalty or redemption if interest on the 2018 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, 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 2018 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 2018 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 2017 Legislative General Session the Legislature appropriated funds sufficient to pay Base Rentals and Additional Rentals due under the Lease during Fiscal Year 2018 (which commenced on July 1, 2017 and will end on June 30, 2018), which has extended the term of the Lease.

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 2018 through 2038, and a final Renewal Term commencing July 1, 2038, and ending May 16, 2039, unless terminated earlier or extended by the issuance of Additional Bonds. For circumstances under which the Lease may be terminated, see "APPENDIX D—BASIC DOCUMENTATION–THE LEASE–Term Of The Lease."

The Authority, as lessor under the Lease and pursuant to the Indenture, will assign to the Trustee its rights to receive Base Rentals under the Lease for the benefit of the Owners of the 2018 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, 2018, 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 2018 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 2018 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 2018 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 2018 Bonds.

The State has covenanted in the Lease to cause to be included in its annual tentative budget submitted to the Governor of the State (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 2018 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 2018 Bonds; provided, however, that nothing in the Lease shall be construed as requiring the Governor to make such a request or the Legislature to appropriate such amounts.

In the event that the Legislature does not budget and appropriate sufficient funds prior to June 1 next preceding the beginning of any Renewal Term for the payment of (i) the Base Rentals becoming due during such Renewal Term, and (ii) reasonably estimated Additional Rentals payable during such Renewal Term with respect to the Lease, then an Event of Nonappropriation shall be deemed to have occurred pursuant to the Lease, and the State shall not be obligated to make payment of the Base Rentals or Additional

Rentals provided for in the Lease beyond the last day of the Renewal Term during which such Event of Nonappropriation occurs, except for the State's obligation to pay Rentals that are payable prior to the termination of the Lease; provided, however, that the State shall continue to be liable for the amounts payable pursuant to the Lease during such time when the State continues to use, occupy and operate the Leased Property. Once the State has elected to continue a Lease for a new Renewal Term by the Legislature budgeting and appropriating sufficient moneys to pay Base Rentals and Additional Rentals as provided in the Lease, the State shall, as of the first day of such Renewal Term, be obligated to pay such Base Rentals and Additional Rentals during such Renewal Term. *Pursuant to the provisions of the Building Ownership Act, the Indenture, and the Lease, if the State fails to pay any Rentals due to the Authority under the terms of the Lease, the State shall immediately surrender and vacate the Facilities.* The Trustee shall, upon the occurrence of an Event of Nonappropriation, have all rights and remedies to take possession of the Facilities, as trustee for the benefit of the Owners of the Bonds, as provided in the Lease and the Indenture and shall be further entitled to all moneys then on hand and being held in all funds created under the Indenture (except the Rebate Fund), less any moneys then due and owing to the Trustee for services performed as trustee thereunder. However, due to the nature of the Facilities, it is unlikely that revenues from such remedies and sources would be sufficient to pay in full all then outstanding Bonds if payment were then due by acceleration or otherwise. Should such a shortfall occur, the then outstanding Bonds would be paid on a pro rata basis as provided in the Indenture. See "RISK FACTORS" above.

Insurance On The Facilities

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

No Reserve Fund For The 2018 Bonds.

The Authority will not create or fund a debt service reserve fund for the 2018 Bonds.

Additional Bonds; Refunding Bonds

Additional Bonds may be issued pursuant to the Indenture on a parity with the 2018 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 2018 Bonds and all Additional Bonds that may be issued under the Indenture.

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

NO DEFAULTED AUTHORITY BONDS OR FAILURES BY STATE TO RENEW LEASE

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

THE 2018 BONDS

General

The 2018 Bonds will be dated the date of delivery[1] thereof (the "Dated Date") and will mature on May 15 in the years and in the amounts as set forth on the inside cover page of this OFFICIAL STATEMENT.

Interest on the 2018 Bonds is payable semiannually on each May 15 and November 15 and will be computed based on a 360–day year of 12, 30–day months. Wells Fargo Bank, is the initial Registrar (the "Registrar"), Paying Agent (the "Paying Agent") and Trustee with respect to the 2018 Bonds.

The 2018 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 2018 Bonds are being issued within the statutory debt limits imposed on the Authority. See "STATE BUILDING OWNERSHIP AUTHORITY—Legal Borrowing Debt Capacity" below.

Registration, Denominations, Manner Of Payment

The 2018 Bonds are issuable only as fully–registered bonds and, when 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 securities depository of the 2018 Bonds. Purchases of 2018 Bonds will be made in book–entry form, in the principal amount of $5,000 or any whole multiple thereof not exceeding the amount of each maturity, through brokers and dealers who are, or who act through, Direct Participants. Beneficial Owners of the 2018 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 2018 Bonds. "Direct Participants," "Indirect Participants" and "Beneficial Owners" are defined in "APPENDIX G—BOOK–ENTRY SYSTEM."

---

[1] The anticipated date of delivery is Wednesday, March 7, 2018.

Principal of and interest on the 2018 Bonds (interest payable May 15 and November 15 of each year, commencing November 15, 2018) are payable by the Paying Agent to the Owners of the 2018 Bonds. So long as Cede & Co. is the sole registered owner, as nominee of DTC, it is required in turn to remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2018 Bonds, as described under "APPENDIX G—BOOK–ENTRY SYSTEM."

So long as DTC or its nominee is the sole registered owner of the 2018 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 payments to or provision of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2018 Bonds. Under these same circumstances, references herein and in the Indenture to the "Bondowners" or "Registered Owners" of the 2018 Bonds shall mean Cede & Co. as nominee for DTC and shall not mean the Beneficial Owners of the 2018 Bonds.

Regular Record Date; Transfer Or Exchange Of The 2018 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 2018 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 2018 Bonds selected for redemption and ending at the close of business on the day of such mailing, and (iii) for any 2018 Bond so selected for redemption, in whole or in part, except the unredeemed portion of such 2018 Bond being redeemed in part.

Estimated Sources And Uses Of Funds

The proceeds from the sale of the 2018 Bonds are estimated to be applied as set forth below:

Sources of Funds:	
Par amount of the 2018 Bonds	$
Original issue premium on the 2018 Bonds	
Total	$
Uses of Funds:	
Deposit to 2018 Construction Account (Parking)	$
Deposit to 2018 Construction Account (DABC)	
Deposit to 2018 Capitalized Interest Account (Parking) (through November 15, 2018)	
Deposit to 2018 Capitalized Interest Account (DABC) (through May 15, 2019 and November 15, 2019)	
Underwriter(s)' discount on the 2018 Bonds	
Costs of issuance (1)	
Original issue discount on the 2018 Bonds	
Total	$

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

(Source: Municipal Advisor.)

Redemption Provisions For The 2018 Bonds

2018 Bonds Optional Redemption. The 2018 Bonds maturing on or before May 15, 2027, are not subject to redemption prior to maturity, except as otherwise described under this caption "Redemption Provisions For The 2018 Bonds." The 2018 Bonds maturing on or after May 15, 2028, are subject to redemption (i) in whole on any business day on or after November 15, 2027, 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 November 15, 2027, or on any date thereafter from such maturities or portions thereof designated by the Lessee in the event that the Lessee prepays additional Base Rentals pursuant to the Master Lease or purchases a portion of the Leased Property representing separate Facilities pursuant to the Master Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2018 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 2018 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 2018 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 2018 Bonds are called for extraordinary optional redemption, the 2018 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 2018 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 2018 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 2018 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 2018 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 2018 Bond, shall not affect the validity of any proceedings for the redemption of any other 2018 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 2018 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 2018 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 2018 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 2018 Bonds called for redemption, which moneys are or will be available for redemption of 2018 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 2018 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 2018 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 2018 Bonds to be redeemed, upon presentation and surrender of such 2018 Bonds.

Partial Redemption of 2018 Bonds. In the case of a partial redemption of 2018 Bonds when 2018 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 2018 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 2018 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 2018 Bond shall forthwith surrender such 2018 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 2018 Bond or 2018 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 2018 Bond to be so redeemed. If the Owner of any such 2018 Bond of a denomination greater than $5,000 shall fail to present such 2018 Bond to the Trustee for redemption and exchange as aforesaid, the principal amount of such 2018 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 2018 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 2018 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 2018 Bonds be thereafter issued corresponding to said unit or units. 2018 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 2018 Bonds of less than all of a particular maturity of 2018 Bonds, the particular 2018 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.

Mandatory Sinking Fund Redemption At Bidder's Option

The 2018 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See "OFFICIAL NOTICE OF BOND SALE—Term Bonds and Mandatory Sinking Fund Redemption at Bidder's Option."

Book–Entry System

DTC will act as securities depository for the 2018 Bonds. The 2018 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 2018 Bond certificate will be issued for each maturity of the 2018 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 2018 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. 2018 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 2018 Bonds based on Base Rental payments dates.

Due Date (**Base Rental Payment**)	The 2018 Bonds Principal*	The 2018 Bonds Interest	Period Total	Fiscal Total
November 1, 2018	$ 0.00	$	$	
May 1, 2019	0.00			
November 1, 2019	0.00			
May 1, 2020	605,000.00			
November 1, 2020	0.00			
May 1, 2021	640,000.00			
November 1, 2021	0.00			
May 1, 2022	665,000.00			
November 1, 2022	0.00			
May 1, 2023	700,000.00			
November 1, 2023	0.00			
May 1, 2024	735,000.00			
November 1, 2024	0.00			
May 1, 2025	775,000.00			
November 1, 2025	0.00			
May 1, 2026	815,000.00			
November 1, 2026	0.00			
May 1, 2027	850,000.00			
November 1, 2027	0.00			
May 1, 2028	905,000.00			
November 1, 2028	0.00			
May 1, 2029	920,000.00			
November 1, 2029	0.00			
May 1, 2030	955,000.00			
November 1, 2030	0.00			
May 1, 2031	990,000.00			
November 1, 2031	0.00			
May 1, 2032	1,015,000.00			

* Preliminary; subject to change.

Debt Service On The 2018 Bonds–continued

Due Date (**Base Rental Payment**)	The 2018 Bonds Principal*	Interest	Period Total	Fiscal Total
November 1, 2032	0.00			
May 1, 2033......................	1,050,000.00			
November 1, 2033	0.00			
May 1, 2034......................	1,090,000.00			
November 1, 2034	0.00			
May 1, 2035......................	1,125,000.00			
November 1, 2035	0.00			
May 1, 2036......................	1,160,000.00			
November 1, 2036	0.00			
May 1, 2037......................	1,200,000.00			
November 1, 2037	0.00			
May 1, 2038......................	1,240,000.00			
November 1, 2038	0.00			
May 1, 2039......................	1,290,000.00			
Totals.........................	$18,725,000.00	$	$	

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

(Source: Municipal Advisor.)

CONTINUING DISCLOSURE UNDERTAKING

The State will enter into a continuing disclosure undertaking (the "Disclosure Undertaking") for the benefit of the Beneficial Owners of the 2018 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 2018 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 comprehensive annual financial report (the "CAFR") (Fiscal Year Ending June 30) and other operating and financial information on or before January 15 (on or before 199 days from the end of the Fiscal Year) of each year. The State will submit the Fiscal Year 2018 CAFR and other operating and financial information for the 2018 Bonds on or before January 15, 2019, 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 or the Lease, and Beneficial Owners of the 2018 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 2018 Bonds in the secondary market. Any such failure may adversely affect the marketability of the 2018 Bonds.

* Preliminary; subject to change.

State's Failure To Provide Material Event Notice And Operating Information

Failure to File Material Event Notice–Bond Call. In 2012 the State refunded its outstanding General Obligation Bonds, Series 2004B, dated July 1, 2004, CUSIP®917542 (the "2004B GO Bonds") and the related escrow agreement (the "2012 Escrow Agreement") was filed on EMMA. The 2012 Escrow Agreement indicated that the 2004B GO Bonds would be redeemed on July 1, 2014, however, the actual notice of redemption was not filed on EMMA. The 2004B GO Bonds were called and retired on July 1, 2014 (the State did not file a material event notice on EMMA because the 2004B GO Bonds are retired).

Failure to Provide Operating Information.

(i) The State failed to provide certain operating information related to the State's Recapitalization Revenue Bonds, Series 2010A, Series 2010B and Series 2010C, CUSIP® 917535, dated February 23, 2010, for the filing periods on or before January 15, 2011 through January 15, 2017. The State submitted the required information to EMMA on June 12, 2017.

(ii) The State failed to provide certain tables of appropriation revenues and capital expenditures authorizations related to the State's general obligation bond (CUSIP® 917542, Series 2013, dated July 30, 2013) for the filing periods due on or before January 15, 2014 through January 15, 2017. Also, the State failed to provide certain tables of appropriation revenues, budget revenue collections and capital expenditures authorizations related to the State's general obligation bond (CUSIP® 917542, Series 2015, dated April 29, 2015) and the Authority's lease revenue bonds (CUSIP® 917547, Series 2016, dated April 5, 2016 and Series 2015, dated April 29, 2015) for the filing periods due on or before January 15, 2016 and January 15, 2017. The State and the Authority submitted the required information to EMMA on June 9, 2017.

(iii) Additionally, the State also failed to provide a table on capital expenditures authorizations related to: (a) all bond issues of the currently outstanding general obligation bonds of the State and (b) all bond issues of the currently outstanding lease revenue bonds of the Authority (excluding those bond issues identified in paragraph (ii) above) for the filing periods due on or before January 15, 1999 through January 15, 2017. The State and the Authority submitted the required information to EMMA on June 9, 2017.

The State has reviewed its continuing disclosure practices and has implemented new guidelines for future continuing disclosure filings.

STATE BUILDING OWNERSHIP AUTHORITY

Establishment And Statutory Powers

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

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

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

State Building Board

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

Division Of Facilities Construction And Management

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

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

The State's Limited Lease Rental Obligation

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

Debt Issuance

Current Lease Revenue Obligation Bonds Outstanding. The 2018 Bonds will be the 30th 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 2018 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 2018 Bonds are State Lease Revenue Bonds.

As of March 7, 2018, the Authority will have the following State Lease Revenue Bonds outstanding under the State Facilities Master Lease Program:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2018 (a)............	DABC/parking	$ 18,725,000*	May 15, 2039*	$ 18,725,000*
2017 (2)............	Refunding/crossover	25,910,000	May 15, 2024	25,910,000
2016	Justice/DABC	98,150,000	May 15, 2038	98,150,000
2015	Refunding	30,015,000	May 15, 2030	28,860,000
2012B (3)	Refunding/acquisition	11,700,000	May 15, 2022	4,175,000
2012A...............	Refunding	15,610,000	May 15, 2027	14,620,000
2011	Various purposes	5,250,000	May 15, 2031	3,175,000
2010	Refunding	36,735,000	May 15, 2024	22,405,000
2009E (4) (5).....	Huntsman Hospital (BABs)	89,470,000	May 15, 2030	89,470,000
2009C (4)	DABC Warehouse (BABs)	16,715,000	May 15, 2029	16,715,000
2009B...............	DABC Warehouse	8,445,000	May 15, 2019	2,425,000
2009A (6)..........	DABC Facilities	25,505,000	May 15, 2019 (9)	2,200,000
1998C (7) (8).....	Refunding	105,100,000	May 15, 2019	10,405,000
Total principal amount of outstanding State Lease Revenue Bonds (10)................................				$337,235,000*

(a) For purposes of this OFFICIAL STATEMENT the 2018 Bonds will be considered issued and outstanding.

(1) All bonds rated "Aa1" by Moody's Investor's Service ("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.

(2) Issued as a direct purchase. Rated "Aa1" by Moody's (no rating requested from S&P or Fitch).

(3) The 2012B Lease Revenue Bonds are issued as federally taxable bonds.

(4) Issued as federally taxable, originally 35% issuer subsidy, "Build America Bonds" or "BABs".

(5) Portions of this bond will be refunded from moneys received from a 2017 Lease Revenue Escrow Account (created from bond proceeds from the 2017 Lease Revenue Bonds) on the Crossover Date of May 15, 2019.

(6) Portions of this bond issue have been refunded by the 2015 Lease Revenue Bonds.

(7) These bonds are insured by Assured Guaranty Municipal Corp.

(8) Portions of this bond issue (principal amounts maturing in 2018 and 2019 in the total amount of $7,440,000) have been legally defeased by separate irrevocable escrow accounts, which accounts were funded from available cash on hand.

(9) Final maturity date after the refunding effected by the 2015 Lease Revenue Bonds.

(10) For accounting purposes, the total unamortized bond premium is $12,613,686* (as of March 7, 2018 and including the 2018 Bonds), which together with current debt outstanding of $337,235,000*, results in total outstanding net direct debt of $349,848,686*.

* Preliminary; subject to change.

(Source: Municipal Advisor.)

Authorized State Lease Revenue Bonds And Future Lease Revenue Bonds Issuance

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.

After the issuance of the 2018 Bonds, the Authority has no remaining authorized or unissued lease revenue bonds. 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 2018, but may issue additional bonds at any time in the future.

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. As of March 7, 2018, (the anticipated delivery date of the 2018 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)	$335,540,187,517
Fees in lieu of ad valorem taxable property (2)	12,176,096,150
Total fair market value of taxable property (1)	$347,716,283,667
Statutory Lease Revenue Debt Limit (1.5%)	$5,215,744,255
Currently outstanding general obligation debt (net) (3)	(2,506,193,270)
Authority's outstanding lease revenue bonds (net) (4)	(349,848,686)*
Long–term contract liabilities (5)	(92,010,084)
Statutorily exempt State general obligation highway debt (net) (4)	2,285,495,799
Estimated Statutory Lease Revenue Debt Limit capacity of the Authority	$4,553,188,014

(1) Based on Calendar Year 2016 (Fiscal Year 2017) 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 2016 (Fiscal Year 2017) "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); and the Statutory 2017 General Obligation Highway Limitation Debt Limit (as defined herein).

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

(5) In the opinion of the State Auditor, the State has other long–term contract liabilities of unused vacation leave for employees of $92,010,084 which financial obligations may be considered as general obligation debt of the State. Although no final legal determination has been made, for purposes of this OFFICIAL STATEMENT, this amount will be applied against the Authority's Statutory Lease Revenue Debt Limit.

* Preliminary; subject to change.

(Source: Municipal Advisor.)

Statutory Legal Debt Limit Estimate Using Calendar Year 2017 (Fiscal Year 2018) Estimated Taxable Valuation. Based on estimated ad valorem property tax reports from the State Tax Commission, the Calendar Year 2017 (Fiscal Year 2018) estimated fair market value of ad valorem taxable property and valuation for fees in lieu property is approximately $375.7 billion, leaving the Authority (after the issuance of the 2018 Bonds) to legally issue an additional approximately $4.97 billion of lease revenue bonds. (Source: Municipal Advisor.)

Debt Service Schedule of Outstanding Lease Revenue Bonds (State Building Ownership Authority) By Fiscal Year (1)

Fiscal Year Ending June 30	Series 2018 (a) $18,725,000 Principal	Interest	Series 2017 $25,910,000 Principal	Interest	2017 Escrow Account (x)	Series 2016 $98,150,000 Principal	Interest	Series 2015 $30,015,000 Principal	Interest	Series 2012B $11,700,000 Principal	Interest	Series 2012A $15,610,000 Principal	Interest	Series 2011 $5,250,000 Principal	Interest
2017..........	$ 0	$ 0	$ 0	$ 0	–	$ 0	$ 3,815,174	$ 350,000	$ 1,363,800	$2,380,000	$ 124,200	$ 990,000	$ 516,975	$ 385,000	$ 105,706
2018..........	0	0	0	493,010	$ (493,010)	150,000	3,433,656	1,095,000	1,353,300	1,305,000	76,600	1,005,000	502,125	395,000	97,044
2019..........	0	859,974	0	1,295,500	(1,295,500)	3,300,000	3,429,156	705,000	1,309,500	985,000	50,500	1,445,000	487,050	405,000	87,169
2020..........	605,000	723,342	4,805,000	1,295,500	–	3,475,000	3,264,156	1,910,000	1,281,300	1,005,000	35,725	1,490,000	443,700	415,000	75,019
2021..........	640,000	693,094	5,120,000	1,055,250	–	3,625,000	3,090,406	2,020,000	1,185,800	665,000	18,138	1,555,000	384,100	430,000	64,644
2022..........	665,000	661,094	5,460,000	799,250	–	3,800,000	2,909,156	2,115,000	1,084,800	215,000	4,838	1,630,000	306,350	440,000	52,819
2023..........	700,000	627,844	5,085,000	526,250	–	4,025,000	2,719,156	2,220,000	979,050	–	–	1,710,000	224,850	455,000	39,619
2024..........	735,000	592,844	5,440,000	272,000	–	4,200,000	2,517,906	2,875,000	868,050	–	–	1,230,000	173,550	70,000 (3)	25,400
2025..........	775,000	556,094	–	–	–	4,400,000	2,307,906	3,005,000	724,300	–	–	2,850,000	136,650	70,000 (3)	22,600
2026..........	815,000	517,344	–	–	–	4,650,000	2,087,906	3,150,000	574,050	–	–	1,135,000	51,150	75,000 (3)	19,800
2027..........	850,000	476,594	–	–	–	4,750,000	1,983,281	3,325,000	416,550	–	–	570,000	17,100	80,000 (3)	16,800
2028..........	905,000	434,094	–	–	–	4,850,000	1,864,531	2,855,000	250,300	–	–	–	–	80,000 (3)	13,600
2029..........	920,000	404,681	–	–	–	5,000,000	1,731,156	1,775,000	107,550	–	–	–	–	85,000 (3)	10,400
2030..........	955,000	374,781	–	–	–	5,150,000	1,581,156	1,810,000	54,300	–	–	–	–	85,000 (3)	7,000
2031..........	990,000	343,744	–	–	–	5,300,000	1,426,656	–	–	–	–	–	–	90,000 (3)	3,600
2032..........	1,015,000	311,569	–	–	–	5,450,000	1,267,656	–	–	–	–	–	–	–	–
2033..........	1,050,000	278,581	–	–	–	5,625,000	1,104,156	–	–	–	–	–	–	–	–
2034..........	1,090,000	244,456	–	–	–	5,775,000	935,406	–	–	–	–	–	–	–	–
2035..........	1,125,000	207,669	–	–	–	5,950,000	762,156	–	–	–	–	–	–	–	–
2036..........	1,160,000	169,700	–	–	–	6,150,000	583,656	–	–	–	–	–	–	–	–
2037..........	1,200,000	130,550	–	–	–	6,325,000	399,156	–	–	–	–	–	–	–	–
2038..........	1,240,000	88,550	–	–		6,200,000	201,500	–	–	–	–	–	–	–	–
2039..........	1,290,000	45,150	–	–		–	–	–	–	–	–	–	–	–	–
Totals.........	$ 18,725,000	$ 8,741,748	$ 25,910,000	$ 5,736,760	$ (1,788,510)	$98,150,000	$ 43,415,049	$ 29,210,000	$ 11,552,650	$6,555,000	$ 310,000	$15,610,000	$3,243,600	$3,560,000	$ 641,219

Fiscal Year Ending June 30	Series 2010 $36,735,000 Principal	Interest	Series 2009E $89,470,000 Principal	Interest (2)	Series 2009D (5) $12,125,000 Principal	Interest	Series 2009C $16,715,000 Principal	Interest (2)	Series 2009B $8,445,000 Principal	Interest	Series 2009A $25,505,000 Principal	Interest	Series 2007A (5) $15,380,000 Principal	Interest	Series 1998C $105,100,000 Principal (9)	Interest
2017..........	$ 3,175,000	$ 1,279,000	$ 0	$ 4,992,885	$ 3,795,000	$ 189,750	$ 0	$ 929,780	$ 1,125,000	$ 177,500	$1,025,000	$ 161,250	$ 695,000	$ 31,275	$ 9,130,000 (10)	$1,074,425
2018..........	3,330,000	1,120,250	4,010,000	4,992,885	–	–	0	929,780	1,185,000	121,250	1,075,000	110,000	0	0 (8)	8,295,000 (10)	572,275
2019..........	3,510,000	953,750	0	4,807,463	–	–	0	929,780	1,240,000	62,000	1,125,000	56,250	0	0 (8)	2,110,000 (10)	116,050
2020..........	2,995,000	778,250	5,295,000 (y)	4,807,463	–	–	1,305,000 (6)	929,780	–	–	0	0 (8)	0	0 (8)	–	–
2021..........	3,145,000	628,500	5,555,000 (y)	4,539,853	–	–	1,370,000 (6)	860,693	–	–	0	0 (8)	0	0 (8)	–	–
2022..........	3,275,000	471,250	5,830,000 (y)	4,248,549	–	–	1,445,000 (6)	788,165	–	–	0	0 (8)	0	0 (8)	–	–
2023..........	3,445,000	307,500	5,395,000 (y)	3,936,994	–	–	1,520,000 (6)	711,667	–	–	0	0 (8)	0	0 (8)	–	–
2024..........	2,705,000	135,250	5,695,000 (y)	3,643,290	–	–	1,605,000 (6)	631,198	–	–	0	0 (8)	0	0 (8)	–	–
2025..........	–	–	6,015,000 (4)	3,327,559	–	–	1,685,000 (7)	546,230	–	–	0	0 (8)	0	0 (8)	–	–
2026..........	–	–	8,635,000 (4)	2,980,614	–	–	1,785,000 (7)	449,039	–	–	0	0 (8)	0	0 (8)	–	–
2027..........	–	–	9,145,000 (4)	2,482,547	–	–	1,890,000 (7)	346,080	–	–	0	0 (8)	0	0 (8)	–	–
2028..........	–	–	10,665,000 (4)	1,955,064	–	–	1,995,000 (7)	237,065	–	–	0	0 (8)	0	0 (8)	–	–
2029..........	–	–	11,285,000 (4)	1,339,906	–	–	2,115,000 (7)	121,993	–	–	0	0 (8)	–	–	–	–
2030..........	–	–	11,945,000 (4)	688,988	–	–	–	–	–	–	0	0 (8)	–	–	–	–
2031..........	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2032..........	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2033..........	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2034..........	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2035..........	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2036..........	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2037..........	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2038..........	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2039..........	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Totals.........	$ 25,580,000	$ 5,673,750	$ 89,470,000	$ 48,744,059	$ 3,795,000	$ 189,750	$ 16,715,000	$ 8,411,250	$ 3,550,000	$ 360,750	$3,225,000	$ 327,500	$ 695,000	$ 31,275	$ 19,535,000	$1,762,750

(a) Preliminary; subject to change. These bonds anticipated to be sold on February 21, 2018.
(1) 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.
(2) 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 $136,800 for the federal fiscal year ending September 30, 2018.
(3) Mandatory sinking fund payments from a $635,000, 4.00%, term bond due May 15, 2031.
(4) Mandatory sinking fund payments from a $57,690,000, 5.768%, term bond due May 15, 2030.
(5) This bond issue has been included in this table because final principal and interest payment occurred in Fiscal Year 201
(6) Mandatory sinking fund payments from a $7,245,000, 5.294%, term bond due May 15, 2024.
(7) Mandatory sinking fund payments from a $9,470,000, 5.768%, term bond due May 15, 2029.
(8) Certain principal maturities and interest have been refunded by the 2015 Bonds.
(9) Remaining principal after portions of certain principal amounts maturing May 15, 2016 through May 15, 2019 have been legally defeased by separate irrevocable escrow accounts.
(10) Remaining mandatory sinking fund payments from a $28,765,000, 5.50%, term bond due May 15, 2019.
(x) Escrowed moneys for the payment of interest on the 2017 Lease Revenue Bonds (from moneys held in a 2017 Escrow Account).
(y) Principal will be redeemed on the Crossover Date (May 15, 2019) from moneys to be received from the 2017 Escrow Account and interest will cease to accrue.

Debt Service Schedule of Outstanding Lease Revenue Bonds (State Building Ownership Authority) By Fiscal Year (1)–continued

Fiscal Year Ending June 30	Total State Facilities Master Lease Program Total Principal	Total Interest (1)	Total Debt Service
2017	$ 23,050,000	$ 14,761,720	$ 37,811,720
2018	21,845,000	13,309,165	35,154,165
2019	14,825,000	13,148,642	27,973,642
2020	23,300,000	13,634,234	36,934,234
2021	24,125,000	12,520,478	36,645,478
2022	24,875,000	11,326,271	36,201,271
2023	24,555,000	10,072,930	34,627,930
2024	24,555,000	8,859,488	33,414,488
2025	18,800,000	7,621,339	26,421,339
2026	20,245,000	6,679,903	26,924,903
2027	20,610,000	5,738,952	26,348,952
2028	21,350,000	4,754,653	26,104,653
2029	21,180,000	3,715,687	24,895,687
2030	19,945,000	2,706,225	22,651,225
2031	6,380,000	1,774,000	8,154,000
2032	6,465,000	1,579,225	8,044,225
2033	6,675,000	1,382,738	8,057,738
2034	6,865,000	1,179,863	8,044,863
2035	7,075,000	969,825	8,044,825
2036	7,310,000	753,356	8,063,356
2037	7,525,000	529,706	8,054,706
2038	7,440,000	290,050	7,730,050
2039	1,290,000	45,150	1,335,150
Totals	$ 360,285,000	$ 137,353,600	$ 497,638,600

(1) **Does not reflect an originally 35% federal interest subsidy payments on several "Build America Bonds" lease revenue bond issues.** Includes moneys received from the 2017 Escrow Account for payment on the 2017 Bonds (through May 15, 2019).

(Source: Municipal Advisor.)

THE FACILITIES

The Facilities As Security For The 2018 Bonds

The 2018 Bonds are equally and ratably secured by the lien of the Indenture and the Lease, subject to the terms, conditions, limitations and exceptions set forth therein. Upon the occurrence of an Event of Default under the Indenture or the occurrence of an Event of Nonappropriation under the Lease, the State shall be required to surrender and vacate the Facilities, the Trustee shall have all rights and remedies to take possession of the Facilities as trustee for the benefit of the Beneficial Owners of the Bonds, and the Trustee may exercise various remedies against or with respect to the Facilities under the Indenture and the Lease for the proportionate benefit of the Beneficial Owners of the Bonds, subject to the limitation on remedies and acceleration during acquisition and construction of any of the Facilities. See in this section "Cross–Collateralization" below. See also "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—The Lease and the Indenture" above. Under the Lease, an Event of Nonappropriation will occur if the Legislature fails or refuses to specifically appropriate moneys sufficient to pay the Rentals with respect to all or any portion of the Facilities coming due in any fiscal year under the Lease.

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

The Facilities Financed With The Bonds

Set forth below is a brief description of certain major Facilities financed or refinanced through the proceeds of the 2018 Bonds and the Prior Parity Bonds. The Facilities consist of approximately 65 separate facilities, located in various counties within the State, that are used by various departments of State government and State Bodies including the Department of Alcoholic Beverage Control, the University of Utah's Health Sciences Center, various District and Juvenile Courts, the Department of Corrections, the Department of Community and Culture, the Department of Human Services, the Department of Natural Resources and its Division of Parks and Recreation, the State Office of Education, the Department of Environmental Quality, the Department of Transportation and others. The most significant of these facilities include or will 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 Huntsman Cancer Hospital was expanded in 2001, with a $105 million, 272,000 square–foot building. This expansion was financed with approximately $100.2 million ($30.3 million of variable rate Bonds and approximately $69.9 million fixed rate Bonds) issued by the Authority and various public and private contributions.

(3) The Provo District Court complex expansion is an eight–story structure with approximately 200,000 square feet of new space located in the City of Provo, Utah. The Authority issued approximately $87 million of Bonds to finance this facility in 2016. This project is expected to be completed by May 2019 (which facility is scheduled to be release in May 2018).

(4) The State Courts complex, a five–story structure with approximately 417,000 square feet of space located in Salt Lake City, Utah. The Authority issued approximately $60.7 million of Bonds to finance this facility.

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

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

(7) A building of approximately 137,000 square feet in Salt Lake County, Utah used by the Department of Heritage and Arts ("DHA") as a State Library building. The Authority issued approximately $13.1 million of Bonds to finance this facility.

(8) The Davis County Courts complex project in Davis County, Utah. The Authority issued approximately $10.5 million of Bonds to finance this facility.

The following table provides further summary information regarding the Facilities:

Facility	Construction Status	Scheduled Date of Release from Lien (May 16) (1)
Huntsman Cancer Hospital (2009 expansion) .	Completed–2012	2030
Huntsman Cancer Hospital	Completed–2004	2019
Provo District Courts Complex........................	Estimated completion–May 2019	2038
State Courts Complex	Completed–1998	2018
DABC Warehouse	Completed–2011	2029
West Jordan Courts Complex	Completed–2005	2025
DHA Library..	Completed–1999	2019
Davis County Courts..	Completed–1999	2019
All other facilities	Completed or under construction	2018–2039

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

Cross–Collateralization

Subject to the following section "Release Of Portions Of Facilities," pursuant to the Indenture and the Lease, all Bonds issued under the Indenture are cross–collateralized in that the Authority has granted to the Trustee, for the benefit of the Owners of all Bonds, a mortgage and security interest in all the Authority's right, title and interest in all Facilities. The occurrence of an Event of Default under the Indenture or an Event of Nonappropriation under the Lease will entitle the Trustee to take possession of the Facilities and to exercise its rights and remedies to the extent provided in the Indenture against the Facilities in such manner and order as the Trustee determines to be in the best interests of the Owners of the Bonds then outstanding. However, the security interest in some of the Facilities may be released prior to the payment of all 2018 Bonds as described below under "Release of Portions of Facilities."

Release Of Portions Of Facilities

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

Release of Portions of Facilities' Sites. So long as no Event of Default or Event of Nonappropriation has occurred under the Lease and is then continuing, the State and the Authority may make, from time to time, without the consent of the Trustee or the Owners of the Bonds, such modifications, alterations, amendments or additions to, or deletions from, the sites on which any of the Facilities are located as the State and the Authority mutually agree to be necessary and desirable to facilitate the use and development by the State, its successors, permitted sublessees and assigns, of such sites; provided, however, that the portions of each such respective site remaining subject to the Lease and the Indenture after any such modification, alteration, amendment to, or deletion from, such site shall (i) be capable of being operated as a separate and independent functional unit without additional cost to the occupant, (ii) be a single legal parcel of land or a combination of contiguous legal parcels, (iii) include the Facilities located on each such respective site financed with the proceeds of sale of the Bonds or the replacement of such Facilities,

(iv) have adequate access to and from public streets and easements for the maintenance of all utilities and (v) not be in violation of any applicable law, rule, regulation, ordinance, covenant or restriction relating thereto. The State and the Authority covenant in the Lease not to agree to any modification, alteration, amendment or addition to or deletion from the sites on which any of the Facilities are located that would reduce the fair rental value of the Facilities remaining subject to the Lease (such value to be determined in each instance with reference to the value to the State based upon its use of the Facilities under the Lease and not with reference to such value as may be applicable for a different use or by a different user of the Facilities) below the Rentals payable under the Lease or adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or otherwise adversely affect the purposes for which the Authority acquired the Facilities and for which the State is leasing the Facilities pursuant to the Lease.

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

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

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

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

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

Maintenance Of The Facilities

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

STATE OF UTAH GOVERNMENTAL ORGANIZATION

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

Constitutional Departments

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

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

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

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

Certain Other Administrative Bodies

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

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

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

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

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

DEBT STRUCTURE OF THE STATE OF UTAH

General Obligation Bonds Of The State

Outstanding General Obligation Bonds. General obligation bonds of the State are issued pursuant to resolutions of the State Bonding Commission and pursuant to the legislative authorizing acts to provide funds to pay a portion of the costs of the State's capital facilities and highway construction or reconstruction projects and to pay costs and expenses incident to the issuance of bonds. As of March 7, 2018, the State has $2,396,875,000 of outstanding general obligation bonds that mature through Fiscal Year 2032.

Authorized General Obligation Bonds And Future General Obligation Bonds Issuance.

The State has $1,128,232,536 aggregate principal amount of additional authorized and unissued general obligation bonds, the proceeds of which bonds, when issued, will be used by DFCM and the Utah Department of Transportation ("UDOT") for various projects. The authorizations consist of: (i) $714,565,427 for highway projects all of which is exempt from the Statutory Appropriations General Obligation Debt Limit calculations but are subject to the Statutory 2017 General Obligation Highway Limitation Debt Limit (from the 2017 Legislative Session, as defined herein); (ii) $350,015,161 for prison projects (from the 2015 and 2017 Legislative Sessions); and (iii) $63,651,948 (all of which is exempt from Statutory Appropriations General Obligation Debt Limit calculations) for highway projects ($62,486,720 from the 2009 Legislative Session and $1,165,228 from the 2007 Legislative Session).

As of the date of this OFFICIAL STATEMENT, the State may issue additional general obligation bonds depending on the needs of the State as follows: (i) in January/February 2019 of $500 million ($225 million for prison projects and $275 million for highway projects); (ii) in January/February 2020 of $375 million ($125 million for prison projects and $250 million for highway projects) and (iv) in January/February 2021 of $263 million for highway projects.

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

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

Revenue Bonds And Notes

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

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

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

See “State Moral Obligation Bonds” below.

Lease Obligations

The State leases office buildings and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, long–term leases are considered noncancellable 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 are not classified as capital leases. 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 of the related funds when paid or incurred.

Operating lease expenditures for Fiscal Year 2017 were \$29.694 million for primary government and \$32.13 million for discrete component units. The total future minimum lease payments for the State’s operating leases for primary government totaled \$77.69 million (with annual payments scheduled through Fiscal Year 2057). The total future minimum lease payments for the State’s operating leases for discrete component units totaled approximately \$196.389 million (with annual payments scheduled through Fiscal Year 2052).

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

Primary government’s total capital lease payments including principal and interest for Fiscal Year 2017 were approximately \$2.707 million. The present value of the minimum lease payments of the State’s capital leases for primary government totals approximately \$21.616 million (with annual payments scheduled through Fiscal Year 2037). The present value of the future minimum lease payments of capital leases for the State’s discrete component units (which mostly are capital leases with certain colleges and universities) as of Fiscal Year 2017 totaled approximately \$190.057 million (with annual payments scheduled through Fiscal Year 2032).

For detailed information on operating and capital leases see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017—Notes to the Financial Statements, Note 9. Lease Commitments” (CAFR page 102).

State Guaranty Of General Obligation School Bonds

Under the Utah School Bond Guaranty Act, Title 53A, Chapter 28 of the Utah Code (the “Guaranty Act”) which took effect on January 1, 1997, the full faith and credit, and unlimited taxing power of the State is pledged to guaranty full and timely payment of the principal of, and interest on general obligation bonds (“Guaranteed Bonds”) issued by eligible boards of education of State school districts (“Eligible School Boards”). The Guaranty Act is intended to reduce borrowing costs for Eligible School Boards by providing credit enhancement for Guaranteed Bonds.

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

The State Superintendent of Schools (the "State Superintendent") is responsible for monitoring the financial condition of each local school board in the State and reporting, at least annually, his or her conclusions to the Governor, the Legislature and the State Treasurer. The State Superintendent must report immediately to the Governor and the State Treasurer any circumstances suggesting that a local school board will be unable to pay when due its debt service obligations (a "Report") and recommend a course of remedial action***. As of the date of this OFFICIAL STATEMENT (and since the inception in January 1997 of the Guaranteed Bonds program), the State has not been requested to make payments on any Guaranteed Bonds and has not received a Report from the State Superintendent.***

As of March 7, 2018, the State has $3.291 billion principal amount outstanding of Guaranteed Bonds. Currently, the Guaranteed Bond program's annual principal and interest payments are scheduled through Fiscal Year 2037 (for Fiscal Year 2018 the program's current annual principal and interest payments total approximately $369.9 million (including any federal interest subsidy payments on Build America Bonds)) (Source: Municipal Advisor). The State cannot predict the number of bonds that may be guaranteed in this year or in future years; no limitation is currently imposed by the Guaranty Act.

For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017—Notes to the Financial Statements, Note 15. Litigation, Contingencies, and Commitments–B. Contingencies" (CAFR page 116).

State Moral Obligation Bonds

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

The following State Moral Obligation Bonds are outstanding:

State Board of Regents. The State Board of Regents has approximately $1.643 billion principal amount outstanding (as of November 30, 2017) of student loan revenue bonds of which approximately $691 million are State Moral Obligation Bonds and $3,395,000 principal amount outstanding (as of March 7, 2018) of other revenue bonds (for office space) which are State Moral Obligation Bonds.

In addition, the State Board of Regents (through its colleges and universities) has outstanding approximately $1.154 billion of revenue bonds issued to finance capital projects at the State's institutions of higher education of which approximately $1.133 billion are State Moral Obligation Bonds (Source: Municipal Advisor). For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017—Notes to the Financial Statements, Note 10. Long–Term Liabilities–C. Revenue Bonds" (CAFR page 106) and "—Note 21. Subsequent Events" (CAFR page 129).

State of Utah Recapitalization Revenue Bonds. As of March 7, 2018, the State has $31.225 million principal amount outstanding of recapitalization water revenue bonds that mature through Fiscal Year 2023 that are State Moral Obligation Bonds. For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017—Notes to the Financial Statements, Note 10. Long–Term Liabilities–C. Revenue Bonds–Business–type Activities" (CAFR page 106).

State of Utah Recapitalization Revenue Bonds. As of March 7, 2018, the State has $31.225 million principal amount outstanding of recapitalization water revenue bonds that mature through Fiscal Year 2023 that are State Moral Obligation Bonds. For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017—Notes to the Financial Statements, Note 10. Long–Term Liabilities–C. Revenue Bonds–Business–type Activities" (CAFR page 106).

Utah Charter School Finance Authority. Statutory authority for the Utah Charter School Finance Authority to issue bonds which qualify as State Moral Obligation Bonds was adopted in 2012. *As of March 7, 2018, the Utah Charter School Finance Authority will have $292.995 million principal amount outstanding of State Moral Obligation Bonds*. Currently, the Utah Charter School Finance Authority's annual principal and interest bond payments are scheduled through Fiscal Year 2049 (for Fiscal Year 2018 the program's current annual principal and interest payments total approximately $18.2 million). The State cannot predict the number 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 number of bonds it can issue as State Moral Obligation Bonds. As of January 1, 2018, the Utah Charter School Finance Authority may not issue State Moral Obligation Bonds if total outstanding principal exceeds approximately $484.92 million. Based on the principal amount of outstanding bonds, as of the date of this OFFICIAL STATEMENT, the Utah Charter School Finance Authority has available approximately $191.9 million of bonds that could be issued as State Moral Obligation Bonds. (Source: Municipal Advisor). For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017—Notes to the Financial Statements, Note 10. Long–Term Liabilities–D. Conduit Debt Obligations" (CAFR page 110) and "–Note 16. Litigation, Contingencies, and Commitments–B. Contingencies–The Charter School Credit Enhancement Program" (CAFR page 117).

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

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

No Defaulted State Bonds

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

FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

Budgetary Procedures

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

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

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

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

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

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

State Funds And Accounting

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

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

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

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

For further information on State funds and accounting, including a description of each of the major governmental funds, see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017—Notes to the Financial Statements—Note 1. Summary of Significant Accounting Policies" (CAFR page 59).

State Tax System

The State's tax revenues are derived primarily from sales and use taxes, individual income taxes, motor fuel taxes, corporate franchise (business income) taxes, and numerous smaller sources, including excise taxes on insurance premiums, beer, cigarettes and tobacco, severance taxes, 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.

Individual Income Taxes. The State is one of 43 states that impose an individual income tax. The State's current single rate income tax system was fully implemented in the Calendar Year 2008. Under the system, all taxpayers' income is subject to a single rate of 5% of federal adjusted gross income. A tax credit based on federal deductions and federal personal exemptions is available, but phases out depending upon the taxpayer's income and filing status.

For additional information regarding certain Fiscal Years income tax revenues see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017–Statistical Section–Schedule B–1, Revenue Base" (CAFR page 210); "–Schedule B–3, Revenue Payers–Personal Income Tax" (CAFR page 213) and "–Schedule B–4, Personal Income Tax Rates" (CAFR page 214).

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. Currently, the State imposes a tax on corporate net taxable income apportioned to the State at a rate of 5%, 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 ("sales tax") rate on unprepared food items is 1.75%, residential fuels rate is 2% and the general sales tax rate is 4.70%.

The State requires its largest sales taxpayers (with annual liabilities of more than $50,000) to pay monthly. All others remit the sales tax collected on a quarterly or annual basis. Monthly sales taxpayers receive a 1.3% discount on State and local sales taxes collected. 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.

For additional information regarding sales tax information for Calendar Years 2007 through 2016 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017–Statistical Section–Schedule B–2, Revenue Payers by Industry–Taxable Sales, Services and Use Tax Purchases" (CAFR page 212) 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 2017 and 2018 tax collections, see "State Revenues And Collections" 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 2018 Bonds are not secured by any pledge of property tax revenues and do not constitute a debt or indebtedness of the State or the Authority.

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

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

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

Taxes are due November 30 (or if November 30 is a Saturday, Sunday or holiday, the next business day). Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no prior claims to such taxes. As taxes are collected, each county treasurer must pay to the State, if applicable, and each taxing entity within the county its proportionate share of the taxes, on or before the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or $10 whichever is greater. Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Market Committee plus 6%, from the January 1 following the delinquency date until paid (provided that said interest may not be less than 7% or more than 10%). If 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 Constitution and provided by law. Section 3(2)(a)(iv) of Article XIII of the State Constitution provides that the Legislature may exempt from property tax up to 45% of the "fair market value" of residential property. The Legislature has enacted legislation that reduces the "fair market value" of primary residential property by 45%. No more than one acre of land per residential unit may qualify for the residential exemption. The residential exemption is limited to one acre of land per residential unit or to one primary residence per household, except that an owner of multiple residential properties may exempt his or her primary residence and each residential property that is the primary residence of a tenant.

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

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

Tax Year/ Fiscal Year	Taxable Value (2)	% Change Over Prior Year	Fair Market Value (3)	% Change Over Prior Year
2017/2018 (1)	$259,376,000,000	8.3%	$363,500,000,000	8.3%
2016/2017	239,422,200,513	7.1	335,540,187,517	7.7
2015/2016	223,557,499,607	6.2	311,651,315,372	6.6
2014/2015	210,415,507,970	7.3	292,490,917,013	7.8
2013/2014	196,058,968,791	3.0	271,337,328,737	3.6
2012/2013	190,273,603,344	0.0	261,933,703,652	(0.6)
2011/2012	190,265,130,481	(1.9)	263,595,478,779	(2.2)

(1) Preliminary; subject to change. (Source: Municipal Advisor.)

(2) Includes all state–wide redevelopment agencies' valuations. **Does not include Uniform Fees (as defined below) or semi–conductor manufacturing equipment**.

(3) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act. See "Property Tax Matters" above.

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

Uniform Fees. An annual statewide uniform fee is levied on certain tangible personal property in lieu of the ad valorem tax. Subject to certain exemptions, the current uniform fee on motor vehicles that weigh 12,001 pounds or more, recreational vehicles and all other tangible personal property required to be registered with the State is equal up to 1.5% of the market value. Motor vehicles weighing 12,000 pounds or less are subject to an "age based" fee that is due each time the vehicle is registered. Such fees range from $5 to $150. Various other fees are levied against other types of tangible personal property. 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.

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

Historical Summaries Of Taxable Values Of Property

	Calendar Year											
	2016		2015		2014		2013		2012		2011	
	Fiscal Year 2017		Fiscal Year 2016		Fiscal Year 2015		Fiscal Year 2014		Fiscal Year 2013		Fiscal Year 2012	
Set by State Tax Commission (Centrally Assessed)	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total
Natural resources…………….	$ 9,365,343,330	3.9 %	$ 10,943,564,686	4.9 %	$ 11,342,807,060	5.4 %	$ 9,530,894,709	4.9 %	$ 11,214,463,533	5.9 %	$ 10,349,540,590	5.4 %
Utilities……………………….	15,277,880,918	6.4	15,075,139,522	6.7	13,667,974,990	6.5	13,477,218,994	6.9	12,936,543,091	6.8	12,143,461,674	6.4
Total centrally assessed…..	24,643,224,248	10.3	26,018,704,208	11.6	25,010,782,050	11.9	23,008,113,703	11.7	24,151,006,624	12.7	22,493,002,264	11.8
Set by County Assessor (Locally Assessed)												
Real property:												
Primary residential…………..	117,477,539,671	49.1	107,670,219,268	48.2	100,314,388,830	47.7	92,006,884,378	46.9	87,584,567,043	46.0	89,446,387,259	47.0
Commercial…………………..	52,695,031,380	22.0	48,143,727,484	21.5	45,291,255,407	21.5	42,975,313,373	21.9	41,574,146,644	21.8	41,718,828,161	21.9
Other real…………………….	29,720,281,011	12.4	28,043,655,987	12.5	26,429,412,387	12.6	25,318,610,223	12.9	25,045,391,537	13.2	25,072,242,041	13.2
Total real property……….	199,892,852,062	83.5	183,857,602,739	82.2	172,035,056,624	81.8	160,300,807,974	81.8	154,204,105,224	81.0	156,237,457,461	82.1
Personal property:												
Total personal property………	14,886,124,203	6.2	13,681,192,660	6.1	13,369,669,296	6.4	12,750,047,114	6.5	11,918,491,496	6.3	11,534,670,756	6.1
Total locally assessed…….	214,778,976,265	89.7	197,538,795,399	88.4	185,404,725,920	88.1	173,050,855,088	88.3	166,122,596,720	87.3	167,772,128,217	88.2
Total taxable value……….	$239,422,200,513	100.0 %	$223,557,499,607	100.0 %	$210,415,507,970	100.0 %	$196,058,968,791	100.0 %	$190,273,603,344	100.0 %	$190,265,130,481	100.0 %

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

Budget Reserve Accounts

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

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

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

In addition, the State maintains budget reserves for natural disasters through the Wildland Fire Suppression and Disaster Recovery accounts.

As of the close of Fiscal Year 2017, and after mandatory year–end surplus transfers, the balance in the General Fund Budget Reserve Account was $146 million; the balance in the Education Fund Budget Reserve Account was $362 million; the balance in the Medicaid Growth Reduction and Budget Stabilization Account was $44 million, and the combined balance in the Wildland Fire Suppression and Disaster Recovery accounts was $18 million.

In addition to these budget reserves, at the close of Fiscal Year 2017, a $15 million General Fund/Education Fund balance remained unappropriated and $400 million of ongoing revenues were allocated for pay–as–you–go capital expenditures.

State Revenues And Collections

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 2017 Revenue Collections. Fiscal Year 2017 ended with combined General Fund and Education Fund (collectively, the "GF/EF") revenue collections coming in at $6.32 billion, about $51 million above the Fiscal Year 2017 forecast of $6.27 billion. Additional adjustments, including budget savings, brought the total year–end GF/EF surplus to $62.2 million before budget reserve account deposits. Of this year–end surplus amount, $32.3 million came from General Fund and $29.9 million came from Education Fund collections. After a $12.3 million transfer to the Education Budget Reserve Account; a $18.5 million transfer from the General Fund to the Medicaid Growth Stabilization account; a $2.1 million transfer to the General Fund Budget Reserve, and a $2.1 million transfer to the Wildland Fire Suppression account; about $27.2 million in GF/EF revenue remained available from Fiscal Year 2017 for appropriation during the 2018 Legislative Session.

Fiscal Year 2018 and 2019 Projections. The Governor released the most recent GF/EF consensus revenue forecast in December 2017. Fiscal Year 2018 GF/EF unrestricted revenue is forecast to total $6.70 billion ($378 million above Fiscal Year 2017 actual collections) and to further increase in Fiscal Year 2019 to $7.02 billion (an increase of $319 million over the revised Fiscal Year 2018 projections and $697 million over Fiscal Year 2017 actual collections). These estimates come primarily from projected strong growth in individual income tax collections ($3.61 billion in Fiscal Year 2017; projected $3.85 billion in Fiscal Year 2018; and projected $4.06 billion in Fiscal Year 2019), and moderate growth in corporate income tax collections ($328 million in Fiscal Year 2017; projected $335 million in Fiscal Year 2018; and projected $344 million in Fiscal Year 2019), as well as growth in the portion of sales and use tax deposited to the General Fund ($1.86 billion in Fiscal Year 2017; projected $1.96 billion in Fiscal Year 2018; and projected $2.04 billion in Fiscal Year 2019).

These revenue estimates are impacted by the effect of legislative policy changes made in recent years that increase earmarks of certain sales tax revenues, primarily for capital development projects for transportation and water. This earmarking restrains the growth of unrestricted revenue in the General Fund. Total sales tax earmarks grew from $189 million in Fiscal Year 2011 to $585 million in Fiscal Year 2017 and are projected to increase to $629 million in Fiscal Year 2018 and $654 million in Fiscal Year 2019.

These consensus estimates were made prior to the enactment of federal tax reform in December 2017. Because the State's individual income tax and corporate tax bases are directly tied to federal tax provisions, the enacted federal tax law changes will impact the State's revenues. It is anticipated that revised estimates released in February 2018 may reflect the impacts of federal tax law changes on State revenues.

State Economy. The State's economy remains healthy, with about 57,000 additional residents added between 2016 and 2017, bringing the State's population to an estimated 3,101,833 persons. This is an annual growth rate of roughly 1.9%, with about 40% of that growth attributable to net in–migration. The State's economy has also experienced broad–based economic growth in major industrial sectors in 2017. Significant gains were seen in industries such as construction (5.4% growth rate), leisure and hospitality (5.1% growth), and professional and business services (up 4.2%). The mix of fastest growing industries exemplifies the State's robust economic conditions, with incomes increasing, housing in high–demand, and a blossoming tech sector. These sectors have contributed to the State's current job growth rate of 2.9%, and low unemployment rate of 3.2%. Steady economic growth is projected to continue over the next two years with positive economic indicators that generally outpace the nation. An internal factor that may pose a risk to the rate of economic growth is the availability of a supply of highly educated and skilled workforce sufficient to meet employers' demand for labor. Potential negative external factors include federal trade policy changes, changes in monetary policy, and geopolitical instability.

Legislation Impacting Tax Collections. In the 2017 Legislative Session, the Legislature passed various bills with impact to State revenues. Senate Bill 276, "Transportation Funding Modifications", adjusts the calculation of fuel tax rates and phases out transportation earmarks, which may increase revenue by $4.2 million in Fiscal Year 2019, $9.5 million in Fiscal Year 2020, and return $5.1 million to the General Fund in Fiscal Year 2020. Senate Bill 132, "Tax Provision Amendments" allows vehicle manufacturers to be sales–factor–weighted taxpayers for corporate tax apportionment purposes and offers a tax exemption, which may forgo potential sales tax revenue of $10 million and potential corporate income tax revenue of $1 million beginning in Fiscal Year 2020.

In addition, for the 2018 Legislative Session the Governor has recommended changes to the State's revenue structure by re–emphasizing user fees, particularly for infrastructure, and by broadening tax bases, particularly for sales and use tax, to allow for rate reductions.

Fiscal Year 2019 Governor's Budget Recommendations. While not enacted, the Governor's total recommended budget for Fiscal Year 2019 is $16.7 billion, including State, federal, and certain local sources. The recommended budget financed by State–collected funds (i.e., excluding federal funds, local property tax for schools, and higher education tuition) totals about $10.6 billion. The recommended budget for the General Fund and the Education Fund (the state's two largest funds) totals approximately $7.1 billion. Major categories of General Fund and Education Fund expenditures include public education (about $3.5 billion), higher education (about $1.3 billion), Medicaid and other social services (about $1 billion), and corrections, public safety, and justice (about $700 million). In addition, transportation expenditures from State–collected funds total about $1.5 billion (including debt service payments for transportation projects). These expenditures are funded through various transportation funds outside the General Fund.

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

Fiscal Year Revenue Collections

Revenue Source	Nominal Revenue ($ in Millions) 2019 (f)	2018 (f)	2017	2016	2015	2014	2013	% Change 2018-19	% Change 2017-18	% Change 2016–17	% Change 2015–16	% Change 2014–15	% Change 2013–14
Sales and use tax……	$ 2,037.3	$ 1,960.9	$ 1,856.8	$ 1,778.5	$ 1,715.0	$ 1,656.8	$ 1,615.9	3.9	5.6	4.4	3.7	3.5	2.5
Earmarked sales and use tax……	654.2	628.6	585.4	543.1	495.8	451.6	422.1	4.1	7.4	7.8	9.5	9.8	7.0
Total sales and use tax……	2,691.5	2,589.5	2,442.2	2,321.6	2,210.8	2,108.4	2,038.0	3.9	6.0	5.2	5.0	4.9	3.5
Cable/satellite excise tax……	31.9	31.4	31.3	28.6	28.4	26.0	26.9	1.6	0.3	9.4	0.7	9.2	(3.3)
Liquor profits……	124.4	117.3	106.3	104.0	95.4	87.8	81.4	6.0	10.3	2.2	9.0	8.7	7.9
Insurance premiums……	131.7	126.8	122.0	111.7	92.4	91.2	89.6	3.9	3.9	9.2	20.9	1.3	1.8
Beer, cigarette and tobacco……	113.8	114.9	116.3	118.3	115.9	113.1	120.9	(0.9)	(1.2)	(1.7)	2.1	2.5	(6.5)
Oil and gas severance tax……	20.1	15.3	9.3	20.8	69.7	89.2	53.2	31.3	64.5	(55.3)	(70.2)	(21.9)	67.7
Metal severance tax……	9.5	8.0	6.8	7.0	16.3	15.9	16.9	18.8	17.6	(2.9)	(57.1)	2.5	(5.9)
Investment income……	17.5	16.1	14.3	7.9	6.6	5.0	6.0	8.8	12.6	81.0	19.7	32.0	(16.7)
General Fund (other)……	85.4	84.0	83.8	69.8	90.9	81.8	80.4	1.7	0.2	20.1	(23.2)	11.1	1.7
Property and energy credit……	(5.7)	(5.7)	(5.6)	(6.0)	(5.4)	(6.0)	(6.3)	0.0	1.8	(6.7)	11.1	(10.0)	(4.8)
Total General Fund……	2,566.0	2,469.0	2,341.3	2,240.6	2,225.2	2,160.8	2,084.9	3.9	5.5	4.5	0.7	3.0	3.6
Total General Fund and earmarks……	3,220.2	3,097.6	2,926.7	2,783.7	2,721.0	2,612.4	2,507.0	4.0	5.8	5.1	2.3	4.2	4.2
Individual income tax……	4,061.5	3,850.1	3,609.5	3,370.3	3,157.7	2,889.7	2,852.0	5.5	6.7	7.1	6.7	9.3	1.3
Withholding……	3,408.2	3,185.2	2,976.8	2,769.1	2,569.5	2,404.8	2,313.7	7.0	7.0	7.5	7.8	6.8	3.9
Final payments……	1,189.6	1,166.1	1,101.1	1,037.8	991.1	882.2	922.0	2.0	5.9	6.1	4.7	12.3	(4.3)
Refunds……	(536.3)	(501.2)	(468.4)	(436.6)	(402.9)	(397.3)	(383.7)	7.0	7.0	7.3	8.4	1.4	3.5
Corporate taxes……	344.4	335.0	328.4	338.3	373.9	313.6	338.2	2.8	2.0	(2.9)	(9.5)	19.2	(7.3)
Mineral production withholding……	17.1	16.5	15.1	15.6	27.1	32.4	26.1	3.9	9.2	(3.1)	(42.4)	(16.4)	24.1
Education Fund (other)……	29.6	28.8	27.1	25.4	21.5	23.2	27.8	2.5	6.5	6.6	18.1	(7.3)	(16.5)
Total Education Fund……	4,452.6	4,230.4	3,980.1	3,749.6	3,580.2	3,258.9	3,244.1	5.3	6.3	6.1	4.7	9.9	0.5
Total General Fund and Education Fund……	7,018.5	6,699.4	6,321.4	5,990.2	5,805.4	5,419.7	5,329.0	4.8	6.0	5.5	3.2	7.1	1.7
Total General Fund and Education Fund…… and earmarks……	7,672.7	7,328.0	6,906.8	6,533.3	6,301.2	5,871.3	5,751.1	4.7	6.1	5.7	3.7	7.3	2.1
Motor fuel tax……	361.6	354.7	348.8	305.2	261.7	256.8	256.9	2.0	1.7	14.3	16.6	1.9	(0.0)
Special fuel tax……	141.3	138.6	134.9	115.5	100.1	101.7	101.4	1.9	2.7	16.8	15.4	(1.6)	0.3
Other……	90.9	89.1	89.8	89.7	85.1	82.0	81.1	2.1	(0.8)	0.1	5.4	3.8	1.1
Total Transportation Fund……	593.8	582.4	573.5	510.4	446.9	440.5	439.4	2.0	1.5	12.4	14.2	1.5	0.3
Mineral lease payments……	82.4	77.8	75.3	71.4	141.7	167.6	136.9	5.9	3.3	5.4	(49.6)	(15.5)	22.4
Totals……	7,694.7	7,359.6	6,970.2	6,572.0	6,394.0	6,027.8	5,905.3	4.6	5.6	6.1	2.8	6.1	2.1
Totals and earmarks……	$ 8,348.9	$ 7,988.2	$ 7,555.6	$ 7,115.1	$ 6,889.8	$ 6,479.4	$ 6,327.4	4.5	5.7	6.2	3.3	6.3	2.4

(f) forcast.

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

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

	Fiscal Year ($ in Thousands)									
	2017	% (1)	2016	% (1)	2015	% (1)	2014	% (1)	2013	% (1)
Taxes	$ 7,214,700	58%	$ 6,816,720	58%	$ 6,539,886	57%	$ 6,151,366	56%	$ 6,003,810	55%
Federal contracts and grants	3,828,714	31	3,573,699	31	3,478,563	31	3,463,045	32	3,489,515	32
All other misc. revenues	1,362,005	11	1,335,536	11	1,417,953	12	1,367,281	12	1,328,275	13
Total all funds	$12,405,419	100%	$11,725,955	100%	$11,436,402	100%	$10,981,695	100%	$10,821,600	100%

(1) Percentage of total Governmental Fund revenue.

(Source: Division of Finance and the Fiscal Year 2017 CAFR.)

Most government services of the State are paid through one of its major governmental funds. In Fiscal Year 2017, the State's major governmental funds were the General Fund, Education Fund, Transportation Fund, and Transportation Investment Fund.

Revenue Summary. For Fiscal Year 2017, General Fund revenues from all sources totaled approximately $5.95 billion. Of this amount, 48.8% came from federal contracts and grants; 31.4% came from sales taxes; 8.7% came from charges for services and licenses, permits and fees; 5.6% came from federal mineral leases, investment income and miscellaneous and other revenues; and 5.5% came from other tax sources.

In the Education Fund for Fiscal Year 2017, revenues from all sources totaled approximately $4.53 billion. Of this amount, 80.4% came from individual income taxes; 10.4% came from federal contracts and grants; 7.2% came from corporate franchise taxes; 2.0% came from charges for services, licenses, permits and fees, miscellaneous and other revenues and investment income.

In the Transportation Fund for Fiscal Year 2017, revenues from all sources totaled approximately $1.09 billion. Of this amount, 44.4% came from motor and special fuel taxes; 37.3% came from federal contracts and grants; 12.2% came from charges for services and licenses, permits, and fees; 6.1% came from other miscellaneous taxes and fees, sales and use taxes and investment income.

In the Transportation Investment Fund for Fiscal Year 2017, revenues from all sources totaled approximately $617 million. Of this amount 85.9% came from sales tax revenue and 14.1% came from motor vehicle registration fees.

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

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

Revenues by Source—All Governmental Fund Types (1)

	Fiscal Year ($ in Thousands)				
	2017	2016	2015	2014	2013
Taxes:					
Individual income tax	$ 3,646,112	$ 3,393,087	$ 3,211,476	$ 2,916,015	$ 2,865,195
Sales and use tax	2,403,347	2,302,886	2,204,389	2,121,249	2,057,581
Motor and special fuel tax	484,677	425,343	371,412	359,176	351,197
Other taxes (2)	354,863	355,229	386,066	432,178	400,111
Corporate tax	325,701	340,175	366,543	322,748	329,726
Total taxes	7,214,700	6,816,720	6,539,886	6,151,366	6,003,810
Other revenues:					
Federal contracts and grants	3,828,714	3,573,699	3,478,563	3,463,045	3,489,515
Charges for services	620,960	598,304	619,395	607,286	602,884
Miscellaneous and other (2)	394,168	388,295	384,968	327,880	305,267
Licenses, permits and fees	203,829	199,748	194,648	188,653	185,976
Federal mineral lease	73,787	69,245	138,635	158,193	138,122
Investment income	49,988	68,680	67,687	78,061	63,322
Intergovernmental	19,273	11,264	12,620	7,211	32,704
Total other revenues	5,190,719	4,909,235	4,896,516	4,830,329	4,817,790
Total revenues	$12,405,419	$11,725,955	$11,436,402	$10,981,695	$10,821,600

(1) Includes all governmental fund types except Trust Lands.
(2) Liquor sales allocated to the school lunch program was reclassified from Other Taxes to Miscellaneous and Other revenue beginning in Fiscal Year 2015.

(Sources: Division of Finance and the Fiscal Year 2017 CAFR.)

Expenditures by Function—All Governmental Fund Types (1)

	Fiscal Year ($ in Thousands)				
Function	2017	2016	2015	2014	2013
Public education	$ 3,732,813	$ 3,556,897	$ 3,340,290	$ 3,202,007	$ 3,097,161
Health and environmental quality	2,733,374	2,622,797	2,517,513	2,434,410	2,254,252
Higher education (2)	979,030	915,432	875,610	781,998	735,438
Transportation	975,662	835,111	903,700	902,788	951,277
Human/juvenile justice services	804,283	766,186	723,663	692,277	669,091
Employment and family services	754,530	708,184	730,972	703,441	776,262
Capital outlay	668,768	523,937	499,705	380,930	524,582
Debt service	447,645	467,381	455,733	479,760	463,740
General government	395,505	412,204	386,059	374,134	360,759
Corrections	305,438	290,217	272,053	266,246	251,118
Public safety	253,976	263,417	266,586	271,716	255,727
Natural resources	225,387	196,188	190,378	184,465	178,330
Courts	152,262	146,510	137,901	132,886	129,693
Business, labor and agriculture	107,800	111,186	101,331	105,915	99,828
Higher education (State Adm.)	73,641	79,567	56,935	48,920	51,901
Heritage and Arts	29,335	27,826	24,041	24,231	27,344
Total expenditures	$12,639,449	$11,923,040	$11,482,470	$10,986,124	$10,826,503

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

(Sources: Division of Finance and the Fiscal Year 2017 CAFR.)

Summary of Changes in Fund Balance

All Governmental Fund Types (1)

	Fiscal Year ($ in Thousands)				
	2017	2016	2015	2014	2013
Revenues	$12,405,419	$11,725,955	$11,436,402	$10,981,695	$10,821,600
% change over previous year	5.8%	2.5%	4.1%	1.5%	3.2%
Expenditures	(12,639,449)	(11,923,040)	(11,482,470)	(10,986,124)	(10,826,503)
% change over previous year	6.0%	3.8%	4.5%	1.5%	(2.8)%
Net other financing sources (uses) (2)	197,781	230,093	113,117	294,868	131,148
Adjustments to fund balances (3)	28,106	1,940	–	36,551	–
Special item (4):					
Comp. Health Ins. Pool transfer	–	–	16,288	–	–
Net change in fund balance	$ (8,143)	$ 34,948	$ 83,337	$ 326,990	$ 126,245

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

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

(3) Adjustments to beginning fund balances are the result of the following: (i) in Fiscal Year 2017 prior year tax accrual were adjusted resulting in an increased in the Education Fund balance of $14.440 million and the Wildland Fire Suppression Fund was reclassified from a fiduciary fund to a nonmajor governmental fund resulting in a $13.666 million increase in fund balance; (ii) in Fiscal Year 2016 the Annual Leave Trust Fund was created and required $1.026 million in activity previously reporting in governmental funds to accounted for in this fund and the Water Commissioner Fund was reclassified resulting in an increase of $914,000 to fund balance; and (iii) in Fiscal Year 2014 prior period adjustments were made to increase beginning balance in the General Fund by $30.682 million, the Transportation Fund by $951,000 and the Transportation Investment Fund by $4,918,000.

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

(Sources: Division of Finance and the Fiscal Year 2017 CAFR.)

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

Fund Balances—All Governmental Fund Types (1)

Fund	As of June 30 ($ in Thousands) 2017	2016	2015	2014	2013
General	$ 831,155	$ 858,154	$ 908,002	$ 866,135	$ 845,446
Special Revenue:					
Education	881,222	848,157	1,002,163	905,135	832,770
Transportation	355,969	272,760	211,512	248,803	229,139
State endowment	196,172	171,369	169,067	159,509	137,250
Miscellaneous special revenue	37,116	22,959	23,070	21,664	21,425
Rural development	29,749	36,372	35,982	37,510	36,381
Environmental reclamation	16,764	17,893	19,191	20,698	22,909
Consumer education	4,223	4,082	4,178	4,511	4,783
Crime victim reparation	3,578	2,953	2,735	2,379	3,038
Universal telephone	3,299	3,092	5,309	4,593	2,869
State capitol	852	742	1,135	2,254	1,897
Capital Projects:					
Transportation investment	433,973	482,463	569,590	631,417	459,490
General government	282,824	328,136	156,401	121,390	100,784
State Building Ownership	52,507	85,281	1,497	1,501	1,551
Debt Service:					
General government	7,810	7,854	7,672	7,293	6,685
State Building Ownership	8,080	11,169	984	359	1,744
Total	$3,145,293	$3,153,436	$3,118,488	$3,035,151	$2,708,161

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

(Sources: Division of Finance and the Fiscal Year 2017 CAFR.)

