STATE OF UTAH

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

2018

DEAD HORSE POINT STATE PARK

State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2018

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

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Spencer J. Cox.....Lt. Governor
John Dougall.....State Auditor
David C. Damschen, CTP.....State Treasurer
Sean D. Reyes.....Attorney General
Wayne L. Niederhauser, CPA.....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
Kade R. Minchey, CIA, CFE.....Auditor General, Office of the Legislative Auditor General
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Special appreciation is given to all of the budget and accounting officers throughout the State whose extra time and effort has made this report possible.

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, 2018

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State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of Administrative Services

Tani Pack Downing
Executive Director

Division of Finance
John C. Reidhead, CPA
Director

December 5, 2018

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

It is our pleasure to present the 2018 Comprehensive Annual Financial Report of the State of Utah in accordance with Section 63A-3-204 of the *Utah Code*. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. To the best of our knowledge and belief, the enclosed data accurately presents the State's financial position and results of operations in all material respects in accordance with generally accepted accounting principles (GAAP). We believe that all disclosures necessary to enable the reader to gain an understanding of the State's financial activities are included.

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

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

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

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

PROFILE OF THE GOVERNMENT

Structure – As shown in the Organizational Chart, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Utah Constitution*, which can be amended only by vote of the Legislature and a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government provides various services to over 3,159,000 citizens. Services include building and maintaining roads; providing public safety, health, and environmental protection services to protect the general welfare of the State's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural resources for conservation and recreational activities. The State also provides significant financial support to its higher education institutions, local governments, and school districts to help those entities meet the specific needs of their constituents.

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

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

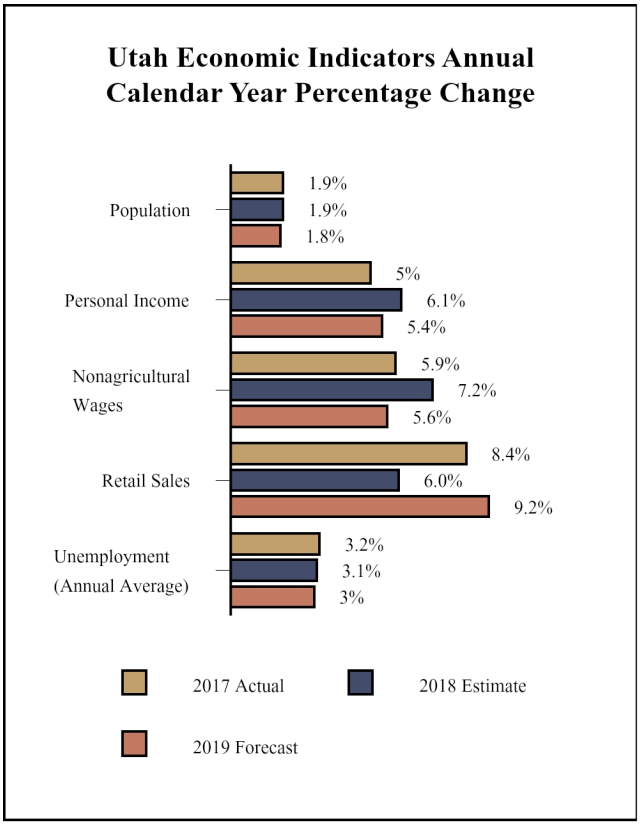
INFORMATION USEFUL IN ASSESSING A GOVERNMENT'S ECONOMIC CONDITION

Local Economy – The Utah economy continues to outperform national averages. Utah's economy is expected to grow moderately through 2019 on the strength of steady job and wage growth.

Utah's unemployment rate averaged 3.2 percent in calendar year 2017, and is expected to decrease to an average of 3.1 percent in 2018, and 3 percent in 2019. In 2017, personal income increased by 5 percent and nonagricultural wages increased by 5.9 percent. In 2018, personal income is expected to increase by 6.1 percent and nonagricultural wages are expected to increase by 7.2 percent. Taxable retail sales increased by 8.4 percent in 2017 and are expected to increase by 6 percent in 2018.

Total construction value was $8.2 billion in 2017, unchanged from the prior year. In 2018, total construction value is expected to remain at $8.2 billion, fueled by robust residential and commercial activity. Residential construction was $4.7 billion in 2017, a 14.6 percent increase from the prior year as housing continued to contribute to economic expansion. Residential permit value is expected to increase 4.3 percent to $4.9 billion in 2018. Nonresidential construction was $2.3 billion in 2017, an 8 percent decrease from the prior year. Nonresidential construction is expected to decrease 8.7 percent in 2018, due in part to fewer permits related to the Salt Lake City Airport expansion.

In 2018, Utah's population is estimated at 3,159,000, which is an increase of 1.9 percent over the prior year. Utah had positive net migration of approximately 22,600 people in 2017 and is expected to grow by 21,900 in 2018. Utah has had positive net migration for the past 28 years and this trend is expected to continue in the coming years.



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

Industries – Utah's job market continues to expand as it rebounds from the national recession that began in late 2007. Utah's nonagricultural employment is expected to increase by 3.3 percent in 2018 and by 3.1 percent in 2019, which is in the range of the Utah average yearly rate of 3.1 percent (1950 through June 2018). All industrial sectors added jobs

to Utah's employment base, with the exception of natural resources and mining, which contracted by 200 jobs. Trade, transportation, and utilities added 13,700 new jobs, with most of the increase in retail trade. Education and health services added 7,200 new jobs, with the largest increase in health services. Leisure and hospitality added 7,100 new jobs, primarily in food services. Professional and business added 6,600 jobs, with architectural, engineering, and computer systems design contributing most of the gains. Local and federal government added 6,200 jobs, primarily within local government. The results for August 2017 to August 2018 are presented in the following table:

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

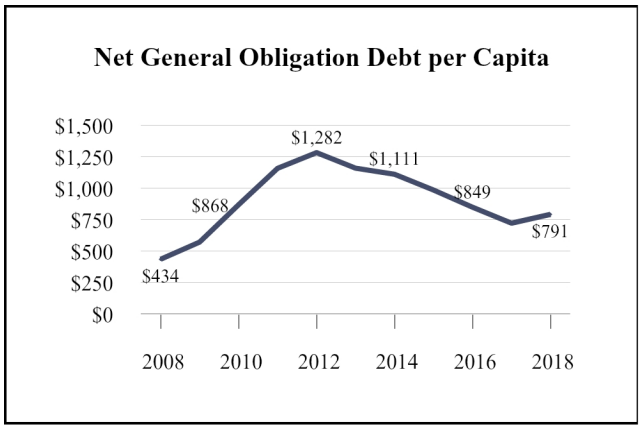
	Number of Jobs				Components of Labor Force
	August (p) 2018	**August (r) 2017**	**Numerical Change**	**Percentage Change**	**August (p) 2018**
Trade, Transportation, and Utilities	292.90	279.20	13.70	4.91 %	19.29 %
Professional and Business	216.90	210.30	6.60	3.14 %	14.29 %
Education and Health Services	201.50	194.30	7.20	3.71 %	13.28 %
Government (Local/Federal)	158.10	151.90	6.20	4.08 %	10.42 %
Leisure and Hospitality	154.60	147.50	7.10	4.81 %	10.19 %
Manufacturing	135.30	129.60	5.70	4.40 %	8.91 %
Construction	104.80	101.60	3.20	3.15 %	6.90 %
Financial Activities	88.20	84.70	3.50	4.13 %	5.81 %
Government (State/Higher Ed.)	76.20	75.30	0.90	1.20 %	5.02 %
Other Services	41.60	41.10	0.50	1.22 %	2.74 %
Information	39.10	38.80	0.30	0.77 %	2.58 %
Natural Resources and Mining	8.60	8.80	(0.20)	(2.27)%	0.57 %
Total	**1,517.80**	**1,463.10**	**54.70**		**100.00%**

Source: Utah Department of Workforce Services and the U.S. Bureau of Labor Statistics, August 2018.
(p) = preliminary (r) = revised

Outlook – The national economy is expected to continue to grow moderately in the last half of 2018 and decelerate gradually in 2019. As in prior recoveries, the Utah economy continues to grow more rapidly than the nation. Utah's young, educated workforce, diverse mix of industries, appealing business climate, and increasing labor force participation continue to be advantages for the Utah economy. Despite this positive outlook, downside risks remain. Risks to the Utah economy include the supply of workers, affordable housing, rising interest rates, and air quality issues. Overall, Utah is expected to grow moderately barring any major disruptions to the national and global economies.

FINANCIAL PLANNING AND POLICIES

General Obligation Debt Administration – As part of long-term financial planning, the State has used a combination of bonding and pay-as-you-go methods to meet its infrastructure needs. In fiscal years 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. In fiscal year 2018, the State authorized no new general obligation bonds, but issued $295.8 million for highway construction projects and $189.4 million for the prison project from prior authorizations. The State also advance refunded $118.7 million of general obligation bonds to take advantage of the low interest rate environment. As of June 30, 2018, the State's general obligation debt

per capita was $791. The State has an aggressive policy of repaying its general obligation debt within ten years for debt associated with capital facilities and fifteen years for highway construction projects. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements.

Revenue and Expenditure Forecasts – Economists and budget analysts from the Executive and Legislative branches of government work with experts from the private sector and academia to develop the consensus revenue forecast used for establishing the State's annual budget. The final 2018 consensus revenue forecast projected an increase of 7.3 percent in fiscal year 2018 from 2017 actual revenue for the General and Education Funds combined. For fiscal year 2019, 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 2017. See the Budgetary Highlights – General Fund in the MD&A for a comparison of budgeted to actual results for fiscal year 2018.

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

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

Public Education Growth – Projections indicate that an additional 7,700 new students will enroll in fall 2018. Due to the current and future enrollment growth, and the demands it places on state funding, public education continues to be a top priority for the Governor and the Legislature. The Office of the Legislative Fiscal Analyst has developed a public education distribution model that allows legislators to see how proposed education policy changes will impact funding.

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

The Legislature created the 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 2018 General Session (House Bill 452, *Legislative Fiscal Analyst Amendments)* requires the analyst to evaluate current and long-term trends relating to federal funds receipts and taxes, and prepare a three-year cycle of analysis on revenue volatility and budget matters.

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

Spending Limitation – The State has a statutory appropriations limit. The appropriations limit adjusts annually pursuant to a statutory formula based on population and inflation. The definition of appropriations includes only appropriations from General Fund and Education Fund sources (spending for public education and for transportation is exempt from the limitation). For the fiscal year ended June 30, 2018, the State was $640.414 million below the appropriations limitation.

Adequate Funding for Ongoing Programs – The Legislature works to ensure all programs have adequate ongoing funding. Coming into the 2018 General Session of the Legislature, before accounting for growth in either costs or revenues, Utah had a small temporal deficit of $6.1 million. A temporal balance is a short-term measure of structural balance. The deficit was associated

with revenue bills that take effect in future budget years – fiscal year 2019 and later. Legislators closed the 2018 General Session with a temporal surplus of $14.5 million – meaning ongoing projected revenue exceeded ongoing commitments.

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 2018, 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 2018 General Session anticipates that fiscal year 2019 will mark the ninth consecutive year of growth in unrestricted General Fund and Education Fund revenue collections.

Approximately $692 million in new unrestricted revenue was available for appropriation during the 2018 General Session from the fiscal year 2017 surplus and revenue growth forecast for fiscal years 2018 and 2019. Under the consensus forecast, $508 million of this revenue was available for ongoing appropriations and $184 million for one-time appropriations. An additional $114 million was available due to the net impact of federal tax changes, state tax changes passed by the Legislature, and the re-direction of previous appropriations, fund balances, and various restricted account reserves. Together, new revenue and funding reallocations provided $806 million for new appropriations in fiscal years 2018 and 2019. Highlights of new appropriations for public and higher education, infrastructure, and other priorities are summarized below.

Public Education – The Legislature provided $294 million in new ongoing state funding for the K-12 education system. Among other things, this new funding will support enrollment growth, local decisions about increases in teachers' compensation, additional support for students at risk of academic failure, greater access to technology for instructional purposes, expansion of the Dual Language Immersion programs and greater access to school counseling services.

Higher Education – The Legislature provided $79 million in new ongoing state funding for the postsecondary-education systems. Among other things, this new funding will support enrollment growth, efforts to further align educational offerings with workforce demands and efforts to knock down barriers to graduation.

The Legislature provided $96 million in new one-time state funding for the construction or renovation of five postsecondary-education facilities: the Davis Technical College Allied Health Building, the Mountainland Technical College Technology and Trades Building, the Utah State University Biological and Natural Resources Building, the Snow College Athletics Building, and the Dixie State University Science Building.

Social Services – Social Services programs received nearly $80 million in new ongoing state general funds during the 2018 legislative session. These appropriations will address cost inflation and enrollment growth in current programs, but will also support new programs and the expansion of services associated with various pieces of legislation. The majority of new state funds allocated to social service agencies went to the traditional state Medicaid program. These dollars covered cost increases associated with programmatic changes, inflation and enrollment growth for individuals covered by Medicaid, in-home waiver services and the Children's Health Insurance Program (CHIP).

Beyond the status quo, the 2018 General Session addressed the long-standing and much-debated issue of Medicaid expansion by expanding coverage to an estimated 86,000 individuals who are not currently eligible for traditional Medicaid services. While more people will be covered, the changes follow and promote Utah values of self-sufficiency through a work activity requirement for able-bodied adults, fiscal prudence through the ability to cap program enrollment if costs exceed appropriations and respecting the state taxpayer through leveraging federal matching funds at a 90/10 rate. Separate bills expanded family planning Medicaid services to qualifying adults in poverty, made permanent services for children with complex disabilities and extended Medicaid dental services to previously ineligible individuals.

Suicide prevention was another major area of emphasis this session. Following recommendations of the Governor's Suicide Prevention Taskforce, nearly $3.4 million ongoing in new state funding was allocated for five new mobile crisis outreach teams, including provisions to ensure at least three teams are deployed in rural Utah. Additionally, the state mental health crisis line will

now be staffed 24/7 by mental health therapists and crisis workers, which means calls will be immediately answered or routed without a caller being put on hold.

Another noteworthy item is the state's efforts to address homelessness. The state fulfilled its funding commitment to Operation Rio Grande by appropriating $10.5 million one-time state general funds to support outreach services, supportive housing and law enforcement presence. Furthermore, $6.6 million in additional state general funds were approved to operate shelters and bolster homeless reduction programs.

Transportation – With Utah's population projected to increase more than 40 percent by 2040, the state faces significant transportation needs. The FY 2019 budget contains approximately $1.6 billion for the Department of Transportation (UDOT) to help ensure that Utah citizens continue to enjoy a high degree of mobility. This funding is on top of approximately $250 million in highway bonding that is programmed to be spent in FY 2019.

Fiscal year 2019 will also see several transformative changes to transportation funding mechanisms. First, the state will begin providing ongoing funding for transit projects, instead of relying solely on local sales taxes. Second, registration fees on electric and hybrid vehicles will increase to help pay the cost of road usage. This will help offset what these owners do not pay in fuel taxes. Additionally, registration fees for all vehicles will now be tied to inflation to ensure the fees will not decline in real terms. Third, UDOT will begin plans for a road usage charge demonstration program that will be available to alternative fuel vehicles beginning in 2020. Most citizens will not be affected by this in the short-term, but in the long-term this funding mechanism is a potential tool to shift road funding away from gas taxes and general state funds and toward charging drivers for the miles they drive on Utah roads, placing a greater funding responsibility on road users than is currently the case.

Other Highlights – During the 2018 General Session, the Legislature approved the equivalent of a 2.5 percent salary increase for state employees. Legislators appropriated $73.3 million General Fund money to the General Fund Budget Reserve Account and $12 million Education Fund money to the Education Fund Budget Reserve Account for withdrawals taken in fiscal year 2010. Public Safety received $18.5 million in new ongoing state funding, including $9 million for the firefighter retirement program and $4.2 million for the fire academy to address a tax reporting change. The balance will be used for various public safety programs. The Lieutenant Governor's Office received $5.5 million ($5 million one-time and $500,000 ongoing) in state funding to replace voting equipment and for voter outreach.

State Employee Other Postemployment Benefit Plan – The Actuarially Determined Contribution (ADC) for the State Employee Other Postemployment Benefit (OPEB) plan was $25.9 million. The Legislature considered this ADC when establishing the OPEB budget for fiscal year 2019. 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, 2017. This was the thirty-third 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

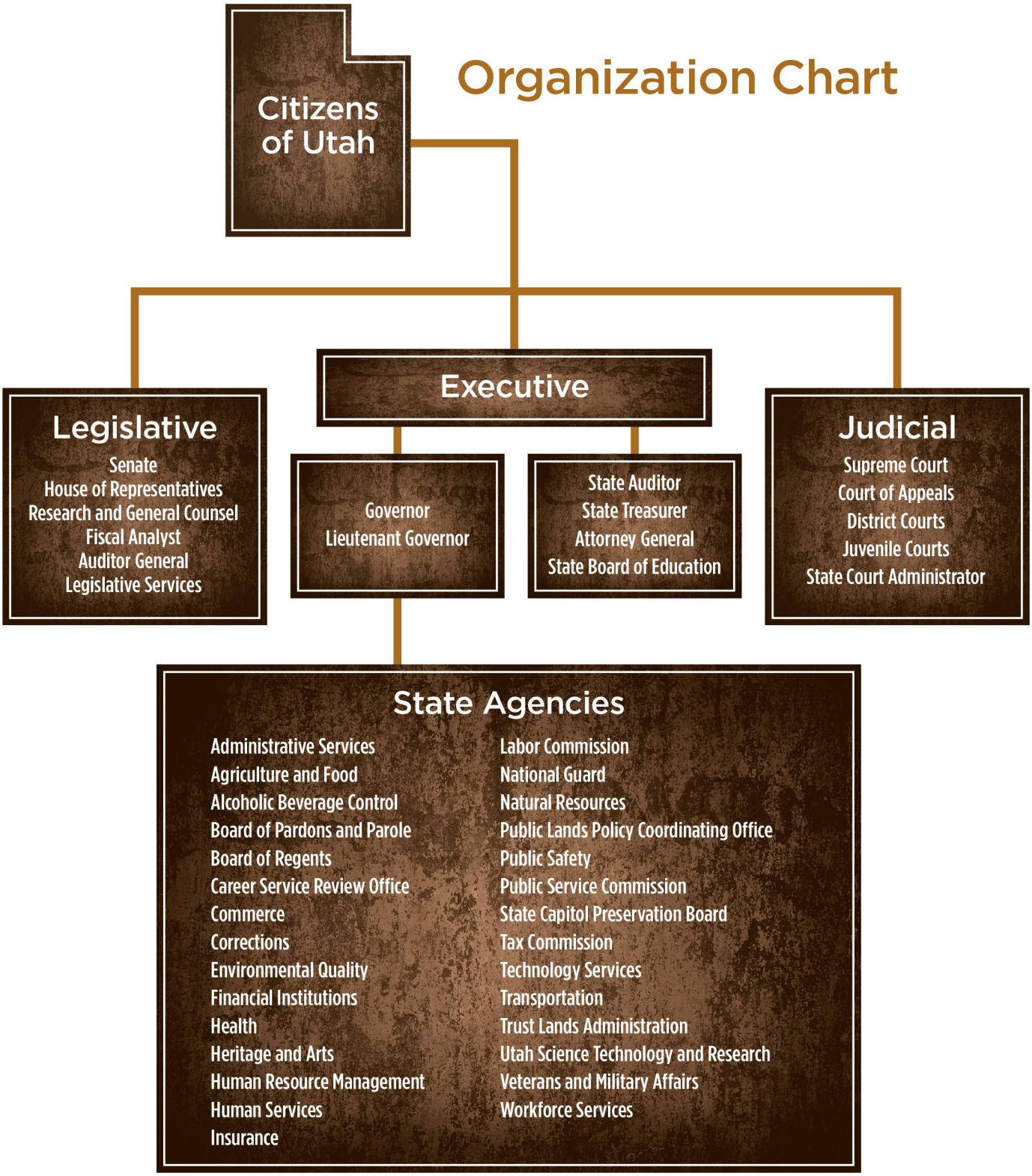
State of Utah

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Executive Director/CEO

Organization Chart



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STATE OF UTAH

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FINANCIAL SECTION

THIS IS THE PLACE HERITAGE PARK

2018

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, 2018, 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 67 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 25 percent of the assets, 19 percent of the net position, and 43 percent of the revenues of the aggregate discretely presented component units.
- Utah Retirement Systems and Utah Educational Savings Plan dba my529 which represent 81 percent of the assets, 82 percent of the fund balance/net position, and 42 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, 2018, 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

A constitutional amendment, effective July 1, 2017, changed the distribution policies for the beneficiaries of the Trust Lands Permanent Fund (Permanent Fund). The Utah Constitution now allows all investment earnings of the Permanent Fund to be distributed, limited to four percent of the fund (calculation described in statute.) This change in distribution policies resulted in $873 million being reported as Restricted Fund Balance rather than as Nonspendable - Permanent Fund Principal. See further discussion in Note 2. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following information - management's discussion and analysis (pages 18-31) 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 132-147) - 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 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 152-197) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare

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

The introductory and statistical sections (pages 1-11 and 201-239) 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 5, 2018, 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 5, 2018

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, 2018. 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 $26.325 billion (reported as net position). Of this amount, $2.538 billion (unrestricted net position) may be used to meet the government's ongoing obligations while $23.787 billion billion is restricted for specific uses or invested in capital assets.

- The State's total net position increased by $1.525 billion or 6.15 percent over the prior year. Net position of governmental activities increased by $1.346 billion or 6.28 percent. Net position of business-type activities increased by $179.491 million or 5.34 percent.

Fund Level

- The governmental funds reported combined ending fund balances of $6.636 billion, an increase of $987.465 million in comparison with the prior year. Approximately 31.81 percent, or $2.111 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 $7.966 million surplus. This surplus is after statutory transfers of $30.362 million to the Medicaid Budget Stabilization Account, $6.140 million to the General Fund Budget Reserve Account (Rainy Day Fund), $4 million to the Wildland Fire Suppression Fund, $936 thousand to the Disaster Recovery Account, and $134 thousand to the Local Government Emergency Response Loan Fund.

- The Education Fund ended the fiscal year with a $149.882 million surplus after a statutory transfer of $64.605 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 $151.808 million, $74.819 million, and $426.407 million, respectively.

- Sales tax revenues in the governmental funds increased $243.649 million or 10.14 percent, compared to $100.461 million or 4.36 percent increase in the prior year. Total tax revenues increased $209.411 million or 9.54 percent in the General Fund and $511.254 million or 12.86 percent in the Education Fund.

Long-term Debt

- The State's long-term bonded debt decreased a net $35.165 million or (0.82) percent. General obligation bonds for the primary government increased $262.759 million or 11.77 percent, while revenue bonds for the primary government decreased $297.924 million or 13.85 percent.

- As addressed in Note 10, the primary government's share of the net pension liability is $775.791 million. This is a decrease of $273.126 million or 26.04 percent over the prior year. At December 31, 2017, the net pension liability for the Utah Retirement Systems was $3.450 billion and the plan's fiduciary net position as a percent of the total pension liability was 90 percent. See Note 18 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, additional non-financial factors should be considered such as the State's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

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

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

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

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

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

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

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

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

Reconciliation between Government-wide and Fund Statements

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

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

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

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

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

Notes to the Financial Statements

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

Required Supplementary Information (RSI)

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

Supplementary Information

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

Statistical Section

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

Adjustments to Beginning Net Position and Other Significant Changes

As discussed in Note 2 of the financial statements, beginning net position was adjusted as follows:

- $1.207 million increase in governmental activities for additional activity that was previously reported in other funds and is now reported in the Trust Lands Permanent Fund.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

The State's total net position increased by $1.525 billion or 6.15 percent in fiscal year 2018. In comparison, net position in the prior year increased by $1.191 billion or 5.04 percent. The increase in total net position reflects a growing economy and the active management of the State's resources. The change in net position is comprised of the following:

- *Net Investment in Capital Assets* – Total net investment in capital assets increased by $467.112 million or 2.85 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 $569.625 million or 8.96 percent over the prior year:

  Restricted Net Position of Governmental Activities increased by $458.689 million or 10.79 percent, as follows:
  Public Education - Nonexpendable decreased $864.322 million or 34.53 percent, primarily due to a reclassification resulting from a change in the distribution policies for beneficiaries of the Trust Lands Fund (permanent fund), as described in Note 2. As a result of this change, $873.327 million of Public Education - Nonexpendable net position was reclassified for expendable purposes as follows: $832.170 million for Public Education - Expendable, $27.933 million for Higher Education - Expendable, and $13.224 million Other Purposes - Expendable.

  In addition to the reclassifications noted above, Public Education - Expendable increased $303.323 million over the prior year due to an increase in individual and corporate income tax revenues as a result of growth in the economy. Net position restricted for transportation increased by $55.844 million or 16.87 percent due to an increase in unspent restricted revenues.

  After the reclassifications noted above, the remaining nonexpendable net position was classified as follows: $1.639 billion

was classified as Public Education - Nonexpendable, $60.286 million as Higher Education - Nonexpendable, and $23.601 million as Other Purposes - Nonexpendable based on beneficiary. Aside from the reclassifications, net position classified as Public Education - Nonexpendable increased $72.898 million over the prior year due to $52.330 million generated from land use, and $20.568 million from gains on the sale of land.

Restricted Net Position of Business-type Activities increased $110.936 million or 5.26 percent due in part to a $58.519 million increase in loan programs as a result of additional loan capital provided from federal contracts and grants for Water Loan Programs ($14.834 million) and appropriations for transportation infrastructure loans ($39 million). The balance of the increase was due to a $55.232 million increase in the Unemployment Compensation and Insurance Program as unemployment compensation revenues exceeded related claims. These increases were offset by a $2.815 million decrease in net position restricted for debt service.

- *Unrestricted Net Position* – Total unrestricted net position in governmental activities increased by or $429.947 million or 52.44 percent primarily due to an increase in the amount unspent and carried forwarded in the General Fund and for transportation projects. Unrestricted net position in business-type activities increased by $58.758 million or 4.78 percent primarily due to dedicated sales tax revenues provided by the State as additional capital for the Water Loan Programs ($32.339 million) and the Community Impact Loan Fund ($27 million).

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Current and Other Assets	$ 8,606,714	$ 7,542,509	$ 5,129,388	$ 5,280,633	$ 13,736,102	$ 12,823,142
Capital Assets	19,211,956	18,654,772	92,779	91,447	19,304,735	18,746,219
Total Assets	**$ 27,818,670**	**$ 26,197,281**	**$ 5,222,167**	**$ 5,372,080**	**$ 33,040,837**	**$ 31,569,361**
Deferred Outflows of Resources	**$ 468,008**	**$ 444,746**	**$ 12,162**	**$ 12,538**	**$ 480,170**	**$ 457,284**
Current and Other Liabilities	$ 1,221,622	$ 1,190,336	$ 47,821	$ 54,811	$ 1,269,443	$ 1,245,147
Long-term Liabilities	3,886,101	3,869,971	1,628,078	1,945,497	5,514,179	5,815,468
Total Liabilities	**$ 5,107,723**	**$ 5,060,307**	**$ 1,675,899**	**$ 2,000,308**	**$ 6,783,622**	**$ 7,060,615**
Deferred Inflows of Resources	**$ 392,607**	**$ 141,323**	**$ 19,808**	**$ 25,179**	**$ 412,415**	**$ 166,502**
Net Position:						
Net Investment in Capital Assets	$ 16,827,887	$ 16,370,572	$ 29,237	$ 19,440	$ 16,857,124	$ 16,390,012
Restricted	4,708,634	4,249,945	2,221,712	2,110,776	6,930,346	6,360,721
Unrestricted	1,249,827	819,880	1,287,673	1,228,915	2,537,500	2,048,795
Total Net Position	**$ 22,786,348**	**$ 21,440,397**	**$ 3,538,622**	**$ 3,359,131**	**$ 26,324,970**	**$ 24,799,528**
Percent change in total Net Position from prior year	6.28%		5.34%		6.15%	

The largest component of the State's net position, 64.03 percent, reflects investments in capital assets (e.g., land, buildings, equipment, intangible assets, roads, and other infrastructure) less the outstanding debt issued to finance those assets. These types of assets are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

Restricted net position comprises 26.33 percent of total net position and is subject to constitutional, legal, or external constraints on use. Net position that is restricted by the *Utah Constitution* includes individual income and corporate income taxes that can be used only for public and higher education costs and proceeds from fees, taxes, charges related to motor vehicles that can be used only for transportation expenses, and earnings received from investment of the permanent State School Fund.

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

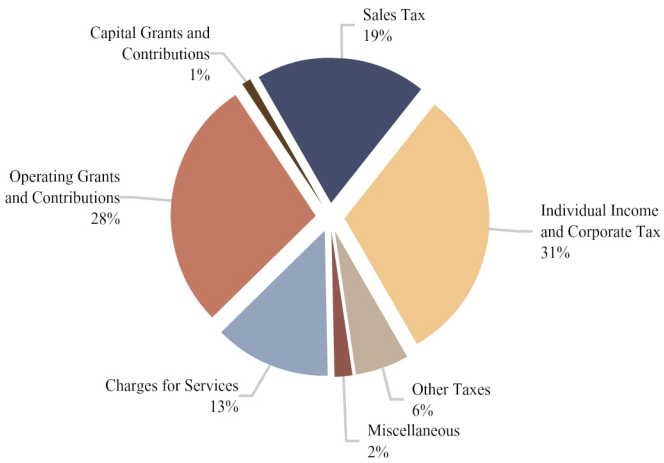
The following table and charts summarize the State's total revenues, expenses, and changes in net position for fiscal year 2018:

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

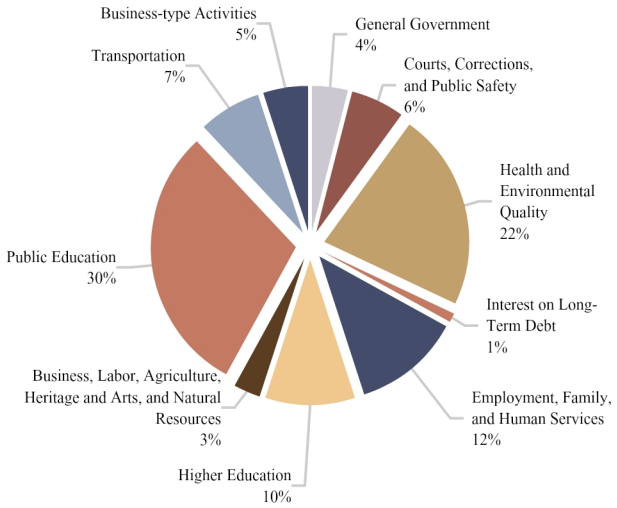
	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2018	2017	2018	2017	2018	2017	2017–2018
Revenues							
General Revenues:							
Taxes	$ 8,043,471	$ 7,215,793	$ 59,864	$ 57,528	$ 8,103,335	$ 7,273,321	11.41 %
Other General Revenues	215,048	182,793	59,215	49,878	274,263	232,671	17.88 %
Program Revenues:							
Charges for Services	1,211,341	1,234,753	744,160	755,106	1,955,501	1,989,859	(1.73)%
Operating Grants and Contributions	4,057,460	3,994,614	44,392	39,053	4,101,852	4,033,667	1.69 %
Capital Grants and Contributions	164,278	132,708	—	—	164,278	132,708	23.79 %
Total Revenues	**13,691,598**	**12,760,661**	**907,631**	**901,565**	**14,599,229**	**13,662,226**	6.86 %
Expenses							
General Government	503,430	476,428	—	—	503,430	476,428	5.67 %
Human Services/Juvenile Justice Services	854,614	818,058	—	—	854,614	818,058	4.47 %
Corrections	314,701	297,587	—	—	314,701	297,587	5.75 %
Public Safety	307,121	266,032	—	—	307,121	266,032	15.45 %
Courts	162,049	150,066	—	—	162,049	150,066	7.99 %
Health and Environmental Quality	2,807,215	2,719,553	—	—	2,807,215	2,719,553	3.22 %
Higher Education	1,318,207	1,104,855	—	—	1,318,207	1,104,855	19.31 %
Employment and Family Services	753,205	760,777	—	—	753,205	760,777	(1.00)%
Natural Resources	238,545	225,176	—	—	238,545	225,176	5.94 %
Heritage and Arts	30,279	28,874	—	—	30,279	28,874	4.87 %
Business, Labor, and Agriculture	116,964	106,523	—	—	116,964	106,523	9.80 %
Public Education	3,981,186	3,748,684	—	—	3,981,186	3,748,684	6.20 %
Transportation	970,442	888,854	—	—	970,442	888,854	9.18 %
Interest and Charges on Long-term Debt	85,141	84,820	—	—	85,141	84,820	0.38 %
Student Assistance Programs	—	—	120,169	136,037	120,169	136,037	(11.66)%
Unemployment Compensation	—	—	156,121	175,354	156,121	175,354	(10.97)%
Water Loan Programs	—	—	12,613	15,998	12,613	15,998	(21.16)%
Community and Economic Loan Programs	—	—	4,991	9,074	4,991	9,074	(45.00)%
Liquor Retail Sales	—	—	292,936	277,965	292,936	277,965	5.39 %
Other Business-type Activities	—	—	45,065	45,612	45,065	45,612	(1.20)%
Total Expenses	**12,443,099**	**11,676,287**	**631,895**	**660,040**	**13,074,994**	**12,336,327**	5.99 %
Excess (Deficit) Before Transfers	1,248,499	1,084,374	275,736	241,525	1,524,235	1,325,899	
Transfers	96,245	135,338	(96,245)	(135,338)	—	—	
Capital Contributions	—	—	—	37	—	37	
Change in Net Position	**1,344,744**	**1,219,712**	**179,491**	**106,224**	**1,524,235**	**1,325,936**	
Net Position – Beginning	21,440,397	20,353,895	3,359,131	3,255,098	24,799,528	23,608,993	
Adjustment to Beginning Net position	1,207	(133,210)	—	(2,191)	1,207	(135,401)	
Net Position – Beginning as Adjusted	21,441,604	20,220,685	3,359,131	3,252,907	24,800,735	23,473,592	
Net Position – Ending	**$ 22,786,348**	**$ 21,440,397**	**$ 3,538,622**	**$ 3,359,131**	**$ 26,324,970**	**$ 24,799,528**	6.15 %

(Charts on next page)

State of Utah Total Revenues FY 2018



State of Utah Total Expenses FY 2018



Changes in Net Position

This year the State received 55.51 percent of its revenues from state taxes and 29.22 percent of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 53.24 percent and grants and contributions were 30.50 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park fees, and court fees, combined with other miscellaneous collections, comprised 15.27 percent of total revenues in fiscal year 2018, compared to 16.27 percent in fiscal year 2017.

Governmental Activities

The State's total governmental revenues from all sources increased $930.937 million or 7.30 percent. Tax revenues increased $827.678 million or 11.47 percent due to continued growth 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 increased $213.352 million, as compared to the prior year, primarily due to an increase 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 2018, program revenues covered $5.433 billion or 43.66 percent of $12.443 billion in total program expenses. For the remaining $7.010 billion or 56.34 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	Less Program Revenues	Net Program (Expenses)/Revenues		Program Revenues as a Percentage of Program Expenses	
	2018	2018	2018	2017	2018	2017
General Government	$ 503,430	$ 342,372	$ (161,058)	$ (156,492)	68.01%	67.15%
Human Services/Juvenile Justice Services	854,614	387,389	(467,225)	(458,330)	45.33%	43.97%
Corrections	314,701	3,199	(311,502)	(292,410)	1.02%	1.74%
Public Safety	307,121	173,831	(133,290)	(119,663)	56.60%	55.02%
Courts	162,049	54,697	(107,352)	(96,267)	33.75%	35.85%
Health and Environmental Quality	2,807,215	2,279,516	(527,699)	(519,859)	81.20%	80.88%
Higher Education	1,318,207	236	(1,317,971)	(1,103,914)	0.02%	0.09%
Employment and Family Services	753,205	601,152	(152,053)	(129,945)	79.81%	82.92%
Natural Resources	238,545	156,395	(82,150)	(70,621)	65.56%	68.64%
Heritage and Arts	30,279	10,754	(19,525)	(17,238)	35.52%	40.30%
Business, Labor, and Agriculture	116,964	113,525	(3,439)	(2,908)	97.06%	97.27%
Public Education	3,981,186	685,754	(3,295,432)	(2,991,733)	17.22%	20.19%
Transportation	970,442	624,259	(346,183)	(270,012)	64.33%	69.62%
Interest and Charges on Long-term Debt	85,141	—	(85,141)	(84,820)	0.00%	0.00%
Total Governmental Activities	**$ 12,443,099**	**$ 5,433,079**	**$ (7,010,020)**	**$ (6,314,212)**	43.66%	45.92%

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 $6.066 million or 0.67 percent from the prior year as follows: Unrestricted investment income increased by $7.212 million due to higher interest rates. Operating grants and contributions increased by $5.339 million primarily due to an increase in federal contracts and grants in the Water Loan Programs and the Community and Economic Loan Programs. Dedicated sales and use tax increased $2.336 million on growth in the economy. Miscellaneous revenues increased by $2.654 million. These increases were offset by a $10.946 million decrease in charges for services within the Student Assistance Programs and Other Business-type Activities.

Total expenses for the State's business-type activities decreased overall by $28.145 million or 4.26 percent. Expenses in the Student Assistance Programs decreased $15.868 million primarily due to a decrease in special allowance payments as a result of rising interest rates and also a decrease in payments to lenders for guaranteed claims. The Unemployment Compensation Fund expenses decreased $19.233 million due to fewer claims paid and a slightly lower unemployment rate. Water Loan Program expenses decreased $3.385 million due to a decrease in grant expense. Community and Economic Loan Programs decreased $4.083 million primarily due to higher payments for the Small Business Credit Initiative Program in the prior year. These decreases were offset by a $14.971 million increase in expenses related to liquor retail sales due to higher sales volume.

All of the State's business-type activities operate primarily from program revenues, except for the Water Loan Programs, the Agriculture Loan Fund, and the Community Impact Loan Fund that by law receive dedicated sales tax revenues. 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, agriculture, and community impact loan programs.

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Adjustment to Beginning Fund Balance

As described in Note 2 of the financial statements, the beginning fund balance was adjusted as follows:

- $1.207 million increase in the Trust Lands Permanent Fund for additional activity that was previously reported in other funds and is now reported in the Trust Lands Permanent Fund.

Fund Balances

At June 30, 2018, the State's governmental funds reported combined ending fund balances of $6.636 billion. Of this amount, $1.755 billion or 26.44 percent is nonspendable, either due to its form or legal constraints, and $2.771 billion or 41.75 percent is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds, revenue restricted for public education, revenue that derives from the operation of motor vehicles on public highways, mineral lease revenues, and earnings received from investment of the Trust Lands Permanent Fund are included in restricted fund balance.

An additional $1.552 billion or 23.39 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 $550.884 million or 8.30 percent of total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining $7.966 million or 0.12 percent of fund balance is unassigned and available for future appropriations.

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

	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Funds	Total
Nonspendable	$ 18,134	$ 67	$ 13,766	$ —	$ 1,722,918	$ —	$ 1,754,885
Restricted	38,978	1,144,671	392,122	54,770	873,327	266,704	2,770,572
Committed	675,228	—	625	600,049	—	275,902	1,551,804
Assigned	314,910	—	1,140	—	—	234,834	550,884
Unassigned	7,966	—	—	—	—	—	7,966
Total	**$ 1,055,216**	**$ 1,144,738**	**$ 407,653**	**$ 654,819**	**$ 2,596,245**	**$ 777,440**	**$ 6,636,111**
Percent change from prior year	26.96%	29.90%	14.52%	50.89%	3.71%	20.91%	17.48%

General Fund

The General Fund's total fund balance increased by $224.061 million or 26.96 percent in fiscal year 2018. The General Fund ended the year with a $7.966 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 $9.585 million surplus, or unassigned fund balance.