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

General Fund—Revenues, Expenditures and Fund Balances

	Fiscal Year ($ in Thousands)				
	2017	2016	2015	2014	2013
Revenues:					
Federal contracts and grants	$2,904,697	$2,753,249	$2,656,092	$2,630,161	$2,532,330
Sales and use tax	1,868,946	1,788,507	1,729,509	1,661,913	1,619,537
Charges for services	487,630	469,412	452,712	438,279	434,967
Other taxes	327,007	328,321	357,272	368,292	338,478
Miscellaneous and other	243,262	244,653	257,729	240,080	214,126
Federal mineral lease	73,787	69,245	138,635	158,193	138,122
Licenses, permits and fees	27,663	27,610	27,147	26,832	27,153
Investment income	17,397	8,347	7,596	8,165	6,569
Total revenues	$5,950,389	$5,689,344	$5,626,692	$5,531,915	$5,311,282
% change over previous year	4.6%	1.1%	1.7%	4.2%	(0.1)%
Expenditures	$6,654,337	$6,409,600	$6,160,589	$5,915,943	$5,671,148
% change over previous year	3.8%	4.0%	4.1%	4.3%	2.5%
Fund Balance: (1)					
Committed	$559,791	$546,782	$496,758	$507,380	$496,795
Assigned	194,174	132,126	252,369	197,842	193,770
Nonspendable:					
Long–term portion of inter-fund loan	18,927	26,747	26,996	38,832	44,360
Prepaid items	14,475	106,745	96,939	73,033	67,790
Inventories	687	434	662	926	800
Restricted	33,516	38,124	34,278	40,898	41,931
Unassigned	9,585	7,196	–	7,224	–
Total fund balances	$831,155	$858,154	$908,002	$866,135	$845,446
% change over previous year	(3.1)%	(5.5)%	4.8%	2.4%	14.7%

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

(Sources: Division of Finance and the Fiscal Year 2017 CAFR.)

Fiscal Year 2017–Budget And Related Appropriations

Statewide Summary. As of the March 2016 enacted budget, the State's Fiscal Year 2017 appropriated operating and capital budget was $15.1 billion from all sources. Updates brought the total to $15.4 billion, and supplementals from legislative action brought all operating and capital budgets to $15.6 billion. The Executive Appropriations Committee adopted consensus ongoing Fiscal Year 2017 GF/EF revenue estimates of $6.3 billion, which was adjusted to $6.4 billion from legislative changes including prior year reserves, program savings, and fund transfers.

During the 2016 Legislative Session, the Legislature had at its disposal $400 million in new ongoing GF/EF revenue growth, $150 million in one–time GF/EF sources, and around $88 million in other GF/EF sources. The Legislature approved $17.3 billion in appropriations from all sources for all purposes in Fiscal Year 2017, which includes some double counting of funds.

Coming into the 2016 Legislative Session, the State had a structural budget balance of about $752,000. After certain legislative changes, capital development, and paying down ongoing commitments, the 2016 General and Special Legislative sessions left the State with a roughly $12.8 million structural surplus. The Legislature authorized no new general obligation debt in Fiscal Year 2016, and the State paid down principal of $331.3 million on outstanding general obligation bonds in Fiscal Year 2016, and it will pay down principal of $324.9 million in Fiscal Year 2017.

State of Utah

All Appropriations—Fiscal Year 2017 to Fiscal Year 2019

($ in Thousands)

	Fiscal Year 2017		Fiscal Year 2018		Fiscal Year 2019
	Revised Authorized	Actual	Initial Authorized	Revised Recommended	Governor's Recommended
Sources of Finance					
General Fund	$ 2,409,069	$ 2,409,069	$ 2,472,203	$ 2,496,585	$ 2,575,646
Education Fund	3,979,115	3,979,115	4,180,213	4,214,935	4,465,344
Uniform School Fund	23,000	23,000	31,000	31,000	27,500
Transportation Fund	525,519	598,599	557,159	624,856	632,429
General Fund Restricted	457,416	483,357	388,119	406,220	336,727
Education Special Revenue	123,401	127,686	148,290	148,290	150,453
Transportation Special Revenue	51,784	60,311	53,796	62,769	63,833
Federal Funds	4,342,610	3,817,864	4,296,916	4,336,360	4,380,041
Dedicated Credits	1,901,022	1,949,992	2,043,032	1,927,516	1,933,166
Federal Mineral Lease	66,748	48,104	75,018	48,966	76,745
Restricted Revenue	20,742	463	11,856	–	–
Special Revenue	60,680	60,680	117,809	116,596	121,795
Agency Funds	1,000	1,000	–	–	–
Private Purpose Trust Funds	3,837	3,837	4,512	4,512	4,599
Other Trust and Agency Funds	452,753	458,689	449,808	455,600	455,600
Capital Project Funds	745,871	745,859	863,608	946,941	877,203
Internal Service Funds	–	–	7758	350	10
Enterprise Funds	174,420	207,070	179,513	180,375	192,056
Transfers	1,084,208	980,763	608,160	886,644	707,574
Other Financing Sources	1,397,412	1,350,358	1,580,204	1,526,631	1,691,855
Pass-through	9,685	2,378	6,465	10,957	10,976
Beginning Balance	3,246,193	3,663,016	3,212,882	3,601,310	3,017,167
Closing Balance	(3,080,167)	(3,584,153)	(2,691,366)	(3,002,922)	(2,566,876)
Lapsing Balance	(6,517)	(354,926)	383	(16,483)	(2,286)
Total	$17,989,799	$17,031,205	$18,584,405	$ 19,008,008	$ 19,151,557
Appropriation Categories					
Operating & Capital Budgets (1)	$15,648,162	$15,005,880	$16,174,782	$ 16,618,672	$ 16,704,392
Enterprise/Loan Funds	338,231	267,880	341,470	271,362	271,128
Internal Service Funds	289,690	281,455	314,991	297,412	300,014
Transfers to Rest. Funds/Accts.	150,846	149,532	131,035	176,629	134,658
Transfers to Unrestricted Funds	23,255	23,105	19,210	19,146	15,246
Fiduciary Funds	227,365	228,169	240,069	238,075	238,301
Capital Project Funds	1,312,250	1,075,184	1,362,848	1,386,712	1,487,818
Total	$17,989,799	$17,031,205	$18,584,405	$ 19,008,008	$ 19,151,557

(1) Includes appropriations to expendable funds and accounts.

Note: This schedule shows all appropriations in all acts of the Legislature and therfore includes inter–account transfers, internal payments loan funds, and other actions that must be eliminated to arrive at a budget total.

(Sources: *Budget of the State of Utah and Related Appropriations: 2017-2018,* Office of the Legislative Fiscal Analyst. 2017 Special Session appropriations enacted after the report was published have also been added. *Governor Gary R. Herbert Budget Recommendations Fiscal Year 2019 - Fiscal Year 2018 Supplementals,* December 2017.)

Fiscal Year 2018—Budget

Statewide Summary. As of the December 2017 budget estimates, the State's Fiscal Year 2018 operating and capital budget is $16.5 billion from all sources, which is a 5.8% increase over revised Fiscal Year 2017 estimates of $15.6 billion and includes $4.9 million appropriated during the September 2017 Special Session. In December 2017, the Governor recommended a revised Fiscal Year 2018 operating and capital budget of $16.6 billion dollars, which includes the allocation of $59 million of new one–time GF/EF revenue identified during the November 2017 consensus revenue process. The remaining increases are from variable funding sources such as balances, transfers, and non–GF/EF revenue collections.

The currently enacted Fiscal Year 2018 budget is based upon February 2017 revenue estimates that estimated nearly $6.6 billion in discretionary GF/EF revenue in Fiscal Year 2018. To that revenue the Legislature added $57.5 million in resources reserved from the prior year, balancing the State's Fiscal Year 2018 GF/EF budget at $6.7 billion.

Based on February 2017 consensus estimates, the Legislature had $372 million in new ongoing revenue growth (after adjusting for $3 million in economic development incentives) and $13 million in additional one–time collections. The Legislature also appropriated an additional $113 million from various other sources, including program savings and reductions, fund balances, and various restricted account reserves (no impact on budget reserve accounts).

Overall, the enacted Fiscal Year 2018 GF/EF budget increased from $6.4 billion to $6.7 billion—up over 4% from the Fiscal Year 2017 base. Of the new available funds, more than $334 million (67%) in new money was provided for public and higher education, including an increase in the value of the Weighted Pupil Unit, enrollment growth, capital improvements, salary and health care increases, performance–based funding, and public education teaching supplies. The Governor has recommended $59 million in revisions to the Fiscal Year 2018 GF/EF budget.

Revenue Estimates. On March 3, 2017, the Legislature's Executive Appropriations Committee adopted consensus ongoing Fiscal Year 2018 GF/EF revenue estimates of $6.6 billion, which is 5.8% more than the revised Fiscal Year 2017 estimate of $6.3 billion. Changes due to legislation passed in the 2017 Legislative Session decrease the Fiscal Year 2018 estimate by around $3.7 million and increased Fiscal Year 2017 by about $2.4 million.

During the 2017 General Legislative Session, the Legislature identified other one–time sources that were added to revenue growth. From non–lapsing program balances and fund balances, the Legislature returned to the GF/EF more than $27 million in Fiscal Year 2017. Changes to the base budget freed up $80 million that the Legislature added to revenue growth across both years. In total, the Legislature had at their disposal $6 billion in Fiscal Year 2018 and $6.4 billion in Fiscal Year 2017.

In December 2017, the Governor released and Legislature's Executive Appropriations Committee adopted revised Fiscal Year 2018 revenue estimates and the initial Fiscal Year 2019 revenue estimates. These estimates yielded about $102 million in new one–time funds and $382 million in new available ongoing unrestricted GF/EF revenues, after automatic deposits into various budget reserve accounts and adjusting for a small technical structural imbalance. The Governor and Legislature may choose to allocate the $102 million in new one–time funds in either Fiscal Year 2018 or Fiscal Year 2019.

Appropriations. Altogether, the Legislature made $18.6 billion in appropriations from all sources for all purposes in Fiscal Year 2018, 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 2018 was estimated at enactment at $16.2 billion. The Legislature appropriated about $6.7 billion from the GF/EF in Fiscal Year 2018, an increase of 4.2% over the revised Fiscal Year 2017 budget.

The Governor's revised Fiscal Year 2018 recommended budget from all sources totals about $19 billion. The revised recommended operating and capital budget totals $16.6 billion, including the allocation of $59 million of new one–time GF/EF revenue identified during the November 2017 consensus revenue process. The remaining increases are from variable funding sources such as balances, transfers, and revenue collections.

Structural Balance. The Legislature closed the 2017 General Session with a technical GF/EF structural imbalance of about $6 million, with most of the imbalance associated with revenue bills taking effect in later budget years. More than half of the structural imbalance was offset by pre–paying $3.4 million in future GF/EF employee health care costs under H.C.R. 13, Concurrent Resolution for Public Employees' Benefit and Insurance Program.

Over $15 million in Fiscal Year 2018 GF/EF revenue remained unappropriated. In addition, over $400 million of ongoing revenue is appropriated for capital expenditures other than debt service. The revenue estimates released in December 2017 account for elimination of the Fiscal Year 2018 technical structural imbalance.

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

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 2017, 2016 and 2015 ($ in Thousands)

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

	Fiscal Year 2017		Fiscal Year 2016		Fiscal Year 2015	
	Amounts	% Change From Prior Year	Amounts	% Change From Prior Year	Amounts	% Change From Prior Year
Revenues (1):						
Individual and corporate income taxes	$ 3,971,813	6%	$ 3,733,262	4%	$ 3,578,019	10%
Federal contracts and grants	3,782,231	7	3,533,991	3	3,439,835	0
Sales and use tax	2,398,746	4	2,298,134	4	2,199,844	4
Other revenues	1,209,163	(0)	1,221,046	(5)	1,290,233	5
Motor/special fuel taxes	484,677	14	425,343	15	371,412	3
Other taxes	344,753	(1)	344,954	(8)	372,978	(11)
Total	$12,191,383	6%	$11,556,730	3%	$11,252,321	4%
Expenditures	$11,751,484	6%	$11,140,282	4%	$10,722,546	4%

(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 Fiscal Year 2017 CAFR.)

Other Summaries. The following summaries were extracted from the State's audited financial statements for Fiscal Years 2013 through 2017. The summaries have not been audited. The financial information presented in the summaries is presented on a fund statement basis and not on a government–wide statement basis.

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

Fund; and Statement of Revenues, Expenditures and Changes in Fund Balance—Major Special Revenue Funds and Major Capital Projects Fund.

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

For additional 10–year financial history of various State funds see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017–Statistical Section" at the indicated pages as set forth below.

(i) Schedule A–1, Net Position by Component (CAFR page 200);

(ii) Schedule A–2, Changes in Net Position (CAFR page 202).

(iii) Schedule A–3, Fund Balances–Governmental Funds (CAFR page 206); and

(iv) Schedule A–4, Changes in Fund Balances–Governmental Funds (CAFR page 208).

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

State of Utah

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

	As of June 30 ($ in Thousands)				
	2017	2016	2015	2014	2013
Assets:					
Cash and cash equivalents	$ 1,441,638	$ 1,438,297	$ 1,497,920	$ 1,411,644	$ 1,376,735
Investments	1,238,387	1,324,789	1,235,804	1,215,649	944,035
Receivables:					
Accrued taxes, net	1,242,324	1,183,200	1,124,075	969,870	979,456
Accounts, net	714,720	524,997	524,122	611,057	649,422
Capital lease payments, net	90,660	94,665	98,480	102,110	103,620
Accrued interest	7,295	390	74	62	54
Notes/mortgages, net	5,065	7,849	8,810	9,870	11,896
Due from other funds	56,847	46,556	35,656	36,847	33,738
Due from component units	45,667	79,318	76,248	36,489	59,465
Interfund loans receivable	44,872	54,258	48,729	61,195	59,235
Inventories	14,592	14,424	14,267	14,944	12,780
Prepaid items	14,475	106,745	96,939	73,033	67,790
Total assets	$ 4,916,542	$ 4,875,488	$ 4,761,124	$ 4,542,770	$ 4,298,226
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Accounts payable and accrued liabilities	$ 991,239	$ 932,211	$ 878,928	$ 821,825	$ 937,720
Unearned revenue (2)	73,170	84,862	82,221	77,690	595,536
Due to other funds	61,918	56,360	57,390	64,026	56,182
Due to component units	58	662	300	40	627
Total liabilities	1,126,385	1,074,095	1,018,839	963,581	1,590,065
Deferred inflows of resources (2):					
Unavailable revenue	644,864	647,957	623,797	544,038	–
Fund balance:					
Restricted	1,342,101	1,213,565	1,225,396	1,201,479	1,136,685
Committed	1,246,374	1,305,312	1,339,327	1,373,166	1,189,190
Assigned	499,239	479,447	415,563	326,473	257,356
Nonspendable:					
Long–term portion of Interfund Loans	18,927	26,747	26,996	38,832	44,360
Inventories	14,592	14,424	14,267	14,944	12,780
Prepaid items	14,475	106,745	96,939	73,033	67,790
Unassigned	9,585	7,196	–	7,224	–
Total fund balances	3,145,293	3,153,436	3,118,488	3,035,151	2,708,161
Total liabilities, deferred inflows of resources and fund balances	$ 4,916,542	$ 4,875,488	$ 4,761,124	$ 4,542,770	$ 4,298,226

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

(2) Beginning Fiscal Year 2014, certain assets and liabilities have been reclassified as Deferred Outflows or Inflows of Resources per implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

(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)				
	2017	2016	2015	2014	2013
Revenues:					
Taxes:					
Sales and use tax	$ 1,868,946	$ 1,788,507	$ 1,729,509	$ 1,661,913	$ 1,619,537
Other taxes	327,007	328,321	357,272	368,292	338,478
Total taxes	2,195,953	2,116,828	2,086,781	2,030,205	1,958,015
Other revenues:					
Federal contracts and grants	2,904,697	2,753,249	2,656,092	2,630,161	2,532,330
Charges for services	487,630	469,412	452,712	438,279	434,967
Miscellaneous and other	243,262	244,653	257,729	240,080	214,126
Federal mineral lease	73,787	69,245	138,635	158,193	138,122
Licenses, permits and fees	27,663	27,610	27,147	26,832	27,153
Investment income	17,397	8,347	7,596	8,165	6,569
Total revenues	5,950,389	5,689,344	5,626,692	5,531,915	5,311,282
Expenditures:					
Current:					
Health and environmental quality	2,727,556	2,617,746	2,512,722	2,428,911	2,248,205
Higher education–colleges and universities	934,784	885,482	854,181	768,602	715,904
Human services and juvenile justice services	798,133	759,766	717,979	687,646	665,861
Employment and family services	740,583	700,610	718,477	693,186	775,393
General government	367,825	380,670	350,278	340,503	326,209
Corrections	301,430	285,831	269,379	263,195	248,528
Public safety	223,610	237,631	241,189	252,226	221,534
Natural resources	216,676	194,397	188,051	180,963	177,704
Courts	147,429	143,405	137,901	132,886	129,693
Business, labor, and agriculture	93,867	96,725	89,562	94,681	88,691
Higher education–state administration	73,641	79,567	56,935	48,920	51,901
Heritage and arts.	28,803	27,770	23,935	24,224	21,525
Total expenditures	6,654,337	6,409,600	6,160,589	5,915,943	5,671,148
Excess revenues over (under) expenditures	(703,948)	(720,256)	(533,897)	(384,028)	(359,866)
Other financing sources (uses):					
Transfers in	938,598	990,793	798,333	665,976	664,735
Transfers out	(261,765)	(326,140)	(238,880)	(291,941)	(196,765)
Sale of capital assets	116	2,283	23	–	37
Total other financing sources (uses)	676,949	666,936	559,476	374,035	468,007
Special item:					
Comprehensive health insurance pool transfer	–	–	16,288	–	–
Net change in fund balances	(26,999)	(53,320)	41,867	(9,993)	108,141
Beginning fund balances	858,154	908,002	866,135	845,446	737,305
Adjustments to beginning fund balances (1)	–	3,472	–	30,682	–
Beginning fund balances as adjusted	858,154	911,474	866,135	876,128	737,305
Ending fund balances	$ 831,155	$ 858,154	$ 908,002	$ 866,135	$ 845,446

(1) During Fiscal Year 2016, the Legislature passed legislation which adjusted the beginning fund balance in the General Fund by $3.472 million. During Fiscal Year 2014, in evaluating and refining the process used for measuring and recording revenues and receivables for various tax types, a prior period adjustment was made to increase beginning fund balance in the General Fund by $30.682 million.

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

State of Utah

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

	Fiscal Year Ended June 30 ($ in Thousands)				
	2017	2016	2015	2014	2013
Revenues:					
Taxes:					
Individual income tax	$ 3,646,112	$ 3,393,087	$ 3,211,476	$ 2,916,015	$ 2,865,195
Sales and use tax (2)	529,800	509,627	470,335	454,954	433,962
Motor and special fuels tax	484,677	425,343	371,412	359,176	351,197
Corporate tax	325,701	340,175	366,543	322,748	329,726
Other taxes (3)	17,746	16,633	15,706	51,054	49,247
Total taxes	5,004,036	4,684,865	4,435,472	4,103,947	4,029,327
Other revenues:					
Federal contracts and grants	877,534	780,742	783,743	800,605	911,631
Licenses, permits and fees	176,167	172,138	167,501	161,821	158,823
Miscellaneous and other	74,636	76,196	59,386	61,152	63,871
Charges for services	54,749	55,935	91,231	93,439	92,035
Liquor sales allocated for school lunch (3)	42,723	40,640	37,624	–	–
Investment income	11,149	56,870	50,672	46,419	41,953
Total other revenues	1,236,958	1,182,521	1,190,157	1,163,436	1,268,313
Total revenues	6,240,994	5,867,386	5,625,629	5,267,383	5,297,640
Expenditures:					
Current:					
Public education	3,730,948	3,555,001	3,339,724	3,201,314	3,096,625
Transportation	971,547	833,944	902,329	902,110	950,708
Capital outlay	394,652	341,737	319,904	257,759	349,658
Total expenditures	5,097,147	4,730,682	4,561,957	4,361,183	4,396,991
Excess revenues over (under) expenditures	1,143,847	1,136,704	1,063,672	906,200	900,649
Other financing sources (uses):					
Transfers in	159,006	160,637	158,607	177,699	148,183
Sale of capital assets	24,570	5,104	2,485	1,994	10,245
General obligation bonds issued	–	–	–	226,175	–
Premium on bonds issued	–	–	–	23,825	–
Transfers out	(1,274,079)	(1,479,884)	(1,226,854)	(1,077,806)	(1,013,605)
Total other financing sources (uses)	(1,090,503)	(1,314,143)	(1,065,762)	(648,113)	(855,177)
Net changes in fund balances	53,344	(177,439)	(2,090)	258,087	45,472
Beginning fund balances	1,603,380	1,783,265	1,785,355	1,521,399	1,475,927
Adjustments to beginning fund balances (4)	14,440	(2,446)	–	5,869	–
Beginning fund balances as adjusted	1,617,820	1,780,819	1,785,355	1,527,268	1,475,927
Ending fund balances	$ 1,671,164	$ 1,603,380	$ 1,783,265	$ 1,785,355	$ 1,521,399

(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) In Fiscal Year 2013, an amount equal to 30% of the growth in future sales and use tax collections (approximately $74 million) is annually being transferred from the General Fund into the Transportation Investment Fund as directed by the 2011 Legislature.

(3) Liquor sales allocated for school lunch was reclassified from "Other Taxes" to "Liquor sales" beginning in Fiscal Year 2015.

(4) During Fiscal Year 2017 prior year tax accrual were adjusted resulting in an increased in the Education Fund balance of $14.440 million. During Fiscal Year 2016, a prior period adjustment was made to the Education Fund by $506,000 and the Transportation Fund by ($2.952 million). During Fiscal Year 2014, in evaluating and refining the process used for measuring and recording revenues and receivables for various tax types, a prior period adjustment was made to increase beginning fund balance in the Transportation Fund by $951,000 and the Transportation Investment Fund by $4.918 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 2017

The State prepared a narrative discussion, overview, and analysis of the financial activities of the State for Fiscal Year 2017. For the complete discussion see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017–Management's Discussion and Analysis" (CAFR page 18).

Capital Expenditure Authorizations

The following table presents historical data on 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				
2018	2017	2016	2015	2014
$1,581.3	$1,432.3	$1,216.5	$1,066.2	$1,117.4

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

Investment Of Funds

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

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

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

See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017–Notes to the Financial Statements–Note 3. Deposits and Investments" (CAFR page 67) and "–Note 4. Investment Pool" (CAFR page 95).

State Employee Workforce; Public Retirement System

State Employee Workforce. The State is among the largest employers in the State employing 20,375 people (full–time equivalents) in Fiscal Year 2017. For a 10–year history of the State's employment numbers see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017–Statistical Section–Schedule E–1 Full–time Equivalent State Employees by Function" (CAFR page 230).

Public Retirement System. All full–time employees of the State are members of the Utah State Retirement System ("URS") and the State participates in various contribution systems and pension plans provided by URS. URS has separate accounting systems and prepares a separate financial report covering all retirement systems and deferred compensation plans it administers. URS's CAFR for Calendar Year 2016 is reported in the 2017 CAFR as a pension trust fund for URS within the fiduciary funds. See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017–Fiduciary Fund Financial Statements" (CAFR pages 50 and 51). Copies of URS's CAFR for Calendar Year 2016 may be found at https://www.urs.org/publications/members.

For Fiscal Year 2017, the State reported the following liability and related transactions equal to its proportionate share of the collective net pension liability of URS (measured as of December 31, 2016): $268,000 in net pension assets, $436.832 million in deferred outflows of resources, $1.058 billion in net pension liability and $132.829 million in deferred inflows of resources for the primary government. For Fiscal Year 2017, the State contributed approximately $231.133 million to URS, which was 100% of its contractually and statutorily required contributions.

As of December 31, 2016, the URS pension plans' fiduciary net position as a percent of the total pension liability is 86%. For a detailed discussion regarding retirement benefits and contributions and information regarding the Fiduciary Net Position, the Total Pension Liability, and the Net Pension Liability or Asset of the URS systems providing benefits to employees of the State see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017–Notes to the Financial Statements–Note 18. Pension Plans" (CAFR page 118).

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.

The State early implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for measuring and recognizing certain transactions for Other Postemployment Benefit (OPEB) Plans; specifically, this statement requires the State to record the State's net OPEB liability in the State's CAFR. For Fiscal Year 2017, the State reported a collective $4.737 million in deferred inflows of resources and $112.456 million in net OPEB liability for both the State Employee OPEB Plan and the Elected Official OPEB Plan. 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 70.03% and 76.77%, respectively.

The State Legislature is contributing amounts to each OPEB trust fund that, at a minimum, is sufficient to fully fund the Actuarially Determined Contribution ("ADC"), an actuarially determined amount. For Fiscal Year 2017, the State contributed $33.361 million to the State Employee OPEB Plan and $1.388 million to the Elected Official OPEB Plan, which were $4.261 million and $147,000 more than the ADC, respectively.

For additional detailed discussion of the State's postemployment benefits see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017—Notes to the Financial Statements—Note 18. Other Postemployment Benefits" (CAFR page 124).

Risk Management And Insurance

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

The State is self–insured for liability claims up to $2 million and beyond the excess insurance policy limit of $10 million. The State is self–insured for individual property and casualty claims up to $1 million and up to $3.5 million in aggregate claims and beyond the excess insurance policy limit of $1 billion per occurrence. The Risk Management Fund has not had a liability loss that exceeded the State's self–insured claim limit of $1 million for Fiscal Years 2015 through 2017.

As of June 30, 2017, the Administrative Services Risk Management Fund contained approximately $53.6 million in reserve available to pay for claims incurred. For the financial statements of the risk management fund see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017—Supplementary Information–Internal Service Funds–Risk Management" (CAFR pages 172 and 173).

Also see, "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017—Notes to the Financial Statements—Note 16. Litigation, Contingencies and Commitments" (CAFR page 116) and "—Note 20. Risk Management And Insurance" (CAFR page 128).

Federal Funding

Medicaid Funding in the State. In recent months, various federal healthcare reform proposals have circulated through state and national political arenas to replace or modify the Affordable Care Act ("ACA") enacted in 2010 which could affect the amount of federal funding states receive for Medicaid. The State has been actively engaged with other state and federal partners to inform the discussion and advocate for healthcare funding reform (more state flexibility, for example); however, general uncertainty around what changes may ultimately be legislated or executively adopted remain. In any case, the State's Medicaid program is positioned to respond to additional healthcare reforms at the federal level.

On the State level, in 2017 the State secured a federal Centers for Medicare and Medicaid Services waiver approval to issue of benefits as contemplated by House Bill 437 of the Legislature's 2016 General Session, which will extend Medicaid coverage to 4,000–6,000 extremely low–income adults without dependent children. This waiver was implemented on November 1, 2017 and will be funded at the traditional federal Medicaid match rate, along with revenues from a newly–imposed hospital assessment. New State funds for this program (roughly $17 million) were budgeted upon passage of the authorizing State legislation in 2016.

The State's Medicaid participation rate is among the lowest in the nation, with average Fiscal Year 2017 enrollment approximating 333,000, or 10.7% of the State's total population (an estimated 3,101,800 as of July 2017). The State has only expanded Medicaid to a fraction of the newly eligible population under ACA, as previously noted, and did so at the traditional federal match rate. As such, the State would not be directly affected by changes to federal funding for the expansion demographic. The State receives a higher than average Federal Medical Assistance Percentage at roughly 70%; however, the State also has one of the lowest rates of spending per full–benefit Medicaid enrollee and has a history of State funding innovations such as imposing hospital assessments and moving to capitation payments for Medicaid provider networks.

While the State does not currently anticipate a material adverse impact from potential changes to the ACA, there can be no assurance that any current health care laws and regulations will remain in their current form or that any potential changes to the laws and regulations governing health care funding would not have a material adverse financial impact on the State.

Federal Funding in the State Budget. Approximately 78% percent of federal funds included in the State's Fiscal Year 2018 budget are funding to the following programs: Medicaid ($1.853 billion); education, including special education, school lunch, and Title I for disadvantaged students ($520 million); Supplemental Nutrition Assistance ($310 million); transportation ($365 million); Temporary Assistance for Needy Families ($105 million); National Guard ($67 million), Office of Rehabilitation ($64 million); and Women Infants and Children ($45 million). Not only do federal dollars fund a large portion of the State's major social service programs, federal dollars also play a key role in funding programs that provide care for elderly veterans, clean drinking water, and air pollution prevention.

Although the State receives a large portion of its funding for social service programs from federal funds as discussed above, a recent Pew Charitable Trust report on federal spending ranked the State as ninth lowest in total federal spending relative to gross domestic product ("GDP") when all federal spending is accounted for. When measured on a per–capita basis, the State has the lowest total per capita federal spending. This is, in part, because the State's population is the youngest in the nation and consequently the State receives a much smaller portion of federal dollars than other states for programs such as Social Security and Medicare, two of the largest federal entitlement programs targeted to the elderly. As of 2014, the State is one of 20 states that receive less than 30% of total state revenue from federal funds. While no comparison is yet available with other states, the State's percentage of federal funds appropriated through the state budget is approximately 27% in Fiscal Year 2018 and is below the State's 10–year average of 28%.

While the State does not anticipate any material adverse impact from changes in federal funding, federal budget cuts proposed by the current administration could negatively impact the amount of federal funding the State receives in future years. 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, 2024. These reductions include cuts to the subsidy payments to be made to issuers of Build America Bonds ("BABs") and various other federal expenditures.

The State anticipates that any future reductions of subsidy payments with respect to the State's and the Authority's $1,251,150,000 of outstanding BABs (the State's $1,113,740,000 of general obligation bonds and $31,225,000 of water revenue bonds; and the Authority's $106,185,000 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 Chapman and Cutler LLP, Bond Counsel to the Authority and the State, concerning the validity of the 2018 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 2018 Bonds.

Bond Counsel has reviewed those portions of the OFFICIAL STATEMENT captioned: "THE 2018 BONDS (except the portions under the captions "—General," "—Estimated Sources And Uses Of Funds," and "—Book–Entry System") and "TAX MATTERS—Federal Income Tax Matters Of 2018 Bonds," and "—State Tax Exemption For The 2018 Bonds" and "APPENDIX D—BASIC DOCUMENTATION" to the OFFICIAL STATEMENT. Bond Counsel also prepared and has reviewed "APPENDIX E—PROPOSED FORM OF OPINION OF BOND COUNSEL" to the OFFICIAL STATEMENT, which sets forth the anticipated form of Bond Counsel's opinion on the 2018 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 2018 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 Gilmore & Bell P.C.

Absence Of Litigation Concerning The 2018 Bonds

There is no litigation pending or threatened against the 2018 Bonds questioning or in any matter relating to or affecting the validity of the 2018 Bonds.

On the date of the execution and delivery of the 2018 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 2018 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 2018 Bonds or such other documents as may be required in connection with the issuance and sale of the 2018 Bonds, or to comply therewith or perform its respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2018 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2018 Bonds are issued, the legality of the purposes for which the 2018 Bonds are issued, or the validity of the 2018 Bonds or the issuance and sale thereof.

Miscellaneous Legal Matters

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

See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017—Notes to the Financial Statements—Note 16. Litigation, Contingencies, and Commitments" (CAFR page 116).

Attorney General's Opinion Of Effect Of Legal Proceedings On State's Ability To Make Timely Payments On 2018 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 2018 Bonds as those payments come due or the State's ability to make its payment of Rentals as those payments come due.

TAX MATTERS

Federal Income Tax Matters Of 2018 Bonds

Federal tax law contains a number of requirements and restrictions which apply to the 2018 Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Authority and the State has covenanted to comply with all requirements that must be satisfied in order for the interest on the 2018 Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2018 Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2018 Bonds.

Subject to the Authority's and the State's compliance with the above–referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 2018 Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations, but interest on the 2018 Bonds is taken into account, however, in computing an adjustment used in determining the federal alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the State with respect to certain material facts within the Authority and the State's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Code includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the regular corporate tax in certain cases. The AMT, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would include certain tax–exempt interest, including interest on the 2018 Bonds.

Ownership of the 2018 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax–exempt obligations. Prospective purchasers of the 2018 Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the 2018 Bonds is the price at which a substantial amount of such maturity of the 2018 Bonds is first sold to the public. The Issue Price of a maturity of the 2018 Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

Owners of 2018 Bonds who dispose of 2018 Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2018 Bonds in the initial public offering, but at a price different from the Issue Price or purchase 2018 Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2018 Bond is purchased at any time for a price that is less than the 2018 Bond's stated redemption price at maturity, the purchaser will be treated as having purchased a 2018 Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2018 Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2018 Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2018 Bonds.

An investor may purchase a 2018 Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the 2018 Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax–exempt bond. The amortized bond premium is treated as a reduction in the tax–exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2018 Bond. Investors who purchase a 2018 Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2018 Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2018 Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2018 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2018 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax–exempt obligations to determine whether, in the view of the Service, interest on such tax–exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2018 Bonds. If an audit is commenced, under current procedures the Service may treat the Authority and the State as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2018 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax–exempt obligations, including the 2018 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2018 Bond owner who fails to provide an accurate Form W–9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2018 Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

State Tax Exemption For The 2018 Bonds

In the opinion of Bond Counsel, under the existing laws of the State, as presently enacted and construed, interest on the 2018 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. Bond Counsel expresses no opinion with respect to any other taxes imposed by the Authority and the

State or any political subdivision thereof. Ownership of the 2018 Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2018 Bonds. Prospective purchasers of the 2018 Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

MISCELLANEOUS

Bond Ratings

Moody's and S&P have rated the 2018 Bonds "Aa1", and "AA+", respectively, as of the date of this OFFICIAL STATEMENT.

Any explanation of the significance of these outstanding ratings may only be obtained from the rating service furnishing the same. The above ratings are not recommendations to buy, sell or hold the 2018 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 2018 Bonds. The Authority and the State have not applied to Fitch for a rating on the 2018 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 2018 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 2018 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 into 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 2018 Bonds, timing of sale, tax–exempt and taxable bond market conditions, costs of issuance and other factors relating to the sale of the 2018 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 2018 Bonds.

Independent Auditor

The financial statements of the State as of June 30, 2017, and for the fiscal year then ended, are included as "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017" to this OFFICIAL STATEMENT and have been audited by the office of the State Auditor, as indicated in its report thereon (CAFR page 14). The State has neither requested nor has been obligated to obtain the consent of the State Auditor to include its report in this OFFICIAL STATEMENT and therefore the State Auditor has not performed any procedures with respect to such financial statements after the date of its report.

Additional Information

The foregoing description of the 2018 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 2018 Bonds, and subsequently, at the office of the Trustee in Denver, Colorado.

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

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

This PRELIMINARY OFFICIAL STATEMENT is in a form deemed final for purposes of paragraph (b)(1) of Rule 15c2–12 of the Securities and Exchange Commission.

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

State of Utah, State Building Ownership Authority

APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017

The CAFR of the State for Fiscal Year 2017 is contained herein. Copies of current and prior financial reports are available on various Web sites and upon request from the contact person as indicated under "INTRODUCTION—Contact Persons" above.

The Government Finance Officers Association of the United States and Canada ("GFOA") have awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its CAFR for the 32nd consecutive year, beginning with Fiscal Year 1985 through Fiscal Year 2016.

The State has submitted its Fiscal Year 2017 CAFR to GFOA to determine its eligibility for a Certificate of Achievement. The State believes that its Fiscal Year 2017 CAFR continues to meet the Certificate of Achievement program requirements.

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

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

(This page has been intentionally left blank)

State of Utah

2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

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

OTHER STATE OFFICIALS

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

ACKNOWLEDGMENTS

Report prepared by:
Marcie L. Handy, CPA
Scott R. Blackham, CPA
Lynn G. Bodrero, CPA
Julia A. D'Alesandro, CPA, CIA
Amanda L. Hensley
Darin C. Janzen
Lynda B. McLane, CPA
Deborah S. Memmott
Robert D. Miles
Gary E. Morris, CPA, CGMA
Brian J. Ross
Cory A. Weeks
Sean M. Williford

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

DAS | Utah Department of Administrative Services

Division of Finance Accounting Standards
and Financial Reporting Section

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

Table of Contents

Table of Contents

Supplementary Information – Combining Statements and Individual Fund Statements and Schedules – Governmental Funds (continued)

STATISTICAL SECTION

State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of Administrative Services

Tani Pack Downing
Executive Director

Division of Finance
John C. Reidhead, CPA
Director

December 1, 2017

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

It is our pleasure to present the 2017 Comprehensive Annual Financial Report of the State of Utah in accordance with Section 63A-3-204 of the *Utah Code*. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. To the best of our knowledge and belief, the enclosed data accurately presents the State's financial position and results of operations in all material respects in accordance with generally accepted accounting principles (GAAP). We believe that all disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

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

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

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

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

PROFILE OF THE GOVERNMENT

Structure – As shown in the Organizational Chart, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution of Utah*, which can be amended only by vote of the Legislature and a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government provides various services to over 3,109,000 citizens. Services include building and maintaining roads; providing public safety, health, and environmental protection services to protect the general welfare of the State's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural resources for conservation and recreational activities. The State also provides significant financial support to its higher education institutions, local governments, and school districts to help those entities meet the specific needs of their constituents.

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

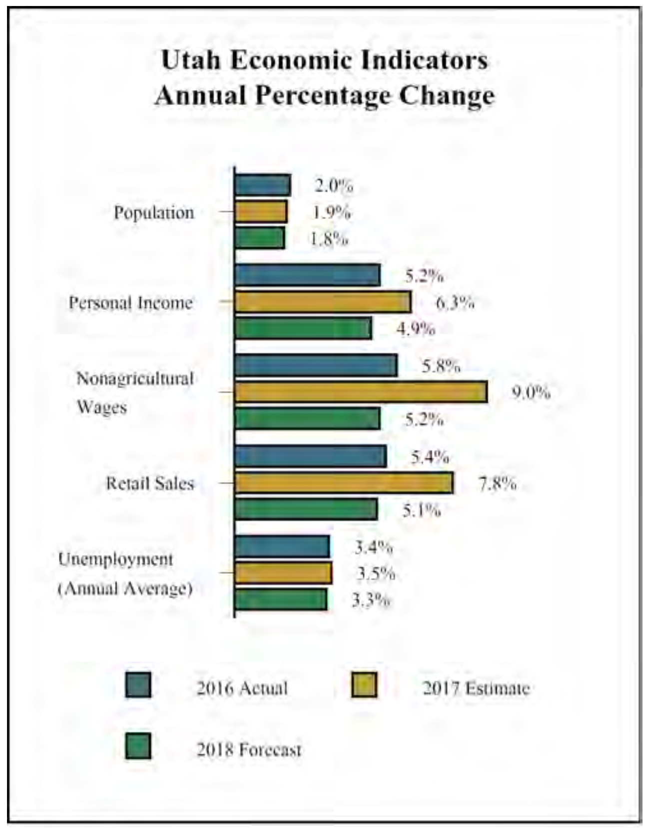
Budgetary Process and Control – The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget for the governmental funds with an annual appropriated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

INFORMATION USEFUL IN ASSESSING A GOVERNMENT'S ECONOMIC CONDITION

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

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

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



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

In 2017, Utah's population is estimated at 3,109,000, which is an increase of 1.9 percent over the prior year. Utah had positive net migration of approximately 25,600 people in 2016 and is expected to grow by 22,700 in 2017. Utah has had positive net migration for the past 27 years and this trend is expected to continue in the coming years.

Industries – Utah's job market continues to expand as it rebounds from the national recession that began in late 2007. Utah's nonagricultural employment is expected to increase by 3 percent in 2017 and by 2.8 percent in 2018, which is slightly below the Utah average yearly rate of 3.1 percent (1950 through June 2017). All industrial sectors added jobs to Utah's employment base, with the exception of information services, which contracted by 1,900 jobs, and natural resources and mining, which contracted by 700 jobs. Professional and business added 10,300 new jobs, with professional, scientific, and technical services contributing most of the gains. Trade, transportation, and utilities added 6,500 new jobs, with most of the increase in retail trade. Education and health services added 6,100 new jobs, with the largest increase in health services and social assistance. Construction added 5,900 new jobs, primarily in specialty trade contractors. The results for August 2016 to August 2017 are presented in the following table.

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

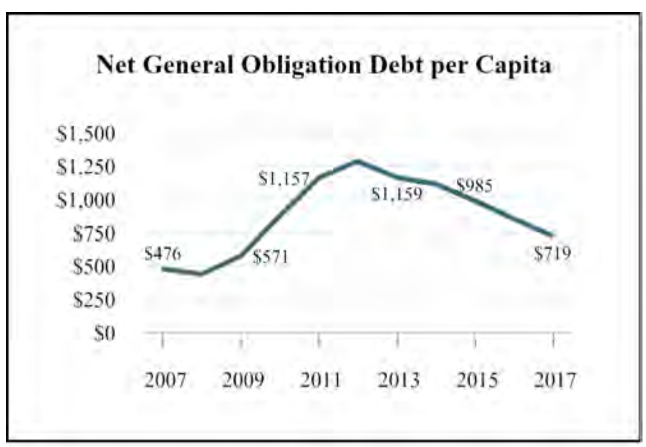
	Number of Jobs				Components of Labor Force
	August (p) 2017	August (r) 2016	Numerical Change	Percentage Change	August (p) 2017
Trade, Transportation, and Utilities	279.80	273.30	6.50	2.38 %	19.00 %
Professional and Business	216.80	206.50	10.30	4.99 %	14.80 %
Education and Health Services	193.60	187.50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

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

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

FINANCIAL PLANNING AND POLICIES

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



In fiscal year 2015, the State authorized $474.7 million in general obligation debt for the new prison project. There were no general obligation bond issuances, authorizations or refundings in fiscal year 2016. In fiscal year 2017, the State authorized $1.047 billion in general obligation bonds for highway construction projects and authorized an additional $101 million for the prison project. As of June 30, 2017, the State's general obligation debt per capita was $719. The State has an aggressive policy of repaying its general obligation debt within seven years for debt associated with capital facilities and fifteen years for highway construction projects. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements.

Revenue and Expenditure Forecasts – Economists and budget analysts from the Executive and Legislative branches of government work with experts from the private sector and academia to develop the consensus revenue forecast used for establishing the State's annual budget. The final 2017 consensus revenue forecast projected an increase of 4.7 percent in fiscal year 2017 from 2016 actual revenue for combined General and Education Fund. For fiscal year 2018, 5.7 percent growth is projected. The long-term average annual revenue growth rate, adjusted for inflation, was approximately 3.4 percent for fiscal periods 1971 through 2016. See the Budgetary Highlights – General Fund in the MD&A for a comparison of budgeted to actual results for fiscal year 2017.

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

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

Public Education Growth – Projections indicate that an additional 10,100 new students will enroll in fall 2017. Due to the current and future enrollment growth, and the demands it places on state funding, public education continues to be a top priority for the Governor and the Legislature. The Office of the Legislative Fiscal Analyst developed a Public Education Distribution Model that allows legislators to see how proposed education policy changes will impact funding.

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

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

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

Spending Limitation – The State has a statutory appropriations limit. The appropriations limit adjusts annually pursuant to a statutory formula based on population and inflation. The definition of appropriations includes only appropriations from General Fund and Education Fund sources (spending for public education and for transportation is exempt from the limitation). For the fiscal year ended June 30, 2017, the State was $592.433 million below the appropriations limitation.

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

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

MAJOR INITIATIVES

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

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

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

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

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

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

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

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

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

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

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

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

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

Sincerely,

John Reidhead

John C. Reidhead, CPA
Director of Finance

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Utah

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

Organization Chart

Citizens of Utah

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

Executive
Governor
Lieutenant Governor

State Auditor
State Treasurer
Attorney General
State Board of Education

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

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

This page intentionally left blank.

FINANCIAL SECTION

2017

State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

OFFICE OF THE
STATE AUDITOR

Independent State Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Utah (State) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. The financial statements for the funds or entities noted below were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these entities, are based solely on the reports of the other auditors.

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

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

The introductory and statistical sections (pages 1-11 and 197-237, respectively) have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 1, 2017, on our consideration of the State's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State's internal control over financial reporting and compliance.

Office of the State Auditor

Office of the State Auditor
December 1, 2017

MD&A

Management’s Discussion and Analysis

INTRODUCTION

The following is a discussion and analysis of the State of Utah's financial performance and condition, providing an overview of the State's activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and with the State's financial statements that follow this section.

HIGHLIGHTS

Government-wide

- Total assets and deferred outflows of resources of the State exceeded liabilities and deferred inflows of resources by $24.8 billion (reported as net position). Of this amount, $2.049 billion (unrestricted net position) may be used to meet the government's ongoing obligations while $22.751 billion is restricted for specific uses or invested in capital assets.

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

Fund Level

- The governmental funds reported combined ending fund balances of $5.649 billion, an increase of $213.232 million in comparison with the prior year. Approximately 31.07 percent or $1.755 billion of the ending fund balance is considered unrestricted (committed, assigned, or unassigned) and is available for spending either at the government's discretion or upon legislative approval.

- The General Fund ended the fiscal year with a $9.585 million surplus. This surplus is after statutory transfers of $18.548 million to the Medicaid Budget Stabilization Account, $2.055 million to the General Fund Budget Reserve Account (Rainy Day Fund), and $2.055 million to the Wildland Fire Suppression Fund.

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

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

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

Long-term Debt

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

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements – Reporting the State as a Whole

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

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

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

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

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

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

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

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

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

Reconciliation between Government-wide and Fund Statements

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

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

- Capital outlay expenses result in capital assets on the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Bond proceeds result in liabilities on the government-wide statements, but are other financing sources on the governmental fund statements.
- Certain tax revenues that are earned but not yet available are reported as revenue on the government-wide statements, but are deferred inflows of resources (unavailable revenue) on the governmental fund statements.

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

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

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

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

Adjustments to Beginning Net Position and Other Significant Changes
As described in Note 2 of the financial statements, beginning net position and other significant changes included:

- $146.876 million decrease in governmental activities – implementation of GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*
- $13.666 million increase in governmental activities – reclassification of a fund as required by legislation.
- $14.440 million increase governmental activities – to enhance comparability, this discussion and analysis was revised to reflect the change as if the change had been made in the prior year.
- Implementation of GASB Statement 77, *Tax Abatement Disclosures* – two tax abatement programs reduced the State's tax revenues by $25.628 million. See Note 15.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

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

- *Net Investment in Capital Assets* – Total net investment in capital assets increased by $891.231 million or 5.75 percent. The State's investment in highways and buildings exceeded depreciation and the net additional debt that was incurred to finance capital-related projects.
- *Restricted Net Position* – Total restricted net position increased by $430.875 million or 7.27 percent over the prior year:

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

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

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

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

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

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

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

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

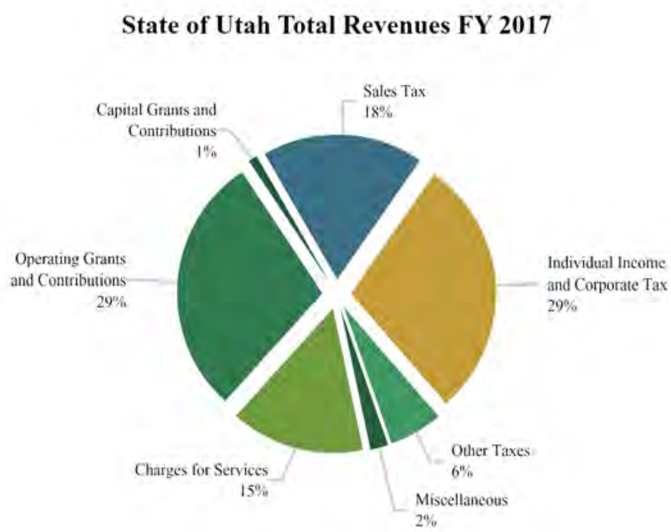
The following table and charts summarize the State's total revenues, expenses, and changes in net position for fiscal year 2017:

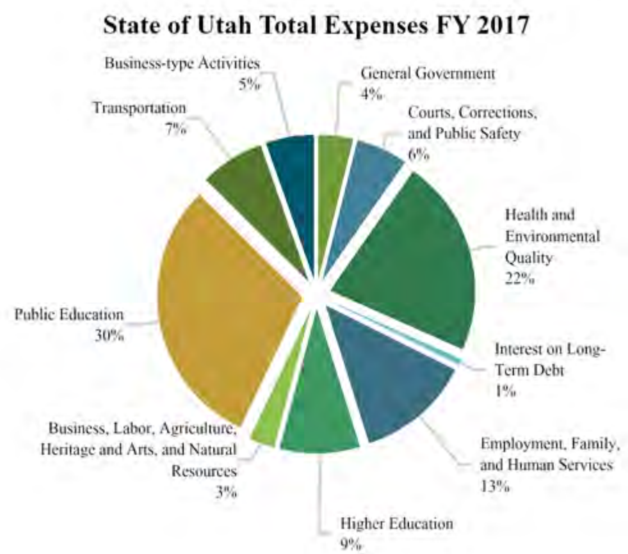
State of Utah
Changes in Net Position
for the Fiscal Year Ended June 30
(expressed in thousands)

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

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

(Charts on next page.)





Changes in Net Position

This year the State received 53.24 percent of its revenues from state taxes and 30.50 percent of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 54.28 percent and grants and contributions were 29.63 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park fees, and court fees, combined with other miscellaneous collections, comprised 16.27 percent of total revenues in fiscal year 2017, compared to 16.09 percent in fiscal year 2016.

Governmental Activities

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

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

The following table shows to what extent program revenues (charges for services and grants) covered program expenses. For fiscal year 2017, program revenues covered $5.362 billion or 45.92 percent of $11.676 billion in total program expenses. For the remaining $6.314 billion or 54.08 percent of program expenses, the State relied on state taxes and other general revenues.

(Table on next page.)

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

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

Business-type Activities

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

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

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

All of the State's business-type activities operate primarily from program revenues, except for the Water Loan Programs and the Agriculture Loan Fund that by law receive dedicated sales tax revenues and the Community Impact Loan Fund that receives federal mineral lease revenues transferred from the General Fund to provide additional capital for loans. Accounting standards require unemployment taxes that are collected from employers and deposited in the Unemployment Compensation Fund to be reported as charges for services rather than taxes. Therefore, taxes in the business-type activities are comprised entirely of sales tax revenues in the water and agriculture loan programs.

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Adjustments to Beginning Fund Balances

As described in Note 2 of the financial statements, beginning fund balances of governmental funds were adjusted as noted below. To enhance comparability, amounts presented in this discussion and analysis were restated to reflect these changes as if the changes had been made in the prior year, except as noted.

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

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

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

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

Fund Balances

At June 30, 2017, the State's governmental funds reported combined ending fund balances of $5.649 billion. Of this amount, $2.551 billion or 45.17 percent is nonspendable, either due to its form or legal constraints, and $1.342 billion or 23.76 percent is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds, revenue restricted for public education, revenue that derives from the operation of motor vehicles on public highways, and mineral lease revenues are included in restricted fund balance. An additional $1.246 billion or 22.06 percent of total fund balance has been committed to specific purposes. Committed amounts cannot be used for any other purpose unless approved by the Legislature. An additional $499.239 million or 8.84 percent of total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining $9.585 million or 0.17 percent of fund balance is unassigned and available for future appropriations.

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

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

General Fund

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

Specific changes in the General Fund balance include the following:

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

- Restricted fund balance decreased by $4.608 million or 12.09 percent due to decreases in revenues set aside for specific purposes due to constraints that are imposed externally or by law.

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

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

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

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

Overall, total General Fund expenditures increased by $244.737 million or 3.82 percent as the State responded to a growing economy and an increase in the public's demand for some government services. Significant changes in expenditures occurred in the following areas:

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

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

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

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

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

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

Budgetary Highlights – General Fund

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

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

Final budgets of department-specific revenue sources decreased from original budgets primarily due to a decrease in expected federal contracts and grants. Actual department-specific revenues decreased from final budgets primarily due to a decrease in the state mineral lease revenue and miscellaneous other revenues. Final budgets for many of the departmental-specific revenue sources and related expenditures such as federal grants, departmental collections, and miscellaneous revenues, are generally revised based on actual collections. The difference between final budgeted expenditures and actual expenditures is primarily due to nonlapsing and unspent restricted funds that will be carried forward to the next year. However, $9.597 million of unspent budgeted dollars were lapsed back to the General Fund by various agencies.

Education Fund

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

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

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

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

Transportation Fund

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

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

- Federal contracts and grants increased by $99.316 million or 32.35 percent as a result of timing differences related to highway construction projects.
- Motor and special fuels tax increased $59.334 million or 13.95 percent due in part to a new 4.9 cent per gallon gas tax increase and also the result of higher fuel consumption.
- Sales and use tax revenues, statutorily designated for transportation projects, decreased $41.867 million or 99.91 percent due to legislation that shifted a 1/16 percent sales and use tax earmark from the Transportation Fund to the Transportation Investment Fund.

Expenditures within the Transportation Fund increased by $137.603 million or 16.50 percent due to an increase in state and federal funding provided for highway construction projects. Net other financing uses decreased by $46.409 million or 59.50 percent due to a decrease in the transfer of certain motor fuel tax revenue to the Transportation Investment Fund.

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

Transportation Investment Fund

Fund balance in the Transportation Investment Fund decreased by $52.877 million or 10.86 percent from the prior year. Restricted fund balance decreased a slight $409 thousand or 17.09 percent due to a change in the fair value of investments. Committed fund balance decreased by $52.468 million or 10.83 percent due to an increase in expenditures which utilized sales and use tax revenue that was unspent in the prior year.

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

Trust Lands Fund

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

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

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Student Assistance Programs

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

Unemployment Compensation Fund

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

Water Loan Programs

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

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

Community Impact Loan Fund

The net position of the Community Impact Loan fund increased $7.676 million or 1.14 percent from the prior year, primarily due to investment income of $9.184 million and sales tax revenues of $26 million, which were offset by $21.964 million transferred out of the fund for community development programs and $5.957 million in operating expenses. There is no restriction on the Fund's net position.

CAPITAL ASSET AND LONG-TERM DEBT ADMINISTRATION

Capital Assets

The State's capital assets increased a net $628.369 million during the year. The change consisted of net increases in infrastructure (i.e., state roads and bridges) of $313.622 million; construction in progress of $176.426 million; land and related assets of $101.484 million; building and improvements of $35.660 million; and machinery and equipment of $5.863 million. There was a net decrease in software of $4.686 million. Several buildings financed by the State are actually owned by the colleges and universities, which are discrete component units of the State. Therefore, while the capital assets are on the component unit's financial statements, any outstanding debt issued by the State to finance construction of those assets is reported as a liability of the State's governmental activities. This in turn reduces unrestricted net position. As of June 30, 2017, the State had $129.624 million of outstanding debt related to capital assets of component units.

At June 30, 2017, the State had commitments in capital projects funds of $451.929 million for building projects and $301.284 million for highway construction and improvement projects. The State also had commitments of $290.077 million for road construction and other contract commitments in the Transportation Fund. Funding for the commitments will come from existing resources in these funds and from future appropriations and bond proceeds.

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

The State's established condition level for state roads is to maintain a certain percentage of mileage at a "fair" or better condition. The overall system has a target of 80 percent rated as "fair" or better. The most recent biannual condition assessment completed in 2015 indicated that 89.32 percent of roads were in "fair" or better condition. These results reflect maintaining roads above target percentages and are consistent with calendar year 2014, when 87.51 percent of roads were assessed as "fair" or better condition.

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

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

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

Long-term Debt

The *Constitution of Utah* allows the State to contract debts not exceeding 1.50 percent of the value of the total taxable property of the State (i.e., constitutional debt limit). The Legislature authorizes general obligation indebtedness within this limit. The *State Appropriation and Tax Limitation Act* (i.e., statutory debt limit) further limits the outstanding general obligation debt of the State to not exceed 45 percent of the maximum allowable state budget appropriation limit. As of June 30, 2017, the general obligation indebtedness of the State was $2.981 billion below the constitutional debt limit and $1.550 billion below the statutory debt limit.

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

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

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

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

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

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

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

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

Preliminary data for fiscal year 2018 show tax revenues to be in line with estimates. The overall unemployment rate is expected to be 3.50 percent in 2017, a slight increase from the average 2016 rate of 3.40 percent. Taxable retail sales are expected to increase 7.80 percent in 2017 and increase 5.10 percent in 2018. Personal income is expected to increase 6.30 percent in 2017, and 4.90 percent in 2018. Because these indicators are measured on a calendar year basis, the impact on the State budget will not be fully realized until well into fiscal year 2018. The Governor and Legislature will review the fiscal year 2018 budget again during the upcoming 2018 General Session and take action as necessary to ensure a balanced budget.

CONTACTING THE STATE'S DIVISION OF FINANCE

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

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

BASIC FINANCIAL STATEMENTS

2017

State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

This page intentionally left blank.

Statement of Net Position

(expressed in thousands)

June 30, 2017

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

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

Statement of Activities

(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

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

General Revenues:

Taxes:

- Sales and Use Tax
- Individual Income Tax Imposed for Education
- Corporate Tax Imposed for Education
- Motor and Special Fuel Taxes Imposed for Transportation
- Other Taxes
- Total Taxes

Investment Income

State Funding for Colleges and Universities

State Funding for Other Component Units

Gain on Sale of Capital Assets

Miscellaneous

Permanent Endowments Contributions

Capital Contributions

Transfers—Internal Activities

Total General Revenues, Contributions and Transfers

Change in Net Position

Net Position—Beginning

Adjustment to Beginning Net Position

Net Position—Beginning as Adjusted

Net Position—Ending

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

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

This page intentionally left blank.

Governmental Fund Financial Statements

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

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

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

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

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

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

Balance Sheet
Governmental Funds
(expressed in thousands)

June 30, 2017

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

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

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

June 30, 2017

Total Fund Balances – Governmental Funds			$	5,648,646
The total net position reported for governmental activities in the Statement of Net Position is different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds: (See Note 8)				
Land and Related Non-depreciable Assets	$	1,956,344		
Infrastructure, Non-depreciable		14,101,999		
Construction in Progress		1,022,111		
Buildings, Equipment, and Other Depreciable Assets		2,844,713		
Accumulated Depreciation		(1,363,169)		18,561,998
Deferred inflows of resources are not reported in the governmental funds:				
Revenues are not available soon enough after yearend to pay for the current period's expenditures	$	648,618		
Related to Pensions		(120,289)		
Related to Other Post Employment Benefits		(4,365)		523,964
Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations to individual governmental funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the Statement of Net Position.				30,356
Deferred outflows of resources are not reported in the governmental funds:				
Amount on Refunding of Bonded Debt	$	20,925		
Related to Pensions		394,633		415,558
Other assets not available in the current period and therefore are not reported in the governmental funds:				
Net Pension Asset				259
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the governmental funds: (See Note 10)				
General Obligation and Revenue Bonds Payable	$	(2,399,001)		
Unamortized Bond Premiums		(66,423)		
Accrued Interest on Bonds Payable		(1,259)		
Pollution Remediation Obligation		(5,891)		
Settlement Obligation		(319)		
Compensated Absences		(181,557)		
Capital Leases		(21,616)		
Net Other Postemployment Benefits Liability		(102,850)		
Net Pension Liability		(961,468)		(3,740,384)
Total Net Position – Governmental Activities			$	21,440,397

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

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

For the Fiscal Year Ended June 30, 2017

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

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

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

For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balances – Governmental Funds		$ 199,566
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for component units. When the buildings are completed they are “transferred” to component units and are reported as expenses in the Statement of Activities. This is the amount by which capital outlays of $828,616 exceeded depreciation expense of $(104,651) and buildings “transferred” to component units of $(49,276) in the current period. (See Note 8)		674,689
In the Statement of Activities only the gain/loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus the change in net position differs from the change in governmental fund balance by the cost of the assets sold.		(49,039)
Net effect of revenues reported on the accrual basis in the Statement of Activities that are reported as deferred inflows of resources in the governmental funds, as they are unavailable and do not provide current financial resources.		2,767
Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations to individual governmental funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		7,563
Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Position. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Position: (See Note 10)		
Payment of Bond Principal	$ 342,622	
Capital Lease Payments	1,882	344,504
Expenditures are recognized in the governmental funds when paid or due for: items not normally paid with available financial resources; and interest on long-term debt unless certain conditions are met. However, the Statement of Activities is presented on the accrual basis and expenses are reported when incurred, regardless of when financial resources are available or expenditures are paid or due. This adjustment combines the net changes of the following balances:		
Pollution Remediation Outlays	$ 510	
Settlement Obligations	46	
Compensated Absences Expense	1,150	
Accrued Interest on Bonds Payable	195	
Amortization of Bond Premiums	26,404	
Amortization of Deferred Amount on Refunding of Bonded Debt	(6,374)	
Other Postemployment Benefits Expense	23,151	
Pension Expense	(5,420)	39,662
Change in Net Position – Governmental Activities		$ 1,219,712

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

This page intentionally left blank.

Proprietary Fund Financial Statements

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

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

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

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

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

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

Statement of Net Position
Proprietary Funds
(expressed in thousands)

June 30, 2017

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

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

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

For the Fiscal Year Ended June 30, 2017

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

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

Statement of Cash Flows
Proprietary Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

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

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

Continues

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

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

This page intentionally left blank.

Fiduciary Funds

Pension and Other Employee Benefit Trust Funds

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

Investment Trust Fund

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

Private Purpose Trust Funds

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

Agency Funds

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

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

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

June 30, 2017

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

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

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

For the Fiscal Year Ended June 30, 2017

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

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

This page intentionally left blank.

Component Unit Financial Statements

Public Employees Health Program

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

University of Utah and Utah State University

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

Nonmajor Component Units

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

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

June 30, 2017

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

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

Combining Statement of Activities
Component Units
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

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

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

This page intentionally left blank.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2017

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

Blended Component Units

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

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

Discrete Component Units

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

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

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

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

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

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

The State's nonmajor discrete component units are:

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

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

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

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

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

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

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

Fiduciary Component Units

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

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

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

Related Organization (Excluded from Financial Statements)

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

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Government-wide Financial Statements

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

Governmental Fund Financial Statements

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

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

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

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

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

Proprietary Fund Financial Statements

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

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

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

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

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

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

Fiduciary Fund Financial Statements

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

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

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

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

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

Discrete Component Unit Financial Statements

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

D. Fiscal Yearends

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

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

Cash and Cash Equivalents and Investments

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

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

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

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

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

Receivables

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

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

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

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

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

Inventories, Prepaid Items, and Other Assets

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

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

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

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

Capital Assets

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

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

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

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

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

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

Deferred Outflows of Resources

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

Accrued Liabilities

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

Unearned Revenue

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

Policy Claims Liabilities

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

Long-term Debt

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

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

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

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

Compensated Absences

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

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

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

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

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

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

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

Pensions

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

Postemployment Benefits Other than Pensions (OPEB)

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

Deferred Inflows of Resources

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

Net Position/Fund Balances

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

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

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

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

F. Restricted and Unrestricted Resources

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

Grants

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

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodity revenues and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2017, the State reported revenues and expenditures of $27.277 million for commodities in the General Fund, and $18.352 million for commodities in the Education Fund (special revenue fund).

Investment Income

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

In accordance with state law, interest and dividend income from the State Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the General Fund. A portion of the applicable income reported in the General Fund is then transferred into the State Endowment Fund to increase the principal in the fund as required by state law. The State Endowment Fund generated $8.626 million of cash investment earnings, of which $5.146 million was reported in the General Fund and $3.480 million was reported in the State Endowment Fund.

G. Interfund Transactions

Government-wide Financial Statements

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

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

Governmental Fund Financial Statements

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

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

NOTE 2. BEGINNING NET POSITION ADJUSTMENTS AND OTHER CHANGES

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

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

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

GASB Statement 77, *Tax Abatement Disclosures.*

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

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

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

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

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

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

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

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

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

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

Other Adjustments and Changes

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

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

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

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

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

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

NOTE 3. DEPOSITS AND INVESTMENTS

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

A. Primary Government

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. The Money Management Act requires that deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and that has been certified by the State Commissioner of Financial Institutions as having met the requirements of the Act and adhering to the rules of the State Money Management Council.

Deposits with qualified depository institutions in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by State statute. The deposits for the primary government at June 30, 2017, including those of the Utah Retirement Systems (URS) (pension trust and defined contribution plans) and Trust Lands (permanent fund), were $1.777 billion. These deposits are exposed to custodial credit risk as follows:

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

Investments

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

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

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

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

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

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

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

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

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

Fair Value Measurements

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

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

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

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

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

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

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

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

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

Interest Rate Risk

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

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

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

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

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

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

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

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

Credit Risk of Debt Securities

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

The primary government's rated debt investments as of June 30, 2017, with the exception of URS and Trust Lands, were rated by Standard and Poor's and/or an equivalent nationally recognized statistical rating organization and the ratings are presented below using the Standard and Poor's rating scale. Securities rated less than "A" met the investment criteria at the time of purchase.

Primary Government
(except Utah Retirement Systems and Trust Lands)
Debt Investments Quality Ratings
At June 30, 2017
(expressed in thousands)

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

Continues Below

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

*A1 and A2 are Commercial Paper ratings

Custodial Credit Risk

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

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

Concentration of Credit Risk

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

Except for URS and Trust Lands, the primary government's policy for reducing this risk of loss is to comply with the Rules of the State Money Management Council. Rule 17 of the State Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. Such limitations do not apply to securities issued by the U.S. government and its agencies.

The primary government had no debt securities investments at June 30, 2017, with more than 5 percent of the total investments in a single issuer.

Foreign Currency Risk

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

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

(Notes continue on next page.)

B. Primary Government – Utah Retirement Systems

Investments

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

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

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

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

Fair Value Measurements

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

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

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

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

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

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

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

At December 31, 2016

(expressed in thousands)

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

(Table continues on next page.)

Investments and Derivative Instruments Measured at Fair Value (Continued)

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

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

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

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

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

Defined Benefit

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

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

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

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

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

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

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

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

Defined Contribution

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

Interest Rate Risk

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

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

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

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

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

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

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

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

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

- **AAA/Aaa Debt Securities** – No more than 5 percent of an investment manager's assets at market with a single issuer.
- **AA-/Aa3 Debt Securities or higher** – No more than 4 percent of an investment manager's assets at market with a single issuer.
- **A-/A3 Debt Securities or higher** – No more than 3 percent of an investment manager's assets at market with a single issuer.
- **BBB-/Baa3 Debt Securities or higher** – No more than 2 percent of an investment manager's assets at market with a single issuer.
- **Debt Securities** – No individual holding shall constitute more than 10 percent of the market value of outstanding debt of a single issuer with the exception of the U.S. Government or its agencies, or collateralized mortgage obligations.
- **Domestic Equity Securities** – No individual holdings shall constitute more than 4 percent of the securities of any single issuer. Also, no more than 8 percent of an investment manager's assets shall be invested in the equity or Real Estate Investment Trust (REIT) securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater
- of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.
- **International Equity Securities** – No more than 8 percent of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.

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

Credit Risk of Debt Securities

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

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

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

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

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

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

Defined Benefit Plans

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

Defined Contribution Plans

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

Foreign Currency Risk

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

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

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

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

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

C. Primary Government – Trust Lands

Investments

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

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

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

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

Fair Value Measurements

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

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

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

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

(Table on next page.)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Interest Rate Risk

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

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

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

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

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

Credit Risk of Debt Securities

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

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

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

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

Continues Below

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

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

Custodial Credit Risk

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

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

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

Concentration of Credit Risk

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

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

Foreign Currency Risk

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

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

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

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

D. Discrete Component Units

Custodial Credit Risk – Deposits

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

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

Investments

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

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

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

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

Fair Value Measurements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Investments Measured at the Net Asset Value (NAV)

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

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

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

Interest Rate Risk

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

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

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

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

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

Credit Risk of Debt Securities

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

(Table on next page.)

Discrete Component Units

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

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

Continues Below

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

Custodial Credit Risk

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

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

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

Concentration of Credit Risk

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

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

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

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

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

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

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

Foreign Currency Risk

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

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

E. Securities Lending

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

At yearend, neither URS nor PEHP had any credit risk exposure to borrowers because the collateral exceeded the amount borrowed. The securities on loan at yearend for the entities were $658.660 million and $2.915 million, and the collateral received for those securities on loan was $669.487 million and $2.993 million, respectively for URS and PEHP. Under the terms of the lending agreement, both state entities are indemnified against loss should the lending agent be unable to recover borrowed securities and distributions due to borrower insolvency or failure of the lending agent to properly evaluate the credit worthiness of the borrower. In addition, they are indemnified against loss should the lending agent fail to demand adequate and appropriate collateral on a timely basis. All securities loaned can be terminated on demand by either the state entity or the borrower. Cash collateral is invested in the lending agent's short-term investment pool.

The short-term investment pool guidelines specify that a minimum of 20 percent of the invested cash collateral is to be available each business day and that the dollar-weighted average maturity of holdings should not exceed 60 days. The relationship between the maturities of the short-term investment pool and each of the state entities' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the state entities cannot determine. Because the securities lending collateral is in a pool maintained by the custodial bank, the state entities do not have the ability to pledge or sell the securities, and it is not necessary to report the total income and expenses of securities lending.

F. Derivative Financial Instruments

Utah Retirement Systems

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

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

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

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

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency dominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in net realized gains or losses on foreign currency related transactions in the Combining Statement of Fiduciary Net Position–Pension. At December 31, 2016, URS investments included the following currency forwards balances as shown in the following table.

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

Defined Benefit Plans

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

Defined Contribution Plans

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

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, URS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At December 31, 2016, URS investments had the following option balances as shown in the table below.

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

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

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

(Table on next page)

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

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

Defined Benefit

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

Defined Contribution

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

**Three Month London Interbank Offered Rate (LIBOR)*
***United States Consumer Price Index*
****Brazilian Interbank Offered Rate (Daily)*

EUR CPI European Consumer Price Index
UK RPI United Kingdom Retail Price Index
EURLIBOR European LIBOR

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

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

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

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

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

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

In the URS Defined Contribution Plans, members are able to participate in Synthetic Guaranteed Investment Contracts (SGICs). The SGICs are fully benefit responsive, which means that URS is prohibited from assigning and selling the contract or its proceeds to a third party without the consent of the issuer. Prospective interest crediting rate adjustments are provided to plan participants. The SGICs provide assurance that the probability of future rate adjustments resulting in an interest crediting rate less than zero is remote. The underlying investments are high credit quality averaging A+ and therefore credit loss is remote. The terms of the SGICs require all plan participants to initiate transactions within the fund at contract value. The contract value is the fair value (cost plus accrued interest). The fair value of these contracts as of December 31, 2016, was $933.515 million and the market value was $943.930 million. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts are also noted below.

Utah Retirement Systems
(pension trust and defined contribution plans)
Synthetic Guaranteed Investment Contracts Underlying Investments
At December 31, 2016
(expressed in thousands)

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

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

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

Trust Lands

The Trust Lands (permanent fund) invests in derivative financial instruments through external investment managers retained by the Board and subject to investment management agreements and other policy requirements. Derivatives are financial arrangements between two parties whose payments are based on, or “derived” from, the performance of some agreed-upon benchmark. All derivatives are considered investments. The fair value of all derivative financial instruments is reported in the Statement of Net Position. Trust Lands does not have a formal policy for derivative financial instruments.

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

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

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

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

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency denominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net realized gains or losses on foreign currency related transactions in the Statements of Changes in Net Position.

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. The option’s price is usually a small percentage of the underlying asset’s value. Trust Lands has exposure to Options related to Interest Rates and Swaps. As a writer of financial options through external investment manager portfolios (as authorized), Trust Lands receives a premium at the outset of the agreement and bear the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options through external investment manager portfolios (as authorized), Trust Lands pays a premium at the outset of the agreement and the counter-party bears the risk of an unfavorable change in the price of the financial instrument underlying the option. The option balances are included in the Statements of Changes in Net Position.

Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty, who in turn agrees to make return interest payments that float with some reference rate. Gains and losses on swaps are determined based on market values and are recorded in the Statements of Changes in Net Position. Swap market values are determined by an independent third party.

Student Assistance Program

The following are disclosures for derivative financial instruments held by Student Assistance Program (major enterprise fund).

Objective – In order to protect against the potential of rising interest rates on its variable rate debt, the Student Assistance Program Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds, Series 2010 EE ("Series 2010 Bonds") on December 21, 2010. The purpose of the swap is to create a variable rate cost of funds for the Series 2010 Bonds that will be lower than the variable rate cost achievable in the cash bond market. The Board accounts for the swap agreement as a fair value hedging derivative instrument and recognizes changes in fair values on the statement of Net Position as an asset or liability with a related deferred inflow or outflow of resources respectively. The terms of the swap agreement include:

Trade Date:	December 21, 2010
Effective Date	December 30, 2010
Termination Date	November 1, 2030
Initial Notional Amount	$364,150,000
Board Pays Floating	3 Month LIBOR + 1.64905 percent
Counterparty Pays Fixed	Stepped fixed-rates ranging from 4.66 to 5 percent
Payment Dates	The 1st day of May and November

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

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

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

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

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

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

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

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

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

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

Basis Risk – The risk that arises when variable rates or prices of a swap agreement and a hedged item are based on different interest rate indexes. Because the swap agreement requires the Board to pay a variable rate to the counterparty, and the Board is receiving a fixed-rate payment in return, basis risk is not applicable.

Termination Risk – The risk that the swap must be terminated prior to its stated final cash flow date. Purposes for termination include the deterioration of the Board's own credit and the inability of the Board to obtain a replacement transaction with substantially similar terms. In such a circumstance, the Board would owe, or be owed, a termination payment. No termination events related to the swap agreement have occurred as of June 30, 2017.

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

NOTE 4. INVESTMENT POOL

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

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

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

The PTIF operates and reports monthly statements to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated to participants monthly on the ratio of the participant's share to the total funds in the PTIF based on the participant's average daily balance. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the pool's investments. The total difference between the fair values of the investments in the pool and the values distributed to the pool participants using the amortized cost method described above is reported in the net position section of the following table as unrealized gains/losses. The PTIF may maintain an interest reserve to stabilize the monthly apportionment of interest. Any balance maintained in the interest reserve is reflected in the fair value valuation factor discussed below. The PTIF allocates income and issues statements on a monthly basis. Twice a year, at June 30 and December 31, which are the accounting periods for public entities, the investments are valued at fair value, and participants are informed of the fair value valuation factor that enables them to adjust their statement balances to fair value.

The PTIF condensed financial statements, inclusive of external and internal participants along with the portfolio statistics for the fiscal year ended June 30, 2017, are as follows:

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

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

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

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

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

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

Deposits and Investments

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

Custodial Credit Risk – Deposits

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

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

Fair Value Measurements of Investments

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

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

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

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

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

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

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

Interest Rate Risk

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

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

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

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

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

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

Credit Risk of Debt Securities

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

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

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

* A1 and A2 are Commercial Paper Ratings

Custodial Credit Risk

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

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

Concentration of Credit Risk

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

(Notes continue on following page.)

NOTE 5. RECEIVABLES

Accounts receivable balances are an aggregation of amounts due from the federal government, customers, and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, and receivables as a result of overpayments to individuals receiving state assistance.

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

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

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

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

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

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

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

Accounts payable and accrued liability balances are an aggregation of amounts due to: (***1***) state employees for salaries/benefits; (***2***) service providers for childcare, job and health services; (***3***) vendors, miscellaneous suppliers, and brokers, dealers and clearing organizations for unsettled investment trades (Trust Lands Funds); (***4***) local and federal governments for services; (***5***) individuals and others as a result of tax overpayments or credits issued; and (***6***) interest due on bonds and other obligations.

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

(Notes continue on next page.)

NOTE 7. INTERFUND BALANCES AND LOANS

Interfund Balances

Interfund balances at June 30, 2017, consisted of the following (in thousands):

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

These balances resulted from the time lags between the dates that: (***1***) interfund goods and services are provided or reimbursable expenditures occur; (***2***) transactions are recorded in the accounting system; and (***3***) payments between funds are made.

Interfund Loans

At June 30, 2017, interfund loans receivable/payable balances consist of $44.872 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of $44.872 million includes $18.927 million that is not expected to be repaid within one year and is classified as nonspendable fund balance.

(Notes continue on next page.)

NOTE 8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows (in thousands):

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

Construction in progress of governmental activities includes amounts for buildings the State is constructing for colleges and universities and other discrete component units that are funded by state appropriations or state bond proceeds. As the buildings are completed, the applicable amounts are deleted from construction in progress of governmental activities and "transferred" to the colleges and universities and other discrete component units. For fiscal year 2017, $49.276 million of buildings were completed for colleges and universities. On the government-wide statement of activities, the building "transfers" are reported as higher education expenses of governmental activities and as program revenues of discrete component units.

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

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

Discrete Component Units

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

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

NOTE 9. LEASE COMMITMENTS

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

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

The primary government's capital lease payments and adjustments were $1.882 million in principal and $825 thousand in interest for fiscal year 2017. As of June 30, 2017, the historical cost of the primary government's assets acquired through capital leases was $42.128 million of which $41.359 million was buildings and land and $769 thousand was equipment and other depreciable assets. As of June 30, 2017, the accumulated depreciation of the primary government's assets acquired through capital leases was $16.373 million of which $15.604 million was buildings and $769 thousand was equipment and other depreciable assets. Of the $190.057 million in discrete component unit present value of future minimum lease payments noted below, $90.660 million relates to capital lease arrangements between the primary government and certain colleges and universities (discrete component units).

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

Operating lease expenditures for fiscal year 2017 were $29.694 million for the primary government and $32.130 million for discrete component units. For fiscal year 2016, the operating lease expenditures were $27.673 million for the primary government and $35.498 million for discrete component units. Future minimum lease commitments for non-cancellable operating leases and capital leases as of June 30, 2017, were as follows:

Future Minimum Lease Commitments

Operating Leases

(expressed in thousands)

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

Future Minimum Lease Commitments

Capital Leases

(expressed in thousands)

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

(Notes continue on next page.)

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

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

Long-term Liabilities
(*expressed in thousands*)

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

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

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

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

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

B. General Obligation Bonds

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

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

General Obligation Bonds Payable
(dollars expressed in thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2017
2009 A Highway Issue	03/17/09	2010 – 2018	2.00 % – 5.00 %	$ 394,360	$ 50,530
2009 C Highway/Capital Facility Issue	09/29/09	2011 – 2018	2.00 % – 5.00 %	$ 490,410	138,360
2009 D Highway Issue	09/29/09	2019, 2024	4.15 %, 4.55 %	$ 491,760	491,760
2010 A Highway/Capital Facility Issue	09/30/10	2011 – 2017	1.75 % – 5.00 %	$ 412,990	38,915
2010 B Highway Issue	09/30/10	2019 – 2025	3.19 % – 3.54 %	$ 621,980	621,980
2010 C Refunding Issue	10/21/10	2016 – 2019	4.00 % – 5.00 %	$ 172,055	143,545
2011 A Highway/Capital Facility Issue	07/06/11	2012 – 2021	2.00 % – 5.00 %	$ 609,920	246,820
2012 A Capital Facility/Refunding Issue	10/03/12	2014 – 2017	4.00 % – 5.00 %	$ 37,350	28,145
2013 Highway Issue	07/30/13	2014 – 2028	3.00 % – 5.00 %	$ 226,175	192,950
2015 Refunding Issue	04/29/15	2019 – 2026	3.50 % – 5.00 %	$ 220,980	220,980
Total General Obligation Bonds Outstanding					2,173,985
Plus Unamortized Bond Premium					61,448
Total General Obligation Bonds Payable					$ 2,235,433

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

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

Continues Below

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

C. Revenue Bonds

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

Governmental Activities

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

Business-type Activities

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

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

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

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

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

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

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

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

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

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

Discrete Component Units

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

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

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

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

* Type of Revenue Pledged:

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

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

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

(Notes continue on next page.)

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

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2017
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000 – 2019	3.80 % – 5.50 %	$ 101,557	$ 10,020
Series 2009 E	09/09/09	2018 – 2030	4.62 % – 5.77 %	$ 89,470	89,470
Series 2010	11/30/10	2011 – 2024	2.00 % – 5.00 %	$ 24,555	14,576
Series 2011	10/25/11	2012 – 2031	2.13 % – 4.00 %	$ 5,250	3,175
Series 2012 A	11/20/12	2017 – 2027	1.50 % – 5.00 %	$ 11,755	10,885
Series 2012 B	11/20/12	2013 – 2022	1.50 % – 2.25 %	$ 9,100	3,342
Series 2015	04/29/15	2016 – 2030	3.00 % – 5.00 %	$ 785	70
Series 2016	04/05/16	2016 – 2038	2.25 % – 5.00 %	$ 93,625	93,625
Total Lease Revenue Bonds Outstanding					225,163
Plus Unamortized Bond Premium					4,975
Total Lease Revenue Bonds Payable					$ 230,138

Business-type Activities
(dollars expressed in thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2017
Student Assistance Programs:					
1993 Trust Estate Student Loan Indentures	1999 – 2011	2030 – 2046	Variable and Fixed	$ 1,337,655	$ 397,011
2012 Trust Estate Student Loan Indentures	2012	2032	Variable	$ 518,700	217,344
2014 Trust Estate Student Loan Indentures	2014	2039	Variable	$ 277,000	163,331
2015 Trust Estate Student Loan Indentures	2015	2043	Variable	$ 415,500	259,627
2016 Trust Estate Student Loan Indentures	2016	2057	Variable	$ 452,250	392,428
2017 Trust Estate Student Loan Indentures	2017	2057	Variable	$ 420,000	388,986
SLPP Office Facility Bond Fund	2012	2014 – 2024	2.00 % – 5.00 %	$ 7,295	4,080
Total Revenue Bonds Outstanding					1,822,807
Plus Unamortized Bond Discount					(10,518)
Total Revenue Bonds Payable					$ 1,812,289
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000 – 2019	3.80 % – 5.50 %	$ 3,543	$ 385
Series 2009 A	03/25/09	2011 – 2019	3.00 % – 5.00 %	$ 25,505	2,200
Series 2009 B	09/09/09	2012 – 2019	3.00 % – 5.00 %	$ 8,455	2,425
Series 2009 C	09/09/09	2024, 2029	5.29 %, 5.77 %	$ 16,715	16,715
Series 2010	11/30/10	2011 – 2024	2.00 % – 5.00 %	$ 12,180	7,829
Series 2012 A	11/20/12	2017 – 2027	1.50 % – 5.00 %	$ 3,855	3,735
Series 2012 B	11/20/12	2013 – 2022	1.50 % – 2.25 %	$ 2,600	834
Series 2015	04/29/15	2016 – 2030	3.00 % – 5.00 %	$ 29,230	28,790
Series 2016	04/05/16	2016 – 2038	2.25 % – 5.00 %	$ 4,525	4,525
Total Lease Revenue Bonds Outstanding					67,438
Plus Unamortized Bond Premium					5,081
Total Lease Revenue Bonds Payable					$ 72,519
Water Loan Programs:					
Series 2010 B Recapitalization Revenue Bonds	02/23/10	2014 – 2017	2.25 % – 5.00 %	$ 16,125	$ 5,455
Series 2010 C Recapitalization Revenue Bonds	02/23/10	2018 – 2022	4.19 % – 4.79 %	$ 31,225	31,225
Total Recapitalization Revenue Bonds Outstanding					36,680
Plus Unamortized Bond Premium					0
Total Recapitalization Revenue Bonds Payable					$ 36,680
Total Revenue/Lease Revenue/Recapitalization Revenue Bonds Payable					$ 2,151,626

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

	Principal							
Fiscal Year	1993 Trust Estate Student Loan Indentures	2012 Trust Estate Student Loan Indentures	2014 Trust Estate Student Loan Indentures	2015 Trust Estate Student Loan Indentures	2016 Trust Estate Student Loan Indentures	2017 Trust Estate Student Loan Indentures	SLPP Office Facility Bond Fund	1998 Utah State Building Ownership Authority
2018	$ 88,887	$ 37,011	$ 22,352	$ 52,720	$ 94,380	$ 87,406	$ 685	$ 8,295
2019	52,528	35,767	21,404	48,322	88,287	80,491	700	2,110
2020	52,229	35,090	20,004	40,105	73,944	66,787	715	—
2021	44,242	23,377	15,345	29,975	55,015	51,040	725	—
2022	42,865	22,737	15,359	27,995	51,600	47,457	765	—
2023-2027	116,260	63,362	52,273	60,510	29,202	55,805	490	—
2028-2032	—	—	16,594	—	—	—	—	—
2033-2037	—	—	—	—	—	—	—	—
2038-2042	—	—	—	—	—	—	—	—
Total	$ 397,011	$ 217,344	$ 163,331	$ 259,627	$ 392,428	$ 388,986	$ 4,080	$ 10,405

Continues Below

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

Continues Below

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

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

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

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

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

D. Conduit Debt Obligations

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

E. Defeased Bonds and Bond Refunding

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

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

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

F. Contracts Payable

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

G. Pollution Remediation Obligations

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

H. Notes Payable

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

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

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

I. Debt Service Requirements for Derivatives

Business-type Activities

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

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

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

(Notes continue on next page.)

NOTE 11. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred Outflows and Inflows of Resources reported on the Statement of Net Position as of June 30, 2017, consisted of the following:

Deferred Outflows and Inflows of Resources
(expressed in thousands)

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

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

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

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

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

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

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

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

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

A. Governmental Fund Balances – Restricted, Committed and Assigned

The State's fund balances represent: (*1*) **Restricted Purposes**, which include balances that are legally restricted for specific purposes due to constraints that are imposed by law through constitutional provisions or are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; (*2*) **Committed Purposes**, which include balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Legislature; (*3*) **Assigned Purposes**, which include balances that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. A summary of the nature and purpose of these reserves by fund type at June 30, 2017, follows:

Governmental Fund Balances
(expressed in thousands)

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

* Resources restricted through constitutional provisions.

B. Budget Stabilization Accounts

In accordance with Sections 63J-1-312 and 313 of the *Utah Code*, the State maintains the General Fund Budget Reserve Account in the General Fund (the "Rainy Day Fund") and an Education Fund Budget Reserve Account in the Education Fund (the "Education Reserve"). These stabilization balances can generally only be used to cover budget shortfalls when appropriated by the Legislature. In certain circumstances, the Rainy Day Fund can also be used to finance essential programs that lose expected federal funds. State law requires 25 percent of any revenue surplus in the General Fund to be deposited in the Rainy Day Fund after any required Medicaid growth savings transfer is made (see Medicaid Budget Sustainability Account discussion below) and 25 percent of any revenue surplus in the Education Fund to be deposited in the Education Reserve, in each case up to a statutory limit. State law limits the totals of the Rainy Day Fund and Education Reserve to 9 and 11 percent of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred.

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

In accordance with Section 63J-1-315 of the *Utah Code*, the State maintains the Medicaid Growth Reduction and Budget Stabilization Restricted Account ("Medicaid Budget Stabilization Account"). The Legislature may appropriate money from the account only if Medicaid program expenditures are estimated to be 108 percent or more of Medicaid program expenditures for the previous year. The account is funded in a fiscal year when there are savings in the Medicaid Program and a General Fund revenue surplus. For the fiscal year ended June 30, 2017, $18.548 million was transferred into the Medicaid Budget Stabilization Account.

C. Minimum Fund Balance Policies

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

D. Net Position Restricted by Enabling Legislation

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

NOTE 13. DEFICIT NET POSITION AND FUND BALANCE

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

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

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

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

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

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

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

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

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

NOTE 14. INTERFUND TRANSFERS

Transfers between funds occur when one fund collects revenue and transfers the assets to another fund for expenditure or when one fund provides working capital to another fund. All transfers must be legally authorized by the Legislature through statute or an *Appropriation Act*. Interfund transfers for the fiscal year ended June 30, 2017, are as follows (in thousands):

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

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

In addition, the Legislature authorized payments of $1.002 billion to discrete component units. Payments to discrete component units are reported as expenditures in both the General Fund governmental fund statements and the Governmental Activities column of the Statement of Activities. They are also reported as revenues in the Component Units column of the Statement of Activities.

NOTE 15. TAX ABATEMENTS

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

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

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

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

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

Tax Abatement Programs
(expressed in thousands)

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

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

NOTE 16. LITIGATION, CONTINGENCIES, AND COMMITMENTS

A. Litigation

- The State is involved in various legal actions arising in the ordinary course of business. The State is vigorously contesting all of these matters, but as of this date it is not possible to determine the outcome of these proceedings. In the opinion of the Attorney General and management, the ultimate disposition of these matters will not have a material adverse effect on the State's financial position.
- A lawsuit was filed by the Tobacco Companies against the settling states participating in a master settlement agreement in an effort to recoup tobacco settlement payments made in prior years. The plaintiffs allege that they are entitled to a non-participating manufacturer adjustment that will allow them to take a credit against future payment obligations. The dispute is currently in arbitration for the tobacco settlement payment made to Utah in fiscal year 2005. An adverse ruling may impact future state tobacco receipts of up to approximately $28 million, plus interest.
- In addition to the items above, the State is contesting other legal actions totaling over $15.21 million plus attorneys' fees and interest and other cases where the amount of potential loss is indeterminable. Some portions of the amounts sought have been paid by the State or placed in escrow.

B. Contingencies

- The State receives a significant amount of funding from the federal government. Funds flowing from the federal government to the State are subject to changes to federal laws and appropriations. Based on the financial position of the federal government, it is reasonably possible that events will occur in the near term that will significantly affect the flow of federal funds to the State. The State is taking action to identify and address the impact a significant reduction of federal funds will have on the programs and operations of the State, including requiring contingency plans from state agencies.
- Financial and compliance audits (Single Audit) of federal grants, contracts, and agreements were conducted under the provisions of the Federal Office of Management and Budget's circulars. As a result of the audits, identified questioned costs are immaterial. In addition, program compliance audits by the federal government are conducted periodically; however, an estimate of any potential disallowances on these audits and findings on other audits on noncompliance cannot be estimated as to the potential liability. The Single Audit for the fiscal year ended June 30, 2017, will be available in December 2017.
- Management's estimated liability for the Petroleum Storage Tank Trust (private purpose trust fund) is highly sensitive to change based on the short period of historical data and the uncertainty in estimating costs. Since it is not possible to determine the occurrence date of a leak in an underground storage tank, it is not possible to estimate the number or the associated costs of leaks that have not been detected.
- The Utah Fund of Funds (UFOF) (legally separate entity) was created by the passage of the Utah Venture Capital Enhancement Act in fiscal year 2003 to mobilize private investments and enhance the venture capital culture and infrastructure within the State. The State's involvement in this program is limited to public oversight of the UFOF primarily in the form of approving the issuance of contingent tax credit certificates, ensuring that the UFOF is achieving its statutory purposes of spurring economic development and protecting against the redemption of contingent tax credits. The aggregate outstanding tax certificates available to the program cannot exceed: (***1***) $130 million of contingent tax credits used as collateral or a guarantee on loans for the debt-based financing of investments initiated before July 1, 2014; or ***(2)*** $120 million of contingent tax credits for a loan refinanced using debt-based or equity-based financing; and (***3***) $100 million used as an incentive for equity investments in the UFOF. The tax certificates are structured so that not more than $20 million of contingent tax credits for each $100 million increment of contingent tax liability may be redeemable in any fiscal year. At December 31, 2016, $76.237 million in loans were outstanding and invested in venture capital and private equity funds. The loans will mature in 2017. Under certain circumstances, the holder of a certificate is entitled to a refundable tax credit against tax liabilities imposed by Section 59-7, "Corporate Franchise and Income Taxes," or Section 59-10, "Individual Income Tax Act" of the *Utah Code*. To date, the State has not had to place any contingent tax credits into the program, and it does not anticipate the use of tax credits anytime in the near future.
- The State is self-insured for liability claims up to $2 million and beyond the excess insurance policy limit of $10 million. The State is self-insured for individual property and casualty claims up to $1 million and up to $3.500 million in aggregate claims and beyond the excess insurance policy limit of $1 billion per occurrence. According to an actuarial study and other known factors, $53.645 million exists as either incurred but unfiled or unpaid claims. This amount is reported as a liability of the Department of Administrative Services' Risk ~~Management Fund~~ (internal service fund).
- The Utah School Bond Guaranty Act (Sections 53A-28-101 to 402 of the *Utah Code*), which took effect on January 1, 1997, pledges the full faith, credit, and unlimited taxing power of the State to guaranty full and timely payment of the principal and

interest on general obligation bonds issued by qualifying local school boards. The primary purpose of the Guaranty Act is to reduce borrowing costs for local school boards by providing credit enhancement for Guaranteed Bonds. The local school boards do not meet the criteria for inclusion as part of the State's reporting entity.

In the event a school board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may use any available monies, may use short-term borrowing from the State Permanent School Fund (part of the permanent Trust Lands Fund), or may issue short-term general obligation notes. The local school board remains liable to the State for any such payments on Guaranteed Bonds. Reimbursements to the State may be obtained by intercepting payment of state funds intended for the local school board. The State may also compel the local school board to levy a tax sufficient to reimburse the State for any guaranty payments.

The State Superintendent of Public Instruction is charged with monitoring the financial condition of local school boards and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately any circumstances that suggest a local school board may not be able to pay its debt service obligations when due. The State has not advanced any monies for the payment of debt service on Guaranteed Bonds and does not expect that it will be required to advance monies for any significant period of time.

Local school boards have $2.965 billion principal amount of Guaranteed Bonds outstanding at June 30, 2017, with the last maturity date being 2037. The State cannot predict the amount of bonds that may be guaranteed in future years, but no limitation is currently imposed by the Guaranty Act.

- The Charter School Credit Enhancement Program (Program) (Sections 53A-20b-201 to 204 of the *Utah Code*) was established to reduce borrowing costs for qualifying charter schools by providing credit enhancement on bonds issued on behalf of those schools. Bonds issued under this Program are not legal obligations of the State, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the bonds. If a charter school with bonds issued under the Program draws on its debt service reserve fund, state law requires the Governor to request an appropriation from the Legislature to restore the school's debt service reserve fund to its required level or to meet any principal or interest payment deficiency. However, the Legislature is not required to make any such appropriations. A charter school is required to repay the State any appropriations it receives to restore its debt service reserves at the time and in the manner required by the Utah Charter School Finance Authority (Authority) (nonmajor discrete component unit).

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

  The Authority is the conduit issuer of Credit Enhancement Program bonds and responsible for developing criteria by which a charter school qualifies to participate in the Program. The Authority is also charged with monitoring the financial condition of qualifying charter schools and certifying, at least annually, the amount required to restore amounts on deposit in the debt service reserve funds of charter schools participating in the Program. The total amount of charter school debt enhanced by the Program is limited by formula. As of June 30, 2017, $283.800 million of debt was outstanding under the Program.

- At June 30, 2017, the Utah Higher Education Assistance Authority Student Loan Guarantee Program (Student Assistance Programs, major enterprise fund) had guaranteed student loans outstanding with a current principal and interest balance of $861.729 million.

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

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

C. Commitments

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

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

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

- At June 30, 2017, the Utah Department of Transportation had construction and other contract commitments of $591.361 million, of which $290.077 million is for Transportation Fund and $301.284 million is for projects within the Transportation Investment Fund (major capital projects fund) highway projects. These commitments will be funded with future appropriations in the Transportation Fund and through proceeds of general obligation bonds and future appropriations in the Transportation Investment Fund.

- At June 30, 2017, the permanent Trust Lands Fund had contractual commitments of $587.227 million, of which an estimated $216.903 million remain unfunded and subject to call.
- At June 30, 2017, the State's capital projects funds had construction commitments of $451.929 million. These commitments will be funded with legislative appropriations, intergovernmental revenues, and proceeds of general obligation and lease revenue bonds.
- At June 30, 2017, the enterprise funds had loan commitments of approximately $220.666 million and grant commitments of approximately $48.955 million.
- Utah Retirement Systems has at its yearend December 31, 2016, committed to fund certain private equity partnerships, absolute return, and real asset funds projects for an amount of $9.676 billion. Funding of $7.125 billion has been provided by December 31, 2016, leaving an unfunded commitment of $2.551 billion.
- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the University of Utah officers, the University is obligated to make periodic payments for advance commitments to venture capital and private equity investments. As of June 30, 2017, the University had committed, but not paid, a total of $49.721 million in funding for these alternative investments.
- At June 30, 2017, the University of Utah had outstanding commitments for the construction and remodeling of its buildings of approximately $97.590 million.
- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the Utah State University officers, the University is obligated to make periodic payments for advance commitments to venture capital, natural resource, and private equity investments. As of June 30, 2017, the University had committed, but not paid, a total of $15.578 million in funding for these alternative investments.
- At June 30, 2017, Utah State University had outstanding commitments for the construction and remodeling of its buildings of approximately $54.100 million.

NOTE 17. JOINT VENTURES

Utah Education Network

The Utah Education Network (UEN) is a publicly funded consortium administered by the University of Utah supporting educational technology needs for Utah's public and higher education institutions, public libraries, and state agencies. UEN provides internet access for all Utah public middle schools, high schools, and higher education institutions. UEN also operates a fully interactive distance learning network interconnecting public schools and higher education institutions statewide. State appropriation support of UEN amounted to $28.663 million for the year ended June 30, 2017. UEN is not separately audited, but is included in the audited financial statements of KUEN, a public broadcasting television station operated by the University. Copies of those statements can be obtained from KUEN's administrative offices.

NOTE 18. PENSION PLANS

Utah Retirement Systems (URS) was established by Title 49 of the *Utah Code*. URS administers the pension systems and plans under the direction of the URS Board whose members are appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans it administers. URS maintains records and prepares financial statements using fund accounting principles and the accrual basis of accounting, under which benefits and expenses are recognized when due and payable, and revenues are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2016, financial report has been included in this Comprehensive Annual Financial Report as a pension trust fund for URS within the fiduciary funds. Copies of the separately issued financial report, which includes financial statements and required supplemental information, may be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102-2044, or online at www.urs.org.

URS operations are comprised of the following groups of systems/plans covering employees of the State and participating local government and public education entities:

- The Public Employees Noncontributory Retirement System (Noncontributory System); the Public Employees Contributory Retirement System (Contributory System); and the Firefighters Retirement System (Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- The Public Safety Retirement System (Public Safety System), which is a defined-benefit mixed agent and cost-sharing, multiple-employer retirement system;
- The Judges Retirement System (Judges System) and the Utah Governors and Legislators Retirement Plan, which are single-employer service-employee retirement systems;
- The Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighters Contributory System (Tier 2 Public Safety and Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- Five defined contribution plans comprised of the 401(k) Plan, 457(b) Plan, Roth and Traditional IRAs, and Health Reimbursement Arrangement (HRA).

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

A. Defined Benefit Plans

Retirement benefits are specified by Title 49 of the *Utah Code*. The retirement systems are defined-benefit plans wherein the benefits are based on age and/or years of service and highest average salary. Various plan options within the systems may be selected by retiring members. Some of the options require actuarial reductions based on attained age, age of spouse, and similar actuarial factors. A brief summary of eligibility for and benefits of the systems is provided in the following table:

Summary of Benefits by System

	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Final Average Salary	Highest 3 Years	Highest 5 Years	Highest 3 Years		Highest 2 Years	Highest 5 Years	Highest 5 Years
Years of Service Required and/or Age Eligible for Benefit	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	30 years any age 20 years age 60* 10 years age 62* 4 years age 65	20 years any age 10 years age 60 4 years age 65		25 years any age 20 years age 55* 10 years age 62 6 years age 70	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	25 years any age 20 years age 60* 10 years age 62* 4 years age 65
Benefit Percent per Year of Service**	2.00% per year all years	1.25% per year to June 1975 2.00% per year July 1975 to present	2.50% per year up to 20 years 2.00% per year over 20 years		5.00% first 10 years 2.25% second 10 years 1.00% over 20 years	1.50% per year all years	1.50% per year all years
COLA***	Up to 4.00%	Up to 4.00%	Up to 4.00% depending on the employer		Up to 4.00% compounded	Up to 2.50%	Up to 2.50%

Note: The Utah Governors and Legislators Retirement Plan benefits are explained below.

* With actuarial reductions.
** For members and retirees in the systems, prior to January 1, 1989, there may be a 3 percent benefit enhancement.
*** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Former governors at age 65 receive $1,360 per month per term. Legislators receive a benefit at age 65 with four or more years of service at the rate of $29.60 per month per year of service. Retirement at age 62 with ten or more years of service will receive an actuarial reduction. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment, members of the Systems may leave their retirement account intact for future benefits based on vesting qualification, or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

At December 31, 2016, the following number of employees were covered by the State's (primary government) single-employer plans:

Single-employer Plans Covered Employees
December 31, 2016

	Judges System	Governors and Legislators Retirement Plan
Inactive Employees or Beneficiaries Currently Receiving Benefits	140	241
Inactive Employees Entitled to But Not Yet Receiving Benefits	4	105
Active Employees	112	65
Total Single-employer Plans Covered Employees	256	411

Contribution Rates

As a condition of participation in the Defined Benefit Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. For the Utah Governors and Legislators plan, an annual appropriation is statutorily required to maintain this plan on a financially and actuarially sound basis. The State paid 100 percent of the contractually and statutorily required contributions. Contribution rates and contributions for the fiscal year ended June 30, 2017, are presented in the following table (dollars expressed in thousands):

Contributions

Systems/Plan	Employee Paid	Paid by Employer for Employee	Employer Paid	Primary Government	Discrete Component Units
Noncontributory Public Employees	$ —	—%	22.19%	$ 138,041	$ 55,104
Contributory:					
Contributory Public Employees	$ —	6.00%	17.70%	$ 1,373	$ 1,264
Tier 2 Public Employees *	$ —	—%	18.24%	$ 31,467	$ 11,947
Public Safety:					
Contributory Public Safety	$ —	12.29%	29.70%	$ —	$ —
Noncontributory Public Safety	$ —	—%	41.35%	$ 44,808	$ 1,123
Tier 2 Public Safety *	$ —	—%	29.21%	$ 7,222	$ 121
Firefighters:					
Contributory Firefighters	$ —	15.05%	3.89%	$ 47	$ —
Tier 2 Firefighters *	$ —	—%	10.75%	$ 26	$ —
Judges **	$ —	—%	42.12%	$ 7,728	$ —
Utah Governors and Legislators		Annual Appropriation		$ 421	

* Tier 2 plans provide a statutory required contribution (0.08 to 18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 plans.
** Employer paid contributions for the Judges System include a 3 percent retirement benefit increase (substantial substitute) that is not reflected in other footnote disclosures related to the Judges System.

In addition to the contributions noted above, the Primary government and discrete component units also paid $649 thousand and $429 thousand respectively to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements.

Below are the changes in net pension liability for the State's (primary government) single-employer system and plan:

Single-employer Plans
Changes in Net Pension Liability and Related Ratios
Increases (Decreases)
For the Fiscal Year Ended December 31, 2016
(dollars expressed in thousands)

		Judges System	Utah Governors and Legislators Retirement Plan
Total Pension Liability			
Service Cost		$ 5,023	$ 90
Interest		14,064	851
Difference between Actual and Expected Experience		1,995	167
Assumption Changes		2,885	241
Benefit Payments		(12,330)	(941)
Net Change in Total Pension Liability		11,637	408
Total Pension Liability – Beginning		198,986	12,247
Total Pension Liability – Ending	*A*	$ 210,623	$ 12,655
Plan Fiduciary Net Position			
Contributions – Employee		$ —	$ —
Contributions – Employer		7,382	421
Court Fees *		1,470	—
Net Investment Income		13,820	849
Benefit Payments		(12,330)	(941)
Administrative Expense		(71)	(4)
Net Transfers with Affiliated Systems		1,600	(12)
Net Change in Plan Fiduciary Net Position		11,871	313
Plan Fiduciary Net Position – Beginning		163,747	10,039
Plan Fiduciary Net Position – Ending	*B*	$ 175,618	$ 10,352
Net Pension Liability / (Asset) – Ending (A – B)		$ 35,005	$ 2,303
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		83.38%	81.80%
Covered Payroll		$ 16,755	$ 799
Net Pension Liability as a Percentage of Covered Payroll		208.92%	288.24%

* These court fees were recognized as revenue for support provided by non-employer contributing entities.

Proportionate Share of Net Pension Asset and Liability

Utah Retirement Systems (URS) (pension trust and defined contribution plans) provides retirement benefits to employees of the primary government and its discrete component units as well as to public education and other political subdivisions of the State. At December 31, 2016, the net pension asset and the net pension liability for all URS systems is $1.656 million and $4.652 billion respectively. The plan's fiduciary net position as a percent of the total pension liability is 86 percent. At December 31, 2016, the primary government's net pension asset and net pension liability is $268 thousand and $1.058 billion, respectively. The following table summarizes the State's (primary government) net pension asset and liability by plan.

Primary Government
Net Pension Asset and Liability
December 31, 2016
(dollars expressed in thousands)

System	Net Pension Asset	Net Pension Liability	Proportionate Share 2016	Proportionate Share 2015	Proportionate Share Change
Noncontributory System	$ —	$ 792,635	24.46%	23.84%	0.62 %
Contributory System	—	16,932	30.90%	32.52%	(1.62)%
Public Safety System	—	208,964	97.73%	97.81%	(0.08)%
Firefighters System	34	—	4.30%	3.90%	0.40 %
Judges System	—	35,005	100.00%	100.00%	— %
Utah Governors and Legislators Retirement Plan	—	2,303	100.00%	100.00%	— %
Tier 2 Public Employees System	—	2,123	19.04%	17.66%	1.38 %
Tier 2 Public Safety and Firefighters System	234	—	26.95%	25.84%	1.11 %
Total Net Pension Asset / Liability	$ 268	$ 1,057,962			

At December 31, 2016, the net pension asset and the net pension liability for the discrete component units is $7 thousand and $353.230 million respectively. The following table summarizes the discrete component unit's net pension asset and liability by system.

Discrete Component Units
Net Pension Asset and Liability
December 31, 2016
(dollars expressed in thousands)

System	Net Pension Asset	Net Pension Liability	Proportionate Share 2016	Proportionate Share 2015	Proportionate Share Change
Noncontributory System	$ —	$ 331,528	10.02%	10.67%	(0.65)%
Contributory System	—	16,038	29.14%	27.82%	1.32 %
Public Safety System	—	4,801	2.24%	2.17%	0.07 %
Tier 2 Public Employees System	2	863	8.65%	11.49%	(2.84)%
Tier 2 Public Safety and Firefighters System	5	—	0.51%	0.47%	0.04 %
Total Net Pension Asset / Liability	$ 7	$ 353,230			

Deferred Outflows and Inflows of Resources

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

At December 31, 2016, the State (primary government) recognized pension expense of $244.187 million. The State's discrete component units recognized pension expense of $78.220 million. Deferred outflows of resources and deferred inflows of resources related to the recognition of pension expense are from the following sources:

Deferred Outflows and Inflows of Resources *
Related to Pensions
December 31, 2016
(expressed in thousands)

Source	Primary Government Deferred Outflows of Resources	Primary Government Deferred Inflows of Resources	Discrete Component Units Deferred Outflows of Resources	Discrete Component Units Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 2,197	$ 56,467	$ 3	$ 20,936
Changes in Assumptions	108,399	14,768	30,121	4,511
Net Differences between Projected and Actual Earnings on Pension Plan Investments	199,189	57,286	78,322	17,361
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	13,391	4,308	5,031	10,248
Contributions Subsequent to the Measurement Date	113,656	—	35,946	—
Total	$ 436,832	$ 132,829	$ 149,423	$ 53,056

* Before amounts allocated for financial statement presentation.

The $113.656 million and $35.946 million reported as deferred outflows of resources by the primary government and discrete component units are the result of contributions subsequent to the measurement date of December 31, 2016. These contributions will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Recognition of Remaining Deferred Outflows and (Inflows) of Resources

Year Ended December 31	Primary Government	Discrete Component Units
2017	$ 55,238	$ 17,891
2018	$ 64,190	$ 18,911
2019	$ 78,279	$ 23,818
2020	$ (8,436)	$ (479)
2021	$ 72	$ 21
Thereafter	$ 1,004	$ 259

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Summary of Actuarial Assumptions

	Non-contributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Valuation Date	01/01/16	01/01/16	01/01/16	01/01/16	01/01/16	01/01/16	01/01/16	01/01/16
Measurement Date	12/31/16	12/31/16	12/31/16	12/31/16	12/31/16	12/31/16	12/31/16	12/31/16
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Actuarial Assumptions: Investment Rate of Return	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%	7.20%
Projected Salary Increases	3.35–10.35%	3.35–10.35%	3.35–7.65%	3.35–8.90%	3.35%	None	3.35–10.35%	3.35–8.90%
Inflation Rate	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
Post-retirement Cost-of-living Adjustment	2.60%	2.60%	2.50% or 2.60% depending on employer	2.60%	2.60%	2.60%	2.50%	2.50%

Note: All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual CPI increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

The actuarial assumptions used in the January 1, 2016, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013. Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

Target Allocations The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2016, are summarized in the table below:

Target Allocations
Expected Return Arithmetic Basis

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return*
Equity Securities	40.00%	7.06%	2.82%
Debt Securities	20.00%	0.80%	0.16%
Real Assets	13.00%	5.10%	0.66%
Private Equity	9.00%	11.30%	1.02%
Absolute Return	18.00%	3.15%	0.57%
Cash and Cash Equivalents	0.00%	0.00%	0.00%
Total Asset Classes	100.00%		5.23%
Inflation			2.60%
Expected Arithmetic Nominal Return			7.83%

* The total URS Defined Benefit long-term expected rate of return is 7.20 percent. It is comprised of a 2.60 percent inflation rate, a real long-term expected rate of return of 4.60 percent that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the municipal bond rate. The discount rate was reduced to 7.20 percent from 7.50 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the State's (primary government) net pension liability calculated using the discount rate of 7.20 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.20 percent) or 1 percentage-point higher (8.20 percent) than the current rate:

Primary Government
Changes in Discount Rate
Net Pension Liability / (Asset)
(expressed in thousands)

System	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Noncontributory System	$ 1,453,310	$ 792,635	$ 238,924
Contributory System	41,626	16,932	(4,041)
Public Safety System	378,108	208,964	69,665
Firefighters System	1,226	(34)	(1,056)
Judges System	56,845	35,005	16,252
Utah Governors and Legislators Retirement Plan	3,526	2,303	1,265
Tier 2 Public Employees System	14,453	2,123	(7,256)
Tier 2 Public Safety and Firefighters System	1,636	(234)	(1,671)
Total Net Pension Liability / (Asset)	$ 1,950,730	$ 1,057,694	$ 312,082

B. Defined Contribution Plans

The 401(k), 457(b), Roth and Traditional IRA Plans, administered by URS, in which the State participates, are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the Retirement Systems and a primary retirement plan for some Tier 2 participants. Contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the 401(k) and 457(b) plans at rates determined by the employers and according to Title 49 of the *Utah Code*. There are 445 employers participating in the 401(k) Plan and 255 employers participating in the 457(b) Plan. There are 166,430 plan participants in the 401(k) Plan, 17,416 participants in the 457(b) Plan, 8,772 participants in the Roth IRA Plan, and 1,763 participants in the Traditional IRA Plan. The Health Reimbursement Arrangement (HRA), is a defined contribution plan, and is administered by Public Employee Health Programs (PEHP).

After termination of employment, benefits are paid out to individuals in lump sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The Defined Contribution Plans account balances are fully vested to the participants at the time of deposit except for Tier 2 required employer contributions and associated earnings during the first four years of employment. Investments in the vested portion of the Defined Contribution Plans are individually directed and controlled by plan participants. Investments of the plans are reported at fair value.

Employees of the State are eligible to participate in the defined contribution 401(k), 457(b), Roth and Traditional IRA Plans. Employees, who contribute to a 401(k), 457(b), or IRA will get a match from the State of up to $26 per pay period. In addition, the State and participating employers are required to contribute 1.50 percent of an employee's salary into a 401(k) for those employees who participate in the noncontributory system. The amounts contributed to the 401(k) Plan during the year ended June 30, 2017, by employees and employers are as follows: for Primary Government, $37.686 million and $33.425 million; for Component Units, $5.726 million and $8.866 million, respectively. The amounts contributed by employees to the 457(b), Roth and Traditional IRA Plans (primary government and component units) are $7.304 million, $4.298 million, and $214 thousand, respectively.

For the Tier 2 Public Employee System, Tier 2 Public Safety System, and the Tier 2 Firefighters System, the State and participating employers are required to contribute varying amounts into a 401(k). The amounts range from 1.33 to 1.78 percent of an employee's salary for the hybrid defined benefit systems and 10 to 12 percent of an employee's salary for the defined contribution systems. These contributions vest immediately, except for the Tier 2 401(k) required contributions that are subject to a 4-year vesting period. The primary government and discrete component units paid $6.250 million and $1.670 million, respectively, in 401(k) defined contributions required by statute. In addition to these contributions, the Tier 2 plans provide a statutory required contribution (.08 to 18.54 amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 (defined benefit) plans.

Teachers Insurance and Annuity Association-College Retirement Equities Fund

Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) and Fidelity Investments, privately administered defined-contribution retirement plans, provide individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and staff. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.20 percent of the employee's annual salary. The State has no further liability once annual contributions are made.

The total contribution made by the colleges and universities (discrete component units) to the TIAA-CREF retirement system for June 30, 2017 and 2016, were $224.533 million and $204.780 million, respectively.

NOTE 19. OTHER POSTEMPLOYMENT BENEFITS

The State administers the State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan) through the State Post-Retirement Benefits Trust Fund, as set forth in Section 67-19d-201 of the *Utah Code*. A separate Elected Official Other Post-employment Benefit Plan (Elected Official OPEB Plan) is provided for governors and legislators, and this plan is administered through the Elected Official Post-Retirement Benefits Trust Fund as set forth in Section 67-19d-201.5 of the *Utah Code*. Both trust funds are irrevocable and legally protected from creditors. Both are also administered under the direction of a board of trustees, which consists of the State Treasurer, the Director of the Division of Finance, and the Director of the Governor's Office of Management and Budget or a designee. Neither plan issues a publicly available financial report, but are included in this report of the primary government.

State Employee OPEB Plan Description

At the option of individual state agencies, employees may participate in the State Employee OPEB Plan, a single-employer defined benefit healthcare plan, as set forth in Section 67-19-14.2 of the *Utah Code*. Only state employees who are entitled to receive retirement benefits are eligible to receive postemployment health and life insurance benefits, and in some situations dental coverage, from the State Employee OPEB Plan. Upon retirement, employees receive up to 25 percent of the value of their unused accumulated sick leave, earned prior to January 1, 2006, as a mandatory employer contribution into a 401(k) account. Employees may exchange eight hours of their remaining unused accumulated sick leave for one month of paid health and life insurance coverage up to age 65. After age 65, employees may use the balance of unused accumulated sick leave, earned prior to January 1, 2006, to exchange for spouse health insurance to age 65, or Medicare supplemental insurance for employee or spouse. In addition, any full-time employees of the Utah State Board of Education and the Utah Schools for the Deaf and Blind (discrete component unit) hired before July 1, 2012, who have attained at least five consecutive years of service with the agency, have the option of receiving postemployment health, dental, and life insurance coverage for up to five years or until reaching age 65 regardless of their unused sick leave balance. Also, judges have their own retiree health coverage that is part of the State Employee OPEB Plan. The State Employee OPEB Plan is closed to new entrants since it is only applicable to employees eligible for retirement who have sick leave earned prior to January 1, 2006, or employees of the Utah State Board of Education hired before July 1, 2012.

Elected Official OPEB Plan Description

The Elected Official OPEB Plan is a single-employer defined benefit healthcare plan, as set forth in Section 49-20-404 of the *Utah Code*. Only governors and legislators (elected officials) who retire after January 1, 1998, and have four or more years of service can elect to receive and apply for health insurance coverage or Medicare supplemental coverage. The State will pay 40 percent of the benefit cost for four years of service and up to 100 percent for ten or more years of service for elected officials and their spouses.

To qualify for health insurance coverage, an elected official must be between 62 and 65 years of age and either be an active member at the time of retirement or have continued coverage with the program until the date of eligibility. In addition, to qualify for health insurance coverage, an elected official must have service as a legislator or governor prior to January 1, 2012.

To qualify for Medicare supplemental coverage, an elected official must be at least 65 years of age. In addition, the elected official must retire under Chapter 19, *Utah Governors' and Legislators' Retirement Act*, and have service as an elected official prior to July 1, 2013. The Plan is closed to new entrants.

At June 30, 2017, the following number of employees were covered by the State's single-employer OPEB plans:

Single-employer Plans Covered Employees

June 30, 2017

	State Employee OPEB Plan	Elected Official OPEB Plan
Inactive Employees or Beneficiaries Currently Receiving Benefits....	3,243	83
Inactive Employees Entitled to But Not Yet Receiving Benefits.........	—	106
Active Employees	6,572	84
Total Single-employer Plans Covered Employees	9,815	273

State Employee OPEB Plan Contributions

The contribution requirements of employees and the State are established, and may be amended, by the State Legislature. For retirees who participate in the State Employee OPEB Plan, health insurance premiums are paid 100 percent by the State for individuals who retired before July 1, 2000. Individuals retiring thereafter are required to contribute specified amounts monthly, ranging from 0 to 31.62 percent, toward the cost of health insurance premiums. For the fiscal year ended June 30, 2017, retirees contributed $1.396 million, or approximately 4.42 percent of total premiums, through their required contributions of $0 to $760.66 per month depending on the coverage (single, double, or family) and health plan selected.

The Actuarially Determined Contribution (ADC) of $29.1 million, from the December 31, 2014, actuarial valuation, was used to establish the fiscal year 2017 annual budget and fund employer contributions. The State Legislature funded $33.361 million in employer contributions, $4.261 million more than the ADC.

Elected Official OPEB Plan Contributions

For the fiscal year ended June 30, 2017, elected officials who participated in the Elected Official OPEB Plan contributed $35 thousand, or approximately 6.54 percent of total premiums, through their required contributions of $0 (for 10 or more years of service) to $831.83 per month (for four years of service) depending on the coverage (single or double) and health plan selected.

The Actuarially Determined Contribution (ADC) of $1.241 million from the December 31, 2014, actuarial valuation was used to establish the fiscal year 2017 annual budget and fund employer contributions. For the fiscal year 2017, the State Legislature funded $1.388 million in employer contributions, $147 thousand more than the ADC.

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2017. The total OPEB liability, used to calculate the net OPEB liability, was determined by an actuarial valuation as of December 31, 2016, and rolled-forward using generally accepted actuarial procedures. The combined total net OPEB liability, for both single-employer plans, was $112.456 million, and of that amount, the State's (primary government) net OPEB liability was $111.349 million, and $1.107 million was allocated to the Utah Schools for the Deaf and Blind (discrete component unit). Below are the changes in the net OPEB liability and related ratios of the net OPEB liability for the single-employer OPEB plans:

Single-employer Plans
Changes in Net OPEB Liability and Related Ratios
Increases (Decreases)

For the Year Ended June 30, 2017

(dollars expressed in thousands)

		State Employee OPEB Plan	Elected Official OPEB Plan
Total OPEB Liability			
Service Cost		$ 4,939	$ 698
Interest		13,661	789
Difference between Actual and Expected Experience		—	—
Assumption Changes		—	—
Benefit Payments		(30,158)	(503)
Net Change in Total OPEB Liability		(11,558)	984
Total OPEB Liability – Beginning		374,531	14,751
Total OPEB Liability – Ending	A	$ 362,973	$ 15,735
Plan Fiduciary Net Position			
Contributions – Employee		$ —	$ —
Contributions – Employer		33,361	1,388
Net Investment Income		14,194	1,214
Benefit Payments		(30,158)	(503)
Administrative Expense		—	—
Net Transfers with Affiliated Systems		—	—
Net Change in Plan Fiduciary Net Position		17,397	2,099
Plan Fiduciary Net Position – Beginning		236,775	9,981
Plan Fiduciary Net Position – Ending	B	$ 254,172	$ 12,080
Net OPEB Liability / (Asset) – Ending (A – B)		$ 108,801	$ 3,655
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		70.03%	76.77%
Covered Payroll*		$ 966,279	
Net OPEB Liability as a Percentage of Covered Payroll		11.26%	
Covered-employee Payroll*			$ 1,478
Net OPEB Liability as a Percentage of Covered-employee Payroll			247.29%

***** Contributions to the State Employee Plan are based on a measure of pay, therefore covered payroll is presented in the above schedule. Contributions to the Elected Official OPEB Plan are based on appropriations and not on a measure of pay; therefore, for that plan the covered-employee payroll is presented.

Deferred Inflows of Resources and OPEB Expense

For the year ended June 30, 2017, the total OPEB expense was $9.415 million, $8.609 million for the State Employee OPEB Plan, and $806 thousand for the Elected Official OPEB Plan. Of the total OPEB expense, the State (primary government) recognized $9.163 million, and $252 thousand was allocated to the Utah Schools for the Deaf and Blind (discrete component unit).

Total deferred inflows of resources related to the recognition of OPEB expense was $4.737 million, of which $4.694 million was recognized by the State (primary government), and $43 thousand was allocated to the Utah Schools for the Deaf and Blind (discrete component unit).

Deferred inflows of resources related to OPEB came from the following source:

Deferred Inflows of Resources
Related to OPEB

June 30, 2017
(expressed in thousands)

Source	State Employee OPEB Plan	Elected Official OPEB Plan	Total
Differences between expected and Actual Experience	$ —	$ —	$ —
Changes in Assumption	$ —	$ —	$ —
Net Differences between Projected and Actual Earnings on OPEB Plan Investments	$ 4,203	$ 534	$ 4,737

The State had no deferred outflows of resources, including deferred outflows of resources related to OPEB contributions subsequent to the measurement date of June 30, 2017. Amounts reported above as deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Recognition of Remaining
Deferred Inflows of Resources

Fiscal Year Ended June 30, 2017
(expressed in thousands)

Fiscal Year	State Employee OPEB Plan	Elected Official OPEB Plan
2018	$ 1,051	$ 134
2019	$ 1,051	$ 134
2020	$ 1,051	$ 134
2021	$ 1,050	$ 132
Thereafter	$ —	$ —

The total OPEB liability in the December 31, 2016, valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Summary of Actuary Assumptions

	State Employee OPEB Plan	Elected Official OPEB Plan
Actuarial Valuation Date	12/31/2016	12/31/2016
Measurement Date	6/30/2017	6/30/2017
Actuarial Cost Method	Entry Age Normal	
Investment Rate of Return	3.75%	5.25%
Inflation Rate	2.50%	
Healthcare Inflation Rate	5.90% initial 4.14% ultimate	

Mortality rates were based on the RP2014 mortality table for both pre-retirement and post-retirement mortality assumption, along with 75 percent of the MP2015 projection scale for mortality improvement. This projection scale applies "generational" improvements to longevity, based on the concept that our children will live longer than we will. The medical trend assumptions used in the valuation were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model (version 2016_a).

Investment Policy and Target Allocations

The State Treasurer is responsible for investing the assets of the State Employee OPEB Plan and the Elected Official OPEB Plan. The State Treasurer has an investment committee which establishes the asset allocation for the OPEB plans with the primary goal of providing for the stability, income, and growth of the principal. The asset allocation for the plans is not expected to change substantially over the short or intermediate time horizons in response to short-term market movements, but may change incrementally based upon long-term capital market projections. For the fiscal year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 5.79 percent for the State Employee OPEB Plan and 11.24 percent for the Elected Official OPEB Plan. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in each plan's target asset allocation as of June 30, 2017, are summarized below:

State Employee OPEB Plan
Target Allocations
Expected Return Arithmetic Basis

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Debt Securities	100.00%	1.25%	1.25%
Total Asset Classes	100.00%		1.25%
Inflation			2.50%
Expected Arithmetic Nominal Return			3.75%

Elected Official OPEB Plan
Target Allocations
Expected Return Arithmetic Basis

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return
Debt Securities	50.00%	1.25%	0.62%
Equity Securities	50.00%	4.25%	2.13%
Total Asset Classes	100.00%		2.75%
Inflation			2.50%
Expected Arithmetic Nominal Return			5.25%

Discount Rates

The discount rate used to measure the total OPEB liability was 3.75 percent for the State Employee OPEB Plan and 5.25 percent for the Elected Official OPEB Plan. The projection of cash flows used to determine the discount rates assumed that future State contributions will be equal to the Actuarially Determined Contribution (ADC) as calculated in each future valuation. Based on those assumptions, the OPEB Plan's Fiduciary Net Position for both plans was projected at the beginning of each year to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on the OPEB Plan's investments for both plans, was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following presents the net OPEB liability for the State for both plans, calculated using the discount rate of 3.75 percent for the State Employee OPEB Plan and 5.25 percent for the Elected Official OPEB Plan, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.75 percent - State Employee OPEB Plan, 4.25 percent - Elected Official OPEB Plan) or 1 percentage-point higher (4.75 percent - State Employee OPEB Plan, 6.25 percent - Elected Official OPEB Plan) than the current rate:

Changes in Discount Rate
Net OPEB Liability / (Asset)
(expressed in thousands)

OPEB Plan	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
State Employee OPEB Plan	$ 124,331	$ 108,801	$ 83,546
	1% Decrease (4.25%)	**Current Discount Rate (5.25%)**	**1% Increase (6.25%)**
Elected Official OPEB Plan	$ 6,288	$ 3,655	$ 1,539
Total Net OPEB Liability / (Asset)	$ 130,619	$ 112,456	$ 85,085

The following presents the net OPEB liability of the State, as well as what the State's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (4.90 percent decreasing to 3.10 percent) or 1 percentage-point higher (6.90 percent decreasing to 5.10 percent) than the current healthcare cost trend rates:

Healthcare Cost
Trend Rates
Net OPEB Liability / (Asset)
(expressed in thousands)

OPEB Plan	1% Decrease (4.90% decreasing to 3.10%)	Current Discount Rate (5.90% decreasing to 4.10%)	1% Increase (6.90% decreasing to 5.10%)
State Employee OPEB Plan	$ 82,690	$ 108,801	$ 125,666
Elected Official OPEB Plan	1,490	3,655	6,370
Total Net OPEB Liability / (Asset)	$ 84,180	$ 112,456	$ 132,036

NOTE 20. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to use a combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management Fund (internal service fund) and the Public Employees Health Program (PEHP) (major discrete component unit). The Risk Management Fund manages the general property, auto/physical damage, and general liability risks of the State. PEHP manages the group medical, dental, life insurance, and long-term disability programs of the State. The State is a major participant in both of these programs with all state funds and departments included. All state colleges, universities, and school districts, and most charter schools and other state component units participate in the Risk Management Fund. PEHP also provides insurance coverage to approximately 300 local governments, school districts, and other public entities within the State.

All participants share the risk within the Risk Management Fund property and auto risk pools. Participants in the Risk Management Fund general liability program are divided into higher education, school district, transportation department, and other state departments risk pools. All participants share the risk within the life insurance and long-term disability pools of PEHP. The PEHP medical and dental programs are divided into state and various other employers risk pools.

The State has determined that the Risk Management Fund and PEHP can economically and effectively manage the State's risks internally and have set aside assets for claim settlements through reserves. Risks are also covered through commercial insurance for excessive losses. The State is self-insured for liability claims up to $2 million and beyond the excess insurance policy limit of $10 million. The State is self-insured for individual property and casualty claims up to $1 million and up to $3.500 million in aggregate claims and beyond the excess insurance policy limit of $1 billion per occurrence. The Risk Management Fund has not had a liability loss that exceeded the State's self-insured claim limit of $1 million for the fiscal years ended June 30, 2015 through June 30, 2017.

PEHP has reinsurance coverage for a life catastrophic occurrence in excess of $7.500 million, not to exceed $80 million per year with a one-time reinstatement with additional premium. PEHP also has excess medical reinsurance for medical losses that exceed $1.250 million on a person per year to a maximum of $2 to $5 million during the person's lifetime, depending on the participating group's lifetime maximum.

The Risk Management Fund and PEHP allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a premium to each participating public entity or employee. Premiums are based on each organization's recent trends in actual claims experience and property values. The primary government and the discrete component units of the State paid premiums to PEHP of $295.310 million and $42.587 million, respectively, for health and life insurance coverage in fiscal year 2017.

Risk Management and PEHP claims liabilities are reported when it is probable that a claim has occurred and the ultimate cost of settling that claim can be reasonably estimated and includes an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors (i.e., inflation, changes in legal doctrines and insurance benefits, and unanticipated damage awards), the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically by actuaries who take into consideration recently settled claims, frequency of claims, and other economic or social factors. Inflation and other appropriate modifiers are included in this calculation because reliance is based on historical data. The Risk Management Fund general liability program reserves of $46.949 million are reported using a discount rate of 1 percent. The PEHP long-term disability benefit reserves of $21.790 million are reported using discount rates between 2 and 5.75 percent.

All employers who participate in the Utah Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program according to Section 49-21-201 of the *Utah Code*. Employees of state departments who meet long-term disability eligibility receive benefits for the duration of their disability up to the time they are eligible for retirement or until age 65. Benefits begin after a three-month waiting period are paid 100 percent by the program. As of June 30, 2017, there were 186 state employees receiving benefits. The program is funded by paying premiums to PEHP where assets are set aside for future payments. For the fiscal year ended June 30, 2017, the primary government and the discrete component units of the State paid premiums of $4.824 million and $300 thousand, respectively, for the Long-term Disability Program.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University (major and nonmajor discrete component units) each maintain self-insurance funds to manage health/dental care and report claims liabilities if it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The University of Utah also maintains a self-insurance fund to manage medical malpractice liabilities. The University of Utah and the University of Utah Hospital and Clinics also have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by their respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances.

The following table presents the prior and current year changes in claims liabilities balances (short and long-term combined). The Risk Management and College and University self-insurance balances are for the fiscal years ended June 30, 2016 and June 30, 2017. The PEHP balances are for the calendar years ended December 31, 2015 and December 31, 2016:

Changes in Claims Liabilities
(expressed in thousands)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Risk Management:				
2016	$ 46,931	$ 17,003	$ (15,842)	$ 48,092
2017	$ 48,092	$ 20,929	$ (15,376)	$ 53,645
Public Employees Health Program:				
December 31, 2015	$ 131,005	$ 554,729	$ (547,942)	$ 137,792
December 31, 2016	$ 137,792	$ 585,782	$ (575,306)	$ 148,268
College and University Self-Insurance:				
2016	$ 76,992	$ 264,973	$ (246,587)	$ 95,378
2017	$ 95,378	$ 257,357	$ (253,261)	$ 99,474

NOTE 21. SUBSEQUENT EVENTS

Subsequent to June 30, 2017, the Governor's Office of Economic Development Board recommended and the director approved $67.645 million of additional commitments to be credited over the next several years for the Economic Development Tax Increment Financing Incentive program (EDTIF) and the Motion Picture Incentive program. These commitments are contingent on participating companies meeting certain economic development performance criteria and within-the-state production criteria.

On July 12, 2017, the State issued $142.070 million in General Obligation Bonds, Series 2017. Principal on the bonds is due annually commencing July 1, 2018 through July 1, 2032. Interest rates on the Series 2017 bonds range from 3 percent to 5 percent, with a "true interest rate" of 1.80 percent after considering the premium received upon the sale of the bonds. Proceeds of the bonds will be used for highway projects and capital facilities projects related to the relocation of the Utah State Correctional facility.

Effective January 1, 2017, the Utah Retirement Board reduced the actuarial return assumption from 7.20 percent to 6.95 percent adjusting other assumption changes in relation to inflation, cost-of-living, mortality, retirement, termination, and payroll growth rates. These changes are reflected as part of the actuarial experience study, conducted every three years, looking at the actual plan experience over the previous five years of data. These assumption changes will be recognized in the fiscal year 2018 pension disclosure after Utah Retirement Systems' (pension trust and defined contribution plans) measurement date of December 31, 2017. This change in assumption does not change the current required actuarial contribution rate or effect the State's proportionate share of the collective net pension liability.

On September 13, 2017, the University of Utah (major discrete component unit) issued $155.930 million of General Revenue and Refunding Bonds, Series 2017A. Principal on the bonds is due annually commencing August 1, 2018 through June 30, 2039. Bond interest is due semi-annually commencing February 1, 2018, at rates ranging from 4 percent to 5 percent. Proceeds from these bonds are to refund certain outstanding obligations of the University, towards the construction costs of the rehabilitation hospital, expansion of the University's guest house, and to pay costs of issuance.

On July 18, 2017, Dixie State University (nonmajor discrete component unit) issued $20.770 million of General Revenue Bonds, Series 2017 A and B. Principal on the bonds is due annually commencing June 1, 2020 through June 1, 2049. Bond interest is due semi-annually commencing December 1, 2017, at rates ranging from 2 percent to 5 percent. Proceeds from these bonds will be used for paying a portion of the costs of construction and expansion of the Legend Solar Stadium and a Human Performance Center building on the University's campus.

(The remainder of this page has been intentionally left blank.)

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

2017

State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Budgetary Comparison Schedule
General Fund
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 1,858,001	$ 1,851,160	$ 1,856,754	$ 5,594
Licenses, Permits, and Fees:				
Court Fees	20,974	22,800	12,968	(9,832)
Other Licenses, Permits, and Fees	14,393	13,533	14,716	1,183
Investment Income	8,233	9,606	14,301	4,695
Miscellaneous Taxes and Other:				
Beer Tax	7,690	8,363	9,309	946
Cigarette and Tobacco Tax	106,619	107,579	106,959	(620)
Insurance Premium Tax	93,212	113,020	122,024	9,004
Oil, Gas, and Mining Severance Tax	28,672	10,479	16,140	5,661
Taxpayer Rebates	(6,033)	(6,034)	(5,597)	437
Court Collections	4,888	6,129	3,984	(2,145)
Other Taxes	41,850	46,755	41,326	(5,429)
Miscellaneous Other	20,238	22,942	24,798	1,856
Total General Revenues	2,198,737	2,206,332	2,217,682	11,350
Department Specific Revenues				
Sales Tax	4,150	4,326	4,326	—
Federal Contracts and Grants	3,116,865	2,904,528	2,904,528	—
Departmental Collections	492,591	513,084	513,238	154
Higher Education Collections	748,977	780,750	780,750	—
Federal Mineral Lease	64,720	74,038	73,787	(251)
Investment Income	2,202	2,637	2,945	308
Miscellaneous	609,408	637,661	637,196	(465)
Total Department Specific Revenues	5,038,913	4,917,024	4,916,770	(254)
Total Revenues	7,237,650	7,123,356	7,134,452	11,096
Expenditures				
General Government	455,684	440,526	367,039	73,487
Human Services and Juvenile Justice Services	825,643	817,371	809,257	8,114
Corrections	325,053	318,652	302,790	15,862
Public Safety	310,597	259,743	225,242	34,501
Courts	158,213	156,087	147,763	8,324
Health and Environmental Quality	3,117,919	3,148,091	3,095,373	52,718
Higher Education – State Administration	95,574	73,641	73,641	—
Higher Education – Colleges and Universities	1,672,827	1,721,098	1,721,040	58
Employment and Family Services	972,702	801,928	760,203	41,725
Natural Resources	268,075	271,717	226,772	44,945
Heritage and Arts	31,050	33,732	28,846	4,886
Business, Labor, and Agriculture	131,695	121,834	96,893	24,941
Total Expenditures	8,365,032	8,164,420	7,854,859	309,561
Excess Revenues Over (Under) Expenditures	(1,127,382)	(1,041,064)	(720,407)	320,657
Other Financing Sources (Uses)				
Sale of Capital Assets	25	116	116	—
Transfers In	836,553	943,229	943,229	—
Transfers Out	(230,438)	(261,765)	(261,765)	—
Total Other Financing Sources (Uses)	606,140	681,580	681,580	0
Net Change in Fund Balance	(521,242)	(359,484)	(38,827)	320,657
Budgetary Fund Balance – Beginning	638,410	638,410	638,410	—
Budgetary Fund Balance – Ending	$ 117,168	$ 278,926	$ 599,583	$ 320,657

The *Information About Budgetary Reporting* is an integral part of this schedule.

Budgetary Comparison Schedule
Education Fund
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Individual Income Tax	$ 3,542,436	$ 3,595,223	$ 3,619,276	$ 24,053
Corporate Tax	370,039	326,029	328,785	2,756
Miscellaneous Other	28,783	30,143	32,054	1,911
Total General Revenues	3,941,258	3,951,395	3,980,115	28,720
Department Specific Revenues				
Federal Contracts and Grants	583,131	445,517	445,517	—
Departmental Collections	9,143	16,333	16,333	—
Investment Income	415	513	759	246
Miscellaneous:				
Liquor Sales Allocated for School Lunch	39,262	42,723	42,723	—
Driver Education Fee	5,500	5,934	5,934	—
Other	10,010	500	1,933	1,433
Total Department Specific Revenues	647,461	511,520	513,199	1,679
Total Revenues	4,588,719	4,462,915	4,493,314	30,399
Expenditures				
Public Education	4,737,741	3,833,244	3,707,267	125,977
Total Expenditures	4,737,741	3,833,244	3,707,267	125,977
Excess Revenues Over (Under) Expenditures	(149,022)	629,671	786,047	156,376
Other Financing Sources (Uses)				
Transfers In	75,878	54,290	54,290	—
Transfers Out	(858,288)	(838,287)	(838,287)	—
Total Other Financing Sources (Uses)	(782,410)	(783,997)	(783,997)	0
Net Change in Fund Balance	(931,432)	(154,326)	2,050	156,376
Budgetary Fund Balance – Beginning	599,044	599,044	599,044	—
Budgetary Fund Balance – Ending	$ (332,388)	$ 444,718	$ 601,094	$ 156,376

The *Information About Budgetary Reporting* is an integral part of this schedule.

Budgetary Comparison Schedule
Transportation Fund
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Motor Fuel Tax	$ 328,301	$ 352,700	$ 348,755	$ (3,945)
Special Fuel Tax	120,508	129,500	134,913	5,413
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees	44,302	46,031	44,305	(1,726)
Proportional Registration Fees	15,963	15,700	15,623	(77)
Temporary Permits	256	267	255	(12)
Special Transportation Permits	10,254	10,812	10,407	(405)
Highway Use Permits	11,416	11,208	10,935	(273)
Motor Vehicle Control Fees	5,969	6,282	6,027	(255)
Investment Income	500	700	1,761	1,061
Miscellaneous Other	—	—	19	19
Total General Revenues	537,469	573,200	573,000	(200)
Department Specific Revenues				
Sales and Aviation Fuel Taxes	5,200	5,200	6,627	1,427
Federal Contracts and Grants	182,727	406,332	406,332	—
Departmental Collections	66,043	80,562	81,846	1,284
Investment Income	121	121	633	512
Miscellaneous	7,263	54,999	57,105	2,106
Total Department Specific Revenues	261,354	547,214	552,543	5,329
Total Revenues	798,823	1,120,414	1,125,543	5,129
Expenditures				
Transportation	794,784	1,136,714	1,007,280	129,434
Total Expenditures	794,784	1,136,714	1,007,280	129,434
Excess Revenues Over (Under) Expenditures	4,039	(16,300)	118,263	134,563
Other Financing Sources (Uses)				
Sale of Capital Assets	500	24,570	24,570	—
Transfers In	66,164	44,495	44,495	—
Transfers Out	(59,329)	(100,649)	(100,649)	—
Total Other Financing Sources (Uses)	7,335	(31,584)	(31,584)	0
Net Change in Fund Balance	11,374	(47,884)	86,679	134,563
Budgetary Fund Balance – Beginning	226,792	226,792	226,792	—
Budgetary Fund Balance – Ending	$ 238,166	$ 178,908	$ 313,471	$ 134,563

The *Information About Budgetary Reporting* is an integral part of this schedule.