Specific changes in the General Fund balance include the following:

- Nonspendable fund balance decreased by $15.955 million or 46.80 percent as follows: Prepaid items decreased $12.012 million primarily due to a decrease in payments to providers for the Medicaid program at yearend. The long-term portion of loans receivable also decreased $3.977 million due to a reduction of loan balances within Internal Services Funds.

- Restricted fund balance increased by $5.462 million or 16.30 percent as a result of an increase in revenues set aside for specific purposes due to constraints that are imposed externally or by law.

- Committed fund balance increased overall by $115.437 million or 20.62 percent due to an increase in monies set aside for specific purposes as follows: Monies set aside for committed purposes in various restricted accounts increased $71.810 million; agency carry-forward balances increased $7.065 million; yearend statutory transfers increased the Medicaid Budget Stabilization Account $30.362 million and the General Fund Budget Reserve Account by $6.140 million. The General Fund Budget Reserve Account ended the year with a balance of $151.808 million.

- Assigned fund balance increased by $120.736 million or 62.18 percent. The increase was primarily due to a $68.661 million increase in the amount set aside for next year's budget by the Legislature. Assigned fund balance also increased $36.122 million due to an increase in tax accruals assigned by law. The balance of the increase was due to a decrease in prepaid items classified as nonspendable items, as described above. Items classified as nonspendable reduce assigned fund balance.

Total tax collections in the General Fund increased $209.411 million or 9.54 percent, the largest of which was sales and use tax which increased $194.937 million or 10.43 percent. Overall, sales tax revenue in all governmental funds increased $243.649 million or 10.14 percent due to growth in the Utah economy.

Total General Fund non-tax revenues increased $119.696 million or 3.19 percent, explained as follows: Federal contracts and grants increased $72.698 million or 2.51 percent primarily due to an increase in federal funding for Medicaid programs and the National Guard. Additional details regarding the change in federal contracts and grants are provided below in terms of the corresponding changes in expenditures. Miscellaneous and other revenues increased $34.847 million or 14.32 percent due a one-time increase of $26.491 million in tobacco settlement proceeds and a $11.368 million increase in drug manufacturer rebates related to the Medicaid program. Investment income increased $6.777 million or 38.95 percent due to higher interest rates. Charges for services increased $4.056 million or 0.83 percent driven by demand for government services. Federal mineral lease revenue increased $2.906 million or 3.94 percent due to higher energy prices over the prior year.

Overall, total General Fund expenditures increased by $284.285 million or 4.27 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 by $94.189 million or 3.45 percent primarily due to growth in the Medicaid program. These expenditures increased $91.241 million as a result of: (1) authorized rate increases, including managed health care; (2) implementations of the new Targeted Adult Medicaid expansion and initiation of coverage of residential treatment services; and (3) increased utilization in Home and Community Base Waivers.

- *Human Services and Juvenile Justice Services* - Total expenditures increased $52.924 million or 6.63 percent, due in part to a $23.913 million funding increase within Services for People with Disabilities. The increase was used to provide a $6.705 million salary increase for direct care service workers and $13.856 million to fund additional needs for individuals receiving disability services. An additional $2.514 million was used to provide services for people on the waiting list in the Medicaid Home and Community Based Waiver Services Program. Expenditures also increased $23.439 million for substance abuse and mental health treatment programs and $2.399 million for child and family services.

- *Higher Education* – Total expenditures increased $49.520 million or 4.91 percent due to an increase in state appropriations. The State provided $27.500 million for higher education employee compensation and benefit increases. Major new state-funded system-wide initiatives included: (1) $8 million one-time for the Board of Regents' Scholarship; (2) $6.500 million one-time for performance-based funding; (3) $4 million for the USHE Engineering Initiative; (4) $3.500 million for enrollment growth; and (5) $3 million for market demand programs for the Utah System of Technical Colleges.

- *Public Safety* – Total expenditures increased $35.463 million or 15.86 percent. Significant increases included: (1) $16.441 million for the National Guard, primarily due to additional federal funding provided for the Special Forces Readiness Center; (2) $8.354 million for the Utah Communications Authority for the 800 and 150 MHz radio networks and management of the 911 program; (3) $6.664 million for the Utah Highway Patrol for the Operation Rio Grande program; and (4) $1.321 million for the State Crime Lab for sexual assault kit testing.

- *General Government* – Total expenditures increased $25.624 million or 6.97 percent due to increases in various programs. Significant increases included: (1) $5.019 million for the Utah Science Technology and Research (USTAR) Initiative; (2) $3.514 million for Utah Office for Victims of Crime due to increased federal funding for victim services; (3) $5.046 million for local and non-profit organization economic development initiatives; (4) $2.186 million for the College Math Ready Program; (5) $2.307 million for Salt Lake County jail bed housing; and (6) $2.444 million for marketing and advertising with the Office of Tourism. The balance of the increase in general government expenditures resulted from smaller increases in various other programs.

In addition to the significant changes in expenditures described above, the increase in overall expenditures is also due to a $29.164 million increase as a result of a 2 percent salary increase for most state employees, increases in health insurance costs, and targeted compensation increases.

Budgetary Highlights – General Fund

The Legislature adopted the initial fiscal year 2018 budget during the 2017 General Session (January to March 2017). The original consensus revenue estimates in the General Fund budget at the start of fiscal year 2018, excluding department-specific revenue sources such as federal grants and departmental collections, and miscellaneous transfers, were 5.30 percent higher than the final fiscal year 2017 budget. The increase was primarily due to growth in the sales and use tax due to the strong Utah economy. Budgeted expenditures were 2.4 percent higher than the final fiscal year 2017 budget. The Governor and Legislature were able to balance the original fiscal year 2018 budget with revenue growth, one-time monies, and targeted program reductions.

The fiscal year 2018 budget was again addressed during the 2018 General Session of the Legislature (January to March 2018). General revenue estimates had increased $58.821 million from the original consensus estimates adopted during the 2017 General Session due to projected increases in sales and use tax and the insurance premium tax. Revenue estimates and base budget resources allowed the Legislature to set aside $76.765 million for fiscal year 2019 appropriations. In the end, taxes and other general revenues ended the year $25.800 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 increased slightly from final budgets primarily due to an increase in the state mineral lease revenue and departmental collections. 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, $6.504 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 $263.449 million or 29.90 percent from the prior year as revenues and transfers in exceeded expenditures and transfers out. Amounts set aside for fiscal year 2019 appropriations increased $32.582 million. Education funds set aside for specific purposes increased $42.605 million. The amount unspent and carried forward for education increased by $9.676 million. These increases were offset by a $18.218 million decrease in tax accruals restricted by law for education.

In addition to these changes, the Education Fund ended the year with a $149.882 million surplus, which resulted from $3.399 million from property tax recapture and $145.850 million remaining in the fund after the $210.455 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 $210.455 million revenue surplus, $64.605 million was transferred to the Education Budget Reserve Account. The Education Budget Reserve Account ended the year with a balance of $426.407 million.

Overall, total revenue in the Education Fund increased by $527.524 million or 11.64 percent. Individual income tax increased by $387.208 million or 10.62 percent. Corporate income tax increased by $97.318 million or 29.88 percent. These increases are due to continued economic expansion. Other taxes increased by $26.728 million or 556.83 percent due to the new Charter School Levy, a property tax imposed by the State to support Charter Schools. Miscellaneous and other revenues increased $17.974 million or 75.59 percent due in part to $7.564 million received for the Volkswagen settlement. The increase was also due to $6.690 million reported as charges for services in the prior year, but reclassified from charges for services to miscellaneous revenue in the current year.

Overall, expenditures increased by $250.507 million or 6.71 percent in the Education Fund. The increase was primarily due to a $224.564 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 within various programs also increased. The significant increases included the following programs: Teaching and Learning increased $16.438 million; Career and Technical Education increased $7.555 million; and Financial Operations increased $4.152 million.

Net other financing uses increased by $32.126 million or 4.10 percent. This change was the result of an $88.653 million increase in transfers out due to an increase in transfers for higher education, offset by a $56.527 million increase in transfers in from the Trust Lands Permanent Fund for the School Land Program.

Transportation Fund

Total fund balance in the Transportation Fund increased $51.684 million or 14.52 percent from the prior year. Restricted fund balance increased by $53.642 million or 15.85 percent as restricted revenues and transfers in exceeded expenditures and transfers out. Assigned fund balance decreased by 1.860 million or 62 percent due to a decrease in unspent general revenues appropriated to the Transportation Fund. Nonspendable inventory decreased by $946 thousand or 6.80 percent.

Overall, transportation revenues increased by $22.850 million or 2.09 percent. The increase resulted from the following changes in revenue as compared to the prior year:

- Motor and special fuels tax increased $15.372 million or 3.17 percent due in part to a small increase in consumption. Tax accruals related to motor and special fuels tax contributed the balance of the increase.
- License, permits, and fees increased by $4.416 million or 5.06 percent due to an increase in registration fees.
- Charges for services increased $3.716 million or 8.04 percent primarily due to small increases in sales of various goods and services.
- Investment income increased by $2.781 million or 116.12 percent due to rising interest rates.
- Federal contracts and grants decreased by $4.356 million or 1.07 percent as a result of timing differences related to highway construction projects.

Expenditures within the Transportation Fund by increased by $48.335 million or 4.98 percent primarily due to an increase in state and federal funding provided for highway construction projects. Net other financing uses increased by $10.427 million or 33.01 percent due in part to a $5.149 million decrease in the sale of capital assets. Transfers into the fund also decreased by $3.721 million primarily due to a decrease in federal mineral lease revenue transferred into the 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 increased by $220.846 million or 50.89 percent from the prior year. Restricted fund balance increased to $54.770 million compared to $1.984 million in the prior year due to unspent general obligation bond proceeds. Committed fund balance increased by $168.060 million or 38.90 percent due to unspent dedicated sales and use tax revenue at yearend.

Overall, revenues increased $53.848 million or 8.73 percent. Sales and use tax revenues, statutorily reallocated from use in the General Fund to use for highway projects, increased $45.915 million or 8.67 percent due to growth in the economy. License, permits, and fees increased $4.356 million or 5.25 percent due to an increase in motor vehicle registration fees. Expenditures increased by $117.162 million or 29.69 percent from the prior year due to increased spending on highway construction projects. Net other financing sources increased by $337.037 million or 122.59 percent due to a $295.810 million bond issuance and $35.735 million bond premium in the current year compared to no bonds issued in the prior year.

Trust Lands Permanent Fund

The fund balance of the permanent Trust Lands Permanent Fund increased by $92.892 million or 3.71 percent from the prior year. The increase resulted from investment income of $134.879 million, $52.330 million generated from land use, and $20.568 million from gains on the sale of land. These revenues were offset by distributions to beneficiaries of $116.110 million.

As discussed in Note 2, a portion of the fund balance of the Trust Lands Permanent Fund was reclassified from nonspendable to restricted because of a constitutional amendment that passed, effective July 1, 2017, changing the distribution policies for the beneficiaries of the Trust Lands Fund Permanent Fund. The *Utah Constitution* now allows all investment earnings of the permanent fund to be distributed, limited to annual distributions not to exceed four percent of the fund (based on a calculation described in statute). In fiscal year 2017, $2.503 billion was reported as Nonspendable - Permanent Fund Principal. In fiscal year 2018, $873.327 million was classified as Restricted, which represents past investment earnings of the Permanent Fund, and $1.723 billion was classified as Nonspendable - Permanent Fund Principal, which represents the corpus of the Permanent Fund. In addition, as disclosed in fiscal year 2017, the reporting and accounting was changed to provide a more complete presentation of activity within the Permanent Fund. In fiscal year 2018, additional activity that was previously reported in other funds was reported in the Permanent Fund. As a result, a reclassification of $1.207 million was made to increase beginning fund balance on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Student Assistance Programs

The net position of the Student Assistance Programs increased slightly by $7.633 million or 2.09 percent from the prior year due to changes in total assets, liabilities, and deferred inflows of resources. Total assets decreased $329.437 million mainly due to a decrease in student loans receivable. These programs received $339.479 million in principal payments on student loans during the fiscal year. Total liabilities decreased overall by $327.397 million primarily due to $316.969 million in payments on principal on student loan revenue bonds and notes payable, and line of credit. Accounts payable and accrued liabilities also decreased $9.830 million, primarily due to a decrease in special allowance as a result of rising interest rates. Deferred inflows decreased $9.790 million as a result of a decrease in the fair value of interest rate swap agreements. Operating revenues decreased $12.588 million, mostly due to a combination of a decrease in interest on student loans of $13.397 million and a decrease of $5.881 million in Federal Reinsurance payments that were offset by an $8.689 million increase in federal loans servicing revenue. Operating expenses decreased $15.618 million due to a decrease of $17.337 million in student loan servicing expenses and $5.814 million in payments to lenders for guaranteed claims, which were offset by an increase of $7.570 million of interest expense. Of total net position of $372.763 million, $299.799 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 2018 decreased slightly from the prior year. Employer tax revenue decreased $23.074 million or 10.96 percent due to an overall contribution rate decrease from the prior year. Expenses decreased $19.233 million or 10.97 percent due to fewer claims paid. Overall, employer taxes and other revenues exceeded benefit payments and transfers out, resulting in an increase of net position of $55.232 million or 5.05 percent. The entire net position of $1.148 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 $46.085 million or 4.69 percent from the prior year. Additional capital for loans was provided from $32.339 million in dedicated sales tax revenues, $16.933 million in investment income, and $14.834

million in federal contracts and grants. These increases were offset by program grant expenses of $7.641 million, other operating expenses of $3.534 million, and net transfers out of $5.642 million, which was used for watershed and other construction projects. Of total net position of $1.028 billion, $458.051 million is restricted for use within the Water Loan Programs by federal grant requirements and $155.380 million is restricted pursuant to bond agreements within the programs.

Community Impact Loan Fund

The net position of the Community Impact Loan fund increased $25.523 million or 3.74 percent from the prior year due to sales tax revenues of $27 million, investment income of $11.203 million, and federal contracts and grant revenues of $4.813 million, which were offset by $16.870 million transferred out of the fund for community development programs. 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 $558.516 million during the year. The change consisted of net increases in infrastructure (i.e., state roads and bridges) of $270.834 million; construction in progress of $208.657 million; land and related assets of $90.325 million; and machinery and equipment of $12.550 million. There were net decreases in software of $16.452 million and building and improvements of $7.398 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 discrete component unit's financial statements, any outstanding debt issued by the State to finance construction of those assets is reported as a liability of the State's governmental activities. This in turn reduces unrestricted net position. As of June 30, 2018, the State had $87.922 million of outstanding debt related to capital assets of discretely presented component units.

At June 30, 2018, the State had commitments in capital projects funds of $377.971 million for building projects and $476.703 million for highway construction and improvement projects. The State also had commitments of $323.275 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 2017 indicated that 90.36 percent of roads were in "fair" or better condition. These results reflect maintaining roads above target percentages and are consistent with calendar year 2015, when 89.32 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 2018, indicated that 64.52 percent and 2.76 percent of bridges were in "good" and "poor" condition, respectively. These results reflect maintaining bridges at a consistent condition level as 2017 when 67.91 percent of the bridges were assessed as "good" and 1.45 percent assessed were in "poor" condition.

During fiscal year 2018, the State spent $307.815 million and $54.320 million to maintain and preserve roads and bridges, respectively. These combined amounts were 21.88 percent above the estimated amounts of $252.563 million and $44.570 million needed to maintain these roads and bridges at established condition levels, respectively.

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

Long-term Debt

The *Utah Constitution* allows the State to contract debts not exceeding 1.50 percent of the value of the total taxable property of the State (i.e., constitutional debt limit). The Legislature authorizes general obligation indebtedness within this limit. The *State Appropriation and Tax Limitation Act* (i.e., statutory debt limit) further limits the outstanding general obligation debt of the State to not exceed 45 percent of the maximum allowable state budget appropriation limit. As of June 30, 2018, the general obligation indebtedness of the State was $3.161 billion below the constitutional debt limit and $1.466 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
	2018	2017	2018	2017	2018	2017	2017 to 2018
General Obligation Bonds	$ 2,498	$ 2,235	$ —	$ —	$ 2,498	$ 2,235	11.77 %
Revenue Bonds:							
State Building Ownership Authority	244	230	83	73	327	303	7.92 %
Student Assistance Programs	—	—	1,495	1,812	1,495	1,812	(17.49)%
Water Loan Programs	—	—	31	37	31	37	(16.22)%
Total Bonds Payable	**$ 2,742**	**$ 2,465**	**$ 1,609**	**$ 1,922**	**$ 4,351**	**$ 4,387**	(0.82)%

Total general obligation bonds payable net of premiums and discounts increased $262.759 million. Revenue bonds payable net of premiums and discounts decreased $297.924 million for an overall net decrease of $35.165 million during the fiscal year. The State issued $485.225 million of general obligation highway and prison bonds, and $118.700 million of general obligation refunding bonds during the fiscal year as the State sought to take advantage of lower interest rates to advance refund portions of prior general obligation bonds. In addition, the State issued $25.910 million of revenue refunding bonds and $18.465 million of revenue bonds to fund capital facility projects.

The State has other significant long-term debt, such as Pension related liabilities and Other Postemployment Benefits (OPEB). The primary government's share of the net pension liability is $775.791 million. This is a decrease of $273.126 million or 26.04 percent over the prior year. This decrease was primarily due to strong investment performance, which significantly outpaced the pension liability's assumed earnings rate. See Notes 18 and 19 for specific information on Pension related liabilities and Other Postemployment Benefits, respectively.

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 2019 are 3.62 percent higher than actual fiscal year 2018 revenues. Original revenue estimates of the Education Fund for fiscal year 2019 are 0.33 percent higher than actual fiscal year 2018 revenues. The Legislature balanced the 2019 budget through projected revenue growth, funding reallocations, fund balances, and various restricted account reserves.

Preliminary data for fiscal year 2019 show tax revenues to be in line with estimates. The overall unemployment rate is expected to be 3.10 percent in 2018, a slight decrease from the average 2017 rate of 3.20 percent. Taxable retail sales are expected to increase 6 percent in 2018 and increase 9.20 percent in 2019. Personal income is expected to increase 6.10 percent in 2018, and 5.40 percent in 2019. 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 2019. The Governor and Legislature will review the fiscal year 2019 budget again during the upcoming 2019 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 discretely presented component units, the State's discrete component units each issue separate audited financial statements that

include their respective management's discussion and analysis. Discrete component unit statements may be obtained from their respective administrative offices or from the Office of the State Auditor, Utah State Capitol Complex, East Office Building, Suite E310, Salt Lake City, UT 84114. You may also visit their website at auditor.utah.gov.

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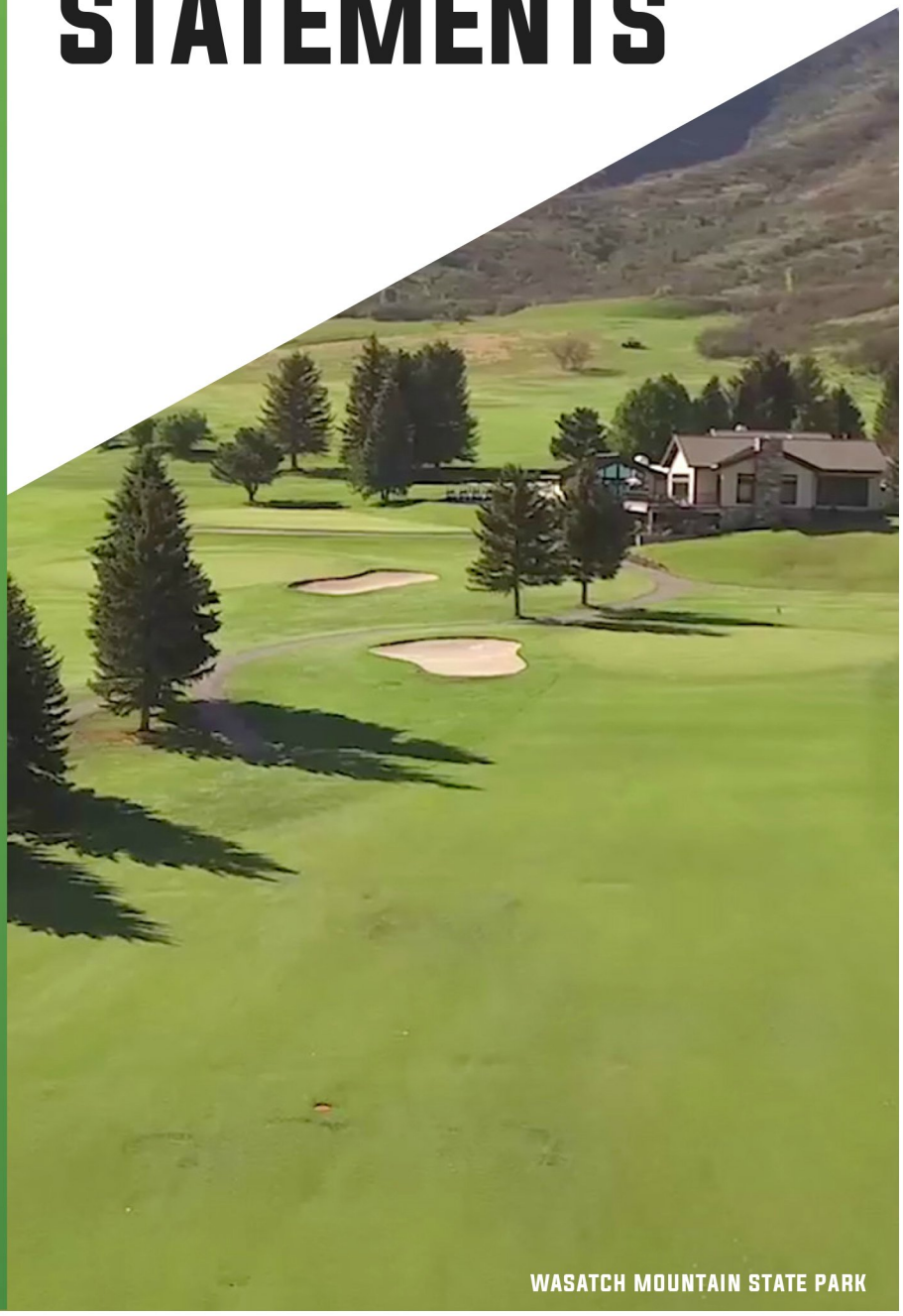
STATE OF UTAH

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

BASIC FINANCIAL STATEMENTS



WASATCH MOUNTAIN STATE PARK

2018

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Statement of Net Position

(expressed in thousands)

June 30, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	$ 1,148,769	$ 1,946,297	$ 3,095,066	$ 862,605
Investments	4,876,811	3,872	4,880,683	3,388,661
Taxes Receivable, net	1,467,881	4,551	1,472,432	—
Accounts and Interest Receivable, net	825,351	137,104	962,455	695,766
Amounts Due From:				
Component Units	50,600	6	50,606	—
Primary Government	—	—	—	1,756
Prepaid Items	11,368	878	12,246	33,929
Inventories	19,056	37,949	57,005	101,020
Internal Balances	11,547	(11,547)	0	—
Restricted Investments	—	70,324	70,324	1,088,109
Restricted Receivables	—	—	—	155,473
Notes/Loans/Mortgages/Pledges Receivable, net	16,649	2,827,716	2,844,365	85,526
Capital Lease Payments Receivable, net	86,445	—	86,445	—
Pledged Loans Receivables	—	112,227	112,227	—
Other Assets	92,237	11	92,248	77,496
Capital Assets:				
Land and Other Non-depreciable Assets	2,045,451	25,945	2,071,396	373,940
Infrastructure	14,371,953	—	14,371,953	—
Construction in Progress	1,231,647	1,104	1,232,751	521,747
Buildings, Equipment, and Other Depreciable Assets	3,131,948	120,710	3,252,658	9,294,544
Less Accumulated Depreciation	(1,569,043)	(54,980)	(1,624,023)	(4,233,716)
Total Capital Assets	19,211,956	92,779	19,304,735	5,956,515
Total Assets	$ 27,818,670	$ 5,222,167	$ 33,040,837	$ 12,446,856
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	$ 468,008	$ 12,162	$ 480,170	$ 176,464
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 1,137,861	$ 43,600	$ 1,181,461	$ 465,215
Amounts Due to:				
Component Units	1,756	—	1,756	—
Primary Government	—	—	—	50,606
Securities Lending	—	—	—	17,328
Unearned Revenue	82,005	4,210	86,215	158,027
Deposits	—	11	11	154,108
Long-term Liabilities:				
Due Within One Year	403,502	340,537	744,039	274,961
Due in More Than One Year	3,482,599	1,287,541	4,770,140	1,951,699
Total Liabilities	$ 5,107,723	$ 1,675,899	$ 6,783,622	$ 3,071,944
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	$ 392,607	$ 19,808	$ 412,415	$ 149,877
NET POSITION				
Net Investment in Capital Assets	$ 16,827,887	$ 29,237	$ 16,857,124	$ 4,545,577
Restricted for:				
Transportation	386,948	—	386,948	—
Public Education – Expendable	2,477,851	—	2,477,851	—
Public Education – Nonexpendable	1,639,031	—	1,639,031	—
Higher Education – Expendable	27,933	—	27,933	1,178,416
Higher Education – Nonexpendable	60,286	—	60,286	939,972
Debt Service	—	155,380	155,380	—
Unemployment Compensation and Insurance Programs	7,631	1,148,324	1,155,955	289,319
Loan Programs	—	918,008	918,008	—
Other Purposes – Expendable	85,353	—	85,353	11,241
Other Purposes – Nonexpendable	23,601	—	23,601	—
Unrestricted	1,249,827	1,287,673	2,537,500	2,436,974
Total Net Position	$ 22,786,348	$ 3,538,622	$ 26,324,970	$ 9,401,499

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, 2018

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	$ 503,430	$ 216,929	$ 123,571	$ 1,872
Human Services and Juvenile Justice Services	854,614	11,399	375,990	—
Corrections	314,701	3,199	—	—
Public Safety	307,121	73,939	99,892	—
Courts	162,049	52,563	2,134	—
Health and Environmental Quality	2,807,215	337,171	1,942,345	—
Higher Education	1,318,207	—	236	—
Employment and Family Services	753,205	9,639	591,513	—
Natural Resources	238,545	105,790	50,605	—
Heritage and Arts	30,279	3,041	7,713	—
Business, Labor, and Agriculture	116,964	104,113	9,412	—
Public Education	3,981,186	79,337	606,417	—
Transportation	970,442	214,221	247,632	162,406
Interest and Other Charges on Long-term Debt	85,141	—	—	—
Total Governmental Activities	12,443,099	1,211,341	4,057,460	164,278
Business-type:				
Student Assistance Programs	120,169	101,350	20,742	—
Unemployment Compensation	156,121	187,754	1,270	—
Water Loan Programs	12,613	234	14,834	—
Community and Economic Loan Programs	4,991	3,137	7,242	—
Liquor Retail Sales	292,936	407,694	304	—
Other Business-type Activities	45,065	43,991	—	—
Total Business-type Activities	631,895	744,160	44,392	0
Total Primary Government	$ 13,074,994	$ 1,955,501	$ 4,101,852	$ 164,278
Component Units:				
Public Employees Health Program	$ 705,377	$ 694,255	$ 32,545	$ —
University of Utah	4,627,079	3,934,655	739,933	175,503
Utah State University	751,468	239,237	316,276	28,196
Nonmajor Colleges and Universities	1,240,486	504,449	233,881	182,603
Nonmajor Component Units	60,804	31,127	1,247	—
Total Component Units	$ 7,385,214	$ 5,403,723	$ 1,323,882	$ 386,302
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				
Donations				
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.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
$ (161,058)	$ —	$ (161,058)	$ —
(467,225)	—	(467,225)	—
(311,502)	—	(311,502)	—
(133,290)	—	(133,290)	—
(107,352)	—	(107,352)	—
(527,699)	—	(527,699)	—
(1,317,971)	—	(1,317,971)	—
(152,053)	—	(152,053)	—
(82,150)	—	(82,150)	—
(19,525)	—	(19,525)	—
(3,439)	—	(3,439)	—
(3,295,432)	—	(3,295,432)	—
(346,183)	—	(346,183)	—
(85,141)	—	(85,141)	—
(7,010,020)	0	(7,010,020)	0
—	1,923	1,923	—
—	32,903	32,903	—
—	2,455	2,455	—
—	5,388	5,388	—
—	115,062	115,062	—
—	(1,074)	(1,074)	—
0	156,657	156,657	0
(7,010,020)	156,657	(6,853,363)	0
—	—	—	21,423
—	—	—	223,012
—	—	—	(167,759)
—	—	—	(319,553)
—	—	—	(28,430)
0	0	0	(271,307)
2,648,552	59,864	2,708,416	—
4,072,919	—	4,072,919	—
422,980	—	422,980	—
500,080	—	500,080	—
398,940	—	398,940	—
8,043,471	59,864	8,103,335	0
34,424	56,561	90,985	249
—	—	—	1,008,742
—	—	—	31,430
—	—	—	—
40,871	—	40,871	(313)
139,753	2,654	142,407	1,968
—	—	—	53,170
—	—	—	—
96,245	(96,245)	—	—
8,354,764	22,834	8,377,598	1,095,246
1,344,744	179,491	1,524,235	823,939
21,440,397	3,359,131	24,799,528	8,539,207
1,207	—	1,207	38,353
21,441,604	3,359,131	24,800,735	8,577,560
$ 22,786,348	$ 3,538,622	$ 26,324,970	$ 9,401,499

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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, 2018

	General Fund	Special Revenue Funds: Education	Special Revenue Funds: Transportation	Capital Projects Fund: Transportation Investment	Permanent Fund: Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and Cash Equivalents	$ 370,748	$ 170,029	$ 211,189	$ —	$ 11,132	$ 309,812	$ 1,072,910
Investments	419,518	581,392	243,615	590,913	2,493,308	548,065	4,876,811
Receivables:							
Accounts, net	523,279	160,795	91,913	—	13,390	28,658	818,035
Accrued Interest	97	113	—	—	236	23	469
Accrued Taxes, net	342,309	990,889	67,742	66,493	—	448	1,467,881
Notes/Mortgages, net	901	13,781	—	—	1,967	—	16,649
Capital Lease Payments, net	—	—	—	—	—	86,445	86,445
Due From Other Funds	49,489	5,746	172	—	1,777	3,588	60,772
Due From Component Units	178	—	—	—	—	49,466	49,644
Prepaid Items	2,463	67	807	—	—	—	3,337
Inventories	721	—	12,959	—	—	—	13,680
Interfund Loans Receivable	34,240	—	—	—	—	—	34,240
Other Assets	—	—	—	—	91,712	—	91,712
Total Assets	$ 1,743,943	$ 1,922,812	$ 628,397	$ 657,406	$ 2,613,522	$ 1,026,505	$ 8,592,585
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts Payable and Accrued Liabilities	$ 504,462	$ 270,450	$ 208,108	$ —	$ 7,989	$ 124,810	$ 1,115,819
Due To Other Funds	32,423	1,108	4,636	—	—	35,704	73,871
Due To Component Units	1,749	—	—	—	—	—	1,749
Unearned Revenue	70,385	819	6,773	—	—	2,106	80,083
Total Liabilities	609,019	272,377	219,517	0	7,989	162,620	1,271,522
Deferred Inflows of Resources:							
Unavailable Revenue	79,708	505,697	1,227	2,587	9,288	86,445	684,952
Total Deferred Inflows of Resources	79,708	505,697	1,227	2,587	9,288	86,445	684,952
Fund Balances:							
Nonspendable:							
Long-term Portion of Interfund Loans Receivable	14,950	—	—	—	—	—	14,950
Prepaid Items	2,463	67	807	—	—	—	3,337
Inventories	721	—	12,959	—	—	—	13,680
Permanent Fund Principal	—	—	—	—	1,722,918	—	1,722,918
Restricted	38,978	1,144,671	392,122	54,770	873,327	266,704	2,770,572
Committed	675,228	—	625	600,049	—	275,902	1,551,804
Assigned	314,910	—	1,140	—	—	234,834	550,884
Unassigned	7,966	—	—	—	—	—	7,966
Total Fund Balances	1,055,216	1,144,738	407,653	654,819	2,596,245	777,440	6,636,111
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,743,943	$ 1,922,812	$ 628,397	$ 657,406	$ 2,613,522	$ 1,026,505	$ 8,592,585

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, 2018		
Total Fund Balances – Governmental Funds		$ 6,636,111
The total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds: (See Note 8)		
Land and Related Non-depreciable Assets	$ 2,045,451	
Infrastructure, Non-depreciable	14,371,953	
Construction in Progress	1,229,218	
Buildings, Equipment, and Other Depreciable Assets	2,937,113	
Accumulated Depreciation	(1,463,635)	19,120,100
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	$ 677,440	
Related to Pensions	(354,602)	
Related to Other Postemployment Benefits	(3,274)	319,564
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.		45,397
Deferred outflows of resources are not reported in the governmental funds:		
Amount on Refundings of Bonded Debt	$ 19,824	
Related to Pensions	409,558	
Related to OPEB	8,474	437,856
Other assets not available in the current period and therefore are not reported in the governmental funds:		
Net Pension Asset		525
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	$ (2,634,207)	
Unamortized Bond Premiums	(108,115)	
Accrued Interest on Bonds Payable	(1,344)	
Pollution Remediation Obligation	(5,366)	
Settlement Obligation	(273)	
Compensated Absences	(184,505)	
Capital Leases	(33,132)	
Net Other Postemployment Benefits Liability	(92,913)	
Net Pension Liability	(713,350)	(3,773,205)
Total Net Position – Governmental Activities		$ 22,786,348

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, 2018

	General Fund	Special Revenue Funds: Education	Special Revenue Funds: Transportation	Capital Projects Fund: Transportation Investment	Permanent Fund: Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes:							
Sales and Use Tax	$ 2,063,883	$ —	$ 41	$ 575,676	$ —	$ 7,396	$ 2,646,996
Individual Income Tax	—	4,033,320	—	—	—	—	4,033,320
Corporate Tax	—	423,019	—	—	—	—	423,019
Motor and Special Fuels Tax	—	—	500,049	—	—	—	500,049
Other Taxes	341,481	31,528	13,064	—	—	13,213	399,286
Total Taxes	2,405,364	4,487,867	513,154	575,676	0	20,609	8,002,670
Other Revenues:							
Federal Contracts and Grants	2,977,665	468,634	401,976	—	—	45,379	3,893,654
Charges for Services/Royalties	491,686	2,997	49,934	—	52,330	143,335	740,282
Licenses, Permits, and Fees	25,805	6,235	91,678	87,327	—	—	211,045
Federal Mineral Lease	76,693	—	—	—	—	—	76,693
Intergovernmental	—	—	—	—	—	11,801	11,801
Investment Income	24,174	8,177	5,176	7,542	134,879	18,134	198,082
Miscellaneous Other:							
Liquor Sales Allocated for School Lunch	—	45,432	—	—	—	—	45,432
Miscellaneous and Other	278,109	41,752	51,659	—	—	31,479	402,999
Total Revenues	6,279,496	5,061,094	1,113,577	670,545	187,209	270,737	13,582,658
EXPENDITURES							
Current:							
General Government	393,449	—	—	—	12,203	54,917	460,569
Human Services and Juvenile Justice Services	851,057	—	—	—	—	7,042	858,099
Corrections	312,599	—	—	—	—	4,826	317,425
Public Safety	259,073	—	—	—	—	35,620	294,693
Courts	152,114	—	—	—	—	18,119	170,233
Health and Environmental Quality	2,821,745	—	—	—	—	2,202	2,823,947
Higher Education – State Administration	78,118	—	—	—	—	655	78,773
Higher Education – Colleges and Universities	979,827	—	—	—	3,867	34,592	1,018,286
Employment and Family Services	736,278	—	—	—	—	13,342	749,620
Natural Resources	222,167	—	—	—	—	9,498	231,665
Heritage and Arts	30,337	—	—	—	—	628	30,965
Business, Labor, and Agriculture	101,858	—	—	—	—	17,300	119,158
Public Education	—	3,981,455	—	—	—	1,643	3,983,098
Transportation	—	—	1,019,882	—	—	4,694	1,024,576
Capital Outlay	—	—	—	511,814	—	266,729	778,543
Debt Service:							
Principal Retirement	—	—	—	—	—	288,051	288,051
Interest and Other Charges	—	—	—	—	—	103,866	103,866
Total Expenditures	6,938,622	3,981,455	1,019,882	511,814	16,070	863,724	13,331,567
Excess Revenues Over (Under) Expenditures	(659,126)	1,079,639	93,695	158,731	171,139	(592,987)	251,091
OTHER FINANCING SOURCES (USES)							
General Obligation Bonds Issued	—	—	—	295,810	—	189,415	485,225
Revenue Bonds Issued	—	—	—	—	—	2,920	2,920
Refunding Bonds Issued	—	—	—	—	—	144,610	144,610
Premium on Bonds Issued	—	—	—	35,735	—	35,625	71,360
Payment to Refunded Bond Escrow Agent	—	—	—	—	—	(118,495)	(118,495)
Capital Leases Acquisition	—	—	—	—	—	13,705	13,705
Sale of Capital Assets	278	—	19,421	—	20,568	10	40,277
Transfers In	1,095,534	110,817	40,774	57,671	18	575,302	1,880,116
Transfers Out	(212,625)	(926,940)	(102,206)	(327,101)	(100,040)	(115,639)	(1,784,551)
Total Other Financing Sources (Uses)	883,187	(816,123)	(42,011)	62,115	(79,454)	727,453	735,167
Net Change in Fund Balances	224,061	263,516	51,684	220,846	91,685	134,466	986,258
Fund Balances – Beginning	831,155	881,222	355,969	433,973	2,503,353	642,974	5,648,646
Adjustment to Beginning Fund Balances	—	—	—	—	1,207	—	1,207
Fund Balances – Beginning As Adjusted	831,155	881,222	355,969	433,973	2,504,560	642,974	5,649,853
Fund Balances – Ending	$ 1,055,216	$ 1,144,738	$ 407,653	$ 654,819	$ 2,596,245	$ 777,440	$ 6,636,111

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, 2018		
Net Change in Fund Balances – Governmental Funds		$ 986,258
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for discrete component units. When the buildings are completed they are "transferred" to the respective discrete component unit and reported as expenses in its Statement of Activities. This is the amount by which capital outlays of $1,008,786 exceeded depreciation expense of $(110,790) and buildings "transferred" to discrete component units of $(221,171) in the current period. (See Note 8)		676,825
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.		(118,723)
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.		28,821
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.		15,041
Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the Statement of Net Position. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the Statement of Net Position: (See Note 10)		
Bonds Issued	$ (632,755)	
Premiums on Bonds Issued	(71,360)	
Capital Lease Additions	(13,705)	
Defeasance on Bonds	109,500	
Amount Deferred on Refundings	4,718	
Payment of Bond Principal	288,051	
Capital Lease Payments	2,189	(313,362)
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	$ 525	
Settlement Obligations	46	
Compensated Absences Expense	(2,948)	
Accrued Interest on Bonds Payable	(83)	
Amortization of Bond Premiums	29,667	
Amortization of Deferred Amount on Refundings of Bonded Debt	(5,820)	
Other Postemployment Benefits Expense	19,502	
Pension Expense	28,995	69,884
Change in Net Position – Governmental Activities		$ 1,344,744

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

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Student Assistance Programs

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

Unemployment Compensation Fund

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

Water Loan Programs

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

Community Impact Loan Fund

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

Nonmajor 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, 2018

	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	$ 132,954	$ 1,100,959	$ 370,516	$ 241,398	$ 100,470	$ 1,946,297	$ 75,859
Restricted Investments	70,324	—	—	—	—	70,324	—
Receivables:							
Accounts, net	9,481	58,827	1,309	—	12,315	81,932	6,639
Accrued Interest	35,744	—	4,624	4,784	2,067	47,219	—
Accrued Taxes, net	—	—	4,551	—	—	4,551	—
Notes/Loans/Mortgages, net	290,361	—	36,531	23,375	11,570	361,837	—
Due From Other Funds	—	—	12,155	—	21,236	33,391	27,852
Due From Component Units	—	—	—	—	6	6	956
Prepaid Items	494	—	—	—	384	878	3,299
Inventories	—	—	—	—	37,949	37,949	5,376
Other Assets	—	—	—	—	9	9	—
Total Current Assets	539,358	1,159,786	429,686	269,557	186,006	2,584,393	119,981
Noncurrent Assets:							
Accounts Receivables	—	2,640	—	—	—	2,640	—
Investments	3,618	—	—	—	254	3,872	—
Prepaid Items	—	—	—	—	—	—	4,732
Accrued Interest Receivable	—	—	3,749	70	1,494	5,313	—
Notes/Loans/Mortgages Receivables, net	1,349,565	—	514,380	438,832	163,102	2,465,879	—
Pledged Loans Receivables	—	—	112,227	—	—	112,227	—
Other Assets	—	—	—	—	2	2	—
Capital Assets:							
Land	—	—	—	—	25,945	25,945	—
Infrastructure – depreciating	—	—	—	—	430	430	38
Buildings and Improvements	13,453	—	—	—	84,627	98,080	5,455
Machinery and Equipment	3,389	—	—	—	15,030	18,419	180,914
Intangible Assets–Software	1,174	—	—	—	2,607	3,781	8,428
Construction in Progress	—	—	—	—	1,104	1,104	2,429
Less Accumulated Depreciation	(7,960)	—	—	—	(47,020)	(54,980)	(105,408)
Total Capital Assets	10,056	0	0	0	82,723	92,779	91,856
Total Noncurrent Assets	1,363,239	2,640	630,356	438,902	247,575	2,682,712	96,588
Total Assets	$ 1,902,597	$ 1,162,426	$ 1,060,042	$ 708,459	$ 433,581	$ 5,267,105	$ 216,569
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —	$ 3,323	$ 3,323	$ 3
Deferred Outflows Relating to Pensions	853	—	—	—	7,837	8,690	29,592
Deferred Outflows Relating to Other Postemployment Benefit.	—	—	—	—	149	149	557
Total Deferred Outflows of Resources	$ 853	$ 0	$ 0	$ 0	$ 11,309	$ 12,162	$ 30,152
LIABILITIES							
Current Liabilities:							
Accounts Payable and Accrued Liabilities	$ 20,502	$ 2,935	$ 707	$ —	$ 18,965	$ 43,109	$ 20,392
Deposits	—	10	—	—	1	11	—
Due To Other Funds	—	6,792	105	—	38,041	44,938	3,304
Due To Component Units	—	—	—	—	—	—	7
Interfund Loans Payable	—	—	—	—	—	—	19,290
Unearned Revenue	—	—	—	—	4,210	4,210	1,503
Policy Claims and Uninsured Liabilities	—	4,365	—	—	—	4,365	18,817
Notes Payable	—	—	—	—	18	18	41
Revenue Bonds Payable	324,319	—	5,705	—	6,130	336,154	36
Total Current Liabilities	344,821	14,102	6,517	0	67,365	432,805	63,390
Noncurrent Liabilities:							
Unearned Revenue	—	—	—	—	—	—	419
Accrued Liabilities	491	—	—	—	—	491	—
Interfund Loans Payable	—	—	—	—	—	—	14,950
Policy Claims and Uninsured Liabilities	—	—	—	—	—	—	38,513
Notes Payable	—	—	—	—	617	617	227
Revenue Bonds Payable	1,171,001	—	25,520	—	76,801	1,273,322	58
Net Pension Liability	1,186	—	—	—	10,852	12,038	50,403
Net Other Postemployment Benefit Liability	—	—	—	—	1,564	1,564	6,145
Total Noncurrent Liabilities	1,172,678	0	25,520	0	89,834	1,288,032	110,715
Total Liabilities	$ 1,517,499	$ 14,102	$ 32,037	$ 0	$ 157,199	$ 1,720,837	$ 174,105
DEFERRED INFLOWS OF RESOURCES							
Deferred Amount on Refundings of Bonded Debt	$ 8,773	$ —	$ —	$ —	$ —	$ 8,773	$ —
Fair Value of Interest Rate Swap Agreements	3,618	—	—	—	—	3,618	—
Deferred Inflows Relating to Pensions	797	—	—	—	6,570	7,367	27,021
Deferred Inflows Relating to Other Postemployment Benefit	—	—	—	—	50	50	198
Total Deferred Inflows of Resources	$ 13,188	$ 0	$ 0	$ 0	$ 6,620	$ 19,808	$ 27,219
NET POSITION							
Net Investment in Capital Assets	$ 6,486	$ —	$ —	$ —	$ 22,751	$ 29,237	$ 91,773
Restricted for:							
Unemployment Compensation and Insurance Programs	—	1,148,324	—	—	—	1,148,324	7,631
Loan Programs	299,799	—	458,051	—	160,158	918,008	—
Debt Service	—	—	155,380	—	—	155,380	—
Unrestricted (Deficit)	66,478	—	414,574	708,459	98,162	1,287,673	(54,007)
Total Net Position	$ 372,763	$ 1,148,324	$ 1,028,005	$ 708,459	$ 281,071	$ 3,538,622	$ 45,397

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, 2018

	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	$ 20,160	$ 187,372	$ 162	$ —	$ 445,154	$ 652,848	$ 294,430
Fees and Assessments	682	382	72	—	5,601	6,737	—
Interest on Notes/Mortgages	78,207	—	—	—	3,111	81,318	—
Federal Reinsurance and Allowances/Reimbursements	20,742	—	—	—	—	20,742	—
Miscellaneous	2,301	—	—	—	956	3,257	439
Total Operating Revenues	122,092	187,754	234	—	454,822	764,902	294,869
OPERATING EXPENSES							
Administration	4,222	—	—	—	36,661	40,883	113,852
Purchases, Materials, and Services for Resale	—	—	—	—	261,208	261,208	63,726
Grants	—	—	7,641	—	3,548	11,189	—
Rentals and Leases	—	—	32	—	2,200	2,232	4,429
Maintenance	—	—	—	—	3,974	3,974	24,152
Interest	38,403	—	—	—	—	38,403	—
Depreciation/Amortization	846	—	—	—	3,669	4,515	18,399
Student Loan Servicing and Related Expenses	54,571	—	—	—	—	54,571	—
Payment to Lenders for Guaranteed Claims	20,737	—	—	—	—	20,737	—
Benefit Claims and Unemployment Compensation	—	156,121	—	—	—	156,121	17,404
Supplies and Other Miscellaneous	1,290	—	3,534	623	26,735	32,182	41,810
Total Operating Expenses	120,069	156,121	11,207	623	337,995	626,015	283,772
Operating Income (Loss)	2,023	31,633	(10,973)	(623)	116,827	138,887	11,097
NONOPERATING REVENUES (EXPENSES)							
Investment Income/Interest on Loans	3,056	24,128	16,933	11,203	1,241	56,561	1,180
Federal Contracts and Grants	—	1,270	14,834	4,813	2,733	23,650	—
Disposal of Capital Assets	—	—	—	—	—	—	810
Tax Revenues	—	—	32,339	27,000	525	59,864	—
Interest Expense	—	—	(1,406)	—	(2,896)	(4,302)	(8)
Refunds Paid to Federal Government	(100)	—	—	—	(1,478)	(1,578)	(682)
Other Revenues (Expenses)	2,654	—	—	—	—	2,654	92
Total Nonoperating Revenues (Expenses)	5,610	25,398	62,700	43,016	125	136,849	1,392
Income (Loss) before Capital Contributions and Transfers	7,633	57,031	51,727	42,393	116,952	275,736	12,489
Capital Contributions	—	—	—	—	—	—	1,872
Transfers In	—	—	1,530	—	43,938	45,468	680
Transfers Out	—	(1,799)	(7,172)	(16,870)	(115,872)	(141,713)	—
Change in Net Position	7,633	55,232	46,085	25,523	45,018	179,491	15,041
Net Position – Beginning	365,130	1,093,092	981,920	682,936	236,053	3,359,131	30,356
Net Position – Ending	$ 372,763	$ 1,148,324	$ 1,028,005	$ 708,459	$ 281,071	$ 3,538,622	$ 45,397

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, 2018

	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	$ 71,863	$ 195,683	$ 191	$ —	$ 472,686	$ 740,423	$ 55,699
Receipts from Loan Maturities	339,479	—	—	—	9,369	348,848	—
Receipts Federal Reinsurance and Allowances/Reimbursements	(11,916)	13	—	—	—	(11,903)	—
Receipts from State Customers	—	—	—	—	30,416	30,416	415,625
Payments to Suppliers/Claims/Grants	(15,549)	(155,746)	(9,662)	—	(282,588)	(463,545)	(277,028)
Disbursements for Loans Receivable	(14,901)	—	—	—	(13,712)	(28,613)	—
Payments on Loan Guarantees	(21,105)	—	—	—	—	(21,105)	—
Payments for Employee Services and Benefits	(20,916)	—	—	—	(37,317)	(58,233)	(116,642)
Payments to State Suppliers and Grants	—	—	(2,613)	(623)	(11,501)	(14,737)	(50,801)
Payments of Sales Tax and School Lunch Collections	—	—	—	—	(50,039)	(50,039)	—
Net Cash Provided (Used) by Operating Activities	326,955	39,950	(12,084)	(623)	117,314	471,512	26,853
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Borrowings Under Interfund Loans	—	—	—	—	34,574	34,574	—
Repayments Under Interfund Loans	—	—	—	—	(31,528)	(31,528)	(1,715)
Receipts from Bonds, Notes, and Deposits	—	10	—	—	—	10	—
Payments of Bonds, Notes, Deposits, and Refunds	(315,842)	(45)	(5,455)	—	—	(321,342)	(37)
Interest Paid on Bonds, Notes, and Financing Costs	(37,453)	—	(1,573)	—	—	(39,026)	(4)
Federal Contracts and Grants and Other Revenues	—	1,270	16,089	4,813	1,483	23,655	—
Restricted Sales Tax	—	—	31,092	27,000	525	58,617	—
Transfers In from Other Funds	—	—	—	—	43,938	43,938	149
Transfers Out to Other Funds	—	(1,799)	(5,642)	(16,870)	(115,872)	(140,183)	—
Net Cash Provided (Used) by Noncapital Financing Activities	(353,295)	(564)	34,511	14,943	(66,880)	(371,285)	(1,607)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Borrowings Under Interfund Loans	—	—	—	—	—	—	21,260
Repayments Under Interfund Loans	—	—	—	—	—	—	(30,177)
Proceeds from Bond and Note Debt Issuance	—	—	—	—	15,849	15,849	—
Proceeds from Disposition of Capital Assets	—	—	—	—	—	—	5,439
Federal Grants and Other Revenues	—	—	—	—	—	—	1,872
Principal Paid on Debt and Contract Maturities	—	—	—	—	(4,629)	(4,629)	(83)
Acquisition and Construction of Capital Assets	(1,232)	—	—	—	(16,919)	(18,151)	(22,111)
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—	(4,276)	(4,276)	(2)
Transfers In from Other Funds	—	—	—	—	—	—	531
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,232)	0	0	0	(9,975)	(11,207)	(23,271)
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from the Sale and Maturity of Investments	420,298	—	—	—	(4)	420,294	—
Receipts of Interest and Dividends	3,067	24,128	16,969	(86)	1,016	45,094	1,180
Receipts from Loan Maturities	—	—	46,035	38,319	2,185	86,539	—
Receipts of Interest from Loans	—	—	670	11,203	302	12,175	—
Payments to Purchase Investments	(391,072)	—	—	—	—	(391,072)	—
Disbursements for Loans Receivable	—	—	(38,300)	(23,343)	(2,018)	(63,661)	—
Net Cash Provided (Used) by Investing Activities	32,293	24,128	25,374	26,093	1,481	109,369	1,180
Net Cash Provided (Used) – All Activities	4,721	63,514	47,801	40,413	41,940	198,389	3,155
Cash and Cash Equivalents – Beginning	128,233	1,037,445	322,715	200,985	58,530	1,747,908	72,704
Cash and Cash Equivalents – Ending	$ 132,954	$ 1,100,959	$ 370,516	$ 241,398	$ 100,470	$ 1,946,297	$ 75,859

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)	$ 2,023	$ 31,633	$ (10,973)	$ (623)	$ 116,827	$ 138,887	$ 11,097
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation/Amortization Expense	846	—	—	—	3,669	4,515	18,399
Interest Expense for Noncapital and Capital Financing	39,531	—	—	—	—	39,531	—
Pension and OPEB Expense Accruals	(96)	—	—	—	(820)	(916)	(3,126)
Miscellaneous Gains, Losses, and Other Items	(847)	—	—	—	(1,478)	(2,325)	92
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:							
Accounts Receivable/Due From Other Funds	(8,813)	9,225	(666)	—	573	319	34
Notes/Accrued Interest Receivables	294,004	—	—	—	(5,775)	288,229	—
Inventories	—	—	—	—	1,568	1,568	(655)
Prepaid Items/Deferred Charges	(60)	—	20	—	(373)	(413)	(2,148)
Accrued Liabilities/Due to Other Funds	367	(463)	(465)	—	3,235	2,674	1,061
Unearned Revenue/Deposits	—	—	—	—	(112)	(112)	(1,586)
Policy Claims Liabilities	—	(445)	—	—	—	(445)	3,685
Net Cash Provided (Used) by Operating Activities	$ 326,955	$ 39,950	$ (12,084)	$ (623)	$ 117,314	$ 471,512	$ 26,853
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES							
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ (86)	$ (49)	$ 186	$ 51	$ (24)
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ (86)	$ (49)	$ 186	$ 51	$ (24)

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

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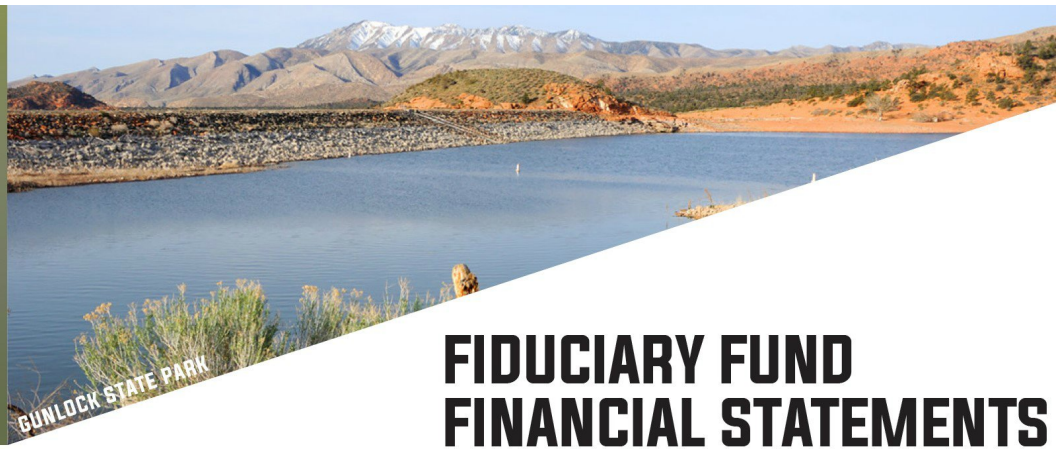
STATE OF UTAH

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

2018



FIDUCIARY FUND FINANCIAL STATEMENTS

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, 2018	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Fund	Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 2,735,521	$ 573	$ 10,776	$ 176,386
Receivables:				
Accounts	2,989	17,068	5,856	18,864
Contributions	61,604	—	—	—
Investments	771,970	—	—	—
Accrued Interest	—	—	1	—
Accrued Assessments	—	—	4,157	—
Loans	—	—	823	—
Due From Other Funds	—	—	154	152
Investments:				
Debt Securities	6,676,688	9,498,700	3,357,464	3,108
Equity Investments	15,814,282	—	9,708,904	—
Absolute Return	4,459,239	—	—	—
Private Equity	3,450,900	—	—	—
Real Assets	4,961,109	—	—	—
Invested Securities Lending Collateral	1,338,730	—	—	—
Total Investments	$ 36,700,948	$ 9,498,700	$ 13,066,368	$ 3,108
Other Assets	—	—	10,935	59,790
Capital Assets:				
Land	1,780	—	270	—
Buildings and Improvements	19,312	—	10,715	—
Machinery and Equipment	8,122	—	2,392	—
Intangible Assets	—	—	11	—
Less Accumulated Depreciation	(24,824)	—	(6,428)	—
Total Capital Assets	4,390	0	6,960	0
Total Assets	$ 40,277,422	$ 9,516,341	$ 13,106,030	$ 258,300
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Relating to Pensions	$ 0	$ 0	$ 469	$ 0
LIABILITIES				
Accounts Payable	$ 822,471	$ 26,125	$ 2,338	$ —
Securities Lending Liability	1,338,730	—	—	—
Due To Other Funds	—	—	208	—
Due To Individuals, Organizations, and Other Governments	—	—	—	258,300
Unearned Revenue	—	—	421	—
Leave/Postemployment Benefits	25,567	—	—	—
Policy Claims Liabilities/Insurance Reserves	5,000	—	216,751	—
Real Estate Liabilities	120,000	—	—	—
Net Pension Obligation	—	—	849	—
Total Liabilities	$ 2,311,768	$ 26,125	$ 220,567	$ 258,300
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions	$ 0	$ 0	$ 525	$ 0
NET POSITION				
Restricted for:				
Pension Benefits	$ 31,878,618	$ —	$ —	
Other Postemployment Benefits	265,066	—	—	
Other Employee Benefits	27,966	—	—	
Defined Contribution	5,794,004	—	—	
Pool Participants	—	9,490,216	—	
Individuals, Organizations, and Other Governments	—	—	12,885,407	
Total Net Position	$ 37,965,654	$ 9,490,216	$ 12,885,407	
Participant Account Balance:				
Net Position Valuation Factor		1.00378796		

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, 2018

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Fund
ADDITIONS			
Contributions:			
Member	$ 406,754	$ —	$ 1,304,548
Employer	1,175,110	—	—
Court Fees and Fire Insurance Premiums	2,700	—	—
Total Contributions	1,584,564	0	1,304,548
Pool Participant Deposits	—	10,168,704	—
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	3,966,236	(7,294)	667,910
Interest, Dividends, and Other Investment Income	589,816	182,134	299,325
Total Income From Investment Activity	4,556,052	174,840	967,235
Less Investment Expenses	(60,654)	(497)	—
Net Income from Investment Activity	4,495,398	174,343	967,235
Income from Security Lending Activity	6,771	—	—
Less Security Lending Expenses	(793)	—	—
Net Income from Security Lending Activity	5,978	0	0
Net Investment Income	4,501,376	174,343	967,235
Transfers From Affiliated Systems	12,326	—	—
Other Additions:			
Escheats	—	—	36,284
Royalties and Rents	—	—	3,293
Fees, Assessments, and Revenues	—	—	49,346
Miscellaneous	—	—	5,578
Total Other	—	—	94,501
Total Additions	6,098,266	10,343,047	2,366,284
DEDUCTIONS			
Pension Benefits	1,575,533	—	—
Retiree Healthcare Benefits	31,873	—	—
Refunds/Plan Distributions	322,327	—	—
Earnings Distribution	—	181,637	—
Pool Participant Withdrawals	—	9,848,885	—
Transfers To Affiliated Systems	12,326	—	—
Trust Operating Expenses	—	—	34,351
Distributions and Benefit Payments	—	—	569,715
Administrative and General Expenses	20,922	—	23,986
Total Deductions	1,962,981	10,030,522	628,052
Change in Net Position Restricted for:			
Pension Benefits	3,334,302	—	—
Other Postemployment Benefits	(1,186)	—	—
Other Employee Benefits	12,255	—	—
Defined Contributions	789,914	—	—
Pool Participants	—	312,525	—
Individuals, Organizations, and Other Governments	—	—	1,738,232
Net Position – Beginning	33,830,369	9,177,691	11,147,175
Adjustment to Beginning Net Position	—	—	—
Net Position – Beginning as Adjusted	33,830,369	9,177,691	11,147,175
Net Position – Ending	$ 37,965,654	$ 9,490,216	$ 12,885,407

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

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Public Employees Health Program

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

University of Utah and Utah State University

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

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, 2018	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 96,211	$ 489,281	$ 41,382	$ 235,731	$ 862,605
Investments	22,264	923,901	56,002	142,742	1,144,909
Receivables:					
Accounts, net	55,522	486,007	60,360	40,930	642,819
Notes/Loans/Mortgages/Pledges, net	—	32,864	2,471	13,537	48,872
Accrued Interest	2,124	8,593	—	309	11,026
Due From Primary Government	—	—	—	1,756	1,756
Prepaid Items	20,503	—	5,656	7,770	33,929
Inventories	—	85,949	3,698	11,373	101,020
Other Assets	—	30,414	—	501	30,915
Total Current Assets	196,624	2,057,009	169,569	454,649	2,877,851
Noncurrent Assets:					
Restricted Investments	—	770,828	234,987	82,294	1,088,109
Restricted Receivables, net	—	143,827	11,646	—	155,473
Accounts Receivables, net	—	—	15,762	26,159	41,921
Investments	270,102	1,171,914	329,034	472,702	2,243,752
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	9,364	27,290	36,654
Other Assets	—	21,453	104	25,024	46,581
Capital Assets (net of Accumulated Depreciation)	157	3,323,706	911,459	1,721,193	5,956,515
Total Noncurrent Assets	270,259	5,431,728	1,512,356	2,354,662	9,569,005
Total Assets	$ 466,883	$ 7,488,737	$ 1,681,925	$ 2,809,311	$ 12,446,856
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amount on Refundings of Bonded Debt	$ —	$ 15,756	$ 7,481	$ 810	$ 24,047
Deferred Outflows Relating to Pensions	7,800	67,378	20,678	56,460	152,316
Deferred Outflows Relating to Other Postemployment Benefits	—	—	—	101	101
Total Deferred Outflows of Resources	$ 7,800	$ 83,134	$ 28,159	$ 57,371	$ 176,464
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	$ 9,450	$ 323,414	$ 63,182	$ 54,835	$ 450,881
Securities Lending Liability	17,328	—	—	—	17,328
Deposits	—	132,443	109	4,836	137,388
Due To Primary Government	—	34,126	4,241	12,239	50,606
Unearned Revenue	3,237	73,689	25,282	54,144	156,352
Current Portion of Long-term Liabilities	72,691	141,219	28,839	32,212	274,961
Total Current Liabilities	102,706	704,891	121,653	158,266	1,087,516
Noncurrent Liabilities:					
Accrued Liabilities	12,285	—	2,049	—	14,334
Unearned Revenue	—	—	698	977	1,675
Deposits	—	16,720	—	—	16,720
Net Pension Liability	13,917	112,953	35,354	110,793	273,017
Net Other Postemployment Benefit Liability	—	—	—	998	998
Long-term Liabilities	76,916	1,093,923	258,475	248,370	1,677,684
Total Noncurrent Liabilities	103,118	1,223,596	296,576	361,138	1,984,428
Total Liabilities	$ 205,824	$ 1,928,487	$ 418,229	$ 519,404	$ 3,071,944
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue	$ —	$ —	$ 1,007	$ —	$ 1,007
Deferred Inflows Relating to Beneficial Interests	—	—	1,928	19,062	20,990
Deferred Amount on Refundings of Bonded Debt	—	1,531	—	—	1,531
Deferred Inflows Relating to Pensions	1,769	74,367	19,539	30,643	126,318
Deferred Inflows Relating to Other Postemployment Benefits	—	—	—	31	31
Total Deferred Inflows of Resources	$ 1,769	$ 75,898	$ 22,474	$ 49,736	$ 149,877
NET POSITION					
Net Investment in Capital Assets	$ 157	$ 2,320,870	$ 707,397	$ 1,517,153	$ 4,545,577
Restricted for:					
Nonexpendable:					
Higher Education	—	604,497	141,644	193,831	939,972
Expendable:					
Higher Education	—	734,779	225,916	217,721	1,178,416
Insurance Plan	266,933	22,386	—	—	289,319
Other	—	—	—	11,241	11,241
Unrestricted	—	1,884,954	194,424	357,596	2,436,974
Total Net Position	$ 267,090	$ 5,567,486	$ 1,269,381	$ 2,297,542	$ 9,401,499

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, 2018

	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units	Total
Expenses	$ 705,377	$ 4,627,079	$ 751,468	$ 1,301,290	$ 7,385,214
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	433,926	232,145	545,278	1,211,349
Scholarship Allowances	—	(86,024)	(86,482)	(149,257)	(321,763)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of $90,099)	694,255	3,586,753	93,574	139,555	4,514,137
Operating Grants and Contributions	32,545	739,933	316,276	235,128	1,323,882
Capital Grants and Contributions	—	175,503	28,196	182,603	386,302
Total Program Revenues	726,800	4,850,091	583,709	953,307	7,113,907
Net (Expenses) Revenues	21,423	223,012	(167,759)	(347,983)	(271,307)
General Revenues:					
State Appropriations	—	335,828	203,258	501,086	1,040,172
Unrestricted Investment Income	—	—	—	249	249
Gain (Loss) on Sale of Capital Assets	—	—	—	(313)	(313)
Miscellaneous	—	—	—	1,968	1,968
Permanent Endowments Contributions	—	29,739	4,442	18,989	53,170
Total General Revenues and Contributions	0	365,567	207,700	521,979	1,095,246
Change in Net Position	21,423	588,579	39,941	173,996	823,939
Net Position – Beginning	245,667	4,940,554	1,229,440	2,123,546	8,539,207
Adjustment to Beginning Net Position	—	38,353	—	—	38,353
Net Position – Beginning as Adjusted	245,667	4,978,907	1,229,440	2,123,546	8,577,560
Net Position – Ending	$ 267,090	$ 5,567,486	$ 1,269,381	$ 2,297,542	$ 9,401,499

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

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Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2018

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

Blended Component Units

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

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

Discrete Component Units

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

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

The State has the ability to impose its will on the colleges and universities, the Utah Communications Authority, and the Public Employees Health Program 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.

During the 2018 General Session the Legislature passed House Bill 372, *Point of the Mountain State Land Authority*, a new discrete component unit. The Authority is an independent, nonprofit, corporation whose purpose is to facilitate the development of specific state-owned land. The State appoints a majority of the board and has the ability to impose its will on the Authority through replacement of a majority of board with or without cause. There was no activity during fiscal year 2018, and therefore no statements are issued to date.

During the 2018 General Session the Legislature passed Senate Bill 234, *Utah Inland Port Authority*, a new discrete component unit. The Authority is an independent, nonprofit, corporation whose purpose is to facilitate the development of the authority jurisdictional land to maximize the long-term economic and other benefit for the State. The State appoints a majority of the board and has the ability to impose its will on the Authority through replacement of a majority of the board with or without cause. There was no activity during fiscal year 2018, and therefore no statements are issued to date.

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

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

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

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 System of Technical Colleges. These colleges and universities are funded primarily through state appropriations, tuition, federal grants, and private donations and grants. Separately audited financial statements are issued for the technical colleges within the Utah System of Technical Colleges.

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

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

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

Fiduciary Component Units

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

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

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

Related Organization (Excluded from Financial Statements)

Utah Housing Corporation (UHC) – UHC is a statutorily created public corporation. UHC issues bonds to provide capital for housing and home mortgages, especially for low and moderate-income families. Although the Governor appoints eight of the nine members of the governing board, 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 discrete component units. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

Fund Financial Statements

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

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

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

Government-wide Financial Statements

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

Governmental Fund Financial Statements

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

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

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

- **General Fund**. This fund is the principal operating fund of the State. It accounts for all financial resources not accounted for and reported in another fund.
- **Education Fund**. This special revenue fund accounts for all corporate taxes, income taxes, and revenues from taxes on intangible property that support public and higher education. Specific revenues that support public elementary and secondary schools in the State are also reported in the Education Fund.
- **Transportation Fund**. This special revenue fund accounts for dedicated highway user taxes, fees, and federal funds associated with construction, maintenance, and repair of state highways and local roads.
- **Transportation Investment Fund**. This capital projects fund accounts for vehicle registration fees, sales and use taxes, bond proceeds, and federal funds used in the construction and reconstruction of specific highway projects. Projects designated for the Transportation Investment Capacity program are accounted for in this fund.
- **Trust Lands Fund**. This is a permanent fund that accounts for investment earnings, land grants, and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education. The Utah 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, human resource management, and attorney general legal services. In the government-wide financial statements, internal service funds are included with governmental activities.

Fiduciary Fund Financial Statements

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

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

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

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

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

Discrete Component Unit Financial Statements

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

D. Fiscal Yearends

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

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

Cash and Cash Equivalents and Investments

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

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

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

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

Utah Retirement Systems (pension trust and defined contribution plans) had five types of derivative 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 and is presented net of applicable estimated refunds and allowances.

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

Inventories, Prepaid Items, and Other Assets

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

Governmental fund consumable items are recorded as expenditures when purchased except for General Fund state park merchandise inventories and Transportation Fund road material inventories. 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 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, 2018, 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 Public Employees Health Plan. Any payouts by the State of converted sick leave upon termination, contributions into a 401(k) account, or Health Reimbursement Arrangement upon retirement, are paid from the Other Employee Benefits Trust Fund. The ongoing termination payments from the Trust Fund are provided by charges to agency budgets.

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

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

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

Pensions

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

Postemployment Benefits Other than Pensions (OPEB)

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

Deferred Inflows of Resources

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

Net Position/Fund Balances

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

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

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

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

F. Restricted and Unrestricted Resources

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

Grants

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

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodity revenues and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2018, the State reported revenues and expenditures of $26.939 million for commodities in the General Fund, and $19.269 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 $4.535 million of cash investment earnings, of which $2.776 million was reported in the General Fund and $1.759 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, 2018, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement 81, *Irrevocable Split-Interest Agreements.*

GASB Statement 86, *Certain Debt Extinguishment Issues.*

GASB Statement 81 – This Statement establishes accounting and financial reporting standards for irrevocable split-interest agreements created through trusts, or other legally enforceable agreements with characteristics that are equivalent to irrevocable split-interest agreements. The Statement clarifies the financial reporting requirements of these transactions if the government is both the intermediary and the remainder interest beneficiary, if the government is both the intermediary and the lead interest beneficiary, and if a third party is the intermediary. The primary government had no such agreements in fiscal year 2018.

GASB Statement 86 – This Statement addresses recognition in the financial statements and note disclosure requirements for in-substance defeasance of debt using only existing resources. For the purposes of this statement, debt is considered defeased in-substance if the government irrevocably places cash and other monetary assets acquired with only existing resources with an escrow agent in a trust to be used solely for satisfying scheduled payments of both interest and principal of the defeased debt. Neither the primary government nor its discrete component units had any in-substance defeasance of debt in fiscal year 2018.

For the year ended June 30, 2018, the University of Utah (major component unit) had two adjustments which increased the beginning net position on the Combining Statement of Activities - University of Utah by a combined $38.353 million. Revenues on certain grants and contracts were not being recognized in the correct period. The resulting adjustment increased net position by $24.910 million. The University of Utah Health Insurance Plans was also added as a blended component unit of the University because it became significant to the University in fiscal year 2018, which increased net position by an additional $13.443 million.

Other Adjustments and Changes

A constitutional amendment passed, effective July 1, 2017, that changed the distribution policies for the beneficiaries of the Trust Lands Fund (permanent fund). The *Utah Constitution* now allows all investment earnings of the permanent fund to be distributed, limited to four percent of the fund (calculation described in statute). This change in distribution policies resulted in a reclassification of fund balance from Nonspendable - Permanent Fund Principal to Restricted on the Governmental Funds Balance Sheet. In fiscal year 2017, $2.503 billion was reported as Nonspendable - Permanent Fund Principal. In fiscal year 2018, $873.327 million was classified as Restricted, which represents earnings of the Permanent Fund, and $1.723 billion was classified as Nonspendable - Permanent Fund Principal, which represents the corpus of the Permanent Fund. In addition, as disclosed in fiscal year 2017, the reporting and accounting was changed to provide a more complete presentation of activity within the Permanent Fund. In fiscal year 2018, additional activity that was previously reported in other funds was reported in the Permanent Fund. As a result, a reclassification of $1.207 million was made to increase beginning fund balance on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental 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 exempts certain funds that have a long time horizon to make investments of a long-term nature, such as equities and bond mutual funds. In the primary government these are the State Endowment (nonmajor special revenue fund), Trust Lands (permanent fund), Utah Educational Savings Plan Trust (private purpose trust), Employers' Reinsurance Trust (private purpose trust), Utah Navajo Trust (private purpose trust), Utah Retirement Systems and Other Benefits Trust Funds (fiduciary funds), Post-Retirement Benefits Trust Funds (fiduciary funds), and Other Employee Benefits Trust Funds (fiduciary funds). The discrete component units exempt from the Act are Public Employees Health Program and the Colleges' and Universities' endowment funds.

A. Primary Government

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the State's deposits may not be recovered. The Money Management Act (Act) requires that deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and that has been certified by the State Commissioner of Financial Institutions as having met the requirements of the Act and adhering to the rules of the State Money Management Council.

Deposits with qualified depository institutions in excess of Federal Deposit Insurance Corporation (FDIC) insurance limits are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by State statute. The deposits for the primary government at June 30, 2018, including those of the Utah Retirement Systems (URS) (pension trust and defined contribution plans) and Trust Lands (permanent fund), were $1.598 billion. These deposits are exposed to custodial credit risk as follows:

- $177.879 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for $1.401 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. Public treasurers conduct investment transactions through qualified depositories, certified dealers, or directly with issuers of the investment securities. The Utah State Treasurer is exempt from the requirement to conduct investment transactions through a certified dealer.

The Act authorizes investments in negotiable or nonnegotiable deposits of qualified depositories and permitted depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative 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 (private purpose trust) is permitted to invest in the Utah Public Treasurers' Investment Fund; mutual funds, securities, or other investments registered with the United States Securities and Exchange Commission; federally insured depository institutions; stable value products, including guaranteed investment contracts, guaranteed interest contracts, and guaranteed insurance contracts; and any investments that are determined by the board of directors of the Utah Educational Savings Plan to be appropriate and that would be authorized under the provisions of the Money Management Act or Rule 2 of the State Money Management Council.

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

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

The primary government's investments at June 30, 2018, 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, 2018, 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, 2018
(expressed in thousands)

Investment Type	Fair Value	Fair Value Measurements Using Level 1	Level 2	Level 3
Investments by Fair Value Level				
Debt Securities				
U.S. Agencies	$ 829	$ 829	$ —	$ —
Corporate Debt	12,757,702	—	12,757,702	—
Negotiable Certificates of Deposit	50,018	—	50,018	—
Money Market Mutual Funds	95,728	95,728	—	—
Commercial Paper	1,508,829	—	1,508,829	—
Bond Mutual Funds	3,445,654	3,445,654	—	—
Repurchase Agreement: U.S. Agency – full faith	75,000	75,000	—	—
Repurchase Agreement: U.S. Agencies	25,000	25,000	—	—
Total Debt Securities	17,958,760	3,642,211	14,316,549	0
Equity Securities				
Domestic Equity	6,644,430	6,644,430	—	—
International Equity	1,875,906	1,875,906	—	—
Equity Securities	164	164	—	—
Total Equity Securities	8,520,500	8,520,500	0	0
Total Investments by Fair Value Level	$ 26,479,260	$ 12,162,711	$ 14,316,549	$ 0
Investment Derivative Instruments				
Interest Rate Exchange (swap)	$ 3,618	$ 0	$ 0	$ 3,618

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.
- Negotiable Certificates of Deposit and Commercial Paper are valued using quoted prices for identical or similar securities in markets that are not active.

Mutual funds classified in Level 1 are valued using prices provided by the fund company.

The Student Loan Purchase Program (major enterprise fund – student assistance programs) has an interest rate exchange (swap) investment derivative instrument. This investment fair value classification is Level 3. The fair value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies.

Interest Rate Risk

The following table presents the debt investments and maturities at June 30, 2018, 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, 2018
(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	$ 829	$ —	$ 829	$ —	$ —
Corporate Debt	12,757,702	4,025,432	8,732,270	—	—
Negotiable Certificates of Deposit	50,018	50,018	—	—	—
Money Market Mutual Funds	95,728	95,728	—	—	—
Commercial Paper	1,508,829	1,508,829	—	—	—
Bond Mutual Funds	3,445,654	—	114,151	3,322,426	9,077
Repurchase Agreement: U.S. Agency – full faith	75,000	75,000	—	—	—
Repurchase Agreement: U.S. Agencies	25,000	25,000	—	—	—
Total	17,958,760	$ 5,780,007	$ 8,847,250	$ 3,322,426	$ 9,077
Discrete Component Units Investment in Primary Government's Investment Pool	(672,854)				
Total Debt Investments	$ 17,285,906				

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

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

negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years.

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

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

- **Utah Educational Savings Plan Trust (private purpose trust)** – $6.472 billion, 57.22 percent, in domestic equity mutual fund securities; $2.903 billion, 25.66 percent, in bond mutual funds; $1.862 billion, 16.46 percent, in international equity mutual fund securities; and $73.571 million, 0.66 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)** – $253.102 million, 93.66 percent, in bond mutual funds; $3.664 million, 1.36 percent, in domestic equity mutual fund securities; $3.185 million, 1.18 percent, in international equity mutual fund securities; and $10.272 million, 3.80 percent, in the Utah Public Treasurers' Investment Fund.
- **State Endowment Fund (special revenue fund)** – $105.045 million, 49.64 percent, in bond mutual funds; $92.070 million, 43.51 percent, in domestic equity mutual fund securities; $6.782million, 3.21 percent, in international equity mutual fund securities; and $7.711 million, 3.64 percent, in the Utah Public Treasurers' Investment Fund.
- **Student Assistance Programs (major enterprise fund)** – $68.651 million, 35.27 percent, in domestic equity mutual fund securities; $125.148 million, 64.30 percent, in the Utah Public Treasurers' Investment Fund; and $829 thousand, 0.43 percent, in the U.S. Government agency securities.
- **Employers' Reinsurance Trust (private purpose trust)** – $153.51 million, 83.08 percent, in bond mutual funds; $6.034 million, 3.26 percent, in domestic equity mutual fund securities; $3.930 million, 2.13 percent, in international equity mutual fund securities; and $21.309 million, 11.53 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, 2018, 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, 2018
(expressed in thousands)

		Quality Ratings					
Debt Investments	**Fair Value**	**AAA**	**AA**	**A**	**BBB**	**A1***	**Not Rated**
U.S. Agencies	$ 829	$ 829	$ —	$ —	$ —	$ —	$ —
Corporate Debt	$ 12,757,702	$ 72,080	$ 1,489,446	$ 9,932,166	$ 1,264,010	$ —	$ —
Negotiable Certificates of Deposit	$ 50,018	$ —	$ 50,018	$ —	$ —	$ —	$ —
Money Market Mutual Funds	$ 95,728	$ —	$ —	$ —	$ —	$ —	$ 95,728
Commercial Paper	$ 1,508,829	$ —	$ —	$ —	$ —	$ 1,508,829	$ —
Bond Mutual Funds	$ 3,445,654	$ —	$ —	$ —	$ —	$ —	$ 3,445,654
Repurchase Agreement: U.S. Agencies	$ 25,000	$ 25,000	$ —	$ —	$ —	$ —	$ —

*A1 is Commercial Paper rating

Custodial Credit Risk

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

The primary government's investments at June 30, 2018, 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, 2018, 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) $1.862 billion, State Post-Retirement Benefits Trusts for State Employee and Elected Official (pension and other employee benefit trust funds) $3.185 million, State Endowment Fund (special revenue fund) $6.782 million, and Employers' Reinsurance Trust (private purpose trust) $3.93 million.