Budgetary Comparison Schedule
Budget to GAAP Reconciliation
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	General Fund	Education Fund	Transportation Fund
Revenues			
Actual total revenues (budgetary basis)	$ 7,134,452	$ 4,493,314	$ 1,125,543
Differences – Budget to GAAP:			
Intrafund revenues are budgetary revenues but are not revenues for financial reporting	(422,376)	(1,410)	(35,628)
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting	(786,255)	(7,698)	—
Change in revenue accrual for nonbudgetary Medicaid claims	4,733	—	—
Change in tax accruals designated by law and other liabilities are revenues for financial reporting but not for budgetary reporting	19,835	23,577	812
Change in estimated federal receivables recorded as revenues for financial reporting but not for budgetary reporting	—	25,787	—
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 5,950,389	$ 4,533,570	$ 1,090,727
Expenditures			
Actual total expenditures (budgetary basis)	$ 7,854,859	$ 3,707,267	$ 1,007,280
Differences – Budget to GAAP:			
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting	(422,376)	(1,410)	(35,628)
Expenditures related to higher education and Utah Schools for the Deaf and the Blind collections are budgetary expenditures but are not expenditures for financial reporting	(786,255)	(7,698)	—
Certain budgetary transfers and other charges are reported as an increase or reduction of expenditures for financial reporting	(4,629)	—	—
Leave charges budgeted as expenditures when earned rather than when taken or due	164	49	(105)
Change in estimated liabilities recorded as expenditures for financial reporting but not for budgetary reporting	—	35,132	—
Change in accrual for Medicaid (incurred but not reported) claims excluded from the budget by statute	6,701	—	—
Change in accrual for Rehabilitation (incurred but not reported) claims excluded from the budget by statute	290	(2,392)	—
Taxpayer rebates budgeted as revenue offset but recorded as expenditures for financial reporting	5,583	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 6,654,337	$ 3,730,948	$ 971,547

The *Information About Budgetary Reporting* is an integral part of this schedule.

INFORMATION ABOUT BUDGETARY REPORTING

Budgetary Presentation

A Budgetary Comparison Schedule is presented for the General Fund and each of the State's major special revenue funds for which the Legislature enacts an annual budget. An annual budget is also adopted for the Transportation Investment Fund, a major capital projects fund, the Debt Service Fund, a nonmajor governmental fund, and the Alcoholic Beverage Control Fund, a nonmajor enterprise fund. The budgets are enacted through passage of *Appropriations Acts.* Budgets for specific general revenues are not adopted through an *Appropriations Act*, but are based on supporting estimates approved by the Executive Appropriations Committee of the Legislature. General revenues are those revenues available for appropriation for any program or purpose as allowed by law. Department-specific revenues are revenues dedicated by an *Appropriations Act* or restricted by other law or external grantor to a specific program or purpose.

Original budgets and related revenue estimates represent the spending authority enacted through *Appropriations Acts* as of June 30, 2017, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: (***1***) lapse to unrestricted balances (committed, assigned, or unassigned) and be available for future appropriation; (***2***) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or (***3***) be nonlapsing, which means balances are reported as either restricted or committed fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act*, or by limited encumbrances.

Budgetary Control

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of Management and Budget so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January, the Governor recommends a budget to the Legislature. The Legislature considers those recommendations and prepares a series of *Appropriations Acts* that modify the State budget for the current year and constitute the State budget for the following year. The Legislature passes the *Appropriations Acts* by a simple majority vote. The *Appropriations Acts* becomes the State's authorized operating budget upon the Governor's signature. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning balances.

Budgetary control is maintained at the functional or organizational level, as identified by numbered line items in the *Appropriations Acts.* Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Acts*. If funding sources are not sufficient to cover the appropriation, the Governor is required to reduce the budget by the amount of the deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental *Appropriations Act*.

Any department that spends more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. In the General Fund, the State Courts Administrator's budget for juror and witness fees was over expended by $1.010 million. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

Spending Limitation

The State also has an appropriation limitation statute that limits the growth in state appropriations. The total of the amount appropriated from unrestricted General Fund sources plus the income tax revenues appropriated for higher education is limited to the growth in population and inflation. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for debt service, emergency expenditures, amounts from other than unrestricted revenue sources, transfers to the Budgetary Reserve Account (Rainy Day Fund), Education Budget Reserve Account and the Transportation Investment Fund; or capital developments meeting certain criteria are exempt from the appropriations limitation. For the fiscal year ended June 30, 2017, the State was $592.433 million below the appropriations limitation.

INFORMATION ABOUT THE STATE'S PENSION PLANS

A. Single-employer Plans

The State's defined benefit pension systems/plan is administered by the Utah Retirement Systems and is included in this Comprehensive Annual Financial Report as a pension trust fund within the fiduciary funds. The Judges System and the Utah Governors and Legislators Retirement Plan are single-employer service retirement plans.

The following schedules present for the State's (primary government) single-employer retirement plans the Changes in the Net Pension Liability and Related Ratios and Schedule of Employer Contributions.

Changes in Net Pension Liability
Single-employer Plans
Last Three Calendar Years ending December 31 *
(dollars expressed in thousands)

		Calendar Year		
Judges System		**2014**	**2015**	**2016**
Total Pension Liability				
Service Cost		$ 4,895	$ 4,794	$ 5,023
Interest		13,641	14,136	14,064
Difference between Actual and Expected Experience		2,602	171	1,995
Assumption Changes		(130)	—	2,885
Benefit Payments		(11,361)	(12,400)	(12,330)
Net Change in Total Pension Liability		9,647	6,701	11,637
Total Pension Liability – Beginning		182,638	192,285	198,986
Total Pension Liability – Ending	*A*	$ 192,285	$ 198,986	$ 210,623
Plan Fiduciary Net Position				
Contributions – Employee		$ 317	$ —	$ —
Contributions – Employer **		5,627	6,555	7,382
Court Fees ***		1,486	1,653	1,470
Net Investment Income		11,068	2,842	13,820
Benefit Payments		(11,361)	(12,400)	(12,330)
Administrative Expense		(71)	(71)	(71)
Net Transfers with Affiliated Systems		1,092	1,334	1,600
Net Change in Plan Fiduciary Net Position		8,158	(87)	11,871
Plan Fiduciary Net Position – Beginning		155,676	163,834	163,747
Plan Fiduciary Net Position – Ending	*B*	$ 163,834	$ 163,747	$ 175,618
Net Pension Liability (A - B)		$ 28,451	$ 35,239	$ 35,005
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		85.20%	82.29%	83.38%
Covered Payroll		$ 15,264	$ 16,372	$ 16,755
Net Pension Liability as a Percentage of Covered Payroll		186.39%	215.24%	208.92%
Utah Governors and Legislators Retirement Plan				
Total Pension Liability				
Service Cost		$ 106	$ 99	$ 90
Interest		884	890	851
Difference between Actual and Expected Experience		307	(105)	167
Assumption Changes		—	—	241
Benefit Payments		(909)	(904)	(941)
Net Change in Total Pension Liability		388	(20)	408
Total Pension Liability – Beginning		11,879	12,267	12,247
Total Pension Liability – Ending	*A*	$ 12,267	$ 12,247	$ 12,655
Plan Fiduciary Net Position				
Contributions – Employer		$ 411	$ 421	$ 421
Net Investment Income		717	181	849
Benefit Payments		(909)	(904)	(941)
Administrative Expense		(5)	(5)	(4)
Net Transfers with Affiliated Systems		(14)	(20)	(12)
Net Change in Plan Fiduciary Net Position		200	(327)	313
Plan Fiduciary Net Position – Beginning		10,166	10,366	10,039
Plan Fiduciary Net Position – Ending	*B*	$ 10,366	$ 10,039	$ 10,352
Net Pension Liability (A - B)		$ 1,901	$ 2,208	$ 2,303
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		84.50%	81.97%	81.80%
Covered Payroll		$ 1,045	$ 946	$ 799
Net Pension Liability as a Percentage of Covered Payroll		181.91%	233.40%	288.24%

* The State of Utah adopted GASB Statement 68 in fiscal year 2015. This schedule will eventually include ten years of history.

** Employer paid contributions for the Judges System include a 3 percent retirement benefit increase (substantial substitute) that is not reflected in this schedule.

*** These court fees were recognized as revenue for support provided by nonemployer contributing entities.

Contributions – The following schedule presents a ten year history of the State's (primary government) contributions to the Utah Retirement Systems for its single-employer plans:

Employer Contributions
Single-employer Plans
(dollars expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Judges System............................	2008	$ 1,737	$ 1,737	$ 0	$ 14,032	12.38%
	2009	$ 1,980	$ 1,980	$ 0	$ 14,654	13.51%
	2010	$ 2,427	$ 2,427	$ 0	$ 14,203	17.09%
	2011	$ 3,475	$ 3,475	$ 0	$ 14,650	23.72%
	2012	$ 3,839	$ 3,839	$ 0	$ 14,870	25.82%
	2013	$ 4,910	$ 4,910	$ 0	$ 14,937	32.87%
	2014	$ 5,335	$ 5,335	$ 0	$ 14,989	35.59%
	2015	$ 6,179	$ 6,179	$ 0	$ 15,453	39.99%
	2016	$ 7,154	$ 7,154	$ 0	$ 17,204	41.58%
	2017	$ 7,728	$ 7,728	$ 0	$ 16,755	46.12%
Utah Governors and Legislators Retirement Plan[1].....	2008	—	—	—	—	—
	2009	—	—	—	—	—
	2010	—	—	—	—	—
	2011	$ 153	$ 153	$ 0	$ 771	19.84%
	2012	$ 214	$ 214	$ 0	$ 757	28.27%
	2013	$ 252	$ 252	$ 0	$ 1,431	17.61%
	2014	$ 411	$ 411	$ 0	$ 1,783	23.05%
	2015	$ 411	$ 411	$ 0	$ 1,751	23.47%
	2016	$ 421	$ 421	$ 0	$ 943	44.64%
	2017	$ 421	$ 421	$ 0	$ 799	52.69%

Notes to Single-employer Plans Schedule of Contributions

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method .... Entry Age Normal
Amortization Method – Judges System. Level Percentage of Payroll
Amortization Method – Utah Governors and Legislators Retirement Plan............ Level Dollar
Amortization Period – Judges System... Open Group 20-year Open Period
Amortization Period – Utah Governors and Legislators Retirement Plan ....Open Group 19-year Closed Period
Asset Valuation Method ....5-year smoothed market
Investment Rate of Return .... 7.20 %
Inflation .... 2.60 %
Salary Increases ....Composed of 2.60 percent inflation, plus 0.75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
Mortality ....Male: RP-2000 with white collar adjustments, projected with Scale AA from the year 2000. Female: 120 percent of constructed mortality table based on actual experience of female educators, projected with Scale AA from the year 2000.

Other Information:

The actuarially determined contribution rates are calculated as of January 1 and become effective on July 1 of the following year, which is 18 months after the valuation date. The Utah Retirement Systems' Board certifies the contribution rates that employers are contractually required to contribute to the Retirement System. According to Section 49-11-301(5) of the *Utah Code*, if the funded ratio of the plan is less than 110 percent, then the Board is permitted to maintain the prior year's contribution rate if the actuarially determined contribution is lower. The Board has historically followed this policy.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- Investment Rate of Return
  In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8 to 7.75 percent, and then again in 2011 down to 7.50 percent. In 2017, the discount rate was reduced to 7.20 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
- Amortization
  Changes implemented in 2009 include: losses in 2008 were amortized over the next 5 years (20 percent per year), and the unfunded actuarial accrued liability (UAAL) amortization period was modified from 20 to 25 years.
- Inflation Rate
  In 2017, the assumed rate of inflation was decreased from 2.75 to 2.60 percent.

[1] Complete information not available prior to fiscal year 2011.

B. Multiple-employer Systems

The State's defined benefit pension systems are administered by the Utah Retirement Systems and are included in this Comprehensive Annual Financial Report as a pension trust fund within the fiduciary funds. The Noncontributory System, Contributory System, Public Safety System, Firefighters System, Tier 2 Public Employees System, and Tier 2 Public Safety and Firefighters System are defined-benefit multiple-employer, cost-sharing, public employee retirement systems.

The following schedule presents the State's (primary government) proportionate share of the net pension liability for its multiple-employer, cost-sharing public employee employer retirement systems:

Changes in Net Pension Liability
Multiple-employer Plans
Last Three Calendar Years ending December 31*
(dollars expressed in thousands)

	Calendar Year		
Noncontributory System	**2014**	**2015**	**2016**
Proportion of the Net Pension Liability (Asset)	24.07%	23.84%	24.46%
Proportionate Share of the Net Pension Liability (Asset)	$604,765	$748,863	$792,635
Covered Payroll	$645,747	$630,251	$639,263
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	93.65%	118.82%	123.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.20%	84.50%	84.90%
Contributory System			
Proportion of the Net Pension Liability (Asset)	34.02%	32.52%	30.90%
Proportionate Share of the Net Pension Liability (Asset)	$3,731	$20,378	$16,932
Covered Payroll	$12,280	$10,301	$8,283
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	30.38%	197.83%	204.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.70%	92.40%	93.40%
Public Safety System			
Proportion of the Net Pension Liability (Asset)	98.11%	97.81%	97.73%
Proportionate Share of the Net Pension Liability (Asset)	$182,306	$210,570	$208,964
Covered Payroll	$111,391	$109,909	$112,155
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	163.66%	191.59%	186.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.30%	82.30%	83.50%
Firefighters System			
Proportion of the Net Pension Liability (Asset)	2.59%	3.90%	4.30%
Proportionate Share of the Net Pension Liability (Asset)	$(148)	$(71)	$(34)
Covered Payroll	$851	$1,047	$1,208
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	(17.39)%	(6.78)%	(2.81)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.50%	101.00%	100.40%
Tier 2 Public Employees System			
Proportion of the Net Pension Liability (Asset)	17.95%	17.66%	19.04%
Proportionate Share of the Net Pension Liability (Asset)	$(544)	$(39)	$2,123
Covered Payroll	$88,068	$114,106	$156,103
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	(0.62)%	(0.03)%	1.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.50%	100.20%	95.10%
Tier 2 Public Safety and Firefighters System			
Proportion of the Net Pension Liability (Asset)	26.64%	25.84%	26.95%
Proportionate Share of the Net Pension Liability (Asset)	$(394)	$(377)	$(234)
Covered Payroll	$11,011	$15,378	$22,263
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	(3.58)%	(2.45)%	(1.05)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	120.50%	110.70%	103.60%

* The State of Utah adopted GASB Statement 68 in fiscal year 2015. This schedule will eventually include ten years of history.

Contributions - The following schedule presents a ten year history of the State's (primary government) contributions to the Utah Retirement Systems for its multiple-employer, cost-sharing public employee employer retirement systems:

Employer Contributions
Multiple-employer Plans
(expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Noncontributory System	2008	$ 101,591	$ 101,591	$ 0	$ 714,425	14.22%
	2009	$ 106,881	$ 106,881	$ 0	$ 751,161	14.23%
	2010	$ 103,548	$ 103,548	$ 0	$ 728,183	14.22%
	2011	$ 117,029	$ 117,029	$ 0	$ 717,445	16.31%
	2012	$ 116,876	$ 116,876	$ 0	$ 705,969	16.56%
	2013	$ 129,519	$ 129,519	$ 0	$ 681,504	19.00%
	2014	$ 139,990	$ 139,990	$ 0	$ 656,413	21.33%
	2015	$ 139,126	$ 139,126	$ 0	$ 636,665	21.85%
	2016	$ 136,246	$ 136,246	$ 0	$ 623,605	21.85%
	2017	$ 138,041	$ 138,041	$ 0	$ 631,040	21.88%
Contributory System	2008	$ 2,346	$ 2,346	$ 0	$ 24,109	9.73%
	2009	$ 2,284	$ 2,284	$ 0	$ 23,471	9.73%
	2010	$ 2,062	$ 2,062	$ 0	$ 21,188	9.73%
	2011	$ 2,154	$ 2,154	$ 0	$ 18,204	11.83%
	2012	$ 2,012	$ 2,012	$ 0	$ 16,266	12.37%
	2013	$ 2,129	$ 2,129	$ 0	$ 14,919	14.27%
	2014	$ 2,114	$ 2,114	$ 0	$ 13,238	15.97%
	2015	$ 1,985	$ 1,985	$ 0	$ 11,215	17.70%
	2016	$ 1,623	$ 1,623	$ 0	$ 9,171	17.70%
	2017	$ 1,373	$ 1,373	$ 0	$ 7,756	17.70%
Public Safety System	2008	$ 29,183	$ 29,183	$ 0	$ 109,362	26.68%
	2009	$ 33,644	$ 33,644	$ 0	$ 119,771	28.09%
	2010	$ 34,297	$ 34,297	$ 0	$ 113,776	30.14%
	2011	$ 36,418	$ 36,418	$ 0	$ 111,277	32.73%
	2012	$ 38,733	$ 38,733	$ 0	$ 118,083	32.80%
	2013	$ 42,054	$ 42,054	$ 0	$ 115,261	36.49%
	2014	$ 44,472	$ 44,472	$ 0	$ 112,858	39.41%
	2015	$ 43,893	$ 43,893	$ 0	$ 110,125	39.86%
	2016	$ 43,850	$ 43,850	$ 0	$ 109,288	40.12%
	2017	$ 44,808	$ 44,808	$ 0	$ 111,465	40.20%
Firefighters System	2008	—	—	—	—	—
	2009	—	—	—	—	—
	2010	—	—	—	—	—
	2011	$ 13	$ 13	$ 0	$ 777	1.67%
	2012	$ 5	$ 5	$ 0	$ 1,021	0.49%
	2013	$ 27	$ 27	$ 0	$ 1,033	2.61%
	2014	$ 22	$ 22	$ 0	$ 935	2.35%
	2015	$ 34	$ 34	$ 0	$ 897	3.79%
	2016	$ 46	$ 46	$ 0	$ 1,164	3.95%
	2017	$ 47	$ 47	$ 0	$ 1,216	3.87%
Tier 2 Public Employees System	2008	—	—	—	—	—
	2009	—	—	—	—	—
	2010	—	—	—	—	—
	2011	—	—	—	—	—
	2012	$ 1,492	$ 1,492	$ 0	$ 19,662	7.59%
	2013	$ 4,395	$ 4,395	$ 0	$ 51,339	8.56%
	2014	$ 6,390	$ 6,390	$ 0	$ 75,172	8.50%
	2015	$ 18,280	$ 18,280	$ 0	$ 100,055	18.27%
	2016	$ 24,358	$ 24,358	$ 0	$ 133,543	18.24%
	2017	$ 31,467	$ 31,467	$ 0	$ 172,519	18.24%
Tier 2 Public Safety and Firefighters System	2008	—	—	—	—	—
	2009	—	—	—	—	—
	2010	—	—	—	—	—
	2011	—	—	—	—	—
	2012	$ 56	$ 56	$ 0	$ 536	10.45%
	2013	$ 506	$ 506	$ 0	$ 4,558	11.10%
	2014	$ 1,002	$ 1,002	$ 0	$ 9,091	11.02%
	2015	$ 3,711	$ 3,711	$ 0	$ 12,751	29.10%
	2016	$ 5,349	$ 5,349	$ 0	$ 18,448	29.00%
	2017	$ 7,248	$ 7,248	$ 0	$ 24,965	29.03%

Notes to Multiple-employer Systems Schedule of Contributions

This schedule reflects the legislative authorized rates and contributions for these systems. Tier 2 rates include a statutory required contribution (0.08 to 18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 plans.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- Investment Rate of Return

  In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8 to 7.75 percent, and then again in 2011 down to 7.50 percent. In 2017, the discount rate was reduced to 7.20 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.

- Amortization

  Changes implemented in 2009 include: losses in 2008 were amortized over the next 5 years (20 percent per year), and the unfunded actuarial accrued liability (UAAL) amortization period was modified from 20 to 25 years.

New Retirement Plans:

During the 2010 General Session, the Legislature passed Senate Bill 63, *New Public Employees' Tier 2 Contributory Retirement Act*. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement Systems.

Restatement:

As a result of implementing GASB Statement 82, Pension Issues, payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are no longer reflected in this schedule.

(The remainder of this page has been intentionally left blank.)

INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

A. Single-employer Plans

The State administers two single-employer Other Postemployment Benefit (OPEB) Plans, the State Employee OPEB Plan and the Elected Official OPEB Plan. The State Employee OPEB Plan and the Elected Official OPEB Plan are administered through two separate irrevocable trusts; the State Post-Retirement Benefits Trust Fund and Elected Official Post-Retirement Benefits Trust Fund, respectively. Assets of the trust funds are dedicated to providing postemployment health and life insurance coverage to current and eligible future state retirees and elected officials.

The following schedules present, for the State's (primary government) single-employer OPEB Plans, the Changes in the Net OPEB Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment Returns.

Changes in Net OPEB Liability
Single-employer Plans
(expressed in thousands)

State Employee Plan		Fiscal Year* 2017
Total OPEB Liability		
Service Cost		$ 4,939
Interest		13,661
Difference between Actual and Expected Experience		—
Assumption Changes		—
Benefit Payments		(30,158)
Net Change in Total OPEB Liability		(11,558)
Total OPEB Liability – Beginning		374,531
Total OPEB Liability – Ending	*A*	$ 362,973
Plan Fiduciary Net Position		
Contributions – Employee		$ —
Contributions – Employer		33,361
Net Investment Income		14,194
Benefit Payments		(30,158)
Administrative Expense		—
Net Transfers with Affiliated Systems		—
Net Change in Plan Fiduciary Net Position		17,397
Plan Fiduciary Net Position – Beginning		236,775
Plan Fiduciary Net Position – Ending	*B*	$ 254,172
Net OPEB Liability (A - B)		$ 108,801
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		70.03%
Covered Payroll **		$ 966,279
Net OPEB Liability as a Percentage of Covered Payroll		11.26%
Elected Official OPEB Plan		
Total OPEB Liability		
Service Cost		$ 698
Interest		789
Difference between Actual and Expected Experience		—
Assumption Changes		—
Benefit Payments		(503)
Net Change in Total OPEB Liability		984
Total OPEB Liability – Beginning		14,751
Total OPEB Liability – Ending	*A*	$ 15,735
Plan Fiduciary Net Position		
Contributions – Employee		$ —
Contributions – Employer		1,388
Net Investment Income		1,214
Benefit Payments		(503)
Administrative Expense		—
Net Transfers with Affiliated Systems		—
Net Change in Plan Fiduciary Net Position		2,099
Plan Fiduciary Net Position – Beginning		9,981
Plan Fiduciary Net Position – Ending	*B*	$ 12,080
Net OPEB Liability (A - B)		$ 3,655
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		76.77%
Covered-employee Payroll **		$ 1,478
Net OPEB Liability as a Percentage of Covered-employee Payroll		247.29%

* The State of Utah adopted GASB Statements 74, 75, and 85 in fiscal year 2017. This schedule will eventually include ten years of history.

** Contributions to the State Employee Plan are based on a measure of pay, therefore covered payroll is presented in the above schedule. Contributions to the Elected Official OPEB Plan are based on appropriations and not on a measure of pay; therefore, for that plan the covered-employee payroll is presented.

Contributions – The following schedule presents a ten year history of the State's (primary government) contributions to its single-employer OPEB plans, the State Employee OPEB Plan and Elected Official OPEB Plan.

Employer Contributions – OPEB Plans
Single-employer Plans
(expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Contributions as a Percentage of Covered Payroll
State Employee OPEB Plan	2008	$ 53,491	$ 52,811	$ 680	$ 853,943	6.18%
	2009	$ 53,491	$ 53,491	$ 0	$ 911,626	5.87%
	2010	$ 43,819	$ 43,819	$ 0	$ 868,215	5.05%
	2011	$ 43,819	$ 43,819	$ 0	$ 870,590	5.03%
	2012	$ 37,594	$ 43,293	$ (5,699)	$ 866,012	5.00%
	2013	$ 37,594	$ 38,070	$ (476)	$ 874,401	4.35%
	2014	$ 30,342	$ 30,342	$ 0	$ 888,806	3.41%
	2015	$ 30,342	$ 30,342	$ 0	$ 905,895	3.35%
	2016	$ 29,100	$ 35,683	$ (6,583)	$ 942,630	3.79%
	2017	$ 29,100	$ 33,361	$ (4,261)	$ 966,279	3.45%
Elected Official OPEB Plan	2008	—	—	—	—	—
	2009	—	—	—	—	—
	2010	—	—	—	—	—
	2011	—	—	—	—	—
	2012	$ 1,894	$ 3,470	$ (1,576)	$ 757	458.39%
	2013	$ 1,894	$ 2,030	$ (136)	$ 1,431	141.86%
	2014	$ 1,321	$ 2,030	$ (709)	$ 1,783	113.85%
	2015	$ 1,321	$ 1,388	$ (67)	$ 1,751	79.27%
	2016	$ 1,241	$ 1,388	$ (147)	$ 1,661	83.56%
	2017	$ 1,241	$ 1,388	$ (147)	$ 1,478	93.91%

* Contributions to the State Employee OPEB Plan are based on a measure of pay, therefore covered payroll is presented in the above schedule. Contributions to the Elected Official OPEB Plan are based on appropriations and not on a measure of pay; therefore, for that plan the covered-employee payroll is presented.

Notes to Single-employer OPEB Plans Schedule of Contributions

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Amount, Open
Amortization Period – State Employee OPEB Plan	10-year
Amortization Period – Elected Official OPEB Plan	20-year
Asset Valuation Method	Fair value
Investment Rate of Return – State Employee OPEB Plan	4.50 %
Investment Rate of Return – Elected Official OPEB Plan	4.50 %
Inflation	2.50 %
Health Care Cost Trend Rates	Initial health care cost trend rate of 5.20 percent which declines gradually to an ultimate rate of 4.20 percent in 2084.The medical trend assumptions used were developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Getzen Model.

Other Information:

Only the last six years of data, measured in conformity with the latest GASB Statements, is available for the Elected Official OPEB Plan.

The Actuarially Determined Contribution (ADC) is calculated biennially as of December 31 and is used to establish contributions to fund the plans on July 1, which is generally the fiscal year that begins 6 months after the valuation date. The OPEB Board recommends the ADC to the Governor and Legislature. The Legislature has historically fully funded the ADC.

The State Employee OPEB Plan was closed to new entrants beginning January 1, 2006. This change to benefit terms was reflected in the subsequent December 31 valuation and reflected in the fiscal year 2010 ADC.

Healthcare coverage (ages 62 to 65) for the Elected Official OPEB Plan was closed and is only available for elected officials that began service prior to January 1, 2012. This change to healthcare coverage was reflected in the fiscal year 2012 ADC. Benefit terms were changed again to allow only elected officials that began service prior to July 1, 2013 to receive Medicare coverage. This change to Medicare coverage was reflected in the subsequent December 31 valuation and reflected in the fiscal year 2014 ADC.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- Investment Rate of Return
  In fiscal year 2012, the actuarial assumed rate of return (the discount rate) for the State Employee OPEB Plan was modified from 6.00 to 4.50 percent. In fiscal year 2014, the discount rate for the Elected Official Plan was modified from 4 to 4.50 percent.
- Amortization Period
  In fiscal year 2014, the amortization period for State Employee OPEB Plan was changed from a 25 year open to a 20 year open. The Elected Official OPEB Plan was changed from a 30 year open to a 20 year open.
- Healthcare Cost Trend Rates
  In fiscal year 2012, for both Plans, the health care cost trend rate changed from an initial rate of 10 to 9.50 percent. In fiscal year 2014, the healthcare cost trend rate changed from an initial rate of 9.50 to 8.50 percent, and changed again in fiscal year 2016 to an initial rate of 5.20 percent. In fiscal year 2016 the healthcare cost trend rate changed from an ultimate rate of 4.50 to 4.20 percent.

OPEB Plans
Schedule of Investment Returns
Single-employer Plans

Last Ten Fiscal Years

	Fiscal Year*	Annual Money-Weighted Rate of Return (Net of Investment Expense)
State Employee OPEB Plan	2008	—
	2009	—
	2010	—
	2011	—
	2012	—
	2013	—
	2014	—
	2015	—
	2016	—
	2017	5.79%
Elected Official OPEB Plan	2008	—
	2009	—
	2010	—
	2011	—
	2012	—
	2013	—
	2014	—
	2015	—
	2016	—
	2017	11.24%

* The State of Utah adopted GASB Statements 74, 75, and 85 in fiscal year 2017. This schedule will eventually include ten years of history.

(The remainder of this page has been intentionally left blank.)

INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

As allowed by the Governmental Accounting Standards Board (GASB), the State has adopted an alternative to reporting depreciation on roads and bridges (infrastructure assets) maintained by the Utah Department of Transportation (UDOT). This includes infrastructure acquired prior to fiscal year 1981. Under this alternative method, referred to as the "modified approach," infrastructure assets are not depreciated, and maintenance and preservation costs are expensed.

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform and document replicable condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the eligible infrastructure assets at the condition level established and disclosed by the State.
- Document that infrastructure assets are being preserved approximately at, or above the condition level established by the State.

Roads

UDOT uses the Pavement Management System to determine the condition of 5,880 centerline miles of state roads. The assessment is based on Ride Quality, using the International Roughness Index (IRI) data. This data is also reported to the Federal Highways Administration (FHWA) and used for the National Condition Assessment reported to Congress. Ranges for Good, Fair and Poor condition were established to correlate with the national FHWA ranges. Additional condition measures for age, wheel path rutting and surface cracking are considered in project recommendations.

Category	IRI Range	Description
Good	< 95	Pavements that provide a smooth ride and typically exhibit few signs of visible distress suitable for surface seals and preservation.
Fair	95 to 170	Pavements with noticeable deterioration beginning to affect the ride in need of resurfacing.
Poor	> 170	Pavements with an unacceptable ride that have deteriorated to such an extent that they are in need of major rehabilitation.

Condition Level – Roads

UDOT utilizes a number of strategies and performance measures for estimating long term performance and managing allocations of funds to different categories within the pavement system. These measures vary slightly in function and purpose, all seeking to help assure systems are performing well. UDOT performs pavement condition assessments at a minimum of every other calendar year. The State has established an overall condition target to assure the system is funded adequately and not at any financial risk to maintain. This target is to maintain the Statewide system (Overall) with 80 percent or more of the mileage rated at "fair" or better condition. Performance measures include strategic goals for the High Volume System (over 1,000 Average Annual Daily Traffic) and Low Volume System (under 1,000 Average Annual Daily Traffic), internal goals for each pavement category, and national performance targets for reporting to the FHWA for the Interstate system and the National Highway system.

The following table reports the percentage of pavements with ratings of "fair" or better for the last three assessments for each system:

System	2015	2014	2012
Overall System	89.32%	87.51%	89.07%
High Volume System	94.32%	93.64%	95.19%
Low Volume System	79.24%	75.30%	79.70%

The following table presents the State's estimated amounts needed to maintain and preserve roads at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

Fiscal Year	Estimated Spending	Actual Spending
2017	$217,593	$346,112
2016	$202,516	$291,847
2015	$198,526	$279,878
2014	$193,282	$298,484
2013	$194,720	$328,137

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,932 state-owned bridges. A number, ranging from 1 to 100, is calculated based on condition, geometry, functional use, safety, and other factors. Three categories of condition are established in relation to the number range as follows:

Category	Range	Description
Good	80 - 100	Preventive maintenance requirements include repair leaking deck joints, apply deck overlays and seals, place concrete sealers to splash zones, paint steel surfaces, and minor beam repairs.
Fair	50 - 79	Corrective repairs include deck, beam, and substructure repairs, fixing settled approaches, and repairing collision damage.
Poor	1 - 49	Major rehabilitation and replacement includes deck, beam, or substructure replacements or replacement of the entire bridge.

Condition Level – Bridges

The State performs assessments on 50 percent of bridges on an annual basis, each bridge being assessed every other year. The established condition level is to maintain 50 percent of the bridges with a rating of "good" and no more than 10 percent with a rating of "poor." The following table reports the results of the bridges assessed for the past three years:

Rating	2017	2016	2015
Good	67.91%	70.95%	73.01%
Poor	1.45%	1.40%	0.62%

The following table presents the State's estimated amounts needed to maintain and preserve bridges at or above the established condition levels addressed above, and the amounts actually spent for each of the past five reporting periods (in thousands):

Fiscal Year	Estimated Spending	Actual Spending
2017	$38,399	$61,079
2016	$35,738	$51,502
2015	$35,034	$49,390
2014	$34,109	$52,674
2013	$34,362	$57,907

SUPPLEMENTARY INFORMATION

2017

State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

This page intentionally left blank.

Nonmajor Governmental Funds

State Endowment Fund
This fund accounts for a portion of proceeds relating to the State's settlement agreement with major tobacco manufacturers, severance tax revenue in excess of statutory base amounts, and money or other assets authorized under any provision of law. The principal of the fund cannot be appropriated except by a three-fourths vote of both houses of the Legislature and with the concurrence of the Governor. One-half of all interest and dividends earned on tobacco settlement proceeds in this fund is deposited in the General Fund.

Environmental Reclamation
This fund consists of various programs aimed at preserving open land, improving irrigation in the State, funding recycling programs, and funding cleanup and reclamation projects. Funds received are from state appropriations, fees and fines, recovered liens and costs, and voluntary contributions.

Crime Victim Reparation
This fund accounts for court-ordered restitution and a surcharge on criminal fines, penalties, and forfeitures. Monies deposited in this fund are for victim reparations, other victim services, and, as appropriated, costs of administering the fund.

Universal Telephone Services
This fund is designed to preserve and promote universal telephone service throughout the State by ensuring that all citizens have access to affordable basic telephone service. Revenues come from surcharges on customers' phone bills and from fines and penalties levied against telephone service providers by the Public Service Commission.

Consumer Education Fund
This fund accounts for revenues and expenditures associated with educating and training Utah residents in various consumer matters. Funding is provided through the assessment and collection of fines and penalties from various regulated professions.

Rural Development Fund
This fund promotes various programs in rural areas of the State including construction of communications systems and economic development grants to Native American tribes. Funding comes from oil and gas severance taxes and from royalties on mineral extractions on federal land within the State.

State Capitol Fund
This fund was created to account for the funding and operations of the State Capitol Preservation Board. Funds are used in part to pay for repairs and maintenance of Capitol Hill facilities and grounds. Funding is provided through fees and private donations.

Miscellaneous Special Revenue
This fund is made up of individual small funds set up to account for various revenue sources that are legally restricted to expenditures for specific purposes.

Capital Projects – General Government
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by the State and its component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and intergovernmental revenues.

Capital Projects – State Building Ownership Authority *(Blended Component Unit)*
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

Debt Service – General Government
This fund accounts for the payment of principal and interest on the State's general obligation bonds. The fund receives most of its financial resources from appropriations made by the Legislature.

Debt Service – State Building Ownership Authority *(Blended Component Unit)*
This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority. The fund also receives capital lease payments from certain college and university component units.

Combining Balance Sheet
Nonmajor Governmental Funds
(expressed in thousands)

June 30, 2017

	Special Revenue				
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services	Consumer Education
ASSETS					
Cash and Cash Equivalents	$ 3,451	$ 4,761	$ 1,552	$ 3,470	$ 762
Investments	192,721	12,174	2,219	—	3,695
Receivables:					
Accounts, net	—	41	—	—	13
Accrued Interest	—	—	—	—	—
Capital Lease Payments, net	—	—	—	—	—
Due From Other Funds	—	—	—	—	—
Due From Component Units	—	—	—	—	—
Total Assets	$ 196,172	$ 16,976	$ 3,771	$ 3,470	$ 4,470
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	$ —	$ 212	$ 193	$ 90	$ 183
Due To Other Funds	—	—	—	81	64
Unearned Revenue	—	—	—	—	—
Total Liabilities	0	212	193	171	247
Deferred Inflows of Resources:					
Unavailable Revenue	—	—	—	—	—
Total Deferred Inflows of Resources	0	0	0	0	0
Fund Balances:					
Restricted	—	10,252	—	3,299	—
Committed	196,172	6,512	3,578	—	4,223
Assigned	—	—	—	—	—
Total Fund Balances	196,172	16,764	3,578	3,299	4,223
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 196,172	$ 16,976	$ 3,771	$ 3,470	$ 4,470

Special Revenue			Capital Projects		Debt Service		
Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority	General Government	State Building Ownership Authority	Total Nonmajor Governmental Funds
$ 247	$ 675	$ —	$ 288,575	$ 576	$ 52,976	$ 7,668	$ 364,713
31,553	229	23,920	1,301	58,885	7,072	6,661	340,430
—	—	18,552	1,083	—	—	—	19,689
—	—	—	—	78	7,108	7	7,193
—	—	—	—	—	—	90,660	90,660
—	17	6	5,058	73	—	—	5,154
—	—	—	45,541	—	—	—	45,541
$ 31,800	$ 921	$ 42,478	$ 341,558	$ 59,612	$ 67,156	$ 104,996	$ 873,380
$ 1,427	$ 1	$ 1,722	$ 56,740	$ 7,100	$ 47,640	$ —	$ 115,308
624	8	819	1,994	5	11,706	6,256	21,557
—	60	2,821	—	—	—	—	2,881
2,051	69	5,362	58,734	7,105	59,346	6,256	139,746
—	—	—	—	—	—	90,660	90,660
0	0	0	0	0	0	90,660	90,660
—	—	20,914	—	52,434	—	—	86,899
29,749	852	12,924	—	—	—	—	254,010
—	—	3,278	282,824	73	7,810	8,080	302,065
29,749	852	37,116	282,824	52,507	7,810	8,080	642,974
$ 31,800	$ 921	$ 42,478	$ 341,558	$ 59,612	$ 67,156	$ 104,996	$ 873,380

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Special Revenue				
	State Endowment	**Environmental Reclamation**	**Crime Victim Reparation**	**Universal Telephone Services**	**Consumer Education**
REVENUES					
Taxes:					
Sales and Use Tax	$ —	$ —	$ —	$ —	$ —
Other Taxes	5,380	—	—	—	—
Total Taxes	5,380	0	0	0	0
Other Revenues:					
Federal Contracts and Grants	—	—	3,007	—	—
Charges for Services	—	3,478	6,810	11,329	1,607
Intergovernmental	—	—	—	—	—
Investment Income	19,423	170	25	—	45
Miscellaneous and Other	—	1,445	—	—	—
Total Revenues	24,803	5,093	9,842	11,329	1,652
EXPENDITURES					
Current:					
General Government	—	2,601	7,369	—	—
Human Services and Juvenile Justice Services	—	—	—	—	—
Corrections	—	—	—	—	—
Public Safety	—	—	—	—	—
Courts	—	—	—	—	—
Health and Environmental Quality	—	3,831	—	—	—
Higher Education – Colleges and Universities	—	—	—	—	—
Employment and Family Services	—	—	—	—	—
Natural Resources	—	—	—	—	—
Heritage and Arts	—	—	—	—	—
Business, Labor, and Agriculture	—	71	—	11,122	1,101
Public Education	—	—	—	—	—
Transportation	—	—	—	—	—
Capital Outlay	—	—	—	—	—
Debt Service:					
Principal Retirement	—	—	—	—	—
Interest and Other Charges	—	—	—	—	—
Total Expenditures	0	6,503	7,369	11,122	1,101
Excess Revenues Over (Under) Expenditures	24,803	(1,410)	2,473	207	551
OTHER FINANCING SOURCES (USES)					
Transfers In	—	400	—	—	—
Transfers Out	—	(119)	(1,848)	—	(410)
Total Other Financing Sources (Uses)	0	281	(1,848)	0	(410)
Net Change in Fund Balances	24,803	(1,129)	625	207	141
Fund Balances – Beginning	171,369	17,893	2,953	3,092	4,082
Adjustment to Beginning Fund Balances	—	—	—	—	—
Fund Balances – Beginning as Adjusted	171,369	17,893	2,953	3,092	4,082
Fund Balances – Ending	$ 196,172	$ 16,764	$ 3,578	$ 3,299	$ 4,223

Special Revenue			Capital Projects		Debt Service		
Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority	General Government	State Building Ownership Authority	Total Nonmajor Governmental Funds
$ —	$ —	$ 4,601	$ —	$ —	$ —	$ —	$ 4,601
4,730	—	—	—	—	—	—	10,110
4,730	0	4,601	0	0	0	0	14,711
—	—	27,631	—	—	14,200	1,646	46,484
—	626	54,730	—	—	—	—	78,580
—	—	—	19,273	—	—	—	19,273
284	3	582	15	785	—	110	21,442
—	—	8,017	21	69	—	23,994	33,546
5,014	629	95,561	19,309	854	14,200	25,750	214,036
—	519	7,836	9,355	—	—	—	27,680
—	—	438	5,712	—	—	—	6,150
—	—	—	4,008	—	—	—	4,008
—	—	29,544	822	—	—	—	30,366
—	—	—	4,833	—	—	—	4,833
—	—	413	1,574	—	—	—	5,818
—	—	—	44,246	—	—	—	44,246
11,637	—	776	1,534	—	—	—	13,947
—	—	6,166	2,545	—	—	—	8,711
—	—	60	472	—	—	—	532
—	—	302	1,337	—	—	—	13,933
—	—	—	1,865	—	—	—	1,865
—	—	1	4,114	—	—	—	4,115
—	—	—	240,433	33,683	—	—	274,116
—	—	—	—	—	324,910	17,712	342,622
—	—	—	—	—	93,727	11,296	105,023
11,637	519	45,536	322,850	33,683	418,637	29,008	887,965
(6,623)	110	50,025	(303,541)	(32,829)	(404,437)	(3,258)	(673,929)
—	—	6,189	268,758	55	418,830	223	694,455
—	—	(55,723)	(10,529)	—	(14,437)	(54)	(83,120)
0	0	(49,534)	258,229	55	404,393	169	611,335
(6,623)	110	491	(45,312)	(32,774)	(44)	(3,089)	(62,594)
36,372	742	22,959	328,136	85,281	7,854	11,169	691,902
—	—	13,666	—	—	—	—	13,666
36,372	742	36,625	328,136	85,281	7,854	11,169	705,568
$ 29,749	$ 852	$ 37,116	$ 282,824	$ 52,507	$ 7,810	$ 8,080	$ 642,974

Detail Schedule of Expenditures – Budget and Actual
General Fund
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
GENERAL GOVERNMENT								
Legislature								
Senate	$ 4,669	$ —	$ —	$ 4,669	$ 2,447	$ —	$ —	$ 2,222
House	7,883	—	—	7,883	4,659	—	—	3,224
Printing	1,039	—	255	1,294	768	—	—	526
Research and General Counsel	11,129	—	—	11,129	9,420	—	—	1,709
Fiscal Analyst	4,776	—	—	4,776	3,162	—	—	1,614
Auditor General	4,805	—	—	4,805	3,814	—	—	991
Legislative Services	2,541	—	—	2,541	966	—	—	1,575
Total Legislature	36,842	0	255	37,097	25,236	0	0	11,861
Elected Officials								
State Treasurer	$ 3,301	$ —	$ 552	$ 3,853	$ 3,266	$ —	$ 208	$ 379
GOV – Administrative Office	7,294	18	1,167	8,479	7,110	431	338	600
GOV – Management and Budget	6,221	—	—	6,221	5,008	—	—	1,213
GOV – School Readiness Initiative	6,026	—	—	6,026	1,098	—	—	4,928
GOV – Lt. Governor Character Education	529	—	—	529	242	—	—	287
GOV – Criminal and Juvenile Justice	17,033	12,366	78	29,477	23,562	—	818	5,097
GOV – CCJJ – Factual Innocence	365	—	—	365	45	—	—	320
GOV – Indigent Defense Commission	2,000	—	—	2,000	370	—	—	1,630
GOV – Emergency Fund	100	—	—	100	—	—	—	100
GOV – LeRay McAllister Program	924	—	—	924	406	—	—	518
GOV – CCJJ – Jail Reimbursement	14,967	—	—	14,967	14,967	—	—	—
GOV – Pete Suazo Athletic Commission	258	—	67	325	199	—	—	126
GOV – Economic Development Administration	4,059	341	851	5,251	4,125	451	—	675
GOV – Office of Tourism	30,553	—	229	30,782	25,440	377	—	4,965
GOV – Business Development	11,271	724	258	12,253	9,921	—	—	2,332
GOV – Utah Broadband Outreach Center	378	—	—	378	351	—	—	27
GOV – STEM Action Center	14,123	—	98	14,221	9,786	—	—	4,435
GOV – Pass Through	8,284	—	—	8,284	7,970	314	—	—
GOV – Utah Office of Outdoor Recreation	1,000	—	—	1,000	302	—	—	698
GOV – Industrial Assistance Fund	3,204	—	—	3,204	3,204	—	—	—
GOV – Office of Energy Development	1,989	400	182	2,571	2,295	—	132	144
GOV – Constitutional Defense Council	283	—	—	283	270	—	—	13
USTAR – Administration	2,252	—	—	2,252	1,941	—	—	311
USTAR – Research Capacity Building	15,162	—	—	15,162	9,573	—	—	5,589
USTAR – Grant Programs	10,600	—	—	10,600	6,299	—	—	4,301
USTAR – Support Programs	3,280	—	8	3,288	2,525	—	—	763
Attorney General	37,958	2,222	20,936	61,116	59,815	—	—	1,301
AG – Contract Attorneys	51	—	1,922	1,973	1,932	—	—	41
AG – Prosecution Council	738	33	283	1,054	850	—	124	80
AG – Domestic Violence	78	—	—	78	78	—	—	—
AG – Children's Justice Centers	4,131	237	203	4,571	4,121	—	—	450
AG – State Settlement Agreements	155	—	—	155	125	30	—	—
State Auditor	4,192	—	2,339	6,531	5,257	—	—	1,274
Total Elected Officials	212,759	16,341	29,173	258,273	212,453	1,603	1,620	42,597
Government Operations								
Capitol Preservation Board	$ 4,196	$ —	$ —	$ 4,196	$ 4,196	$ —	$ —	$ —
Department of Administrative Services	1,254	—	24	1,278	1,146	—	—	132
DAS – Administrative Rules	768	—	—	768	278	—	—	490
DAS – DFCM Administration	5,972	—	972	6,944	6,076	40	—	828
DAS – State Archives	3,175	34	51	3,260	3,067	—	—	193
DAS – Finance Administration	11,715	—	1,842	13,557	10,388	—	—	3,169
DAS – Office of the Inspector General of Medicaid	1,328	—	1,573	2,901	2,691	—	—	210
DAS – Post Conviction Indigent Defense	198	—	—	198	11	—	—	187
DAS – Elected Official Post Retirement Benefit	1,388	—	—	1,388	1,388	—	—	—
DAS – Finance Mandated	4,773	—	—	4,773	3,267	—	1,506	—
DAS – Judicial Conduct Commission	281	—	—	281	235	—	—	46
DAS – Executive Branch Ethics Commission	51	—	—	51	18	—	—	33
DAS – Finance Mandated Parental Defense	123	—	32	155	137	—	—	18

Detail Schedule of Expenditures – Budget and Actual
General Fund
(expressed in thousands)
Continued

For the Fiscal Year Ended June 30, 2017

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
DAS – Purchasing	669	—	—	669	669	—	—	—
DAS – Building Board Program	1,479	—	—	1,479	1,435	—	—	44
Tax Commission	79,096	566	7,225	86,887	80,337	3,342	1,708	1,500
TAX – License Plates Production	658	—	3,197	3,855	3,579	—	—	276
TAX – Liquor Profit Distribution	5,406	—	—	5,406	5,406	—	—	—
TAX – Rural Health Care	555	—	—	555	219	—	336	—
Human Resource Management	90	—	243	333	213	50	—	70
Career Service Review Office	304	—	—	304	258	16	—	30
DTS – Chief Information Officer	2,780	—	—	2,780	1,560	—	—	1,220
DTS – Integrated Technology	1,651	550	937	3,138	2,776	—	—	362
Total Government Operations	127,910	1,150	16,096	145,156	129,350	3,448	3,550	8,808
Total General Government	$ 377,511	$ 17,491	$ 45,524	$ 440,526	$ 367,039	$ 5,051	$ 5,170	$ 63,266
HUMAN SERVICES								
Administration	$ 9,372	$ 7,370	$ 2,996	$ 19,738	$ 19,388	$ —	$ —	$ 350
Substance Abuse and Mental Health	110,691	27,152	19,737	157,580	156,923	—	222	435
Office of Public Guardian	471	40	326	837	810	—	—	27
Services for People with Disabilities	91,373	1,165	207,918	300,456	297,969	—	—	2,487
Recovery Services	13,737	18,221	10,907	42,865	42,736	129	—	—
Child and Family Services	118,613	60,020	(5,854)	172,779	171,615	1	188	975
Juvenile Justice Services	93,069	3,277	1,147	97,493	94,230	1	—	3,262
Aging and Adult Services	14,169	12,812	(1,358)	25,623	25,586	6	—	31
Total Human Services	$ 451,495	$ 130,057	$ 235,819	$ 817,371	$ 809,257	$ 137	$ 410	$ 7,567
CORRECTIONS								
Department of Corrections								
Programs and Operations	$ 236,709	$ 324	$ 3,958	$ 240,991	$ 232,346	$ —	$ 425	$ 8,220
Medical Services	35,787	—	534	36,321	34,445	376	—	1,500
Jail Contracting	36,228	—	—	36,228	31,103	225	—	4,900
Total Department of Corrections	308,724	324	4,492	313,540	297,894	601	425	14,620
Board of Pardons and Parole								
Board of Pardons and Parole	$ 5,027	$ —	$ 85	$ 5,112	$ 4,896	$ —	$ —	$ 215
Total Board of Pardons and Parole	5,027	0	85	5,112	4,896	0	0	215
Total Corrections	$ 313,751	$ 324	$ 4,577	$ 318,652	$ 302,790	$ 601	$ 425	$ 14,835
PUBLIC SAFETY								
Department of Public Safety								
UCA Administrative Services Division	$ 5,785	$ —	$ —	$ 5,785	$ 5,785	$ —	$ —	$ —
Programs and Operations	105,961	1,123	17,316	124,400	113,032	9	1,661	9,698
Emergency Management	2,259	12,112	371	14,742	14,729	—	—	13
Emergency Management – National Guard	150	—	—	150	—	—	—	150
Emergency and Disaster Management	12,771	—	—	12,771	115	—	—	12,656
Peace Officer's Standards and Training	4,680	—	43	4,723	3,896	—	804	23
Driver License	38,388	77	19	38,484	31,020	8	—	7,456
Highway Safety	2,057	4,233	518	6,808	5,914	—	—	894
Total Department of Public Safety	172,051	17,545	18,267	207,863	174,491	17	2,465	30,890
Utah National Guard								
Utah National Guard Administration	$ 7,368	$ 39,417	$ (277)	$ 46,508	$ 46,079	$ —	$ —	$ 429
Total Utah National Guard	7,368	39,417	(277)	46,508	46,079	0	0	429
Department of Veteran's and Military Affairs								
Veteran's and Military Affairs	$ 4,522	$ 585	$ 265	$ 5,372	$ 4,672	$ —	$ —	$ 700
Total Department of Veteran's and Military Affairs	4,522	585	265	5,372	4,672	—	—	700
Total Public Safety	$ 183,941	$ 57,547	$ 18,255	$ 259,743	$ 225,242	$ 17	$ 2,465	$ 32,019
STATE COURTS								
Judicial Council	$ 122,784	$ 530	$ 1,755	$ 125,069	$ 116,998	$ 411	$ 4,822	$ 2,838
Grand Jury	1	—	—	1	—	1	—	—
Contracts and Leases	20,185	—	256	20,441	20,341	—	—	100
Jury and Witness Fees	1,596	—	7	1,603	2,613	—	—	(1,010)
Guardian Ad Litem	8,927	—	46	8,973	7,811	438	214	510
Total State Courts	$ 153,493	$ 530	$ 2,064	$ 156,087	$ 147,763	$ 850	$ 5,036	$ 2,438

Detail Schedule of Expenditures – Budget and Actual
General Fund
(expressed in thousands)
Continued

For the Fiscal Year Ended June 30, 2017

	Source of Funding							
Appropriation Line Item Name	**State Funds**	**Federal Funds**	**Restricted and Other Funds**	**Final Budget**	**Actual Expenditures**	**Lapse to Unrestricted**	**Lapse to Restricted and Other**	**Nonlapse or (Deficit) Carry Forward**
HEALTH and ENVIRONMENTAL QUALITY								
Department of Health	$ 6,889	$ 6,272	$ 4,649	$ 17,810	$ 17,222	$ —	$ 9	$ 579
DOH – Rural Physicians Loan Repayment Assistance	502	—	—	502	170	—	—	332
DOH – Disease Control and Prevention	24,486	35,994	16,881	77,361	75,417	216	83	1,645
DOH – Family Health and Preparedness	24,187	76,220	21,694	122,101	119,546	—	202	2,353
DOH – Medicaid and Health Financing	6,191	79,171	39,382	124,744	123,330	—	1	1,413
DOH – Medicaid – Mandatory Services	430,619	1,086,295	56,559	1,573,473	1,554,882	—	10,467	8,124
DOH – Medicaid – Optional Services	128,637	569,343	296,854	994,834	985,338	—	6,536	2,960
DOH – Local Health Department	2,138	—	—	2,138	2,138	—	—	—
DOH – Children's Health Insurance Program	9,641	130,404	6,856	146,901	137,241	—	9,000	660
DOH – Workforce Financial Assistance	586	—	—	586	164	—	—	422
DOH – Medicaid Sanctions	1,979	—	—	1,979	—	—	—	1,979
DOH – Medicaid Expansion 2017	494	161	—	655	209	—	446	—
DOH – Commodities	—	27,277	—	27,277	27,277	—	—	—
Department of Environmental Quality	3,318	218	2,771	6,307	5,419	196	—	692
DEQ – Air Quality	7,790	4,005	4,430	16,225	15,806	—	85	334
DEQ – Environmental Response and Remediation	3,345	3,229	346	6,920	6,394	—	526	—
DEQ – Water Quality	4,819	5,008	1,300	11,127	10,945	—	37	145
DEQ – Drinking Water	3,788	3,636	(203)	7,221	5,575	—	1,157	489
DEQ – Clean Air Retrofit, Replacement and Off-road	396	—	—	396	94	—	—	302
DEQ – Waste Management and Radiation Control	7,713	941	880	9,534	8,206	—	928	400
Total Health and Environmental Quality	$ 667,518	$ 2,028,174	$ 452,399	$ 3,148,091	$ 3,095,373	$ 412	$ 29,477	$ 22,829
HIGHER EDUCATION								
Board of Regents	$ 3,735	$ 941	$ —	$ 4,676	$ 4,676	$ —	$ —	$ —
RGT – Student Support	1,617	—	—	1,617	1,617	—	—	—
RGT – Economic Development	366	—	—	366	366	—	—	—
RGT – Student Assistance	22,606	—	—	22,606	22,606	—	—	—
RGT – Math Competency Initiative	1,925	—	—	1,925	1,925	—	—	—
RGT – Technology	7,184	—	—	7,184	7,184	—	—	—
RGT – Education Excellence	6,016	—	—	6,016	6,016	—	—	—
RGT – Medical Education Council	590	—	—	590	590	—	—	—
U of U – Education and General	234,348	—	263,859	498,207	498,207	—	—	—
U of U – Educationally Disadvantaged	701	—	—	701	701	—	—	—
U of U – School of Medicine	36,715	—	24,866	61,581	61,581	—	—	—
U of U – University Hospital	4,984	—	—	4,984	4,984	—	—	—
U of U – Regional Dental Education	622	—	5,123	5,745	5,745	—	—	—
U of U – Public Service	2,149	—	—	2,149	2,149	—	—	—
U of U – Statewide TV Administration	2,554	—	—	2,554	2,554	—	—	—
U of U – Health Sciences	8,962	—	8,800	17,762	17,762	—	—	—
U of U – Rocky Mtn Ctr for Occupational Health	161	—	—	161	161	—	—	—
U of U – Poison Control Center	2,199	—	—	2,199	2,199	—	—	—
U of U – Center on Aging	107	—	—	107	107	—	—	—
USU – Education and General	136,885	—	113,987	250,872	250,872	—	—	—
USU – Educationally Disadvantaged	100	—	—	100	100	—	—	—
USU – Water Research Laboratory	3,671	—	—	3,671	3,613	—	58	—
USU – Agricultural Experiment Station	12,691	2,384	—	15,075	15,075	—	—	—
USU – Cooperative Extension Service	14,542	2,179	—	16,721	16,721	—	—	—
USU – Uintah Basin CEC	4,332	—	2,228	6,560	6,560	—	—	—
USU – Southeastern Utah CEC	724	—	1,622	2,346	2,346	—	—	—
USU – Eastern Education and General	11,842	—	2,714	14,556	14,556	—	—	—
USU – Eastern Educationally Disadvantaged	105	—	—	105	105	—	—	—
USU – Eastern Career and Technical Education	1,381	—	—	1,381	1,381	—	—	—
USU – Eastern Prehistoric Museum	446	—	—	446	446	—	—	—
USU – Blanding Campus	2,858	—	1,219	4,077	4,077	—	—	—
USU – Brigham City CEC	3,609	—	12,269	15,878	15,878	—	—	—
USU – Tooele CEC	4,312	—	9,162	13,474	13,474	—	—	—
Weber – Education and General	80,490	—	71,895	152,385	152,385	—	—	—

Detail Schedule of Expenditures – Budget and Actual
General Fund
(expressed in thousands)
Continued

For the Fiscal Year Ended June 30, 2017

Appropriation Line Item Name	State Funds	Federal Funds	Restricted and Other Funds	Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
	Source of Funding							
Weber – Educationally Disadvantaged	371	—	—	371	371	—	—	—
SUU – Education and General	35,117	—	41,743	76,860	76,860	—	—	—
SUU – Educationally Disadvantaged	94	—	—	94	94	—	—	—
SUU – Shakespeare Festival	47	—	—	47	47	—	—	—
SUU – Rural Development	102	—	—	102	102	—	—	—
Snow College – Education and General	21,583	—	10,488	32,071	32,071	—	—	—
Snow College – Educationally Disadvantaged	32	—	—	32	32	—	—	—
Snow College – Career Technology Education	1,359	—	—	1,359	1,359	—	—	—
Dixie – Education and General	33,335	—	28,674	62,009	62,009	—	—	—
Dixie – Educationally Disadvantaged	26	—	—	26	26	—	—	—
Dixie – Zion Park Amphitheater	55	—	32	87	87	—	—	—
UVU – Education and General	100,891	—	125,056	225,947	225,947	—	—	—
UVU – Educationally Disadvantaged	170	—	—	170	170	—	—	—
SLCC – Education and General	85,968	—	57,223	143,191	143,191	—	—	—
SLCC – Educationally Disadvantaged	178	—	—	178	178	—	—	—
SLCC – School of Applied Technology	6,496	—	731	7,227	7,227	—	—	—
Utah College of Applied Technology	7,019	—	—	7,019	7,019	—	—	—
UCAT – Bridgerland	12,186	—	—	12,186	12,186	—	—	—
UCAT – Davis	14,197	—	—	14,197	14,197	—	—	—
UCAT – Ogden/Weber	13,472	—	—	13,472	13,472	—	—	—
UCAT – Uintah Basin	7,133	—	—	7,133	7,133	—	—	—
UCAT – Mountainland	10,417	—	—	10,417	10,417	—	—	—
UCAT – Southwest	4,757	—	—	4,757	4,757	—	—	—
UCAT – Dixie	4,969	—	—	4,969	4,969	—	—	—
UCAT – Tooele	3,378	—	—	3,378	3,378	—	—	—
Utah Education and Telehealth Network	27,503	—	—	27,503	27,503	—	—	—
UETN – Digital Teaching and Learning Program	1,160	—	—	1,160	1,160	—	—	—
Total Higher Education	$ 1,007,544	$ 5,504	$ 781,691	$ 1,794,739	$ 1,794,681	$ 0	$ 58	$ 0
WORKFORCE SERVICES								
Office of Rehabilitation	$ 27,012	$ 30,629	$ 606	$ 58,247	$ 44,986	$ —	$ 13,261	$ —
Office of Child Care	575	4	—	579	154	—	—	425
Administration	8,506	7,886	1,451	17,843	12,651	467	4,725	—
Operations and Policy	58,898	217,322	42,614	318,834	311,412	—	6,387	1,035
Nutritional Assistance – SNAP	—	291,049	—	291,049	291,049	—	—	—
General Assistance	4,900	—	250	5,150	3,990	—	—	1,160
Unemployment Insurance Administration	7,517	18,110	527	26,154	20,597	—	5,557	—
Housing and Community Development	14,657	34,058	1,359	50,074	41,366	—	2,640	6,068
HCD Capital Development	30,433	—	—	30,433	30,433	—	—	—
HCD Special Districts	3,558	—	—	3,558	3,558	—	—	—
CDBG Loan Advances	—	—	7	7	7	—	—	—
Total Workforce Services	$ 156,056	$ 599,058	$ 46,814	$ 801,928	$ 760,203	$ 467	$ 32,570	$ 8,688
NATURAL RESOURCES								
Department of Natural Resources	$ 2,862	$ —	$ —	$ 2,862	$ 2,636	$ 1	$ —	$ 225
Building Operations	1,789	—	—	1,789	1,789	—	—	—
Forestry, Fire, and State Lands	25,152	5,074	11,758	41,984	33,519	102	745	7,618
Oil, Gas, and Mining	9,339	5,216	140	14,695	9,784	—	2,234	2,677
Wildlife Resources	50,443	20,845	277	71,565	66,751	15	4,080	719
Species Protection	1,291	—	2,450	3,741	3,566	—	—	175
Predator Control	60	—	—	60	60	—	—	—
Watershed Development	4,069	—	500	4,569	3,973	—	24	572
Pass Through	7,187	—	—	7,187	6,391	371	—	425
Contributed Research	—	—	1,856	1,856	1,856	—	—	—
Cooperative Environmental Studies	—	11,980	12,373	24,353	24,353	—	—	—
Parks and Recreation	33,293	1,503	867	35,663	32,999	—	2,267	397
Parks and Recreation – Capital Development	9,605	3,231	104	12,940	5,733	—	—	7,207
Utah Geological Survey	6,008	1,000	1,251	8,259	7,674	116	13	456
Water Resources	17,400	—	150	17,550	8,653	92	319	8,486
Wildlife Resources – Capital Development	1,205	409	—	1,614	1,419	—	195	—
Water Rights	9,075	74	2,068	11,217	10,753	—	—	464

Detail Schedule of Expenditures – Budget and Actual
General Fund
(expressed in thousands)
Continued

For the Fiscal Year Ended June 30, 2017

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
Public Lands Policy Office	5,166	—	—	5,166	3,718	—	—	1,448
National Parks Operation Contribution	3,088	—	—	3,088	732	1,178	1,178	—
Public Lands Litigation	1,559	—	—	1,559	413	—	1,146	—
Total Natural Resources	$ 188,591	$ 49,332	$ 33,794	$ 271,717	$ 226,772	$ 1,875	$ 12,201	$ 30,869
HERITAGE and ARTS								
Heritage and Arts Administration	$ 4,983	$ 4,265	$ 119	$ 9,367	$ 8,108	$ 93	$ 10	$ 1,156
Indian Affairs	293	—	50	343	340	—	—	3
State History	2,157	1,076	51	3,284	3,221	3	—	60
Historical Society	86	—	108	194	60	—	—	134
Arts and Museums	5,127	698	1,719	7,544	4,346	—	23	3,175
Museum Services	263	—	—	263	263	—	—	—
State Library	4,685	1,404	2,091	8,180	7,951	—	—	229
DHA Pass Through	4,557	—	—	4,557	4,557	—	—	—
Total Heritage and Arts	$ 22,151	$ 7,443	$ 4,138	$ 33,732	$ 28,846	$ 96	$ 33	$ 4,757
BUSINESS, LABOR, and AGRICULTURE								
Department of Agriculture and Food	$ 3,431	$ 875	$ 71	$ 4,377	$ 4,156	$ —	$ 20	$ 201
AGR – Building Operations	357	—	—	357	357	—	—	—
AGR – Utah State Fair	675	—	—	675	675	—	—	—
AGR – Predatory Animal Control	1,682	—	648	2,330	1,972	94	78	186
AGR – Invasive Species Mitigation	2,903	—	—	2,903	1,317	—	686	900
AGR – Rangeland Improvement	2,397	—	—	2,397	1,723	—	—	674
AGR – Animal Health	4,718	1,254	136	6,108	5,921	—	187	—
AGR – Plant Industry	1,001	2,207	3,366	6,574	6,179	—	—	395
AGR – Regulatory Services	2,651	632	2,577	5,860	5,537	—	—	323
AGR – Marketing and Economic Development	882	—	—	882	834	—	—	48
AGR – Resource Conservation	2,881	281	726	3,888	3,415	—	376	97
Labor Commission	11,779	2,761	57	14,597	14,116	—	59	422
Department of Commerce	28,957	315	590	29,862	27,122	—	563	2,177
COM – Building Inspector Training	969	—	577	1,546	533	—	—	1,013
COM – Public Utilities – Professional Services	4,448	—	—	4,448	319	—	—	4,129
COM – Consumer Services – Professional Services	4,146	—	—	4,146	327	—	—	3,819
Financial Institutions	7,898	—	—	7,898	7,658	—	240	—
Insurance Department	15,182	547	1	15,730	11,285	—	1,670	2,775
INS – Bail Bond Program	24	—	—	24	24	—	—	—
INS – Title Insurance Program	170	—	—	170	70	—	20	80
INS – Health Insurance Actuary	285	—	—	285	—	—	147	138
Public Service Commission	3,189	—	9	3,198	2,400	—	—	798
PSC – Speech and Hearing Impaired	2,887	—	692	3,579	953	—	—	2,626
Total Business, Labor, and Agriculture	$ 103,512	$ 8,872	$ 9,450	$ 121,834	$ 96,893	$ 94	$ 4,046	$ 20,801
TOTAL GENERAL FUND								
Total Expenditures	$ 3,625,563	$ 2,904,332	$ 1,634,525	$ 8,164,420	$ 7,854,859	$ 9,600	$ 91,891	$ 208,069

Detail Schedule of Expenditures – Budget and Actual
Education Fund, Transportation Fund, Transportation Investment Fund, and Debt Service Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Source of Funding							
Appropriation Line Item Name	**State Funds**	**Federal Funds**	**Restricted and Other Funds**	**Final Budget**	**Actual Expenditures**	**Lapse to Unrestricted**	**Lapse to Restricted and Other**	**Nonlapse or (Deficit) Carry Forward**
EDUCATION FUND								
State Board of Education								
State Office of Education	$ 71,956	$ 256,337	$ 11,270	$ 339,563	$ 302,940	$ —	$ 290	$ 36,333
State Office of Rehabilitation	27,012	10,557	198	37,767	18,216	—	19,551	—
Teaching and Learning	120	—	3,349	3,469	3,466	—	—	3
Child Nutrition	144	160,168	42,427	202,739	202,133	—	—	606
Fine Arts Outreach	4,105	—	—	4,105	4,047	—	—	58
Educational Contracts	3,619	—	(16)	3,603	3,002	—	—	601
Charter School Board	5,197	—	(137)	5,060	3,389	—	—	1,671
Science Outreach	4,390	—	—	4,390	4,390	—	—	—
Educator Licensing	2,664	—	(315)	2,349	2,059	—	290	—
Initiative Programs	49,751	—	(82)	49,669	34,944	—	—	14,725
MSP Categorical Program Administration	2,223	—	(85)	2,138	613	—	—	1,525
Basic School Program	2,296,887	—	(6)	2,296,881	2,270,947	—	—	25,934
Related to Basic Programs	618,255	—	(165)	618,090	594,723	—	—	23,367
Voted and Board Leeway Programs	176,485	—	—	176,485	175,513	—	—	972
School Building Programs	33,250	—	—	33,250	33,250	—	—	—
Charter School Finance Authority	50	—	—	50	—	—	50	—
Commodities	—	18,352	—	18,352	18,352	—	—	—
Total State Board of Education	$ 3,296,108	$ 445,414	$ 56,438	$ 3,797,960	$ 3,671,984	$ 0	$ 20,181	$ 105,795
Schools for the Deaf and the Blind								
Schools for the Deaf and the Blind	$ 27,585	$ 103	$ 7,134	$ 34,822	$ 34,822	$ —	$ —	$ —
Institutional Council	—	—	461	461	461	—	—	—
Total Schools for the Deaf and the Blind	27,585	103	7,595	35,283	35,283	0	0	0
Total Education Fund	$ 3,323,693	$ 445,517	$ 64,033	$ 3,833,243	$ 3,707,267	$ 0	$ 20,181	$ 105,795
TRANSPORTATION FUND								
Support Services	$ 33,422	$ 3,083	$ —	$ 36,505	$ 35,514	$ 191	$ —	$ 800
Engineering Services	22,480	30,736	1,806	55,022	54,161	561	—	300
Maintenance Management	153,929	8,888	4,007	166,824	161,609	—	—	5,215
Construction Management	163,115	359,483	29,100	551,698	454,401	97,297	—	—
Region Management	24,976	2,273	2,434	29,683	28,950	533	—	200
Equipment Management	1,640	—	31,647	33,287	33,271	16	—	—
Aeronautics	12,125	1,869	525	14,519	10,451	—	1,186	2,882
Share the Road	35	—	—	35	29	—	6	—
B & C Roads	164,492	—	—	164,492	164,492	—	—	—
Safe Sidewalk Construction	774	—	—	774	222	—	—	552
Mineral Lease	31,785	—	—	31,785	31,785	—	—	—
Corridor Preservation	16,856	—	—	16,856	16,856	—	—	—
B & C Roads Additional Support	5,000	—	—	5,000	5,000	—	—	—
Tollway	1,857	—	—	1,857	1,857	—	—	—
Counties of the 1st and 2nd Class	6,895	—	—	6,895	6,895	—	—	—
Inventory and Miscellaneous	—	—	21,482	21,482	1,787	19,695	—	—
Total Transportation Fund	$ 639,381	$ 406,332	$ 91,001	$ 1,136,714	$ 1,007,280	$ 118,293	$ 1,192	$ 9,949
TRANSPORTATION INVESTMENT FUND								
TIF Capacity Program	$ 403,795	$ —	$ —	$ 403,795	$ 371,523	$ 32,272	$ —	$ —
Total Transportation Investment Fund	$ 403,795	$ 0	$ 0	$ 403,795	$ 371,523	$ 32,272	$ 0	$ 0
DEBT SERVICE FUNDS								
General Government	$ 426,684	$ 14,120	$ 2	$ 440,806	$ 418,876	$ 14,120	$ —	$ 7,810
State Building Ownership Authority	11,392	1,646	24,104	37,142	29,062	—	—	8,080
Total Debt Service Funds	$ 438,076	$ 15,766	$ 24,106	$ 477,948	$ 447,938	$ 14,120	$ 0	$ 15,890

This page intentionally left blank.

Nonmajor Enterprise Funds

Housing Loan Programs
These programs provide loans or grants to low income or special needs individuals for construction, rehabilitation, or purchase of single or multi-family housing. Funds are provided from federal programs, loan repayments, appropriations, and interest earnings.

Agriculture Loan Fund
This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

Energy Efficiency Fund
This fund provides revolving loans to assist in the conversion of government and private fleet vehicles to clean fuel and for energy efficiency projects in political subdivisions and state facilities. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

Local Government Loan Fund
This fund provides revolving loan programs to local governments for infrastructure assistance, to expedite construction projects, and for providing emergency disaster services. These loan programs are funded with state appropriations.

Alcoholic Beverage Control
The Alcoholic Beverage Control Commission was established to conduct, license, and regulate the sale of alcoholic beverages. Funding is provided through the sale of products. The net profit from the fund is transferred to the State's General Fund and is used for general government purposes.

Utah Correctional Industries
Utah Correctional Industries (UCI) was established to provide work training opportunities for inmates of the Utah State Prison. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy and meat products, and provides printing and other miscellaneous products and services. Funding comes from charges for products and services.

State Trust Lands Administration
The Utah School and Institutional Trust Lands Administration (SITLA) and the School and Institutional Trust Fund Office (SITFO) manage the assets of the Trust Lands permanent fund. Their objective is to maximize revenue from land assets and investment returns for the beneficiaries.

Utah Dairy Commission
The purpose of the Commission is to promote the use of dairy products. Its operations are comprised of promotion, advertising, research, and nutritional education regarding dairy products. Funding consists primarily of fees from milk producers.

Combining Statement of Net Position
Nonmajor Enterprise Funds
(expressed in thousands)

June 30, 2017

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Local Government Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 14,804	$ 23,756	$ 1,940	$ 11,492
Receivables:				
Accounts, net	1,309	—	—	—
Accrued Interest	1,210	424	4	164
Notes/Loans/Mortgages, net	4,957	3,386	537	1,662
Due From Other Funds	—	2	—	—
Due From Component Units	—	—	—	—
Prepaid Items	—	—	—	—
Inventories	546	—	—	—
Other Assets	—	—	—	—
Total Current Assets	22,826	27,568	2,481	13,318
Noncurrent Assets:				
Investments	—	—	—	—
Accrued Interest Receivable	1,593	—	—	—
Notes/Loans/Mortgages Receivables, net	117,669	27,223	1,964	11,927
Other Assets	—	—	—	—
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	20	—	—
Intangible Assets–Software	—	—	—	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	—	(20)	—	—
Total Capital Assets	0	0	0	0
Total Noncurrent Assets	119,262	27,223	1,964	11,927
Total Assets	$ 142,088	$ 54,791	$ 4,445	$ 25,245
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —
Deferred Outflows Relating to Pensions	—	—	—	—
Total Deferred Outflows of Resources	$ 0	$ 0	$ 0	$ 0
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 39	$ 18	$ —	$ —
Deposits	1	—	—	—
Due To Other Funds	—	1	—	—
Due To Component Units	—	—	—	—
Unearned Revenue	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Total Current Liabilities	40	19	0	0
Noncurrent Liabilities:				
Revenue Bonds Payable	—	—	—	—
Net Pension Liability	—	—	—	—
Net Other Postemployment Benefit Liability	—	—	—	—
Total Noncurrent Liabilities	0	0	0	0
Total Liabilities	$ 40	$ 19	$ 0	$ 0
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions	$ —	$ —	$ —	$ —
Deferred Inflows Relating to Other Postemployment Benefit	—	—	—	—
Total Deferred Inflows of Resources	$ 0	$ 0	$ 0	$ 0
NET POSITION				
Net Investment in Capital Assets	$ —	$ —	$ —	$ —
Restricted for:				
Loan Programs	87,176	5,124	—	25,245
Unrestricted	54,872	49,648	4,445	—
Total Net Position	$ 142,048	$ 54,772	$ 4,445	$ 25,245

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 169	$ 2,143	$ 3,104	$ 1,122	$ 58,530
2,543	1,339	5,919	223	11,333
—	—	—	—	1,802
—	—	1	—	10,543
6,307	1,023	46	—	7,378
—	1	—	—	1
—	7	—	3	10
37,501	1,461	—	10	39,518
—	—	—	66	66
46,520	5,974	9,070	1,424	129,181
—	—	—	233	233
—	—	—	—	1,593
—	—	—	—	158,783
—	2	—	—	2
24,167	—	263	297	24,727
126	304	—	—	430
78,230	4,021	233	—	82,484
8,609	4,918	1,321	87	14,955
1,963	644	—	—	2,607
—	—	—	217	217
(37,585)	(4,712)	(1,271)	(70)	(43,658)
75,510	5,175	546	531	81,762
75,510	5,177	546	764	242,373
$ 122,030	$ 11,151	$ 9,616	$ 2,188	$ 371,554
$ 3,744	$ 111	$ —	$ —	$ 3,855
2,999	2,363	2,113	238	7,713
$ 6,743	$ 2,474	$ 2,113	$ 238	$ 11,568
$ 12,439	$ 1,963	$ 1,578	$ 26	$ 16,063
—	—	—	—	1
31,797	399	2,356	—	34,553
—	—	26	—	26
1,080	28	3,211	—	4,319
6,037	146	—	—	6,183
51,353	2,536	7,171	26	61,145
65,238	1,098	—	—	66,336
6,307	4,603	4,259	487	15,656
902	336	493	—	1,731
72,447	6,037	4,752	487	83,723
$ 123,800	$ 8,573	$ 11,923	$ 513	$ 144,868
$ 824	$ 631	$ 617	$ 62	$ 2,134
35	13	19	—	67
$ 859	$ 644	$ 636	$ 62	$ 2,201
$ 8,944	$ 4,022	$ 546	$ 531	$ 14,043
—	—	—	—	117,545
(4,830)	386	(1,376)	1,320	104,465
$ 4,114	$ 4,408	$ (830)	$ 1,851	$ 236,053

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Local Government Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ 400	$ —	$ 3	$ —
Fees and Assessments	—	—	—	—
Interest on Notes/Mortgages	2,090	962	—	—
Miscellaneous	(84)	2	—	—
Total Operating Revenues	2,406	964	3	0
OPERATING EXPENSES				
Administration	235	252	—	—
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	2,152	—	17	—
Rentals and Leases	6	5	—	—
Maintenance	8	—	—	—
Depreciation/Amortization	—	—	—	—
Miscellaneous Other:				
Data Processing	—	8	—	—
Supplies	3	2	—	—
Utilities	18	3	—	—
Advertising and Other	184	208	3	—
Total Operating Expenses	2,606	478	20	0
Operating Income (Loss)	(200)	486	(17)	0
NONOPERATING REVENUES (EXPENSES)				
Investment Income/Interest on Loans	137	206	32	522
Federal Contracts and Grants	2,269	—	—	—
Disposal of Capital Assets	—	—	—	—
Tax Revenues	—	525	—	—
Interest Expense	—	—	—	—
Total Nonoperating Revenues (Expenses)	2,406	731	32	522
Income (Loss) before Transfers	2,206	1,217	15	522
Capital Contributions	—	—	—	—
Transfers In	2,943	—	—	104
Transfers Out	—	(1,349)	(56)	—
Change in Net Position	5,149	(132)	(41)	626
Net Position – Beginning	136,899	54,904	4,486	24,619
Adjustment to Beginning Net Position	—	—	—	—
Net Position – Beginning as Adjusted	136,899	54,904	4,486	24,619
Net Position – Ending	$ 142,048	$ 54,772	$ 4,445	$ 25,245

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 380,544	$ 27,079	$ 18,133	$ 49	$ 426,208
3,465	—	37	2,621	6,123
—	—	—	—	3,052
—	5	—	70	(7)
384,009	27,084	18,170	2,740	435,376
20,165	5,559	8,300	749	35,260
235,023	16,615	—	84	251,722
—	—	—	—	2,169
1,095	361	768	—	2,235
3,606	246	51	—	3,911
3,177	364	31	8	3,580
2,453	350	213	—	3,024
237	1,102	189	—	1,533
195	109	130	—	455
9,019	660	7,928	1,763	19,765
274,970	25,366	17,610	2,604	323,654
109,039	1,718	560	136	111,722
—	—	—	17	914
303	—	—	—	2,572
(2)	(28)	—	559	529
—	—	—	—	525
(2,995)	(32)	—	—	(3,027)
(2,694)	(60)	0	576	1,513
106,345	1,658	560	712	113,235
—	37	—	—	37
—	—	—	—	3,047
(106,345)	—	(2)	—	(107,752)
0	1,695	558	712	8,567
5,256	3,138	(764)	1,139	229,677
(1,142)	(425)	(624)	—	(2,191)
4,114	2,713	(1,388)	1,139	227,486
$ 4,114	$ 4,408	$ (830)	$ 1,851	$ 236,053

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Local Government Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 1,998	$ 1,075	$ 3	$ —
Receipts from Loan Maturities	6,923	6,135	—	—
Receipts from State Customers	—	—	—	—
Payments to Suppliers/Claims/Grants	(353)	(1)	(140)	—
Disbursements for Loans Receivable	(12,691)	(2,181)	—	—
Payments for Employee Services and Benefits	(234)	(253)	—	—
Payments to State Suppliers	(1,997)	(220)	(3)	—
Payments of Sales Tax and School Lunch Collections	—	—	—	—
Net Cash Provided (Used) by Operating Activities	(6,354)	4,555	(140)	0
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Federal Contracts and Grants and Other Revenues	960	—	—	—
Restricted Sales Tax	—	525	—	—
Transfers In from Other Funds	2,943	—	—	104
Transfers Out to Other Funds	—	(1,349)	(56)	—
Net Cash Provided (Used) by Noncapital Financing Activities	3,903	(824)	(56)	104
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Bond and Note Debt Issuance/Grants	—	—	—	—
Proceeds from Disposition of Capital Assets	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	—	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	—	—	—	—
Receipts of Interest and Dividends	137	206	—	99
Receipts from Loan Maturities	—	—	349	3,285
Receipts of Interest from Loans	—	—	32	443
Disbursements for Loans Receivable	—	—	(834)	(275)
Net Cash Provided (Used) by Investing Activities	137	206	(453)	3,552
Net Cash Provided (Used) – All Activities	(2,314)	3,937	(649)	3,656
Cash and Cash Equivalents – Beginning	17,118	19,819	2,589	7,836
Cash and Cash Equivalents – Ending	$ 14,804	$ 23,756	$ 1,940	$ 11,492

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 430,647	$ 10,036	$ 100	$ 2,801	$ 446,660
—	—	—	—	13,058
—	16,616	15,333	—	31,949
(247,414)	(16,100)	(6,526)	(1,952)	(272,486)
—	—	—	—	(14,872)
(18,334)	(5,783)	(8,244)	(774)	(33,622)
(5,551)	(2,760)	(212)	—	(10,743)
(47,052)	—	—	—	(47,052)
112,296	2,009	451	75	112,892
31,528	—	—	—	31,528
(28,749)	—	—	—	(28,749)
—	—	—	—	960
—	—	—	—	525
—	—	—	—	3,047
(106,345)	—	(2)	—	(107,752)
(103,566)	0	(2)	0	(100,441)
303	—	—	—	303
—	—	—	610	610
(5,462)	(164)	—	—	(5,626)
(308)	(361)	—	(539)	(1,208)
(3,250)	(53)	—	—	(3,303)
(8,717)	(578)	0	71	(9,224)
—	—	—	1	1
—	—	—	18	460
—	—	—	—	3,634
—	—	—	—	475
—	—	—	—	(1,109)
0	0	0	19	3,461
13	1,431	449	165	6,688
156	712	2,655	957	51,842
$ 169	$ 2,143	$ 3,104	$ 1,122	$ 58,530

Continues

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
(expressed in thousands)
Continued

For the Fiscal Year Ended June 30, 2017

	Housing Loan Program	Agriculture Loan Fund	Energy Efficiency Fund	Local Government Loan Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ (200)	$ 486	$ (17)	$ —
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	—	—	—	—
Pension and OPEB Expense Accruals	—	—	—	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds	—	(2)	—	—
Notes/Accrued Interest Receivables	(6,011)	4,066	—	—
Inventories	(165)	—	—	—
Prepaid Items	—	—	—	—
Accrued Liabilities/Due to Other Funds	22	5	(123)	—
Unearned Revenue/Deposits	—	—	—	—
Net Cash Provided (Used) by Operating Activities	$ (6,354)	$ 4,555	$ (140)	$ 0
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Contributed Capital Assets Transferred In (Out)	$ —	$ —	$ —	$ —
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ 0

	Alcoholic Beverage Control		Utah Correctional Industries		State Trust Lands Administration		Utah Dairy Commission		Total Nonmajor Enterprise Funds
$	109,039	$	1,718	$	560	$	136	$	111,722
	3,177		364		31		8		3,580
	(120)		(154)		56		(23)		(241)
	(432)		(456)		(3,073)		61		(3,902)
	—		—		—		—		(1,945)
	(66)		(284)		—		9		(506)
	—		(7)		—		—		(7)
	681		805		2,540		(116)		3,814
	17		23		337		—		377
$	112,296	$	2,009	$	451	$	75	$	112,892
$	—	$	37	$	—	$	—	$	37
$	0	$	37	$	0	$	0	$	37

Detail Schedule of Expenditures - Budget and Actual Comparison
Enterprise Funds with Legally Adopted Annual Budgets
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Source of Funding							
Appropriation Line Item Name	State Funds	Federal Funds	Restricted and Other Funds	Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted And Other	Nonlapse or (Deficit) Carry Forward
ALCOHOLIC BEVERAGE CONTROL								
Alcoholic Beverage Control Administration	$ 44,410	$ —	$ —	$ 44,410	$ 44,353	$ 57	$ —	$ —
ABC – Parents Empowered	2,505	—	—	2,505	2,326	—	—	179
Total Alcoholic Beverage Control	$ 46,915	$ 0	$ 0	$ 46,915	$ 46,679	$ 57	$ 0	$ 179

Internal Service Funds

Technology Services

This fund is responsible for providing data processing and various other computer services along with voice and data communication services to state agencies.

General Services

This fund manages cooperative purchasing contracts and provides purchasing card, printing and mailing services, and surplus property services to state agencies. This fund also provides central accounting services for the Department of Administrative Services and warehouse services for the Department of Natural Resources.

Fleet Operations

This fund provides motor pool, fuel network, and travel services to state agencies.

Risk Management

This fund provides insurance coverage and loss prevention services to state agencies, institutions of higher education, and participating local school districts. Coverage is provided using a combination of self-insurance and private excess insurance.

Property Management

This fund is responsible for the operation and maintenance of facilities used by state agencies. This fund is also used to account for the State’s facility energy efficiency program.

Human Resource Management

This fund provides human resource and payroll services to state agencies.

Combining Statement of Net Position
Internal Service Funds
(expressed in thousands)

June 30, 2017

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resource Management	Total
ASSETS							
Current Assets:							
Cash and Cash Equivalents	$ —	$ 2,983	$ 130	$ 62,870	$ 5,212	$ 1,509	$ 72,704
Receivables:							
Accounts, net	1,465	2,554	2,233	12	34	—	6,298
Due From Other Funds	18,571	4,325	3,903	780	220	465	28,264
Due From Component Units	—	42	21	8	815	—	886
Prepaid Items	2,592	184	108	—	52	4	2,940
Inventories	188	1,494	3,039	—	—	—	4,721
Total Current Assets	22,816	11,582	9,434	63,670	6,333	1,978	115,813
Noncurrent Assets:							
Prepaid Items	2,675	—	—	—	268	—	2,943
Other Assets	3	—	1	1	—	2	7
Capital Assets:							
Infrastructure	130	—	—	—	—	—	130
Buildings and Improvements	3,883	1,379	193	—	—	—	5,455
Machinery and Equipment	39,345	12,268	137,441	—	524	54	189,632
Intangible Assets–Software	7,187	1,215	303	655	120	42	9,522
Construction in Progress	—	—	—	—	—	1,766	1,766
Less Accumulated Depreciation	(39,130)	(10,845)	(62,441)	(636)	(582)	(97)	(113,731)
Total Capital Assets	11,415	4,017	75,496	19	62	1,765	92,774
Total Noncurrent Assets	14,093	4,017	75,497	20	330	1,767	95,724
Total Assets	$ 36,909	$ 15,599	$ 84,931	$ 63,690	$ 6,663	$ 3,745	$ 211,537
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Amount on Refundings of Bonded Debt	$ —	$ 5	$ —	$ —	$ —	$ —	$ 5
Deferred Outflows Relating to Pensions	21,526	1,512	504	957	1,859	2,825	29,183
Total Deferred Outflows of Resources	$ 21,526	$ 1,517	$ 504	$ 957	$ 1,859	$ 2,825	$ 29,188
LIABILITIES							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	$ 10,288	$ 3,457	$ 2,306	$ 1,059	$ 2,131	$ 557	$ 19,798
Due To Other Funds	441	138	40	1,219	36	288	2,162
Interfund Loans Payable	5,562	471	19,912	—	—	—	25,945
Unearned Revenue	1,348	116	600	—	10	—	2,074
Policy Claims Liabilities	—	—	—	23,817	—	—	23,817
Contracts/Notes Payable	—	—	—	—	37	—	37
Revenue Bonds Payable	—	51	—	—	—	—	51
Total Current Liabilities	17,639	4,233	22,858	26,095	2,214	845	73,884
Noncurrent Liabilities:							
Unearned Revenue	1,434	—	—	—	—	—	1,434
Interfund Loans Payable	1,552	5,145	12,230	—	—	—	18,927
Policy Claims Liabilities	—	—	—	29,828	—	—	29,828
Contracts/Notes Payable	—	—	—	—	268	—	268
Revenue Bonds Payable	—	94	—	—	—	—	94
Net Pension Liability	51,669	3,723	1,244	2,208	4,486	6,650	69,980
Net Other Postemployment Benefit Liability	5,101	403	—	—	493	771	6,768
Total Noncurrent Liabilities	59,756	9,365	13,474	32,036	5,247	7,421	127,299
Total Liabilities	$ 77,395	$ 13,598	$ 36,332	$ 58,131	$ 7,461	$ 8,266	$ 201,183
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows Relating to Pensions	$ 6,574	$ 459	$ 169	$ 289	$ 569	$ 864	$ 8,924
Deferred Inflows Relating to Other Postemployment Benefit	197	16	—	—	19	30	262
Total Deferred Inflows of Resources	$ 6,771	$ 475	$ 169	$ 289	$ 588	$ 894	$ 9,186
NET POSITION							
Net Investment in Capital Assets	$ 11,415	$ 3,852	$ 75,496	$ 19	$ 62	$ 1,765	$ 92,609
Restricted for:							
Insurance Programs	—	—	—	5,149	—	—	5,149
Unrestricted (Deficit)	(37,146)	(809)	(26,562)	1,059	411	(4,355)	(67,402)
Total Net Position	$ (25,731)	$ 3,043	$ 48,934	$ 6,227	$ 473	$ (2,590)	$ 30,356

Combining Statement of Revenues, Expenses and Changes in Fund Position
Internal Service Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resource Management	Total
OPERATING REVENUES							
Charges for Services/Premiums	$ 119,931	$ 21,816	$ 54,166	$ 43,528	$ 31,129	$ 14,383	$ 284,953
Miscellaneous	6	74	303	—	14	—	397
Total Operating Revenues	119,937	21,890	54,469	43,528	31,143	14,383	285,350
OPERATING EXPENSES							
Administration	80,812	6,575	2,191	3,483	8,672	12,085	113,818
Materials and Services for Resale	13,782	10,733	23,577	22,196	—	—	70,288
Grants	—	—	—	448	—	—	448
Rentals and Leases	116	167	691	15	488	—	1,477
Maintenance	481	250	11,137	2	9,704	4	21,578
Depreciation/Amortization	5,552	1,504	12,048	12	28	—	19,144
Benefit Claims	—	—	—	20,929	—	—	20,929
Miscellaneous Other:							
Data Processing	10,708	346	559	492	449	1,018	13,572
Supplies	66	94	351	199	207	66	983
Utilities	363	44	106	26	9,871	116	10,526
Advertising and Other	1,762	957	1,805	732	1,645	580	7,481
Total Operating Expenses	113,642	20,670	52,465	48,534	31,064	13,869	280,244
Operating Income (Loss)	6,295	1,220	2,004	(5,006)	79	514	5,106
NONOPERATING REVENUES (EXPENSES)							
Investment Earnings	—	—	—	730	11	—	741
Disposal of Capital Assets	(175)	28	504	—	—	—	357
Interest Expense	—	(7)	—	—	(15)	—	(22)
Refunds Paid to Federal Government	—	(291)	—	—	(12)	(98)	(401)
Other Revenues (Expenses)	7	(295)	—	70	—	—	(218)
Total Nonoperating Revenues (Expenses)	(168)	(565)	504	800	(16)	(98)	457
Income (Loss) before Capital Contributions and Transfers	6,127	655	2,508	(4,206)	63	416	5,563
Capital Contributions	—	—	70	—	—	699	769
Transfers In	—	—	1,286	—	—	—	1,286
Transfers Out	—	—	—	—	(55)	—	(55)
Change in Net Position	6,127	655	3,864	(4,206)	8	1,115	7,563
Net Position – Beginning	(25,400)	2,899	45,070	10,433	1,089	(2,729)	31,362
Adjustment to Beginning Net Position	(6,458)	(511)	—	—	(624)	(976)	(8,569)
Net Position – Beginning as Adjusted	(31,858)	2,388	45,070	10,433	465	(3,705)	22,793
Net Position – Ending	$ (25,731)	$ 3,043	$ 48,934	$ 6,227	$ 473	$ (2,590)	$ 30,356

Combining Statement of Cash Flows
Internal Service Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resources Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from Customers/Fees/Premiums	$ 3,615	$ 11,397	$ 15,863	$ 22,856	$ 244	$ 294	$ 54,269
Receipts from State Customers	189,572	39,446	38,386	20,125	30,618	13,916	332,063
Payments to Suppliers/Claims/Grants	(91,965)	(39,597)	(12,265)	(25,719)	(20,701)	(229)	(190,476)
Payments for Employee Services and Benefits	(82,181)	(6,700)	(2,160)	(3,477)	(8,798)	(12,228)	(115,544)
Payments to State Suppliers and Grants	(5,160)	(4,011)	(26,383)	(11,329)	(1,642)	(1,616)	(50,141)
Net Cash Provided (Used) by Operating Activities	13,881	535	13,441	2,456	(279)	137	30,171
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Borrowings Under Interfund Loans	—	1,384	—	—	—	—	1,384
Payments of Bonds, Notes, Deposits, and Refunds	—	—	—	—	(34)	—	(34)
Interest Paid on Bonds, Notes, and Financing Costs	—	—	—	—	(16)	—	(16)
Net Cash Provided (Used) by Noncapital Financing Activities	0	1,384	0	0	(50)	0	1,334
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Borrowings Under Interfund Loans	6,608	835	14,906	—	—	—	22,349
Repayments Under Interfund Loans	(13,881)	(1,178)	(18,059)	—	—	—	(33,118)
Proceeds from Disposition of Capital Assets	—	37	3,329	—	—	—	3,366
Federal Grants and Other Revenues	—	—	70	—	—	—	70
Principal Paid on Debt and Contract Maturities	—	(82)	—	—	—	—	(82)
Acquisition and Construction of Capital Assets	(6,608)	(835)	(14,906)	—	(24)	(1,067)	(23,440)
Interest Paid on Bonds, Notes, and Capital Leases	—	(4)	—	—	—	—	(4)
Transfers In from Other Funds	—	—	1,286	—	—	—	1,286
Transfers Out to Other Funds	—	—	—	—	(55)	—	(55)
Net Cash Provided (Used) by Capital and Related Financing Activities	(13,881)	(1,227)	(13,374)	0	(79)	(1,067)	(29,628)
CASH FLOWS FROM INVESTING ACTIVITIES							
Receipts of Interest and Dividends from Investments	—	—	—	730	11	—	741
Net Cash Provided (Used) by Investing Activities	0	0	0	730	11	0	741
Net Cash Provided (Used) – All Activities	0	692	67	3,186	(397)	(930)	2,618
Cash and Cash Equivalents – Beginning	0	2,291	63	59,684	5,609	2,439	70,086
Cash and Cash Equivalents – Ending	$ 0	$ 2,983	$ 130	$ 62,870	$ 5,212	$ 1,509	$ 72,704

Continues

Combining Statement of Cash Flows
Internal Service Funds
(expressed in thousands)
Continued

For the Fiscal Year Ended June 30, 2017

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resource Management	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES							
Operating Income (Loss)	$ 6,295	$ 1,220	$ 2,004	$ (5,006)	$ 79	$ 514	$ 5,106
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation/Amortization Expense	5,552	1,504	12,048	12	28	—	19,144
Pension and OPEB Expense Accruals	(262)	(54)	49	50	(42)	(40)	(299)
Miscellaneous Gains, Losses, and Other Items	7	(586)	—	70	(12)	(98)	(619)
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:							
Accounts Receivable/Due From Other Funds	2,494	(2,407)	(821)	(71)	(291)	(174)	(1,270)
Inventories	(39)	(157)	100	—	—	—	(96)
Prepaid Items/Other Assets	(339)	(184)	(108)	651	19	(4)	35
Accrued Liabilities/Due to Other Funds	(1,811)	1,196	(431)	1,197	(70)	(61)	20
Unearned Revenue/Deposits	1,984	3	600	—	10	—	2,597
Policy Claims Liabilities	—	—	—	5,553	—	—	5,553
Net Cash Provided (Used) by Operating Activities	$ 13,881	$ 535	$ 13,441	$ 2,456	$ (279)	$ 137	$ 30,171
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES							
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ 9	$ —	$ —	$ 9
Contributed Capital Assets Transferred In (Out)	—	—	—	—	—	699	699
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ 9	$ 0	$ 699	$ 708

This page intentionally left blank.

Fiduciary Funds

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Defined Benefit Pension Plans and Defined Contribution Plans

These funds are used to account for the various pension trust funds and defined contribution plans administered by the Utah Retirement Systems. Funding comes from employee and employer contributions and investment earnings. Contributions in some systems are augmented by fees, insurance premium taxes, or legislative appropriations.

Post-Retirement Benefits Trust Funds

The State administers the State Employee and the Elected Official Other Postemployment Benefit Plans as irrevocable trusts. These trust funds account for the assets accumulated and the payments made for other postemployment benefits provided to current and future state employee and elected official retirees. Funding comes from employer contributions and investment earnings.

Other Employee Benefits Trust Funds

These trust funds are used to pay other employee benefits upon retirement or termination.

PRIVATE PURPOSE TRUST FUNDS

Utah Navajo Trust

This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of Navajo residents of San Juan County, Utah.

Unclaimed Property Trust

This fund is used to account for unclaimed property escheated to the State. Proceeds of the fund pay the administrative costs to operate the fund and any claims. The remaining proceeds are deposited in the Education Fund and can only be used to help fund public education.

Employers' Reinsurance Trust

This fund primarily provides compensation to individuals injured from industrial accidents or occupational diseases occurring on or before June 30, 1994, where the injury is of a permanent nature and workers' compensation benefits have expired. Revenues come from assessments on insurance premiums and court-ordered penalties. The net position of the fund is held in trust for injured workers and cannot be used for any other purpose.

Petroleum Storage Tank Trust

This fund is used to pay the costs of damage caused by petroleum storage tank releases and provide revolving loan capital. Sources of funding include fees from participating companies, recovered costs and settlements from responsible parties, and investment income. The net position of this fund is held in trust for the benefit of participants and cannot be used for any other purpose.

Utah Educational Savings Plan Trust

This fund was created as a means to encourage investment in a public trust to pay for future higher education costs. Participant contributions are used to pay for future college expenses.

Miscellaneous Restricted Trust

This is made up of various small individual funds created to receive and disburse funds in accordance with applicable laws and trust agreements.

AGENCY FUNDS

Taxes and Social Security

This fund is used to account for federal withholding and social security taxes on the State's payroll.

County and Local Collections

This fund receives and disburses various taxes collected by the State on behalf of county and local governments.

State Courts

This fund receives and disburses various fines and forfeitures collected by the state courts on behalf of state and local agencies.

Deposits, Suspense, and Miscellaneous

This fund is made up of small individual funds established to account for various receipts and disbursements.

Combining Statement of Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds

(expressed in thousands)

June 30, 2017

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Firefighters System
ASSETS				
Cash and Cash Equivalents	$ 1,865,414	$ 99,470	$ 261,895	$ 91,957
Receivables:				
Member Contributions	—	126	14	652
Employer Contributions	41,021	355	5,520	—
Court Fees and Fire Insurance Premiums	—	—	—	1,603
Investments	352,756	18,818	49,543	17,397
Total Receivables	393,777	19,299	55,077	19,652
Investments:				
Debt Securities	3,452,309	184,164	484,867	170,258
Equity Investments	8,083,041	431,192	1,135,241	398,630
Absolute Return	3,573,055	190,605	501,825	176,211
Private Equity	2,607,844	139,116	366,264	128,611
Real Assets	3,383,071	180,470	475,141	166,843
Invested Securities Lending Collateral	554,319	29,570	77,853	27,337
Total Investments	21,653,639	1,155,117	3,041,191	1,067,890
Capital Assets:				
Land	1,411	75	198	70
Buildings and Improvements	14,246	761	2,000	702
Machinery and Equipment	5,392	288	757	265
Less Accumulated Depreciation	(17,174)	(917)	(2,411)	(846)
Total Capital Assets	3,875	207	544	191
Total Assets	$ 23,916,705	$ 1,274,093	$ 3,358,707	$ 1,179,690
LIABILITIES				
Accounts Payable	$ 564,811	$ 30,079	$ 79,192	$ 27,808
Securities Lending Liability	554,319	29,570	77,853	27,337
Leave/Postemployment Benefits	12,415	663	1,744	612
Insurance Reserves	3,962	211	557	195
Real Estate Liabilities	162,455	8,666	22,816	8,012
Total Liabilities	$ 1,297,962	$ 69,189	$ 182,162	$ 63,964
NET POSITION				
Restricted for:				
Pension Benefits	$ 22,618,743	$ 1,204,904	$ 3,176,545	$ 1,115,726
Other Postemployment Benefits	—	—	—	—
Other Employee Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Total Net Position	$ 22,618,743	$ 1,204,904	$ 3,176,545	$ 1,115,726

Pension Trust				Defined Contributions Plans			
Judges System	Governors and Legislative Pension Plan	Tier 2 Public Employees	Tier 2 Safety and Firefighters	401(k) Plan	457(b) Plan	IRA Plans	Health Reimbursement Arrangement
$ 14,468	$ 856	$ 17,643	$ 2,048	$ 10,310	$ 420	$ 290	$ 0
—	—	—	—	—	—	—	—
288	—	3,675	365	—	—	—	—
146	—	—	—	—	—	—	—
2,737	162	3,338	387	83,056	9,598	—	—
3,171	162	7,013	752	83,056	9,598	0	0
26,787	1,583	32,663	3,787	1,506,993	162,583	70,104	—
62,717	3,705	76,476	8,867	2,601,022	305,799	93,625	—
27,724	1,638	33,806	3,920	—	—	—	—
20,235	1,195	24,674	2,861	—	—	—	—
26,250	1,551	32,008	3,711	145,474	16,170	6,726	—
4,301	254	5,245	608	—	—	—	—
168,014	9,926	204,872	23,754	4,253,489	484,552	170,455	0
11	1	13	1	—	—	—	—
109	7	136	15	—	—	—	—
43	3	52	6	—	—	—	—
(133)	(9)	(164)	(18)	—	—	—	—
30	2	37	4	0	0	0	0
$ 185,683	$ 10,946	$ 229,565	$ 26,558	$ 4,346,855	$ 494,570	$ 170,745	$ 0
$ 4,375	$ 258	$ 5,335	$ 619	$ 7,882	$ 151	$ 47	$ —
4,301	254	5,245	608	—	—	—	—
96	6	118	14	—	—	—	—
31	2	37	4	—	—	—	—
1,262	74	1,537	178	—	—	—	—
$ 10,065	$ 594	$ 12,272	$ 1,423	$ 7,882	$ 151	$ 47	$ 0
$ 175,618	$ 10,352	$ 217,293	$ 25,135	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	4,338,973	494,419	170,698	—
$ 175,618	$ 10,352	$ 217,293	$ 25,135	$ 4,338,973	$ 494,419	$ 170,698	$ 0

Continues

Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefits Trust Funds
(expressed in thousands)
Continued

June 30, 2017

	Post-Retirement Benefits Trust		Other Employee Benefits Trust		
	State Employee	Elected Official	Other Employee Benefits	Annual Leave	Total
ASSETS					
Cash and Cash Equivalents	$ 169	$ 0	$ 0	$ 1	$ 2,364,941
Receivables:					
Member Contributions	—	—	—	—	792
Employer Contributions	1,169	2	823	274	53,492
Court Fees and Fire Insurance Premiums	—	—	—	—	1,749
Investments	—	—	—	—	537,792
Total Receivables	1,169	2	823	274	593,825
Investments:					
Debt Securities	260,429	5,915	13,978	1,726	6,378,146
Equity Investments	—	6,163	—	—	13,206,478
Absolute Return	—	—	—	—	4,508,784
Private Equity	—	—	—	—	3,290,800
Real Assets	—	—	—	—	4,437,415
Invested Securities Lending Collateral	—	—	—	—	699,487
Total Investments	260,429	12,078	13,978	1,726	32,521,110
Capital Assets:					
Land	—	—	—	—	1,780
Buildings and Improvements	—	—	—	—	17,976
Machinery and Equipment	—	—	—	—	6,806
Less Accumulated Depreciation	—	—	—	—	(21,672)
Total Capital Assets	0	0	0	0	4,890
Total Assets	$ 261,767	$ 12,080	$ 14,801	$ 2,001	$ 35,484,766
LIABILITIES					
Accounts Payable	$ —	$ —	$ —	$ —	$ 720,557
Securities Lending Liability	—	—	—	—	699,487
Leave/Postemployment Benefits	7,595	—	655	436	24,354
Insurance Reserves	—	—	—	—	4,999
Real Estate Liabilities	—	—	—	—	205,000
Total Liabilities	$ 7,595	$ 0	$ 655	$ 436	$ 1,654,397
NET POSITION					
Restricted for:					
Pension Benefits	$ —	$ —	$ —	$ —	$ 28,544,316
Other Postemployment Benefits	254,172	12,080	—	—	266,252
Other Employee Benefits	—	—	14,146	1,565	15,711
Defined Contribution	—	—	—	—	5,004,090
Total Net Position	$ 254,172	$ 12,080	$ 14,146	$ 1,565	$ 33,830,369

This page intentionally left blank.

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Firefighters System
ADDITIONS				
Contributions:				
Member	$ 16,308	$ 3,420	$ 830	$ 18,729
Employer	831,631	8,188	147,099	6,954
Court Fees and Fire Insurance Premiums	—	—	—	10,569
Total Contributions	847,939	11,608	147,929	36,252
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	1,428,287	78,218	199,385	70,254
Interest, Dividends, and Other Investment Income	388,277	21,264	54,203	19,099
Total Income From Investment Activity	1,816,564	99,482	253,588	89,353
Less Investment Expenses	(38,987)	(2,135)	(5,444)	(1,918)
Net Income from Investment Activity	1,777,577	97,347	248,144	87,435
Income from Security Lending Activity	7,279	398	1,015	358
Less Security Lending Expenses	(945)	(52)	(132)	(47)
Net Income from Security Lending Activity	6,334	346	883	311
Net Investment Income	1,783,911	97,693	249,027	87,746
Transfers From Affiliated Systems	—	—	6,701	1,611
Total Additions	2,631,850	109,301	403,657	125,609
DEDUCTIONS				
Retirement Benefits	1,001,451	70,137	135,697	41,687
Cost of Living Benefits	182,866	13,232	28,547	10,195
Supplemental Retirement Benefits	—	78	264	220
Retiree Healthcare Benefits	—	—	—	—
Refunds/Plan Distributions	4,366	1,700	183	466
Administrative Expenses	8,856	446	1,260	374
Transfers To Affiliated Systems	8,005	1,895	—	—
Total Deductions	1,205,544	87,488	165,951	52,942
Change in Net Position Restricted for:				
Pension Benefits	1,426,306	21,813	237,706	72,667
Other Postemployment Benefits	—	—	—	—
Other Employee Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Net Position – Beginning	21,192,437	1,183,091	2,938,839	1,043,059
Transfer to Component Unit Public Employees Health Program	—	—	—	—
Net Position – Beginning as Adjusted	21,192,437	1,183,091	2,938,839	1,043,059
Net Position – Ending	$ 22,618,743	$ 1,204,904	$ 3,176,545	$ 1,115,726

Pension Trust				Defined Contribution Plans			
Judges System	Governors and Legislative Pension Plan	Tier 2 Public Employees	Tier 2 Safety and Firefighters	401(k) Plan	457(b) Plan	IRA Plans	Health Reimbursement Arrangement
$ —	$ —	$ —	$ —	$ 290,632	$ 27,326	$ 32,767	$ —
7,382	421	63,062	8,488	—	—	—	6,796
1,470	—	—	—	—	—	—	—
8,852	421	63,062	8,488	290,632	27,326	32,767	6,796
11,065	680	11,223	1,272	332,221	39,183	12,143	36
3,008	185	3,097	348	3,522	401	—	—
14,073	865	14,320	1,620	335,743	39,584	12,143	36
(302)	(19)	(311)	(35)	(3,071)	(332)	(118)	—
13,771	846	14,009	1,585	332,672	39,252	12,025	36
56	3	58	7	—	—	—	—
(7)	—	(8)	(1)	—	—	—	—
49	3	50	6	—	—	—	—
13,820	849	14,059	1,591	332,672	39,252	12,025	36
1,600	—	—	—	—	—	—	—
24,272	1,270	77,121	10,079	623,304	66,578	44,792	6,832
10,070	773	316	28	—	—	—	—
2,260	168	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	257,651	25,706	12,524	2,934
71	4	51	5	7,085	810	270	31
—	12	—	—	—	—	—	—
12,401	957	367	33	264,736	26,516	12,794	2,965
11,871	313	76,754	10,046	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	358,568	40,062	31,998	3,867
163,747	10,039	140,539	15,089	3,980,405	454,357	138,700	23,274
—	—	—	—	—	—	—	(27,141)
163,747	10,039	140,539	15,089	3,980,405	454,357	138,700	(3,867)
$ 175,618	$ 10,352	$ 217,293	$ 25,135	$ 4,338,973	$ 494,419	$ 170,698	$ 0

Continues

Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
(expressed in thousands)
Continued

For the Fiscal Year Ended June 30, 2017

	Post-Retirement Benefits Trust		Other Employee Benefits Trust		
	State Employee	**Elected Official**	**Other Employee Benefits**	**Annual Leave**	**Total**
ADDITIONS					
Contributions:					
Member	$ —	$ —	$ —	$ —	$ 390,012
Employer	33,361	1,388	18,535	7,099	1,140,404
Court Fees and Fire Insurance Premiums	—	—	—	—	12,039
Total Contributions	33,361	1,388	18,535	7,099	1,542,455
Investment Income:					
Net Increase (Decrease) in Fair Value of Investments	12,302	1,202	(225)	—	2,197,246
Interest, Dividends, and Other Investment Income	1,892	12	248	20	495,576
Total Income From Investment Activity	14,194	1,214	23	20	2,692,822
Less Investment Expenses	—	—	—	—	(52,672)
Net Income from Investment Activity	14,194	1,214	23	20	2,640,150
Income from Security Lending Activity	—	—	—	—	9,174
Less Security Lending Expenses	—	—	—	—	(1,192)
Net Income from Security Lending Activity	0	0	0	0	7,982
Net Investment Income	14,194	1,214	23	20	2,648,132
Transfers From Affiliated Systems	—	—	—	—	9,912
Total Additions	47,555	2,602	18,558	7,119	4,200,499
DEDUCTIONS					
Retirement Benefits	—	—	—	—	1,260,159
Cost of Living Benefits	—	—	—	—	237,268
Supplemental Retirement Benefits	—	—	—	—	562
Retiree Healthcare Benefits	30,158	503	—	—	30,661
Refunds/Plan Distributions	—	—	12,459	7,441	325,430
Administrative Expenses	—	—	—	—	19,263
Transfers To Affiliated Systems	—	—	—	—	9,912
Total Deductions	30,158	503	12,459	7,441	1,883,255
Change in Net Position Restricted for:					
Pension Benefits	—	—	—	—	1,857,476
Other Postemployment Benefits	17,397	2,099	—	—	19,496
Other Employee Benefits	—	—	6,099	(322)	5,777
Defined Contribution	—	—	—	—	434,495
Net Position – Beginning	236,775	9,981	8,047	1,887	31,540,266
Transfer to Component Unit Public Employees Health Program	—	—	—	—	(27,141)
Net Position – Beginning as Adjusted	236,775	9,981	8,047	1,887	31,513,125
Net Position – Ending	$ 254,172	$ 12,080	$ 14,146	$ 1,565	$ 33,830,369

This page intentionally left blank.

Combining Statement of Fiduciary Net Position
Private Purpose Trust Funds
(expressed in thousands)

June 30, 2017

	Utah Navajo Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust	Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
ASSETS							
Cash and Cash Equivalents	$ 1,500	$ —	$ 20	$ 1,136	$ 3,616	$ 4,482	$ 10,754
Receivables:							
Accounts	—	—	5,102	84	—	294	5,480
Accrued Interest	—	—	—	1	—	—	1
Accrued Assessments	—	—	4,876	—	—	—	4,876
Loans	36	—	—	964	—	—	1,000
Due From Other Funds	624	—	—	—	—	—	624
Investments:							
Debt Securities	63,632	73,360	175,383	19,048	2,850,586	4,956	3,186,965
Equity Investments	—	—	8,921	—	8,127,382	—	8,136,303
Total Investments	63,632	73,360	184,304	19,048	10,977,968	4,956	11,323,268
Other Assets	255	6,468	—	—	—	—	6,723
Capital Assets:							
Land	271	—	—	—	—	—	271
Buildings and Improvements	10,715	—	—	—	—	—	10,715
Machinery and Equipment	321	—	—	—	2,225	—	2,546
Less Accumulated Depreciation	(4,446)	—	—	—	(1,723)	—	(6,169)
Total Capital Assets	6,861	0	0	0	502	0	7,363
Total Assets	$ 72,908	$ 79,828	$ 194,302	$ 21,233	$ 10,982,086	$ 9,732	$ 11,360,089
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows Relating to Pensions	$ 0	$ 0	$ 0	$ 0	$ 568	$ 0	$ 568
LIABILITIES							
Accounts Payable	$ 121	$ 240	$ 423	$ 218	$ 1,039	$ 890	$ 2,931
Due To Other Funds	470	—	62	80	—	2	614
Unearned Revenue	—	—	—	428	—	—	428
Policy Claims Liabilities	—	—	179,805	28,445	—	—	208,250
Net Pension Obligation	—	—	—	—	992	—	992
Total Liabilities	$ 591	$ 240	$ 180,290	$ 29,171	$ 2,031	$ 892	$ 213,215
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows Relating to Pensions	$ 0	$ 0	$ 0	$ 0	$ 267	$ 0	$ 267
NET POSITION							
Restricted for:							
Individuals, Organizations, and Other Governments	$ 72,317	$ 79,588	$ 14,012	$ (7,938)	$ 10,980,356	$ 8,840	$ 11,147,175
Total Net Position	$ 72,317	$ 79,588	$ 14,012	$ (7,938)	$ 10,980,356	$ 8,840	$ 11,147,175

Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Utah Navajo Trust	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust	Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
ADDITIONS							
Contributions:							
Member	$ —	$ —	$ —	$ —	$ 1,125,500	$ 7,651	$ 1,133,151
Total Contributions	0	0	0	0	1,125,500	7,651	1,133,151
Investment Income:							
Net Increase (Decrease) in Fair Value of Investments	68	30	4,701	—	860,146	—	864,945
Interest, Dividends, and Other Investment Income	693	1,042	260	227	234,130	51	236,403
Total Income From Investment Activity	761	1,072	4,961	227	1,094,276	51	1,101,348
Other Additions:							
Escheats	—	28,348	—	—	—	—	28,348
Royalties and Rents	3,293	—	—	—	—	—	3,293
Fees, Assessments, and Revenues	1,017	—	20,461	5,215	—	20,265	46,958
Court Settlement / Miscellaneous	154	—	265	234	—	4,914	5,567
Total Other	4,464	28,348	20,726	5,449	0	25,179	84,166
Total Additions	5,225	29,420	25,687	5,676	2,219,776	32,881	2,318,665
DEDUCTIONS							
Trust Operating Expenses	1,497	—	—	8,032	—	24,064	33,593
Distributions and Benefit Payments	525	24,558	2,733	—	413,980	7,357	449,153
Administrative and General Expenses	1,473	2,021	2,812	2,108	11,454	293	20,161
Total Deductions	3,495	26,579	5,545	10,140	425,434	31,714	502,907
Change in Net Position Restricted for:							
Individuals, Organizations, and Other Governments	1,730	2,841	20,142	(4,464)	1,794,342	1,167	1,815,758
Net Position – Beginning	70,587	76,747	(6,130)	(3,474)	9,186,014	21,339	9,345,083
Transfer to Nonmajor Miscellaneous Special Revenue	—	—	—	—	—	(13,666)	(13,666)
Net Position – Beginning as Adjusted	70,587	76,747	(6,130)	(3,474)	9,186,014	7,673	9,331,417
Net Position – Ending	$ 72,317	$ 79,588	$ 14,012	$ (7,938)	$ 10,980,356	$ 8,840	$ 11,147,175

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
(expressed in thousands)

June 30, 2017

	Taxes and Social Security	Country and Local Collections	State Courts	Deposits, Suspense, and Miscellaneous	Total
ASSETS					
Cash and Cash Equivalents	$ 72	$ 162,799	$ 1,772	$ 32,937	$ 197,580
Accounts Receivable	—	—	—	16,923	16,923
Due From Other Funds	—	—	—	114	114
Investments:					
Debt Securities	—	92	—	3,059	3,151
Other Assets	—	—	32,718	16,569	49,287
Total Assets	$ 72	$ 162,891	$ 34,490	$ 69,602	$ 267,055
LIABILITIES					
Due To Individuals, Organizations, and Other Governments	$ 72	$ 162,891	$ 34,490	$ 69,602	$ 267,055
Total Liabilities	$ 72	$ 162,891	$ 34,490	$ 69,602	$ 267,055

Combining Statement of Changes in Assets and Liabilities
Agency Funds
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	$ 10,026	$ 262,453	$ 272,407	$ 72
Total Assets	$ 10,026	$ 262,453	$ 272,407	$ 72
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 10,026	$ 262,453	$ 272,407	$ 72
Total Liabilities	$ 10,026	$ 262,453	$ 272,407	$ 72
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	$ 144,482	$ 1,771,881	$ 1,753,564	$ 162,799
Investments	138	2,742	2,788	92
Receivables:				
Accounts Receivable	67	—	67	0
Total Assets	$ 144,687	$ 1,774,623	$ 1,756,419	$ 162,891
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 144,687	$ 1,837,516	$ 1,819,312	$ 162,891
Total Liabilities	$ 144,687	$ 1,837,516	$ 1,819,312	$ 162,891
STATE COURTS				
Assets				
Cash and Cash Equivalents	$ 732	$ 7,948	$ 6,908	$ 1,772
Other Assets	35,515	56,852	59,649	32,718
Total Assets	$ 36,247	$ 64,800	$ 66,557	$ 34,490
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 36,247	$ 64,840	$ 66,597	$ 34,490
Total Liabilities	$ 36,247	$ 64,840	$ 66,597	$ 34,490
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	$ 30,533	$ 697,515	$ 695,111	$ 32,937
Investments	461	3,405	807	3,059
Receivables:				
Accounts Receivable	15,901	1,705	683	16,923
Due From Other Funds	339	114	339	114
Other Assets	16,730	9,507	9,668	16,569
Total Assets	$ 63,964	$ 712,246	$ 706,608	$ 69,602
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 63,964	$ 523,189	$ 517,551	$ 69,602
Total Liabilities	$ 63,964	$ 523,189	$ 517,551	$ 69,602
TOTAL — ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	$ 185,773	$ 2,739,797	$ 2,727,990	$ 197,580
Investments	599	6,147	3,595	3,151
Receivables:				
Accounts Receivable	15,968	1,705	750	16,923
Due From Other Funds	339	114	339	114
Other Assets	52,245	66,359	69,317	49,287
Total Assets	$ 254,924	$ 2,814,122	$ 2,801,991	$ 267,055
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 254,924	$ 2,687,998	$ 2,675,867	$ 267,055
Total Liabilities	$ 254,924	$ 2,687,998	$ 2,675,867	$ 267,055

This page intentionally left blank.

Nonmajor Component Units

Utah Communications Authority
The Utah Communications Authority (UCA) provides public safety communications services and facilities on a statewide basis for the benefit and use of state, local, and federal agencies. UCA supports statewide interoperability of emergency communications throughout the State, and manages the 911 funds collected by the State for the benefit of the Public Safety Answering Points within the State. UCA operations are funded through service charges supplemented with federal grants and state fees and appropriations.

Utah Schools for the Deaf and the Blind
The Schools were created to provide education to individuals with hearing and/or vision impairments, through direct and indirect education services, as well as consultation to their families and service providers.

Military Installation Development Authority
This Authority is an independent, nonprofit entity whose purpose is to provide for the development and improvement of project areas near military installations throughout the State. Operations are funded through service charges, project revenue, and state appropriations.

Heber Valley Historic Railroad Authority
The Authority was created to operate, maintain, improve, and provide for a scenic and historic railway in and around the Heber Valley in Wasatch County. Operations are funded primarily through user charges.

Utah State Fair Corporation
The Corporation was created to operate the State Fair Park and conduct the Utah State Fair and other expositions and entertainment events. Operations are funded by admissions, rentals, donations, and state appropriations.

Colleges and Universities
The colleges and universities are the State's public institutions of higher education. The nonmajor institutions of higher education are:

Weber State University | Southern Utah University | Salt Lake Community College | Utah Valley University
Dixie State University | Snow College | Utah College of Applied Technology

Combining Statement of Net Position
Nonmajor Component Units
(expressed in thousands)

June 30, 2017

	Utah Communications Authority	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 951	$ 6,738	$ 972	$ 65	$ 702
Investments	18,612	—	—	—	—
Receivables:					
Accounts, net	2,925	444	47	—	40
Notes/Loans/Mortgages/Pledges, net	—	—	—	—	—
Accrued Interest	—	—	—	—	—
Due From Primary Government	—	89	—	—	—
Prepaid Items	37	44	—	—	66
Inventories	138	—	—	9	—
Other Assets	—	—	—	—	—
Total Current Assets	22,663	7,315	1,019	74	808
Noncurrent Assets:					
Restricted Investments	—	—	22,446	—	—
Accounts Receivables, net	—	—	—	—	—
Investments	—	—	—	—	—
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	—	—	—
Other Assets	205	—	—	—	—
Capital Assets (net of Accumulated Depreciation)	13,796	27,905	5,031	2,950	203
Total Noncurrent Assets	14,001	27,905	27,477	2,950	203
Total Assets	$ 36,664	$ 35,220	$ 28,496	$ 3,024	$ 1,011
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —	$ —
Deferred Outflows Relating to Pensions	974	5,541	74	125	248
Total Deferred Outflows of Resources	$ 974	$ 5,541	$ 74	$ 125	$ 248
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	$ 626	$ 1,265	$ 107	$ 55	$ 208
Deposits	—	—	—	—	—
Due To Primary Government	—	574	—	13	—
Unearned Revenue	158	29	21,502	—	25
Current Portion of Long-term Liabilities	295	—	114	83	—
Total Current Liabilities	1,079	1,868	21,723	151	233
Noncurrent Liabilities:					
Unearned Revenue	112	—	—	—	—
Net Pension Liability	1,644	11,345	145	236	462
Net Other Postemployment Benefit Liability	—	1,107	—	—	—
Long-term Liabilities	1,589	—	3,722	569	—
Total Noncurrent Liabilities	3,345	12,452	3,867	805	462
Total Liabilities	$ 4,424	$ 14,320	$ 25,590	$ 956	$ 695
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Relating to Pensions	$ 160	$ 1,543	$ 14	$ 25	$ 55
Deferred Inflows Relating to Other Postemployment Benefit	—	43	—	—	—
Total Deferred Inflows of Resources	$ 160	$ 1,586	$ 14	$ 25	$ 55
NET POSITION					
Net Investment in Capital Assets	$ 12,601	$ 27,905	$ 1,298	$ 2,302	$ 203
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	—
Expendable:					
Higher Education	—	—	—	—	—
Other	6,780	—	946	—	16
Unrestricted (Deficit)	13,673	(3,050)	722	(134)	290
Total Net Position	$ 33,054	$ 24,855	$ 2,966	$ 2,168	$ 509

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State University	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
$ 34,445	$ 19,214	$ 26,544	$ 133,538	$ 17,042	$ 7,444	$ 25,393	$ 273,048
10,201	14,196	34,448	20,000	5,742	5,572	1,444	110,215
5,981	7,980	7,198	6,311	2,052	1,098	3,177	37,253
2,154	671	442	10,091	489	11	34	13,892
208	—	—	—	—	—	—	208
—	—	—	—	—	—	—	89
1,657	6,426	44	512	175	186	103	9,250
4,126	1,554	1,496	2,867	810	132	1,848	12,980
421	—	—	—	—	—	—	421
59,193	50,041	70,172	173,319	26,310	14,443	31,999	457,356
15,469	5,122	1,357	4,212	11,209	9,302	—	69,117
3,712	16,815	—	6,222	2,455	300	—	29,504
188,836	52,488	83,271	88,839	27,295	4,453	945	446,127
7,604	—	2,751	19,015	739	—	664	30,773
—	846	119	4,730	101	—	—	6,001
358,162	141,690	222,726	386,905	151,622	89,335	181,470	1,581,795
573,783	216,961	310,224	509,923	193,421	103,390	183,079	2,163,317
$ 632,976	$ 267,002	$ 380,396	$ 683,242	$ 219,731	$ 117,833	$ 215,078	$ 2,620,673
$ 633	$ 355	$ —	$ 225	$ —	$ —	$ —	$ 1,213
7,893	5,147	9,871	11,696	2,322	1,761	8,149	53,801
$ 8,526	$ 5,502	$ 9,871	$ 11,921	$ 2,322	$ 1,761	$ 8,149	$ 55,014
$ 4,600	$ 5,414	$ 13,960	$ 14,753	$ 9,238	$ 1,426	$ 4,384	$ 56,036
—	653	480	36,618	342	526	24	38,643
2,698	323	711	6,606	612	683	3,823	16,043
8,182	6,624	7,813	8,424	986	390	2,024	56,157
5,962	5,160	6,072	6,944	3,061	1,124	1,827	30,642
21,442	18,174	29,036	73,345	14,239	4,149	12,082	197,521
—	—	—	962	—	—	—	1,074
18,616	12,284	20,902	26,374	6,257	4,449	20,240	122,954
—	—	—	—	—	—	—	1,107
54,224	20,750	6,404	61,430	30,419	15,898	18,250	213,255
72,840	33,034	27,306	88,766	36,676	20,347	38,490	338,390
$ 94,282	$ 51,208	$ 56,342	$ 162,111	$ 50,915	$ 24,496	$ 50,572	$ 535,911
$ 2,766	$ 1,536	$ 2,597	$ 4,208	$ 623	$ 432	$ 2,228	$ 16,187
—	—	—	—	—	—	—	43
$ 2,766	$ 1,536	$ 2,597	$ 4,208	$ 623	$ 432	$ 2,228	$ 16,230
$ 305,766	$ 126,031	$ 222,726	$ 333,797	$ 131,002	$ 73,514	$ 160,400	$ 1,397,545
92,971	21,738	6,783	30,277	22,145	5,750	1,852	181,516
66,246	36,026	12,179	72,599	10,477	3,577	1,933	203,037
—	—	—	—	—	4,098	—	11,840
79,471	35,965	89,640	92,171	6,891	7,727	6,242	329,608
$ 544,454	$ 219,760	$ 331,328	$ 528,844	$ 170,515	$ 94,666	$ 170,427	$ 2,123,546

Combining Statement of Activities
Nonmajor Component Units
(expressed in thousands)

For the Fiscal Year Ended June 30, 2017

	Utah Communications Authority	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
Expenses	$ 20,057	$ 35,083	$ 22,948	$ 1,686	$ 4,395
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	—
Scholarship Allowances	—	—	—	—	—
Sales, Services, and Other Revenues	11,351	7,132	1,478	1,703	3,915
Operating Grants and Contributions	143	748	—	—	—
Capital Grants and Contributions	—	15,317	—	—	—
Total Program Revenues	11,494	23,197	1,478	1,703	3,915
Net (Expenses) Revenues	(8,563)	(11,886)	(21,470)	17	(480)
General Revenues:					
State Appropriations	7,500	27,585	—	—	675
Donations	—	—	—	174	—
Unrestricted Investment Income	—	9	9	—	1
Miscellaneous	—	—	—	—	—
Permanent Endowments Contributions	—	—	—	—	—
Total General Revenues and Contributions	7,500	27,594	9	174	676
Change in Net Position	(1,063)	15,708	(21,461)	191	196
Net Position – Beginning	34,117	10,548	24,427	1,977	313
Adjustment to Beginning Net Position	—	(1,401)	—	—	—
Net Position – Beginning as Adjusted	34,117	9,147	24,427	1,977	313
Net Position – Ending	$ 33,054	$ 24,855	$ 2,966	$ 2,168	$ 509

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State University	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
$ 238,000	$ 144,618	$ 220,104	$ 337,621	$ 91,768	$ 48,812	$ 104,595	$ 1,269,687
117,067	80,206	80,228	180,457	45,684	14,732	13,207	531,581
(33,247)	(27,302)	(17,614)	(42,852)	(9,939)	(5,867)	(3,407)	(140,228)
23,416	21,513	13,235	23,816	8,581	4,848	11,383	132,371
59,249	33,484	42,644	87,200	17,795	9,539	13,968	264,770
13,607	7,095	75	5,608	7,662	—	6,937	56,301
180,092	114,996	118,568	254,229	69,783	23,252	42,088	844,795
(57,908)	(29,622)	(101,536)	(83,392)	(21,985)	(25,560)	(62,507)	(424,892)
81,512	36,171	97,976	106,398	33,570	23,392	67,382	482,161
—	—	—	—	—	—	—	174
—	—	—	—	—	—	—	19
—	—	—	—	—	—	18	18
2,963	452	—	6,703	210	71	—	10,399
84,475	36,623	97,976	113,101	33,780	23,463	67,400	492,771
26,567	7,001	(3,560)	29,709	11,795	(2,097)	4,893	67,879
517,887	212,759	334,888	499,135	158,720	96,763	165,534	2,057,068
—	—	—	—	—	—	—	(1,401)
517,887	212,759	334,888	499,135	158,720	96,763	165,534	2,055,667
$ 544,454	$ 219,760	$ 331,328	$ 528,844	$ 170,515	$ 94,666	$ 170,427	$ 2,123,546

This page intentionally left blank.

STATISTICAL SECTION

2017

State of Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

STATISTICAL SECTION

Fiscal Year Ended June 30, 2017

This section of the State of Utah's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State's overall financial health.

Financial Trends Information

These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

Revenue Capacity Information

These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.

Debt Capacity Information

These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Operating Information

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

Other Information

These graphs and schedules offer a historical view of expenditures in constant dollars.

Sources: Unless otherwise noted, the information in the following schedules is derived from the State of Utah Comprehensive Annual Financial Report.

Schedule A–1

Net Position by Component*

Last Ten Fiscal Years

(expressed in thousands)

	Fiscal Year 2008	2009	2010	2011
Governmental Activities				
Net Investment in Capital Assets	$ 10,447,357	$ 11,306,077	$ 12,005,321	$ 12,358,579
Restricted [1]	2,618,556	2,349,499	2,009,168	2,337,607
Unrestricted [2]	1,169,342	689,052	895,517	1,055,226
Total Governmental Activities Net Position	14,235,255	14,344,628	14,910,006	15,751,412
Business-type Activities				
Net Investment in Capital Assets	13,837	13,751	13,061	12,862
Restricted [3]	1,434,828	1,269,006	1,272,090	1,311,865
Unrestricted [4]	1,037,893	1,080,231	937,452	984,552
Total Business-type Activities Net Position	2,486,558	2,362,988	2,222,603	2,309,279
Primary Government				
Net Investment in Capital Assets	10,461,194	11,319,828	12,018,382	12,371,441
Restricted	4,053,384	3,618,505	3,281,258	3,649,472
Unrestricted	2,207,235	1,769,283	1,832,969	2,039,778
Total Primary Government Net Position	$ 16,721,813	$ 16,707,616	$ 17,132,609	$ 18,060,691

*This schedule is presented using the accrual basis of accounting.

Note: This schedule has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

[1] In fiscal years 2009 to 2010, governmental activities' restricted net position decreased as the economy slowed and tax revenues declined. In fiscal years 2011 to 2013, restricted net position increased due to slightly higher revenues from a strengthening economy. In fiscal year 2014 to 2017, restricted net position increased primarily due to an increase in investment values because of general market conditions. In fiscal year 2015, higher tax revenues also contributed to the increase in restricted net position. In fiscal year 2017, an increase in unspent restricted revenue as a result of a gas tax increase also contributed to the increase in restricted net position.

[2] In fiscal year 2014, governmental activities' unrestricted net position increased due to an increase in carry-forward balances. In fiscal year 2015, unrestricted net position decreased due to the implementation of Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions* that required the measurement and recognition of the State's net pension liability. In fiscal year 2017, unrestricted net position decreased primarily due to a decrease in amounts unspent and carried forward in the General Fund and for transportation and capital projects.

[3] In fiscal year 2009, the weak economy caused an increase in unemployment claims, which in turn caused a decrease in the restricted net position of business-type activities. From 2010 to 2017, restricted net position has continued to steadily increase due to unemployment revenues exceeding related claims.

[4] In fiscal years 2008 to 2009, and again in 2012 to 2014, business-type activities' unrestricted net position increased primarily due to the State providing additional capital to the loan funds from mineral lease revenue and dedicated sales tax revenues. In fiscal year 2017, business-type activities' unrestricted net position increased primarily due to the the State providing additional capital to the loan funds from dedicated sales tax revenues.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 12,773,959	$ 13,481,005	$ 14,025,472	$ 14,789,631	$ 15,478,397	$ 16,370,572
2,601,082	3,120,501	3,600,039	3,877,468	3,864,294	4,249,945
1,083,417	1,305,793	1,496,537	888,526	1,011,204	819,880
16,458,458	17,907,299	19,122,048	19,555,625	20,353,895	21,440,397
13,293	14,012	14,198	16,740	20,384	19,440
1,463,006	1,616,819	1,734,512	1,975,859	2,065,552	2,110,776
1,053,270	1,094,041	1,231,623	1,157,416	1,169,162	1,228,915
2,529,569	2,724,872	2,980,333	3,150,015	3,255,098	3,359,131
12,787,252	13,495,017	14,039,670	14,806,371	15,498,781	16,390,012
4,064,088	4,737,320	5,334,551	5,853,327	5,929,846	6,360,721
2,136,687	2,399,834	2,728,160	2,045,942	2,180,366	2,048,795
$ 18,988,027	$ 20,632,171	$ 22,102,381	$ 22,705,640	$ 23,608,993	$ 24,799,528

Schedule A–2
Changes in Net Position*
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year 2008	2009	2010	2011
GOVERNMENTAL ACTIVITIES				
Expenses				
General Government	$ 385,331	$ 390,373	$ 383,925	$ 402,543
Human Services and Juvenile Justice Services	679,920	700,307	669,169	648,456
Corrections	255,319	254,980	238,902	243,616
Public Safety	191,910	189,069	184,197	204,627
Courts	125,587	123,209	118,577	123,604
Health and Environmental Quality [1]	1,649,209	1,812,067	1,875,775	2,001,233
Higher Education	912,998	997,218	837,479	828,660
Employment and Family Services	423,122	514,915	672,852	707,019
Natural Resources	159,955	174,730	166,749	187,164
Heritage and Arts [2]	132,687	139,840	177,823	159,755
Business, Labor and Agriculture	95,563	101,995	96,895	94,397
Public Education [3]	2,959,311	3,033,574	3,007,905	3,058,046
Transportation	782,194	785,692	704,886	721,240
Interest and Other Charges on Long-Term Debt	58,851	52,070	87,393	104,887
Total Expenses	8,811,957	9,270,039	9,222,527	9,485,247
Program Revenues				
Charges for Services:				
General Government	257,537	154,794	169,808	140,794
Human Services and Juvenile Justice Services	10,840	13,359	12,851	12,140
Corrections	5,332	5,211	6,520	5,988
Public Safety	49,247	51,475	53,504	55,394
Courts	46,517	48,957	77,953	57,959
Health and Environmental Quality	65,666	64,328	88,504	150,763
Higher Education	31	32,981	419	90
Employment and Family Services	7,413	8,067	(2,715)	10,476
Natural Resources	64,407	71,266	70,780	73,645
Heritage and Arts	5,278	3,632	5,030	5,804
Business, Labor and Agriculture	68,622	65,376	74,400	67,582
Public Education	100,919	79,462	73,962	71,757
Transportation	183,369	254,064	275,154	254,682
Operating Grants and Contributions	2,658,284	3,177,737	3,865,150	4,079,907
Capital Grants and Contributions	144,867	145,353	204,237	109,669
Total Program Revenues	3,668,329	4,176,062	4,975,557	5,096,650
Net Program (Expense) - Governmental Activities	(5,143,628)	(5,093,977)	(4,246,970)	(4,388,597)
General Revenues and Other Changes in Net Position				
Taxes:				
Sales Tax and Use Tax [4]	2,006,926	1,762,745	1,735,023	1,812,271
Individual Income Tax Imposed for Education [4]	2,435,059	2,336,528	2,027,884	2,384,025
Corporate Tax Imposed for Education [4]	409,794	252,095	272,535	226,726
Motor and Special Fuel Taxes Imposed for Transportation	350,426	337,395	340,568	355,042
Other Taxes	333,545	354,982	328,703	397,908
Investment Income	63,947	29,267	5,575	7,480
Gain on Sale of Capital Assets	26,980	15,583	10,927	19,727
Miscellaneous	41,659	46,375	35,288	35,403
Special Item:				
Comprehensive Health Insurance Pool Transfer	—	—	—	—
Transfers–Internal Activities	37,733	38,953	55,845	47,431
Prior Period Adjustments and Restatements	—	28,447	—	(56,010)
Total General Revenues and Other Changes in Net Position	5,706,069	5,202,370	4,812,348	5,230,003
Change in Net Position — Governmental Activities – Increase (Decrease)	562,441	108,393	565,378	841,406

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 420,612	$ 406,065	$ 417,067	$ 442,340	$ 457,564	$ 476,428
646,565	671,831	690,117	718,731	765,027	818,058
249,569	255,679	268,346	273,695	282,538	297,587
241,101	254,503	243,783	231,250	245,598	266,032
123,405	124,660	128,877	129,951	142,913	150,066
2,145,929	2,259,695	2,410,760	2,503,794	2,600,928	2,719,553
1,115,301	884,775	908,795	1,004,382	1,137,364	1,104,855
712,388	786,221	693,789	724,477	710,018	760,777
157,145	178,670	189,641	194,026	198,190	225,176
154,759	21,147	22,447	23,207	27,048	28,874
100,385	99,655	105,987	100,566	112,809	106,523
3,000,117	3,096,089	3,202,327	3,338,653	3,554,337	3,748,684
738,877	836,488	847,752	797,392	825,923	888,854
121,192	112,994	110,034	98,442	93,598	84,820
9,927,345	9,988,472	10,239,722	10,580,906	11,153,855	11,676,287
178,354	182,731	148,213	181,907	166,386	182,026
11,905	18,204	12,529	11,744	10,725	12,674
4,715	4,743	5,463	5,106	3,836	4,824
57,257	61,543	63,831	60,528	61,395	59,581
56,148	53,900	52,390	54,615	51,868	51,645
230,318	268,753	289,198	313,376	325,024	315,962
194	—	—	—	—	—
11,802	16,602	12,659	7,440	8,082	8,911
79,577	85,685	91,967	88,304	90,561	101,933
3,148	2,316	2,696	2,524	3,443	3,961
83,758	86,962	89,426	89,722	94,924	94,305
80,425	82,676	110,564	75,123	89,269	191,968
339,488	249,288	253,094	243,301	207,554	206,963
3,704,709	3,802,274	3,954,581	3,717,276	3,632,735	3,994,614
157,564	114,156	100,481	114,490	87,942	132,708
4,999,362	5,029,833	5,187,092	4,965,456	4,833,744	5,362,075
(4,927,983)	(4,958,639)	(5,052,630)	(5,615,450)	(6,320,111)	(6,314,212)
1,931,045	2,090,841	2,121,518	2,206,633	2,300,368	2,402,809
2,525,082	2,969,128	2,918,991	3,280,568	3,435,425	3,646,721
284,666	331,080	321,424	369,747	354,979	327,266
351,346	351,553	359,822	370,974	425,366	483,922
415,190	399,788	431,901	386,228	354,800	355,075
8,464	6,726	8,829	7,804	9,365	22,058
17,294	30,580	20,012	28,131	27,048	54,012
58,851	46,884	40,577	94,616	82,882	106,723
—	—	—	16,288	—	—
43,091	76,231	44,305	109,028	128,148	135,338
—	104,669	—	1,940	—	—
5,635,029	6,407,480	6,267,379	6,871,957	7,118,381	7,533,924
707,046	1,448,841	1,214,749	1,256,507	798,270	1,219,712

Schedule A-2
Changes in Net Position - continued
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year 2008	2009	2010	2011
BUSINESS-TYPE ACTIVITIES				
Expenses				
Student Assistance Programs	$ 164,411	$ 144,007	$ 156,754	$ 93,422
Unemployment Compensation [5]	148,424	489,925	872,826	642,023
Water Loan Programs	10,477	12,900	31,971	38,069
Community and Economic Loan Programs	2,310	2,349	2,166	1,770
Liquor Retail Sales	160,635	168,844	180,401	190,373
Other Business-type Activities	33,417	35,635	30,886	33,796
Total Expenses	519,674	853,660	1,275,004	999,453
Program Revenues				
Charges for Services:				
Student Assistance Programs	117,246	89,805	109,804	71,966
Unemployment Compensation	157,624	144,383	170,224	296,847
Water Loan Programs	12,135	12,234	13,875	10,584
Community and Economic Loan Programs	6,524	7,838	9,033	10,583
Liquor Retail Sales	219,801	228,474	238,767	252,225
Other Business-type Activities	44,140	49,437	41,527	44,230
Operating Grants and Contributions [6 7]	65,036	161,594	518,280	403,847
Total Program Revenues	622,506	693,765	1,101,510	1,090,282
Net Program Revenue (Expense) — Business-type Activities	102,832	(159,895)	(173,494)	90,829
General Revenues and Other Changes in Net Position				
Taxes:				
Sales Tax and Use Tax	23,462	22,976	22,206	21,819
Investment Income [7]	78,817	53,282	28,560	17,169
Gain on Sale of Capital Assets	—	—	—	—
Miscellaneous	—	—	38,188	4,290
Transfers–Internal Activities	(37,733)	(38,953)	(55,845)	(47,431)
Capital Contributions	—	—	—	—
Prior Period Adjustments and Restatements	—	—	—	—
Total General Revenues and Other Changes in Net Position	64,546	37,305	33,109	(4,153)
Change in Net Position — Business-type Activities – Increase (Decrease)	167,378	(122,590)	(140,385)	86,676
Total Primary Government Change in Net Position	$ 729,819	$ (14,197)	$ 424,993	$ 928,082

*This schedule is presented using the accrual basis of accounting.