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, 2017
(expressed in thousands)

Investment Type	Defined Benefit	Defined Contribution	Total All Systems and Plans
Short-term Securities Pools	$ 2,758,739	$ —	$ 2,758,739
Debt Securities	3,983,667	1,829,298	5,812,965
Equity Securities	11,477,604	3,652,500	15,130,104
Absolute Return	4,459,239	—	4,459,239
Private Equity	3,450,900	—	3,450,900
Real Assets	4,744,525	216,584	4,961,109
Investments Held by Broker-dealers under Securities Lending Program:			
Equity Securities	677,329	—	677,329
Debt Securities	573,470	—	573,470
Total	32,125,473	5,698,382	37,823,855
Securities Lending Collateral Pool	1,338,730	—	1,338,730
Total Investments	$ 33,464,203	$ 5,698,382	$ 39,162,585

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, 2017
(expressed in thousands)

	Defined Benefit				Defined Contribution			
		Fair Value Measures Using				Fair Value Measures Using		
Investment Type	**Fair Value**	Quoted Prices in Active Markets for Identical Assets **Level 1**	Significant Other Observable Inputs **Level 2**	Significant Unobservable Inputs **Level 3**	**Fair Value**	Quoted Prices in Active Markets for Identical Assets **Level 1**	Significant Other Observable Inputs **Level 2**	Significant Unobservable Inputs **Level 3**
Investments by Fair Value Level								
Short-term Securities	$ 2,662,439	$ —	$ 2,662,439	$ —	$ —	$ —	$ —	$ —
Debt Securities								
Asset-backed Securities	229,580	—	211,769	17,811	14,753	—	9,775	4,978
Commercial Mortgage-backed	113,712	—	112,951	761	2,318	—	2,318	—
Corporate Bonds	875,461	—	875,353	108	257,038	—	256,913	125
Funds – Other Fixed Income	787	—	787	—	67,586	—	67,586	—
Government Agencies	89,846	—	89,042	804	34,475	—	34,475	—
Government Bonds	1,187,366	—	1,187,366	—	201,606	—	201,606	—
Government Mortgage-backed Securities	761,906	—	761,906	—	221,720	—	220,692	1,028
Index-linked Government Bonds	1,260,789	—	1,260,789	—	123,788	—	123,788	—
Non-government Backed C.M.O.s	36,487	—	36,487	—	752	—	752	—
Total Debt Securities	4,555,934	0	4,536,450	19,484	924,036	0	917,905	6,131
Equity Investments								
Consumer Goods	2,330,646	2,330,574	—	72	340,196	340,196	—	—
Energy	773,772	771,275	2,319	178	81,650	81,650	—	—
Equity Other	35	35	—	—	256,590	256,590	—	—
Financials	1,938,625	1,938,573	—	52	201,828	201,828	—	—
Health Care	1,129,871	1,129,575	233	63	209,866	209,866	—	—
Industrials	1,489,346	1,487,991	1,069	286	170,145	170,145	—	—
Information Technology	1,751,325	1,750,427	—	898	525,125	525,125	—	—
Materials	641,416	640,922	—	494	39,625	39,625	—	—
Real Estate Investment Trusts	439,969	421,821	18,121	27	89,263	89,263	—	—
Telecommunication Services	226,486	226,486	—	—	21,145	21,145	—	—
Utilities	278,114	278,105	—	9	31,265	31,265	—	—
Total Equity Investments	10,999,605	10,975,784	21,742	2,079	1,966,698	1,966,698	0	0
Real Assets								
Agriculture	126,537	—	—	126,537	—	—	—	—
Commodities	38,275	38,275	—	—	—	—	—	—
Real Estate	1,754,015	—	—	1,754,015	—	—	—	—
Total Real Assets	1,918,827	38,275	0	1,880,552	0	0	0	0
Total Investments by Fair Value Level	$ 20,136,805	$11,014,059	$ 7,220,631	$ 1,902,115	$ 2,890,734	$ 1,966,698	$ 917,905	$ 6,131
Investments Measured at the Net Asset Value (NAV)								
Short-Term Securities	$ 95,306				$ —			
Equity Investments								
Co-mingled International Equity Fund	807,402				648,549			
Co-mingled U.S. Small Cap Equity Fund	347,018				440,689			
Co-mingled Large Cap Equity Fund	—				565,266			
Co-mingled Russell 1000 Growth Equity Fund	—				31,298			
Total Equity Investments Measured at the NAV	1,154,420				1,685,802			
Absolute Return								
Directional	1,149,835				—			
Equity Long/Short	209,981				—			
Event Driven	1,060,582				—			
Multistrategy	893,291				—			
Relative Value	1,145,550				—			
Total Absolute Return Measured at the NAV	4,459,239				0			
Private Equity – Private Equity Partnerships	3,450,900				0			
Real Assets								
Co-mingled Commodities Fund	—				73,758			
Co-mingled Real Estate Fund	—				142,826			
Agriculture	34,615				—			
Energy	1,107,690				—			
Minerals	275,592				—			

Table continues on next page.

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

	Defined Benefit				Defined Contribution			
		Fair Value Measures Using				Fair Value Measures Using		
Investment Type	**Fair Value**	Quoted Prices in Active Markets for Identical Assets **Level 1**	Significant Other Observable Inputs **Level 2**	Significant Unobservable Inputs **Level 3**	**Fair Value**	Quoted Prices in Active Markets for Identical Assets **Level 1**	Significant Other Observable Inputs **Level 2**	Significant Unobservable Inputs **Level 3**
Investments Measured at the Net Asset Value (NAV) ***(continued)***								
Real Estate	1,136,695				—			
Royalty	9,571				—			
Timber	272,462				—			
Total Real Assets Measured at the NAV	2,836,625				216,584			
Total Investments Measured at the NAV	11,996,490				1,902,386			
Total Investments Measured at Fair Value	$ 32,133,295				$ 4,793,120			
Synthetic Guaranteed Investments Contracts Measured at Contract Value	$ —				$ 904,997			
Investment Derivative Instruments								
Short-term Securities – Options	$ 994	$ —	$ 994	$ —	$ —	$ —	$ —	$ —
Debt Securities								
Options	103	—	103	—	217	—	217	—
Swaptions	1,703	—	1,703	—	119	—	119	—
Swap Liabilities	(2,403)	—	(2,403)	—	(170)	—	(170)	—
Swap Assets	1,800	—	1,800	—	99	—	99	—
Total Debt Security Derivatives	1,203	—	1,203	—	265	—	265	—
Equity Investments – Options	908	908	—	—	—	—	—	—
Real Assets – Swap Liabilities	(10,927)	—	(10,927)	—	—	—	—	—
Total Investment Derivative Investments	$ (7,822)	$ 908	$ (8,730)	$ 0	$ 265	$ 0	$ 265	$ 0
Invested Securities Lending Collateral								
Short-Term Securities	$ 161,200	$ —	$ 161,200	$ —	$ —	$ —	$ —	$ —
Debt Securities	960,988	—	960,988	—	—	—	—	—
Equity Investments	216,542	216,542	—	—	—	—	—	—
Total Invested Securities Lending Collateral	$ 1,338,730	$ 216,542	$ 1,122,188	$ 0	$ 0	$ 0	$ 0	$ 0

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments Measured at the NAV — Defined Benefit
At December 31, 2017
(dollars expressed in thousands)

Investment Type	**Fair Value**	**Unfunded Commitments**	**Redemption Frequency (if currently eligible)**	**Redemption Notice Period**
Short-term Securities – Beta Overlays	$ 95,306	$ —	Daily	None
Equity Investments				
Co-mingled International Equity Fund	807,402	—	Daily	None
Co-mingled U.S. Small Cap Equity Fund	347,018	—	Daily	None
Total Equity Investments	1,154,420	0		
Absolute Return				
Directional	1,149,835	81,902	Monthly, quarterly	3–60 days
Equity Long/Short	209,981	—	Monthly, quarterly, annually	30–60 days
Event Driven	1,060,582	60,700	Monthly, quarterly, semi-annually, annually, bi-	45–120 days
Multistrategy	893,291	—	Monthly, quarterly, semi-annually, annually	45–90 days
Relative Value	1,145,550	—	Weekly, monthly, quarterly	30–90 days
Total Absolute Return	4,459,239	142,602		
Private Equity – Partnerships	3,450,900	1,587,972	Not eligible	N/A
Real Assets				
Agriculture	34,615	27,732	Not eligible	N/A
Energy	1,107,690	382,847	Not eligible	N/A
Minerals	275,592	179,057	Not eligible	N/A
Real Estate *	1,136,695	108,123	Not eligible	N/A
Royalty	9,571	70,206	Not eligible	N/A
Timber *	272,462	33,529	Not eligible	N/A
Total Real Assets	2,836,625	801,494		
Total Investments Measured at the NAV	$ 11,996,490	$ 2,532,068		

*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 table below. Synthetic guaranteed investment contracts that are fully benefit-responsive are measured at contract value and do not participate in fair value changes.

Defined Benefit

- **Short-term Beta/Overlays** – This type consists of one pooled investment fund that invests in exchange traded short-term options and futures referencing equity indexes used for portfolio rebalancing. The fair values have been determined using the NAV per share of the investments.

- **Co-mingled International Equity Fund and Co-mingled Small Cap Fund** – This type consists of three institutional investment funds that invest in international equities diversified across all sectors and one fund that invests in U.S. small cap equities. The fair values of the investments in these types have been determined using the NAV per share of the investments.

- **Absolute Return Funds** – The fair values of the investments in this type have been determined using the NAV per share of the investments. *Directional funds* include investments in eight 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 five 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 fifteen 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 $1.3 million over the next 2 to 10 years. *Multi-strategy funds* include investments in ten funds. Investments in these funds represent a mix of the other absolute return strategies. Five funds are in the process of redemption totaling $6.6 million over the next 1-5 years. *Relative value funds* include investments in fourteen funds. These funds seek returns by capitalizing on the mispricing of related securities or financial instruments. One new fund with a value of $50.3 million has a redemption restriction of two years. All other funds currently have no redemption restrictions.

- **Private Equity Partnerships** – This type includes investments in limited partnerships. Generally speaking, the types of partnership strategies included in this portfolio are venture capital, growth equity, buyouts, special situations, mezzanine, and distressed debt. These investments have an approximate life of 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, 2017, 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, 2017, 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 20 investments, which are invested primarily in apartments and retail space in the United States. *Timber i*ncludes two funds, which invest in timber related resources. *Agriculture* includes three investments which operate in the production, processing , and distribution of high value foods. Investments in these types can never be redeemed with the funds. Instead, the nature of these investments are that distributions from each investment will be received as the underlying investments are liquidated. Because it is probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share (or its equivalent) of 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, 2017
(dollars 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	$ 565,266	$ —	Daily	None
Co-mingled International Equity Fund	648,549	—	Daily	None
Co-mingled U.S. Small Cap Equity Fund	440,689	—	Daily	None
Co-mingled Russell 1000 Growth Equity Fund	31,298	—	Daily	None
Total Equity Securities	1,685,802	0		
Real Assets				
Co-mingled Real Estate Equity Fund	142,826	—	Quarterly	None
Co-mingled Commodities Fund	73,758	—	Daily	None
Total Real Asset	216,584	0		
Total Investments Measured at the NAV	$ 1,902,386	$ 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 duration range as of December 31, 2017, was 4.49 – 7.48 for domestic debt securities, 5.24 – 8.74 for global debt securities, and 10.02 – 15.04 for inflation-linked debt securities.

The Plans compare an investment's effective duration against the Bloomberg Barclays US Intermediate 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 duration range as of December 31, 2017, was 3.01 – 5.01 for domestic debt securities, 6.27 – 9.41 for international debt securities, and 4.03 – 6.05 for inflation-linked debt securities.

As of December 31, 2017, no individual debt security investment manager's portfolio was outside of the policy guidelines.

As of December 31, 2017, the following table shows the investments by investment type, amount, and the effective weighted duration.

Utah Retirement Systems
(pension trust and defined contribution plans)
Debt Securities Investments
At December 31, 2017
(dollars expressed in thousands)

	Defined Benefit Plans		Defined Contribution Plans		
Investment	**Fair Value**	**Effective Weighed Duration**	**Fair Value**	**Effective Weighed Duration**	**Total All Systems and Plans**
Asset-backed Securities	$ 229,580	1.18	$ 14,753	1.62	$ 244,333
Commercial Mortgage-backed	113,712	3.76	2,318	0.67	116,030
Corporate Bonds	875,461	6.23	257,038	6.62	1,132,499
Fixed Income Other	1,990	—	67,851	—	69,841
Government Agencies	89,846	4.86	34,475	8.14	124,321
Government Bonds	1,187,366	7.47	201,606	5.63	1,388,972
Government Mortgage-backed Securities	761,906	5.60	221,720	3.71	983,626
Index Linked Bonds	1,260,789	12.34	123,788	5.17	1,384,577
Non-government Backed C.M.O.s	36,487	2.92	752	3.53	37,239
Synthetic Guaranteed Investment Contracts – measured at contract value	—	—	904,997	—	904,997
Total Debt Securities Investments	$ 4,557,137	7.83	$ 1,829,298	5.39	$ 6,386,435

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, 2017, there is $314.894 million of cash and cash equivalents exposed to custodial credit risk and $461.658 million of other assets where exposure to custodial credit risk is not determined. The $314.894 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 investment managers to maintain diversified portfolios by sector and by issuer using the following guidelines:

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

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

- **Domestic Equity Securities** – No individual holdings will constitute more than 4 percent of the securities of any single issuer. Also, no more than 8 percent of an investment manager's assets will 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 will 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 will 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 will 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, 2017, URS had no single issuer investments that exceeded the above guidelines.

Credit Risk of Debt Securities

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

- U.S. Government and Agency Securities – no restriction.
- Total portfolio quality will maintain a minimum overall rating of "A".
- Securities with a quality rating of below BBB- are considered below investment grade. No more than 5 percent of an investment manager's assets can be below investment grade. No more than 1 percent of an investment manger's assets can be with a single below investment grade issuer.
- 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 fair value of their portfolios in securities rated below investment grade (below BBB-/Baa3). The remaining assets will have on average an investment grade rating.

URS' weighted quality rating average of the global debt securities, excluding pooled investments, as of December 31, 2017, was A-, and the fair value of below grade investments was $124.08 million or 1.94 percent.

The government mortgage-backed securities in URS that are not rated include $179.733 million Federal Home Loan Mortgage Corporation and $419.547 million of Federal National Mortgage Association securities, which are implicitly guaranteed by the U.S. government.

Table on next page

The following table presents the URS credit risk ratings as of December 31, 2017:

Utah Retirement Systems
(pension trust and defined contribution plans)
Credit Risk of Debt Securities at Fair Value
At December 31, 2017
(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	$ 236,559	$ 118,933	$ 35,474	$ 16,005	$ —	$ 21,738	$ 8,193	$ 1,050	$ 32,352	$ 2,814
AA+	79,269	7,020	3,868	9,618	—	10,872	—	4,238	42,675	978
AA	22,093	2,965	—	10,234	—	1,608	7,286	—	—	—
AA-	31,983	—	2,936	27,102	—	1,945	—	—	—	—
A+	63,638	10,630	—	48,357	—	515	3,608	—	—	528
A	92,677	3,415	3,118	85,014	—	912	—	—	—	218
A-	175,167	1,138	2,797	166,202	—	—	4,824	—	—	206
BBB+	208,641	450	—	193,795	—	7,539	6,724	—	—	133
BBB	132,614	2,940	—	115,565	—	—	12,832	—	—	1,277
BBB-	109,745	—	—	99,761	—	—	7,798	—	—	2,186
BB+	29,764	51	—	10,498	—	—	18,955	—	—	260
BB	13,095	—	88	8,930	—	—	2,867	—	—	1,210
BB-	12,191	251	2,450	9,490	—	—	—	—	—	—
B+	20,383	—	—	3,500	—	2,165	12,707	—	2,011	—
B	2,563	774	—	803	—	—	964	—	—	22
B-	11,242	—	456	4,618	—	—	6,058	—	—	110
CCC+	2,502	—	—	2,502	—	—	—	—	—	—
CCC	2,209	940	—	—	—	—	—	—	—	1,269
CCC-	922	922	—	—	—	—	—	—	—	—
D	204	204	—	—	—	—	—	—	—	—
NR	2,207,774	78,947	62,525	63,467	1,990	42,552	189,956	559,310	1,183,751	25,276
Subtotal	3,455,235	$ 229,580	$ 113,712	$ 875,461	$ 1,990	$ 89,846	$ 282,772	$ 564,598	$1,260,789	$ 36,487
U.S. Treasuries	904,594									
Explicit U.S. Government Agencies	197,308									
Total Debt Securities Investments	$ 4,557,137									

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	$ 29,931	$ —	$ —	$ —	$ —	$ 3,005	$ 20,301	$ —	$ 6,625	$ —
AA+	68,549	—	—	—	1,388	—	—	—	67,161	—
AA	33,302	—	—	565	—	—	14,152	—	18,585	—
AA-	258	—	—	258	—	—	—	—	—	—
A+	144,555	—	—	5,795	—	—	11,985	111,030	15,745	—
A	27,299	127	—	25,380	—	—	1,792	—	—	—
A-	102,414	—	—	20,695	—	11,964	—	69,755	—	—
BBB+	33,590	—	—	22,320	—	—	8,687	—	2,583	—
BBB	59,337	—	—	38,050	—	4,861	5,262	—	11,164	—
BBB-	28,964	—	—	27,088	—	—	1,876	—	—	—
BB+	7,013	—	—	3,283	—	—	3,730	—	—	—
BB	2,063	—	—	707	—	—	783	—	573	—
BB-	14,252	—	—	14,252	—	—	—	—	—	—
B+	2,566	—	—	269	—	895	1,402	—	—	—
B	1,730	—	—	280	—	—	1,092	—	358	—
B-	1,382	—	—	298	—	—	1,084	—	—	—
NR	246,454	14,626	2,318	97,798	66,463	13,750	8,818	40,935	994	752
Subtotal	803,659	$ 14,753	$ 2,318	$ 257,038	$ 67,851	$ 34,475	$ 80,964	$ 221,720	$ 123,788	$ 752
U.S. Treasuries	120,642									
Synthetic Guaranteed Investment Contracts	904,997									
Total Debt Securities Investments	$ 1,829,298									

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, 2017
(expressed in thousands)

	Defined Benefit Plans						Defined Contribution Plans			Total
Currency	Short-term	Debt	Equity	Absolute Return	Private Equity	Total	Debt	Equity	Total	All Systems and Plans
Argentine peso	$ 246	$ 5,950	$ —	$ —	$ —	$ 6,196	$ 1,051	$ —	$ 1,051	$ 7,247
Australian dollar	2,270	28,832	189,793	—	8,135	229,030	9,524	30,592	40,116	269,146
Bermudian dollar	—	—	—	—	—	—	—	13	13	13
Brazilian real	664	—	100,696	—	—	101,360	—	10,768	10,768	112,128
British pound sterling	3,101	323,471	797,910	—	51,660	1,176,142	15,714	79,022	94,736	1,270,878
Canadian dollar	2,048	51,729	346,452	—	—	400,229	9,227	42,855	52,082	452,311
Cayman Islands dollar	—	—	—	—	—	—	—	77	77	77
Chilean peso	37	3,745	14,922	—	—	18,704	617	1,957	2,574	21,278
Chinese renminbi	—	—	—	—	—	—	—	43,447	43,447	43,447
Colombian peso	34	3,630	6,264	—	—	9,928	569	639	1,208	11,136
Czech koruna	14	—	1,369	—	—	1,383	—	262	262	1,645
Danish krone	427	2,281	61,499	—	—	64,207	294	7,970	8,264	72,471
Egyptian pound	—	—	—	—	—	—	—	248	248	248
European euro	146,314	284,720	1,207,115	465,031	178,150	2,281,330	48,161	140,045	188,206	2,469,536
Hong Kong dollar	1,834	—	413,410	—	—	415,244	—	15,267	15,267	430,511
Hungarian forint	17	—	7,102	—	—	7,119	—	465	465	7,584
Indian rupee	556	1,272	92,483	—	—	94,311	215	14,971	15,186	109,497
Indonesian rupiah	72	—	20,475	—	—	20,547	—	3,499	3,499	24,046
Japanese yen	148,390	182,923	1,031,999	8,766	—	1,372,078	42,345	111,308	153,653	1,525,731
Malaysian ringgit	201	—	30,607	—	—	30,808	—	3,893	3,893	34,701
Mexican peso	625	9,762	55,161	11,721	—	77,269	1,792	4,463	6,255	83,524
Moroccan dirham	18	—	—	—	—	18	—	—	—	18
Israeli new shekel	282	1,043	9,777	—	—	11,102	289	2,748	3,037	14,139
New Taiwan dollar	133	—	126,088	—	—	126,221	—	18,745	18,745	144,966
New Zealand dollar	860	54,019	7,590	—	—	62,469	7,084	1,320	8,404	70,873
Norwegian krone	810	4,348	20,530	—	—	25,688	629	3,568	4,197	29,885
Pakistani rupee	—	—	—	—	—	—	—	259	259	259
Peruvian nuevo sol	34	—	258	—	—	292	—	550	550	842
Philippine peso	150	—	15,760	—	—	15,910	—	1,725	1,725	17,635
Polish zloty	685	—	11,172	—	—	11,857	—	2,030	2,030	13,887
Qatar riyal	—	—	—	—	—	—	—	868	868	868
Russian ruble	266	7,057	19,971	—	—	27,294	1,308	4,693	6,001	33,295
Singapore dollar	946	2,699	61,935	—	—	65,580	—	6,154	6,154	71,734
South African rand	571	18,955	66,454	—	—	85,980	3,730	10,755	14,485	100,465
South Korean won	89	—	193,681	—	—	193,770	—	24,231	24,231	218,001
Swedish krona	665	10,644	109,485	—	—	120,794	3,263	13,444	16,707	137,501
Swiss franc	1,489	—	315,810	—	—	317,299	—	33,596	33,596	350,895
Thai baht	79	1,964	47,619	—	—	49,662	578	3,855	4,433	54,095
Turkish lira	93	6,791	17,665	—	—	24,549	1,123	1,696	2,819	27,368
United Arab Emirates dirham	91	—	8,543	—	—	8,634	—	1,149	1,149	9,783
Uruguayan peso	—	3,904	—	—	—	3,904	674	—	674	4,578
Total Securities Subject to Foreign Currency Risk	$314,111	$1,009,739	$5,409,595	$485,518	$237,945	$7,456,908	$148,187	$643,147	$791,334	$8,248,242

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, 2018
(*expressed in thousands)*

Investment Category	Fair Value (with accruals)
Growth	$ 923,011
Real Assets	484,937
Income	783,045
Defensive	302,395
Total Investments	$ 2,493,388

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

Fair Value Measurements

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

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

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

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

Securities (debt and equity securities, including derivative 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 of the manager, prior period audited statements of the manager adjusted for subsequent calls and distributions, current period unaudited statements or estimates provided by the underlying investments using recent observable transaction information for similar investments. The objectives and valuation approach for investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are more fully described below.

(Table on next page)

At June 30, 2018, the Trust Lands had the following recurring fair value measurements:

Trust Lands
(permanent fund)
Investments Measured at Fair Value
June 30, 2018
(*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	$ 417,522	$ 417,479	$ 43	$ —
International Equity	404,357	248,899	155,401	57
Total Growth	821,879	666,378	155,444	57
Real Assets				
TIPS	69,473	69,473	—	—
Private Real Estate	(9)	—	(9)	—
Total Real Assets	69,464	69,473	(9)	—
Income				
Credit	229,872	70,322	159,314	236
Securitized	168,799	168,799	—	—
Non-U.S.	87,719	88,159	(440)	—
Insurance Linked Securities	1	1	—	—
Total Income	486,391	327,281	158,874	236
Defensive				
Long U.S. Treasury	64,721	64,721	—	—
Cash and Cash Equivalents	50,230	14,037	36,193	—
Total Defensive	114,951	78,758	36,193	—
Total Investments by Fair Value Level	1,492,685	$ 1,141,890	$ 350,502	$ 293
Investments Measured at the Net Asset Value (NAV)				
Growth				
International Equity	$ 64,151			
Private Equity	36,981			
Real Assets				
Public Real Assets	160,507			
Private Real Assets	234,923			
Private Natural Resources	20,043			
Income				
Credit	43,623			
Securitized	61,850			
Non-US	50,301			
Insurance Linked Securities	44,745			
Private Debt	96,135			
Defensive				
Commodity Trading Advisor (CTA)	187,444			
Total Investments Measured at the NAV	$ 1,000,703			
Total Investments Measured at Fair Value	$ 2,493,388			

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

Trust Lands
(permanent fund)
Investments Measured at the NAV
June 30, 2018
(*expressed in thousands*)

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Growth				
International Equity	$ 64,151	$ —	30-90 Days	90 Days
Private Equity	36,981	82,864	Limited	N/A
Total Growth	101,132	82,864		
Real Assets				
Public Real Assets	160,507	—	30 Days	30 Days
Public Real Estate	234,923	73,346	90 Days, limited	90 Days, N/A
Private Natural Resources	20,043	30,454	Limited	N/A
Total Real Assets	415,473	103,800		
Income				
Credit	43,623	—	180 Days (May 1, Nov 1)	180 Days
Securitized	61,850	—	90 Days (calendar qtr.)	91 Days (1/8 gate)
Non-US	50,301	—	1 Day	0 Days
Insurance Linked Securities	44,745	30,942	Limited	N/A
Private Debt	96,135	53,693	Limited	N/A
Total Income	296,654	84,635		
Defensive				
Commodity Trading Advisor (CTA)	187,444	—	5 Days	4 Days (30% investor gate)
Total Defensive	187,444	—		
Total Investments Measured at the NAV	$ 1,000,703	$ 271,299		

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 investment in a limited partnership with equity investments and one investment in units of a pooled investment fund. The fair value 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 six 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, 2018, 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 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 has 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 nine 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, 2018, 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 one investment in pooled investment funds with a focus on real estate property and property income. The fair value of the investment in this type have been determined using the NAV per share (or its equivalent) of the Trust Lands' investments ownership interest in partners' capital.

Real Assets–Private Natural Resources: Consists of two 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, 2018, it is probable that all the investments in this type would be sold at an amount different from the NAV per share (or its equivalent) of the Trust Lands' ownership interest in partners' capital.

Income–Credit: Consists of one investment in a limited partnership with underlying credit/securitized fixed income investments and associated investments. The fair value of the investment in this type has been determined using the NAV per

share (or its equivalent) of the Trust Lands' ownership interest in partners' capital.

Income–Securitized: Consists of one 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 has been determined using the NAV per share (or its equivalent) of the Trust Lands' ownership interest in partners' capital.

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

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

Income–Private Debt: Consists of six 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 onward 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, 2018, 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 investment in a limited partnership with underlying investments in Commodity Trading Advisor/Systematic and associated investment strategies. The fair value of the investment in this type has been determined using the NAV per share (or its equivalent) of 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 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, 2018, 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, 2018
(*dollars expressed in thousands*)

Investment Category	Fair Value	Weighted Average Maturity (Years)
Bank Loans	$ 34,653	5.90
Corporate Bonds	101,540	20.10
Corporate Convertible Bonds	2,237	30.59
Funds – Corporate Bond	170,928	5.74
Funds – Fixed Income ETF	2,973	2.77
Funds – Government Agencies	64,721	25.10
Funds – Government Bond	157,192	5.09
Funds – Municipal/Provincial Bond	2,548	20.51
Funds – Short-term Investment	18,122	0.33
Government Agencies	1,468	9.63
Government Bonds	30,101	0.92
Other Fixed Income	36,050	0.14
Total Debt Securities Investments	$ 622,533	9.37

As of June 30, 2018, the Trust Lands held $324.771 million in six investments with a fixed income (or related) investment emphasis for which Weighted Average Maturity details were unavailable and not evaluated. These investments included Bank Loan investment funds with other assets held, and hedge fund strategies.

Credit Risk of Debt Securities

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

As of June 30, 2018, 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).

(Table on next page)

Trust Lands
(permanent fund)
Credit Risk of Debt Securities at Fair Value
June 30, 2018
(*expressed in thousands*)

Quality Rating	Total	Bank Loans	Corporate Bonds	Corporate Convertible Bonds	Funds–Corporate Bond	Funds–Fixed Income EFT	Funds–Government Bond	Funds–Municipal /Provincial Bond	Funds–Short-term Investment	Government Agencies	Government Bonds	Other Fixed Income
AAA	$ 1,208	$ —	$ 1,208	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
AA+	$ 483	—	483	—	—	—	—	—	—	—	—	—
AA	$ 644	—	644	—	—	—	—	—	—	—	—	—
AA-	$ 1,118	—	550	—	—	—	—	—	—	—	568	—
A	$ 1,142	—	1,142	—	—	—	—	—	—	—	—	—
A-	$ 5,782	—	5,782	—	—	—	—	—	—	—	—	—
BBB+	$ 8,315	—	6,847	—	—	—	—	—	—	1,468	—	—
BBB	$ 12,823	—	12,823	—	—	—	—	—	—	—	—	—
BBB-	$ 26,500	3,201	23,299	—	—	—	—	—	—	—	—	—
BB+	$ 17,875	1,102	16,295	478	—	—	—	—	—	—	—	—
BB	$ 15,136	3,064	12,072	—	—	—	—	—	—	—	—	—
BB-	$ 16,519	7,704	7,875	940	—	—	—	—	—	—	—	—
B+	$ 5,296	2,083	3,213	—	—	—	—	—	—	—	—	—
B	$ 8,655	7,023	1,632	—	—	—	—	—	—	—	—	—
B-	$ 5,860	—	5,860	—	—	—	—	—	—	—	—	—
CCC+	$ 1,776	71	1,705	—	—	—	—	—	—	—	—	—
CCC	$ 110	—	110	—	—	—	—	—	—	—	—	—
Not Rated	$ 399,038	10,405	—	819	170,928	2,973	157,192	2,548	18,122	—	—	36,051
Total Rated Securities	528,280	$ 34,653	$ 101,540	$ 2,237	$ 170,928	$ 2,973	$ 157,192	$ 2,548	$ 18,122	$ 1,468	$ 568	$ 36,051
U.S. Treasuries	29,532											
U.S. Agency – full faith	64,721											
Total Debt Securities Investments	$ 622,533											

As of June 30, 2018, the Trust Funds held $18.122 million in the Northern Trust Institutional Funds Treasury Portfolio - Premier Class, a AAA-rated money market fund.

Custodial Credit Risk

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

As of June 30, 2018, the following investments, including accrued income/expense, that have custodial credit risk:

- Cash and Cash Equivalents $1.303 million. The $1.303 million frictional cash and cash equivalents subject to custodial credit risk are in foreign banks in the Trust Lands' name. Because it is in foreign banks, it is subject to custodial credit risk. Trust Lands does not have an investment policy regarding custodial credit risk for frictional cash in foreign banks.
- Other Assets $428.225 million. The $428.225 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, 2018, 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, 2018, is as follows:

Trust Lands
(permanent fund)
Foreign Currency Risk
June 30, 2018
(*expressed in thousands*)

Currency	Short-term	Equity	Total
Australian dollar	$ 78	$ 22,371	$ 22,449
British pound sterling	104	24,436	24,540
Danish krone	41	5,142	5,183
European euro	930	115,379	116,309
Hong Kong dollar	66	9,984	10,050
Israeli new shekel	58	4,010	4,068
Japanese yen	264	33,383	33,647
New Zealand dollar	52	2,688	2,740
Norwegian krone	14	5,740	5,754
Singapore dollar	83	4,469	4,552
South African rand	—	150	150
Swedish krona	34	11,253	11,287
Swiss franc	189	22,194	22,383
Total Securities Subject to Foreign Currency Risk	$ 1,913	$ 261,199	$ 263,112

D. Discrete Component Units

Custodial Credit Risk – Deposits

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

The discrete component units follow the Utah Money Management Act by making deposits only in qualified depository institutions or in foreign depository institutions in accordance with rules of the State Money Management Council. Deposits with qualified depository institutions in excess of FDIC insurance limits amount are uninsured and uncollateralized. Deposits are neither collateralized nor are they required to be by state statute. The deposits for the discrete component units at June 30, 2018, were $304.294 million. Of these, $257.097 million were exposed to custodial credit risk as uninsured and uncollateralized and $37.352 million were exposed to custodial credit risk as uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the discrete component units' names.

Investments

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

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

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

The discrete component units' investments at June 30, 2018, are presented on the next page. The investments are presented at fair value and by investment type with debt securities presented by maturity.

Fair Value Measurements

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

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

The following table presents the recurring fair value measurements at June 30, 2018, for the discrete component units.

(Table on next page)

Discrete Component Units Debt Securities Investments
Investments and Derivative Instruments Measured at Fair Value
At June 30, 2018
(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	$ 140,830	$ 47,256	$ 93,574	$ —
U.S. Agency – full faith	419	419	—	—
U.S. Agencies	1,705,992	1,348	1,704,524	120
Government Mortgage-backed Securities	95,879	—	94,680	1,199
Corporate Debt	589,123	47	588,437	639
Commercial Paper	8,474	2,994	5,480	—
Negotiable Certificates of Deposit	11,558	—	11,558	—
Money Market Mutual Funds	105,793	19,111	86,682	—
Municipal/Public Bonds	40,041	—	40,041	—
Asset-backed Securities	15,974	—	15,821	153
Bond Mutual Funds	250,660	3,914	222,356	24,390
Repurchase Agreement: U.S. Agency	122,900	—	122,900	—
Utah Public Treasurers' Investment Fund	672,854	—	672,854	—
Total Debt Securities	3,760,497	75,089	3,658,907	26,501
Equity Securities				
Domestic Equity	688,938	34,245	624,744	29,949
International Equity	1,249		1,249	—
Equity Securities	81,578	70,099	7,129	4,350
Total Equity Securities	771,765	104,344	633,122	34,299
Other Investments				
Real Estate	6,433	—	—	6,433
Total Other Investments	6,433	0	0	6,433
Total Investments by Fair Value Level	4,538,695	$ 179,433	$ 4,292,029	$ 67,233
Investments Measured at the Net Asset Value (NAV)				
Credit Sensitive Fixed Income	24,009			
Diversifying Strategies	169,031			
Global Distressed	76			
Hedge Funds	56,031			
Interest in an LLC	676			
International Equity	9,536			
Private Equity	84,246			
Private Equity Core Real Estate	8,141			
Private Equity Natural Resources	77,086			
Private Equity Partnerships	33,976			
Private Infrastructure	1,548			
Private Real Estate	17,224			
Secondary Partners	150			
Venture Capital Funds	3,319			
Total Investments Measured at the NAV	485,049			
Total Investments Measured at Fair Value	$ 5,023,744			
Invested Securities Lending Collateral				
Debt Securities	$ 17,328	$ 0	$ 17,328	$ 0

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

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

U.S. Treasuries, U.S. Agencies, Commercial Paper, International Equity, and Equity Securities:

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

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

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

Repurchase Agreement–U.S. Agency:

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

Asset-backed Securities:

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

Money Market Mutual Funds, Bond Mutual Funds, and Domestic Equity:

- Valued using published fair value per share (unit) for each fund.

Government Mortgage-backed and Asset-backed:

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

Utah Public Treasurers' Investment Fund:

- Valued using the application of the June 30, 2018, fair value factor, as calculated by the Utah State Treasurer, to the June 30, 2018 balance.

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

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

- Valued using discounted cash flow techniques.

Asset-backed Securities:

- Valued using consensus pricing.

Bond Mutual Funds, Domestic Equity, and Equity Securities:

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

Real Estate:

- Valued using current real estate market values.

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

Investments Measured at the Net Asset Value (NAV)

The State's colleges and universities, discrete component units, administer endowment portfolios of a long-term nature. The strategy, within the constraints of the asset allocation model, is to add assets with higher return expectations in order to outweigh their short-term volatility risk. As a result, endowment investments will typically be invested in equity or equity-like securities, including real assets (real estate, natural resources, and infrastructure). Real assets also are expected to provide the added benefit of inflation protection. The fair values of these types of investments are measured at the net asset value (NAV) per share (or its equivalent) as they generally do not have readily obtainable fair values and often take the form of limited partnerships. The NAV is based on the values provided by the partnerships as well as their audited financial statements. If June 30 statements are available, those values are used preferentially. However, some partnerships have fiscal years ending at other than June 30. If June 30 valuations are not available, the value is progressed from the most recently available valuation taking into account subsequent capital calls and distributions. The following table presents the unfunded commitments, redemption frequency (if currently eligible), and the redemption notice period for the alternative investments measured at NAV:

Discrete Component Units Debt Securities
Investments Measured at the Net Asset Value (NAV)
At June 30, 2018
(dollars *expressed in thousands*)

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investment Measured at NAV				
Credit Sensitive Fixed Income	$ 24,009	$ —	Quarterly	90 days
Diversifying Strategies	169,031	—	Daily, quarterly, annually	0 – 90 Days
Global Distressed	76	76	N/A	N/A
Hedge Funds	50,385	—	Monthly, quarterly	30 – 75 Days
Hedge Funds	1,046	—	N/A	N/A
Hedge Funds	4,600	—	Quarterly	100 Days
Interest in an LLC	676	—	N/A	N/A
International Equity	9,536	—	Quarterly	100 Days
Private Equity	84,246	52,162	N/A	N/A
Private Equity Core Real Estate	8,141	—	Quarterly	30 – 60 Days
Private Equity Natural Resources	77,086	199,540	N/A	N/A
Private Equity Partnerships	89	15	Initial 10 year with five 1-year extensions	60 Days
Private Equity Partnerships	822	—	Quarterly	45 – 60 Days
Private Equity Partnerships	83	—	Monthly	10 Days
Private Equity Partnerships	32,982	22,530	N/A	N/A
Private Infrastructure	1,548	1,472	N/A	N/A
Private Real Estate	17,224	9,971	N/A	N/A
Secondary Partners	150	1,100	N/A	N/A
Venture Capital Funds	3,319	3,464	N/A	N/A
Total Investments Measured at NAV	$ 485,049	$ 290,330		

Interest Rate Risk

The following table presents the debt investments and maturities at June 30, 2018, for the discrete component units.