Notes: This schedule also has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

[1] Expenses for health and environmental quality have increased over the last ten fiscal years due to rising Medicaid program costs.

[2] In fiscal year 2013, legislative action moved the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

[3] Public education expenses continue to increase for both enrollment growth and benefit-related costs for educators.

[4] In fiscal years 2009 to 2010, general tax revenues declined due to the recessionary economy. In fiscal years 2011 to 2017, general tax revenues increased due to slightly higher revenues from a strengthening economy.

[5] Beginning in fiscal year 2009 and continuing in fiscal year 2010, unemployment compensation expenses increased significantly as the economy continued to weaken at a faster pace than in prior years. In fiscal years 2011 to 2015, expenses decreased reflecting Utah's improving economy and employment.

Fiscal Year 2012	2013	2014	2015	2016	2017
$ 111,662	$ 99,379	$ 79,963	$ 111,437	$ 154,247	$ 136,037
436,880	307,444	233,403	177,105	182,516	175,354
19,045	12,828	13,778	18,276	14,913	15,998
2,604	2,420	8,603	2,967	5,253	9,074
201,976	213,395	225,948	242,933	260,755	277,965
47,341	75,361	54,983	36,720	37,849	45,612
819,508	710,827	616,678	589,438	655,533	660,040
66,312	63,727	59,784	88,188	123,218	108,057
380,533	384,114	357,059	295,851	240,709	210,907
13,710	13,464	12,329	406	902	746
11,843	11,152	10,051	5,562	3,208	3,393
272,363	293,978	313,444	338,039	364,482	384,009
33,555	39,010	40,832	38,892	34,968	47,994
262,035	168,514	75,568	48,482	46,118	39,053
1,040,351	973,959	869,067	815,420	813,605	794,159
220,843	263,132	252,389	225,982	158,072	134,119
24,264	25,891	27,304	28,384	29,841	57,528
14,727	16,636	20,073	41,421	45,318	49,349
—	—	—	—	—	529
3,547	425	—	—	—	—
(43,091)	(76,231)	(44,305)	(109,028)	(128,148)	(135,338)
—	—	—	—	—	37
—	(34,550)	—	(367)	—	—
(553)	(67,829)	3,072	(39,590)	(52,989)	(27,895)
220,290	195,303	255,461	186,392	105,083	106,224
$ 927,336	$ 1,644,144	$ 1,470,210	$ 1,442,899	$ 903,353	$ 1,325,936

[6] In fiscal years 2010 and 2011, operating grants and contributions increased overall from the preceding and subsequent years, primarily due to increased federal programs funded in part by the American Recovery and Reinvestment Act in the Unemployment Compensation Fund and additional operating grants issued for loan related programs.

[7] In fiscal year 2016, investment income for business-type activities was reclassified to other general revenues from operating grants and contributions. This change was made to comply with applicable accounting standards. Prior years have been restated.

Schedule A–3
Fund Balances — Governmental Funds*
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year 2008	2009	2010	2011
General Fund				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable [1]	$ —	$ —	$ 2,861	$ 10,134
Prepaid Items [1]	—	—	—	—
Inventories	—	—	411	538
Restricted	—	—	35,171	31,523
Committed	—	—	371,354	445,540
Assigned [2]	—	—	222,963	212,002
Unassigned	—	—	14,884	609
Total General Fund	0	0	647,644	700,346
All Other Governmental Funds				
Nonspendable:				
Inventories	$ —	$ —	$ 11,646	$ 10,523
Permanent Fund Principal [3]	—	—	1,066,568	1,355,565
Restricted [4]	—	—	1,333,776	1,191,591
Committed [5]	—	—	347,254	390,278
Assigned [6]	—	—	92,806	174,737
Total All Other Governmental Funds	0	0	2,852,050	3,122,694
Total Fund Balances — Governmental Funds	$ 0	$ 0	$ 3,499,694	$ 3,823,040
General Fund				
Reserved [7]	$ 470,800	$ 305,224	$ —	$ —
Unreserved [8]	394,068	327,467	—	—
Total General Fund	864,868	632,691	0	0
All Other Governmental Funds				
Reserved	1,867,469	1,892,734	—	—
Unreserved reported in:				
Special Revenue Funds	975,035	807,356	—	—
Capital Projects [9]	57,027	(13,219)	—	—
Debt Service	20,801	5,210	—	—
Total All Other Governmental Funds	2,920,332	2,692,081	0	0
Total Fund Balances — Governmental Funds	$ 3,785,200	$ 3,324,772	$ 0	$ 0

*This schedule is presented using the modified accrual basis of accounting.

Notes: Beginning fiscal year 2010, the fund balance categories were reclassified as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balance has not been restated for prior years.

This schedule has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

[1] Nonspendable fund balance within the General Fund as to prepaid items varies from year to year to due the timing of yearend payments. The long-term portion of interfund loans receivable with Internal Service Funds varies from year to year based on changes in loan balances and projections for repayments for the next year.

[2] In fiscal year 2016, the assigned fund balance within the General Fund decreased due to a reduction in the amount set aside for next year's budget.

[3] In fiscal years 2013 to 2017, the nonspendable fund balance within other governmental funds increased primarily due to a change in investment values as a result of the rebounding and then prospering economy.

[4] In fiscal year 2017, the restricted fund balance within other governmental funds increased primarily due to an increase in the unspent balance of restricted resources within the Transportation Fund as the result of an increase in the motor and special fuels tax and also higher fuel consumption.

[5] In fiscal years 2012 to 2014, the committed fund balance within other governmental funds increased as a result of sales and use tax diversions for transportation projects. In fiscal years 2016 and 2017, the committed fund balance decreased as expenditures increased for transportation projects utilizing sales and use tax revenue.

	Fiscal Year					
	2012	**2013**	**2014**	**2015**	**2016**	**2017**
	$ 13,537	$ 44,360	$ 38,832	$ 26,996	$ 26,747	$ 18,927
	23,450	67,790	73,033	96,939	106,745	14,475
	662	800	926	662	434	687
	39,745	41,931	40,898	34,278	38,124	33,516
	489,487	496,795	507,380	496,758	546,782	559,791
	159,082	224,452	197,842	255,841	132,126	194,174
	11,342	—	7,224	—	7,196	9,585
	737,305	876,128	866,135	911,474	858,154	831,155
	$ 11,583	$ 11,980	$ 14,018	$ 13,605	$ 13,990	$ 13,905
	1,436,623	1,690,261	2,089,334	2,244,902	2,267,538	2,503,353
	1,089,030	1,094,754	1,160,581	1,188,672	1,189,881	1,308,585
	631,983	698,264	865,786	843,483	758,530	686,583
	112,015	63,586	128,631	163,194	347,321	305,065
	3,281,234	3,558,845	4,258,350	4,453,856	4,577,260	4,817,491
	$ 4,018,539	$ 4,434,973	$ 5,124,485	$ 5,365,330	$ 5,435,414	$ 5,648,646
	$ —	$ —	$ —	$ —	$ —	$ —
	—	—	—	—	—	—
	0	0	0	0	0	0
	—	—	—	—	—	—
	—	—	—	—	—	—
	—	—	—	—	—	—
	—	—	—	—	—	—
	0	0	0	0	0	0
	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

[6] The assigned fund balance within other governmental funds varies from year to year due to changes in funding provided for capital projects.

[7] In fiscal year 2009, General Fund reserved fund balance decreased due to less reserves available as a result of the slowing economy.

[8] In fiscal years 2008 and 2009, General Fund unreserved fund balance decreased as the State's economy slowed. Sales and use tax diversions along with reductions in the sales tax rate also contributed to the decrease in tax revenues in the General Fund.

[9] In fiscal year 2007, and again in fiscal year 2009, unreserved fund balance for capital projects reported a deficit balance as a result of outstanding encumbrances on various capital related projects.

Schedule A–4
Changes in Fund Balances — Governmental Funds*
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year 2008	2009	2010	2011
Revenues				
Sales and Use Tax [1]	$ 2,031,239	$ 1,761,224	$ 1,733,412	$ 1,812,011
Individual Income Tax [1]	2,560,394	2,340,400	2,124,173	2,332,562
Corporate Tax [1]	410,586	249,177	266,961	230,888
Motor and Special Fuels Tax [2]	357,664	337,529	341,196	352,918
Other Taxes	333,542	354,713	328,753	397,248
Federal Contracts and Grants [3]	2,574,585	3,207,110	3,713,771	3,626,354
Charges for Services/Royalties	468,451	463,248	463,436	528,568
Licenses, Permits, and Fees	121,882	128,212	179,947	188,998
Federal Mineral Lease [4]	134,404	172,642	129,377	135,979
Intergovernmental	12,884	9,446	28,659	18,537
Investment Income [5]	46,716	(132,523)	118,541	274,797
Miscellaneous and Other	373,047	382,614	356,004	332,722
Total Revenues	9,425,394	9,273,792	9,784,230	10,231,582
Expenditures				
General Government	319,389	325,076	313,981	316,440
Human Services and Juvenile Justice Services	677,234	701,099	667,192	646,411
Corrections	251,216	255,448	235,411	238,090
Public Safety	196,008	213,038	199,731	207,426
Courts	131,261	129,125	136,373	128,676
Health and Environmental Quality [6]	1,648,841	1,812,488	1,873,264	2,008,356
Higher Education–State Administration	64,587	60,224	52,084	48,836
Higher Education–Colleges and Universities	793,283	782,650	734,440	718,026
Employment and Family Services [7]	432,955	519,741	673,329	703,786
Natural Resources	174,120	178,306	161,640	189,430
Heritage and Arts [7]	132,413	140,453	178,258	160,338
Business, Labor, and Agriculture	96,072	101,966	96,579	93,149
Public Education [8]	2,960,873	3,035,519	3,002,318	3,059,351
Transportation [9] [10]	1,030,793	1,249,080	1,204,955	946,692
Capital Outlay [11]	566,955	607,794	1,007,219	1,236,168
Debt Service — Principal Retirement	193,292	180,613	189,041	223,952
Debt Service — Interest and Other Charges	139,883	64,675	113,876	142,452
Total Expenditures	9,809,175	10,357,295	10,839,691	11,067,579
Revenues Over (Under) Expenditures	(383,781)	(1,083,503)	(1,055,461)	(835,997)
Other Financing Sources (Uses)				
General Obligation Bonds Issued [11]	75,000	498,810	982,170	1,034,970
Revenue Bonds Issued	—	—	101,595	—
Refunding Bonds Issued	—	—	—	196,610
Premium on Bonds Issued	1,557	45,445	65,853	94,689
Payment to Refunded Bond Escrow Agent	—	—	—	(234,873)
Capital Leases/Contracts Issued	2,131	2,010	11,122	—
Sale of Capital Assets	30,824	28,035	13,966	20,256
Transfers In	4,550,400	3,606,534	929,044	1,125,598
Transfers Out	(4,512,711)	(3,557,759)	(873,367)	(1,077,907)
Special Item				
Comprehensive Health Insurance Pool Transfer [12]	—	—	—	—
Prior Period Adjustments and Restatements	—	—	—	—
Total Other Financing Sources (Uses)	147,201	623,075	1,230,383	1,159,343
Net Change in Fund Balances	$ (236,580)	$ (460,428)	$ 174,922	$ 323,346
Debt Service as a Percentage of Noncapital Expenditures	3.75%	2.67%	3.29%	3.85%

*This schedule is presented using the modified accrual basis of accounting.

Notes: This schedule also has been restated for prior period adjustments, if practical, which were made to the fiscal year and preceding fiscal year in which the prior period adjustment was identified.

[1] In fiscal years 2009 to 2010, tax revenues decreased significantly as the economy slowed. Sales and use tax diversions along with a reduction in the sales tax rate also contributed to this decrease. In fiscal years 2011 to 2017, tax revenues increased due to a rebounding and then prospering economy.

[2] In fiscal years 2016 and 2017, motor and special fuels tax increased due in part to a tax increase that became effective in mid-2016, and also as a result of higher fuel consumption.

[3] In fiscal years 2009 and 2010, federal contracts and grants increased due in part to funding provided by the American Recovery and Reinvestment Act. In fiscal year 2017, federal contracts and grants increased due to an increase in funding provided for the Medicaid program and highway projects.

[4] In fiscal year 2016, federal mineral lease revenue decreased due to lower energy prices and a decline in production.

[5] Significant changes in investment income from year to year are due to the change in the fair value of investments as a result of general market conditions.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 1,934,035	$ 2,094,132	$ 2,121,249	$ 2,204,389	$ 2,302,886	$ 2,403,347
2,518,373	2,865,195	2,916,015	3,211,476	3,393,087	3,646,112
285,541	329,726	322,748	366,543	354,615	325,701
353,299	351,197	359,176	371,412	425,343	484,677
414,744	400,111	432,178	386,066	355,229	354,863
3,561,512	3,489,515	3,463,045	3,478,563	3,573,699	3,828,715
625,831	677,119	706,125	682,288	630,300	667,665
183,630	185,976	188,653	194,648	199,748	203,830
183,739	138,122	158,193	138,635	69,245	73,787
34,407	32,704	7,211	12,620	11,264	19,273
46,133	221,139	353,653	133,092	34,168	266,775
393,010	305,267	327,880	384,968	388,295	394,167
10,534,254	11,090,203	11,356,126	11,564,700	11,737,879	12,668,912
356,752	362,845	374,134	386,059	412,204	409,626
645,418	669,091	692,277	723,663	766,186	804,283
245,829	251,118	266,246	272,053	290,217	305,438
239,453	255,727	271,716	266,586	263,417	253,976
127,066	129,693	132,886	137,901	146,510	152,262
2,141,835	2,252,166	2,434,410	2,517,513	2,622,797	2,733,374
49,359	51,901	48,920	56,935	79,567	73,641
721,074	735,438	781,998	875,610	915,432	981,938
706,181	781,178	703,441	730,972	708,184	754,530
153,698	178,330	184,465	190,378	196,188	225,387
155,575	22,428	24,231	24,041	27,826	29,335
99,689	99,828	105,915	101,331	111,186	107,800
2,999,706	3,097,161	3,202,007	3,340,290	3,556,897	3,732,813
1,064,449	951,277	902,788	903,700	835,111	975,662
973,206	524,582	380,930	499,705	523,937	668,768
266,300	309,268	329,659	319,739	348,576	342,622
168,047	154,472	150,101	135,994	118,805	105,023
11,113,637	10,826,503	10,986,124	11,482,470	11,923,040	12,656,478
(579,383)	263,700	370,002	82,230	(185,161)	12,434
609,920	33,240	226,175	—	—	—
5,250	1,900	—	—	93,625	—
—	22,612	—	221,765	—	—
92,558	8,346	24,656	47,562	4,405	—
—	(24,358)	—	(267,870)	—	—
—	2,824	—	—	5,100	—
22,158	31,243	24,596	29,274	30,688	53,025
1,097,387	1,360,691	1,489,272	1,659,616	1,998,019	1,792,074
(1,052,391)	(1,283,764)	(1,445,189)	(1,549,960)	(1,876,592)	(1,657,967)
—	—	—	16,288	—	—
—	—	—	1,940		
774,882	152,734	319,510	158,615	255,245	187,132
$ 195,499	$ 416,434	$ 689,512	$ 240,845	$ 70,084	$ 199,566
4.45%	4.59%	4.60%	4.22%	4.17%	3.78%

[6] Expenditures for Health and Environmental Quality have increased over the last ten fiscal years due to rising Medicaid program costs.

[7] In fiscal year 2013, legislative action moved the Housing and Community Development Division from Heritage and Arts to Employment and Family Services.

[8] Public education expenditures continue to increase for both enrollment growth and benefit-related costs for educators.

[9] In fiscal year 2012, the Transportation Investment Fund was reclassified as a capital projects fund. Expenditures relating to this fund have been reclassified from transportation expenditures to capital outlay for prior years.

[10] Expenditures for transportation vary from year to year due to the timing of highway construction projects.

[11] Expenditures for capital outlay vary from year to year due to changes in funding from bond proceeds or state appropriations provided for buildings, highways, and other projects.

[12] In fiscal year 2015, the Comprehensive Health Insurance Pool (discrete component unit) was dissolved and the remaining cash balance was transferred to the State's General Fund.

Schedule B–1

Revenue Base

Last Ten Calendar Years

(dollars expressed in thousands)

	Calendar Year			
	2007	**2008**	**2009**	**2010**
Taxable Sales, Services, and Use Tax Purchases [1]				
Agriculture, Forestry, and Fishing	$ 73,621	$ 10,822	$ 10,938	$ 12,747
Mining	477,342	923,107	560,727	757,601
Construction	792,084	785,217	685,598	662,141
Manufacturing	2,678,207	2,635,317	2,079,294	2,082,345
Transportation	205,763	169,209	150,891	236,609
Communications and Utilities	3,591,019	4,138,623	4,060,387	4,147,437
Wholesale Trade	5,318,425	4,637,872	3,457,754	3,615,569
Retail	27,428,307	24,972,519	22,613,395	21,480,510
Finance, Insurance, and Real Estate	429,446	1,803,420	1,430,640	1,328,491
Services	5,689,281	6,889,315	6,289,414	6,737,174
Public Administration	116,614	224,402	225,935	224,668
Prior Period Payments and Refunds	889,925	193,380	359,249	622,276
Total Taxable Sales, Services and Use Tax Purchases	$ 47,690,034	$ 47,383,203	$ 41,924,222	$ 41,907,568
State Sales Tax Rate	4.75%	4.65%	4.70%	4.70%
Personal Income by Industry				
Federal Civilian	$ 3,136,970	$ 3,138,234	$ 3,262,129	$ 3,427,143
Federal Military	911,267	956,758	1,059,773	1,066,165
State and Local Government	7,994,668	8,619,692	8,996,163	9,056,491
Forestry, Fishing, and Related Activities	68,862	64,322	56,230	59,568
Mining	1,071,608	1,325,928	905,190	939,571
Utilities	454,072	520,216	500,769	517,919
Construction	6,366,934	5,938,557	4,880,333	4,851,542
Manufacturing	7,603,852	7,987,992	7,243,424	7,523,277
Wholesale Trade	3,219,149	3,313,418	3,145,582	3,142,845
Retail Trade	5,414,830	5,409,252	5,248,220	5,352,492
Transportation and Warehousing	3,025,714	2,943,658	2,818,544	2,871,728
Information	1,855,191	1,911,065	1,837,118	1,931,461
Financial, Insurance, Real Estate, Rental, and Leasing	5,180,794	5,592,421	5,432,615	5,578,130
Services	21,817,272	22,905,660	22,798,279	23,756,996
Farm Earnings	197,116	216,580	105,542	202,854
Other [2]	16,787,369	19,766,570	18,640,550	19,972,051
Total Personal Income	$ 85,105,668	$ 90,610,323	$ 86,930,461	$ 90,250,233
Highest Income Tax Rate	6.98%	5.00%	5.00%	5.00%

Sources: Taxable Sales, Services, and Use Tax Purchases – Utah State Tax Commission; Personal Income by Industry – U.S. Department of Commerce, Bureau of Economic Analysis and the Utah Department of Workforce Services. Prior year information has been updated with the most recent data available.

[1] Taxable Sales, Services, and Use Tax Purchases utilize *American Industrial Classification* codes starting in 2008. Prior to 2008 are based on *Standard Industrial Classification* codes.

[2] Other personal income includes dividends, interest, rents, residence adjustment, government transfers to individuals, and deduction for social insurance contributions.

	Calendar Year				
2011	**2012**	**2013**	**2014**	**2015**	**2016**
$ 14,082	$ 13,880	$ 15,083	$ 16,721	$ 15,400	$ 16,790
848,168	961,570	850,275	842,837	606,129	473,021
654,043	749,572	686,116	718,877	719,199	793,332
2,209,327	2,283,863	2,251,708	2,439,019	2,394,889	2,334,180
274,577	123,695	151,582	116,776	119,530	129,326
4,250,457	4,515,800	4,609,452	4,764,084	4,640,315	4,603,701
4,065,152	4,647,539	4,397,645	4,564,362	4,544,672	4,508,459
22,794,901	24,351,361	25,848,614	27,160,751	28,847,726	30,458,131
1,337,530	1,327,864	1,378,991	1,441,941	1,518,729	1,562,251
7,137,503	7,670,035	8,108,526	8,696,364	9,383,910	10,058,980
229,227	245,093	250,212	262,250	254,337	256,124
339,856	640,908	855,842	685,181	888,441	1,308,139
$ 44,154,823	$ 47,531,180	$ 49,404,046	$ 51,709,163	$ 53,933,277	$ 56,502,434
4.70%	4.70%	4.70%	4.70%	4.70%	4.70%
$ 3,556,359	$ 3,201,034	$ 3,127,049	$ 3,226,299	$ 3,362,932	$ 3,494,522
1,023,592	782,075	758,348	732,507	715,450	747,912
9,440,193	10,479,690	10,438,482	10,932,387	11,214,437	11,793,702
69,173	69,036	79,070	71,162	73,334	81,058
1,134,370	1,451,372	1,488,131	1,055,022	919,572	743,532
531,434	510,476	509,579	518,729	559,871	604,241
5,033,034	5,310,328	5,749,752	6,139,119	6,757,362	7,427,478
7,787,202	8,079,603	8,372,774	8,607,123	9,074,439	9,427,995
3,473,443	3,778,828	3,920,138	4,019,735	4,457,942	4,751,333
5,478,538	5,817,378	6,245,965	6,688,936	7,036,881	7,651,862
2,977,382	2,983,157	3,148,136	3,319,368	3,664,221	3,944,571
2,146,263	2,426,304	2,527,863	2,729,627	2,939,164	3,232,553
6,113,185	6,281,226	7,101,517	7,068,780	7,951,465	8,567,667
24,676,881	26,044,184	27,872,193	28,810,801	30,551,475	32,744,596
266,260	231,074	510,235	509,130	465,109	168,731
20,693,761	23,716,925	24,223,342	26,415,095	28,980,981	29,489,446
$ 94,401,070	$ 101,162,690	$ 106,072,574	$ 110,843,820	$ 118,724,635	$ 124,871,199
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%

Schedule B–2

Revenue Payers by Industry – Taxable Sales, Services, and Use Tax Purchases

Most Current Calendar Year and Historical Comparison

(dollars expressed in thousands)

	Calendar Year 2007		Calendar Year 2016	
	Taxable Sales and Purchases	**Percent of Total**	**Taxable Sales and Purchases**	**Percent of Total**
Agriculture, Forestry, and Fishing	$ 73,621	0.20%	$ 16,790	0.10%
Mining	477,342	1.00%	473,021	0.80%
Construction	792,084	1.70%	793,332	1.40%
Manufacturing	2,678,207	5.60%	2,334,180	4.10%
Transportation	205,763	0.40%	129,326	0.20%
Communications and Utilities	3,591,019	7.50%	4,603,701	8.10%
Wholesale Trade	5,318,425	11.20%	4,508,459	8.00%
Retail	27,428,307	57.50%	30,458,131	53.90%
Finance, Insurance, and Real Estate	429,446	0.90%	1,562,251	2.80%
Services	5,689,281	11.90%	10,058,980	17.80%
Public Administration	116,614	0.20%	256,124	0.50%
Prior Period Payments, Refunds	889,925	1.90%	1,308,139	2.30%
Total Taxable Sales, Services, and Use Tax Purchases	$ 47,690,034	100.00%	$ 56,502,434	100.00%
State Sales Tax Rates	4.75% except 2.00% for Communications and Utilities		4.70% except 2.00% for Communications and Utilities	

Source: Utah State Tax Commission

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for taxable sales, services, and use tax purchases is calendar year 2016.

Schedule B–3

Revenue Payers – Personal Income Tax

Most Current Calendar Year and Historical Comparison

(dollars expressed in thousands)

	Calendar Year 2006				Calendar Year 2015			
	Number of Filers	**Percent of Total**	**Tax Liability**	**Percent of Total**	**Number of Filers**	**Percent of Total**	**Tax Liability**	**Percent of Total**
Adjusted Gross Income Class								
$10,000 and under	164,982	16.90%	$ 2,588	0.10%	168,736	14.40%	$ 926	0.10%
$10,001–20,000	149,967	15.40%	29,908	1.30%	158,020	13.50%	21,125	0.70%
$20,001–30,000	129,476	13.30%	69,329	3.10%	144,408	12.40%	66,946	2.30%
$30,001–40,000	100,443	10.30%	95,425	4.20%	117,560	10.10%	104,158	3.60%
$40,001–50,000	81,415	8.30%	115,898	5.10%	94,546	8.10%	129,438	4.50%
$50,001–75,000	149,762	15.30%	336,416	14.80%	177,557	15.20%	396,112	13.60%
$75,001–100,000	88,301	9.00%	310,165	13.70%	120,878	10.30%	419,438	14.50%
$100,001–250,000	94,592	9.70%	587,617	25.90%	160,648	13.80%	1,019,997	35.10%
Over $250,000	17,942	1.80%	722,619	31.80%	25,883	2.20%	744,154	25.60%
Total	976,880	100.00%	$ 2,269,965	100.00%	1,168,236	100.00%	$ 2,902,294	100.00%

Source: Utah State Tax Commission, for full-year residents only.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for personal income tax information is calendar year 2015.

Schedule B–4
Personal Income Tax Rates
Last Ten Calendar Years

	Calendar Years 2007	Calendar Years 2008 to 2016
	Single and Married Filing Separately [1 2]	
Tax Rate	2.30%	—
Taxable Income Levels	$0–1,000	—
Tax Rate	3.30%	—
Taxable Income Levels	$1,001–2,000	—
Tax Rate	4.20%	—
Taxable Income Levels	$2,001–3,000	—
Tax Rate	5.20%	—
Taxable Income Levels	$3,001–4,000	—
Tax Rate	6.00%	—
Taxable Income Levels	$4,001–5,500	—
Tax Rate	6.98%	—
Taxable Income Levels	Over $5,500	—
Tax Rate	5.35%	5.00%
	Married Filing Joint, Head of Household, and Qualifying Widow(er) [1 2]	
Tax Rate	2.30%	—
Taxable Income Levels	$0–2,000	—
Tax Rate	3.30%	—
Taxable Income Levels	$2,001–4,000	—
Tax Rate	4.20%	—
Taxable Income Levels	$4,001–6,000	—
Tax Rate	5.20%	—
Taxable Income Levels	$6,001–8,000	—
Tax Rate	6.00%	—
Taxable Income Levels	$8,001–11,000	—
Tax Rate	6.98%	—
Taxable Income Levels	Over $11,000	—
Tax Rate	5.35%	5.00%

Source: Utah State Tax Commission

Note: The Utah State Legislature can raise the income tax rates by legislation, no vote of the populace is required; *Utah Constitution*, Article XIII, Section 5.

[1] The Legislature passed an option for the taxpayer to use the single rate of 5.35 percent or the tax tables for calendar year 2007.

[2] The Legislature passed a single tax rate for all taxpayers beginning with calendar year 2008.

This page intentionally left blank.

Schedule C–1
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars expressed in millions)

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
Governmental Activities				
General Obligation Bonds	$ 1,198	$ 1,563	$ 2,410	$ 3,256
State Building Ownership Authority				
Lease Revenue Bonds	162	149	239	223
Capital Leases	19	19	28	26
Contracts/Notes Payable	1	1	—	—
Total Governmental Activities	1,380	1,732	2,677	3,505
Business-type Activities				
Student Assistance Revenue Bonds [1]	2,165	2,235	1,389	1,243
State Building Ownership Authority				
Lease Revenue Bonds	51	75	98	95
Water Loan Recapitalization Revenue Bonds	—	—	68	67
Contracts/Notes Payable [1]	—	297	811	648
Total Business-type Activities	2,216	2,607	2,366	2,053
Total Primary Government	$ 3,596	$ 4,339	$ 5,043	$ 5,558
Debt as a Percentage of Personal Income [2]	4.04%	4.93%	5.59%	5.89%
Amount of Debt Per Capita (expressed in dollars) [2]	$ 1,304	$ 1,586	$ 1,817	$ 1,975
Net General Obligation Bonded Debt				
General Obligation Bonds	$ 1,198	$ 1,563	$ 2,410	$ 3,256
Net General Obligation Bonded Debt as a Percentage of Taxable Property Value [3]	0.59%	0.70%	1.13%	1.59%
Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) [2]	$ 434	$ 571	$ 868	$ 1,157

Sources: Utah Department of Administrative Services, Division of Finance; Utah State Tax Commission – Property Tax; and Utah Governor's Office of Management and Budget – Demographics.

Note: Net general obligation and revenue bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amounts on refunding of bonded debt is no longer reported as part of long-term liabilities, but now as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

[1] In 2015 the Student Assistance Programs issued a line of credit to acquire federally guaranteed student loans. In 2017, the Student Assistance Programs issued additional bonds to retire its line of credit issued in 2015 related to acquiring federally guaranteed student loans.

[2] Ratios are calculated using personal income and population data. See Schedule D–1 for personal income and population data. During 2010 to 2012, the State issued just under $1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

[3] The percentage of Net General Obligation Bonded Debt based upon taxable property value is presented for comparative purposes. The State does not presently levy ad valorem property taxes for General Obligation Bonded Debt, but is authorized to do so in accordance with Title 59, Chapter 2, Part 901 of the *Utah Code*. See Schedule C–3 for taxable property value.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 3,660	$ 3,361	$ 3,271	$ 2,950	$ 2,585	$ 2,235
213	200	187	170	249	230
24	23	22	20	23	22
—	10	6	—	—	—
3,897	3,594	3,486	3,140	2,857	2,487
970	1,274	1,284	1,511	1,255	1,812
90	85	81	80	79	73
62	58	52	47	42	37
552	—	—	1,152	922	—
1,674	1,417	1,417	2,790	2,298	1,922
$ 5,571	$ 5,011	$ 4,903	$ 5,930	$ 5,155	$ 4,409
5.51%	4.78%	4.42%	5.04%	4.14%	3.32%
$ 1,951	$ 1,727	$ 1,665	$ 1,979	$ 1,692	$ 1,418
$ 3,660	$ 3,361	$ 3,271	$ 2,950	$ 2,585	$ 2,235
1.82%	1.67%	1.58%	1.33%	1.10%	0.89%
$ 1,282	$ 1,159	$ 1,111	$ 985	$ 848	$ 719

Schedule C–2
Other Long-Term Liabilities
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
Governmental Activities				
General Obligation Bonds [1]	$ 1,161,510	$ 1,492,620	$ 2,299,300	$ 3,128,890
State Building Ownership Authority				
Lease Revenue Bonds	161,614	148,654	236,629	220,380
Net Unamortized Premiums	51,011	80,962	119,694	162,003
Deferred Amount on Refundings [2]	(13,621)	(10,151)	(7,080)	(31,904)
Capital Leases	18,769	19,210	27,542	25,799
Notes Payable	559	512	484	466
Compensated Absences [3]	186,581	162,689	162,120	182,543
Claims	41,285	43,650	41,897	42,731
Pollution Remediation Obligation	7,842	7,687	7,690	7,083
Settlement Obligation	—	—	39,422	38,926
Net Pension Liability	—	—	—	—
Net Other Post Employment Benefit Obligation [6]	—	3,918	5,693	7,142
Net Other Post Employment Benefit Liability [6]	—	—	—	—
Total Governmental Activities	1,615,550	1,949,751	2,933,391	3,784,059
Business-type Activities				
Student Assistance Revenue Bonds [4]	2,165,180	2,235,322	1,388,922	1,218,390
State Building Ownership Authority				
Lease Revenue Bonds	50,246	73,676	96,476	92,445
Water Loan Recapitalization Revenue Bonds	—	—	65,800	65,800
Net Unamortized Premiums	1,117	1,491	4,093	29,092
Deferred Amount on Refundings [2]	(318)	(267)	(221)	(994)
Notes Payable [5]	—	297,381	811,354	647,842
Claims and Uninsured Liabilities	5,786	14,941	19,105	16,179
Arbitrage Liability	65,945	57,782	50,214	11,968
Net Pension Liability	—	—	—	—
Net Other Post Employment Benefit Liability [6]	—	—	—	—
Total Business-type Activities	2,287,956	2,680,326	2,435,743	2,080,722
Total Primary Government Other Long-term Liabilities	$ 3,903,506	$ 4,630,077	$ 5,369,134	$ 5,864,781

Note: Details regarding the liabilities listed above can be found in Note 10. Long-term Liabilities in the financial statements.

[1] During 2010 to 2012, the State issued just under $1 billion in General Obligation bonds to take advantage of historically low interest rates and ease budget constraints for highway and building construction projects.

[2] Beginning in 2014, deferred amount on refundings are no longer reported in the financial statements as part of other long-term liabilities under Governmental and Business-type Activities. This obligation is now being reported as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

[3] During 2009, a new actuary valuation was performed for GASB Statement 16, *Accounting for Compensated Absences* and as a result the total liability decreased.

[4] During 2012, the Student Assistance Programs advance refunded certain outstanding student loan revenue bonds to manage its interest costs. In 2017, the Student Assistance Programs issued additional bonds to retire its line of credit issued in 2015 related to acquiring federally guaranteed student loans.

[5] During 2010, the Student Assistance Programs began participating in the U.S. Department of Education Loan Participation Purchase Program. This program was created to assist lenders in obtaining financing for student loans during 2008-2010 academic years. In 2015, the Student Assistance Programs issued a line of credit to acquire federally guaranteed student loans.

[6] In 2017, the State implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaced GASB Statement 45. In part, GASB Statement 75 requires the reporting of the net Other Postemployment Benefit (OPEB) liability; GASB Statement 45 only required the reporting of an OPEB obligation when contributions were less than the actuary's Annual Required Contribution.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 3,487,680	$ 3,225,435	$ 3,136,755	$ 2,830,150	$ 2,498,895	$ 2,173,985
210,384	198,485	183,590	166,773	242,976	225,163
200,979	159,882	138,187	122,321	92,827	66,423
(26,248)	(22,546)	—	—	—	—
24,270	23,213	21,794	20,287	23,498	21,616
446	9,758	5,983	370	339	305
185,701	185,711	184,679	185,792	182,707	181,557
44,700	48,190	48,585	46,931	48,092	53,645
6,640	6,222	5,327	5,086	6,401	5,891
34,007	25,020	6,928	4,471	365	319
—	—	—	802,543	992,495	1,031,449
5,439	5,206	4,331	4,126	3,848	—
—	—	—	—	—	109,618
4,173,998	3,864,576	3,736,159	4,188,850	4,092,443	3,869,971
930,422	1,240,407	1,277,837	1,509,543	1,256,026	1,822,807
88,161	83,795	79,106	73,207	72,674	67,438
61,205	56,545	51,800	46,940	41,915	36,680
16,917	13,143	9,110	8,696	5,434	(5,437)
25,445	23,413	—	—	—	—
552,423	—	—	1,152,207	921,995	—
17,866	18,694	9,283	7,587	5,726	4,810
10,000	—	—	—	—	—
—	—	—	12,853	17,845	17,468
—	—	—	—	—	1,731
1,702,439	1,435,997	1,427,136	2,811,033	2,321,615	1,945,497
$ 5,876,437	$ 5,300,573	$ 5,163,295	$ 6,999,883	$ 6,414,058	$ 5,815,468

Schedule C–3
Legal Debt Margin
Last Ten Fiscal Years
(dollars expressed in millions)

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Taxable Property, Taxable Value [1]	$ 201,774	$ 224,689	$ 212,423	$ 205,284
Taxable Property, Fair Market Value [1]	282,176	311,525	291,460	280,846
Debt Limit (Fair Market Value times 1.50 %)	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount	4,233	4,673	4,372	4,213
Net General Obligation Bonded Debt [2] [3]	1,198	1,563	2,410	3,256
Legal Debt Margin	$ 3,035	$ 3,110	$ 1,962	$ 957
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount	28.30%	33.45%	55.12%	77.28%

Source: Utah State Tax Commission and the Utah Department of Administrative Services, Division of Finance.

Note: Article XIV, Section 1 of the *Utah Constitution* allows the State to contract debts not exceeding 1.50 percent of the total taxable property in the State. The Legislature authorizes general obligation indebtedness within this limit. The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. The State has other long-term contract liabilities consisting of unused vacation for employees of $92.010 million as of fiscal yearend. These contract liabilities do not affect the State's compliance with the constitutional debt limit.

[1] Taxable property is assessed January 1 of each year. The value used for the fiscal year limitation is from the prior calendar year; assessed values as of January 1, 2016, are used for fiscal year 2017.

Schedule C–4
Statutory Debt Limit
Last Ten Fiscal Years
(dollars expressed in thousands)

	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Appropriations Limitation Amount	$ 2,477,629	$ 2,515,576	$ 2,657,135	$ 2,849,469
Limit (Appropriations Limitation Amount times applicable percentage)	45.00%	45.00%	45.00%	45.00%
Statutory Debt Limit Amount	1,114,933	1,132,009	1,195,711	1,282,261
Net General Obligation Bonded Debt [1]	1,198,172	1,562,815	2,409,939	3,256,114
Less: Exempt Highway Construction Bonds	(763,583)	(1,079,270)	(1,860,685)	(2,698,330)
Net General Obligation Bonded Debt Subject to Statutory Debt Limit	434,589	483,545	549,254	557,784
Additional General Obligation Debt Incurring Capacity	$ 680,344	$ 648,464	$ 646,457	$ 724,477

Source: Utah Governor's Office of Management and Budget and the Utah Department of Administrative Services, Division of Finance.

Note: Article XIV, Section 5 of the *Utah Constitution* limits any funds borrowed to be used solely for purposes as authorized by law. In addition, Title 63J-3-402 of the *Utah Code* limits outstanding state general obligation debt to not exceed the applicable percentage (unless approved by more than two-thirds of both houses of the Legislature) of that fiscal year's appropriations limit. The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. The State has other long-term contract liabilities consisting of unused vacation for employees of $92.010 million as of fiscal yearend. These contract liabilities do not affect the State's compliance with the constitutional debt limit.

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ 201,473	$ 201,294	$ 207,211	$ 221,650	$ 235,273	$ 251,598
274,806	272,954	282,489	303,725	323,367	347,716
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
4,122	4,094	4,237	4,556	4,851	5,216
3,660	3,361	3,271	2,950	2,585	2,235
$ 462	$ 733	$ 966	$ 1,606	$ 2,266	$ 2,981
88.79%	82.1%	77.2%	64.75%	53.29%	42.85%

[2] During 2010 to 2012, the State issued general obligation bonds to take advantage of low interest rates and ease budget constraints.

[3] Net general obligation bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amount on refundings of bonded debt is no longer reported as part of long-term liabilities, but as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

Fiscal Year					
2012	2013	2014	2015	2016	2017
$ 3,033,826	$ 3,141,740	$ 3,250,227	$ 3,315,101	$ 3,468,856	$ 3,566,544
45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
1,365,222	1,413,783	1,462,602	1,491,795	1,560,985	1,604,945
3,660,089	3,360,901	3,271,302	2,949,659	2,585,224	2,235,433
(3,131,784)	(2,869,046)	(2,860,178)	(2,621,976)	(2,402,000)	(2,180,428)
528,305	491,855	411,124	327,683	183,224	55,005
$ 836,917	$ 921,928	$ 1,051,478	$ 1,164,112	$ 1,377,761	$ 1,549,940

[1] Net general obligation bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amount on refundings of bonded debt is no longer reported as part of long-term liabilities, but as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities*.

Schedule C–5
Pledged Revenue Coverage
Last Ten Fiscal Years
(dollars expressed in thousands)

Fiscal Year	Gross Revenues [1]	Less Operating Expenses [2]	Net Available Revenue	Debt Service: Principal	Debt Service: Interest	Coverage [3]
Water Loan Programs [4]						
2008	$ —	$ —	$ —	$ —	$ —	—
2009	$ —	$ —	$ —	$ —	$ —	—
2010	$ 1,295	$ —	$ 1,295	$ —	$ 862	1.50
2011	$ 3,742	$ —	$ 3,742	$ —	$ 2,424	1.54
2012	$ 3,860	$ —	$ 3,860	$ 4,595	$ 2,371	0.55
2013	$ 3,649	$ —	$ 3,649	$ 4,660	$ 2,297	0.52
2014	$ 3,877	$ —	$ 3,877	$ 4,745	$ 2,197	0.56
2015	$ 3,920	$ —	$ 3,920	$ 4,860	$ 2,067	0.57
2016	$ 3,744	$ —	$ 3,744	$ 5,025	$ 1,851	0.54
2017	$ 3,628	$ —	$ 3,628	$ 5,235	$ 1,658	0.53
Student Assistance Programs [5]						
2008	$ 129,255	$ 19,682	$ 109,573	$ 72,145	$ 98,154	0.64
2009	$ 84,465	$ 25,658	$ 58,807	$ 121,358	$ 62,839	0.32
2010	$ 70,616	$ 42,470	$ 28,146	$ 966,668	$ 35,967	0.03
2011 [6]	$ 27,188	$ (20,137)	$ 47,325	$ 557,894	$ 20,655	0.08
2012	$ 25,404	$ 14,904	$ 10,500	$ 797,350	$ 10,620	0.01
2013	$ 44,378	$ 27,914	$ 16,464	$ 208,715	$ 9,747	0.08
2014	$ 49,679	$ 36,697	$ 12,982	$ 171,000	$ 7,631	0.07
2015	$ 75,796	$ 59,463	$ 16,333	$ 967,584	$ 6,646	0.02
2016	$ 110,982	$ 87,889	$ 23,093	$ 483,729	$ 25,338	0.05
2017	$ 92,421	$ 65,327	$ 27,094	$ 1,227,465	$ 30,833	0.02

Note: Details regarding the State's outstanding bonds can be found in Note 10. Long-term Liabilities in the financial statements.

[1] Revenues for Water Loan Programs are primarily interest on revolving loan receivables; principal repayments are not included in gross revenues, but are pledged to cover debt service payments. Revenues for Student Assistance Programs are primarily interest on student loans and federal allowances.

[2] Operating Expenses do not include interest, depreciation, or amortization expenses.

[3] Coverage equals net available revenue divided by debt service.

[4] Between years 2008 and 2009, the State did not issue any water loan recapitalization bonds.

[5] Prior to 2015, only Student Loan Purchase Program bonds were presented. During 2015, the Warehouse Facility Fund line of credit was issued for $1.600 billion in order to acquire federally guaranteed student loans. In 2017, the Student Assistance Programs retired its line of credit issued in 2015 related to acquiring federally guaranteed student loans.

[6] During 2011, the Student Assistance Programs had a substantial decrease in its provision for interest arbitrage rebate of $37.200 million on its 1988 and 1993 revenue bonds.

This page intentionally left blank.

Schedule D–1
Demographic and Economic Indicators
Last Ten Calendar Years

Calendar Year	Population (in thousands)				Unemployment Rate		Utah Net Migration
	Utah		U.S.				
	Number	Change	Number	Change	Utah	U.S.	
2008	2,758	2.15%	304,992	0.98%	3.30%	5.80%	16,648
2009	2,735	(0.83)%	307,800	0.92%	7.80%	9.30%	3,700
2010	2,775	1.46%	310,100	0.75%	8.10%	9.60%	4,500
2011	2,814	1.41%	312,300	0.71%	6.80%	8.90%	2,300
2012	2,855	1.46%	314,500	0.70%	5.40%	8.10%	3,700
2013	2,901	1.61%	316,700	0.70%	4.40%	7.40%	9,200
2014	2,945	1.52%	319,500	0.88%	3.80%	6.20%	6,000
2015	2,991	1.56%	321,500	0.63%	3.50%	5.30%	14,200
2016	3,052	2.04%	323,700	0.68%	3.40%	4.90%	25,600
2017 (est.)	3,109	1.87%	325,900	0.68%	3.50%	4.40%	22,700

Calendar Year	Personal Income (in millions)				Per Capita Income (in dollars)			
	Utah		U.S.		Utah		U.S.	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
2008	$ 88,902	4.95%	$12,391,000	4.18%	$ 32,234	2.74%	$ 40,627	3.17%
2009	$ 87,947	(1.07)%	$11,930,000	(3.72)%	$ 32,156	(0.24)%	$ 38,759	(4.60)%
2010	$ 90,250	2.62%	$12,322,000	3.29%	$ 32,523	1.14%	$ 39,736	2.52%
2011	$ 94,401	4.60%	$12,947,000	5.07%	$ 33,547	3.15%	$ 41,457	4.33%
2012	$ 101,163	7.16%	$13,888,000	7.27%	$ 35,434	5.62%	$ 44,159	6.52%
2013	$ 104,910	3.70%	$14,167,000	2.01%	$ 36,163	2.06%	$ 44,733	1.30%
2014	$ 110,844	5.66%	$14,810,000	4.54%	$ 37,638	4.08%	$ 46,354	3.62%
2015	$ 118,725	7.11%	$15,553,000	5.02%	$ 39,694	5.46%	$ 48,376	4.36%
2016	$ 124,871	5.18%	$15,929,000	2.42%	$ 40,914	3.07%	$ 49,209	1.72%
2017 (est.)	$ 132,731	6.29%	$16,433,000	3.16%	$ 42,693	4.35%	$ 50,423	2.47%

Source: Population – Utah Population Estimates Committee at July 1 each year. The 2017 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate – Utah Department of Workforce Services. The 2017 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration – Utah Population Estimates Committee at July 1 each year. The 2017 estimate is from the Utah Revenue Assumption Committee.

Source: Personal Income – U.S. Department of Commerce, Bureau of Economic Analysis, and Utah Department of Workforce Services. The 2017 estimate is from the Utah Revenue Assumption Committee.

Note: Per Capita Income is calculated by dividing total personal income by population. Amounts may not be exact due to rounding.

Schedule D–2
Principal Employers
Most Current Calendar Year and Historical Comparisons

	Calendar Year 2007			Calendar Year 2016		
Entity Name	**Number of Employees**	**Rank**	**Percent of All Employees**	**Number of Employees**	**Rank**	**Percent of All Employees**
Intermountain Health Care (IHC)	20,000 +	1	2.20%	20,000 +	1	2.70%
University of Utah (includes Hospital)	15,000 – 19,999	3	1.30%	20,000 +	2	1.90%
State of Utah	20,000 +	2	1.70%	20,000 +	3	1.60%
Brigham Young University	15,000 – 19,999	4	1.20%	15,000 – 19,999	4	1.30%
Wal-Mart Stores	15,000 – 19,999	5	1.20%	15,000 – 19,999	5	1.20%
Hill Air Force Base	10,000 – 14,999	6	0.90%	10,000 – 14,999	6	0.90%
Utah State University	7,000 – 9,999	9	0.70%	7,000 – 9,999	7	0.70%
Davis County School District	5,000 – 6,999	10	0.60%	7,000 – 9,999	8	0.60%
Granite School District	7,000 – 9,999	7	0.80%	7,000 – 9,999	9	0.60%
Smith's Food and Drug Centers				7,000 – 9,999	10	0.50%
Jordan School District	7,000 – 9,999	8	0.70%			
Total Employees of Principal Employers	141,340		11.30%	171,500		12.00%

Source: Utah Department of Workforce Services.

Note: Number of employees is based on a calendar year average.

Schedule D–3
Composition of the Labor Force
Last Ten Calendar Years

	Calendar Year			
	2007	**2008**	**2009**	**2010**
Nonagricultural Jobs				
Government	206,868	211,710	214,679	216,828
Mining	11,034	12,506	10,694	10,442
Construction	103,450	90,469	70,492	65,223
Manufacturing	127,695	125,852	112,879	111,075
Trade, Transportation, and Utilities	245,672	247,978	234,098	229,108
Information	32,448	30,747	29,570	29,276
Financial Activity	74,739	74,050	71,092	67,981
Professional and Business Services	161,022	162,194	149,532	152,335
Education and Health Services	139,991	146,617	150,866	155,001
Leisure and Hospitality	112,821	114,813	110,859	110,662
Other Services	35,542	35,534	34,028	33,625
Total Nonagricultural Jobs	1,251,282	1,252,470	1,188,789	1,181,556
Civilian Labor Force	1,364,769	1,376,458	1,382,861	1,362,489
Total Employed	1,329,174	1,330,369	1,275,514	1,252,517
Unemployed	35,595	46,089	107,347	109,972
Unemployment Rate	2.60%	3.30%	7.80%	8.10%

Source: Utah Department of Workforce Services and the Utah Revenue Assumption Committee. Prior year information has been updated with the most recent data available.

Calendar Year					
2011	**2012**	**2013**	**2014**	**2015**	**2016**
220,772	223,298	225,917	230,619	233,658	239,418
11,659	12,553	12,107	12,160	10,372	8,494
65,166	69,231	73,462	78,676	84,676	91,537
113,684	116,667	118,747	120,706	123,695	125,926
233,251	241,815	246,900	252,574	263,158	271,433
29,495	31,295	32,427	33,320	34,402	36,757
68,391	69,537	72,869	74,965	79,020	81,711
159,420	167,268	177,462	185,121	194,127	202,175
159,210	163,590	170,541	174,309	182,273	190,935
113,512	118,640	123,521	128,086	133,657	138,591
34,090	35,054	36,425	37,604	38,689	39,405
1,208,650	1,248,948	1,290,378	1,328,140	1,377,727	1,426,382
1,353,257	1,376,628	1,418,522	1,431,553	1,464,404	1,511,465
1,261,698	1,302,641	1,355,720	1,377,013	1,412,473	1,459,703
91,559	73,987	62,802	54,540	51,931	51,762
6.80%	5.40%	4.40%	3.80%	3.50%	3.40%

Schedule D–4
Public Education Student Enrollment (K-12)
Last Ten Academic Years

	Academic Year			
	2007–08	**2008–09**	**2009–10**	**2010–11**
Elementary	303,807	314,676	322,704	329,111
Secondary	233,846	236,694	240,569	247,134
Total All Grades	537,653	551,370	563,273	576,245

Source: State of Utah Office of Education

Note: Public Education Student Enrollment count is based on October 1st counts.

Schedule D–5
Public Higher Education Enrollment
Last Ten Academic Years

	Academic Year			
	2008–09	**2009–10**	**2010–11**	**2011–12**
University of Utah	30,228	31,407	30,833	31,673
Utah State University [1]	23,925	25,065	25,767	28,994
Weber State University	21,674	23,331	24,126	25,483
Southern Utah University	7,516	8,066	8,024	7,750
Salt Lake Community College	29,866	33,774	33,983	33,167
Utah Valley University	26,696	28,765	32,670	33,395
Dixie State University	6,443	7,911	8,755	9,086
College of Eastern Utah [1]	2,082	2,173	2,634	—
Snow College	3,798	4,368	4,386	4,465
Utah College of Applied Technology	20,321	18,831	18,476	15,536
Total All Institutions	172,549	183,691	189,654	189,549

Source: Utah State Board of Regents

Note: Utah Higher Education Enrollment count is based on fall semester third week headcounts.

[1] Includes USU-Eastern (formerly College of Eastern Utah) beginning in academic year 2011–12.

Academic Year					
2011–12	**2012–13**	**2013–14**	**2014–15**	**2015–16**	**2016–17**
334,110	340,443	345,967	349,382	353,050	356,686
253,635	260,542	266,584	272,771	280,846	287,790
587,745	600,985	612,551	622,153	633,896	644,476

Academic Year					
2012–13	**2013–14**	**2014–15**	**2015–16**	**2016–17**	**2017–18**
32,398	32,080	31,515	31,673	32,061	32,800
28,786	27,812	27,662	28,622	28,118	27,679
26,680	25,301	26,266	25,955	26,809	27,949
8,297	7,745	7,656	8,881	8,955	9,468
30,112	31,137	29,537	28,814	29,901	29,620
31,556	30,564	31,332	33,211	34,978	37,282
8,863	8,350	8,570	8,503	8,993	9,673
—	—	—	—	—	—
4,599	4,605	4,779	5,111	5,350	5,563
15,418	14,851	14,834	16,933	17,293	16,838
186,709	182,445	182,151	187,703	192,458	196,872

Schedule E–1
Full-Time Equivalent State Employees by Function
Last Ten Fiscal Years

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
General Government:				
Government Operations	2,114	2,084	2,018	1,976
Tax Commission	777	763	723	719
All Other	157	154	157	152
Human Services and Juvenile Justice Services	4,546	4,464	4,155	3,935
Corrections	2,377	2,439	2,271	2,243
Public Safety:				
Department of Public Safety	1,153	1,202	1,218	1,241
Utah National Guard	237	239	196	214
State Courts	1,112	1,096	1,068	1,042
Health and Environmental Quality:				
Department of Health	991	988	950	937
Department of Environmental Quality	385	383	384	376
Employment and Family Services [1]	2,030	2,062	2,066	2,041
Natural Resources	1,330	1,361	1,350	1,361
Heritage and Arts [1]	188	191	193	190
Business, Labor, and Agriculture	722	715	691	686
Education:				
Public Education Support	1,168	1,178	1,170	1,137
Higher Education Support	223	205	171	195
Transportation	1,716	1,685	1,637	1,612
Total Full-time Equivalent State Employees	21,226	21,209	20,418	20,057

Source: Utah Department of Administrative Services, Division of Finance

[1] In fiscal year 2013, Legislative action moved the Housing and Community Development Division from the Heritage and Arts to the Employment and Family Services.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
2,024	2,069	2,066	2,055	2,063	2,095
716	718	715	708	697	690
159	165	166	176	181	185
3,907	3,955	3,991	3,942	4,037	4,113
2,244	2,265	2,295	2,307	2,392	2,453
1,275	1,314	1,327	1,324	1,329	1,333
226	243	218	210	226	247
1,038	1,031	1,009	994	994	986
923	933	946	946	943	954
372	376	371	373	367	365
1,912	1,872	1,768	1,758	1,719	1,989
1,302	1,304	1,304	1,315	1,320	1,334
169	117	117	120	125	126
701	722	728	748	767	773
1,094	1,119	1,119	1,135	1,138	816
204	213	227	277	236	274
1,604	1,603	1,583	1,569	1,616	1,642
19,870	20,019	19,950	19,957	20,150	20,375

Schedule E–2
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
General Government				
Government Operations:				
Construction Projects Managed	946	841	847	898
Tax Commission:				
Percent of Data Managed Electronically	62.90%	65.30%	70.50%	77.00%
Number of Returns Filed Electronically	725,293	748,879	777,485	863,907
Motor Vehicle Registrations (in thousands)	2,779	2,759	2,681	2,583
Human Services and Juvenile Justice Services				
Food Stamp Recipients	224,313	293,151	363,714	394,170
Percent of Population	8.13%	10.72%	13.11%	14.01%
Juveniles, Daily Average in Justice System Placement	1,132	1,105	1,023	946
Rate of Recommitment to Juvenile Custody	7.30%	7.20%	8.30%	6.90%
Corrections: [1]				
Incarcerated Offenders	6,489	6,521	6,692	6,812
Supervised Offenders	12,519	12,423	12,702	12,906
Utah Incarceration Rate (per 100,000 population)	232	232	232	238
US Incarceration Rate (per 100,000 population)	509	504	502	500
State Courts: [2]				
State Court Filings	270,684	369,830	367,541	348,548
State Court Dispositions	225,362	369,772	341,626	312,953
Health				
Children's Health Insurance Program Enrollment	32,101	38,036	41,503	38,498
Medicaid Eligible (unduplicated)	267,378	298,372	325,204	340,805
Percent of Population	9.69%	10.91%	11.72%	12.11%
Employment and Family Services				
Individuals Registered for Employment	211,906	283,692	317,998	316,703
Percent Who Entered Employment	74.00%	71.00%	59.00%	56.00%
Natural Resources				
Hatchery Fish, Pounds Raised	964,630	1,106,719	1,334,782	1,240,499
Hunting and Fishing Licenses Sold [1 3]	599,691	607,875	598,474	661,239
State Park Visitations (in thousands)	4,549	4,624	4,620	4,821
Business, Labor, and Agriculture				
Department of Commerce:				
Licenses and Registrations Issued [4]	314,894	321,943	308,717	315,238
Department of Agriculture and Food: [1]				
Dairy Farm Inspections	718	743	667	718
Pounds of Turkey Inspected and Graded (in thousands)	81,945	55,685	77,257	106,016
Gas Pumps and Scales Inspected	19,631	22,216	15,548	21,499
Higher Education				
Number of Certificates and Degrees Awarded	33,608	26,990	28,639	30,199
Transportation				
Percent of Roads Which are Deficient [5]	13.90%	13.10%	14.70%	10.90%
Vehicles Weighed or Inspected (in thousands)	6,278	4,790	4,686	4,622

Source: Various agencies of the State and the Utah State Board of Regents.

Note: N/A = Not Available

[1] Data is provided on a calendar year basis.

[2] State Courts includes filings and dispositions for the appellate, district, and juvenile courts; it does not include the justice courts which are operated by cities and counties.

[3] Includes only licenses for elk, deer, fishing and all other big game.

[4] Includes professional, occupational, real estate, and securities licenses. Does not include corporation and other business registrations or filings.

[5] Assessments are completed at a minimum of every other calendar year. See Information About Infrastructure Assets Reported Using The Modified Approach.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
849	815	1,020	802	645	644
75.50%	78.10%	79.90%	81.80%	83.20%	83.80%
946,606	997,329	1,051,940	1,103,323	1,171,287	1,196,647
2,725	2,759	2,863	2,846	2,961	3,027
404,316	389,426	363,154	348,459	338,362	323,768
14.16%	13.42%	12.33%	11.65%	11.09%	10.41%
928	923	922	812	686	604
6.40%	5.90%	6.60%	7.80%	8.40%	9.90%
6,893	7,065	7,113	6,723	6,298	N/A
12,759	12,730	15,307	13,897	16,590	N/A
242	242	237	215	N/A	N/A
492	477	471	458	N/A	N/A
329,176	324,523	311,187	305,778	288,797	283,449
309,307	309,420	279,903	273,731	260,952	262,841
37,872	35,446	29,953	15,775	17,058	19,248
361,457	366,061	391,139	415,843	418,356	414,519
12.66%	12.62%	13.28%	13.90%	13.71%	13.33%
351,629	318,008	260,138	215,861	185,347	150,168
59.00%	61.00%	65.00%	66.00%	71.00%	73.00%
1,058,375	1,180,927	1,204,984	1,212,696	1,093,205	1,081,766
659,534	682,594	583,460	585,666	558,893	582,751
5,051	5,054	3,741	4,482	5,176	5,691
325,769	333,646	350,416	355,124	378,478	387,348
678	672	693	560	533	N/A
45,869	33,743	107,833	79,060	102,511	N/A
20,492	20,377	26,612	32,131	32,486	N/A
31,553	31,970	32,491	32,797	33,822	36,701
10.90%	—	12.50%	10.70%	—	N/A
4,807	6,071	7,484	6,706	5,969	7,893

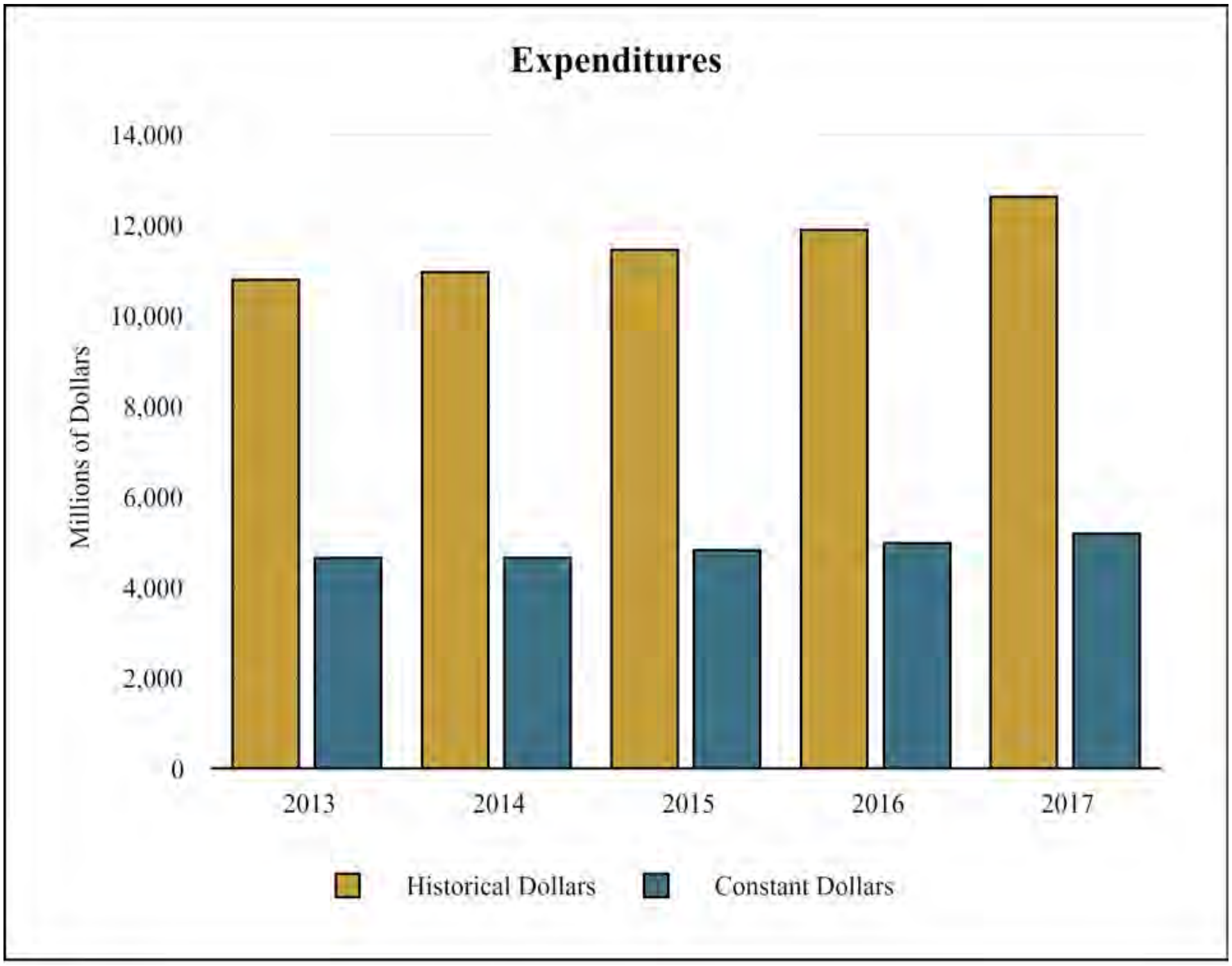
Schedule E–3
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2008	**2009**	**2010**	**2011**
General Government				
Buildings	289	290	299	305
Vehicles	7,437	7,256	7,266	7,323
Data Processing Equipment and Software	2,302	2,448	2,437	2,541
Reproduction and Printing Equipment	1,020	994	1,003	1,065
Human Services and Juvenile Justice Services				
Data Processing Equipment and Software	61	45	64	52
Corrections				
Data Processing Equipment and Software	230	219	226	218
Security and Surveillance Equipment	52	55	59	59
Public Safety				
Department of Public Safety:				
Vehicles	28	28	34	34
Data Processing Equipment and Software	127	182	200	222
Medical and Lab Equipment	146	147	174	184
Utah National Guard:				
Buildings	192	193	206	213
State Courts				
Data Processing Equipment and Software	95	95	105	64
Audio Visual Equipment	191	190	192	192
Health and Environmental Quality				
Department of Health:				
Data Processing Equipment and Software	211	216	147	143
Medical and Lab Equipment	228	218	257	287
Department of Environmental Quality:				
Monitoring and Lab Equipment	313	327	316	349
Employment and Family Services				
Data Processing Equipment and Software	458	464	449	422
Natural Resources				
Division of Parks and Recreation:				
State Parks	42	42	42	43
Buildings	667	681	684	719
Vehicles	292	315	329	333
Division of Wildlife Resources:				
Wildlife Management Areas	87	92	92	92
Fish Hatcheries	11	11	11	11
Buildings	165	163	166	175
Vehicles	189	193	208	212
Business, Labor, and Agriculture				
Data Processing Equipment and Software	99	91	94	97
Monitoring and Lab Equipment	106	106	105	108
Transportation				
Highway Center Line Miles	5,754	5,699	5,753	5,772
Buildings	345	358	361	386
Vehicles	832	832	824	838
Heavy Equipment	2,543	2,544	2,538	2,549

Source: Utah Department of Administrative Services, Division of Finance and various agencies of the State.

Fiscal Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
311	314	314	315	319	323
7,309	7,360	7,524	7,781	7,886	7,732
2,691	2,794	2,931	2,383	2,428	1,397
1,127	1,165	1,209	1,178	1,140	1,138
52	59	64	64	64	68
216	216	216	220	222	220
67	59	55	69	73	75
35	35	35	34	35	35
230	247	249	204	213	222
187	193	197	207	220	236
215	221	223	229	235	237
64	64	52	63	63	60
145	146	143	151	150	146
127	131	120	112	89	69
303	288	302	291	295	283
376	384	404	433	448	510
389	396	358	365	370	387
43	43	43	43	43	43
722	727	736	756	778	779
332	332	334	340	344	351
92	92	92	92	92	92
11	11	11	12	11	11
180	181	182	183	190	191
201	202	203	209	214	220
102	117	117	114	101	110
111	111	114	118	122	138
5,724	5,719	5,719	5,830	5,825	5,880
387	391	402	423	440	442
844	861	878	904	931	956
2,574	2,582	2,593	2,595	2,599	2,602

Schedule F–1
Expenditures — Historical and Constant Dollars
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Historical Dollars		Constant Dollars	
	(in millions)	Change	(in millions)	Change
2013	$10,827	(2.58)%	$4,680	(4.18)%
2014	$10,986	1.47%	$4,676	(0.09)%
2015	$11,482	4.51%	$4,851	3.74%
2016	$11,923	3.84%	$5,004	3.15%
2017	$12,656	6.15%	$5,216	4.24%

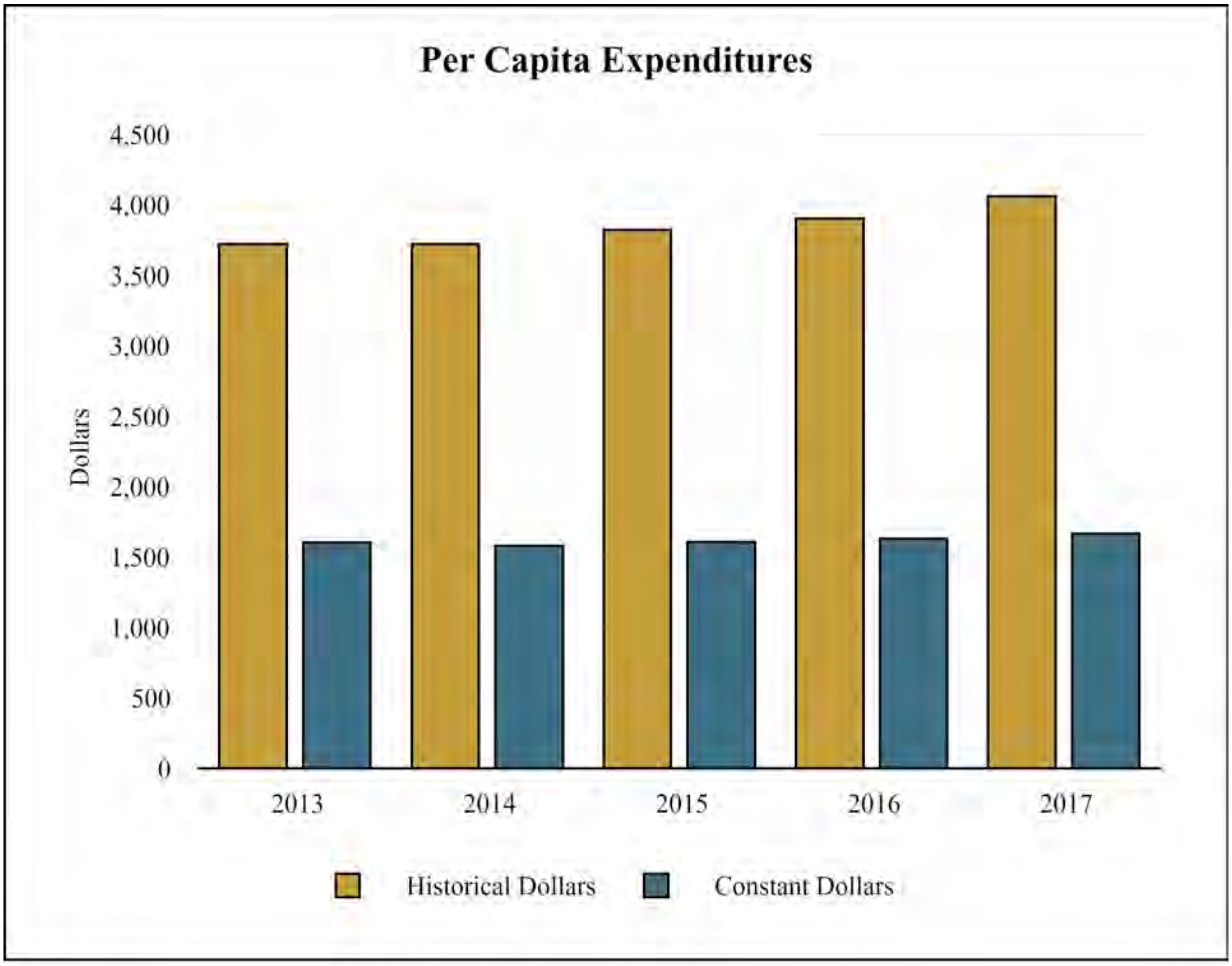
Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982–84 = 100.

Schedule F–2

Per Capita Expenditures — Historical and Constant Dollars

All Governmental Fund Types

Last Five Fiscal Years



Per Capita Expenditures

Fiscal Year	Historical Dollars	Change	Constant Dollars	Change
2013	$3,732	(4.14)%	$1,613	(5.73)%
2014	$3,730	(0.05)%	$1,588	(1.55)%
2015	$3,832	2.73%	$1,619	1.95%
2016	$3,913	2.11%	$1,642	1.42%
2017	$4,071	4.03%	$1,678	2.16%

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982–84 = 100.

This page intentionally left blank.

State *of* Utah

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

2017

Utah Department of Administrative Services

2110 State Office Building | Salt Lake City, Utah 84114 | www.finance.utah.gov

APPENDIX B

ADDITIONAL DEBT AND FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

Outstanding General Obligation Indebtedness Of The State

The State has issued general obligation bonds for general administrative buildings, higher education buildings, highways (transportation), prisons, water and wastewater facilities, flood control facilities, technology, and refunding purposes. As of March 7, 2018, the State expects to have the following principal amounts of general obligation debt outstanding.

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2018 (2)	Prison/highways	$343,155,000	July 1, 2032	$ 343,155,000
2017 (3)	Refunding/highways	118,700,000	July 1, 2028	118,700,000
2017 (4)	Prison/highways	142,070,000	July 1, 2032	142,070,000
2015	Refunding	220,980,000	July 1, 2026	220,980,000
2013 (5)	Highways	226,175,000	July 1, 2022 (9)	71,225,000
2011A (6)	Building/highways	609,920,000	July 1, 2021 (10)	175,965,000
2010C	Refunding	172,055,000	July 1, 2019	114,910,000
2010B (7)	Highways (BABs)	621,980,000	July 1, 2025	621,980,000
2009D (7)	Highways (BABs)	491,760,000	July 1, 2024	491,760,000
2009C	Building/highways	490,410,000	July 1, 2018	70,865,000
2009A (8)	Highways	394,360,000	July 1, 2018 (11)	25,265,000
Total principal amount of outstanding general obligation debt (12)				$2,396,875,000

(1) 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) $88,605,000 of these bonds is included in Statutory Appropriations General Obligation Debt Limit calculations.

(3) Issued as a direct purchase.

(4) $100,810,000 of these bonds is included in Statutory Appropriations General Obligation Debt Limit calculations.

(5) Portions of this bond issue were refunded by the 2017 GO (refunding) Bonds.

(6) Portions of this bond issue were refunded by the 2015 GO Bonds.

(7) Issued as federally taxable, originally 35% issuer subsidy, "Build America Bonds."

(8) Portions of this bond issue were refunded by the 2010C GO Bonds and the 2015 GO Bonds.

(9) Final maturity date after the refunding effected by the 2017 GO (Refunding) Bonds.

(10) Final maturity date after the refunding effected by the 2015 GO Bonds.

(11) Final maturity date after the refunding effected by the 2010C GO Bonds and the 2015 GO Bonds.

(12) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued that is reported in the long–term debt notes of the State's financial statements. For accounting purposes, the total unamortized bond premium is $109,318,270 (as of March 7, 2018), together with current debt outstanding of $2,396,875,000, results in total outstanding net direct debt of $2,506,193,270.

(Source: Municipal Advisor.)

Also, see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017—Notes to the Financial Statements, Note 10. Long–Term Liabilities–B. General Obligation Bonds" (CAFR page 105).

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 Constitution are estimated to be on March 7, 2018 as follows:

Fair market value of ad valorem taxable property (1)	$335,540,187,517
Fees in lieu of ad valorem taxable property (2)	12,176,096,150
Total fair market value of taxable property (1)	$347,716,283,667
Constitutional Debt Limit (1.5%)	$5,215,744,255
Currently outstanding general obligation debt (net) (3)	(2,506,193,270)
Long–term contract liabilities (4)	(92,010,084)
Estimated additional Constitutional Debt Limit incurring capacity of the State (5)	$2,617,540,901

(1) Based on Calendar Year 2016 (Fiscal Year 2017) 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 2016 (Fiscal Year 2017) "age based" values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state–assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.

(3) Includes unamortized original issue bond premium that was treated as principal for purposes of calculating the applicable Constitutional Debt Limit; the Statutory Appropriations General Obligation Debt Limit; and the Statutory 2017 General Obligation Highway Limitation Debt Limit (as defined herein).

(4) In the opinion of the State Auditor, the State has other long–term liabilities consisting of unused vacation leave for employees of $92,010,084 which financial obligations may be considered as general obligation debt of the State. Although no final legal determination has been made, for purposes of this OFFICIAL STATEMENT, this amount will be applied against the State's Constitutional Debt Limit.

(5) The State is further limited on its issuance of general obligation indebtedness by statute, see in this section "Statutory Appropriations General Obligation Debt Limit" below. Additionally, the State is limited on the future issuance of general obligation bonds authorized in the Highway Project Act, see in this section "Statutory Debt Limit on Issuance of Certain General Obligation Highway Bonds" below.

(Source: Municipal Advisor.)

Constitutional Debt Limit Estimate Using Calendar Year 2017 (Fiscal Year 2018) 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 2017 (Fiscal Year 2018) estimated fair market value of ad valorem taxable property and valuation for fees in lieu property is approximately $375.7 billion, leaving the State approximately $3.04 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 $2,396,875,000, $2,207,460,000 is exempt from the State Appropriations and Tax Limitation Act. See "Outstanding General Obligation Indebtedness" above and "Authorized General Obligation Bonds and Future General Obligation Bonds Issuance" below.

Using the budget appropriations for Fiscal Year 2018, the Statutory Appropriations General Obligation Debt Limit under the State Appropriations and Tax Limitation Act and additional general obligation debt incurring capacity of the State under that act are as of March 7, 2018, as follows:

Statutory Appropriations General Obligation Debt Limit (1)	$1,681,834,186
Statutorily applicable general obligation debt (net) (2)	(220,697,471)
Long–term contract liabilities (3)	(92,010,084)
Remaining Statutory Appropriations General Obligation Debt Limit capacity	$1,369,126,632

(1) 45% of the Fiscal Year 2018 appropriation limit of $3,737,409,304 (as of the date of this OFFICIAL STATEMENT). (Source: Governor's Office of Management and Budget.)

(2) Includes unamortized original issue bond premium that is treated as principal for purposes of calculating the applicable Constitutional Debt Limit and Statutory Appropriations General Obligation Debt Limit.

(3) In the opinion of the State Auditor, the State has other long–term contract liabilities consisting of unused vacation leave for employees of approximately $92,010,084 which financial obligations may be considered as general obligation debt of the State. Although no final legal determination, for purposes of this OFFICIAL STATEMENT, this amount will be applied against the State's Statutory Appropriations General Obligation Debt Limit.

(Source: Municipal Advisor.)

For a 10–year Fiscal Year history of the State's Constitutional and Statutory Appropriations General Obligation Debt Limits see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017–Statistical Section–Schedule C–3 Legal Debt Margin" and "–Schedule C–4 Statutory Debt Limit" (CAFR page 220).

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").

(The remainder of this page has been intentionally left blank.)

Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year (1)

Fiscal Year Ending June 30	Series 2018 $343,155,000 Principal	Series 2018 Interest	Series 2017 (Refunding) $118,700,000 Principal	Series 2017 (Refunding) Interest	Series 2017 $142,070,000 Principal	Series 2017 Interest	Series 2015 $220,980,000 Principal	Series 2015 Interest
2017………	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 10,460,625
2018………	0	0	0	0	0	0	0	10,460,625
2019………	20,290,000	12,975,193	1,100,000 (2)	2,721,534	6,515,000	9,822,367	0	10,460,625
2020………	20,855,000	14,482,869	1,300,000 (2)	2,578,748	10,700,000	6,202,000	24,765,000	9,841,500
2021………	21,925,000	13,413,369	1,300,000 (2)	2,550,083	11,225,000	5,653,875	0	9,222,375
2022………	23,005,000	12,313,119	1,400,000 (2)	2,520,315	11,825,000	5,077,625	0	9,222,375
2023………	24,180,000	11,156,494	1,400,000 (2)	2,489,445	12,400,000	4,472,000	39,290,000	8,240,125
2024………	25,385,000	9,929,919	17,700,000 (2)	2,278,868	13,050,000	3,835,750	39,260,000	6,276,375
2025………	26,705,000	8,640,219	18,100,000 (2)	1,884,173	13,700,000	3,167,000	39,235,000	4,314,000
2026………	28,030,000	7,283,194	18,500,000 (2)	1,480,658	14,425,000	2,463,875	39,205,000	2,353,000
2027………	29,480,000	5,856,794	18,900,000 (2)	1,068,323	15,175,000	1,723,875	39,225,000	686,438
2028………	18,280,000	4,662,794	19,300,000 (2)	647,168	15,930,000	946,250	–	–
2029………	19,215,000	3,725,419	19,700,000 (2)	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	–	–
Totals………	$ 343,155,000	$ 110,392,570	$ 118,700,000	$ 20,436,504	$ 142,070,000	$ 44,769,117	$ 220,980,000	$ 81,538,063

Fiscal Year Ending June 30	Series 2013 $226,175,000 Principal	Series 2013 Interest	Series 2012A (4) $37,350,000 Principal	Series 2012A (4) Interest	Series 2011A $609,920,000 Principal	Series 2011A Interest	Series 2010C $172,055,000 Principal	Series 2010C Interest
2017………	$ 11,625,000	$ 8,829,375	$ 3,050,000	$ 1,483,500	$ 48,765,000	$ 13,067,000	$ 28,510,000	$ 7,667,200
2018………	12,225,000	6,050,000	28,145,000	703,625	70,855,000	10,213,325	28,635,000	6,309,325
2019………	12,850,000	3,240,000	–	–	43,995,000	7,379,025	70,435,000	3,873,575
2020………	13,525,000	2,580,625	–	–	43,990,000	5,202,500	44,475,000	1,056,350
2021………	14,200,000	1,887,500	–	–	43,990,000	3,024,700	–	–
2022………	14,950,000	1,158,750	–	–	43,990,000	965,600	–	–
2023………	15,700,000	392,500	–	–	0	0 (5)	–	–
2024………	0	0 (3)	–	–	0	0 (5)	–	–
2025………	0	0 (3)	–	–	0	0 (5)	–	–
2026………	0	0 (3)	–	–	0	0 (5)	–	–
2027………	0	0 (3)	–	–	0	0 (5)	–	–
2028………	0	0 (3)	–	–	–	–	–	–
2029………	0	0 (3)	–	–	–	–	–	–
2030………	–	–	–	–	–	–	–	–
2031………	–	–	–	–	–	–	–	–
2032………	–	–	–	–	–	–	–	–
2033………	–	–	–	–	–	–	–	–
Totals………	$ 95,075,000	$ 24,138,750	$ 31,195,000	$ 2,187,125	$ 295,585,000	$ 39,852,150	$ 172,055,000	$ 18,906,450

(1) 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 approximately $1,006,657 for the federal fiscal year ending September 30, 2018.*

(2) Mandatory sinking fund principal payments from a $118,700,000 2.205% term bond due July 1, 2028.

(3) Principal and interest has been refunded by the 2017 GO (Refunding) Bonds.

(4) These bonds have been included in this table because final principal and interest payments occurred in Fiscal Years 2017 and 2018.

(5) Principal and interest has been refunded by the 2015 GO Bonds.

Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year−continued

Fiscal Year Ending June 30	Series 2010B $621,980,000 Principal	Series 2010B $621,980,000 Interest (7)	Series 2010A (4) $412,990,000 Principal	Series 2010A (4) $412,990,000 Interest	Series 2009D $491,760,000 Principal	Series 2009D $491,760,000 Interest (7)	Series 2009C $490,410,000 Principal	Series 2009C $490,410,000 Interest
2017………	$ 0	$ 21,480,074	$ 81,125,000	$ 3,463,925	$ 0	$ 22,098,170	$ 69,165,000	$ 8,416,438
2018………	0	21,480,074	38,915,000	758,725	0	22,098,170	67,495,000	5,089,688
2019………	0	21,480,074	–	–	0	22,098,170	70,865,000	1,721,625
2020………	29,470,000	21,010,175	–	–	74,145,000	20,558,179	–	–
2021………	101,775,000	18,866,586	–	–	87,715,000 (8)	17,020,917	–	–
2022………	102,480,000	15,466,620	–	–	86,740,000 (8)	13,048,576	–	–
2023………	103,250,000 (6)	11,913,336	–	–	90,825,000 (8)	9,005,421	–	–
2024………	104,160,000 (6)	8,243,216	–	–	64,420,000 (8)	5,470,493	–	–
2025………	104,430,000 (6)	4,552,216	–	–	87,915,000 (8)	2,001,825	–	–
2026………	76,415,000 (6)	1,352,163	–	–	–	–	–	–
2027………	–	–	–	–	–	–	–	–
2028………	–	–	–	–	–	–	–	–
2029………	–	–	–	–	–	–	–	–
2030………	–	–	–	–	–	–	–	–
2031………	–	–	–	–	–	–	–	–
2032………	–	–	–	–	–	–	–	–
2033………	–	–	–	–	–	–	–	–
Totals……..	$ 621,980,000	$ 145,844,532	$ 120,040,000	$ 4,222,650	$ 491,760,000	$ 133,399,921	$ 207,525,000	$ 15,227,750

Fiscal Year Ending June 30	Series 2009A $394,360,000 Principal	Series 2009A $394,360,000 Interest	Series 2004A (4) $314,775,000 Principal	Series 2004A (4) $314,775,000 Interest		Totals (1) Total Principal	Totals (1) Total Interest	Totals (1) Total Debt Service
2017………	$ 25,265,000	$ 3,016,725	$ 57,405,000	$ 1,435,125	………………	$ 324,910,000	$ 101,418,157	$ 426,328,157
2018………	25,265,000	1,803,975	–	–	………………	271,535,000	84,967,532	356,502,532
2019………	25,265,000	586,175	–	–	………………	251,315,000	96,358,363	347,673,363
2020………	0	0 (9)	–	–	………………	263,225,000	83,512,945	346,737,945
2021………	0	0 (10)	–	–	………………	282,130,000	71,639,403	353,769,403
2022………	0	0 (10)	–	–	………………	284,390,000	59,772,980	344,162,980
2023………	0	0 (10)	–	–	………………	287,045,000	47,669,321	334,714,321
2024………	0	0 (10)	–	–	………………	263,975,000	36,034,620	300,009,620
2025………	–	–	–	–	………………	290,085,000	24,559,432	314,644,432
2026………	–	–	–	–	………………	176,575,000	14,932,890	191,507,890
2027………	–	–	–	–	………………	102,780,000	9,335,429	112,115,429
2028………	–	–	–	–	………………	53,510,000	6,256,211	59,766,211
2029………	–	–	–	–	………………	42,115,000	4,442,611	46,557,611
2030………	–	–	–	–	………………	23,500,000	3,142,543	26,642,543
2031………	–	–	–	–	………………	24,555,000	2,096,944	26,651,944
2032………	–	–	–	–	………………	25,440,000	1,210,563	26,650,563
2033………	–	–	–	–	………………	26,235,000	407,641	26,642,641
Totals……..	$ 75,795,000	$ 5,406,875	$ 57,405,000	$ 1,435,125	………………	$2,993,320,000	$ 647,757,581	$3,641,077,581

(6) Mandatory sinking fund principal payments from a $388,255,000 3.539% term bond due July 1, 2025.
(7) Issued as federally taxable “Build America Bonds.” Does not reflect an originally 35% federal interest subsidy payments.
(8) Mandatory sinking fund principal payments from a $417,615,000 4.554% term bond due July 1, 2024.
(9) Principal and interest has been refunded by the 2015 GO Bonds.
(10) Principal and interest has been refunded by the 2010C GO Bonds.

(Source: Municipal Advisor.)

Debt Ratios Regarding General Obligation Debt Of The State

	Fiscal Year				
	2017	2016	2015	2014	2013
Outstanding general obligation debt (in $1,000's)	$2,173,985	$2,498,895	$2,830,150	$3,136,755	$3,225,435
Debt ratios:					
Per capita	$712	$834	$962	$1,081	$1,126
As % of State Total Personal Income	1.64%	2.00%	2.38%	2.83%	3.08%
As % of Taxable Value	0.91%	1.12%	1.35%	1.60%	1.70%
As % of Fair Market/Market Value	0.65%	0.80%	0.97%	1.16%	1.23%

	Estimated As of March 7, 2018
Outstanding general obligation debt	$2,396,875,000
Debt ratios:	
Per capita (2017 Census Bureau estimate–3,101,833)	$773
As % of State Total Personal Income (2018 forecast–$139,247,000,000)	1.72%
As % of Taxable Value (FY 2017 estimate–$259,376,000,000)	0.92%
As % of Fair Market Value/Market Value (FY 2017 estimate–$363,500,000,000)	0.66%

(Source: Municipal Advisor.)

The ratios of debt service expenditures to General Fund expenditures (excluding Trust Lands expenditures of $17.029 million in Fiscal Year 2017) and to all governmental fund type expenditures for the last five Fiscal Years are shown below:

	Fiscal Year ($ in Thousands)				
	2017	2016	2015	2014	2013
General Fund Expenditures	$6,654,337	$6,409,600	$6,160,589	$5,915,943	$5,671,148
Debt Service Expenditures	$447,645	$467,381	$455,733	$479,760	$463,740
Ratio of Debt Service to General Fund Expenditures	6.73%	7.29%	7.40%	8.11%	8.18%
Total All Governmental Funds Expenditures	$12,639,449	$11,923,040	$11,482,470	$10,986,124	$10,826,503
Ratio of Debt Service Expenditures to All Governmental Fund Expenditures	3.54%	3.92%	3.97%	4.37%	4.28%

(Sources: Division of Finance and the Fiscal Year 2017 CAFR.)

For a 10–year history of debt ratios of outstanding debt by Fiscal Year see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017–Statistical Section–Schedule C–1 Ratios of Outstanding Debt by Type" (CAFR page 216).

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	$31,225,000

(1) Rated "Aa2" by Moody's and "AA" by S&P, as of the date of this OFFICIAL STATEMENT. No bond rating was requested from Fitch. Issued as federally taxable, originally 35% issuer subsidy, "Build America Bonds."

(Source: Municipal Advisor.)

Average annual principal and interest payments on the State's recapitalization revenue bonds are approximately $6.99 million for each Fiscal Year extending through Fiscal Year 2023 (Source: Municipal Advisor). See also "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017–Notes to the Financial Statements–Note 10. Long–term Liabilities. C. Revenue Bonds–Revenue Bond Payable–Primary Government–Water Loan Programs" (CAFR page 108).

Also see "DEBT STRUCTURE OF THE STATE OF UTAH—State Moral Obligation Bonds" above.

(The remainder of this page has been intentionally left blank)

(This page has been intentionally left blank)

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 *2018 Economic Report to the Governor* (the "2018 Economic Report to the Governor January 2018") and from other reliable sources. A complete copy of the 2018 Economic Report to the Governor may be obtained on the Web or by contacting Governor's Office of Management and Budget ("GOMB"); 801.538.1027 | f 801.538.1547 | http://www.gomb.utah.gov.

Additionally, GOMB may have updated certain sections contained in this appendix with the latest information available.

Geographic Information

On January 4, 1896, the State became the 45th state of the United States of America (the "U.S."). Ranking 13th among the states in total area, the State contains approximately 84,900 square miles. It ranges in elevation from a low of 2,200 feet above sea level in the south, to a high of 13,500 feet above sea level in the northern mountains. The State is in a semi–arid region (precipitation ranks as the 2nd lowest in the nation, behind Nevada). Home to deserts, plateaus, the Great Basin and the Rocky Mountains, the state is known for its scenic beauty and the diversity of its outdoor recreation areas. Land ownership in the State was distributed as about 64% federal, 10% State, and 26% other (American Indian reservation, municipal, state sovereign lands, and private).

Demographics

2017 Overview. The U.S. Census Bureau estimated the 2017 population of the State to be 3,101,833 persons. This is an increase of 57,512 persons and a growth rate of 1.9%, the third highest growth rate in the nation. The Utah Population Committee, whose estimates differ slightly from the U.S. Census Bureau, estimated that 59,045 persons were added to reach 3,114,039 persons in 2017. Based on the Utah Population Committee's estimates, net migration (in–migration minus out–migration) continued to increase in 2017, contributing nearly 27,000 new residents or 46% of growth. Natural increase decreased from 2016, but still contributed more than half of the new growth (54% or about 32,000 persons). The State's rate of natural increase remains the highest among all states, at 11.4 per 1,000 population between 2016 and 2017.

The State is an urban state, meaning that population is very spatially concentrated. Per the 2010 Census, the most recent data on the urban population, 90.6% of the State's population lives in an urban setting, an increase from 88.2% in 2000. The State is the ninth most urban state in the nation. Salt Lake County remains the most populous county with 1.1 million residents. Salt Lake, Utah, Davis, and Weber counties are the four most populated counties, home to 2.3 million or about 75% of the State's residents.

In comparison to other states, the State's population is younger (30.7 median age), and households on average are larger (3.2 persons). While the lowest nationally, the State's median age has been increasing over the past several years. This reflects the fact that the 65 and older population has become a larger share of the State's overall population and leads to an age structure that is unique to the State.

A summary measure of the age structure is the dependency ratio, which is the number of non–working–age persons (younger than 18 and 65 and older) per 100 persons of working–age (18 to 64). The State's total dependency ratio for 2015 was 68.9, the third highest in the nation behind Idaho (70.1) and South Dakota (69.1). The national dependency ratio was 61.7.

2018 Outlook. A steady pace of population growth is expected in 2018, with short–term projections indicating a total population of 3,166,000. Natural increase (births minus deaths) is projected to increase slightly, contributing nearly 36,000 people to the State's population. Net migration is expected to be 21,000.

State Population

Year	Population	% Change From Prior Period
2017 Census Estimate	3,101,833	12.2%
2010 Census	2,763,885	23.8
2000 Census	2,233,169	29.6
1990 Census	1,722,850	17.9
1980 Census	1,461,037	37.9
1970 Census	1,059,273	18.9
1960 Census	890,627	29.3
1950 Census	688,862	25.2
1940 Census	550,310	8.4
1930 Census	507,847	13.0
1920 Census	449,396	20.4
1910 Census	373,351	34.9

(Source: U.S. Bureau of the Census.)

Year	Births	Deaths	Natural Increase	Net In-Migration	Population Change
2017	49,502	17,446	32,056	26,989	59,045
2016	50,704	17,555	33,149	24,261	57,410
2015	51,024	17,074	33,950	21,671	55,620
2014	50,807	15,941	34,866	4,919	39,785
2013	51,801	15,916	35,885	1,550	37,435
2012	50,388	15,289	35,099	9,032	44,131
2011	51,836	14,897	36,939	11,300	48,242
2010	52,899	14,302	38,597	(1,641)	40,811
2009	54,548	13,785	40,763	(325)	40,438
2008	55,357	13,780	41,577	13,470	55,047

(Source: Source: Utah Population Committee, Kem C. Gardner Policy Institute; 2018 Economic Report to the Governor (data from this table may differ from other tables due to different sources of data or rounding).

(The remainder of this page has been intentionally left blank)

Significant Characteristics of the State's Population

Category	Ranking (1)	Comments
Demographic		
Population growth rate (2016 to 2017)	3rd	1.9% growth rate
State population (July 1, 2017) (2)	31st	out of 50 states (3,101,833 persons)
Pre–school age (under five years old)	1st	8.3% of total population
School age (five to 17)	1st	21.9% of total population
Working age (18 to 64)	49th	59.2% of total population
Retirement age (over age 65)	50th	10.5% of total population
Birth rate (2017)	1st	16.7 births per 1,000 population (U.S. 12.2)
Fertility rate (2016)	2nd	2.24 (U.S. 1.82)
Life expectancy (2010)	10th	80.2 years
Death rate (2017)	50th	5.4 deaths per 1,000 population (U.S. 8.5)
Median age (2016)	50th	30.7 years
Household size (2015)	1st	3.2 persons
Dependency ratios (July 1, 2015):		
Preschool–age (under 5)	1st	(14.1 per 100 of working age) (U.S. 10.0)
School–age (5 to 17)	1st	(37.3 per 100 of working age) (U.S. 27.0)
Retirement–age (65 and over)	49th	(17.8 per 100 of working age) (U.S. 24.7)
Total non–working age	2nd	(68.9 per 100 of working age) (U.S. 61.7)
Economic		
Rate of job growth (November 2017)	1st	2.9%
Private sector job growth (November 2017)	1st	3.1%
Unemployment rate (November 2017)	11th	3.2%
Urban status (2010)	9th	91% urban
Median household income (2015)	20th	$74,181
Per capita personal income growth (2016)	1st	3.1%
Social indicators		
Poverty rate (2015)	40th	11.3%
Educational attainment (2016)	12th	91.7% of persons 25+ (with high school degree)
Educational attainment (2016)	17th	32.6% of persons 25+ (with Bachelors or higher)

(1) Rankings are from most favorable to least favorable, highest to lowest. Rankings differ from other data.
(2) Total population rankings reflect 2017 Census estimates; single year of age rankings reflect 2015 Census estimates.

(Sources: 2018 Economic Report to the Governor; GOMB; U.S. Census Bureau, U.S. Department of Labor; U.S. Bureau of Economic Analysis.)

Employment, Wages And Labor Force

2017 Overview. On average, the State experienced an unemployment rate of 3.5%, meaning that approximately 54,500 individuals were unemployed each month of the year. At the end of the year, approximately 69.4% of the State's population age 16 and over was either employed or actively seeking work.

Quarterly Census of Employment and Wages

2017 (2nd Quarter—Private Sector Only)

	United States				Utah			
	Average Monthly Employment	Average Weekly Wage	Year–Over Employment Growth (%)	Year–Over Average Weekly Wage Growth (%)	Average Monthly Employment	Average Weekly Wage	Year–Over Employment Growth (%)	Year–Over Average Weekly Wage Growth (%)
All industries, all ownership…………	144,339,178	$ 1,020	1.4	3.2	1,429,861	$ 862	3.1	2.6
Natural resources and mining………	1,930,962	1,017	0.3	0.5	14,345	1,075	0.7	(0.6)
Construction…………………………	6,945,188	1,119	3.3	4.0	97,106	921	5.3	5.9
Manufacturing………………………	12,390,251	1,239	0.8	3.0	128,595	1,041	3.5	1.9
Trade, transportation, utilities……….	27,057,625	863	0.8	3.0	273,455	792	2.4	3.3
Information…………………………	2,787,076	1,880	(0.3)	7.2	37,105	1,314	5.4	(1.1)
Financial activities…………………	8,066,303	1,537	1.6	3.2	83,605	1,159	3.3	4.5
Professional and business services…	20,293,133	1,318	1.5	3.0	203,149	1,050	2.1	3.8
Education and health services………	22,120,346	929	2.3	3.0	180,783	772	4.0	(4.7)
Leisure and hospitality………………	16,150,198	431	2.1	3.9	143,419	364	3.3	4.6
Other services………………………	4,463,843	701	1.1	3.9	35,484	647	3.5	2.2

(Sources: Bureau of Labor Statistics.)

Every major industry group across the State economy added jobs in 2017. The decline in oil demand appears to have played itself out, with 2017 ending with a small employment increase over 2016. More significant gains were seen in industries such as construction (5.4% growth rate), leisure and hospitality (growing at 5.1%), and professional and business services (up 4.2%). The mix of fastest growing industries exemplifies the State's robust economic conditions, with incomes increasing, housing in high demand, and a blossoming tech sector.

Overall, roughly 43,500 jobs were added to the State's economy, an expansion of 3.5%. Six thousand fewer jobs were added in 2017 than 2016, but regardless, unemployment remained low throughout the year. The slightly fewer jobs added is likely a sign of tightening labor markets; labor supply in some fields may be lacking. As a result, employers may not be able to fill as many jobs as desired.

2018 Outlook. Tightening labor markets leading to moderating growth rates were anticipated in 2016 but did not manifest until 2017. As such, 2018 may exhibit additional moderating of growth rates while still posting labor market growth. Employers are projected to seek to absorb every source of labor supply possible, thus keeping the State's unemployment rate low. Wage growth may temper in comparison to 2017, but is still projected to be driven by competition for skilled workers.

Current Unemployment Rates (seasonally adjusted)

Current Unemployment Rate	State	U.S.
December 2017...	3.1%	4.1%
December 2016...	3.2	4.7

(Source: U.S. Bureau of Labor Statistics.)

Average Annual Employment and Unemployment Rate for Utah and the United States

Year	Utah		Unemployment Rate		Utah Unemployment Rate as % of U.S. Rate
	Civilian Labor Force	Total Employed	Utah	U.S.	
2018 (f)	1,605,000	1,552,700	3.3%	4.1%	80%
2017 (e)	1,562,800	1,508,300	3.5	4.4	80
2016	1,511,465	1,459,703	3.4	4.9	69
2015	1,465,770	1,412,521	3.5	5.3	66
2014	1,430,503	1,375,910	3.8	6.2	61
2013	1,408,449	1,343,805	4.4	7.4	59
2012	1,376,628	1,302,641	5.4	8.1	67
2011	1,347,409	1,257,213	6.7	8.9	75
2010	1,352,123	1,245,849	7.9	9.6	82
2009	1,365,923	1,263,659	7.5	9.3	81
2008	1,371,778	1,322,181	3.6	5.8	62
2007	1,360,204	1,324,648	2.6	4.6	57

(f) forecast. (e) estimated.

(Sources: Utah Department of Workforce Services)

(The remainder of this page has been intentionally left blank.)

Employment

Utah Labor Force, Nonagricultural Jobs, and Wages

	2018 (f)	2017 (e)	2016	2015	2014	% Change 2017–18	% Change 2016–17	% Change 2015–16	% Change 2014–15
Civilian labor force	1,605,000	1,562,800	1,511,465	1,464,404	1,431,553	2.7	3.4	3.2	2.3
Employed persons	1,552,700	1,508,300	1,459,703	1,412,473	1,377,013	2.9	3.3	3.3	2.6
Unemployed persons	52,300	54,500	51,762	51,931	54,540	(4.0)	5.3	(0.3)	(4.8)
Unemployment rate (%)	3.3	3.5	3.4	3.5	3.8	–	–	–	–
U.S. unemployment rate (%)	4.1	4.4	4.9	5.3	6.2	–	–	–	–
Total nonfarm jobs	1,510,900	1,469,900	1,426,382	1,377,744	1,328,055	2.8	3.1	3.5	3.7
Mining	8,800	8,500	8,494	10,372	12,160	3.5	0.1	(18.1)	(14.7)
Construction	100,700	96,500	91,537	84,676	78,669	4.4	5.4	8.1	7.6
Manufacturing	131,000	128,600	125,926	123,695	120,642	1.9	2.1	1.8	2.5
Trade, transportation, utilities	281,600	277,100	271,433	263,075	252,588	1.6	2.1	3.2	4.2
Information	38,000	37,200	36,757	34,402	33,338	2.2	1.2	6.8	3.2
Financial activity	87,100	84,500	81,711	79,020	74,969	3.1	3.4	3.4	5.4
Professional and business services	218,900	210,700	202,175	194,127	185,081	3.9	4.2	4.1	4.9
Education and health services	204,000	197,400	190,935	182,273	174,313	3.3	3.4	4.8	4.6
Leisure and hospitality	152,000	145,600	138,591	133,741	128,064	4.4	5.1	3.6	4.4
Other services	41,900	40,800	39,405	38,689	37,530	2.7	3.5	1.9	3.1
Government	246,900	243,000	239,418	233,674	230,623	1.6	1.5	2.5	1.3
Goods–producing	240,500	233,600	225,957	218,743	211,471	3.0	3.4	3.3	3.4
Service–producing	1,270,400	1,236,300	1,200,425	1,159,001	1,116,506	2.8	3.0	3.6	3.8
% Service–producing	84.1%	84.1%	84.2%	84.1%	84.1%	–	–	–	–
U.S. nonagricultural job growth	1.5%	1.5%	1.8%	2.1%	1.9%	–	–	–	–
Total nonagricultural wages (millions)	$72,701	$68,803	$63,419	$59,962	$56,026	5.7	8.5	5.8	7.0
Average annual wage	$48,118	$46,808	$44,461	$43,522	$42,187	2.8	5.3	2.2	3.2
Average monthly wage	$4,010	$3,901	$3,705	$3,627	$3,516	2.8	5.3	2.2	3.2
Establishments (first quarter)	98,500	95,700	93,167	90,443	87,551	2.9	2.7	3.0	3.3

(f) forecast; (e) estimate.

(Sources: Utah Department of Workforce Services.)

Largest Nonagricultural Employers–Annual Average Employment

Employer	Business	Employee Range
Intermountain Health Care	Health Care	20,000+
State of Utah	State government	20,000+
University of Utah (including Hospital)	Higher education	20,000+
Brigham Young University	Higher education	15,000–20,000
Wal–Mart Stores	Warehouse clubs/supercenters	15,000–20,000
Hill Air Force Base	Federal government	10,000–15,000
Alpine School District	Public education	7,000–10,000
Davis School District	Public education	7,000–10,000
Granite School District	Public education	7,000–10,000
Smith's Food and Drug Centers	Grocery stores	7,000–10,000
Utah State University	Higher education	7,000–10,000
Jordan School District.	Public education	5,000–7,000
Salt Lake County	Local government	5,000–7,000
U.S. Department of Treasury	Federal government	5,000–7,000
Utah Valley University	Higher education	5,000–7,000
U.S. Postal Service	Federal government	5,000–7,000
Autoliv	Motor vehicle manufacturing	4,000–5,000
The Canyons School District.	Public education	4,000–5,000
The Home Depot	Home centers	4,000–5,000
Zions Bank Management Services	Banking	4,000–5,000
ARUP Laboratories, Inc.	Medical laboratory	3,000–4,000
Costco Wholesale	Warehouse clubs/supercenters	3,000–4,000
C.R. England Trucking	Transportation	3,000–4,000
Delta Airlines Inc.	Air transportation	3,000–4,000
Discover Products	Consumer loans	3,000–4,000
Harmons	Grocery stores	3,000–4,000
L3 Communications	Electronic manufacturing	3,000–4,000
Nebo School District	Public education	3,000–4,000
Salt Lake City	Local government	3,000–4,000
Salt Lake City School District	Public education	3,000–4,000
U.S Department of Veteran's Affairs (hospital)	Federal government	3,000–4,000
Vivint	Electric contractors	3,000–4,000
Washington County School District	Public education	3,000–4,000
Weber County School District	Public education	3,000–4,000
Weber State University	Higher education	3,000–4,000
Wells Fargo Bank	Banking	3,000–4,000
America First Credit Union	Banking	2,000–3,000
Cache School District	Public education	2,000–3,000
Convergys	Communications	2,000–3,000
JetBlue Airways Corporation	Air transportation	2,000–3,000
Lowe's Home Center	Home centers	2,000–3,000
Maverick County Stores	Retail stores	2,000–3,000
Salt Lake Community College	Higher education	2,000–3,000
Sizzling Platter, LLC	Restaurants	2,000–3,000
SkyWest Airlines	Transportation	2,000–3,000
United Parcel Service	Courier transportation	2,000–3,000
Utah Transit Authority	Public transportation	2,000–3,000

(1) Includes those firms with 2,000 to 3,000 and more employees. The Church of Jesus Christ of Latter–day Saints church remains one of the State's largest employers; however, the church does not disclose employment numbers.

(Source: Utah Department of Workforce Services. Updated August 2017.)

For the State's presentation of principal employers as of Calendar Year 2007 and 2016 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2017–Statistical Section–Schedule D–2. Principal Employers" (CAFR page 225).

Personal Income; Per Capita Income

2017 Overview. Total Personal Income. The State's total personal income in 2017 was an estimated $132.7 billion, a 6.3% increase from $124.9 billion in 2016. The State's estimated 2017 per capita income was $42,691, up 4.3% from $40,925 in 2016. Both measures of personal income growth in the State were higher in 2017 than in 2016, in which total personal income grew by 5.2% and per capita income grew by 3.1%. In the last two years, the State's growth in total personal income and per capita income has been nearly twice the national average.

In 2016, the State's income from dividends, interest, and rent increased to $23.71 billion and income from transfer receipts was $16.7 billion. State residents rely more on wage earnings for income than their counterparts do nationally.

In 2016, most nonfarm earnings in the State were in the private sector: 83% of the earnings by place of work, compared to 82.7% nationally. The State's public sector accounted for 16.9% of nonfarm earnings, which is slightly higher than the national share (of 16.8%) and influenced heavily by jobs in public and higher education sub–sectors. Within the State's private sector, the manufacturing sector (of 11.9%) was the largest source of earnings, followed by professional, scientific, and technical services (of 10.8%), and health care and social services (of 10.5%). At the national level, health care accounted for the largest percentage of private sector earnings followed by professional, scientific, and technical services, and manufacturing.

Total Personal Income ($ in Millions)

	Utah		United States	
Year	Amount	% Change	Amount	% Change
2018 (f)	$139,247	4.9%	$17,165,000	4.5%
2017 (e)	132,731	6.3	16,433,000	3.3
2016	124,871	5.2	15,912,777	2.4
2015	118,725	7.1	15,547,661	5.0
2014	110,864	5.9	14,881,388	5.3
2013	104,664	3.1	14,068,960	1.2
2012	101,509	6.9	13,904,485	5.1
2011	94,919	8.0	13,233,436	6.2
2010	87,931	2.1	12,459,613	3.2
2009	86,111	(4.7)	12,079,444	(3.3)
2008	90,363	5.5	12,492,705	4.2
2007	85,635	8.8	11,995,419	5.4
2005	70,681	–	10,610,320	–
2000	54,178	–	8,634,847	–
1995	38,230	–	6,275,761	–

(f) forecast. (e) estimate.

(Sources: U.S. Department of Commerce, Bureau of Economic Analysis ("BEA"); Kem C. Gardner Policy Institute; GOMB.)

Components of the State's Total Personal Income

	2016	2015	2014	2013	2012	% change 2015-16	% change 2014-15	% change 2013–14	% change 2012–13
	(in thousands)								
Personal income	$124,319,657	$117,763,901	$110,843,820	$104,664,413	$101,508,754	5.6	6.2	5.9	3.1
Earnings by place of work	95,883,292	90,129,500	84,428,725	79,929,962	76,389,208	6.4	6.8	5.6	4.6
less: Contributions for government social insurance	10,905,332	10,264,363	9,821,904	9,305,894	7,869,800	6.2	4.5	5.5	18.2
plus: Adjustment for residence	(87,041)	(71,692)	(53,026)	(49,665)	(33,406)	21.4	35.2	6.8	48.7
equals: Net earnings by place of residence	84,890,919	79,793,445	74,553,795	70,574,403	68,486,002	6.4	7.0	5.6	3.0
plus: Dividends, interest, and rent	22,515,496	21,956,631	21,143,410	19,450,745	18,867,874	2.5	3.8	8.7	3.1
plus: Personal current transfer receipts	16,913,242	16,013,825	15,146,615	14,639,265	14,154,878	5.6	5.7	3.5	3.4
Components of earnings:									
Wage and salary disbursements	69,238,157	64,680,161	60,595,099	57,373,060	55,111,673	7.0	6.7	5.6	4.1
Supplements to wages and salaries	16,687,117	15,773,531	15,065,185	14,831,433	13,802,923	5.8	4.7	1.6	7.5
Proprietors' income	9,958,018	9,675,808	8,768,441	7,725,469	7,474,612	2.9	10.3	13.5	3.4
Earnings by industry:									
Farm earnings	233,543	468,774	509,130	395,869	276,413	(50.2)	(7.9)	28.6	43.2
Nonfarm earnings	95,649,749	89,660,726	83,919,595	79,534,093	76,112,795	6.7	6.8	5.5	4.5
Private earnings	79,505,365	74,191,601	69,028,402	65,182,044	61,814,772	7.2	7.5	5.9	5.4
Forestry, fishing, related activities, and other	79,291	70,873	71,162	67,890	52,249	11.9	(0.4)	4.8	29.9
Mining	791,824	943,152	1,055,022	1,063,662	1,134,629	(16.0)	(10.6)	(0.8)	(6.3)
Utilities	623,691	591,816	518,729	489,998	466,311	5.4	14.1	5.9	5.1
Construction	7,635,014	6,867,596	6,139,119	5,391,603	5,108,164	11.2	11.9	13.9	5.5
Manufacturing	9,519,260	9,066,256	8,607,123	8,422,613	8,057,076	5.0	5.3	2.2	4.5
Wholesale trade	4,439,376	4,309,728	4,019,735	3,845,677	3,607,179	3.0	7.2	4.5	6.6
Retail trade	7,545,319	7,009,221	6,688,936	6,410,261	6,248,813	7.6	4.8	4.3	2.6
Transportation and warehousing	3,930,310	3,657,177	3,319,368	3,149,263	2,913,637	7.5	10.2	5.4	8.1
Information	3,312,547	2,917,820	2,729,627	2,549,112	2,386,730	13.5	6.9	7.1	6.8
Finance and insurance	5,997,176	5,708,730	5,099,740	4,763,724	4,602,195	5.1	11.9	7.1	3.5
Real estate and rental and leasing	2,523,756	2,381,933	1,969,040	2,015,207	2,039,677	6.0	21.0	(2.3)	(1.2)
Professional, scientific and technical services	8,731,495	8,132,346	7,523,661	6,822,559	6,337,666	7.4	8.1	10.3	7.7
Management of companies and enterprises	1,953,874	1,847,121	1,807,318	1,788,645	1,627,488	5.8	2.2	1.0	9.9
Administrative and waste services	4,206,541	3,720,311	3,509,068	3,241,619	2,922,943	13.1	6.0	8.3	10.9
Educational services	1,956,014	1,842,235	1,728,481	1,614,787	1,543,362	6.2	6.6	7.0	4.6
Health care and social assistance	8,341,317	7,611,349	7,190,590	7,027,783	6,581,390	9.6	5.9	2.3	6.8
Arts, entertainment and recreation	914,039	824,526	746,410	685,471	604,393	10.9	10.5	8.9	13.4
Accommodations and food services	2,693,501	2,545,332	2,355,241	2,188,413	2,070,970	5.8	8.1	7.6	5.7
Other services, except public administration	4,311,020	4,144,079	3,950,032	3,643,757	3,509,900	4.0	4.9	8.4	3.8
Government and government enterprises	16,144,384	15,469,125	14,891,193	14,352,049	14,298,023	4.4	3.9	3.8	0.4
Federal, civilian	3,532,128	3,361,001	3,226,299	3,118,515	3,205,755	5.1	4.2	3.5	(2.7)
Military	738,142	709,528	732,507	760,335	785,046	4.0	(3.1)	(3.7)	(3.1)
State and local	11,874,114	11,398,596	10,932,387	10,473,199	10,307,222	4.2	4.3	4.4	1.6

(Source: Bureau of Economic Analysis.)

2017 Overview. Per Capita Personal Income. The State's estimated 2017 per capita personal income was $42,691, up 4.3% from the 2016 level of $40,925. The State's estimated 2017 per capita income is 84.7% of the national per capita income of $50,423. The State's 2016 growth rate in per capita personal income was the second highest in the nation at 3.1%.

Per Capita Personal Income

	Income Per Capita		Annual % Change		Utah
Year	Utah	U.S.	Utah	U.S.	as a % of U.S.
2018 (f)	$43,981	$52,253	3.0%	3.6%	84.2%
2017 (e)	42,691	50,423	4.3	2.4	84.7
2016	40,925	49,246	3.1	1.6	83.1
2015	39,699	48,451	5.3	4.2	81.9
2014	37,685	46,494	4.5	4.5	81.1
2013	36,058	44,493	1.4	0.5	81.0
2012	35,545	44,282	5.5	4.3	80.3
2011	33,705	42,461	6.4	5.4	79.4
2010	31,683	40,277	0.2	2.3	78.7
2009	31,619	39,376	(6.8)	(4.2)	80.3
2008	33,932	41,082	2.9	3.2	82.6
2007	32,965	39,821	5.8	4.4	82.8
2005	28,759	35,904	–	–	80.1
2000	24,781	30,602	–	–	81.0
1995	18,981	23,568	–	–	80.5

(f) forecast. (e) estimated.

(Sources: 2018 Economic Report to the Governor; Kem C. Gardner Policy Institute; U.S. Department of Commerce; BEA and GOMB.)

2018 Outlook. The State's total personal income in 2017 is estimated to have grown 6.3%, up from 5.2% in 2016 and nearly double the national average. The State's estimated 2017 per capita income growth also improved from 3.1% in 2016 to 4.3% in 2017. With the ongoing economic expansion and robust labor market, the State continues to attract economic migrants looking for work, a lower cost–of–living, and an attractive setting. However, even with the inflow of new workers, the strong pace of hiring and a low unemployment rate has challenged several industries with labor shortages. The competition to hire and retain a qualified workforce is projected to continue to put upward pressure on wages and personal income.

Taxable Sales

2017 Overview. Taxable sales serve as a useful indicator of economic activity in the State. They indicate changes in both consumer and business spending on taxable goods and services, typically performing well in times of economic expansion and poorly during times of recession. In 2017, total taxable sales in the State increased by approximately 7.2% to an estimated $60.6 billion. A robust labor market and solid gains in wages and personal income were among the primary drivers of growth. In addition to solid growth in sales from existing taxpayers, additional tax collections from some online sellers who began collecting sales tax in 2017 bolstered growth. Other significant factors driving growth in the State's taxable sales include another strong year in the tourism industry and high consumer sentiment. Each major component of the State's taxable sales increased in 2017. Retail sales increased the most at 7.8%, followed by business investment purchases at 7.0% and taxable services at 5.2%.

2018 Outlook. The State's strong labor economy, combined with high consumer confidence, should drive another year of steady gains in Utah taxable sales. Total taxable sales are forecast to increase by 5.4% to $63.9 billion in 2018. Although slower than 2017, growth in retail sales is expected to increase by 5.1% in 2018, 1.2% points higher than the 3.9% forecast increase in U.S. nontaxable and taxable retail sales. Business investment purchases are forecast to grow again in 2018, increasing by 5.6%, while taxable services are projected to have another year of consistent growth, increasing by 5.1%. Taxable sales forecasts are sensitive to economic and political conditions and specific conditions with impact to taxable sales include, but are not limited to: monetary and fiscal policy decisions, commodity prices, national political climate, and geopolitical instability. Any significant changes in these could result in changes to employment, disposable income, and consumer confidence, which will in turn impact the State's taxable sales.

(The remainder of this page has been intentionally left blank.)

Taxable Sales

(in millions of dollars)

Calendar Year	Retail Sales	% Change	Business Investment Purchases	% Change	Taxable Services	% Change	All Other	% Change	Total Gross Taxable Sales	% Change
2018 (f)….	$33,197	5.1 %	$9,333	5.6 %	$17,793	5.1 %	$3,554	10.5 %	$63,877	5.4 %
2017 (e)….	31,600	7.8	8,834	7.0	16,935	5.2	3,215	13.1	60,584	7.2
2016………	29,303	5.4	8,255	(1.7)	16,102	4.2	2,842	24.5	56,502	4.8
2015………	27,801	6.1	8,400	(3.4)	15,449	4.4	2,283	13.2	53,933	4.3
2014………	26,193	5.0	8,699	4.2	14,802	5.7	2,016	(4.0)	51,710	4.7
2013………	24,944	6.1	8,352	(4.9)	14,008	4.2	2,100	16.7	49,404	3.9
2012………	23,512	7.8	8,780	8.9	13,439	6.0	1,800	15.7	47,531	7.8
2011………	21,801	6.5	8,063	10.0	12,676	4.6	1,556	6.2	44,096	6.5
2010………	20,475	0.7	7,333	6.8	12,114	2.7	1,465	(2.3)	41,387	2.2
2009………	20,329	(10.3)	6,864	(23.6)	11,790	(8.0)	1,499	1.1	40,482	(11.9)
2008………	22,659	(5.6)	8,981	(4.8)	12,811	0.7	1,483	(10.0)	45,934	(3.9)

(f) forecast. (e) estimate.

(Source: Utah State Tax Commission; 2018 Economic Report to the Governor.)

Construction

The value of the State's permit–authorized construction in 2017 estimated at $8.5 billion, an all–time high in current dollars and the second highest year ever in inflation–adjusted dollars. The most significant increase in construction activity in 2017 was in multifamily residential construction, which was up 26% in number of units and 28% in value.

2018 Outlook. The 2018 forecast for the value of permit–authorized construction in the State is $8.3 billion, off about 2% from 2017. The value of residential construction is expected to increase by 2% to $4.9 billion due to increases in labor and material costs. Of that $8.3 billion, $4.9 billion is attributable to residential construction, $1.9 billion to nonresidential construction and $1.5 billion to additions, alterations and repairs.

Permit–Authorized Construction ($ In Millions)

		Construction Value			
Year	Total Units	Residential	Nonresidential	Renovations	Total Valuation
2018 (f)	25,500	$4,900.0	$1,900.0	$1,500.0	$8,300.0
2017 (e)	23,800	4,800.0	2,400.0	1,300.0	8,500.0
2016	19,943	4,053.6	2,525.9	1,622.0	8,201.5
2015	17,629	3,981.8	2,096.0	1,062.9	7,140.7
2014	18,747	3,350.9	1,478.9	1,034.3	5,864.1
2013	14,951	3,024.6	1,105.9	784.9	4,915.4
2012	11,246	2,196.7	1,020.2	728.9	3,945.8
2011	10,023	1,885.4	1,236.0	652.0	3,773.4
2010	9,066	1,667.0	925.1	672.0	3,264.1
2009	10,488	1,674.0	1,054.3	660.1	3,388.4
2008	10,603	1,877.0	1,919.1	781.2	4,577.3
2007	20,539	3,963.2	2,051.0	979.7	6,993.9

(f) forecast. (e) estimated.

(Sources: 2018 Economic Report to the Governor; University of Utah, David Eccles School of Business, Kem C. Gardner Policy Institute.)

Energy

Three recent events have dominated the State's energy scene in the past few years: (i) the partial rebound in crude oil prices after the 2015 crash due to a worldwide oversupply, (ii) the continued low natural gas price, which directly affects exploration in the State, and (iii) the large increase in both utility–scale and residential PV (photovoltaic) solar capacity.

Drilling rigs in the State decreased from about 23 rigs in late 2014 down to zero rigs in early March 2016, then back to 10 rigs in late 2017. After two years of decline, crude oil production increased in 2017 by 12% because of the slightly stronger price. Natural gas prices have remained lower for the past three years due to supply from the country's prolific shale reservoirs. As a result, drilling for new natural gas in the State has virtually stopped and production has declined by 35% since the peak reached in 2012. Consumption of petroleum products is expected to reach record levels in 2017 as prices remain relatively low, while consumption of natural gas is expected to decrease. Coal production in the State is at a 30–year low as out–of–state demand has declined, and is expected to decrease 1.3% in 2017 to 13.8 million short tons, well below the 24.5 million tons averaged in the 2000s.

Minerals

The Utah Geological Survey ("UGS") projects an estimated gross production value of nonfuel mineral commodities in 2017 of $2.9 billion, an increase of about $36 million (or 1.2%) from the inflation–adjusted value in 2016. This increase in total value is primarily a result of higher commodity prices and increased production from the Bingham Canyon mine located in Salt Lake County, Utah. UGS reports the 2016 value of the State's nonfuel minerals production ranks tenth nationally, accounting for 4.5% of the total U.S. nonfuel minerals production.

Tourism

The State's tourism and travel sector experienced continued economic growth in 2017, including increased visitor spending, travel–related jobs and wages, travel–related state and local tax revenue, and a record number of visitors to the State's 14 ski resorts and five national parks. Visitation to the State's national parks and places from January through October 2017 was up 14% compared to the same period in 2016. During the first half of 2017, travel–related jobs in the State's private leisure and hospitality sector experienced a 3.5% year–over–year increase (consistent with all other sectors) and wages had increased 10.7% from the prior year, outpacing all other sectors (of 8.1%).

(The remainder of this page has been intentionally left blank.)

APPENDIX D

BASIC DOCUMENTATION

Table Of Contents

The following are definitions of certain terms from the Indenture and the Lease and summaries or extracts of certain provisions of the Indenture, the Lease and the State Facilities Master Agency Agreement. Reference is made to the Indenture, the Lease and the State Facilities Master Agency Agreement for complete recital of their terms. Copies of the Indenture, the Lease and the State Facilities Master Agency Agreement may be obtained from the Trustee.

DEFINITIONS OF CERTAIN TERMS

"*Acquisition*" (and other forms of the word "acquire") shall have the same meaning as when such term is used in the Act, including Section 63B–1–303 thereof, as amended from time to time.

"*Act*" shall mean the State Building Ownership Authority Act, Title 63B, Chapter 1, Part 3 of the Utah Code.

"*Additional Bonds*" shall mean additional parity Bonds authorized to be issued by the Issuer pursuant to the terms and conditions of the Indenture.

"*Additional Facilities*" shall mean any "facility" within the meaning of the Act, to be Acquired or Constructed pursuant to the Act as provided in the Lease as supplemented and amended from time to time by a Supplemental Lease.

"*Additional Projects*" shall mean the undertaking by the Issuer, at the direction of the Lessee, of the Acquisition or Construction of any Additional Facilities, as authorized by the Act and pursuant to the Lease.

"*Additional Rentals*" shall mean the amount or amounts payable by the Lessee pursuant to the Lease for the items described herein under "THE LEASE—Rentals Payable–General" below.

"*Agency Agreement*" shall mean (a) that certain State Facilities Master Agency Agreement, dated as of September 1, 1994, as supplemented and amended between the Lessor, as principal, and the Division of Facilities Construction and Management of the Department of Administrative Services of the State, as the Lessor's agent, relating to the undertaking and completion of the Projects and (b) any agency agreement between the Lessor, as principal, and any governmental body or other entity selected by the Lessor for purposes of causing the undertaking and completion of any Additional Project or Additional Projects.

"*Base Rental Payment Date*" shall mean the first day of each May and November during the term of the Lease, except that with respect to any Variable Rate Rentals, the Base Rental Payment Date shall mean each date on which such Variable Rate Rentals are due and payable as provided in the Supplemental Lease providing for such Variable Rate Rentals.

"*Base Rental Payment Schedule*" shall mean the Base Rental Payment Schedule attached to the Lease and the Attachments thereto relating to each of the Facilities, as such Schedule (including such Attachments) may be revised from time to time in accordance with the Indenture.

"*Base Rentals*" shall mean the amount or amounts (comprising a principal component and an interest component) payable by the Lessee pursuant to the Lease in consideration of the right to the use and enjoyment of the Leased Property during the term of the Lease, on the dates and in the amounts set forth in the Base Rental Payment Schedule and on the dates and in the amounts representing the interest component for Variable Rate Rentals calculated pursuant to the Supplemental Lease providing for such Variable Rate Rentals.

"*Bond*" or "*Bonds*" shall mean all bonds previously issued under the Indenture, the 2018 Bonds and any Additional Bonds authenticated and delivered from time to time under the Indenture.

"*Bond Fund*" shall mean the fund by that name created by the Indenture to be used to pay the principal of and interest on the Bonds as provided in the Indenture.

"*Bond Interest Payment Dates*" shall mean May 15 and November 15 of each year so long as any of the Bonds are Outstanding, or with respect to Variable Rate Bonds, such dates as shall be specified for the payment of interest on such Bonds in the Supplemental Indenture authorizing such Variable Rate Bonds.

"*Bond Payment Date*" shall mean a Bond Interest Payment Date and/or a Bond Principal Payment Date.

"*Bond Principal Payment Dates*" shall mean May 15 of each year.

"*Bondowner*" or "*Owner of the Bonds,*" or any similar term, shall mean the Person in whose name a Bond is registered in the register kept for the registration, exchange and transfer of Bonds.

"*Build America Bonds*" means the interest subsidy bonds issuable by the Issuer under Sections 54AA and 6431 of the Code and a "qualified bond" under Section 54AA(g)(2) of the Code or such other tax credit bonds of substantially similar nature which may be hereafter authorized.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any applicable regulations thereunder.

"*Completion Certificate*" shall mean the certificate (including attachments thereto) delivered with respect to each Project by or at the direction of an authorized Lessee representative pursuant to the Lease and the Indenture, evidencing completion of such Project, the establishment of the Completion Date therefore, acceptance of the portion of the Leased Property represented by such Project by the Lessee and certain other matters.

"*Completion Date*" shall mean, with respect to each Project, the date of completion of such Project and of final acceptance of the portion of the Leased Property represented by such Project by the Lessee, all as evidenced by the delivery of the Completion Certificate relating thereto.

"*Construction*" (and other forms of the word "construct") shall have the same meaning as when such term is used in the Act, including Section 63B–1–303 thereof, as amended from time to time.

"*Contractor*" shall mean such reputable contractor or contractors designated as general contractor for any or all of the Facilities.

"*Direct Payments*" means the interest subsidy payments received by the Issuer from the Internal Revenue Service pursuant to Section 6431 of the Code or other similar programs with respect to Bonds issued under the Indenture.

"*Event of Default*" shall mean one or more of the events of default described in the Lease and the Indenture.

"*Event of Nonappropriation*" shall mean a nonrenewal of the term of the Lease by the Lessee, determined by the failure (for whatever reason) of the State to enact into law a State budget that appropriates and allocates to or for the benefit of the Lessee for purposes of the Lease moneys sufficient to pay the Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term as provided in the Lease or determined by the unavailability of such moneys for such purpose for any other reason. To the extent any non–lapsing appropriations are used as the basis for determining that sufficient moneys have been appropriated for a Fiscal Year, such appropriations shall be deemed to have been appropriated and to be legally available for the purpose of paying Rentals during such Fiscal Year. The existence or nonexistence of an Event of Nonappropriation shall be determined as of (a) the date on which the Utah State Legislature (the "Legislature") fails or refuses to adopt a final budget in accordance with applicable law which appropriates sufficient moneys to pay such Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term as contemplated by the Lease or (b) the date on which the Governor of the State of Utah (the "Governor") vetoes the appropriation to pay such Rentals contained in a final budget adopted by the Legislature, which veto is not thereafter overridden as provided by law; *provided, however*, that the Trustee may waive any Event of Nonappropriation that is cured by the Lessee within a reasonable time if, in the Trustee's judgment, such waiver is in the best interests of the Owners of the Bonds, except as otherwise provided in the Lease; and *provided, further, however,* that in no event shall an Event of Nonappropriation occur or be deemed to occur prior to June 1 of the Fiscal Year next preceding each Renewal Term, notwithstanding anything in the Lease to the contrary. If the State changes its Fiscal Year to a different 12–month period than the Fiscal Year in effect on the date of execution of the Lease, the foregoing reference to June 1 shall be deemed to refer to the date that is 30 days prior to the end of such new Fiscal Year.

"*Excepted Property*" shall mean the following described property of the Issuer that is expressly excepted and excluded from the lien and operation of the Indenture, whether such property is now owned on hereafter acquired:

(a) The last day of the term of the leasehold estate created under the Lease and the last day of the term of each Site Lease; *provided, however,* that the Issuer covenants and agrees that it will hold each such last day in trust for the use and benefit of the Owners of Bonds and that it will dispose of each such last day from time to time in accordance with such written order as the Trustee in its discretion may give;

(b) Certain property installed by the Lessee or by any sublessee or licensee of the Lessee as provided in the Lease;

(c) Amounts to be transferred pursuant to the Indenture to, or held by the Trustee in, the rebate fund established under any Tax Certificate; and

(d) Additional Facilities in which the Trustee has not been given a lien or security interest as provided in the relevant Supplemental Indenture.

"*Facilities*" shall mean any "facility" within the meaning of the Act to be Acquired or Constructed pursuant to the Act as provided in the Lease.

"*Fiscal Year*" shall mean the 12–month period used from time to time by the Lessee for its financial accounting purposes, such period currently extending from July 1 to the next succeeding June 30.

"*Government Obligations*" shall mean direct general obligations of, or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, the guarantee of which constitutes the full faith and credit obligation of the United States of America (including any such obligations issued or held in book–entry form on the books of the Department of the Treasury of the United States of America).

"*Indenture*" shall mean the Original Indenture as supplemented and amended from time to time in accordance with its terms.

"*Insurance Fund*" shall mean the fund by that name created by the Indenture.

"*Interests Secured by the Indenture*" shall mean the principal of and interest and premium, if any, on the Bonds and all additional amounts and other sums at any time due and owing from or required to be paid by or on behalf of the Issuer under the terms of the Bonds or the Indenture or by the Lessee pursuant to the terms of the Lease.

"*Investment Securities*" shall mean any of the investments in which the moneys and other assets of the State may be invested as permitted from time to time by the State Money Management Act, Title 51, Chapter 7 of the Utah Code, and such other investments as may be identified from time to time in a Supplemental Indenture as "Investment Securities."

"*Issuer*" shall mean the State Building Ownership Authority, a body politic and corporate of the State, and any public body or corporation that succeeds to its powers, duties or functions.

"*Lease*" shall mean the Original Lease as amended and supplemented in accordance with its terms and the terms of the Indenture.

"*Leased Property*" shall mean the Facilities leased and to be leased to the Lessee pursuant to the Lease.

"*Lessee*" shall mean the State, acting through its Department of Administrative Services, Division of Facilities Construction and Management, and any department, division, commission or agency of the State succeeding to such Division's powers, duties or functions.

"*Lessor*" shall mean the State Building Ownership Authority, a body politic and corporate of the State, or any successor to the powers, duties or functions of the Lessor.

"*Mortgage*" shall mean each Mortgage, Security Agreement and Assignment of Rents, substantially in the form attached to the Indenture, to be executed, delivered and recorded as provided in the Indenture and in the Lease and any other "mortgage" (as such term is defined in Section 63B–1–303 of the Act as such Section may be amended from time to time), relating to a mortgage lien, if any, to be imposed on the respective Facilities or Additional Facilities in accordance with the relevant Supplemental Indenture on or before the disbursement of moneys from each

Project Account as provided in the Indenture, for the purpose of providing security, in addition to that provided by the Indenture, for the payment of the principal of, and premium, if any, and interest on, the Bonds and the other Interests Secured by the Indenture.

"*Net Proceeds*" when used with respect to any performance or payment bond proceeds, or proceeds (including, but not limited to, any moneys derived from the Risk Management Fund or any self–insurance program) from policies of insurance required by the Lease, or any condemnation award, or any proceeds resulting from default under a Project Contract (including, but not limited to, any such proceeds realized as liquidated damages) with respect to the Leased Property, or with respect to proceeds from any foreclosure on the Leased Property or liquidation, reletting or sale of the Leased Property (subject to the Site Leases), shall mean the amount remaining after deducting all expenses (including attorneys' fees) incurred in the collection of such proceeds or award from the gross proceeds thereof.

"*Notice by Mail*" or "*notice*" of any action or condition "*by Mail*" shall mean a written notice meeting the requirements of the Indenture mailed by first–class mail, postage prepaid, to the Owners of specified Bonds, at the addresses shown in the Register.

"*Officer's Certificate*" when used with respect to the Lessee shall mean a certificate signed by an authorized Lessee representative, or when used with respect to the Issuer or the Lessor, an authorized Lessor representative, and delivered to the Trustee.

"*Optional Payment Date*" shall mean any business day (except as otherwise provided in the Lease) during the term of the Lease upon which the Lessee may elect pursuant to the Lease to purchase the Leased Property (other than State–Owned Sites) or any portion thereof consisting of separate Facilities identified on Subschedules to the Option Price Schedule for the then applicable Option Price or portion thereof with respect to such separately identified Facilities.

"*Option Price*" shall mean the price as specified in the Option Price Schedule at which (together with certain other amounts payable pursuant to the Lease) the Lessee may elect to purchase from the Lessor the Leased Property (other than State–Owned Sites) in its entirety on the applicable Optional Payment Date or any portion thereof consisting of separate Facilities identified on Subschedules to the Option Price Schedule and designated by the Lessee pursuant to the Lease prior to the scheduled payment of all sums to be paid for the Leased Property or any such portion, all as more particularly shown in the Option Price Schedule (or the applicable Subschedule thereto) and as such Option Price Schedule (including the Attachments thereto) may be revised hereafter in accordance with the Indenture.

"*Option Price Schedule*" shall mean the Option Price Schedule attached to the Lease, as such Schedule may be revised hereafter from time to time in accordance with the Indenture.

"*Original Indenture*" shall mean the Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement, dated as of September 1, 1994, between the Issuer and the Trustee.

"*Original Lease*" shall mean the State Facilities Master Lease Agreement, dated as of September 1, 1994, as heretofore supplemented and amended, between the Lessor and the Lessee.

"*Outstanding*" when used with respect to Bonds shall mean, as of the date of determination, all Bonds that have theretofore been duly authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds theretofore canceled and delivered to the Registrar or delivered to the Registrar for cancellation;

(b) Bonds that have been defeased pursuant to the Indenture; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture.

"*Permitted Encumbrances*" shall mean, as of any particular time, (a) liens for taxes, assessments and other governmental charges not then delinquent; (b) the Lease, the Indenture, any Mortgage, any sublease permitted by the Lease and any financing statements naming the Issuer or the Lessee as debtor and naming the Issuer or the Trustee as secured party now or hereafter filed to perfect the mortgage lien and security interests granted or to be granted by the Indenture, any Mortgage and the Lease; (c) the Site Leases; (d) utility, access and other easements and rights–

of–way, mineral rights, restrictions and exceptions that an authorized Lessee representative certifies to the Trustee will not materially interfere with or impair the operations being conducted in or on the Leased Property (or, if no operations are being conducted therein or thereon, the operations for which the Leased Property was designed or last modified); (e) any mechanic's, laborer's, materialmen's, supplier's or vendor's lien or right in respect thereof if payment is not yet due and payable under the contract in question; (f) such minor defects, irregularities, encumbrances, easements, rights–of–way and clouds on title as normally exist with respect to properties similar in character to the Leased Property and (1) as do not, in the opinion of the authorized Lessee representative, certified in writing to the Trustee, materially impair the property affected thereby for the purpose for which it was or is to be Acquired or is or will be held by the Issuer or the Lessee or (2) are adequately insured against by a title insurance policy reasonably satisfactory to the Trustee and the Lessee; (g) any liens or encumbrances being contested as provided in the Lease; (h) any encumbrance represented by financing statements recorded or filed to perfect purchase money security interests in any or all of the Facilities; (i) any encumbrance represented by a notice of agreement filed or recorded to evidence an obligation of the Lessee entered into for the purpose of financing energy conservation or energy management equipment; and (j) any easements, liens, security interests and other encumbrances as are included in the definition of "Permitted Encumbrances" as provided in a Supplemental Lease.

"*Plans and Specifications*" shall mean plans and specifications prepared for and showing each of the Facilities, as and when they are approved by the Lessee, the same being duly certified by an authorized Lessee representative, which plans and specifications are or will be on file at the office of the Lessee described in the first paragraph of the Lease and shall be available for reasonable inspection by the Lessor, the Trustee and their duly authorized representatives.

"*Project Accounts*" shall mean any Project Account created under the Indenture with respect to the financing of Facilities through the issuance of a Series of Bonds.

"*Project Contracts*" shall mean any contract entered into by the Lessee (acting in its capacity as the Lessor's agent pursuant to the Agency Agreement), any other agent acting on behalf of the Lessor pursuant to an Agency Agreement or the Lessor regarding any Project.

"*Project Costs*" with respect to each Project shall mean those items that the Lessee, in its own capacity or in its capacity as agent to the Issuer pursuant to the Agency Agreement, any other agent or the Issuer has paid or shall be required to pay under the terms of any Project Contracts and the financing thereof and all expenses preliminary and incidental thereto incurred by the Issuer, the Lessee (as such agent) or such other agent in connection therewith and in the issuance of the Bonds, including, but not limited to, the following:

(a) obligations of the Lessee or the Issuer incurred for labor, materials and equipment (including permitted reimbursements from proceeds of the Bonds payable to the Lessee for expenditures made with respect to the Facilities) in connection with such Project;

(b) the cost of performance or other bonds and any and all types of insurance (including, but not limited to, title insurance) that may be necessary or appropriate in connection with each Project and the Leased Property;

(c) all costs of planning and designing each of the Facilities, including architectural, planning, engineering, legal and fiscal advisors' fees and the costs incurred by the Lessee or the Issuer for test borings, surveys, estimates, plans and specifications and preliminary investigations therefore, and for supervising Construction, as well as for the performance of all other duties required by or consequent to the proper and timely completion of each Project;

(d) all costs of issuance related to the Series of Bonds issued with respect to such Project;

(e) payment of expenses incurred in seeking to enforce any remedy against any Contractor or subcontractor in respect of any default under a Project Contract;

(f) the cost of equipment and furnishings for each of the Facilities and all other authorized costs that are considered to be a part of the costs of each of the Facilities in accordance with generally accepted accounting principles and that will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Bonds, including, but not limited to, interest accruing on the Bonds from the date of original issuance thereof and during the period required to complete each Project and for not more 12 months after the respective Completion Date of each such Project;

(g) temporary rent and other similar temporary relocation expenses (including the cost of mobile office trailer space) to be paid for the benefit of any State Body that has been or will be dispossessed from its facilities for a period of time pending completion of the Facilities in which such State Body will be located upon completion thereof;

(h) any other costs and expenses identified in a Supplemental Indenture as "Project Costs" so long as such costs and expenses are authorized under the Act;

(i) land acquisition costs related to a Project to the extent permitted by the Act;

(j) any sums required to reimburse the Issuer or the Lessee for advances made by either of them for any of the above items or for any other costs incurred and for work done by either of them that are properly chargeable to a capital account in respect of a Project, including sums required to reimburse the Issuer or the Lessee for advances for costs incurred pursuant to clause (k) below; and

(k) all other amounts that shall be required to be paid under the terms of any Project Contract so long as such amounts are authorized under the Act.