Discrete Component Units
Debt Investments at Fair Value
At June 30, 2018
(expressed in thousands)

Investment Type	Fair Value	Investment Maturities (in years)				
		Less Than 1	1-5	6-10	11-20	More Than 20
U.S. Treasuries	$ 140,830	$ 88,052	$ 31,498	$ 21,280	$ —	$ —
U.S. Agency – full faith	419	—	—	—	419	—
U.S. Agencies	1,705,992	773,117	614,952	317,657	266	—
Government Mortgage-backed Securities	95,879	—	389	8,462	24,305	62,723
Corporate Debt	589,123	211,249	285,825	50,319	41,730	—
Commercial Paper	8,474	8,474	—	—	—	—
Negotiable Certificates of Deposit	11,558	2,359	9,199	—	—	—
Money Market Mutual Funds	105,793	105,793	—	—	—	—
Municipal/Public Bonds	40,041	8,242	17,699	7,537	6,563	—
Asset-backed Securities	15,974	—	12,114	1,518	2,342	—
Bond Mutual Funds	250,660	—	52,116	182,321	16,223	—
Repurchase Agreement: U.S. Agency	122,900	122,900	—	—	—	—
Securities Lending Cash Collateral Pool	17,328	17,328	—	—	—	—
Utah Public Treasurers' Investment Fund	672,854	672,854	—	—	—	—
Total Debt Investments	$ 3,777,825	$ 2,010,368	$ 1,023,792	$ 589,094	$ 91,848	$ 62,723

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

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB	BB	B	CCC	A1*	Not Rated
U.S. Agencies	$ 1,705,992	$ 629,196	$1,007,776	$ 13,935	$ 5,016	$ —	$ —	$ —	$ —	$ 50,069
Government Mortgage-backed Securities	$ 95,879	$ 133	$ 95,746	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Corporate Debt	$ 589,123	$ 5,099	$ 75,038	$ 259,436	$ 215,025	$ 24,517	$ 1,279	$ 2,122	$ —	$ 6,607
Commercial Paper	$ 8,474	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 8,474	$ —
Negotiable Certificates of Deposit	$ 11,558	$ 2,653	$ —	$ 3,452	$ —	$ —	$ —	$ —	$ —	$ 5,453
Money Market Mutual Funds	$ 105,793	$ 10,115	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 95,678
Municipal/Public Bonds	$ 40,041	$ 17,178	$ 16,647	$ 2,465	$ 3,651	$ —	$ —	$ —	$ —	$ 100
Asset-backed Securities	$ 15,974	$ 10,297	$ 5,107	$ —	$ —	$ —	$ —	$ 349	$ —	$ 221
Bond Mutual Funds	$ 250,660	$ —	$ 45,343	$ —	$ —	$ —	$ —	$ —	$ —	$ 205,317
Repurchase Agreement: U.S. Agency	$ 122,900	$ —	$ 122,900	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Securities Lending Cash Collateral Pool	$ 17,328	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 17,328
Utah Public Treasurers' Investment Fund	$ 672,854	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 672,854

*A1 is Commercial Paper rating

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the 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, 2018, 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	$ 89,303
U.S. Agency – full faith	$ 419
U.S. Agencies	$ 1,648,853
Corporate Debt	$ 254,617
Municipal/Public Bonds	$ 24,137
Bond Mutual Funds	$ 566
Domestic Equity	$ 1,199
Equity Securities	$ 36,942
Investments Measured at the Net Asset Value	$ 172
Counterparty's Trust Department or Agent	
U.S. Treasuries	$ 3,535
U.S. Agencies	$ 50,658
Corporate Debt	$ 125,063
Municipal/Public Bonds	$ 4,201

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, the Federal Agricultural Mortgage Corporation, and the Federal Home Loan Mortgage Corporation. These investments represent 21.3 percent, 7.5 percent, 5.7 percent, and 5.3 percent, respectively, of the University's total investments.

Utah State University held more than 5 percent of total investments in securities of the Federal Home Loan Bank and Federal Farm Credit Bank. These investments represent 8.19 percent and 10.16 percent, respectively, of the total investments.

Utah Valley University held more than 5 percent of its total investments in the following corporate bonds: CitiGroup Inc. 7.4 percent, Bank of America 6.8 percent, Capital One NA 5.3 percent, and Goldman Sachs Group Inc. 6.1 percent. These investments represent 25.6 percent of the University's total investments.

Salt Lake Community College held more than 5 percent of total investments in securities of Fannie Mae, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, Farmer Mac, Federal Farm Credit Bank. These investments represent 9.4 percent, 9.3 percent, 7.8 percent, 6.3 percent, and 6.2 percent, respectively, of the College's total investments. These investments represent 39 percent of the Colleges total investments.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The discrete component units do not have a formal policy to limit foreign currency risk.

University of Utah's exposure to foreign currency risk is $7.665 million in private real estate investments that are held in Euro currency denomination.

Dixie State University held investments in international equity funds of $1.249 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 which 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 $1.251 billion and $16.777 million, and the collateral received for those securities on loan was $1.339 billion and $17.328 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. Since 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, 2017, 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, 2017, 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, 2017
(expressed in thousands)

	Defined Benefit Plans	Defined Contribution Plans
Cash and Cash Equivalent		
Long	$ 451,122	$ 14,678
Short	(510,980)	(14,651)
Equity		
Long	372,866	65,002
Short	(106,736)	—
Fixed Income		
Long	758,391	64,437
Short	(531,747)	(34,812)
Total Futures	$ 432,916	$ 94,654

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, 2017, 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, 2017
(expressed in thousands)

	Defined Benefit Plans			
Currency	Notional Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value
Argentine peso	$ 3,613	$ 8,720	$ (5,096)	$ 3,624
Australian dollar	(32,915)	2,179	(36,070)	(33,891)
British pound sterling	(315,741)	17,086	(333,607)	(316,521)
Canadian dollar	(58,348)	903	(60,730)	(59,827)
Chilean peso	(3,408)	—	(3,541)	(3,541)
Colombian peso	(152)	—	(155)	(155)
Czech koruna	7,010	7,210	—	7,210
Danish krone	(2,626)	—	(2,656)	(2,656)
European euro	(480,770)	21,412	(507,347)	(485,935)
Hong Kong dollar	(953)	—	(951)	(951)
Hungarian forint	38	7,093	(7,093)	—
Indian rupee	(1,604)	—	(1,637)	(1,637)
Indonesian rupiah	13,364	13,437	—	13,437
Japanese yen	(328,300)	4,323	(332,511)	(328,188)
Mexican peso	8,879	38,276	(28,960)	9,316
Israeli new shekel	(920)	—	(929)	(929)
New Taiwan dollar	(13,861)	—	(14,120)	(14,120)
New Zealand dollar	(52,164)	—	(53,789)	(53,789)
Norwegian krone	9,351	9,521	—	9,521
Peruvian nuevo sol	(25)	5,676	(5,676)	—
Philippine peso	(5,068)	—	(5,236)	(5,236)
Polish zloty	(72)	7,320	(7,320)	—
Singapore dollar	4,583	5,139	(456)	4,683
South African rand	(22,494)	—	(25,582)	(25,582)
South Korean won	(17,621)	213	(18,295)	(18,082)
Swedish krona	9,317	27,240	(17,560)	9,680
Swiss franc	(749)	531	(1,292)	(761)
Thai baht	(1,867)	—	(1,897)	(1,897)
Turkish lira	(6,802)	—	(6,964)	(6,964)
United States dollar	1,290,305	1,447,201	(156,897)	1,290,304
Total Forwards Subject to Foreign Currency Risk	$ 0	$ 1,623,480	$(1,636,367)	$ (12,887)

	Defined Contribution Plans			
Currency	Notional Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value
Argentine peso	$ 699	$ 1,871	$ (1,162)	$ 709
Australian dollar	(9,210)	—	(9,481)	(9,481)
British pound sterling	(13,279)	3,844	(17,213)	(13,369)
Canadian dollar	(10,751)	—	(11,005)	(11,005)
Chilean peso	(618)	—	(642)	(642)
Colombian peso	16	17	—	17
Czech koruna	1,259	1,295	—	1,295
Danish krone	(270)	—	(273)	(273)
European euro	(59,102)	983	(60,847)	(59,864)
Hungarian forint	7	1,243	(1,243)	—
Indian rupee	(361)	—	(368)	(368)
Indonesian rupiah	2,389	2,402	—	2,402
Japanese yen	(28,752)	323	(29,134)	(28,811)
Mexican peso	(1,968)	452	(2,365)	(1,913)
Israeli new shekel	(266)	—	(268)	(268)
New Taiwan dollar	(2,439)	—	(2,485)	(2,485)
New Zealand dollar	(6,704)	—	(6,895)	(6,895)
Norwegian krone	1,785	1,818	—	1,818
Peruvian nuevo sol	(4)	1,003	(1,003)	—
Philippine peso	(890)	—	(920)	(920)
Polish zloty	(13)	1,292	(1,292)	0
Singapore dollar	865	883	—	883
South African rand	(4,211)	—	(4,792)	(4,792)
South Korean won	(1,304)	—	(1,357)	(1,357)
Swedish krona	(82)	1,395	(1,476)	(81)
Thai baht	(549)	—	(557)	(557)
Turkish lira	(1,083)	—	(1,109)	(1,109)
United States dollar	134,836	151,996	(17,158)	134,838
Total Forwards Subject to Foreign Currency Risk	$ 0	$ 170,817	$ (173,045)	$ (2,228)

At December 31, 2017, 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, 2017
(expressed in thousands)

	Defined Benefit Plans	Defined Contribution Plans
Cash and Cash Equivalent		
Call	$ 354	$ —
Put	640	—
Equity		
Call	(323)	—
Put	1,231	—
Fixed Income		
Call	—	83
Put	103	134
Swaptions		
Call	87	16
Put	1,616	103
Total Options	$ 3,708	$ 336

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, URS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option.

URS has entered into various inflation, credit default, and interest rate swap agreements in an attempt to manage their exposure to inflation, credit, and interest rate risk. Interest rate and inflation risk represents the exposure to fair value losses arising from the future changes in prevailing market interest rates. Credit risk is an investor's risk of loss arising from a borrower who does not make payments as promised. Swaps represent an agreement between two or more parties to exchange sequences of cash flows over a period in the future. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counter party who, in turn, agrees to make return interest payments that float with some reference rate. The real estate interest rate swaps allowed URS to effectively convert most of its long-term variable interest rate credit facility loans into fixed interest rate loans, thereby mitigating some of its interest rate risk.All swap instruments contain collateral clauses. Gains and losses on swaps are determined based on fair values and are recorded in the Combining Statement of Fiduciary Net Position-Pension. Swap fair values are determined by an independent third party.

As of December 31, 2017, 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, 2017

(dollars expressed in thousands)

	Defined Benefit					
	Notional Amount	URS Rate	Counterparty Rate	Maturity Date	Credit Rating	Fair Value
Barclays	$ 19,240	2.066%	US CPI	3/10/18	BBB	$ (534)
Barclays	20,879	1.585%	CPURN	9/13/18	BBB	148
Goldman Sachs Bank	30,170	1.75%	3M LIBOR	4/12/19	A+	162
Goldman Sachs Bank	1,240	101.75%	3M LIBOR	5/21/20	A+	11
Goldman Sachs Bank	5,650	2.11%	3M LIBOR	9/3/20	A+	3
Goldman Sachs Bank	39,540	1.95%	3M LIBOR	11/16/20	A+	257
Goldman Sachs Bank	11,500	2.274%	3M LIBOR	12/14/20	A+	4
Bank of America	11,880	1.88%	1 day fed funds	5/31/22	A-	50
Goldman Sachs Bank	14,690	1.88%	1 day fed funds	5/31/22	A+	62
Goldman Sachs Bank	16,310	6M Eurolibor	0.15%	6/12/22	A+	(59)
Bank of America	16,160	UK RPI	3.37%	6/15/22	A-	24
Goldman Sachs Bank	58,100	0.43%	3M STBOR	7/18/22	A+	(32)
Bank of America	174,300	0.46%	3M STBOR	7/19/22	A-	(115)
Bank of America	58,100	0.42%	3M STBOR	7/20/22	A-	(26)
Bank of America	9,570	1.25625%	EUR CPI	8/15/22	A-	98
Bank of America	15,595	UK RPI	3.395%	8/15/22	A-	65
Bank of America	9,465	1.299%	EUR CPI	9/29/22	A-	77
Bank of America	15,570	UK RPI	3.3%	10/15/22	A-	101
Bank of America	1,512,925	6M LIBOR	0.92%	11/8/22	A-	1
Bank of America	1,512,925	6M LIBOR	0.921%	11/8/22	A-	1
Goldman Sachs Bank	1,870	0.37%	6M Eurolibor	11/2/22	A+	(10)
Bank of America	23,100	1.075%	6M LIBOR	12/12/22	A-	(76)
Bank of America	16,200	UK RPI	3.35%	12/15/22	A-	66
Goldman Sachs Bank	11,060	3M LIBOR	2.72%	6/12/26	A+	108
Deutsche Bank	2,145	1.47%	EUR CPI	3/15/27	A-	12
Goldman Sachs Bank	850	2.42%	3M LIBOR	6/12/27	A+	(3)
Bank of America	1,600	2.147%	3M LIBOR	8/25/27	A-	24
Bank of America	9,929	3.055%	3M BBR	9/8/27	A-	(15)
Bank of America	4,940	3.07%	3M BBR	9/8/27	A-	(12)
Bank of America	4,890	3.067%	3M BBR	9/8/27	A-	(11)
Bank of America	723,570	0.272%	6M LIBOR	11/8/27	A-	(14)
Bank of America	11,335	3.455%	UK RPI	11/15/27	A-	(134)
Goldman Sachs Bank	4,400	2.34%	3M LIBOR	11/30/27	A+	15
Goldman Sachs Bank	4,350	3M LIBOR	2.397%	12/1/27	A+	6
Goldman Sachs Bank	3,250	2.421%	3M LIBOR	12/12/27	A+	(10)
Goldman Sachs Bank	1,900	2.453%	3M LIBOR	12/29/27	A+	(10)
Bank of America	11,335	UK RPI	3.5475%	11/15/32	A-	185
Bank of America	6,825	UK RPI	3.6%	11/15/42	A-	191
Goldman Sachs Bank	6,910	2.602%	3M LIBOR	11/15/43	A+	(69)
Goldman Sachs Bank	2,220	3M LIBOR	2.606%	11/15/43	A+	24
Bank of America	3,150	2.602%	3M LIBOR	11/15/43	A-	(31)
Goldman Sachs Bank	2,391	3M LIBOR	2.594%	11/16/43	A+	20
Bank of America	1,240	3M LIBOR	1.73%	8/31/46	A-	(208)
Deutsche Bank	2,145	EUR CPI	1.97%	3/15/47	A-	14
Bank of America	3,210	EUR CPI	1.832%	5/15/47	A-	(162)
Bank of America	3,145	EUR CPI	1.75%	6/15/47	A-	(274)
Bank of America	3,145	EUR CPI	1.88%	7/15/47	A-	(110)
Bank of America	1,625	3.48625%	UK RPI	8/15/47	A-	35
Bank of America	1,675	3.465%	UK RPI	10/15/47	A-	36
Bank of America	256,750	0.921%	6M LIBOR	11/8/47	A-	(50)
Bank of America	1,435	Euro P CPTFE	1.942%	11/15/47	A-	(22)
Bank of America	3,030	EUR CPI	1.913%	11/15/47	A-	(83)
Bank of America	2,990	Euro P CPTFE	1.92%	11/15/47	A-	(74)
Bank of America	6,825	3.55%	UK RPI	11/15/47	A-	(246)
Bank of America	660	3.36%	R RPI	1/12/67	A-	(13)
Total Interest Rate and Credit Default Swaps	$ 4,699,904					$ (603)

Table continues on next page.

Fixed Income Portfolio Swaps – Continued

	Defined Contribution					
	Notional Amount	URS Rate	Counterparty Rate	Maturity Date	Credit Rating	Fair Value
Bank of America	$ 1,020	2.066%	US CPI	3/10/18	A-	$ (33)
Barclays	1,531	1.585%	CPURN	9/13/18	BBB	14
Credit Suisse First Boston	890	1.88%	1 day fed funds	5/31/22	BBB+	4
Credit Suisse First Boston	1,150	UK RPI	3.37%	6/15/22	BBB+	3
Bank of America	10,200	0.43%	3M STBOR	7/18/22	A-	(1)
Bank of America	30,700	0.46%	3M STBOR	7/19/22	A-	(7)
Bank of America	10,200	0.42%	3M STBOR	7/20/22	A-	1
Credit Suisse First Boston	1,280	UK RPI	3.395%	8/15/22	BBB+	6
Credit Suisse First Boston	780	1.25625%	EUR CPI	8/15/22	BBB+	8
Credit Suisse First Boston	625	1.299%	EUR CPI	9/29/22	BBB+	5
Bank of America	1,280	UK RPI	3.30%	10/15/22	BBB+	1
Credit Suisse First Boston	123,570	6M LIBOR	0.09%	11/8/22	BBB+	(1)
Credit Suisse First Boston	123,570	6M LIBOR	0.09%	11/8/22	BBB+	(1)
Bank of America	2,450	1.88%	6M LIBOR	12/12/22	A-	(7)
Credit Suisse First Boston	1,350	UK RPI	3.35%	12/15/22	BBB+	6
Deutsche Bank	165	1.47%	EUR CPI	3/15/27	A-	1
Credit Suisse First Boston	809	3.06%	3M BBR	8/9/27	BBB+	3
Credit Suisse First Boston	100	2.17%	3M LIBOR	8/27/27	BBB+	2
Credit Suisse First Boston	398	3.07%	3M BBR	9/8/27	BBB+	1
Credit Suisse First Boston	403	3.07%	3M BBR	9/8/27	BBB+	1
Credit Suisse First Boston	150	3.38%	UK RPI	9/15/27	BBB+	(1)
Credit Suisse First Boston	59,100	0.27%	6M LIBOR	11/8/27	BBB+	2
Credit Suisse First Boston	925	3.455%	UK RPI	11/15/27	BBB+	(10)
Credit Suisse First Boston	925	UK RPI	3.5475%	11/15/32	BBB+	14
Credit Suisse First Boston	555	UK RPI	3.6%	11/15/42	BBB+	14
Credit Suisse First Boston	300	2.6%	3M LIBOR	11/15/43	BBB+	(1)
Credit Suisse First Boston	50	3M LIBOR	1.73%	8/31/46	BBB+	(9)
Deutsche Bank	165	EUR CPI	1.97%	3/15/47	A-	2
Credit Suisse First Boston	230	EUR CPI	1.83%	5/15/17	BBB+	(11)
Credit Suisse First Boston	225	EUR CPI	1.75%	6/15/47	BBB+	(19)
Credit Suisse First Boston	260	EUR CPI	1.88%	7/15/47	BBB+	(8)
Credit Suisse First Boston	190	UK RPI	3.46%	7/26/47	BBB+	(9)
Credit Suisse First Boston	425	1.55%	6M LIBOR	7/26/47	BBB+	(17)
Credit Suisse First Boston	135	3.48625%	UK RPI	8/15/47	BBB+	3
Credit Suisse First Boston	35	3.47%	UK RPI	9/15/47	BBB+	1
Credit Suisse First Boston	140	3.465%	UK RPI	10/15/17	BBB+	4
Credit Suisse First Boston	30,970	0.92%	6M LIBOR	11/8/47	BBB+	2
Credit Suisse First Boston	245	EUR CPI	1.92%	11/15/47	BBB+	(5)
Credit Suisse First Boston	250	EUR CPI	1.913%	11/15/47	BBB+	(6)
Credit Suisse First Boston	555	3.55%	UK RPI	11/15/47	BBB+	(20)
Credit Suisse First Boston	120	EUR CPI	1.94%	11/15/47	BBB+	(2)
Credit Suisse First Boston	135	UK RPI	3.515%	11/15/47	BBB+	1
Credit Suisse First Boston	55	3.36%	UK RPI	12/1/67	BBB+	(1)
Total Interest Rate and Credit Default Swaps	$ 408,611					$ (70)
Grand Total Interest Rate and Credit Default Swaps	$ 5,108,515					$ (673)

US CPI – United States Consumer Price Index
CPURN – Consumer Price Index Urban Consumers
EUR CPI – European Consumer Price Index
UK RPI – United Kingdom Retail Price Index
EURO LIBOR – European LIBOR
STBOR – Stockholm Interbank Offered Rate
BBR – New Zealand Base Bank Rate

Utah Retirement Systems
(pension trust and defined contribution plans)
Real Estate Portfolio Interest Swaps
At December 31, 2017
(dollars expressed in thousands)

	Defined Benefit					
	Notional Amount	URS Rate	Counterparty Rate	Maturity Date	Credit Rating	Fair Value
Morgan Stanley	$ 4,486	4.690%	1M LIBOR	3/1/18	BBB+	$ (36)
Morgan Stanley	71,700	4.720%	1M LIBOR	10/1/20	BBB+	(5,481)
Morgan Stanley	43,660	5.294%	1M LIBOR	11/1/21	BBB+	(5,410)
Total Real Estate Swaps	$ 119,846					$ (10,927)

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, 2017, if all counterparties fail to perform as contracted, was $8.673 million. Derivative credit risk at fair value is shown in the table below.

Utah Retirement Systems
(pension trust and defined contribution plans)
Credit Risk Derivatives at Fair Value
At December 31, 2017
(expressed in thousands)

Quality Rating	Forwards	Options	Swaps	Total
AA-	$ (749)	$ —	$ —	$ (749)
A+	(608)	644	—	36
A	(5,455)	—	—	(5,455)
A-	(2,957)	3,350	(210)	183
BBB+	(4,690)	(1,360)	(25)	(6,075)
BBB	(139)	380	(407)	(166)
BBB-	(517)	—	—	(517)
NA	—	1,030	—	1,030
Total Subject to Credit Risk	$ (15,115)	$ 4,044	$ (642)	$ (11,713)

This maximum exposure is reduced by $5.271 million of liabilities, resulting in $3.402 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, 2017, the counterparties' credit ratings for currency forwards, options, and swaps are subject to credit risk.

URS Defined Contribution Plans members are able to participate in 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, 2017, was $904.997 million and the market value was $913.844 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, 2017
(dollars expressed in thousands)

	1–5 Yr. Government/Credit Bond				Intermediate Government/Credit Bond				MetLife Separate Account				Total Underlying Investments	
	Fair Value	Market Value	Duration	Credit Rating	Fair Value	Market Value	Duration	Credit Rating	Fair Value	Market Value	Duration	Credit Rating	Fair Value	Market Value
Asset–backed Securities.....	$ 75,106	$ 75,023	0.96	AAA	$ 33,251	$ 33,901	1.07	AAA	$ 37,868	$ 38,646	1.08	AAA	$146,225	$147,570
Agencies.....	48,029	47,976	3.14	AA+	27,515	28,053	2.87	AA+	17,105	17,457	2.27	AA+	92,649	93,486
Corporates.....	148,069	147,904	3.57	A-	96,704	98,595	4.64	A-	68,135	69,535	1.70	A-	312,908	316,034
Government Mortgage – backed Securities .	56,690	56,627	3.32	AA+	23,719	24,183	3.23	AA+	5,486	5,599	2.47	AA+	85,895	86,409
U.S. Treasuries.....	48,073	48,020	2.52	AAA	55,390	56,473	7.41	AA+	24,763	25,271	2.57	AA+	128,226	129,764
Commercial Mortgage – backed Securities .	50,523	50,467	1.35	AA+	35,468	36,161	1.43	AAA	33,163	33,844	1.30	AA+	119,154	120,472
Cash.....	10,936	10,923	—	—	5,043	5,142	—	—	3,961	4,044	—	—	19,940	20,109
Total	$437,426	$436,940			$277,090	$282,508			$190,481	$194,396			$904,997	$913,844

Utah Retirement Systems
(pension trust and defined contribution plans)
Wrap Contracts
At December 31, 2017
(dollars expressed in thousands)

Contract Issuer	Fair Value	Market Value	Rate	Duration	Quality Ratings
American General.....	$ 61,799	$ 61,791	2.03%	2.45	A+
Lincoln National Life	116,032	115,862	1.99%	2.45	AA-
MetLife.....	190,481	194,396	1.71%	1.68	AA-
Transamerica	57,909	57,922	2.12%	2.45	AA-
Transamerica	126,752	129,211	2.72%	3.80	AA-
Pacific Life	201,686	201,365	2.03%	2.45	AA-
Royal Bank of Canada.....	150,338	153,297	2.37%	3.80	AA-
Subtotal Wrap Contracts.....	904,997	913,844			
Merrill Lynch Repurchase	47,079	47,079			
Total.....	$ 952,076	$ 960,923			

Trust Lands

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, 2018, Trust Lands had the following exposure types classified within Derivative Financial Instruments: Equity Rights/Warrants, Currency Forwards, Options, Swaps, and Futures as shown in the table below.

Trust Lands
(permanent fund)
Derivative Financial Instruments
June 30, 2018
(*expressed in thousands)*

Risk Type	Notional Market Value Gross	Notional Market Value Asset	Notional Market Value Liability	Earnings
Equity Rights/Warrants	$ 482	$ 38	$ —	$ 101
Currency Forwards	—	—	—	(118)
Options	—	—	—	110
SWAPs	7,600	236	(227)	(1,825)
Futures	5,036	—	—	(44)
Total	$ 13,118	$ 274	$ (227)	$ (1,776)

Equity Rights are rights given to existing stockholders to purchase newly issued shares in proportion to their holdings at a specific date. Equity Warrants are certificates entitling the holder to acquire shares of stock at a certain price within a stated period. Warrants often are made part of the issuance of bonds or preferred or common stock. The balances of equity rights/warrants are included in the Statements of Changes in Net Position.

Currency forwards represent forward foreign exchange contracts that are entered into in order to hedge the exposure to changes in foreign currency exchange rates on the foreign currency denominated portfolio holdings. A forward foreign exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net realized gains or losses on foreign currency related transactions in the Statements of Changes in Net Position.

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. Trust Lands has exposure to Options related to Interest Rates and Swaps. As a writer of financial options through external investment manager portfolios (as authorized), Trust Lands receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options through external investment manager portfolios (as authorized), Trust Lands pays a premium at the outset of the agreement and the counter-party bears the risk of an unfavorable change in the price of the financial instrument underlying the option. 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.

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

Student Assistance Program

The following are disclosures for derivative 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
June 30, 2018 Notional Amount	$211,800,000
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, 2018	Fair Value June 30, 2017	Change in Fair Value
Interest Rate Exchange	$ 3,618	$ 13,137	$ (9,519)

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

Fiscal Year	Counterparty Swap Payment To	Counterparty Swap Payment From	Counterparty Swap Payment Net	Interest Payments to Bondholders	Total Payments
2019	$ (7,762)	$ 9,748	$ 1,986	$ (9,748)	$ (7,762)
2020	(6,203)	7,790	1,587	(7,790)	(6,203)
2021	(4,961)	6,230	1,269	(6,230)	(4,961)
2022	(3,193)	4,010	817	(4,010)	(3,193)
2023	(1,585)	1,990	405	(1,990)	(1,585)
2024	(193)	242	49	(242)	(193)
Total ..	$(23,897)	$30,010	$ 6,113	$ (30,010)	$ (23,897)

Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair value was calculated using information obtained from generally recognized sources with respect to quotations, reporting of specific transactions and market conditions and based on accepted industry standards and methodologies. The swap agreement is considered to be Level 3 for GASB Statement 72 purposes (the different levels are discussed in Note 3.A.

Credit Risk – The risk of a change in the credit quality or credit rating of the Board and/or its counterparty. The counterparty's long-term ratings are "Aa2/Aa2", "AA-/A+" and "AA/AA-" by Moody's Investors Service, Standard & Poor's, and Fitch Ratings, respectively.

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

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

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

Basis Risk – The risk that arises when variable rates or prices of a swap agreement and a hedged item are based on different interest rate indexes. Because the swap agreement requires the Board to pay a variable rate to the counterparty, and the Board is receiving a fixed-rate payment in return, basis risk is not applicable.

Termination Risk – The risk that the swap must be terminated prior to its stated final cash flow date. Purposes for termination include the deterioration of the Board's own credit and the inability of the Board to obtain a replacement transaction with substantially similar terms. In such a circumstance, the Board would owe, or be owed, a termination payment. No termination events related to the swap agreement have occurred as of June 30, 2018.

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, 2018, are shown in the table on the following page:

Utah Public Treasurers' Investment Fund
Statement of Net Position
June 30, 2018
(dollars expressed in thousands)

Assets	
Cash and Cash Equivalents	$ 346,629
Investments	$ 14,265,979
Accounts Receivable	17,069
Total Assets	14,629,677
Liabilities	
Accounts Payable	26,125
Net Position	
External Participant Account Balances:	
External Participants	9,485,802
Unrealized Gains/(Losses)	4,414
Total External Participants	9,490,216
Internal Participant Account Balances:	
Primary Government	4,447,961
Discrete Component Units	662,997
Unrealized Gains/(Losses)	2,378
Total Internal Participants	$ 5,113,336
Total Net Position	$ 14,603,552
Participant Account Balance Net Position Valuation Factor	1.00378796

Utah Public Treasurers' Investment Fund
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2018
(*expressed in thousands*)

Additions	
Pool Participant Deposits	$ 13,763,766
Investment Income:	
Investment Earnings	261,178
Fair Value Increases (Decreases)	(7,489)
Total Investment Income	253,689
Less Administrative Expenses	(654)
Net Investment Income	253,035
Total Additions	14,016,801
Deductions	
Pool Participant Withdrawals	12,589,567
Earnings Distributions	260,524
Total Deductions	12,850,091
Net Increase/(Decrease) From Operations	1,166,710
Net Position	
Beginning of Year	13,436,842
Net Position – End of Year	$ 14,603,552

Utah Public Treasurers' Investment Fund
Portfolio Statistics
At June 30, 2018

	Range of Yields	Weighted Average Maturity
Money Market Mutual Funds	1.77 – 2.03%	2.00 days
Certificates of Deposit – Negotiable	2.57%	40.00 days
Corporate Bonds and Notes	1.30 – 3.53%	53.21 days
Commercial Paper	1.70 – 2.35%	47.66 days
Repurchase Agreements	1.78%	2.00 days
	Weighted Average Yield	**Average Adjusted Maturity**
Total Investment Fund	2.53%	52.06 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, 2018, were $43.115 million. Of those, $42.115 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, 2018, for the PTIF:

Utah Public Treasurers' Investment Fund
Investments Measured at Fair Value
At June 30, 2018
(*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	$ 12,757,702	$ —	$ 12,757,702	$ —
Negotiable Certificates of Deposit	50,018	—	50,018	—
Money Market Mutual Funds	95,728	95,728	—	—
Commercial Paper	1,508,829	—	1,508,829	—
Repurchase Agreement: U.S. Agency - full faith	75,000	75,000	—	—
Repurchase Agreement: U.S. Agencies	25,000	25,000	—	—
Total Debt Securities	$ 14,512,277	$ 195,728	$ 14,316,549	$ 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;
- Negotiable Certificates of Deposit and Commercial Paper are valued using quoted prices for identical or similar securities in markets that are not active.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The PTIF's policy for managing interest rate risk is to comply with the State's Money Management Act. See Note 3 for information on requirements of the Act related to interest rate risk.

The majority of the PTIF's corporate debt securities are variable-rate securities, most of which reset every three months to the market interest rate. Because these securities frequently re-price to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date. In the table below, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

The PTIF follows the Money Management Act by investing only in securities authorized in the Act. See Note 3 for information on authorized investments.

The PTIF investments at June 30, 2018, are presented on the following table.

Utah Public Treasurers' Investment Fund
At June 30, 2018
(*expressed in thousands*)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1 – 5
Debt Securities			
Corporate Bonds and Notes	$ 12,757,702	$ 4,025,432	$ 8,732,270
Negotiable Certificates of Deposit	50,018	50,018	—
Money Market Mutual Funds	95,728	95,728	—
Commercial Paper	1,508,829	1,508,829	—
Repurchase Agreement: U.S. Agency - full faith	75,000	75,000	—
Repurchase Agreement: U.S. Agencies	25,000	25,000	—
Total Debt Securities Investments	$ 14,512,277	$ 5,780,007	$ 8,732,270

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

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB	A1*	Not Rated
Corporate Bonds and Notes	$ 12,757,702	$ 72,080	$ 1,489,446	$ 9,932,166	$ 1,264,010	$ —	$ —
Negotiable Certificates of Deposit	$ 50,018	$ —	$ 50,018	$ —	$ —	$ —	$ —
Money Market Mutual Funds	$ 95,728	$ —	$ —	$ —	$ —	$ —	$ 95,728
Commercial Paper	$ 1,508,829	$ —	$ —	$ —	$ —	$ 1,508,829	$ —
Repurchase Agreement: U.S. Agencies	$ 25,000	$ 25,000	$ —	$ —	$ —	$ —	$ —

* A1 is Commercial Paper Rating

Custodial Credit Risk

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

The PTIF's investments at June 30, 2018, 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, 2018, with more than 5 percent of the total investments in a single issuer.

NOTE 5. RECEIVABLES

Accounts receivable balances are an aggregation of amounts due from the federal government, customers, and others. Receivables from customers include charges for services to local governments, fees and fines issued by the courts and corrections, employer contributions for unemployment benefits, and receivables as a result of overpayments to individuals receiving state assistance.

The majority of receivables for Trust Lands (permanent fund) represent unsettled trades from brokers, dealers, and clearing organizations.
Receivables for Fiduciary Funds listed below represent amounts due from fiduciary funds that were reclassified as external receivables on the government-wide Statement of Net Position. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Position.

Aggregated receivables for major and nonmajor discrete component units at June 30, 2018, were $828.540 million and $108.225 million, respectively. These receivables are net of an allowance for doubtful accounts of $355.686 million and $12.244 million, respectively.

Receivables as of June 30, 2018, consisted of the following (in thousands):

	Accounts Receivable					
	Federal	Customer	Other	Interest	Taxes	Notes/Mortgages
Governmental Activities:						
General Fund	$ 297,305	$ 218,510	$ 73,382	$ 97	$ 357,257	$ 2,409
Education Fund	159,908	45	842	113	1,187,296	13,781
Transportation Fund	80,558	5,888	5,667	—	69,003	—
Transportation Investment Fund	—	—	—	—	69,951	—
Trust Lands Fund	—	—	13,390	236	—	1,967
Nonmajor Funds	—	28,658	—	23	449	—
Internal Service Funds	—	6,639	—	—	—	—
Adjustments:						
Fiduciary Funds	—	—	208	—	—	—
Total Receivables	537,771	259,740	93,489	469	1,683,956	18,157
Less Allowance for Uncollectibles:						
General Fund	—	(65,918)	—	—	(14,948)	(1,508)
Education Fund	—	—	—	—	(196,407)	—
Transportation Fund	—	(200)	—	—	(1,261)	—
Transportation Investment Fund	—	—	—	—	(3,458)	—
Nonmajor Funds	—	—	—	—	(1)	—
Receivables, net	537,771	193,622	93,489	469	1,467,881	16,649
Current Receivables	537,771	156,399	87,045	469	1,307,811	3,134
Noncurrent Receivables	—	37,223	6,444	—	160,070	13,515
Total Receivables, net	$ 537,771	$ 193,622	$ 93,489	$ 469	$ 1,467,881	$ 16,649
Business-type Activities:						
Student Assistance Programs	$ 3,366	$ 5,778	$ 337	$ 35,744	$ —	$ 1,647,717
Unemployment Compensation	113	110,305	—	—	—	—
Water Loan Programs	1,074	235	—	8,373	4,551	663,138
Community Impact Loan Fund	—	—	—	4,854	—	462,207
Nonmajor Funds	5,488	6,827	—	3,561	—	174,672
Total Receivables	10,041	123,145	337	52,532	4,551	2,947,734
Less Allowance for Uncollectibles:						
Student Assistance Programs	—	—	—	—	—	(7,791)
Unemployment Compensation	—	(48,951)	—	—	—	—
Total Receivables, net	$ 10,041	$ 74,194	$ 337	$ 52,532	$ 4,551	$ 2,939,943

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2018, consisted of the following (in thousands):

	Salaries/ Benefits	Service Providers	Vendors/ Other	Government	Tax Refunds/ Credits	Interest	Total
Governmental Activities:							
General Fund	$ 57,420	$ 270,310	$ 50,368	$ 115,618	$ 10,746	$ —	$ 504,462
Education Fund	1,285	373	25,685	174,145	68,962	—	270,450
Transportation Fund	5,814	5	152,647	48,526	1,116	—	208,108
Trust Lands Fund	—	—	6,404	685	—	900	7,989
Nonmajor Governmental Funds	291	—	66,678	5,030	424	52,387	124,810
Internal Service Funds	5,051	—	14,659	682	—	—	20,392
Adjustments:							
Fiduciary Funds	—	—	—	306	—	—	306
Other	—	—	—	—	—	1,344	1,344
Total Governmental Activities	$ 69,861	$ 270,688	$ 316,441	$ 344,992	$ 81,248	$ 54,631	$ 1,137,861
Business-type Activities:							
Student Assistance Programs	$ 2,269	$ —	$ 5,131	$ 10,715	$ —	$ 2,878	$ 20,993
Unemployment Compensation Fund	—	2,877	—	58	—	—	2,935
Water Loan Programs	—	—	707	—	—	—	707
Nonmajor Enterprise Funds	2,176	3,211	13,028	—	66	484	18,965
Total Business-type Activities	$ 4,445	$ 6,088	$ 18,866	$ 10,773	$ 66	$ 3,362	$ 43,600

Accounts payable and accrued liability balances are an aggregation of amounts due to: (***1***) state employees for salaries/benefits; (***2***) service providers for childcare, job and health services; (***3***) vendors, miscellaneous suppliers, brokers, dealers, and clearing organizations for unsettled investment trades (Trust Lands Fund); (***4***) local and federal governments for services; (***5***) individuals and others as a result of tax overpayments or credits issued; and (***6***) interest due on bonds and other obligations.

Adjustments for fiduciary funds listed above represent amounts due to fiduciary funds that were reclassified as external payables on the government-wide Statement of Net Position. Other adjustments are due to differences in the presentation and the basis of accounting between the fund financial statements and the government-wide Statement of Net Position.

(Notes continue on next page.)

NOTE 7. INTERFUND BALANCES AND LOANS

Interfund Balances

Interfund balances at June 30, 2018, consisted of the following (in thousands):

Due to General Fund from:		
Education Fund	$	694
Transportation Fund		1,515
Nonmajor Governmental Funds		2,323
Unemployment Compensation Fund		6,528
Water Loan Programs		105
Nonmajor Enterprise Funds		35,183
Internal Service Funds		3,068
Fiduciary Funds		73
Total due to General Fund from other funds	$	49,489
Due to Education Fund from:		
General Fund	$	5,474
Unemployment Compensation Fund		264
Nonmajor Enterprise Funds		2
Internal Service Funds		6
Total due to Education Fund from other funds	$	5,746
Due to Transportation Fund from:		
General Fund	$	90
Education Fund		10
Internal Service Funds		72
Total due to Transportation Fund from other funds	$	172
Due to Trust Lands from:		
Nonmajor Enterprise Funds	$	1,777
Total due to Trust Lands from other fund	$	1,777
Due to Nonmajor Governmental Funds from:		
General Fund	$	3,198
Education Fund		206
Transportation Fund		11
Internal Service Funds		53
Fiduciary Funds		120
Total due to Nonmajor Governmental Funds from other funds	$	3,588
Due to Water Loan Programs from:		
General Fund	$	200
Nonmajor Governmental Funds		11,955
Total due to Water Loan Programs from other funds	$	12,155
Due to Nonmajor Enterprise Funds from:		
General Fund	$	355
Education Fund		20
Transportation Fund		48
Nonmajor Governmental Funds		20,750
Internal Service Funds		63
Total due to Nonmajor Enterprise Funds from other funds	$	21,236
Due to Internal Service Funds from:		
General Fund	$	22,954
Education Fund		171
Transportation Fund		3,062
Nonmajor Governmental Funds		529
Nonmajor Enterprise Funds		1,079
Internal Service Funds		42
Fiduciary Funds		15
Total due to Internal Service Funds from other funds	$	27,852
Due to Fiduciary Funds from:		
General Fund	$	152
Education Fund		7
Nonmajor Governmental Funds		147
Total due to Fiduciary Funds from other funds	$	306
Total Due to/Due froms	$	122,321

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, 2018, interfund loans receivable/payable balances consist of $34.240 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of $34.240 million includes $14.950 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, 2018, was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	$ 1,956,344	$ 98,922	$ (9,815)	$ 2,045,451
Infrastructure	14,101,999	377,417	(107,463)	14,371,953
Construction in Progress	1,023,877	857,239	(649,469)	1,231,647
Total Capital Assets Not Depreciated/Amortized	17,082,220	1,333,578	(766,747)	17,649,051
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	2,142,446	54,548	(711)	2,196,283
Infrastructure	71,284	3,536	(291)	74,529
Machinery and Equipment	550,879	49,799	(39,398)	561,280
Intangible Assets–Software	284,843	17,733	(2,720)	299,856
Total Capital Assets Depreciated/Amortized	3,049,452	125,616	(43,120)	3,131,948
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(899,332)	(61,285)	691	(959,926)
Infrastructure	(33,839)	(2,573)	221	(36,191)
Machinery and Equipment	(365,810)	(31,796)	33,651	(363,955)
Intangible Assets–Software	(177,919)	(33,535)	2,483	(208,971)
Total Accumulated Depreciation/Amortization	(1,476,900)	(129,189)	37,046	(1,569,043)
Total Capital Assets Depreciated/Amortized, Net	1,572,552	(3,573)	(6,074)	1,562,905
Capital Assets, Net	$ 18,654,772	$ 1,330,005	$ (772,821)	$ 19,211,956
Business-type Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	$ 24,727	$ 1,250	$ (32)	$ 25,945
Construction in Progress	217	2,384	(1,497)	1,104
Total Capital Assets Not Depreciated/Amortized	24,944	3,634	(1,529)	27,049
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	95,487	2,593	—	98,080
Infrastructure	430	—	—	430
Machinery and Equipment	17,844	1,217	(642)	18,419
Intangible Assets–Software	3,781	—	—	3,781
Total Capital Assets Depreciated/Amortized	117,542	3,810	(642)	120,710
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(35,382)	(3,234)	—	(38,616)
Infrastructure	(136)	(13)	—	(149)
Machinery and Equipment	(13,355)	(855)	574	(13,636)
Intangible Assets–Software	(2,166)	(413)	—	(2,579)
Total Accumulated Depreciation/Amortization	(51,039)	(4,515)	574	(54,980)
Total Capital Assets Depreciated/Amortized, Net	66,503	(705)	(68)	65,730
Capital Assets, Net	$ 91,447	$ 2,929	$ (1,597)	$ 92,779

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 2018, $221.071 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	$ 17,718
Human Services and Juvenile Justice Services	9,444
Corrections	6,784
Public Safety	18,580
Courts	7,061
Health and Environmental Quality	6,236
Employment and Family Services	17,202
Natural Resources	10,145
Heritage and Arts	568
Business, Labor, and Agriculture	1,347
Public Education	491
Transportation	15,214
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided	18,399
Total Depreciation Expense	$ 129,189

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	$ —	$ 56,280	$ 42,271	$ 147,763	$ 246,314
Art and Special Collections	—	80,235	37,219	10,172	127,626
Construction in Progress	—	423,129	46,510	52,108	521,747
Total Capital Assets Not Depreciated/Amortized	0	559,644	126,000	210,043	895,687
Capital Assets Depreciated/Amortized:					
Building and Improvements	—	3,590,483	1,158,400	2,086,328	6,835,211
Infrastructure	—	442,587	—	115,981	558,568
Machinery and Equipment	541	1,323,965	270,893	305,366	1,900,765
Total Capital Assets Depreciated/Amortized	541	5,357,035	1,429,293	2,507,675	9,294,544
Less Accumulated Depreciation/Amortization	(384)	(2,592,973)	(643,834)	(996,525)	(4,233,716)
Total Capital Assets Depreciated/Amortized, Net	157	2,764,062	785,459	1,511,150	5,060,828
Discrete Component Units – Capital Assets, Net	$ 157	$ 3,323,706	$ 911,459	$ 1,721,193	$ 5,956,515

NOTE 9. LEASE COMMITMENTS

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

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

The primary government's capital lease payments and adjustments were $2.189 million in principal and $752 thousand in interest for fiscal year 2018. As of June 30, 2018, the historical cost of the primary government's assets acquired through capital leases was $55.832 million of which $55.063 million was buildings and land and $769 thousand was equipment and other depreciable assets. As of June 30, 2018, the accumulated depreciation of the primary government's assets acquired through capital leases was $17.768 million of which $16.999 million was buildings and $769 thousand was equipment and other depreciable assets. Of the $197.065 million in discrete component unit present value of future minimum lease payments noted below, $86.445 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 2018 were $37.617 million for the primary government and $33.618 million for discrete component units. For fiscal year 2017, the operating lease expenditures were $29.694 million for the primary government and $32.130 million for discrete component units. Future minimum lease commitments for non-cancellable operating leases and capital leases as of June 30, 2018, were as follows:

Future Minimum Lease Commitments
Operating Leases
(expressed in thousands)

Fiscal Year	Primary Government	Discrete Component Units
2019	$ 20,093	$ 40,640
2020	18,259	30,237
2021	14,912	27,090
2022	12,349	22,605
2023	9,498	19,391
2024-2028	16,221	65,672
2029-2033	1,195	15,687
2034-2038	1,190	9,010
2039-2043	874	4,547
2044-2048	10	3,725
2049-2053	10	787
2054-2058	8	54
Total Future Minimum Lease Payments	$ 94,619	$ 239,445

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
2019	$ 3,340	$ 1,059	$ 2,281	$ 25,912	$ 4,921	$ 20,991
2020	3,548	970	2,578	31,121	4,821	26,300
2021	3,586	870	2,716	30,388	4,608	25,780
2022	3,616	765	2,851	28,040	3,996	24,044
2023	3,214	653	2,561	24,216	3,420	20,796
2024-2028	10,499	2,171	8,328	60,546	11,656	48,890
2029-2033	6,079	1,284	4,795	29,061	2,489	26,572
2034-2038	4,752	735	4,017	3,548	524	3,024
2039-2043	3,222	217	3,005	684	16	668
Total	$ 41,856	$ 8,724	$ 33,132	$ 233,516	$ 36,451	$ 197,065

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2018, 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	$ 2,173,985	$ 603,925	$ (381,035)	$ 2,396,875	$ 251,315
State Building Ownership Authority Lease Revenue Bonds	225,163	28,830	(16,567)	237,426	9,670
Net Unamortized Premiums	66,423	71,360	(29,668)	108,115	24,095
Capital Leases (Note 9)	21,616	13,705	(2,189)	33,132	2,281
Notes Payable	305	—	(37)	268	41
Compensated Absences (Note 1) **	181,557	98,164	(95,216)	184,505	96,281
Claims Liability **	53,645	17,404	(13,719)	57,330	18,817
Pollution Remediation Obligation **	5,891	—	(525)	5,366	956
Settlement Obligations **	319	—	(46)	273	46
Net Pension Liability (Note 18) *	1,031,449	—	(267,696)	763,753	—
Net OPEB Liability (Note 19) *	109,618	—	(10,560)	99,058	—
Total Governmental Long-term Liabilities	$ 3,869,971	$ 833,388	$ (817,258)	$ 3,886,101	$ 403,502
Business-type Activities					
Student Assistance Revenue Bonds	$ 1,822,807	$ —	$ (315,842)	$ 1,506,965	$ 323,711
State Building Ownership Authority Lease Revenue Bonds	67,438	15,545	(5,279)	77,704	5,156
Water Loan Recapitalization Revenue Bonds	36,680	—	(5,455)	31,225	5,705
Net Unamortized Premiums/(Discounts)	(5,437)	1,099	(2,080)	(6,418)	1,582
Claims and Uninsured Liabilities	4,810	155,676	(156,121)	4,365	4,365
Notes Payable	—	635	—	635	18
Net Pension Liability (Note 18) *	17,468	—	(5,430)	12,038	—
Net OPEB Liability (Note 19) *	1,731	—	(167)	1,564	—
Total Business-type Long-term Liabilities	$ 1,945,497	$ 172,955	$ (490,374)	$ 1,628,078	$ 340,537
Discrete Component Units					
Revenue Bonds	$ 1,203,810	$ 410,230	$ (262,378)	$ 1,351,662	$ 68,556
Net Unamortized Premiums/(Discounts)	16,385	5,846	(2,263)	19,968	914
Capital Leases/Contracts Payable (Notes 9 and 10)	195,310	34,168	(26,815)	202,663	22,224
Notes Payable	106,909	409	(55,564)	51,754	6,441
Claims Liability	148,268	654,802	(653,463)	149,607	72,691
Leave/Termination Benefits (Note 1)	155,560	126,177	(117,669)	164,068	103,732
Capital Assets Held for Others	13,326	—	(403)	12,923	403
Net Pension Liability (Note 18) *	353,230	(80,213)	—	273,017	—
Net OPEB Liability (Note 19) *	1,107	—	(109)	998	—
Total Discrete Component Long-term Liabilities	$ 2,193,905	$ 1,151,419	$ (1,118,664)	$ 2,226,660	$ 274,961

* The Net Pension Liability and Net Other Postemployment Benefit (OPEB) Liability of governmental activities are liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. The changes in these liabilities are either netted as additions or reductions for this schedule since that information is not readily available for inclusion. See Note 18 and Note 19 for further information.

** Compensated Absences of governmental activities are liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. Claims Liability of governmental activities are liquidated in the Risk Management Internal Service Fund. Settlement Obligations of governmental activities are liquidated in the Crime Victim Reparation Fund (a Nonmajor Governmental Fund). The Pollution Remediation Obligations of the governmental activities are liquidated in the Environmental Reclamation Fund (a Nonmajor Governmental Fund).

Differences in Net Pension Liability – The Net Pension Liability (NPL) ending balances for governmental activities of $763.753 million and for business-type activities of $12.038 million differ from the NPL for the primary government of $781.281 million as reported in Note 18 due to the following: the NPL for Student Assistance Programs of $1.186 million and Utah Dairy Commission of $526 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 $7.280 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, 2018, the State had $788.630 million of unissued general obligation highway bond authorizations remaining, and $355.002 million of unissued general obligation building bond authorizations remaining.

During fiscal year 2018, the State issued $118.700 million Series 2017 general obligation refunding bonds to advance refund the Series 2013 general obligation highway bonds, and $485.225 million Series 2017 and 2018 general obligation bonds to fund the prison relocation and highway projects.

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, 2018
2009 A Highway Issue	03/17/09	2010 – 2018	2.00 % – 5.00 %	$ 394,360	$ 25,265
2009 C Highway/Capital Facility Issue	09/29/09	2011 – 2018	2.00 % – 5.00 %	$ 490,410	70,865
2009 D Highway Issue	09/29/09	2019, 2024	4.15 %, 4.55 %	$ 491,760	491,760
2010 B Highway Issue	09/30/10	2019 – 2025	3.19 % – 3.54 %	$ 621,980	621,980
2010 C Refunding Issue	10/21/10	2016 – 2019	4.00 % – 5.00 %	$ 172,055	114,910
2011 A Highway/Capital Facility Issue	07/06/11	2012 – 2021	2.00 % – 5.00 %	$ 609,920	175,965
2013 Highway Issue	07/30/13	2014 – 2028	3.00 % – 5.00 %	$ 226,175	71,225
2015 Refunding Issue	04/29/15	2019 – 2026	3.50 % – 5.00 %	$ 220,980	220,980
2017 Highway/Prison Issue	07/10/17	2018 – 2032	3.00 % – 5.00 %	$ 142,070	142,070
2017 Refunding Issue	12/15/17	2018 - 2028	2.21%	$ 118,700	118,700
2018 Highway/Prison Issue	02/28/18	2018 - 2032	3.13 % – 5.00 %	$ 343,155	343,155
Total General Obligation Bonds Outstanding					2,396,875
Plus Unamortized Bond Premium					101,317
Total General Obligation Bonds Payable					$ 2,498,192

General Obligation Bond Issues
Debt Service Requirements to Maturity

For the Fiscal Year Ended June 30

(*expressed in thousands*)

	Principal						
Fiscal Year	2009A Highway Bonds	2009C Highway / Capital Bonds	2009D Highway Bonds	2010B Highway Facility	2010C Refunding Bonds	2011A Highway / Capital Bonds	2013 Highway Issue
2019	$ 25,265	$ 70,865	$ —	$ —	$ 70,435	$ 43,995	$ 12,850
2020	—	—	74,145	29,470	44,475	43,990	13,525
2021	—	—	87,715	101,775	—	43,990	14,200
2022	—	—	86,740	102,480	—	43,990	14,950
2023	—	—	90,825	103,250	—	—	15,700
2024-2028	—	—	152,335	285,005	—	—	—
2029-2033	—	—	—	—	—	—	—
Total	$ 25,265	$ 70,865	$ 491,760	$ 621,980	$ 114,910	$ 175,965	$ 71,225

Continues Below

	Principal						
Fiscal Year	2015 Refunding Bonds	2017 Highway/ Prison Bonds	2017 Refunding Bonds	2018 Highway/ Prison Bonds	Total Principal Required	Total Interest Required	Total Amount Required
2019	$ —	$ 6,515	$ 1,100	$ 20,290	$ 251,315	$ 89,424	$ 340,739
2020	24,765	10,700	1,300	20,855	$ 263,225	77,602	$ 340,827
2021	—	11,225	1,300	21,925	$ 282,130	65,677	$ 347,807
2022	—	11,825	1,400	23,005	$ 284,390	53,869	$ 338,259
2023	39,290	12,400	1,400	24,180	$ 287,045	41,470	$ 328,515
2024-2028	156,925	72,280	92,500	127,880	$ 886,925	72,978	$ 959,903
2029-2033	—	17,125	19,700	105,020	$ 141,845	8,706	$ 150,551
Total	$ 220,980	$ 142,070	$ 118,700	$ 343,155	$ 2,396,875	$ 409,726	$ 2,806,601

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, 2018, are reported as a long-term liability of the governmental activities, except for $81.834 million and $1.097 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 $215.195 million of fixed-rate bonds, $87.711 million of bonds at a rate set at the 3-month LIBOR plus spread, and $1.165 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 $338.611 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 $69.063 million and $8.224 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 $180.963 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 $40.892 million and $4.735 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 $136.781 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 $29.645 million and $4.113 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 $209.165 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 $55.508 million and $5.732 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 $319.126 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 $81.428 million and $7.907 million, respectively.

The notes issued under the 2017 Trust Estate are special limited obligations of the Board, secured by and payable solely from the Trust Estate established by the indenture. The notes were issued to retire a portion of the outstanding advances from the Warehouse Facility to the Board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the notes and net revenues in the funds and accounts, and any other property pledged to the Trust Estate. The Board has pledged these assets and net revenues to repay $318.924 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 $78.214 million and $7.889 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 $3.395 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 $810 thousand and $331 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 $34.258 million. For the current year, principal and interest paid was $6.861 million and total repayment from pledged revenues was $11.067 million. Of the bonds payable outstanding at June 30, 2018, $31.225 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, 2018, 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	$1,282,085	$356,340	$233,214
Term of Commitment	Thru 2043	Thru 2050	Thru 2049
Percent of Revenue Pledged	100.00%	100.00%	100.00%
Current Year Pledged Revenue	$422,468	$54,707	$16,460
Current Year Principal and Interest Paid	$74,467	$15,614	$12,796

* 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, 2018
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000 – 2019	3.80 % – 5.50 %	$ 101,557	$ 2,025
Series 2009 E	09/09/09	2018 – 2030	4.62 % – 5.77 %	$ 89,470	85,460
Series 2010	11/30/10	2011 – 2024	2.00 % – 5.00 %	$ 24,555	12,306
Series 2011	10/25/11	2012 – 2031	2.13 % – 4.00 %	$ 5,250	2,780
Series 2012 A	11/20/12	2017 – 2027	1.50 % – 5.00 %	$ 11,755	10,005
Series 2012 B	11/20/12	2013 – 2022	1.50 % – 2.25 %	$ 9,100	2,330
Series 2015	04/29/15	2016 – 2030	3.00 % – 5.00 %	$ 785	65
Series 2016	04/05/16	2016 – 2038	2.25 % – 5.00 %	$ 93,625	93,625
Series 2017	12/15/17	2020 – 2024	5.00 %	$ 25,910	25,910
Series 2018	02/21/18	2020 – 2039	3.00 % – 5.00 %	$ 2,920	2,920
Total Lease Revenue Bonds Outstanding					237,426
Plus Unamortized Bond Premium					6,798
Total Lease Revenue Bonds Payable					$ 244,224

Business-type Activities
(dollars expressed in thousands)

Student Assistance Programs:					
1993 Trust Estate Student Loan Indentures	1999 – 2011	2030 – 2046	Variable and Fixed	$ 1,337,655	$ 338,611
2012 Trust Estate Student Loan Indentures	2012	2032	Variable	$ 518,700	180,963
2014 Trust Estate Student Loan Indentures	2014	2039	Variable	$ 277,000	136,781
2015 Trust Estate Student Loan Indentures	2015	2043	Variable	$ 415,500	209,165
2016 Trust Estate Student Loan Indentures	2016	2057	Variable	$ 452,250	319,126
2017 Trust Estate Student Loan Indentures	2017	2057	Variable	$ 420,000	318,924
SLPP Office Facility Bond Fund	2012	2014 – 2024	2.00 % – 5.00 %	$ 7,295	3,395
Total Revenue Bonds Outstanding					1,506,965
Plus Unamortized Bond Discount					(11,645)
Total Revenue Bonds Payable					$ 1,495,320
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000 – 2019	3.80 % – 5.50 %	$ 3,543	$ 85
Series 2009 A	03/25/09	2011 – 2019	3.00 % – 5.00 %	$ 25,505	1,125
Series 2009 B	09/09/09	2012 – 2019	3.00 % – 5.00 %	$ 8,455	1,240
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	6,769
Series 2012 A	11/20/12	2017 – 2027	1.50 % – 5.00 %	$ 3,855	3,610
Series 2012 B	11/20/12	2013 – 2022	1.50 % – 2.25 %	$ 2,600	540
Series 2015	04/29/15	2016 – 2030	3.00 % – 5.00 %	$ 29,230	27,700
Series 2016	04/05/16	2016 – 2038	2.25 % – 5.00 %	$ 4,525	4,375
Series 2018	02/21/18	2020 – 2039	3.00 % – 5.00 %	$ 15,545	15,545
Total Lease Revenue Bonds Outstanding					77,704
Plus Unamortized Bond Premium					5,227
Total Lease Revenue Bonds Payable					$ 82,931
Water Loan Programs:					
Series 2010 C Recapitalization Revenue Bonds	02/23/10	2018 – 2022	4.19 % – 4.79 %	$ 31,225	$ 31,225
Total Recapitalization Revenue Bonds Outstanding					31,225
Plus Unamortized Bond Premium					0
Total Recapitalization Revenue Bonds Payable					$ 31,225
Total Revenue/Lease Revenue/Recapitalization Revenue Bonds Payable					$ 1,853,700

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

Fiscal Year	Principal							
	1993 Trust Estate Student Loan Indentures	2012 Trust Estate Student Loan Indentures	2014 Trust Estate Student Loan Indentures	2015 Trust Estate Student Loan Indentures	2016 Trust Estate Student Loan Indentures	2017 Trust Estate Student Loan Indentures	SLPP Office Facility Bond Fund	1998 Utah State Building Ownership Authority
2019	$ 58,400	$ 29,949	$ 19,811	$ 44,776	$ 85,543	$ 84,531	$ 700	$ 2,110
2020	76,700	29,734	19,447	43,127	73,944	72,506	715	—
2021	48,500	27,212	18,265	30,209	55,015	55,411	725	—
2022	47,800	19,323	14,070	27,860	51,600	51,521	765	—
2023	39,063	19,405	14,180	26,532	48,420	46,453	240	—
2024-2028	68,148	55,340	51,008	36,661	4,604	8,502	250	—
2029-2033	—	—	—	—	—	—	—	—
2034-2038	—	—	—	—	—	—	—	—
2039-2043	—	—	—	—	—	—	—	—
Total	$ 338,611	$ 180,963	$ 136,781	$ 209,165	$ 319,126	$ 318,924	$ 3,395	$ 2,110

Continues Below

Fiscal Year	Principal							
	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
2019	$ 1,125	$ 1,240	$ —	$ —	$ 3,510	$ 405	$ 1,445	$ 985
2020	—	—	1,305	5,295	2,995	415	1,490	1,005
2021	—	—	1,370	5,555	3,145	430	1,555	665
2022	—	—	1,445	5,830	3,275	440	1,630	215
2023	—	—	1,520	5,395	3,445	455	1,710	—
2024-2028	—	—	8,960	40,155	2,705	375	5,785	—
2029-2033	—	—	2,115	23,230	—	260	—	—
2034-2038	—	—	—	—	—	—	—	—
2039-2043	—	—	—	—	—	—	—	—
Total	$ 1,125	$ 1,240	$ 16,715	$ 85,460	$ 19,075	$ 2,780	$ 13,615	$ 2,870

Continues Below

Fiscal Year	Principal							
	2015 Utah State Building Ownership Authority	2016 Utah State Building Ownership Authority	2017 Utah State Building Ownership Authority	2018 Utah State Building Ownership Authority	2010C Water Loan Recap Revolving Program	Total Principal Amount Required	Total Interest Amount Required	Total Amount Required
2019	$ 705	$ 3,300	$ —	$ —	$ 5,705	$ 344,240	$ 54,880	399,120
2020	1,910	3,475	4,805	590	5,955	345,413	43,773	389,186
2021	2,020	3,625	5,120	610	6,220	265,652	34,613	300,265
2022	2,115	3,800	5,460	645	6,515	244,309	26,350	270,659
2023	2,220	4,025	5,085	675	6,830	225,653	18,664	244,317
2024-2028	15,210	22,850	5,440	3,940	—	329,933	41,425	371,358
2029-2033	3,585	26,525	—	4,870	—	60,585	11,239	71,824
2034-2038	—	30,400	—	5,845	—	36,245	3,724	39,969
2039-2043	—	—	—	1,290	—	1,290	45	1,335
Total	$ 27,765	$ 98,000	$ 25,910	$ 18,465	$ 31,225	$ 1,853,320	$ 234,713	2,088,033

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

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2018
University of Utah Revenue Bonds	1998 – 2017	2018 – 2043	1.5 - 6.28%	$ 1,357,270	$ 947,789
Utah State University Revenue Bonds	2007 – 2016	2005 – 2050	1.03 - 5.25%	$ 300,811	231,451
Nonmajor Component Units Revenue Bonds	2004 – 2018	2013 – 2049	1.63 – 6.00 %	$ 211,040	172,422
Total Revenue Bonds Outstanding					1,351,662
Plus Unamortized Bond Premium					19,968
Total Revenue Bonds Payable					$ 1,371,630

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

	Principal					
Fiscal Year	University of Utah	Utah State University	Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
2019	$ 53,082	$ 6,701	$ 8,773	$ 68,556	$ 56,150	$ 124,706
2020	56,690	6,838	8,896	72,424	53,735	126,159
2021	56,098	7,660	9,203	72,961	50,795	123,756
2022	58,983	7,993	9,177	76,153	47,950	124,103
2023	64,580	8,351	9,929	82,860	44,698	127,558
2024-2028	321,202	45,743	48,726	415,671	163,694	579,365
2029-2033	215,938	45,535	39,608	301,081	80,081	381,162
2034-2038	103,596	40,965	16,245	160,806	32,732	193,538
2039-2043	17,602	32,855	10,185	60,642	12,846	73,488
2044-2048	18	25,360	9,365	34,743	4,210	38,953
2049-2053	—	3,450	2,315	5,765	287	6,052
Total	$ 947,789	$ 231,451	$ 172,422	$ 1,351,662	$ 547,178	$ 1,898,840

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, 2018, is $324.444 million in tax-exempt conduit debt.

E. Defeased Bonds and Bond Refunding

The State issued on December 12, 2017, $118.700 million General Obligation Refunding Bonds Series 2017 to advance refund $109.500 million General Obligation Bonds. $118.495 million of principal amount of the refunding bonds were paid to an escrow agent to be placed in an irrevocable trust account to provide for the debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Position.

The advance refunding transaction resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $4.718 million. This difference, reported in the Statement of Net Position as a deferred outflow of resources, is being charged to operations through fiscal year 2029, using the bonds outstanding method, which approximates the effective interest method. The refunding reduced the State's aggregate debt service payments by $5.949 million over 11 years and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $5.215 million.

The State issued on December 28, 2017, $25.910 million Lease Revenue Crossover Refunding Bonds to refund $27.770 million of the $85.460 million remaining 2009E Huntsman Cancer Hospital Expansion Lease Revenue bonds. While the 2017 Crossover Refunding Bond proceeds have been placed in escrow, they are still considered outstanding and the State remains responsible for continuing to pay debt service on both the 2017 Crossover Refunding Bonds and the 2009E bonds until the crossover date of May 15, 2019, at which time the refunded 2009E issues will be considered defeased.

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, 2018, the total amount outstanding of defeased general obligation bonds was $483.695 million. At June 30, 2018, the total amount outstanding of defeased revenue bonds was $16.985 million.

During fiscal year 2018, the University of Utah (major discrete component unit) issued two General Revenue Refunding Bonds. Series 2017A was issued to partially refund a portion of the Series 2013A General Revenue bonds. Series 2017B was also issued to partially refund a portion of the University's Hospital Revenue and

Refunding Bonds Series 2011A; General Revenue and Refunding Bonds Series 2014B; and General Revenue and Refunding Bonds Series 2015A-1. The refunding activity had limited impact on the retirement period, but did result in a decrease of aggregate debt service payments of $107 thousand and a present value economic gain of approximately $71 thousand.

During fiscal year 2018, Utah State University (major discrete component unit) issued Student Building Fee Revenue Refunding Bonds Series 2017 to partially refund a portion of the University's Student Building Fee Revenue Bonds Series 2013B. This refunding resulted in an increase of $4.833 million in the net carrying amount of the refunded debt, a reduction in the future debt service payments of $8.174 million, and an economic gain (difference between the present value of the old and new debt service payments) of $2.806 million.

In prior years, discrete component units defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the component unit column on the Statement of Net Position. At June 30, 2018, $442.086 million of college and university bonds outstanding are considered defeased.

F. Contracts Payable

Discrete component units capital leases/contracts payable include $5.600 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, 2018, the liability is $5.366 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 15 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
2019	$ 2,848	$ 2,349	$ 1,244	$ 6,441	$ 2,329	$ 8,770
2020	2,927	2,205	1,323	6,455	2,028	8,483
2021	2,411	2,204	1,371	5,986	1,758	7,744
2022	2,298	1,831	1,423	5,552	1,510	7,062
2023	2,341	1,241	2,626	6,208	2,098	8,306
2024-2028	13,843	1,449	3,872	19,164	3,195	22,359
2029-2033	797	52	1,099	1,948	82	2,030
Total	$ 27,465	$ 11,331	$ 12,958	$ 51,754	$ 13,000	$ 64,754

I. Debt Service Requirements for Derivatives

Business-type Activities

As explained in Note 3.F., the Student Assistance Programs (major enterprise fund) Board had issued on December 30, 2010, the Series 2010 EE bonds for the purpose of refinancing certain outstanding bonds in the 1993 indentures. As part of this issuance, the Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds. The projected net cash flows of the swap agreement are summarized below.

Student Assistance Programs
Swap Payments and Associated Debt
For Fiscal Years Ending June 30
(*expressed in thousands*)

Fiscal Year	Counterparty Swap Payment: To	Counterparty Swap Payment: From	Counterparty Swap Payment: Net	Interest Payments to Bondholders	Total Payments
2019	$ (7,762)	$ 9,748	$ 1,986	$ (9,748)	$ (7,762)
2020	(6,203)	7,790	1,587	(7,790)	(6,203)
2021	(4,961)	6,230	1,269	(6,230)	(4,961)
2022	(3,193)	4,010	817	(4,010)	(3,193)
2023	(1,585)	1,990	405	(1,990)	(1,585)
2024	(193)	242	49	(242)	(193)
Total	$ (23,897)	$ 30,010	$ 6,113	$ (30,010)	$ (23,897)

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, 2018, 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	$ 19,827	$ 3,323	$ 24,047
Relating to Pensions	439,150	8,690	152,316
Relating to Other Postemployment Benefits	9,031	149	101
Total Deferred Outflows	$ 468,008	$ 12,162	$ 176,464
Deferred Inflows:			
Deferred Revenue	$ 7,512	$ —	$ 1,007
Relating to Beneficial Interests	—	—	20,990
Deferred Amount on Refundings of Bonded Debt	—	8,773	1,531
Fair Value of Interest Rate Swap Agreements	—	3,618	—
Relating to Pensions	381,623	7,367	126,318
Relating to Other Postemployment Benefits	3,472	50	31
Total Deferred Inflows	$ 392,607	$ 19,808	$ 149,877

Of the $468.008 million deferred outflows of resources reported in the governmental activities column on the government-wide Statement of Net Position, $439.150 million represent deferred outflows relating to pensions, of which $29.592 million are reported in the Internal Service Funds; and $9.031 million represent deferred inflows relating to other postemployment, of which $557 thousand are reported in the Internal Service Funds. The remaining $19.827 million represent deferred amount on refundings of bonded debt, of which $3 thousand are reported in the Internal Service Funds.

Of the $392.607 million deferred inflows of resources reported in the governmental activities column on the government-wide Statement of Net Position, $381.623 million represent deferred inflows relating to pensions, of which $27.021 million are reported in the Internal Service Funds; and $3.472 million represent deferred inflows relating to other postemployment, of which $198 thousand are reported in the Internal Service Funds. The remaining $7.512 million in deferred revenue represent imposed fees received before the period when those resources are permitted to be used.

Deferred outflows and inflows of resources for governmental funds, proprietary funds, and discrete component units are reported in detail in their respective fund statements.

Under the modified accrual basis of accounting, governmental fund financial statements reported deferred inflows of resources of $684.952 million in unavailable revenue. This was comprised of $522.862 million from various taxes and $162.090 million from other sources.

The deferred outflows of resources relating to pensions for governmental activities of $439.150 million and for business-type activities of $8.690 million differ from the deferred outflows of resources for the primary government of $452.391 million as reported in Note 18 due to the following: Student Assistance Programs of $853 thousand and Utah Dairy Commission of $224 thousand are included in business-type activities, but are excluded in the deferred outflows of resources reported for the primary government; the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of $5.628 million is excluded from presentation in the governmental and business-type activities reported above, but is included in the deferred outflows of resources reported for the primary government.

The deferred inflows of resources relating to pensions for governmental activities of $381.623 million and for business-type activities of $7.367 million differ from the deferred inflows of resources for the primary government of $393.405 million in Note 18 due to the following: Student Assistance Programs of $797 thousand and Utah Dairy Commission of $74 thousand are included in business-type activities, but are excluded in the deferred inflows of resources reported for the primary government; the Utah Schools for the Deaf and Blind (nonmajor discrete component unit) of $5.288 million is excluded from presentation in the governmental and business-type activities reported above, but is included in the deferred inflows of resources reported for the primary government.

These differences are due to the way in which Utah Retirement Systems (pension trust and defined contribution plans) combine and report the State's retirement plans for Note 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, 2018, follows:

Governmental Fund Balances
(expressed in thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
General Fund:			
General Government:			
Legislature	$ —	$ 12,897	$ —
Elected Officials	440	11,312	—
Governor's Office	126	31,483	—
Administrative Services	165	4,386	—
Revenue Assessments and Collections	—	14,982	—
Human Services	2	11,375	—
Corrections	—	7,271	—
Public Safety	8,887	24,231	—
Courts	—	9,070	—
Health	173	38,791	—
Environmental Quality	—	11,515	—
Employment and Family Services	—	39,593	—
Natural Resources	21,986	103,391	—
Heritage and Arts	39	4,310	—
Business, Labor, and Agriculture	79	43,252	—
Budget Reserve (Rainy Day) Account	—	151,808	—
Medicaid Budget Stabilization Account	—	74,819	—
Industrial Assistance	—	21,915	—
Tax Accruals and Other Liabilities	—	—	238,145
Fiscal Year 2019 Appropriations:	—	—	—
Line Item Appropriations	—	—	76,765
Other Purposes	7,081	58,827	—
Total	$ 38,978	$ 675,228	$ 314,910
Education Fund:			
Minimum School Program	$ 49,172	$ —	$ —
State Office of Education	72,077	—	—
School Building Program	26,634	—	—
School LAND Trust Program	76,187	—	—
Education Budget Reserve Account	426,407	—	—
Tax Accruals and Other Purposes *	261,839	—	—
Fiscal Year 2019 Appropriations:	—	—	—
Line Item Appropriations	82,305	—	—
Available for Appropriation	149,882	—	—
Other Purposes	168	—	—
Total	$ 1,144,671	$ 0	$ 0
Transportation Fund:			
Transportation – Construction/Maintenance	$ 306,142	$ —	$ 1,140
Public Safety	17,134	—	—
Corridor Preservation	7,585	—	—
Aeronautical Programs	6,231	—	—
Tax Accruals and Other Purposes *	55,030	625	—
Total	$ 392,122	$ 625	$ 1,140
Transportation Investment Fund:			
Transportation Investment Capacity Projects	$ 54,770	$ 545,264	$ —
Other Purposes	—	54,785	—
Total	$ 54,770	$ 600,049	$ 0
Permanent Fund - Trust Lands:			
Public Education System*	$ 832,170	$ —	$ —
Higher Education and Other Purposes	41,157	—	—
Total	$ 873,327	$ —	$ 0
Nonmajor Governmental Funds:			
Capital Projects	$ 233,553	$ —	$ 183,726
Debt Service	—	—	43,876
State Endowment Fund	—	215,184	—
Environmental Reclamation	8,427	8,124	—
Rural Development	—	24,305	—
Other Purposes	24,724	28,289	7,232
Total	$ 266,704	$ 275,902	$ 234,834

* Resources restricted through constitutional provisions.

B. Budget Stabilization Accounts

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

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

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

The Rainy Day Fund and the Education Reserve ended the year with balances of $151.808 million and $426.407 million, respectively. For the fiscal year ended June 30, 2018, $6.140 million was transferred into the Rainy Day Fund as a result of a revenue surplus. The Education Reserve received $64.605 million as a result of a revenue surplus.

In accordance with Section 63J-1-315 of the *Utah Code*, the State maintains the Medicaid Growth Reduction and Budget Stabilization Restricted Account ("Medicaid Budget Stabilization Account"). The account can only be used or specific purposes detailed in Section 63J-1-315, upon appropriation by the Legislature. The Legislature may appropriate money from the account only if Medicaid program expenditures are estimated to be 108 percent or more of Medicaid program expenditures for the previous year. This is not expected to occur routinely, as the state has implemented reforms in the Medicaid Program to bring Medicaid growth more in line with overall state revenue growth. In the six years since the fund was created, there have been no appropriations from the fund. The account is funded in a fiscal year when there are savings in the Medicaid Program and a General Fund revenue surplus. For the fiscal year ended June 30, 2018, $30.362 million was transferred into the Medicaid Budget Stabilization Account. The account ended the year with a balance of $74.819 million.

C. Minimum Fund Balance Policies

Statutorily, the State established a minimum fund balance policy for two funds, the Disaster Recovery Restricted Account and the Local Government Emergency Response Loan Fund. In accordance with Section 53-2a-603 of the *Utah Code*, under certain circumstances, the Disaster Recovery Restricted Account may be used to provide short-term loans to a member state of the Emergency Management Assistance Compact. Loans may be issued from the account as long as the fund maintains a minimum fund balance of $10 million. Section 53-2a-607 of the *Utah Code*, requires the Local Government Emergency Response Loan Fund to provide short-term, low-interest loans to local government entities. The amount loaned may not be more than 50 percent of the total fund balance available, or an amount that will leave the fund balance at less than $10 million.

D. Net Position Restricted by Enabling Legislation

The State's net position restricted by enabling legislation represents resources which a party external to a government–such as citizens, public interest groups, or the judiciary–can compel the government to use only for the purpose specified by the legislation. The government-wide Statement of Net Position reports $6.930 billion of restricted net position, of which $22.830 million is restricted by enabling legislation.

NOTE 13. DEFICIT NET POSITION AND FUND BALANCE

Funds reporting a deficit total net position at June 30, 2018, are (in thousands):

Private Purpose Trust Funds:		
Petroleum Storage Tank	$	(9,024)
Internal Service Funds:		
Technology Services	$	(19,063)
Human Resource Management	$	(1,787)
Enterprise Funds:		
State Trust Lands Administration	$	(1,262)

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 and the Human Resource Management Funds also reported a $28.859 million deficit and a $4.121 million deficit, respectively, in the unrestricted portions of their net positions at June 30, 2018, 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, 2018, are (in thousands):

Internal Service Funds:		
Fleet Operations	$	(21,551)
Risk Management	$	(2,422)
Enterprise Funds:		
Alcoholic Beverage Control	$	(12,071)
State Trust Lands Administration	$	(1,799)

The deficit in the Fleet Operations Internal Service Fund is mainly due to the significant investment in capital assets required for these operations. Management is working on a plan to change how fleet vehicles are acquired that should help reduce this deficit.

The deficit in the Risk Management Internal Service Fund is mainly because this fund experienced higher claims than it received in premiums during the fiscal year. Consequently, Risk Management has adjusted its rates and deductibles for the coming fiscal year. This deficit was also due to the result of implementing GASB Statements 68 and 75.

The Enterprise Fund deficit in Alcoholic Beverage Control is 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, 2018, are as follows (in thousands):

	Transferred To									
	Governmental Funds						Enterprise Funds			
Transferred From	**General Fund**	**Education Fund**	**Transportation Fund**	**Transportation Investment Fund**	**Trust Lands Fund**	**Nonmajor Governmental Funds**	**Water Loan Programs**	**Nonmajor Enterprise Funds**	**Internal Service Funds**	**Total**
General Fund	$ —	$ 9,025	$ 30,994	$ 21,474	$ 18	$ 143,966	$ 1,530	$ 4,938	$ 680	$ 212,625
Education Fund	792,218	—	—	—	—	134,722	—	—	—	926,940
Transportation Fund	47,939	—	—	36,197	—	18,070	—	—	—	102,206
Transportation Investment Fund	—	—	9,780	—	—	278,321	—	39,000	—	327,101
Trust Lands Fund	—	100,040	—	—	—	—	—	—	—	100,040
Nonmajor Governmental Funds	115,416	—	—	—	—	223	—	—	—	115,639
Unemployment Compensation Fund	1,799	—	—	—	—	—	—	—	—	1,799
Water Loan Programs	7,172	—	—	—	—	—	—	—	—	7,172
Community Impact Loan Fund	16,870	—	—	—	—	—	—	—	—	16,870
Nonmajor Enterprise Funds	114,120	1,752	—	—	—	—	—	—	—	115,872
Total	$ 1,095,534	$ 110,817	$ 40,774	$ 57,671	$ 18	$ 575,302	$ 1,530	$ 43,938	$ 680	$1,926,264

Transfers from major governmental funds to nonmajor governmental funds are primarily for debt service expenditures and capital facility construction. Transfers from nonmajor enterprise funds to the General Fund are mostly liquor profits from the Alcoholic Beverage Control Fund that are required by statute to be deposited in the General Fund. Transfers of Trust Lands Fund (permanent fund) investment earnings are required by State constitution and statute to be deposited in the Education Fund (major governmental fund). In addition, mineral lease revenue was transfered to the Transportation Investment Fund (major capital projects fund) for the development of impacted communities related to various transportation needs. All other transfers are made to finance various programs as authorized by the Legislature.

In addition, the Legislature authorized payments of $1.040 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 three programs: Economic Development Tax Increment Financing incentive program (EDTIF), the Motion Picture Incentive Program (MPIP), and the New Markets Tax Credit (NMTC). 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 to encourage economic development within specific economic development zones. A business entity must enter into an incentive agreement with GOED, which specifies performance milestones on a commercial project. According to Section 63N-2-1 of the *Utah Code*, 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 from the new project over the lesser of the life of the project, or 20 years. A tax credit of up to 60 percent of new state tax revenues is allowed if a minimum $1.5 billion capital investment is made. A tax credit may not exceed 50 percent of new state tax revenues from the new project in a given year. If a business entity should fail to meet its obligations or has received more EDTIF refundable tax credits than it is entitled to, the 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, not to exceed 25 percent of the dollars left in the state by the motion picture company, 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 NMTC program provides incentives in the form of nonrefundable tax credits to entities that make qualified equity investments in a Qualified Community Development Entity (QCDE). A QCDE is an entity that provides investment capital for low-income communities, has entered into an agreement with the Community Development Financial Institutions Fund of the United States Treasury, and includes Utah in its service area. According to Section 63N-2-603 of the *Utah Code*, a QCDE that seeks to have an equity investment or long-term debt security certified as a qualified equity investment and as eligible for tax credits, must submit an application to GOED. GOED must certify $50 million in qualified equity investments for this program. Once GOED approves a QCDE's application, the QCDE must perform the following within 45 days of receiving notice of certification: ***(1)*** issue the qualified equity investment; ***(2)*** receive cash in the amount of the certified amount; and ***(3)*** if applicable, designate the required amount of qualified equity investment authority as federal qualified equity investments. The QCDE must provide GOED with evidence of the three requirements above within 50 days of receiving notice of certification. The QCDE must also notify GOED of the names of the entities that are eligible to use tax credits based on a qualified equity investment.