"*Project Documents*" shall mean (a) the Plans and Specifications, including change orders (if any) as permitted by the Lease; (b) a survey of each site on which any of the Facilities are located, prepared by a registered land surveyor in accordance with standard requirements for land title surveys, showing the location of all improvements, easements, encroachments and other encumbrances on each such site; (c) any necessary permits for any of the Projects, including any building permits and certificates of occupancy; (d) the Project Contracts; (e) policies of title, casualty, public liability and workers' compensation insurance, or certificates thereof, as required by the Lease with respect to the Leased Property; (f) performance and payment bonds with respect to any Construction of any of the Facilities; (g) the executed contract with an architect hired by the Lessee in connection with the preparation of Plans and Specifications and (h) any and all other documents executed by or furnished to the Lessee or a Contractor in connection with any Project.

"*Project Fund*" shall mean the fund by that name created by the Indenture.

"*Projects*" shall mean, the undertaking by the Issuer, of the direction of the Lessee, of the Acquisition and Construction of any Facilities as authorized by the Act and pursuant to the Lease.

"*Property*" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"*Redemption Fund*" shall mean the fund by that name created by the Indenture.

"*Regular Record Date*" shall mean, with respect to any Bond Interest Payment Date for Bonds that are not Variable Rate Bonds, the first day of the month in which such Bond Interest Payment Date occurs. For Variable Rate Bonds, "Regular Record Date" shall have the meaning given thereto in the Supplemental Indenture authorizing such Variable Rate Bonds.

"*Renewal Term*" shall mean each of the additional and consecutive one year renewal terms for which the Lessee at its option may extend the term of the Lease after the Initial Term.

"*Rentals*" shall mean the total amount of the Base Rentals and the Additional Rentals payable during the initial term and each Renewal Term under the Lease.

"*Revenues*" shall mean (a) the Option Price, if paid, and any portion of the Option Price (if paid) with respect to separate Facilities; (b) all Net Proceeds, if any, of casualty insurance (including any moneys derived from the Risk Management Fund or any self–insurance program), title insurance, performance bonds, condemnation awards and awards resulting from defaults under Project Contracts (including amounts realized as liquidated damages) in connection with the Projects, not applied to the repair, restoration, modification, improvement or replacement of the Leased Property; (c) all Net Proceeds, if any, derived from any sale of the Leased Property pursuant to a foreclosure pursuant to the Indenture or any of the Mortgages and reletting or sale of the Leased Property thereafter pursuant to the Indenture or any of the Mortgages or any other proceeds realized upon the exercise of any other remedies under the Indenture or under any of the Mortgages; (d) the Base Rentals; (e) any portion of the proceeds of sale of the Bonds deposited into the Bond Fund or the Capitalized Interest Fund to pay accrued interest or capitalized interest on Bonds; (f) any earnings on moneys on deposit in the Bond Fund and the Capitalized Interest Fund to the extent such earnings are available as provided in the Indenture for application for the purposes for which such funds have been or will be established under the Indenture; (g) all other revenues derived from the Lease, except Additional Rentals; and (h) any other moneys to which the Trustee may be entitled for the benefit of the Owners of the Bonds, including, but not limited to, Direct Payments and any amounts to be paid into the Bond Fund pursuant to the Lease from rentals or other payments by permitted sublessees, assignees and transferees.

"*Risk Management Fund*" shall mean the Risk Management Fund of the State, established pursuant to Section 63A–4–201 of the Utah Code.

"*Series*" shall mean all of the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefore pursuant to the Indenture.

"*Site Leases*" shall mean any lease pursuant to which the State leases a State–Owned Site to the Issuer for the purpose of a Project.

"*Special Record Date*" shall mean a special date fixed to determine the names and addresses of Owners of Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as provided in the Indenture.

"*State*" shall mean the State of Utah.

"*State Bodies*" shall mean "state bodies" as such term is defined in the Act, including Section 63B–1–303 thereof, as amended from time to time.

"*State–Owned Site*" shall mean any parcel of land on which Facilities are to be Acquired or Constructed that is owned by the State, was not acquired by the State with the proceeds of any Bonds issued pursuant to the Indenture and is leased to the Issuer for the purpose of a Project.

"*Supplemental Indenture*" shall mean any supplement or amendment to the Indenture that has been duly entered into between the Issuer and the Trustee, but only if and to the extent that such Supplemental Indenture is entered into in accordance with the provisions of the Indenture.

"*Supplemental Lease*" shall mean any supplement or amendment to the Lease that has been duly entered into by the Lessor and the Lessee, but only if and to the extent that such Supplemental Lease is entered into in accordance with the provisions of the Lease and the Indenture.

"*Tax Certificate*" shall mean, with respect to each Series of Bonds, any agreement or certificate of the Issuer and the Lessee that the Issuer and the Lessee may execute in order to establish and assure the excludability from gross income for federal income tax purposes of interest on the Bonds.

"*Term of the Lease*" or "*term of the Lease*" with respect to the possessory interest of the Lessee shall mean the initial term and any Renewal Terms as to which the Lessee exercises its option to renew the term of the Lease as provided in the Lease, subject to the provisions hereof concerning termination of certain of the Lessee's obligations under the Lease.

"*Trust Estate*" shall mean the properties, rights, interests and privileges (a) described in the Granting Clauses of the Indenture and to be described in the Granting Clauses of each Supplemental Indenture or (b) subject to the lien of a Mortgage.

"*Trustee*" shall mean Wells Fargo Bank, N.A., of Denver, Colorado (as successor in interest to First Security Bank of Utah, N.A.), and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee under the Indenture.

"*Utah Code*" shall mean the Utah Code Annotated 1953, as amended.

"*Variable Rate Bonds*" shall mean, as of any date of calculation, any Bonds the terms of which on such date of calculation are such that interest thereon for any future period of time is expressed to be calculated for a period or at a rate that is not susceptible of precise determination for any future period of time; *provided, however,* that the term "Variable Rate Bonds" shall not apply to any period after the method for calculating interest on the Bonds has been converted to a fixed rate to maturity as provided in the applicable Supplemental Indenture.

"*Variable Rate Rentals*" shall mean the interest component of Base Rentals that is to be calculated for a period of time or at a rate that, as of any date of calculation, is not susceptible of precise determination for any future period of time; *provided, however,* that the term "Variable Rate Rentals" shall not apply to any period after the method for calculating the interest component of Base Rentals has been converted to a fixed rate to maturity as provided in the applicable Supplemental Lease.

THE INDENTURE

Additional Bonds

At any time while there is no Event of Default under the Indenture or the Lease and so long as no Event of Nonappropriation has occurred and is then continuing, Additional Bonds may be issued pursuant to a Supplemental Indenture for the purposes specified in the Indenture and the Lease. All Additional Bonds shall be secured by the lien of the Indenture and the Mortgages and rank *pari passu* with the Bonds then Outstanding.

Prior to the delivery on original issuance by the Trustee of each Series of such Additional Bonds, there shall be or have been delivered to the Trustee, among other items required by the Indenture, the following:

(a) a written opinion of bond counsel to the effect that the issuance of such Series of Additional Bonds will not adversely affect the excludability from gross income for federal income tax purposes of interest on any Bonds then Outstanding;

(b) a date–down endorsement to each ALTA mortgage title insurance policy, and if required by the Lessee, an ALTA leasehold policy which complies with Section 211(a)(vi) of the Indenture or a new ALTA mortgagee title insurance policy with comprehensive endorsement, which endorsement or new policy shall insure to the date of issuance of such Series of Additional Bonds and the recording of the Mortgage, if any, relating to such Additional Bonds the continuing validity of the lien thereof, as a first and prior lien on the premises thereby secured, subject only to Permitted Encumbrances, and which endorsement shall establish the amount of title insurance coverage thereunder as an amount equal to the principal amount of the Additional Bonds used to finance a particular Project plus the principal amount of any such Bonds (other than such Series of Additional Bonds) outstanding as of the date of issuance of such endorsement, and insuring that the title to the Additional Facilities to be financed with the proceeds of the sale of such Series of Additional Bonds is vested in the Issuer, title to the leasehold estate under the Lease is vested in the Lessee and, if such is the case, title to the leasehold estate under any Site Lease executed in connection with such Series of Additional Bonds is vested in the Issuer, subject to any Permitted Encumbrances, and naming the Trustee as an insured; *provided, however,* in the event that the property upon which Additional Projects are to be located has not been acquired at or prior to the time of issuance of the Additional Bonds, the Supplemental Lease or Supplemental Indenture relating to such Additional Bonds shall require that such endorsement or additional title policy with respect to such property be delivered at the time of or prior to any disbursements being made from the Project Fund with respect to such portion of the Project; and

(c) written evidence from each of the appropriate rating agencies to the effect that the issuance of the Series of Additional Bonds will not by itself result in a reduction of withdrawal of the rating or ratings then in effect with respect to the Outstanding Bonds.

Notwithstanding any other provisions of the Indenture to the contrary, the Issuer may issue Additional Bonds to finance or refinance Additional Facilities or portions thereof pursuant to the Indenture without subjecting such Additional Facilities or portions thereof to any additional Mortgages or supplements to existing Mortgages and without delivering a copy of the Mortgage to the Trustee, if the Issuer submits to the Trustee a certificate stating and demonstrating that (a) the Additional Facilities or portions thereof to be finance or refinanced are of such a nature that would make an additional Mortgage or supplement to an existing Mortgage impractical and (b) the value to the 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 of Event of Default has occurred and is continuing and the Lessee's right (as agent of the Issuer under the Agency Agreement) or other agent to control the Projects has not otherwise been terminated pursuant to the Lease or the Agency Agreement, the Trustee is authorized and directed under the Indenture to make payments as requested by the Lessee from each Project Account to pay or reimburse (to the extent authorized) the Project Costs relating to each of the Projects, upon receipt of certain documents, certificates and opinions specified in the Indenture.

Completion of the Projects; Delivery of Completion Certificate. The completion of each Project under the Lease, the payment or provision made for payment of all Project Costs under the Lease related to each such Project and the acceptance of the portion of the Leased Property represented by such Project by the Lessee shall be evidenced by the filing with the Trustee of the Completion Certificate of an authorized Lessee representative stating that, to the best of the Lessee's knowledge based upon the representations of the engineers, vendors, suppliers, contractors, architects and other consultants for such Project and except for any amounts estimated by such authorized Lessee representative to be necessary for payment of any Project Costs not then due and payable, such Project has been completed and the portion of the Leased Property represented by such Project has been accepted by the Lessee. Immediately after the date of delivery of the Completion Certificate for a Project and unless otherwise provided in a Supplemental Indenture with respect to a Series of Additional Bonds, any moneys remaining in the related Project Account (except any amount that the Lessee shall have directed the Trustee to retain for any Project Costs not then due and payable and except as otherwise may be required by any Tax Certificate) shall without further authorization be transferred by the Trustee for deposit into the Bond Fund and applied by the Trustee for the purposes for which such Fund has been established under the Indenture.

Deposit Into and Use of Moneys in Redemption Fund. All moneys to be used for redemption of Bonds (other than mandatory sinking fund redemptions) shall be deposited into the Redemption Fund.

Use of Moneys in Insurance Fund. All Net Proceeds of performance or payment bonds, proceeds (including any moneys derived from the Risk Management Fund and any self–insurance program) from policies of insurance required by the Lease or condemnation awards, or any proceeds resulting from a default under a Project Contract (except liquidated damages) or any other contract relating to the Leased Property that are received by the Trustee shall be deposited into the Insurance Fund. An authorized Lessee representative shall file an Officer's Certificate with Trustee, within 90 days after the occurrence of the event giving rise to such Net Proceeds, directing the application and disbursement of such funds, subject to any applicable provisions of any Tax Certificate, as follows:

(a) to the prompt repair, replacement, restoration, modification or improvement of the damaged or destroyed portion of the Leased Property if such Officer's Certificate states that such Net Proceeds, together with any other funds lawfully available to the Lessee for such purpose, are sufficient to pay in full the costs of such repair, replacement, restoration, modification or improvement; or

(b) to the redemption, in whole or in part, of the principal of the Bonds in accordance with the Indenture and the Lease.

Liquidated damages resulting from a default by a Contractor to complete a Project in a timely fashion under the Construction Contract are to be deposited into the Bond Fund.

Moneys To Be Held In Trust

All moneys required to be deposited with or paid to the Trustee for account to any fund referred to in any provision of the Indenture shall be held by the Trustee in trust in accordance with the terms of the Indenture.

Permitted Investments

Subject to compliance with the terms and provisions of any Tax Certificate, any moneys held as part of the Project Accounts, the Insurance Fund or any accounts therein or in any other funds or accounts under the Indenture (except the Bond Fund, the Redemption Fund and the Capitalized Interest Fund) and any moneys held as part of the Cost of Issuance Funds, shall be invested and reinvested by the Trustee to the extent permitted by law, at the written direction of the Utah State Treasurer for and on behalf of the Lessee, but only so long as no Event of Default has occurred and is continuing (or by the Trustee after the occurrence and during the continuance of any such Event of Default), in any Investment Securities maturing not later than such times as shall be necessary to provide moneys when needed for payments to be made from each such Fund or other fund or account.

Subject to compliance with the terms and provisions of any Tax Certificate, any moneys held as part of the Bond Fund, the Redemption Fund and the Capitalized Interest Fund, unless otherwise provided in a Supplemental Indenture, shall be invested and reinvested by the Trustee to the extent permitted by law, at the written direction of the Utah State Treasurer for and on behalf of the Lessee, but only so long as no Event of Default has occurred and is continuing (or by the Trustee after the occurrence and during the continuance of any such Event of Default), only in Government Obligations maturing at such times and in such amounts as shall be necessary to pay principal of and interest on the Bonds as such become due and payable or, with respect to moneys held as part of the Bond Fund, invested in (a) a money market mutual fund that invests only in Government Obligations or (b) the Utah State Treasurer's Investment Pool established pursuant to Title 51, Chapter 7 of the Utah Code.

All such investments shall at all times be a part of the fund from whence the moneys used to acquire such investments shall have come. In computing the amount in any fund or account under the Indenture, investments shall be valued at the market price thereof at least annually by the Trustee prior to May 1 of each year. All income and profits on such investments shall be credited to, and all losses thereon shall be charged against, such funds and accounts equal to each fund's or account's respective proportionate contribution thereto. Any such investments shall be made by the Trustee in such manner as to assure the availability of moneys to make disbursements from each Project Account on the anticipated dates of disbursement for the Project to which such Project Account relates and to make payments of the principal of, and premium, if any, and interest on, the Bonds at the times and in the amounts as provided therein.

Discharge Of Lien

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid or provision for the unconditional payment made from any source, to or for the Owners of the Bonds all principal of, and premium, if any, and interest on, the Bonds at the times and in the manner stipulated therein and in the Indenture, and if the Issuer shall not then be in default in any of the other covenants and promises in the Bonds and in the Indenture expressed or implied as to be kept, performed and observed by it or on its part, and if the Lessee shall not then be in default in any of its covenants and promises in the Lease expressed or implied as to be kept, performed and observed by it or on its part, and if the Issuer shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions of the Indenture, then all rights and obligations of the Issuer, the Lessee and the Trustee under the Indenture, the Lease and the Site Leases shall terminate and be of no further force and effect and the Trustee shall cancel and discharge the Indenture, the Mortgages, the Lease and the Site Leases and execute and deliver to the Issuer and the Lessee such instruments in writing as shall be requisite to cancel and discharge the lien of the Indenture, and reconvey, release, assign and deliver unto the Issuer and the Lessee any and all the estate, right, title and interest in and to any property conveyed, mortgaged, assigned or pledged to the Trustee or otherwise subject to the lien of the Indenture or the Mortgages, except (a) amounts in the Bond Fund required to be paid to the Lessee pursuant to the Indenture, (b) moneys or securities held by the Trustee for the payment of the principal of, or premium, if any, or interest on, the Bonds and (c) any moneys to be paid pursuant to any Tax Certificate.

Any Bond shall be deemed to be paid, or any portion thereof shall be deemed to be paid, within the meaning of the Indenture when payment of the principal of, and premium, if any, and interest on, the Bonds (or such portion thereof) either (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Government Obligations (provided that such deposit does not, in the opinion of bond counsel, adversely affect the excludability from gross income for federal income tax purposes of interest on any of the Bonds or cause the Lease or any of the Bonds to be classified as arbitrage bonds within the meaning of Section 148(a) of the Code), which are not callable at the option of the issuer thereof prior to their maturity and which mature and bear interest in such amounts and at such times as will provide such amounts and at such times as will insure the availability of sufficient moneys to make such payment on and prior to the redemption date or maturity date, as the case may be. If the Bonds are not to be paid on the next succeeding Bond Payment Date, proper notice of redemption shall have been previously mailed as provided in the Indenture or the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to mail notice of redemption as provided in the Indenture. At such time as a Bond shall be deemed to be paid, it shall no longer be secured by or entitled to the benefits of the Indenture or the Mortgages, except for the purposes of registration and exchange of Bonds and of any such payment from such moneys or Government Obligations.

Possession, Use And Partial Release Of Leased Property

Subordination of Lease to the Indenture and the Mortgages. As provided in the Lease, the Lease and the Lessee’s interest in the Leased Property and its interest as lessee under the Lease shall at all times be subject to the lien of the Indenture and the Mortgages; *provided, however*, that so long as no Event of Default under the Indenture or an Event of Nonappropriation has occurred and is then continuing, the Lease shall remain in full force and effect notwithstanding such subordination, and the Lessee shall not be disturbed by the Issuer or the Trustee in its possession, use and enjoyment of the Leased Property during the term of the Lease or in the enjoyment of its rights under the Lease.

Release of Sites. The Issuer and the Lessee have reserved the right in the Lease to withdraw certain portions of the sites on which any of the Facilities are located from the terms of the Lease and the lien of the Indenture upon compliance with the terms and conditions of the Lease. The Trustee shall release from the lien of the Indenture any such portions of the sites upon compliance with the provisions of the Lease.

Granting or Release of Easements. In accordance with the Lease, the Lessee may grant or release easements and take other action upon compliance with the terms and conditions of the Lease. The Trustee shall execute or confirm the grants or releases of easements, licenses, rights–of–way and other rights and privileges permitted by the Lease upon compliance with the provisions of the Lease.

Events Of Default And Remedies

Events of Default Defined. The occurrence of any of the following events shall constitute an “Event of Default” under the Indenture:

(a) Default in the payment of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity date thereof, by acceleration or call for redemption or otherwise;

(b) Default in the payment of any interest on any Bond when the same shall become due and payable;

(c) The occurrence of any Event of Nonappropriation or Event of Default as each such term is defined in the Lease or the occurrence of an event of default under any Mortgage; or

(d) Subject to the provisions of the Indenture, default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in the Indenture or in the Bonds contained and the continuance thereof for a period of 60 days after written notice to the Issuer and the Lessee given by the Trustee or to the Trustee, the Issuer and the Lessee by the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding.

Notice of Certain Defaults; Opportunity of Lessee to Cure Certain Defaults. Anything in the Indenture to the contrary notwithstanding, no default described in paragraph (d) under “Events of Default Defined” above will constitute an Event of Default until actual notice of such default by registered or certified mail has been given by the Trustee or by the Owners of not less than a majority in aggregate principal amount of all Bonds then Outstanding to the Issuer and the Lessee, and the Lessee has had 30 days after receipt of such notice to correct said default or cause said default to be corrected, and has not corrected said default or caused said default to be corrected, or if said default be such that it cannot be corrected within the applicable period, it will not constitute an Event of Default if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected.

Remedies Upon Default. Upon the occurrence and continuance of any Event of Default, the Trustee shall have all the rights and remedies with respect to the Trust Estate as the Issuer, as lessor, has against the Leased Property and the Lessee under the pertinent provisions of the Lease and subject to the restrictions and limitations therein provided. Upon the occurrence and continuance of any Event of Default, the Trustee may, and at the written request of Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall, declare the principal amount of the Bonds then Outstanding to be immediately due and payable, whereupon such principal amount shall, without further action, become and be immediately due and payable, anything in the Indenture, any Mortgage or in the Bonds to the contrary notwithstanding; *provided, however,* that no such acceleration shall change or otherwise affect the Lessee’s obligation under the Lease to pay Rentals only during the term of the Lease and in the amounts and at the times as provided in the Lease. The Trustee shall give notice of such declaration of acceleration to the Lessee and the Issuer and, upon receipt of indemnity satisfactory to it, shall give notice thereof by Mail to Owners of all Bonds then Outstanding.

Upon the occurrence and continuance of any Event of Default specified in paragraphs (a), (b), or (c) under the heading “Events of Default Defined” above, the Trustee shall, without any action on the part of the Owners of the Bonds, or upon the occurrence and continuance of an Event of Default specified in paragraph (d) under the heading “Events of Default Defined” above, and at the written request of Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding the Trustee shall, give notice to the Lessee to vacate and surrender the Leased Property immediately as provided in the Lease, with or without terminating the term of the Lease thereunder except as to the Lessee’s possessory interests in the Leased Property under the Lease. The Trustee may, and at the written request of Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall, commence an action to foreclose the lien of the Indenture as a mortgage in the manner provided in the Indenture and as permitted by law against the Trust Estate, commence an action or actions to foreclose any Mortgage or Mortgages in the manner therein provided and as permitted by law against the Issuer’s right, title and interest in the Leased Property in such manner and order as the Trustee may determine, and take one or any combination of the following additional remedial steps:

(a) The Trustee may terminate the Lease or the Lessee’s possessory rights thereunder (without otherwise terminating the Lease), re–enter the Leased Property and eject all parties in possession thereof therefrom and relet the Leased Property (subject to the Site Leases), all as provided in the Lease;

(b) The Trustee may, subject to compliance with the applicable provisions of the "one action rule" set forth in Title 78, Chapter 37 of the Utah Code, recover from the Lessee:

(1) the portion of Base Rentals and Additional Rentals that are or would otherwise have been payable under the Lease during any period in which the Lessee continues to use, occupy and operate the Leased Property or any portion thereof; and

(2) Base Rentals and Additional Rentals that are or would otherwise have been payable by the Lessee under the Lease during the remainder, after the Lessee vacates and surrenders the Leased Property, of the Renewal Term in which such Event of Default occurs for which Term the Lessee had lawfully appropriated moneys for purposes of paying such Base Rentals and Additional Rentals; *provided*, *however*, that if the Trustee does not proceed to sell the Leased Property reasonably promptly after such Event of Default, the Trustee shall be obligated to the Lessee to use the Trustee's best efforts to lease or sublease the Leased Property for the remainder of such Renewal Term, and the Net Proceeds of such leasing and subleasing shall be offset against the amount recoverable from the Lessee as described under this subparagraph (2);

(c) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Leased Property, or any part thereof, in its own name or in the name of the Issuer, and do any acts that the Trustee deems necessary or desirable to preserve the value, marketability or rentability of the Leased Property, or part thereof or interest or space therein, increase the income therefrom or protect the security of the Indenture and, with or without taking possession of the Leased Property, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any obligations secured by the Indenture, all in such order as the Trustee may determine;

(d) In conformity with the Indenture, exercise all rights of the Issuer in its capacity as lessor under the Lease, including the right to lease all or any part of the Leased Property (subject to the Site Leases) in the name and for the account of the Issuer, to collect, receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, any taxes and assessments and other charges prior to the lien of the Indenture that the Trustee may deem it wise to pay and all expenses and costs of repairs and improvements to the Leased Property and apply the remainder of the moneys so received in accordance with the Indenture;

(e) Exercise any or all of the remedies available to a secured party under the Utah Uniform Commercial Code, as then in effect, with respect to property subject to the Indenture or any Mortgage that is covered by such Code; and

(f) Exercise the option provided to the Trustee (as assignee of the Issuer, in its capacity as ground lessee under the Site Leases, pursuant to the Indenture) with respect to any Site Lease to purchase the Site that is the subject of such Site Lease.

A judgment requiring a payment of money may be entered against the Lessee by reason of an Event of Default under the Indenture only as to the liabilities described in paragraph (b) above. Notwithstanding anything set forth in the Lease, the Mortgages or the Indenture to the contrary, any Event of Default consisting of a failure by the Lessee to vacate or surrender the Leased Property by the expiration of the Renewal Term during which an Event of Nonappropriation occurs shall not result in any liability for Base Rentals or Additional Rentals allocable to any period other than the period in which the Lessee continues to use, occupy and operate the Leased Property or any portion thereof and to that extent only.

Other Remedies. Upon the occurrence of an Event of Default, the Trustee may, as an alternative, either after entry or without entry, pursue any available remedy by suit at law or equity to enforce the payment of the principal of, and premium, if any, and interest on, the Bonds then Outstanding, including, without limitation, foreclosure and mandamus and an action for specific performance of any agreement contained in the Indenture.

Upon the occurrence of an Event of Default, if requested to do so by the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in the Indenture, the Trustee shall exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, upon being advised by counsel, shall deem most expedient in the interests of the Owners; provided that the obligation of the Trustee to accelerate the principal of the Bonds shall be subject to the provisions set forth under the heading "Remedies Upon Default" above.

Remedies Not Exclusive. No remedy conferred in the Indenture upon or reserved to the Trustee is intended to be exclusive of any other remedy in the Indenture or by law provided or permitted, but each such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute. Every power or remedy given by the Indenture, any Mortgage, the Lease or any Site Lease, or to which the Trustee may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Trustee, and the Trustee may pursue inconsistent remedies.

Limitation on Remedies. Notwithstanding anything in the Indenture to the contrary, no deficiency judgment upon foreclosure or exercise of other remedies as provided in the Indenture may be entered against the Issuer or the State (as Lessee or otherwise) or any of its political subdivisions, *provided* that the Lessee shall remain liable to pay Rentals for any period that it uses, occupies and operates the Leased Property, and the Trustee shall be entitled to recover such Rentals from the Lessee as provided in the Indenture.

No breach of any covenant or agreement in the Indenture or the Lease shall impose any general obligation or liability upon, nor a charge against the general credit or taxing power of, the State (in its capacity as Lessee or otherwise) or any of its political subdivisions.

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default under the Indenture and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds, and shall do so upon the written request of the Owners of (a) more than 50% in aggregate principal amount of all Bonds the Outstanding in respect of which a default exists in the payment of principal and/or premium, if any and/or interest, or (b) more than 50% in aggregate principal amount of all Bonds then Outstanding, subject to the provisions of the Indenture.

Rights and Remedies of Owners of the Bonds. Except in the case of a failure of the Trustee to accelerate payment of principal of the Bonds pursuant to the provisions of the Indenture described under the heading "Remedies Upon Default" above, no Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or the enforcement of any Mortgage or for the appointment of a receiver or any other remedy under the Indenture or under any Mortgage, unless (a) a default has occurred of which the Trustee has been notified, or of which it is deemed to have notice, (b) such default has become an Event of Default and the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and have offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (c) such Owners have offered to the Trustee indemnity as provided for in the Indenture and (d) the Trustee thereafter has failed or refused to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name or in the name of such Owners. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or the Mortgages or for the appointment of a receiver or any other proceedings under the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of law, the Indenture and any applicable Mortgage.

Limitations Of Liability

Limitations of Liability of Issuer. The Trustee and the Owners agree to look solely to the Trust Estate, including the Leased Property and the Revenues, for the payment of the obligations of the Issuer under the Indenture. However, nothing contained in the Indenture shall limit, restrict or impair the rights of the Owners of the Bonds or the Trustee to exercise all rights and remedies provided under the Indenture, the Mortgages, the Lease or any Site Lease or otherwise realize upon the Trust Estate and the Trustee may join the Issuer and the Lessee and their officers, trustees, agents and employees, in their capacities as officers, trustees, agents and employees of the Issuer or the Lessee, as defendants in any legal action it undertakes to enforce its rights and remedies under the Indenture.

Limitations of Liability of Lessee. Nothing in the Indenture shall be construed to require the Lessee to appropriate any money for the performance of any obligation under the Indenture or under the Lease. No provision of the Indenture shall be construed or interpreted as creating a general obligation or other indebtedness of the State (in its capacity as Lessee or otherwise) or any political subdivision of the State within the meaning of any constitutional or statutory debt limitation. Neither the execution, delivery and performance of the Lease nor the issuance of the Bonds directly or indirectly obligates the Lessee to make any payments under the Indenture or under the Lease beyond those appropriated for the Lessee's then current Fiscal Year or to pay the Option Price or any portion thereof.

Supplemental Indentures; Waivers

Supplemental Indentures Without Consent of the Owners of the Bonds. The Issuer and the Trustee from time to time and at any time with the prior written consent of the Lessee, but without the consent of or notice to any Owners and subject to the restrictions contained in the Indenture, may enter into an indenture or indentures supplemental thereto and that shall thereafter form a part thereof for any one or more or all of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon, the Issuer;

(b) to subject to the lien of the Indenture additional Property and Revenues hereafter acquired by the Issuer and intended to be subjected to the lien of the Indenture and to correct and amplify the description of any Property and Revenues subject to the lien of the Indenture;

(c) to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(d) to cure any ambiguity or cure, correct or supplement any provision contained in the Indenture or in any Supplemental Indenture that may be defective or inconsistent with any other provision contained in the Indenture or in any Supplemental Indenture or to make such other provisions in regards to matters or questions arising under the Indenture or any Supplemental Indenture as shall not adversely affect in a material way the interest of any Owner;

(e) to comply with any additional requirements necessary to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds; or

(f) to authorize the issuance of Additional Bonds and provide the terms therefore, including such provisions as are necessary in connection with the terms required to issue Variable Rate Bonds.

Waivers and Consents by Owners; Supplemental Indentures with Owners' Consent. Upon the prior written waiver or consent of the Owners of at least $66^{2}/_{3}$% in aggregate principal amount of the Bonds then Outstanding, (a) the Issuer may take any action prohibited, or omit the taking of any action required, by any of the provisions of the Indenture or any Supplemental Indenture, or (b) the Issuer and the Trustee may enter into an indenture or indentures supplemental thereto for the purpose of adding, changing or eliminating any provisions of the Indenture or of any Supplemental Indenture thereto or modifying in any manner the rights and obligations of the Owners of the Bonds and the Issuer; provided that no such waiver or supplemental indenture shall (1) impair or affect the right of any Owner to receive payments or prepayments of the principal of, and premium, if any, and interest on, such Owner's Bond, as provided therein and in the Indenture, without the consent of such Owner, (2) permit the creation of any lien with respect to any of the Trust Estate, without the consent of the Owners of all the Bonds at the time Outstanding, (3) effect the deprivation of the Owner of any Bond of the benefit of the liens of the Indenture or any Mortgage upon all or any part of the Trust Estate without the consent of such Owner, (4) reduce the aforesaid percentage of the aggregate principal amount of Bonds, the Owners of which are required to consent to any such waiver or supplemental indenture pursuant to the Indenture, without the consent of the Owners of all of the Bonds at the time Outstanding or (5) modify the rights, duties or immunities of the Trustee without the consent of the Trustee and the Owners of all of the Bonds at the time Outstanding.

Amendment Of Lease And Site Leases

Amendments to Lease or Site Leases Not Requiring Consent of Owners. The Issuer and the Lessee may, with the prior written consent of the Trustee, but without the consent of or notice to the Owners, consent to any amendment, change or modification of the Lease or any Site Lease as may be required (a) by the provisions of the Lease, any Site

Lease or the Indenture; (b) for the purpose of curing any ambiguity or formal defect or omission in the Lease or any Site Lease; (c) in order to more precisely identify the Leased Property or any portion thereof or to add additional or substituted improvements or properties acquired in accordance with the Lease, any Site Lease or the Indenture; (d) in connection with any other change in the Lease or any Site Lease that, in the judgment of the Trustee, does not adversely affect in a material way the interests of the Trustee or any Owner; (e) for the purposes of complying with additional requirements necessary to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds or (f) in connection with the issuance of Additional Bonds, including such provisions as are necessary to provide for Variable Rate Rentals.

Amendments to Lease or Site Leases Requiring Consent of Owners. Except for the amendments, changes or modifications described in the preceding paragraph, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Lease or any Site Lease without mailing of notice and the prior written approval or consent of the Owners of not less than $66^2/_3$% in aggregate principal amount of the Bonds at the time Outstanding.

THE LEASE

Term Of The Lease

Commencement of the Term of the Lease. The initial term of the Lease expired on June 30, 1995 (the "Initial Term"). Subject to the Lessee's option to extend the term of the Lease for additional and consecutive one–year renewal terms (which the Lessee has done since 1995 and through June 30, 2017), with a final renewal term commencing July 1, 2037, and ending May 16, 2038. The terms and conditions of the Lease during any Renewal Term shall be the same as the terms and conditions during the Initial Term, except that the Base Rentals will be as specified in Schedules attached to the Lease, as such Schedules may be revised as provided in the Indenture.

Each option shall be exercised automatically by the enactment into law of a State budget that appropriates and allocates to or for the benefit of the Lessee for purposes of the Lease moneys sufficient (after taking into account any moneys legally available for such purpose, including, but not limited to, such moneys as may be legally available from non–lapsing appropriations in the Fiscal Year prior to such Renewal Term) to pay the Base Rentals (using for purposes of computing any Variable Rate Rentals, a projected interest cost based upon the formula contained in the Supplemental Lease providing for such Variable Rate Rentals) and reasonably estimated Additional Rentals (calculated as provided in the Lease) for the next succeeding Renewal Term as provided in the Lease. The enactment into law of such State budget, after compliance with the procedures required by applicable law, shall automatically extend the term of the Lease for the succeeding Renewal Term without any further action required by any official, officer or employee of the Lessee or any other person.

The option to renew may not be exercised at any time during which an Event of Default or an Event of Nonappropriation (except as otherwise provided in the Lease as described under the heading "Rentals Payable—Nonappropriation" below) has occurred and is then continuing under any of the terms of the Lease; *provided, however*, that if the Event of Default complained of (money payments excepted) is of such nature that the same is curable but not within the period allowed for curing such Event of Default, then the right of the Lessee to exercise the option to renew shall not be suspended if the Lessee shall have promptly commenced within such period to comply with the provisions of the Lease that shall have been breached by it and if and so long as the Lessee shall, with diligence and continuity, proceed to cure such Event of Default.

Expiration or Termination of the Term of the Lease. The term of the Lease will expire or terminate, as appropriate, as to the Lessee's right of possession of the Leased Property as described in the next paragraph upon the first to occur of any of the following events: (a) the expiration of any Renewal Term during which there occurs an Event of Nonappropriation (which is not thereafter waived by the Trustee); (b) on the Optional Payment Date on which the deposit is made of the purchase price by the Lessee for Leased Property to be purchased pursuant to the Lease; (c) an Event of Default and a termination of the term of the Lease as to the possessory interest of the Lessee by the Trustee as provided in the Lease; (d) discharge of the Indenture as therein provided; or (e) May 16, 2038, which date constitutes the day following the last Bond Principal Payment Date of the final Renewal Term of the Lease, or such later date as all Rentals required under the Lease and the Bonds shall be paid.

The expiration or termination of the term of the Lease as to the Lessee's right of possession and use of the Leased Property as described in the preceding paragraph shall terminate all obligations of the Lessee thereunder (except to the extent that the Lessee incurred any obligation to pay Rentals from moneys theretofore appropriated and available for such purpose) and shall terminate the Lessee's rights of use, occupancy and operation of the Leased Property (except to the extent of any conveyance of the Leased Property to the Lessee purchased by the Lessee as provided in the Lease). All other terms of the Lease and the Indenture, including all obligations of the Trustee with respect to the Owners of the Bonds and the receipt and disbursement of funds, shall be continuing until the lien of the Indenture is discharged or foreclosed, as provided in the Indenture, except that all obligations of the Lessee to pay any amounts to the Owners and the Trustee under the Indenture shall thereafter be satisfied only as provided in the Indenture. The termination or expiration of the term of the Lease as to Lessee's right of possession and use shall not in itself discharge the lien of the Indenture.

Rentals Payable

Rentals Payable–General. The Lessee shall pay the Base Rentals and the Additional Rentals (but shall not be entitled to prepay or cause to be prepaid any such Base Rentals or Additional Rentals, except as otherwise expressly provided in the Lease or in a Supplemental Lease) in the amounts, at the times and in the manner set forth in the Lease, said amounts constituting in the aggregate the total of the annual Rentals payable under the Lease, as follows:

(a) *Base Rentals*. The Lessee agrees, subject to the availability of appropriations of funds to it therefore and other moneys legally available for the purpose, to pay to the Trustee for the account of the Lessee in arrears during each Renewal Term (i) the principal component of the Base Rentals payable in annual installments on May 1 of each year as set forth in the Lease and (ii) the interest component of the Base Rentals payable in installments on May 1 and November 1 of each year as set forth in the Lease. The Base Rentals shall be paid for the right to the use, occupancy and operation of the Leased Property during the term of the Lease. The Lessee agrees to pay the Base Rentals in accordance with the Base Rental Payment Schedule set forth in the Lease as it may be revised from time to time by such amounts as are necessary to reflect the redemption of the principal of Bonds (other than mandatory sinking fund redemptions) or to pay the principal of and interest on Additional Bonds.

(b) *Additional Rentals.* In addition to the Base Rentals, and as part of the total Rentals during the term of the Lease, the Lessee shall pay on a timely basis, but only from legally available funds appropriated for such purposes or otherwise legally available therefore, to the parties entitled thereto an amount or amounts (the "Additional Rentals") for each Renewal Term, equivalent to the sum of the following:

(i) the annual fee of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, any Mortgage and any Tax Certificate;

(ii) the reasonable fees and charges of the Trustee, any paying agent and any registrar appointed under the Indenture with respect to the Bonds for acting as trustee, paying agent and registrar as provided in the Indenture;

(iii) the reasonable fees and charges of the Trustee for extraordinary services rendered and extraordinary expenses incurred by it as Trustee under the Indenture;

(iv) the reasonable fees and out–of–pocket expenses of the Lessor relating to the Leased Property not otherwise required to be paid by the Lessee under the terms of the Lease;

(v) the costs of maintenance, operation and repair with respect to the Leased Property and utility charges as required under the Lease and any costs to repair, rebuild or replace the Leased Property as provided in the Lease;

(vi) the costs of casualty, public liability, property damage and workers' compensation insurance as required under to the Lease and the costs related to any self–insurance carried or required to be carried as provided in the Lease;

(vii) the costs of taxes and governmental charges and assessments as required under the Lease;

(viii) an amount equal to any franchise, succession, capital levy or transfer tax, or any income, excess profits or revenue tax, or any other tax, assessment, charge or levy (however denominated), if any shall ever become due, levied, assessed or imposed by the State or any political subdivision thereof upon the Base

Rentals payable under the Lease or the Option Price (if paid) or upon the Leased Property, any portion thereof or any of the Revenues;

(ix) any amount of interest required to be paid (1) on any of the foregoing items as a result of the Lessee's failure to pay any such items when due or (2) pursuant to the Lease; and

(x) any additional payment required to be made pursuant to any Tax Certificate to maintain the excludability from gross income for federal income tax purposes of interest on any Bonds, together with an amount equal to all costs and expenses incurred by the Issuer to calculate or cause to be calculated the amount of any required payment, or otherwise to comply with the provisions of any Tax Certificate.

(c) *Prepayment of Base Rentals and Partial Redemption of Bonds*. The Lease expressly reserves to the Lessee the right, and the Lessee is authorized by the Lease, to prepay Base Rentals in addition to the Base Rentals otherwise payable under the Lease solely for the purpose of redeeming a Series of Bonds in part pursuant to the Indenture. Such additional Base Rentals shall be deposited into the Redemption Fund and applied to the redemption of the Series of Bonds in part in the manner and to the extent provided in the Indenture. See "THE 2018 BONDS—Redemption Provisions For The 2018 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 appropriated in the duly enacted budget for the payment of the Base Rentals that would be payable during the next succeeding Renewal Term unless the Trustee has reason to believe that appropriate officials of the Lessee and the State are diligently pursuing appropriations by the Legislature to pay such Base Rentals on a timely basis and that a delay in declaring an Event of Nonappropriation, under the circumstances, is in the best interests of the Owners of the Bonds. If an Event of Nonappropriation shall occur, the Lessee shall not be obligated to make payment of the Base Rentals or Additional Rentals provided for in the Lease beyond the last day of the Renewal Term during which such Event of Nonappropriation occurs, except for the Lessee's obligation to pay Rentals that are payable prior to the termination of the Lease. The Lessee shall continue to be liable for the amounts payable pursuant to the Lease during such time when the Lessee continues to use, occupy and operate the Leased Property.

The Trustee shall, upon the occurrence of an Event of Nonappropriation and foreclosure of the lien of the Indenture or any Mortgage, have all rights and remedies to take possession of the Leased Property as trustee for the benefit of the Owners of the Bonds and shall be further entitled to all moneys then on hand in all funds and accounts created under the Indenture. All property, funds and rights acquired by the Trustee upon the termination of the Lessee's possessory interests under the Lease by reason of an Event of Nonappropriation shall be held by the Trustee under the Indenture for the benefit of the Owners of the Bonds until the principal of, and premium (if any) and interest on, the Bonds are paid in full.

Upon the occurrence of an Event of Nonappropriation (which is not waived) or an Event of Default (which is not waived), the Lessee shall have all responsibility for surrendering and vacating the Leased Property and shall surrender and vacate the Leased Property immediately following such occurrence. Within 10 days after the occurrence of an Event of Nonappropriation or an Event of Default, the Lessee shall provide the Trustee with a timetable for surrendering and vacating the Leased Property, which timetable shall provide that the Lessee shall completely surrender and vacate the Leased Property no later than June 30 of the then current Renewal Term.

Acquisition, Construction And Financing Of The Projects

The Lessor shall complete or cause the completion of the Projects, all in accordance with the applicable Project Documents. For this purpose, the Lessor has entered into the Agency Agreement with the Lessee, as the Lessor's agent, and may enter into amendments to such Agency Agreement or enter into other Agency Agreements relating to Additional Facilities. The Lessor or its agent for this purpose shall require the Contractor or Contractors who are or have been awarded the Project Contract or Contracts to provide a faithful performance bond and a labor and material payment bond satisfactory to the Lessor or such agent conditioned upon substantial completion of the respective Projects as expeditiously as reasonably possible from the date of execution of the Lease and also conditioned upon delivery of possession of the Leased Property to the Lessee free and clear of all liens and encumbrances, except Permitted Encumbrances, easements and restrictions in the record title accepted by the Lessee.

In the event that a Project is not completed as described above under the caption "THE INDENTURE—Revenues And Funds–Completion of the Projects; Delivery of Completion Certificate," as evidenced by delivery of a Completion Certificate with respect to such Project, the Trustee shall, upon 30 days' written notice to the Lessee, be authorized, but not required, to complete the Project from any moneys then remaining in the Project Account related to such Project.

If an Event of Nonappropriation or an Event of Default shall occur prior to the delivery of the Completion Certificate for a Project, the moneys remaining in the Project Account relating to such Project may be utilized by the Trustee to complete such Project or, upon termination of the term of the Lease as to the possessory interest of the Lessee, may be disbursed as provided in the Indenture.

The Lessee covenants in the Lease, to the extent permitted by applicable law, to use other legally available funds and to seek additional legally available funds to the extent necessary to complete the Projects as required in the Lease, or to make certain design changes in the Projects (so long as such changes do not cause the Leased 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 recover any tax or assessment paid. In the event that the Leased Property or any portion thereof or any portion of the Rentals shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body that may be secured by a lien against the Leased Property or any portion of the Rentals, an Additional Rental shall be paid by the Lessee equal to the amount of all such taxes, assessments and governmental charges then due.

Alterations, Additions And Improvements

The Lessee shall have the right during the term of the Lease to make any alterations, additions, replacements, renovations, rehabilitations or improvements of any kind, structural or otherwise, as it shall deem necessary or desirable, on or to the Leased Property, to attach fixtures, structures or signs, and to affix any personal property to the improvements on the Leased Property; *provided, however,* that no such alteration, addition, replacement, renovation, rehabilitation or improvement shall reduce or otherwise adversely affect the value of the Leased Property or the fair rental value thereof or materially alter or change the character or use of the Leased Property or impair the excludability of interest on the Bonds from gross income of the Owners thereof for federal income tax purposes.

Except as described below, all such alterations, additions and improvements shall become the property of the Lessor as a part of the Leased Property and shall be subject to the Lease and the Indenture.

All of the Lessee's equipment and other personal property installed or placed by the Lessee in or on the Leased Property that is not a fixture under applicable law or that is not paid for with the proceeds of sale of the Bonds shall remain the sole property of the Lessee in which neither the Lessor, the Owners of the Bonds nor the Trustee shall have any interest.

Damage Or Destruction; Condemnation

The Lessor and the Lessee agree in the Lease that it is the intent of the parties that, after the delivery of the Completion Certificate with respect to a Project, the risk of any loss arising out of any damage, destruction, seizure or condemnation of the portion of the Leased Property represented by such Project shall be borne by the Lessee and not by the Lessor or the Owners. The Lessee covenants and agrees that in the event of any such damage, destruction or condemnation, the Lessee shall either repair, rebuild or replace the affected portion of the Leased Property to essentially its same condition before any such damage, destruction, seizure or condemnation or provide funds, either through payment of the applicable Option Price, or otherwise, but in any event only from legally available moneys for such purpose, necessary to redeem Bonds at the earliest practicable date in accordance with the Indenture.

If, during the term of the Lease, (a) the Leased Property or any portion thereof shall be destroyed, in whole or in part, or damaged by fire or other casualty or event; or (b) title to, or the temporary or permanent use of, the Leased Property or any portion thereof or the estate of the Lessee, the Lessor or the Trustee in the Leased Property or any portion thereof shall be taken under the exercise of the police power or the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or (c) a material defect in Construction of any of the Facilities shall become apparent; or (d) title to or the use of all or any portion of the Leased Property shall be lost by reason of a defect in title; then, subject to the provisions of the Lease, the Lessee shall continue to pay Base Rentals and Additional Rentals and to take such action as it shall deem necessary or 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 excludibility from gross income for federal income tax purposes of interest on the Bonds. No subleasing of the Leased Property shall relieve the Lessee from its obligation to pay Rentals as provided in the Lease or relieve the Lessee from any other obligations contained therein. No such assignment or sublease may be made if the use of the portion of the Leased Property represented by such subleased Facilities by the assignee or sublessee will affect the validity of the Lease, change the character or use of the Leased Property to ones not then permitted by applicable law or impair the excludability from gross income for federal income tax purposes of interest on the Bonds.

Compliance With Environmental Laws

The Lessee covenants and agrees in the Lease to carry on the business and operations at the Leased Property in a manner that complies in all respects, and will remain in compliance, with all federal, State, regional, county or local laws, statutes, rules, regulations or ordinances concerning public health, safety or the environment, but only to the extent applicable to the Lessee.

Amendments, Changes And Modifications

Subject to certain limitations contained in the Lease, the Lessor and the Lessee may make, from time to time, without the consent of the Trustee or the Owners of the Bonds, such modifications, alterations, amendments or additions to, or deletions from, the sites on which any of the Facilities are located as the Lessor and the Lessee mutually agree to be necessary and desirable to facilitate the use and development by the Lessee, its successors, permitted sublessees and assigns, of such sites.

The Lease may be amended at any time by written agreement of the Lessor and the Lessee (regardless of any assignments of the Lessor's interests), with the prior written consent of the Trustee, but without notice to or the consent of the Owners of the Bonds pursuant to the Indenture, (a) whenever, in the opinion of counsel satisfactory to the Trustee and the Lessee, the contemplated amendment is necessary to cause the Lease to comply with State law or to cause interest on the Bonds to be or remain excludible from gross income for federal income tax purposes, (b) whenever the effect of such amendment is solely to add further, additional or improved security to the rights of the Trustee and the Owners of the Bonds, (c) whenever the amendment shall not prejudice in any material respect the rights of the Owners of the Bonds then Outstanding or (d) otherwise for any of the purposes permitted by the Indenture. See "THE INDENTURE—Amendment Of Lease And Site Leases" above.

Lessee's Options To Purchase The Leased Property

The Lessee may, if no Event of Default has occurred and is then continuing under the Lease, purchase the Leased Property or any portion thereof representing separate Facilities, subject to the terms of the Lease, on each Optional Payment Date by delivering written notice during the term of the Lease to the Trustee not less than 45 days prior to each Optional Payment Date indicating the Lessee's intention so to purchase the Leased Property or a portion thereof representing such Facilities.

The purchase price for the Leased Property in its entirety to be paid by the Lessee to exercise the option granted in the Lease shall be an amount equal to (a) the Option Price applicable on such Optional Payment Date as indicated on the Option Price Schedule, plus interest on the Bonds to the Optional Payment Date, premium on the Bonds applicable on such Optional Payment Date, if any, and fees and expenses that must be paid to retire the then Outstanding Bonds, (b) all costs of transferring title to the Leased Property to the Lessee and (c) all other reasonable costs and expenses incidental thereto.

The purchase price for a portion of the Leased Property representing separate Facilities shall be an amount equal to (a) the portion of the Option Price applicable to such Facilities on such Optional Payment Date as indicated in the Option Price Schedule attached to the Lease, plus the portion of interest on the Bonds allocable to such Facilities to the Optional Payment Date, premium (if any) on the Bonds to be prepaid from amounts deposited to pay such purchase price and fees and expenses related to a partial redemption of the then Outstanding Bonds, (b) all costs of releasing the lien of the Indenture and the applicable Mortgage with respect to, and transferring title to, the Facilities to be purchased to the Lessee and (c) all other reasonable costs and expenses incidental thereto. Nothing in the Lease shall be construed to create any obligation of the Lessee to purchase the Leased Property or any such separate Facilities.

Events Of Default; Remedies

Events of Default Defined. Any of the following shall be an "Event of Default" under the Lease:

(a) Failure by the Lessee to pay any Base Rentals or other payment obligations required to be paid under the Lease with respect to the Bonds at the times specified therein as the respective due dates therefore; or

(b) Failure by the Lessee to pay any Additional Rentals during the term of the Lease for a period of 30 days after written notice specifying such failure and requesting that it be remedied shall be received by the Lessee from the Trustee; or

(c) Subject to the provisions of the Lease, failure by the Lessee to surrender and vacate the Leased Property by the expiration of any Renewal Term during which an Event of Nonappropriation occurs; or

(d) Failure by the Lessee to observe and perform any covenant, condition or agreement in the Lease on its part to be observed or performed, other than clauses (a), (b) or (c) above, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Lessee by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; *provided, however*, that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected; or

(e) Any representation or warranty (1) made by the Lessee or by the Lessor pursuant to the Lease or (2) contained in any certificate delivered in connection with the Lease, shall prove to have been false or misleading in any material respect when made; or

(f) The entry of an order or decree in any court of competent jurisdiction enjoining or restraining any of the Projects or enjoining, restraining or prohibiting the Lessee from consummating the transactions contemplated by the Lease, which order or decree is not vacated and which proceedings are not discontinued within 60 days after the granting of such order or decree.

The foregoing provisions of the Lease are subject to the following limitations: (a) the obligations of the Lessee to make payments of the Base Rentals and the Additional Rentals shall be subject to the provisions of the Lease with respect to an Event of Nonappropriation; and (b) if, by reason of Force Majeure (defined below), the Lessee shall be unable in whole or in part to carry out any agreement on its part contained in the Lease (other than the obligations of the Lessee to pay Base Rentals and Additional Rentals), the Lessee shall not be deemed in default during the continuance of such inability. The Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out its agreement; *provided, however,* that the settlement of strikes, lockouts and other disturbances shall be entirely within the discretion of the Lessee.

The term "Force Majeure" means the following: acts of God; strikes, lockouts or other disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the State or any of their respective departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fire; storms; floods; washouts; droughts; arrests; restraints of government and people; civil disturbances; explosions; partial or entire failure or unavailability of utilities; or any other cause or event not reasonably within the control of the Lessee.

Remedies on Default. Subject to the provisions of the Lease, upon the occurrence and continuance of any Event of Default under the Lease or an Event of Nonappropriation, the Trustee shall give notice to the Lessee to surrender and vacate the Leased Property immediately (but in no event earlier than the expiration of the then current Renewal Term for which the Lessee has paid or appropriated moneys sufficient to pay all Rentals due for such Renewal Term, in the case of an Event of Nonappropriation) and shall, without any further demand or notice, (a) terminate the Lease or the Lessee's possessory rights under the Lease (without otherwise terminating the Lease), re–enter the Leased Property and eject all parties therefrom, and relet the Leased Property or commence proceedings to foreclose on and liquidate, relet or sell the Leased Property; (b) exercise any of the remedies provided to the Trustee upon the occurrence of an Event of Default under the Indenture or any applicable Mortgage as the Trustee shall determine to be in the best interests of the Owners; or (c) take any action at law or in equity deemed necessary or desirable to enforce its and the Owners' rights with respect to the Leased Property and the Lessee.

Upon the termination of the term of the Lease or the Lessee's possessory interests in the Lease by reason of an Event of Nonappropriation or an Event of Default, all moneys then held in any fund or account under the Indenture and any Net Proceeds received on any foreclosure, liquidation, reletting or sale shall be held by the Trustee for the benefit of the Owners of the Bonds (and applied from time to time as provided in the Indenture). Notwithstanding anything in the Lease to the contrary, the Trustee shall be entitled to relet the Leased Property for such period (not exceeding the term of any applicable Site Lease) as is necessary for the Trustee to obtain sufficient moneys to pay in full the principal of, and premium (if any) and interest on, the Bonds, and the obligations of the Trustee with respect to the Owners of the Bonds and the receipt and disbursement of funds shall be continuing until the liens of the Indenture and the Mortgages are discharged as provided in the Indenture and the Mortgages except as a result of foreclosure.

The Trustee shall give preference in liquidating, reletting or selling the Leased Property (subject to the Site Leases) provided therein to those lessees or buyers of the Leased Property whose use or ownership of the Leased Property would preserve the excludability from gross income for federal income tax purposes of interest on the Bonds.

Limitations on Remedies. With the sole exception of the obligation of the Lessee to pay Base Rentals and Additional Rentals attributable to any period during which the Lessee shall actually use, occupy and operate the Leased Property, or for which the Legislature has appropriated funds for such purpose, no judgment requiring the payment of money not subject to the lien of the Indenture may be entered against the Lessee by reason of any Event of Default or an Event of Nonappropriation under the Lease. In the event the term of the Lease is terminated as a result of an Event of Default or an Event of Nonappropriation, no deficiency judgment may be entered against the Lessee, except as otherwise expressly provided in the Lease with respect to the Lessee's actual use, occupancy and operation of the Leased Property. The Lessee shall not be under any obligation in respect to any creditors, shareholders or security holders of the Lessor (including the Owners of the Bonds), and no remedy or other provision in the Lease or in the Indenture or in any Mortgage provided shall be construed to provide any such remedy or to create or impose any such obligation.

Limitation of Remedies Relating to Certain Leased Property. Notwithstanding any other provisions of the Lease to the contrary, in the event that a lien on or a security interest in, any Facility constituting a portion of the Leased Property has not been granted to the Trustee under a Mortgage, the Lessee shall not be required to surrender, quit or vacate such Facility under any circumstance.

(The remainder of this page has been intentionally left blank)

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon the delivery of the 2018 Bonds, Chapman and Cutler LLP, Bond Counsel, proposes to issue their final approving opinion in substantially the following form:

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

$__________
State Building Ownership Authority
Lease Revenue Bonds
(State Facilities Master Lease Program),
Series 2018

We hereby certify that we have examined a certified copy of the proceedings of record of the State Building Ownership Authority (the "*Issuer*"), a body politic and corporate of the State of Utah, passed preliminary to the issuance by the Issuer of its Lease Revenue Bonds (State Facilities Master Lease Program), Series 2018, in the aggregate principal amount of $__________ (the "*2018 Bonds*"). The 2018 Bonds are issuable only as fully registered bonds without coupons in the denomination of $5,000 or any whole multiple thereof. The 2018 Bonds are dated the date hereof, bear interest payable on May 15 and November 15 in each year, commencing November 15, 2018, until paid, and mature on May 15 of each of the years and in the amounts and bear interest as follows:

Year of Maturity	Principal Amount	Rate of Interest	Year of Maturity	Principal Amount	Rate of Interest
2020	$	%	2030	$	%
2021			2031		
2022			2032		
2023			2033		
2024			2034		
2025			2035		
2026			2036		
2027			2037		
2028			2038		
2029			2039		

The 2018 Bonds are subject to redemption prior to maturity at the times, in the manner and upon the terms set forth in the 2018 Bonds and the Indenture hereinafter described.

The 2018 Bonds are being issued pursuant to the Indenture under the authority of the State Building Ownership Authority Act, Title 63B, Chapter 1, Part 3 of the Utah Code Annotated 1953, as amended; Sections 63B-26-101 and 63B-27-201 of the Utah Code Annotated 1953, as amended, and other applicable Utah law (collectively, the "*Act*") for the purpose of (a) financing certain projects pursuant to the Act consisting of the acquisition and construction of three State (defined below) operated alcoholic beverage outlets for the Department of Alcoholic Beverage Control of the State and a parking structure for the Fourth District Provo Courthouse and related facilities, property and improvements, (b) capitalizing interest on the

2018 Bonds as provided in the Indenture (defined below), and (c) paying the costs and expenses incidental thereto and to the issuance of the 2018 Bonds.

From such examination of the proceedings of the Issuer referred to above and from an examination of the Act, we are of the opinion that such proceedings show lawful authority for the issuance of the 2018 Bonds under the laws of the State of Utah (the *"State"*) now in force.

In connection with the issuance of the 2018 Bonds, we have also examined an originally executed counterpart of each of the following: (a) that certain Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement, dated as of September 1, 1994 (the *"Original Indenture"*), between the Issuer and Wells Fargo Bank, N.A. (as successor in interest to First Security Bank of Utah, N.A.), as trustee (the *"Trustee"*), as heretofore supplemented and amended and as further supplemented and amended by that certain Twenty-Third Supplemental Indenture of Trust, dated as of March 1, 2013 (the *"Twenty-Third Supplemental Indenture"*) to the Original Indenture (the Original Indenture as thereafter supplemented and amended, including by the Twenty-Third Supplemental Indenture, is herein referred to as the *"Indenture"*), between the Issuer and the Trustee; and (b) that certain annually renewable State Facilities Master Lease Agreement, dated as of September 1, 1994 (the *"Original Lease"*), between the Issuer and the State, acting through its Department of Administrative Services, Division of Facilities Construction and Management, as lessee, as heretofore supplemented and amended and as further supplemented and amended by that certain Twenty-Third Amendment, dated as of March 1, 2018 (the *"Twenty-Third Amendment"*) to the Original Lease (the Original Lease and the Twenty-Second Amendment are herein collectively referred to as the *"Lease"*), between the Issuer and the State.

The 2018 Bonds are issued under and are equally and ratably secured by the Indenture, pursuant to which the Issuer has mortgaged, pledged and assigned to the Trustee for the benefit of the owners of the 2018 Bonds and the Prior Parity Bonds (as such term is defined in the Indenture) and the owners of any bonds hereafter issued on a parity therewith under the Indenture all of the Issuer's right, title and interest in and to the Facilities (as such term is defined in the Indenture), the Lease (including the right under the Lease to receive Base Rentals, as such term is defined in the Lease), as security for the payment of the principal of, and premium, if any, and interest on, the 2018 Bonds, the Prior Parity Bonds and such parity bonds. The 2018 Bonds are limited obligations of the Issuer and are payable solely from the Base Rentals received under the Lease and, if paid, the Option Price (as such term is defined in the Lease) and, to the extent not so paid, from the Trust Estate (as such term is defined in the Indenture) and from such amounts as may be realized by the Trustee upon the exercise of any of its rights and remedies pursuant to the Indenture and the Mortgages (as such term is defined in the Indenture). Neither the 2018 Bonds nor the Lease constitute the debt or indebtedness of the Issuer, the State or any political subdivision of the State within the meaning of any constitutional provision or limitation nor constitute or give rise to or are a general obligation or liability of, nor a charge against the general credit or taxing powers of, the State or any political subdivision of the State. The Issuer has no taxing power. In the event of default of any payment of principal of, or premium (if any) or interest on, the 2018 Bonds or any violation of any provision of the Lease or the Indenture resulting in the foreclosure of the liens, security interests and rights granted by the Indenture and the Mortgages, the Trustee shall be entitled, among other things, to pursue certain remedies against the Facilities as provided in the Indenture and the Mortgages but no deficiency judgment upon foreclosure may be entered in any event against the Issuer, the State or any political subdivision of the State, except as otherwise expressly provided in the Lease with respect to the State's actual use and occupancy of the Leased Property (as such term is defined in the Indenture), and no breach of any covenant or agreement in the Lease, the Indenture or the Mortgages shall impose any general obligation or liability upon, nor a charge against, the State or the general credit or taxing power of the State or any of its political subdivisions.

Under the Lease, the Facilities have been or will be leased by the Issuer to the State, and the State has agreed to pay, directly to the Trustee, the Base Rentals, but only if and to the extent that the Utah Legislature specifically appropriates funds annually sufficient to pay the Base Rentals coming due during the succeeding fiscal year of the State plus such additional amounts (the *"Additional Rentals"*) as may be necessary to operate and maintain the Facilities during such period. The Base Rentals and the Additional Rentals are hereinafter referred to collectively as the *"Rentals."* Under the Lease, the Issuer has been granted an option to purchase the Leased Property (excluding State-Owned Sites, as such term is defined in the Lease) and to terminate its obligations under the Lease upon payment of the then-applicable Option Price. The Lease specifically provides, however, that nothing therein shall be construed to require the State to appropriate any money to pay any Rentals or the Option Price thereunder. In addition, the obligation of the State to pay Base Rentals under the Lease will terminate, without payment of the Option Price or any other amounts, if an Event of Nonappropriation or an Event of Default (as each such term is defined in the Lease) shall occur.

Based upon an examination of the aforementioned documents and of such other documents and matters of law as we have deemed relevant and necessary as a basis for the opinions set forth herein, it is further our opinion that:

1. The Issuer is a duly organized and validly existing body politic and corporate of the State and has the authority under the Act to issue the 2018 Bonds and to authorize, execute, deliver and perform its obligations under the Lease and the Indenture.

2. The Twenty-Third Amendment has been duly authorized, executed and delivered and the Lease constitutes the legal, valid and binding obligation of the Issuer and the State enforceable in accordance with its terms, except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

3. The Twenty-Third Supplemental Indenture has been duly authorized, executed and delivered by the Issuer and, assuming the due authorization, execution and delivery thereof by the Trustee, the Indenture constitutes the legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought.

4. The 2018 Bonds are valid and binding limited obligations of the Issuer enforceable in accordance with their terms (except to the extent that the enforcement thereof may be limited by bankruptcy, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally or usual equity principles in the event equitable remedies should be sought) and the terms of the Indenture and are entitled to the benefits of the Indenture and the Act; and (except to the extent paid out of moneys attributable to Bond proceeds or income from the temporary investment thereof, the Option Price, if paid, and any payments derived from the exercise by the Trustee of its rights and remedies against the Trust Estate as provided in the Indenture and the Mortgages) the 2018 Bonds are and will continue to be payable solely from Base Rentals paid by the State under the Lease, which Base Rentals have been duly assigned to the Trustee pursuant to the Indenture and pledged to the payment of principal of, and premium, if any, and interest on, the 2018 Bonds. Such amounts, which by the terms of the Lease, are to be paid by the State to the Trustee, are sufficient for the payment of the principal of, and premium, if any, and interest on, the 2018 Bonds as the same become due so long as the State exercises its option annually under the Lease to extend the term of the Lease as provided therein.

5. The obligations of the State under the Lease are subject to the exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State

and to the exercise by the United States of America of the powers delegated to it by the federal Constitution.

6. Subject to the Issuer's and the State's compliance with certain covenants, under present law, interest on the 2018 Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the alternative minimum tax for individuals and corporations under the Internal Revenue Code of 1986, as amended; but is taken into account in computing an adjustment used in determining the federal alternative minimum tax for certain corporations. Failure to comply with certain of such Issuer and State, covenants could cause interest on the 2018 Bonds to be includable in gross income for federal income tax purposes retroactively to the date of issuance of the 2018 Bonds. Ownership of the 2018 Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the 2018 Bonds.

7. Under the laws of the State, as presently enacted and construed, interest on the 2018 Bonds is exempt from taxes imposed by the Utah Individual Income Tax Act. No opinion is expressed with respect to any other taxes imposed by the State of or any political subdivision thereof. Ownership of the 2018 Bonds may result in other state and local tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the 2018 Bonds.

We further certify that we have examined the form of registered 2018 Bond and find the same in due form of law.

We express no opinion as to the title to, the description of, or the perfection, priority or existence of any liens, charges, security interests or encumbrances on, any of the Facilities.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the 2018 Bonds.

In rendering this opinion, we have relied upon certifications of the Issuer and the State with respect to certain material facts solely within the Issuer's and the State's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion, and it not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING

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 $_________ aggregate principal amount of its Lease Revenue Bonds (State Facilities Master Lease Program), Series 2018 (the "Series 2018 Bonds"). The Series 2018 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-Third Supplemental Indenture of Trust, dated as of March 1, 2018 (as so amended and supplemented, the "Indenture").

In consideration of the issuance of the Series 2018 Bonds by the Authority and the purchase of such Series 2018 Bonds by the beneficial owners thereof, the State covenants and agrees as follows:

Section 1. Purpose. 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 Series 2018 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 Series 2018 Bonds at the time the Series 2018 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 Series 2018 Bonds.

Section 2. Definitions. The terms set forth below shall have the following meanings in this Undertaking, 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.

"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 Series 2018 Bonds

"Reportable Event" means the occurrence of any of the Events with respect to the Series 2018 Bonds set forth in Exhibit II.

"Reportable Events Disclosure" means dissemination of a notice of an 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 Series 2018 Bonds maturing in each of the following years are as follows:

Maturity (May 15)	CUSIP (917547)
2020	
2021	
2022	
2023	
2024	
2025	
2026	
2027	
2028	
2029	
2030	
2031	
2032	
2033	
2034	
2035	
2036	
2037	
2038	
2039	

The Final Official Statement relating to the 2018 Bonds is dated __________, 2018 (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 Series 2018 Bond or defeasance of any Series 2018 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 Series 2018 Bonds pursuant to the Indenture.

Section 6. Consequences of Failure of the State to Provide Information; Remedies. 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 Series 2018 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 Series 2018 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 Resolutions, 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 Series 2018 Bonds, as determined 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 Series 2018 Bonds under the Indenture and the Lease. The State shall give notice to EMMA in a timely manner if this Section is applicable.

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 in any Annual Financial Information Disclosure 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 Series 2018 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.

DATED March __, 2018.

STATE OF UTAH

By________________________________

David C. Damschen, State Treasurer

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING
AND AUDITED FINANCIAL STATEMENTS

"Annual Financial Information" means financial information and operating data of the type contained in the tables (except where noted) of the Official Statement under the following captions:

CAPTION

STATE BUILDING OWNERSHIP AUTHORITY

–Debt Issuance
–Statutory Legal Borrowing Debt Capacity
–Debt Service Schedule of Outstanding Lease Revenue Bonds
(State Building Ownership Authority) By Fiscal Year

DEBT STRUCTURE OF THE STATE OF UTAH
–Lease Obligations (*no tables* - *numerical data only to be updated*)
–State Guaranty of General Obligation School Bonds (*no tables* - *numerical data only to be updated*)
–State Moral Obligation Bonds (*no tables* - *outstanding balance of State Moral Obligation Bonds only to be updated*)

FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

–Property Tax Matters–Taxable Value Compared with Fair Market Value of All Taxable Property in the State
–Property Tax Matters–Historical Summaries of Taxable Values of Property
–State Revenues and Collections–Revenues by Source-All Governmental Fund Types
–State Revenues and Collections–Expenditures by Function
-All Governmental Fund Types
–State Revenues and Collections–Summary of Changes in Fund Balances
-All Governmental Fund Types
–State Revenues and Collections–Fund Balances-All Governmental Fund Types
–General Fund–Revenues, Expenditures and Fund Balances
–Financial Summaries–Revenues and Expenditures for Fiscal Years 2017, 2016 and 2015
(*to be updated for each new fiscal year as the same becomes historically available*)
–Financial Summaries–Combined Balance Sheet-All Governmental Fund Types Only
–Financial Summaries–Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Type-General Fund
–Financial Summaries– Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund Type—Major Special Revenue
and Major Capital Projects Funds

CAPTION

APPENDIX B—ADDITIONAL DEBT AND FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

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, 2019. 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 SERIES 2018 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 Series 2018 Bonds, or other material events affecting the tax status of the Series 2018 Bonds
7. Modifications to the rights of security holders, if material
8. Series 2018 Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the Series 2018 Bonds, 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

* 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.

(This page has been intentionally left blank)

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 2018 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2018 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2018 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 2018 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 2018 Bonds, except if use of the book–entry system for the 2018 Bonds is discontinued.

To facilitate subsequent transfers, all 2018 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 2018 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 2018 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2018 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 2018 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2018 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2018 Bonds may wish to ascertain that the nominee holding the 2018 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 2018 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 2018 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 2018 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2018 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 2018 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, if a successor depository is not obtained, 2018 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, 2018 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.

(The remainder of this page has been intentionally left blank)