An entity may claim a tax credit if the entity makes a qualified equity investment and if the entity obtains a tax credit certificate. The entity may claim a portion of the tax credit during the calendar year that includes the credit allowance date. GOED calculates the tax credit amount, by multiplying the purchase price of the investment by the applicable percentage at each credit allowance date. The credit allowance percentages are: 0 percent on the first and second credit allowance dates; 12 percent on the third through fifth credit allowance dates; and 11 percent on the sixth and seventh credit allowance dates. The credit may be recaptured in the following situations: ***(1)*** If any amount of the federal tax credit available is recaptured; ***(2)*** If the QCDE redeems or makes principal repayment of a qualified equity investment before the seventh anniversary of the issuance of the qualified equity investment; ***(3)*** If the community development entity fails to invest at least 85 percent of the purchase price of the qualified equity investment in qualified low-income community investments in Utah within one year of the issuance of the qualified equity investment and fails to maintain the required investment in Utah until the last credit allowance date; and ***(4)*** If the QCDE violates the provisions of sections 63N-2-607 or 609 of the *Utah Code*.

The gross dollar amount, on an accrual basis, by which the State's revenues were reduced for the fiscal year ended June 30, 2018 are as follows:

Tax Abatement Programs
(expressed in thousands)

Program	Amount of Taxes Abated
Motion Picture Incentive Program	$ 15,647
Economic Development Tax Increment Financing	21,751
New Markets Tax Credit Program	6,000
Total	$ 43,398

The State has other recently enacted tax abatement programs where tax abatement agreements have not been entered into or the total tax abatement for these programs is less than $300 thousand in a fiscal year. The State has no tax abatements that are entered into by other governments that reduce the State's tax revenues. In addition, the State has other various tax credit incentives that are not defined as tax abatements under generally accepted accounting principles and therefore are not described and included here. See Note 16.C. for commitments related to the tax abatements.

NOTE 16. LITIGATION, CONTINGENCIES, AND COMMITMENTS

A. Litigation

- The State is involved in various legal actions arising in the ordinary course of business. The State is vigorously contesting all of these matters, but as of this date it is not possible to determine the outcome of these proceedings. In the opinion of the Attorney General and management, the ultimate disposition of these matters will not have a material adverse effect on the State's financial position.
- In addition to the items above, the State is contesting other legal actions totaling over $11.510 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, 2018, will be available in December 2018.

- 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, 2017, a $61 million note payable was outstanding and invested in venture capital and private equity funds. The note will mature in 2021. Under certain circumstances, the holder of a certificate is entitled to a refundable tax credit against tax liabilities imposed by Section 59-7, "Corporate Franchise and Income Taxes," or Section 59-10, "Individual Income Tax Act" of the *Utah Code*. To date, the State has not had to place any contingent tax credits into the program, and it does not anticipate the use of tax credits anytime in the near future.

- The State is self-insured for liability claims up to $2 million and beyond the excess insurance policy limit of $10 million. The State is self-insured for individual property and casualty claims up to $1 million and up to $3.5 million in aggregate claims and beyond the excess insurance policy limit of $1 billion per occurrence. According to an actuarial study and other known factors, $57.330 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 $3.248 billion principal amount of Guaranteed Bonds outstanding at June 30, 2018, with the last maturity date being 2038. 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, 2018, $333.440 million of debt was outstanding under the Program.

- At June 30, 2018, 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 $761.676 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 $63.039 million from tobacco companies in fiscal year 2018 and expects to receive approximately $28 million in fiscal year 2019. 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 and fourth years. For the 2017-2018 school year, the program is capped at 1,000 students. As of June 30, 2018, 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 $911 thousand to investors. It is anticipated the State of Utah will commit additional funds in future years as necessary.

C. Commitments

- At June 30, 2018, the Industrial Assistance Program of the General Fund had grant commitments of $14.067 million, contingent on participating companies meeting certain performance criteria.
- At June 30, 2018, the EDTIF incentive program had outstanding long-term contract commitments for General Fund cash rebates of $84.750 million and Education Fund tax credits (tax abatements) of $600.898 million. These cash rebates and tax credits are contingent on participating companies meeting certain economic development performance criteria.
- At June 30, 2018, the MPIP had outstanding contract commitments for General Fund cash rebates of $1.742 million and Education Fund tax credits (tax abatements) of $31.536 million. These cash rebates and credits are contingent upon participating motion picture companies meeting certain within-the-state production criteria.
- At June 30, 2018, the NMTC program had outstanding contract commitments for Education Fund tax credits (tax abatements) of $17 million. These tax credit are contingent on the participating entities meeting a statutory required amount of investment in Utah companies.
- At June 30, 2018, the Utah Department of Transportation had construction and other contract commitments of $799.978 million, of which $323.275 million is for Transportation Fund and $476.703 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, 2018, the permanent Trust Lands Fund had contractual commitments of $771.497 million, of which an estimated $271.299 million remain unfunded and subject to call.
- At June 30, 2018, the State's capital projects funds had construction commitments of $377.971 million. These commitments will be funded with legislative appropriations, intergovernmental revenues, and proceeds of general obligation and lease revenue bonds.
- At June 30, 2018, the enterprise funds had loan commitments of approximately $278.451 million and grant commitments of approximately $50.970 million.
- Utah Retirement Systems has at its yearend December 31, 2017, committed to fund certain private equity partnerships, absolute return, and real asset funds projects for an amount of $12.529 billion. Funding of $9.622 billion has been provided by December 31, 2017, leaving an unfunded commitment of $2.907 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, 2018, the University had committed, but not paid, a total of $255.636 million in funding for these alternative investments.
- At June 30, 2018, the University of Utah had outstanding commitments for the construction and remodeling of its buildings of approximately $62.600 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, 2018, the University had committed, but not paid, a total of $21.676 million in funding for these alternative investments.
- At June 30, 2018, Utah State University had outstanding commitments for the construction and remodeling of its buildings of approximately $46.400 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 $26.827 million for the year ended June 30, 2018. UEN is not separately audited, but is included in the audited financial statements of KUEN, a public broadcasting television station operated by the University of Utah. Copies of those statements can be obtained from KUEN's administrative offices.

NOTE 18. PENSION PLANS

Utah Retirement Systems (URS) was established by Title 49 of the *Utah Code*. URS administers the pension systems and plans under the direction of the URS Board whose members are appointed by the Governor. URS has a separate accounting system and prepares a separately issued financial report covering all retirement systems and deferred compensation plans it administers. URS maintains records and prepares financial statements using fund accounting principles and the accrual basis of accounting, under which benefits and expenses are recognized when due and payable, and revenues are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2017, 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 public employee retirement system;
- The Judges Retirement System (Judges System) and the Utah Governors and Legislators Retirement Plan, which are single-employer service-employee retirement systems;
- The Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighters Contributory System (Tier 2 Public Safety and Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;
- Four defined contribution plans comprised of the 401(k) Plan, 457 Plan, and Roth and Traditional IRA Plans.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

A. Defined Benefit Plans

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 3.00 percent benefit enhancement.
*** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Former governors at age 65 receive $1,380 per month per term. Legislators with four or more years of service receive a benefit at age 65 at the rate of $30.00 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 thecontributions were based.

At December 31, 2017, the following number of employees were covered by the State's (primary government) single-employer plans:

Single-employer Plans Covered Employees
December 31, 2017

	Judges System	Governors and Legislators Retirement Plan
Inactive Employees or Beneficiaries Currently Receiving Benefits	141	244
Inactive Employees Entitled to But Not Yet Receiving Benefits	3	98
Active Employees	115	61
Total Single-employer Plans Covered Employees	259	403

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, 2018, 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%	$ 129,414	$ 54,803
Contributory:					
Contributory Public Employees	$ —	6.00%	17.70%	$ 1,118	$ 1,090
Tier 2 Public Employees *	$ —	—%	18.44%	$ 36,277	$ 11,539
Public Safety:					
Contributory Public Safety	$ —	12.29%	29.70%	$ —	$ —
Noncontributory Public Safety	$ —	—%	41.35%	$ 43,333	$ 1,145
Tier 2 Public Safety *	$ —	—%	29.28%	$ 8,493	$ 133
Firefighters:					
Contributory Firefighters	$ —	15.05%	3.93%	$ 43	$ —
Tier 2 Firefighters *	$ —	—%	10.82%	$ 41	$ —
Judges	$ —	—%	42.69%	$ 7,958	$ —
Utah Governors and Legislators		Annual Appropriation		$ 392	

* Tier 2 plans provide a statutory required contribution (0.08 to 18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 plans.

In addition to the contributions noted above, the primary government and discrete component units also paid to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements of $542 thousand and $370 thousand, respectively.

Below are the changes in net pension liability for the State's (primary government) single-employer system and plan:

Single-employer Plans
Changes in Net Pension Liability and Related Ratios
Increases (Decreases)
For the Fiscal Year Ended December 31, 2017
(dollars expressed in thousands)

		Judges System	Utah Governors and Legislators Retirement Plan
Total Pension Liability			
Service Cost		$ 5,328	$ 67
Interest		14,866	879
Difference between Actual and Expected Experience		809	182
Assumption Changes		13,067	264
Benefit Payments		(13,700)	(978)
Net Change in Total Pension Liability		20,370	414
Total Pension Liability – Beginning		210,623	12,655
Total Pension Liability – Ending	***A***	$ 230,993	$ 13,069
Plan Fiduciary Net Position			
Contributions – Employee		$ —	$ —
Contributions – Employer		7,563	404
Court Fees *		1,477	—
Net Investment Income		23,435	1,353
Benefit Payments		(13,621)	(973)
Administrative Expense		(79)	(5)
Net Transfers with Affiliated Systems		4,090	89
Net Change in Plan Fiduciary Net Position		22,865	868
Plan Fiduciary Net Position – Beginning		175,618	10,352
Plan Fiduciary Net Position – Ending	***B***	$ 198,483	$ 11,220
Net Pension Liability / (Asset) – Ending (A – B)		$ 32,510	$ 1,849
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		85.93%	85.85%
Covered Payroll		$ 18,661	$ 722
Net Pension Liability as a Percentage of Covered Payroll		174.21%	256.09%

* 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, 2017, the net pension asset and the net pension liability for all URS systems is $29.836 million and $3.450 billion respectively. The plan's fiduciary net position as a percent of the total pension liability is 90 percent. At December 31, 2017, the primary government's net pension asset and net pension liability is $533 thousand and $781.281 million, respectively. The following table summarizes the State's (primary government) net pension asset and liability by plan.

Primary Government
Net Pension Asset and Liability
December 31, 2017
(dollars expressed in thousands)

System	Net Pension Asset	Net Pension Liability	Proportionate Share 2017	Proportionate Share 2016	Proportionate Share Change
Noncontributory System	$ —	$ 573,675	23.46%	24.46%	(1.00)%
Contributory System	—	2,039	30.98%	30.90%	0.08 %
Public Safety System	—	169,585	97.53%	97.73%	(0.20)%
Firefighters System	240	—	3.84%	4.30%	(0.46)%
Judges System	—	32,510	100.00%	100.00%	— %
Utah Governors and Legislators Retirement Plan	—	1,849	100.00%	100.00%	— %
Tier 2 Public Employees System	—	1,623	18.41%	19.04%	(0.63)%
Tier 2 Public Safety and Firefighters System	293	—	25.32%	26.95%	(1.63)%
Total Net Pension Asset / Liability	$ 533	$ 781,281			

At December 31, 2017, the net pension asset and the net pension liability for the discrete component units is $5 thousand and $273.017 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, 2017
(dollars expressed in thousands)

System	Net Pension Asset	Net Pension Liability	Proportionate Share 2017	Proportionate Share 2016	Proportionate Share Change
Noncontributory System	$ —	$ 263,870	9.62%	10.02%	(0.40)%
Contributory System	—	4,021	29.06%	29.14%	(0.08)%
Public Safety System	—	4,463	2.51%	2.24%	0.27 %
Tier 2 Public Employees System	—	663	6.92%	8.65%	(1.73)%
Tier 2 Public Safety and Firefighters System	5	—	0.41%	0.51%	(0.10)%
Total Net Pension Asset / Liability	$ 5	$ 273,017			

Deferred Outflows and Inflows of Resources

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017, 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, 2017, the State (primary government) recognized pension expense of $200.846 million. The State's discrete component units recognized pension expense of $66.777 million. Deferred outflows of resources and deferred inflows of resources related to the recognition of pension expense are from the following sources:

(Notes continue on next page.)

Deferred Outflows and Inflows of Resources *
Related to Pensions

December 31, 2017

(expressed in thousands)

System	Source	Primary Government: Deferred Outflows of Resources	Primary Government: Deferred Inflows of Resources
Noncontributory System	Differences between Expected and Actual Experience	$ —	$ 33,230
	Changes in Assumptions	144,849	4,360
	Net Differences between Projected and Actual Earnings on Pension Plan Investments	94,108	237,632
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	7,975	25,768
	Contributions Subsequent to the Measurement Date	63,833	—
	Total	$ 310,765	$ 300,990
Contributory System	Differences between Expected and Actual Experience	$ —	$ —
	Changes in Assumptions	—	—
	Net Differences between Projected and Actual Earnings on Pension Plan Investments	5,786	13,436
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	—	—
	Contributions Subsequent to the Measurement Date	507	—
	Total	$ 6,293	$ 13,436
Public Safety System	Differences between Expected and Actual Experience	$ 2,447	$ 4,386
	Changes in Assumptions	34,478	378
	Net Differences between Projected and Actual Earnings on Pension Plan Investments	22,824	58,629
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	216	—
	Contributions Subsequent to the Measurement Date	21,360	—
	Total	$ 81,325	$ 63,393
Firefighters System	Differences between Expected and Actual Experience	$ —	$ 113
	Changes in Assumptions	327	77
	Net Differences between Projected and Actual Earnings on Pension Plan Investments	157	412
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	19	29
	Contributions Subsequent to the Measurement Date	22	—
	Total	$ 525	$ 631
Judges Retirement System	Differences between Expected and Actual Experience	$ 1,593	$ —
	Changes in Assumptions	11,167	—
	Net Differences between Projected and Actual Earnings on Pension Plan Investments	3,836	9,906
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	—	—
	Contributions Subsequent to the Measurement Date	4,000	—
	Total	$ 20,596	$ 9,906
Governor & Legislators Plan	Differences between Expected and Actual Experience	$ —	$ —
	Changes in Assumptions	—	—
	Net Differences between Projected and Actual Earnings on Pension Plan Investments	236	587
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	—	—
	Contributions Subsequent to the Measurement Date	—	—
	Total	$ 236	$ 587
Tier 2 Public Employees System	Differences between Expected and Actual Experience	$ 61	$ 1,520
	Changes in Assumptions	2,184	165
	Net Differences between Projected and Actual Earnings on Pension Plan Investments	509	2,361
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	1,825	—
	Contributions Subsequent to the Measurement Date	22,198	—
	Total	$ 26,777	$ 4,046
Tier 2 Public Safety and Firefighters System	Differences between Expected and Actual Experience	$ 153	$ —
	Changes in Assumptions	641	25
	Net Differences between Projected and Actual Earnings on Pension Plan Investments	72	391
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	224	—
	Contributions Subsequent to the Measurement Date	4,784	—
	Total	$ 5,874	$ 416
Grand Total	Differences between Expected and Actual Experience	$ 4,254	$ 39,249
	Changes in Assumptions	193,646	5,005
	Net Differences between Projected and Actual Earnings on Pension Plan Investments	127,528	323,354
	Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	10,259	25,797
	Contributions Subsequent to the Measurement Date	116,704	—
	Total	$ 452,391	$ 393,405

* Before amounts allocated for financial statement presentation.

Deferred Outflows and Inflows of Resources *
Related to Pensions

December 31, 2017
(expressed in thousands)

Source	Discrete Component Units: Deferred Outflows of Resources	Discrete Component Units: Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 78	$ 20,520
Changes in Assumptions	53,396	2,464
Net Differences between Projected and Actual Earnings on Pension Plan Investments	56,482	87,437
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	5,975	15,897
Contributions Subsequent to the Measurement Date	36,385	—
Total	$ 152,316	$ 126,318

* Before amounts allocated for financial statement presentation.

The $116.704 million and $36.385 million reported as deferred outflows of resources by the primary government and discrete component units, respectively, are the result of contributions subsequent to the measurement date of December 31, 2017. These contributions will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported above as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Recognition of Remaining Deferred Outflows and (Inflows) of Resources

Year Ended December 31	Noncontributory System: Primary Government	Contributory System: Primary Government	Public Safety System: Primary Government	Firefighters System: Primary Government	Judges Retirement System: Primary Government
2018	$ 10,993	$ (524)	$ 11,298	$ (9)	$ 4,634
2019	$ 25,873	$ (720)	$ 10,507	$ (14)	$ 4,178
2020	$ (39,179)	$ (3,516)	$ (12,450)	$ (90)	$ 3,817
2021	$ (51,746)	$ (2,890)	$ (12,783)	$ (73)	$ 856
2022	$ —	$ —	$ —	$ 46	$ (2,162)
Thereafter	$ —	$ —	$ —	$ 14	$ (4,634)

Year Ended December 31	Governors & Legislators Plan: Primary Government	Tier 2 Public Employees System: Primary Government	Tier 2 Public Safety and Firefighters System: Primary Government	Grand Total: Primary Government	Grand Total: Discrete Component Units
2018	$ 412	$ (145)	$ (4)	$ 26,655	$ 5,600
2019	$ (33)	$ (145)	$ (4)	$ 39,642	$ 9,597
2020	$ (39)	$ (169)	$ (6)	$ (51,632)	$ (7,883)
2021	$ (154)	$ (412)	$ (41)	$ (67,243)	$ (18,145)
2022	$ (125)	$ (350)	$ (31)	$ (2,622)	$ (68)
Thereafter	$ (412)	$ 1,755	$ 759	$ (2,518)	$ 508

The total pension liability in the December 31, 2017, 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	01/01/17	01/01/17	01/01/17	01/01/17	01/01/17	01/01/17	01/01/17	01/01/17
Measurement Date	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17	12/31/17
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Actuarial Assumptions: Investment Rate of Return	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%
Projected Salary Increases	3.25-9.75%	3.25-9.75%	3.25–7.25%	3.25–8.75%	3.25%	None	3.25-9.75%	3.25–8.75%
Inflation Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Post-retirement Cost-of-living Adjustment	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

Note: All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual CPI increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016. Mortality rates were developed from actual experience and mortality tables, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

Target Allocations The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of December 31, 2017, are summarized in the table below:

Target Allocations
Expected Return Arithmetic Basis

Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return*
Equity Securities	40.00%	6.15%	2.46%
Debt Securities	20.00%	0.40%	0.08%
Real Assets	15.00%	5.75%	0.86%
Private Equity	9.00%	9.95%	0.89%
Absolute Return	16.00%	2.85%	0.46%
Cash and Cash Equivalents	0.00%	0.00%	0.00%
Total Asset Classes	100.00%		4.75%
Inflation			2.50%
Expected Arithmetic Nominal Return			7.25%

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

Discount Rate

The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the municipal bond rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the State's (primary government) net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.95 percent) or 1 percentage-point higher (7.95 percent) than the current rate:

Primary Government
Changes in Discount Rate
Net Pension Liability / (Asset)
(expressed in thousands)

System	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	$ 1,252,575	$ 573,675	$ 6,251
Contributory System	26,866	2,039	(19,098)
Public Safety System	352,395	169,585	19,451
Firefighters System	1,022	(240)	(1,259)
Judges System	58,168	32,586	10,782
Utah Governors and Legislators Retirement Plan	3,134	1,854	766
Tier 2 Public Employees System	19,112	1,623	(11,863)
Tier 2 Public Safety and Firefighters System	2,595	(293)	(2,499)
Total Net Pension Liability / (Asset)	$ 1,715,867	$ 780,829	$ 2,531

B. Defined Contribution Plans

The 401(k), 457, and Roth and Traditional IRA Plans, in which the State participates and administered by URS, are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the Retirement Systems and a primary retirement plan for some Tier 2 participants. Contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the 401(k) and 457 Plans at rates determined by the employers and according to Title 49 of the *Utah Code*. There are 451 employers

participating in the 401(k) Plan and 267 employers participating in the 457 Plan. There are 171,966 plan participants in the 401(k) Plan, 17,903 participants in the 457 Plan, 10,383 participants in the Roth IRA Plan, and 2,042 participants in the Traditional IRA Plan.

After termination of employment, benefits are paid out to individuals in lump sum, or as periodic benefit payments, at the option of the participant based on individual account balances and plan provisions. The Defined Contribution Plans account balances are fully vested to the participants at the time of deposit except for Tier 2 required employer contributions and associated earnings during the first four years of employment. Investments in the vested portion of the Defined Contribution Plans are individually directed and controlled by plan participants. Investments of the plans are reported at fair value.

Employees of the State are eligible to participate in the defined contribution 401(k), 457, and Roth and Traditional IRA Plans. Employees, who contribute to a 401(k), 457, or IRA will get a match from the State of up to $26 per pay period. In addition, the State and participating employers are required to contribute 1.50 percent of an employee's salary into a 401(k) for those employees who participate in the noncontributory system. The amounts contributed to the 401(k) Plan during the year ended June 30, 2018, by employees and employers are as follows: for primary government, $37.403 million and $32.896 million; for component units, $5.773 million and $8.763 million, respectively. The amounts contributed by employees to the 457, and Roth and Traditional IRA Plans (primary government and discrete component units) were $7.357 million, $5.007 million, and $304 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 1.26 to 1.58 percent of an employee's salary for the hybrid defined benefit systems and 10 to 12 percent of an employee's salary for the defined contribution systems. These contributions vest immediately, except for the Tier 2 401(k) required contributions that are subject to a 4 year vesting period. The primary government and discrete component units paid in 401(k) defined contributions required by statute $7.376 million and $1.756 million, respectively. In addition to these contributions, the Tier 2 plans provide a statutory required contribution (0.08 to 18.54 amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 (defined benefit) plans.

Teachers Insurance and Annuity Association

Teachers Insurance and Annuity Association (TIAA) and Fidelity Investments, privately administered defined-contribution retirement plans, provide individual retirement fund contracts for each eligible participating employee. Eligible employees are mainly state college/university faculty and staff. Benefits to retired employees are generally based on the value of the individual contracts and the estimated life expectancy of the employee at retirement and are fully vested from the date of employment. The total current year required contribution and the amount paid is 14.20 percent of the employee's annual salary. The State has no further liability once annual contributions are made.

The total contribution made by the colleges and universities (discrete component units) to the TIAA retirement system for June 30, 2018 and 2017, were $246.549 million and $224.533 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 began service as an elected official prior to July 1, 2013. The Plan is closed to new entrants. At June 30, 2018, the following number of employees were covered by the State's single-employer OPEB plans:

Single-employer Plans Covered Employees

June 30, 2018

	State Employee OPEB Plan	Elected Official OPEB Plan
Inactive Employees or Beneficiaries Currently Receiving Benefits....	3,166	83
Inactive Employees Entitled to But Not Yet Receiving Benefits.....	—	109
Active Employees	5,971	66
Total Single-employer Plans Covered Employees.....	9,137	258

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, 2018, retirees contributed $1.504 million, or approximately 4.80 percent of total premiums, through their required contributions of $0 to $810.11 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 2018 annual budget and fund employer contributions. The State Legislature funded $29.735 million in employer contributions, $635 thousand more than the ADC.

Elected Official OPEB Plan Contributions

For the fiscal year ended June 30, 2018, elected officials who participated in the Elected Official OPEB Plan contributed $39 thousand, or approximately 6.65 percent of total premiums, through their required contributions of $0 (for 10 or more years of service) to $903.62 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 2018 annual budget and fund employer contributions. For the fiscal year 2018, 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, 2018. 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 $101.616 million, and of that amount, the State's (primary government) net OPEB liability was $100.622 million, and $994 thousand 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:

(Table on next page)

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

For the Year Ended June 30, 2018
(dollars expressed in thousands)

		State Employee OPEB Plan	Elected Official OPEB Plan
Total OPEB Liability			
Service Cost		$ 5,063	$ 715
Interest		13,219	850
Difference between Actual and Expected Experience		—	—
Assumption Changes		—	—
Benefit Payments		(31,339)	(534)
Net Change in Total OPEB Liability		(13,057)	1,031
Total OPEB Liability – Beginning		362,973	15,735
Total OPEB Liability – Ending	A	$ 349,916	$ 16,766
Plan Fiduciary Net Position			
Contributions – Employee		$ —	$ —
Contributions – Employer		29,735	1,388
Net Investment Income (Loss)		(2,065)	667
Benefit Payments		(31,339)	(534)
Administrative Expense		—	—
Net Transfers with Affiliated Systems		961	1
Net Change in Plan Fiduciary Net Position		(2,708)	1,522
Plan Fiduciary Net Position – Beginning		254,172	12,080
Plan Fiduciary Net Position – Ending	B	$ 251,464	$ 13,602
Net OPEB Liability / (Asset) – Ending (A – B)		$ 98,452	$ 3,164
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		71.86%	81.13%
Covered Payroll*		$ 994,839	
Net OPEB Liability as a Percentage of Covered Payroll		9.90%	
Covered-employee Payroll*			$ 1,421
Net OPEB Liability as a Percentage of Covered-employee Payroll			222.66%

***** Contributions to the State Employee Plan are based on a measure of pay, therefore covered payroll is presented in the above schedule. Contributions to the Elected Official OPEB Plan are based on appropriations and not on a measure of pay; therefore, for that plan the covered-employee payroll is presented.

Deferred Outflows and Inflows of Resources and OPEB Expense

For the year ended June 30, 2018, the total OPEB expense was $10.779 million, $10.029 million for the State Employee OPEB Plan, and $750 thousand for the Elected Official OPEB Plan. Of the total OPEB expense, the State (primary government) recognized $10.669 million, and $110 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 $3.553 million, of which $3.522 million was recognized by the State (primary government), and $31 thousand was allocated to the Utah Schools for the Deaf and Blind (discrete component unit).

Total deferred outflows of resources related to the recognition of OPEB expense was $9.281 million, of which $9.180 million was recognized by the State (primary government), and $101 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 Outflows and Inflows of Resources
Related to OPEB

June 30, 2018
(expressed in thousands)

	State Employee OPEB Plan		Elected Official OPEB Plan			
Source	**Deferred Outflows**	**Deferred Inflows**	**Deferred Outflows**	**Deferred Inflows**	**Total Deferred Outflows**	**Total Deferred Inflows**
Differences between expected and Actual Experience	$ —	$ —	$ —	$ —	$ —	$ —
Changes in Assumption	$ —	$ —	$ —	$ —	$ —	$ —
Net Differences between Projected and Actual Earnings on OPEB Plan Investments	$ 9,268	$ 3,152	$ 13	$ 401	$ 9,281	$ 3,553

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

Recognition of Remaining Deferred Outflows and Inflows of Resources

Fiscal Year Ended June 30, 2018

(expressed in thousands)

	Deferred Outflows		Deferred Inflows	
Fiscal Year	**State Employee OPEB Plan**	**Elected Official OPEB Plan**	**State Employee OPEB Plan**	**Elected Official OPEB Plan**
2019	$ 2,317	$ 3	$ 1,051	$ 134
2020	$ 2,317	$ 3	$ 1,051	$ 134
2021	$ 2,317	$ 3	$ 1,050	$ 133
2022	$ 2,317	$ 4	$ —	$ —

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	6/30/2018	6/30/2018
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 RP-2014 mortality table for both pre-retirement and post-retirement mortality assumption, along with 75 percent of the MP-2015 projection scale for mortality improvement. This projection scale applies "generational" improvements to longevity, based on the concept that 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, 2018, the annual money-weighted rate of return on investments, net of investment expense, was -0.43 percent for the State Employee OPEB Plan and 5.09 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, 2018, 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	$ 113,423	$ 98,451	$ 74,105
	1% Decrease (4.25%)	**Current Discount Rate (5.25%)**	**1% Increase (6.25%)**
Elected Official OPEB Plan	$ 5,970	$ 3,164	$ 909
Total Net OPEB Liability / (Asset)	$ 119,393	$ 101,615	$ 75,014

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 3.14 percent) or 1 percentage-point higher (6.90 percent decreasing to 5.14 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 3.14%)	Current Discount Rate (5.90% decreasing to 4.14%)	1% Increase (6.90% decreasing to 5.14%)
State Employee OPEB Plan	$ 73,280	$ 98,451	$ 114,710
Elected Official OPEB Plan	857	3,164	6,057
Total Net OPEB Liability / (Asset)	$ 74,137	$ 101,615	$ 120,767

NOTE 20. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to use a combination of commercial insurance and self-insurance to cover the risk of losses to which it may be exposed. This is accomplished by the State through the Risk Management Fund (internal service fund) and the Public Employees Health Program (PEHP) (major discrete component unit). The Risk Management Fund manages the general property, auto/physical damage, and general liability risks of the State. PEHP manages the group medical, dental, life insurance, and long-term disability programs of the State. The State is a major participant in both of these programs with all state funds and departments included. All state colleges, universities, school districts, most charter schools, and other state discrete component units participate in the Risk Management Fund. PEHP also provides insurance coverage to approximately 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, Medicare Supplement, and long-term disability pools of PEHP. The PEHP medical and dental programs are divided into state and various other employers risk pools.

The State has determined that the Risk Management Fund and PEHP can economically and effectively manage the State's risks internally and have set aside assets for claim settlements through reserves. Risks are also covered through commercial insurance for excessive losses. The State is self-insured for liability claims up to $2 million and beyond the excess insurance policy limit of $10 million. The State is self-insured for individual property and casualty claims up to $1 million and up to $3.5 million in aggregate claims and beyond the excess insurance policy limit of $1 billion per occurrence. The Risk Management Fund has not had a liability loss that exceeded the State's self-insured claim limit of $1 million for the fiscal years ended June 30, 2016 through June 30, 2018.

PEHP has reinsurance coverage for a life catastrophic occurrence in excess of $7.5 million, not to exceed $80 million per year with a one-time reinstatement with additional premium. PEHP also has excess medical reinsurance for medical losses that exceed $1.25 million on a person per year to a maximum of $2 to $5 million during the person's lifetime, depending on the participating group's lifetime maximum.

The Risk Management Fund and PEHP allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a premium to each participating public entity or employee. Premiums are based on each organization's recent trends in actual claims experience and property values. The primary government and discrete component units of the State paid premiums to PEHP for health and life insurance coverage in fiscal year 2018 of $314.741 million and $48.622 million, respectively.

Risk Management and PEHP claims liabilities are reported when it is probable that a claim has occurred and the ultimate cost of settling that claim can be reasonably estimated and includes an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors (i.e., inflation, changes in legal doctrines and insurance benefits, and unanticipated damage awards), the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are recomputed periodically by actuaries who take into consideration

recently settled claims, frequency of claims, and other economic or social factors. Inflation and other appropriate modifiers are included in this calculation because reliance is based on historical data. The Risk Management Fund general liability program reserves of $54.407 million are reported using a discount rate of 1 percent. The PEHP long-term disability benefit reserves of $20.212 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, 2018, there were 168 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, 2018, the primary government and the discrete component units of the State paid premiums for the Long-term Disability Program of $5.975 million and $240 thousand, respectively.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University (major and nonmajor discrete component units) each maintain self-insurance funds to manage health/dental care and report claims liabilities if it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The University of Utah also maintains a self-insurance fund to manage medical malpractice liabilities. The University of Utah and the University of Utah Hospital and Clinics also have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by their respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances.

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, 2017 and June 30, 2018. The PEHP balances are for the calendar years ended December 31, 2016 and December 31, 2017:

Changes in Claims Liabilities
(expressed in thousands)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Risk Management:				
2017	$ 48,092	$ 20,929	$ (15,376)	$ 53,645
2018	$ 53,645	$ 17,404	$ (13,719)	$ 57,330
Public Employees Health Program:				
December 31, 2016	$ 137,792	$ 585,782	$ (575,306)	$ 148,268
December 31, 2017	$ 148,268	$ 654,802	$ (653,463)	$ 149,607
College and University Self-Insurance:				
2017	$ 95,378	$ 257,357	$ (253,261)	$ 99,474
2018	$ 99,474	$ 256,444	$ (258,733)	$ 97,185

NOTE 21. SUBSEQUENT EVENTS

Subsequent to June 30, 2018, the Governor's Office of Economic Development Board recommended and the director approved $40.883 million of additional commitments to be credited over the next several years for the EDTIF incentive program and the MPIP. These commitments are contingent on participating companies meeting certain economic development performance criteria and within-the-state production criteria.

In addition, subsequent to June 30, 2018, the Governor's Office of Economic Development Board recommended and the director approved $75 million in rebates to be awarded over the next 20 years associated with the new convention facility development project. These commitments are contingent on participating companies meeting certain economic development performance criteria and within-the-state production criteria.

During the 2018 General Session, Senate Bill 136, *Transportation Governance Amendments* was passed, changing the financial accountability of the Utah Transit Authority. The statutory change requires the governor to appoint the three member board before August 31, 2018 and the new board to assume control of the Utah Transit Authority on or before November 1, 2018. The State can also impose its will on the new board. As a result of these changes, beginning with fiscal year 2019, the Utah Transit Authority will be included as part of the State's reporting entity as a discrete component unit.

On July 17, 2018, the University of Utah (major discrete component unit) issued $80.040 million of General Revenue Bonds, Series 2018A. Principal on the bonds is due annually commencing August 1, 2020 through June 30, 2040. Bond interest is due semi-annually commencing February 1, 2019 at rates ranging from 4 percent to 5 percent. Proceeds from these bonds are to be used to finance a portion of the costs of constructing an expansion to existing student housing and dining facilities on the University main campus, and to pay costs of issuance.

On November 6, 2018, voters in the State of Utah passed a ballot initiative (Proposition 3) supporting expansion of the Medicaid program to previously ineligible, low income adults. The proposition increases the State's sales tax rate from 4.70 percent to 4.85 percent to fund the State's share of the costs to provide Medicaid benefits to the expanded adult population. It is estimated that the total cost to expand the Medicaid program will be approximately $758 million in fiscal year 2020 and it is estimated that the increase to the sales tax rate will generate approximately $84 million in fiscal year 2020. The estimates of the sales tax revenue generated exceed the estimated amounts required to fund the State's share of Medicaid expansion costs in fiscal years 2020 through 2021.

STATE OF UTAH

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

REQUIRED SUPPLEMENTARY INFORMATION

2018

GOBLIN VALLEY STATE PARK

Budgetary Comparison Schedule
General Fund
(expressed in thousands)

For the Fiscal Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 1,944,401	$ 1,989,777	$ 2,018,747	$ 28,970
Licenses, Permits, and Fees:				
Court Fees	23,415	25,091	13,737	(11,354)
Other Licenses, Permits, and Fees	13,898	13,066	12,098	(968)
Investment Income	11,253	16,960	22,167	5,207
Miscellaneous Taxes and Other:				
Beer Tax	8,413	7,745	8,421	676
Cigarette and Tobacco Tax	108,217	106,158	103,727	(2,431)
Insurance Premium Tax	116,211	128,612	133,565	4,953
Oil, Gas, and Mining Severance Tax	23,996	24,148	25,041	893
Taxpayer Rebates	—	—	—	—
Court Collections	6,294	5,927	3,721	(2,206)
Other Taxes	47,984	48,590	41,176	(7,414)
Miscellaneous Other	12,822	14,897	24,371	9,474
Total General Revenues	2,316,904	2,380,971	2,406,771	25,800
Department Specific Revenues				
Sales Tax	6,239	13,878	14,112	234
Federal Contracts and Grants	3,347,063	2,977,284	2,977,284	—
Departmental Collections	508,108	514,769	515,468	699
Higher Education Collections	791,606	837,828	837,828	—
Federal Mineral Lease	74,350	72,674	76,693	4,019
Investment Income	2,629	2,270	2,553	283
Miscellaneous	537,623	713,513	713,450	(63)
Total Department Specific Revenues	5,267,618	5,132,216	5,137,388	5,172
Total Revenues	7,584,522	7,513,187	7,544,159	30,972
Expenditures				
General Government	475,198	465,564	392,959	72,605
Human Services and Juvenile Justice Services	881,610	874,219	862,489	11,730
Corrections	329,141	322,373	314,555	7,818
Public Safety	323,957	293,988	261,486	32,502
Courts	163,520	163,166	152,341	10,825
Health and Environmental Quality	3,421,331	3,309,198	3,225,392	83,806
Higher Education – State Administration	101,017	78,118	78,118	—
Higher Education – Colleges and Universities	1,759,682	1,823,164	1,823,079	85
Employment and Family Services	1,010,033	799,817	759,450	40,367
Natural Resources	263,404	296,771	238,687	58,084
Heritage and Arts	33,190	34,867	30,382	4,485
Business, Labor, and Agriculture	128,277	126,365	104,008	22,357
Total Expenditures	8,890,360	8,587,610	8,242,946	344,664
Excess Revenues Over (Under) Expenditures	(1,305,838)	(1,074,423)	(698,787)	375,636
Other Financing Sources (Uses)				
Sale of Capital Assets	500	278	278	—
Transfers In	927,381	1,099,072	1,099,072	—
Transfers Out	(127,070)	(212,625)	(212,625)	—
Total Other Financing Sources (Uses)	800,811	886,725	886,725	0
Net Change in Fund Balance	(505,027)	(187,698)	187,938	375,636
Budgetary Fund Balance – Beginning	599,582	599,582	599,582	—
Budgetary Fund Balance – Ending	$ 94,555	$ 411,884	$ 787,520	$ 375,636

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Individual Income Tax	$ 3,814,604	$ 3,900,667	$ 4,013,012	$ 112,345
Corporate Tax	344,152	347,678	450,224	102,546
Miscellaneous Other	30,486	37,232	36,194	(1,038)
Total General Revenues	4,189,242	4,285,577	4,499,430	213,853
Department Specific Revenues				
Federal Contracts and Grants	520,097	492,959	492,959	—
Departmental Collections	1,617	11,391	11,391	—
Investment Income	768	1,834	1,853	19
Miscellaneous:				
Liquor Sales Allocated for School Lunch	39,277	45,432	45,432	—
Driver Education Fee	5,677	6,235	6,235	—
Property Tax for Charter Schools	20,200	26,200	26,222	22
Other	12,621	17,443	17,346	(97)
Total Department Specific Revenues	600,257	601,494	601,438	(56)
Total Revenues	4,789,499	4,887,071	5,100,868	213,797
Expenditures				
Public Education	4,921,403	4,118,917	4,003,123	115,794
Total Expenditures	4,921,403	4,118,917	4,003,123	115,794
Excess Revenues Over (Under) Expenditures	(131,904)	768,154	1,097,745	329,591
Other Financing Sources (Uses)				
Transfers In	114,811	110,816	110,816	—
Transfers Out	(857,968)	(926,940)	(926,940)	—
Total Other Financing Sources (Uses)	(743,157)	(816,124)	(816,124)	0
Net Change in Fund Balance	(875,061)	(47,970)	281,621	329,591
Budgetary Fund Balance – Beginning	601,094	601,094	601,094	—
Budgetary Fund Balance – Ending	$ (273,967)	$ 553,124	$ 882,715	$ 329,591

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Motor Fuel Tax	$ 360,000	$ 357,739	$ 354,028	$ (3,711)
Special Fuel Tax	131,000	142,748	134,865	(7,883)
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees	47,050	47,019	46,279	(740)
Proportional Registration Fees	16,048	16,426	16,684	258
Temporary Permits	273	220	218	(2)
Special Transportation Permits	11,051	11,129	10,945	(184)
Highway Use Permits	11,456	10,883	11,139	256
Motor Vehicle Control Fees	6,422	6,359	6,246	(113)
Investment Income	700	700	4,026	3,326
Miscellaneous Other	—	—	9	9
Total General Revenues	584,000	593,223	584,439	(8,784)
Department Specific Revenues				
Sales and Aviation Fuel Taxes	6,200	6,200	6,374	174
Federal Contracts and Grants	365,110	401,976	401,976	—
Departmental Collections	43,374	53,281	53,039	(242)
Investment Income	254	254	1,126	872
Miscellaneous	24,897	53,532	56,536	3,004
Total Department Specific Revenues	439,835	515,243	519,051	3,808
Total Revenues	1,023,835	1,108,466	1,103,490	(4,976)
Expenditures				
Transportation	1,040,407	1,105,144	1,022,954	82,190
Total Expenditures	1,040,407	1,105,144	1,022,954	82,190
Excess Revenues Over (Under) Expenditures	(16,572)	3,322	80,536	77,214
Other Financing Sources (Uses)				
Sale of Capital Assets	—	19,421	19,421	—
Transfers In	43,707	40,774	40,774	—
Transfers Out	(58,648)	(102,206)	(102,206)	—
Total Other Financing Sources (Uses)	(14,941)	(42,011)	(42,011)	0
Net Change in Fund Balance	(31,513)	(38,689)	38,525	77,214
Budgetary Fund Balance – Beginning	313,471	313,471	313,471	—
Budgetary Fund Balance – Ending	$ 281,958	$ 274,782	$ 351,996	$ 77,214

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, 2018

	General Fund	Education Fund	Transportation Fund
Revenues			
Actual total revenues (budgetary basis)	$ 7,544,159	$ 5,100,868	$ 1,103,490
Differences – Budget to GAAP:			
Intrafund revenues are budgetary revenues but are not revenues for financial reporting	(470,348)	—	(3,104)
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting	(843,252)	(8,492)	—
Change in revenue accrual for nonbudgetary Medicaid claims	5,382	—	—
Change in tax accruals designated by law and other liabilities are revenues for financial reporting but not for budgetary reporting	43,555	(7,184)	13,191
Change in estimated federal receivables recorded as revenues for financial reporting but not for budgetary reporting	—	(24,227)	—
Education related collections that are revenues for financial reporting but not for budgetary reporting	—	129	—
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 6,279,496	$ 5,061,094	$ 1,113,577
Expenditures			
Actual total expenditures (budgetary basis)	$ 8,242,946	$ 4,003,123	$ 1,022,954
Differences – Budget to GAAP:			
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting	(470,348)	—	(3,104)
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	(843,252)	(8,492)	—
Certain budgetary transfers and other charges are reported as an increase or reduction of expenditures for financial reporting	(3,538)	—	—
Leave charges budgeted as expenditures when earned rather than when taken or due	(315)	11	32
Change in estimated liabilities recorded as expenditures for financial reporting but not for budgetary reporting	—	(13,187)	—
Change in accrual for Medicaid (incurred but not reported) claims excluded from the budget by statute	7,312	—	—
Change in accrual for Rehabilitation (incurred but not reported) claims excluded from the budget by statute	187	—	—
Taxpayer rebates budgeted as revenue offset but recorded as expenditures for financial reporting	5,630	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 6,938,622	$ 3,981,455	$ 1,019,882

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, 2018, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

Unexpended balances at yearend may: (***1***) lapse to unrestricted balances (committed, assigned, or unassigned) and be available for future appropriation; (***2***) lapse to restricted balances and be available for future appropriation restricted for specific purposes as defined by statute; or (***3***) be nonlapsing, which means balances are reported as either restricted or committed fund balance. The nonlapsing balances are considered automatically reappropriated as authorized by statute, by an *Appropriations Act*, or by limited encumbrances.

Budgetary Control

In September of each year, all agencies of the government submit requests for appropriations to the Governor's Office of Management and Budget so that a budget may be prepared. The budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

In January, the Governor recommends a budget to the Legislature. The Legislature considers those recommendations and prepares a series of *Appropriations Acts* that modify the State budget for the current year and constitute the State budget for the following year. The Legislature passes the *Appropriations Acts* by a simple majority vote. The *Appropriations Acts* becomes the State's authorized operating budget upon the Governor's signature. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning balances.

Budgetary control is maintained at the functional or organizational level, as identified by numbered line items in the *Appropriations Acts.* Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Acts*. If funding sources are not sufficient to cover the appropriation, the Governor is required to reduce the budget by the amount of the deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental *Appropriations Act*.

Any department that spends more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. All appropriated budgets of the State were within their authorized spending levels.

Spending Limitation

The State also has an appropriation limitation statute that limits the growth in state appropriations. The total of the amount appropriated from unrestricted General Fund sources plus the income tax revenues appropriated for higher education is limited to the growth in population and inflation. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for debt service, emergency expenditures, amounts from other than unrestricted revenue sources, transfers to the Budgetary Reserve Account (Rainy Day Fund), Education Budget Reserve Account and the Transportation Investment Fund; or capital developments meeting certain criteria are exempt from the appropriations limitation. For the fiscal year ended June 30, 2018, the State was $640.414 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 Four Calendar Years ending December 31 *
(dollars expressed in thousands)

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

***** 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	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	$ 18,347	42.12%
	2018	$ 7,958	$ 7,958	$ 0	$ 18,641	42.69%
Utah Governors and Legislators Retirement Plan[1]	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	$ 910	45.16%
	2016	$ 421	$ 421	$ 0	$ 928	45.37%
	2017	$ 421	$ 421	$ 0	$ 943	44.64%
	2018	$ 392	$ 392	$ 0	$ 860	45.58%

Footnotes 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 ..... 6.95 %
Inflation ..... 2.50 %
Salary Increases .....Composed of 2.50 percent inflation, plus 0.75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
Mortality– Judges System. .....Male: 90 percent of the 2017 PR UTAH Retiree Mortality Table for males, projected with scale AA from 2017. Female: 90 percent of the 2017 PR UTAH Retiree Mortality Table for females, projected with scale AA from 2017.
Mortality– Utah Governors and Legislators Retirement Plan.....Male: 110 percent of the 2017 PR UTAH Retiree Mortality Table for males, projected with scale AA from 2017. Female: 110 percent of the 2017 PR UTAH Retiree Mortality Table for females, projected with scale AA from 2017.

Other Information:

The actuarially determined contribution rates are calculated as of January 1 and become effective on July 1 of the following year, which is 18 months after the valuation date. The Utah Retirement Systems' Board certifies the contribution rates that employers are contractually required to contribute to the Retirement System. According to Section 49-11-301(5) of the *Utah Code*, if the funded ratio of the plan is less than 110 percent, then the Board is permitted to maintain the prior year's contribution rate if the actuarially determined contribution is lower. The Board has historically followed this policy.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- Investment Rate of Return
  In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8 to 7.75 percent, and then again in 2011 down to 7.50 percent. In 2017, the discount rate was reduced to 7.20 percent and was again reduced in 2018 to 6.95 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
- Amortization
  Changes implemented in 2009 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. In 2018, the assumed rate of inflation was decreased from 2.60 to 2.50 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 Four Calendar Years ending December 31*
(dollars expressed in thousands)

	Calendar Year			
Noncontributory System	**2014**	**2015**	**2016**	**2017**
Proportion of the Net Pension Liability (Asset)	24.07%	23.84%	24.46%	23.46%
Proportionate Share of the Net Pension Liability (Asset)	$604,765	$748,863	$792,635	$573,675
Covered Payroll	$645,747	$630,251	$639,263	$598,938
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	93.65%	118.82%	123.99%	95.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.20%	84.50%	84.90%	89.20%
Contributory System				
Proportion of the Net Pension Liability (Asset)	34.02%	32.52%	30.90%	30.98%
Proportionate Share of the Net Pension Liability (Asset)	$3,731	$20,378	$16,932	$2,039
Covered Payroll	$12,280	$10,301	$8,283	$7,049
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	30.38%	197.83%	204.42%	28.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.70%	92.40%	93.40%	99.20%
Public Safety System				
Proportion of the Net Pension Liability (Asset)	98.11%	97.81%	97.73%	97.53%
Proportionate Share of the Net Pension Liability (Asset)	$182,306	$210,570	$208,964	$169,585
Covered Payroll	$111,391	$109,909	$112,155	$107,429
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	163.66%	191.59%	186.32%	157.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.30%	82.30%	83.50%	87.40%
Firefighters System				
Proportion of the Net Pension Liability (Asset)	2.59%	3.90%	4.30%	3.84%
Proportionate Share of the Net Pension Liability (Asset)	$(148)	$(71)	$(34)	$(240)
Covered Payroll	$851	$1,047	$1,208	$1,123
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	(17.39)%	(6.78)%	(2.81)%	(21.37)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.50%	101.00%	100.40%	103.00%
Tier 2 Public Employees System				
Proportion of the Net Pension Liability (Asset)	17.95%	17.66%	19.04%	18.41%
Proportionate Share of the Net Pension Liability (Asset)	$(544)	$(39)	$2,123	$1,623
Covered Payroll	$88,068	$114,106	$156,103	$180,218
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	(0.62)%	(0.03)%	1.36%	0.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.50%	100.20%	95.10%	97.40%
Tier 2 Public Safety and Firefighters System				
Proportion of the Net Pension Liability (Asset)	26.64%	25.84%	26.95%	25.32%
Proportionate Share of the Net Pension Liability (Asset)	$(394)	$(377)	$(234)	$(293)
Covered Payroll	$11,011	$15,378	$22,263	$26,727
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	(3.58)%	(2.45)%	(1.05)%	(1.10)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	120.50%	110.70%	103.60%	103.00%

* 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	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%
	2018	$ 129,414	$ 129,414	$ 0	$ 591,404	21.88%
Contributory System	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%
	2018	$ 1,118	$ 1,118	$ 0	$ 6,317	17.70%
Public Safety System	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%
	2018	$ 43,333	$ 43,333	$ 0	$ 107,565	40.29%
Firefighters System	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%
	2018	$ 43	$ 43	$ 0	$ 1,086	3.96%
Tier 2 Public Employees System	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%
	2018	$ 36,277	$ 36,277	$ 0	$ 196,807	18.43%
Tier 2 Public Safety and Firefighters System	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%
	2018	$ 8,534	$ 8,534	$ 0	$ 29,390	29.04%

Footnotes to Multiple-employer Systems Schedule of Contributions

This schedule reflects the legislative authorized rates and contributions for these systems. Tier 2 rates include a statutory required contribution (0.08 to 18.54 percent amortization rate) to finance the unfunded actuarial accrued liability of the non-Tier 2 plans.

Significant Changes to Methods and Assumptions Used to Determine Contribution Rates:

- Investment Rate of Return

  In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8 to 7.75 percent, and then again in 2011 down to 7.50 percent. In 2017, the discount rate was reduced to 7.20 percent and was again reduced in 2018 to 6.95 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
- Amortization

  Changes implemented in 2009 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. In 2018, the assumed rate of inflation was decreased from 2.60 to 2.50 percent.

New Retirement Plans:

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

Restatement:

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

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INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

A. Single-employer Plans

The State administers two single-employer Other Postemployment Benefit (OPEB) Plans, the State Employee OPEB Plan and the Elected Official OPEB Plan. The State Employee OPEB Plan and the Elected Official OPEB Plan are administered through two separate irrevocable trusts; the State Post-Retirement Benefits Trust Fund and Elected Official Post-Retirement Benefits Trust Fund, respectively. Assets of the trust funds are dedicated to providing postemployment health and life insurance coverage to current and eligible future state retirees and elected officials.

The following schedules present, for the State's (primary government) single-employer OPEB Plans, the Changes in the Net OPEB Liability and Related Ratios, Schedule of Employer Contributions, and Schedule of Investment Returns.

Changes in Net OPEB Liability
Single-employer Plans
(expressed in thousands)

State Employee Plan		Fiscal Year * 2018	Fiscal Year * 2017
Total OPEB Liability			
Service Cost		$ 5,063	$ 4,939
Interest		13,219	13,661
Difference between Actual and Expected Experience		—	—
Assumption Changes		—	—
Benefit Payments		(31,339)	(30,158)
Net Change in Total OPEB Liability		(13,057)	(11,558)
Total OPEB Liability – Beginning		362,973	374,531
Total OPEB Liability – Ending	*A*	$ 349,916	$ 362,973
Plan Fiduciary Net Position			
Contributions – Employee		$ —	—
Contributions – Employer		29,735	33,361
Net Investment Income (Loss)		(2,065)	14,194
Benefit Payments		(31,339)	(30,158)
Administrative Expense		—	—
Net Transfers with Affiliated Systems		961	—
Net Change in Plan Fiduciary Net Position		(2,708)	17,397
Plan Fiduciary Net Position – Beginning		254,172	236,775
Plan Fiduciary Net Position – Ending	*B*	$ 251,464	$ 254,172
Net OPEB Liability (A - B)		$ 98,452	$ 108,801
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		71.86%	70.03%
Covered Payroll **		$ 994,839	$ 966,279
Net OPEB Liability as a Percentage of Covered Payroll		9.90%	11.26%
Elected Official OPEB Plan			
Total OPEB Liability			
Service Cost		$ 715	$ 698
Interest		850	789
Difference between Actual and Expected Experience		—	—
Assumption Changes		—	—
Benefit Payments		(534)	(503)
Net Change in Total OPEB Liability		1,031	984
Total OPEB Liability – Beginning		15,735	14,751
Total OPEB Liability – Ending	*A*	$ 16,766	$ 15,735
Plan Fiduciary Net Position			
Contributions – Employee		$ —	$ —
Contributions – Employer		1,388	1,388
Net Investment Income		667	1,214
Benefit Payments		(534)	(503)
Administrative Expense		—	—
Net Transfers with Affiliated Systems		1	—
Net Change in Plan Fiduciary Net Position		1,522	2,099
Plan Fiduciary Net Position – Beginning		12,080	9,981
Plan Fiduciary Net Position – Ending	*B*	$ 13,602	$ 12,080
Net OPEB Liability (A - B)		$ 3,164	$ 3,655
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		81.13%	76.77%
Covered-employee Payroll **		$ 1,421	$ 1,478
Net OPEB Liability as a Percentage of Covered-employee Payroll		222.66%	247.29%

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

** Contributions to the State Employee Plan are based on a measure of pay, therefore covered payroll is presented in the above schedule. Contributions to the Elected Official OPEB Plan are based on appropriations and not on a measure of pay; therefore, for that plan the covered-employee payroll is presented.

Contributions – The following schedule presents a ten year history of the State's (primary government) contributions to its single-employer OPEB plans, the State Employee OPEB Plan and Elected Official OPEB Plan.

Employer Contributions – OPEB Plans
Single-employer Plans
(expressed in thousands)

Last Ten Fiscal Years

	Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll*	Contributions as a Percentage of Covered Payroll
State Employee OPEB Plan.....	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%
	2018	$ 29,100	$ 29,735	$ (635)	$ 994,839	2.99%
Elected Official OPEB Plan.....	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%
	2018	$ 1,241	$ 1,388	$ (147)	$ 1,421	97.68%

* Contributions to the State Employee OPEB Plan are based on a measure of pay, therefore covered payroll is presented in the above schedule. Contributions to the Elected Official OPEB Plan are based on appropriations and not on a measure of pay; therefore, the covered-employee payroll is presented for that plan.

Footnotes to Single-employer OPEB Plans Schedule of Contributions

Methods and Assumptions Used to Determine Contribution Rates:

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 5.90 percent which declines gradually to an ultimate rate of 4.14 percent in 2075.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 seven 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 2012, the amortization period for the State Employee OPEB Plan was changed from a 25 year open to a 20 year open. The amortization period for State Employee OPEB Plan was changed again in fiscal year 2014 from a 20 year open to a 10 year open. In fiscal year 2012, the amortization period for the Elected Official OPEB Plan was changed from a 30 year open to a 20 year open.
- 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	2009	—
	2010	—
	2011	—
	2012	—
	2013	—
	2014	—
	2015	—
	2016	—
	2017	5.79 %
	2018	(0.43)%
Elected Official OPEB Plan	2009	—
	2010	—
	2011	—
	2012	—
	2013	—
	2014	—
	2015	—
	2016	—
	2017	11.24 %
	2018	5.09 %

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

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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 5,780 centerline miles of state roads. The assessment is based on Ride Quality, using the International Roughness Index (IRI) data. This data is also reported to the Federal Highways Administration (FHWA) and used for the National Condition Assessment reported to Congress. Ranges for Good, Fair and Poor condition were established to correlate with the national FHWA ranges. Additional condition measures for age, wheel path rutting, and surface cracking are considered in project recommendations.

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

Condition Level – Roads

UDOT performs pavement condition assessments at a minimum of every other calendar year. The State has established an overall condition target to assure the system is funded adequately and not at any financial risk to maintain. This target is to maintain the Statewide system with 80 percent or more of the mileage rated in "Fair or Better" condition. UDOT utilizes a number of additional strategies and performance measures for estimating long term performance and managing allocations of funds to different categories within the pavement system. These measures vary slightly in function and purpose, all seeking to help assure systems are performing well. Some of these additional measures include strategic goals for both High Volume and Low Volume systems, internal goals for each pavement category, and annual national performance targets for reporting to the Federal Highway Administration for the Interstate system and the National Highway system. Ultimately these additional strategies and measures are only used as a mechanism to distribute funding and are adjusted as needed to assure the Statewide system remains with 80 percent or more of the pavement mileage rated in "Fair or Better" condition.

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

	2017	2015	2014
Statewide System	90.36%	89.32%	87.51%

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
2018	$252,563	$307,815
2017	$217,593	$346,112
2016	$202,516	$291,847
2015	$198,526	$279,878
2014	$193,282	$298,484

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,953 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	2018	2017	2016
Good	64.52%	67.91%	70.95%
Poor	2.76%	1.45%	1.40%

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
2018	$44,570	$54,320
2017	$38,399	$61,079
2016	$35,738	$51,502
2015	$35,034	$49,390
2014	$34,109	$52,674

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STATE OF UTAH

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

SUPPLEMENTARY INFORMATION

2018

JORDANELLE STATE PARK

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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 discrete component units. The fund receives financial resources from the proceeds of general obligation bonds, legislative appropriations, and intergovernmental revenues.

Capital Projects – State Building Ownership Authority *(Blended Component Unit)*
This fund accounts for resources used for capital outlays including the acquisition or construction of major capital facilities for use by various state agencies. The fund receives financial resources from the proceeds of lease revenue bonds issued by the Authority and the interest earned on the proceeds of the bonds.

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

Debt Service – State Building Ownership Authority *(Blended Component Unit)*
This fund accounts for the payment of principal and interest on lease revenue bonds issued by the Authority. The fund receives financial resources from rent payments made by various state agencies occupying the facilities owned by the Authority. The fund also receives capital lease payments from certain college and university component units.

Combining Balance Sheet
Nonmajor Governmental Funds
(expressed in thousands)

June 30, 2018

	Special Revenue				
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services	Consumer Education
ASSETS					
Cash and Cash Equivalents	$ 3,576	$ 6,795	$ 1,496	$ 7,138	$ 1,188
Investments	211,608	10,179	2,810	—	3,952
Receivables:					
Accounts, net	—	—	—	—	30
Accrued Interest	—	—	—	—	—
Accrued Taxes, net	—	—	—	—	—
Capital Lease Payments, net	—	—	—	—	—
Due From Other Funds	—	—	—	—	—
Due From Component Units	—	—	—	—	—
Total Assets	$ 215,184	$ 16,974	$ 4,306	$ 7,138	$ 5,170
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	$ —	$ 422	$ 83	$ 102	$ 222
Due To Other Funds	—	1	—	155	29
Unearned Revenue	—	—	—	—	—
Total Liabilities	0	423	83	257	251
Deferred Inflows of Resources:					
Unavailable Revenue	—	—	—	—	—
Total Deferred Inflows of Resources	0	0	0	0	0
Fund Balances:					
Restricted	—	8,427	—	6,881	—
Committed	215,184	8,124	4,223	—	4,919
Assigned	—	—	—	—	—
Total Fund Balances	215,184	16,551	4,223	6,881	4,919
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 215,184	$ 16,974	$ 4,306	$ 7,138	$ 5,170

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
$ —	$ 850	$ 7,127	$ 181,614	$ —	$ 61,133	$ 38,895	$ 309,812
25,262	233	23,045	221,921	33,187	11,417	4,451	548,065
—	—	20,650	7,906	—	—	72	28,658
—	—	—	—	—	14	9	23
—	—	448	—	—	—	—	448
—	—	—	—	—	—	86,445	86,445
8	24	17	3,539	—	—	—	3,588
—	—	—	49,466	—	—	—	49,466
$ 25,270	$ 1,107	$ 51,287	$ 464,446	$ 33,187	$ 72,564	$ 129,872	$ 1,026,505
$ 818	$ 1	$ 5,297	$ 60,837	$ 4,641	$ 52,387	$ —	$ 124,810
147	9	759	1,851	13,025	11,955	7,773	35,704
—	67	2,039	—	—	—	—	2,106
965	77	8,095	62,688	17,666	64,342	7,773	162,620
—	—	—	—	—	—	86,445	86,445
0	0	0	0	0	0	86,445	86,445
—	—	17,843	220,622	12,931	—	—	266,704
24,305	1,030	18,117	—	—	—	—	275,902
—	—	7,232	181,136	2,590	8,222	35,654	234,834
24,305	1,030	43,192	401,758	15,521	8,222	35,654	777,440
$ 25,270	$ 1,107	$ 51,287	$ 464,446	$ 33,187	$ 72,564	$ 129,872	$ 1,026,505

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

(expressed in thousands)

For the Fiscal Year Ended June 30, 2018

	Special Revenue				
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services	Consumer Education
REVENUES					
Taxes:					
Sales and Use Tax	$ —	$ —	$ —	$ —	$ —
Other Taxes	8,346	—	—	—	—
Total Taxes	8,346	0	0	0	0
Other Revenues:					
Federal Contracts and Grants	—	—	2,531	—	—
Charges for Services	—	5,185	6,723	12,996	2,127
Intergovernmental	—	—	—	—	—
Investment Income	10,666	209	42	—	79
Miscellaneous and Other	—	—	—	—	—
Total Revenues	19,012	5,394	9,296	12,996	2,206
EXPENDITURES					
Current:					
General Government	—	3,267	6,755	—	—
Human Services and Juvenile Justice Services	—	—	—	—	—
Corrections	—	—	—	—	—
Public Safety	—	—	—	—	—
Courts	—	—	—	—	—
Health and Environmental Quality	—	538	—	—	—
Higher Education – State Administration	—	—	—	—	—
Higher Education – Colleges and Universities	—	—	—	—	—
Employment and Family Services	—	—	—	—	—
Natural Resources	—	—	—	—	—
Heritage and Arts	—	—	—	—	—
Business, Labor, and Agriculture	—	2,088	—	12,040	1,241
Public Education	—	—	—	—	—
Transportation	—	—	—	—	—
Capital Outlay	—	—	—	—	—
Debt Service:					
Principal Retirement	—	—	—	—	—
Interest and Other Charges	—	—	—	—	—
Total Expenditures	0	5,893	6,755	12,040	1,241
Excess Revenues Over (Under) Expenditures	19,012	(499)	2,541	956	965
OTHER FINANCING SOURCES (USES)					
General Obligation Bonds Issued	—	—	—	—	—
Revenue Bonds Issued	—	—	—	—	—
Refunding Bonds Issued	—	—	—	—	—
Premium on Bonds Issued	—	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—	—
Capital Leases Acquisition	—	—	—	—	—
Sale of Capital Assets	—	—	—	—	—
Transfers In	—	400	—	2,626	—
Transfers Out	—	(114)	(1,896)	—	(269)
Total Other Financing Sources (Uses)	0	286	(1,896)	2,626	(269)
Net Change in Fund Balances	19,012	(213)	645	3,582	696
Fund Balances – Beginning	196,172	16,764	3,578	3,299	4,223
Fund Balances – Ending	$ 215,184	$ 16,551	$ 4,223	$ 6,881	$ 4,919

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
$ —	$ —	$ 7,396	$ —	$ —	$ —	$ —	$ 7,396
4,848	—	19	—	—	—	—	13,213
4,848	0	7,415	0	0	0	0	20,609
—	—	26,970	—	—	14,246	1,632	45,379
—	680	115,624	—	—	—	—	143,335
—	—	—	11,801	—	—	—	11,801
535	4	903	855	380	4,349	112	18,134
—	—	7,843	352	—	—	23,284	31,479
5,383	684	158,755	13,008	380	18,595	25,028	270,737
—	506	31,421	12,968	—	—	—	54,917
—	—	313	6,729	—	—	—	7,042
—	—	—	4,826	—	—	—	4,826
—	—	33,530	2,090	—	—	—	35,620
—	—	—	18,119	—	—	—	18,119
—	—	563	1,101	—	—	—	2,202
—	—	—	655	—	—	—	655
—	—	—	34,592	—	—	—	34,592
10,822	—	1,561	959	—	—	—	13,342
—	—	7,375	2,123	—	—	—	9,498
—	—	10	618	—	—	—	628
—	—	112	1,819	—	—	—	17,300
—	—	—	1,643	—	—	—	1,643
—	—	1	4,693	—	—	—	4,694
—	—	—	226,363	40,366	—	—	266,729
—	—	—	—	—	271,535	16,516	288,051
—	—	—	—	—	93,480	10,386	103,866
10,822	506	74,886	319,298	40,366	365,015	26,902	863,724
(5,439)	178	83,869	(306,290)	(39,986)	(346,420)	(1,874)	(592,987)
—	—	—	189,415	—	—	—	189,415
—	—	—	—	2,920	—	—	2,920
—	—	—	—	—	118,700	25,910	144,610
—	—	—	30,570	80	1,660	3,315	35,625
—	—	—	—	—	(118,495)	—	(118,495)
—	—	—	13,705	—	—	—	13,705
—	—	—	10	—	—	—	10
—	—	16,964	195,699	—	359,390	223	575,302
(5)	—	(94,757)	(4,175)	—	(14,423)	—	(115,639)
(5)	0	(77,793)	425,224	3,000	346,832	29,448	727,453
(5,444)	178	6,076	118,934	(36,986)	412	27,574	134,466
29,749	852	37,116	282,824	52,507	7,810	8,080	642,974
$ 24,305	$ 1,030	$ 43,192	$ 401,758	$ 15,521	$ 8,222	$ 35,654	$ 777,440

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

For the Fiscal Year Ended June 30, 2018

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	$ 4,739	$ —	$ —	$ 4,739	$ 2,626	$ —	$ —	$ 2,113
House	8,331	—	—	8,331	4,756	—	—	3,575
Printing	1,125	—	281	1,406	796	—	—	610
Research and General Counsel	13,119	—	—	13,119	9,889	—	—	3,230
Fiscal Analyst	4,834	—	—	4,834	3,273	—	—	1,561
Auditor General	5,432	—	—	5,432	4,302	—	—	1,130
Legislative Support	1,954	—	—	1,954	1,679	—	—	275
Legislative Services	404	—	—	404	1	—	—	403
Total Legislature	39,938	0	281	40,219	27,322	0	0	12,897
Elected Officials								
Governor's Office	$ 7,362	$ —	$ 1,091	$ 8,453	$ 6,641	$ —	$ 137	$ 1,675
GOV Office of Management & Budget	6,628	—	1	6,629	4,913	—	23	1,693
GOV School Readiness Initiative	7,728	—	—	7,728	1,157	—	6,571	—
GOV GOMB - Operations & Policy	1,000	—	—	1,000	1	—	—	999
GOV Character Education	491	—	—	491	345	—	—	146
GOV Criminal & Juvenile Justice	14,267	16,018	353	30,638	25,270	—	1,084	4,284
GOV Salt Lake County Bed Housing	2,847	—	—	2,847	2,307	—	—	540
GOV CCJJ Factual Innocence Payments	320	—	—	320	46	—	—	274
GOV Indigent Defense Commission	3,851	—	—	3,851	1,087	—	—	2,764
GOV Emergency Fund	100	—	—	100	—	—	—	100
GOV LeRay McAllister Program	1,018	—	—	1,018	200	—	—	818
GOV CCJJ Jail Reimbursement	15,692	—	—	15,692	15,692	—	—	—
GOV Pete Suazo Athletic Commission	294	—	39	333	207	—	—	126
GOV Economic Development Administration	4,281	—	533	4,814	3,695	—	—	1,119
GOV ED Office of Tourism	32,174	—	234	32,408	26,871	—	—	5,537
GOV ED Business Development	11,002	594	348	11,944	10,523	—	—	1,421
GOV ED Utah Broadband Outreach Center	387	—	—	387	387	—	—	—
GOV STEM Action Center	15,229	—	258	15,487	13,334	—	—	2,153
GOV ED Pass Through	13,166	—	—	13,166	13,016	—	—	150
GOV ED Utah Office of Outdoor Recreation	698	—	—	698	568	—	—	130
GOV Industrial Assistance	1,772	—	—	1,772	1,772	—	—	—
GOV Office of Energy Development	2,289	666	152	3,107	2,876	—	189	42
GOV Constitutional Defense Council	13	—	—	13	—	—	—	13
USTAR Administration	2,065	—	—	2,065	2,007	—	—	58
USTAR Research Capacity Bldg.	12,609	—	—	12,609	12,609	—	—	—
USTAR Grant Programs	14,370	—	—	14,370	7,354	—	—	7,016
USTAR Support Programs	4,044	—	12	4,056	3,387	—	—	669
AG Attorney General	41,052	2,025	20,849	63,926	62,045	—	—	1,881
AG Contract Attorneys	41	—	904	945	932	—	—	13
AG Prosecution Council	799	35	753	1,587	1,423	—	28	136
AG Domestic Violence	79	—	—	79	79	—	—	—
AG Children's Justice Centers	4,181	261	177	4,619	4,171	—	—	448
AG State Settlement Agreements	860	—	—	860	464	—	—	396
State Treasurer	3,376	—	692	4,068	3,269	1	613	185
State Auditor	4,411	—	2,381	6,792	6,131	—	—	661
Total Elected Officials	230,496	19,599	28,777	278,872	234,779	1	8,645	35,447
Government Operations								
Capitol Preservation Board	$ 4,215	$ —	$ —	$ 4,215	$ 4,215	$ —	$ —	$ —
DAS Executive Director	1,257	—	—	1,257	1,172	—	—	85
DAS Administrative Rules	1,228	—	—	1,228	740	—	—	488
DAS DFCM Administration	6,053	—	829	6,882	6,316	—	—	566
DAS State Archives	3,251	39	53	3,343	3,174	—	—	169
DAS Finance Administration	11,908	—	1,863	13,771	10,804	—	—	2,967
DAS Office of Inspector General - Medicaid Services	1,406	—	1,670	3,076	2,970	—	—	106
DAS Post Conviction Indigent Defense	221	—	—	221	221	—	—	—
DAS Elected Official Post Retirement Benefits Contribution	1,388	—	—	1,388	1,388	—	—	—

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

For the Fiscal Year Ended June 30, 2018

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 Finance Mandated	4,773	—	—	4,773	3,359	—	1,414	—
DAS Judicial Conduct Commission	309	—	—	309	279	—	—	30
DAS-Finance-Mandated-Ethics Commission	101	—	—	101	6	—	—	95
DAS Finance Mandated Parental Defense	114	—	37	151	119	—	—	32
DAS Purchasing	685	—	—	685	685	—	—	—
DAS Building Board Program	1,333	—	—	1,333	1,320	—	—	13
Tax Commission Administration	79,808	582	7,388	87,778	80,832	5,104	842	1,000
TAX License Plate Production	276	—	3,398	3,674	3,299	—	—	375
TAX Liquor Profits Distribution	5,594	—	—	5,594	5,594	—	—	—
TAX Rural Health Care	219	—	—	219	219	—	—	—
HRM Human Resource Management	90	—	275	365	280	27	—	58
CSR Career Service Review Office	310	—	—	310	254	26	—	30
DTS Chief Information Officer	2,489	—	—	2,489	714	—	—	1,775
DTS Integrated Technology	1,706	512	1,093	3,311	2,898	—	—	413
Total Government Operations	128,734	1,133	16,606	146,473	130,858	5,157	2,256	8,202
Total General Government	$ 399,168	$ 20,732	$ 45,664	$ 465,564	$ 392,959	$ 5,158	$ 10,901	$ 56,546
HUMAN SERVICES								
Administration	$ 9,404	$ 7,220	$ 3,429	$ 20,053	$ 19,985	$ —	$ —	$ 68
Substance Abuse and Mental Health	125,268	33,631	22,590	181,489	180,364	—	231	894
Office of Public Guardian	509	40	338	887	866	—	—	21
Services for People with Disabilities	100,185	1,345	230,766	332,296	327,713	—	—	4,583
Recovery Services	13,816	18,022	11,103	42,941	42,762	179	—	—
Child and Family Services	122,033	60,839	(7,243)	175,629	174,016	—	97	1,516
Juvenile Justice Services	93,131	2,043	680	95,854	92,021	—	—	3,833
Aging and Adult Services	13,780	12,066	(776)	25,070	24,762	—	—	308
Total Human Services	$ 478,126	$ 135,206	$ 260,887	$ 874,219	$ 862,489	$ 179	$ 328	$ 11,223
CORRECTIONS								
Department of Corrections								
Programs and Operations	$ 246,476	$ —	$ 4,257	$ 250,733	$ 245,566	$ —	$ 69	$ 5,098
Medical Services	34,996	—	617	35,613	35,025	—	—	588
Jail Contracting	30,316	—	—	30,316	28,731	—	—	1,585
Total Department of Corrections	311,788	0	4,874	316,662	309,322	0	69	7,271
Board of Pardons and Parole								
Board of Pardons and Parole	$ 5,709	$ —	$ 2	$ 5,711	$ 5,233	$ —	$ —	$ 478
Total Board of Pardons and Parole	5,709	0	2	5,711	5,233	0	0	478
Total Corrections	$ 317,497	$ 0	$ 4,876	$ 322,373	$ 314,555	$ 0	$ 69	$ 7,749
PUBLIC SAFETY								
Department of Public Safety								
UCA Administrative Services Division	$ 14,139	$ —	$ —	$ 14,139	$ 14,139	$ —	$ —	$ —
Programs and Operations	111,952	3,541	24,139	139,632	128,657	—	3,391	7,584
Emergency Management	1,438	9,428	509	11,375	11,231	—	—	144
Emergency Management – National Guard	150	—	—	150	—	—	—	150
Emergency and Disaster Management	12,655	—	—	12,655	179	—	—	12,476
Peace Officer's Standards and Training	4,674	—	72	4,746	3,398	—	1,148	200
Driver License	37,005	52	18	37,075	31,036	—	—	6,039
Highway Safety	2,175	4,231	381	6,787	6,048	4	—	735
Total Department of Public Safety	184,188	17,252	25,119	226,559	194,688	4	4,539	27,328
Utah National Guard								
Utah National Guard Administration	$ 7,244	$ 52,854	$ 2,487	$ 62,585	$ 62,521	$ —	$ —	$ 64
Total Utah National Guard	7,244	52,854	2,487	62,585	62,521	0	0	64
Department of Veteran's and Military Affairs								
Veteran's and Military Affairs	$ 4,123	$ 430	$ 291	$ 4,844	$ 4,277	$ —	$ —	$ 567
Total Department of Veteran's and Military Affairs	4,123	430	291	4,844	4,277	—	—	567
Total Public Safety	$ 195,555	$ 70,536	$ 27,897	$ 293,988	$ 261,486	$ 4	$ 4,539	$ 27,959
STATE COURTS								
Judicial Council	$ 128,086	$ 518	$ 2,096	$ 130,700	$ 121,163	$ 95	$ 6,597	$ 2,845
Grand Jury	1	—	—	1	1	—	—	—
Contracts and Leases	20,479	—	262	20,741	20,161	—	130	450
Jury and Witness Fees	2,594	—	10	2,604	2,514	—	—	90

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

For the Fiscal Year Ended June 30, 2018

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
Guardian Ad Litem	9,078	—	42	9,120	8,502	—	118	500
Total State Courts	$ 160,238	$ 518	$ 2,410	$ 163,166	$ 152,341	$ 95	$ 6,845	$ 3,885
HEALTH and ENVIRONMENTAL QUALITY								
DOH Executive Director	$ 7,172	$ 5,920	$ 4,861	$ 17,953	$ 17,363	$ —	$ 5	$ 585
DOH Rural Physicians Loan Repayment Assistance	633	—	—	633	337	—	—	296
DOH Disease Control & Prevention	25,264	37,661	17,477	80,402	78,525	—	140	1,737
DOH Family Health & Preparedness	26,246	69,766	22,055	118,067	114,720	17	135	3,195
DOH Medicaid & Health Financing	6,614	79,287	39,916	125,817	124,783	—	21	1,013
DOH Medicaid Services	602,669	1,739,877	375,676	2,718,222	2,667,191	—	42,822	8,209
DOH Local Health Department Funding	2,138	—	—	2,138	2,138	—	—	—
DOH Children's Health Insurance	19,059	130,991	7,022	157,072	137,981	—	18,400	691
DOH Workforce Financial Assistance	773	—	—	773	334	—	—	439
DOH Medicaid Sanctions	1,979	—	—	1,979	—	—	—	1,979
DOH Federal Commodities	—	26,939	—	26,939	26,939	—	—	—
DEQ Executive Director	3,039	251	2,736	6,026	5,566	19	—	441
DEQ Air Quality	7,887	5,713	4,264	17,864	17,458	—	91	315
DEQ Environmental Response & Remediation	4,004	3,200	318	7,522	6,626	—	896	—
DEQ Water Quality	5,205	4,566	1,715	11,486	11,188	—	38	260
DEQ Drinking Water	2,823	3,478	(173)	6,128	5,551	—	137	440
DEQ Clean Air Retrofit, Replacement, & Off-road Tech	302	—	—	302	302	—	—	—
DEQ Waste Management & Radiation Control	8,348	895	632	9,875	8,390	—	1,085	400
Total Health and Environmental Quality	$ 724,155	$ 2,108,544	$ 476,499	$ 3,309,198	$ 3,225,392	$ 36	$ 63,770	$ 20,000
HIGHER EDUCATION								
RGT Board of Regents Administration	$ 3,781	$ 237	$ —	$ 4,018	$ 4,018	$ —	$ —	$ —
RGT Student Support	1,634	—	—	1,634	1,634	—	—	—
RGT Economic Development	4,371	—	—	4,371	4,371	—	—	—
RGT Student Assistance	22,065	—	—	22,065	22,065	—	—	—
RGT Math Competency Initiative	1,925	—	—	1,925	1,925	—	—	—
RGT Technology	7,184	—	—	7,184	7,184	—	—	—
RGT Education Excellence	8,287	—	—	8,287	8,287	—	—	—
RGT Medical Education Council	1,807	—	—	1,807	1,807	—	—	—
UOU Education & General	247,601	—	295,771	543,372	543,372	—	—	—
UOU Educationally Disadvantaged	708	—	—	708	708	—	—	—
UOU School of Medicine	37,443	—	26,587	64,030	64,030	—	—	—
UOU University Hospital	5,114	—	—	5,114	5,114	—	—	—
UOU Regional Dental Education	663	—	7,914	8,577	8,577	—	—	—
UOU Public Service	2,195	—	—	2,195	2,195	—	—	—
UOU Statewide TV Administration	2,611	—	—	2,611	2,611	—	—	—
UOU Cancer Research and Treatment	8,002	—	—	8,002	8,002	—	—	—
UOU Rocky Mtn Center for Occupational & Environmental Health	165	—	—	165	127	—	38	—
UOU Poison Control Center	2,252	—	—	2,252	2,252	—	—	—
UOU Center on Aging	109	—	—	109	109	—	—	—
USU Education & General	140,846	—	121,009	261,855	261,855	—	—	—
USU Educationally Disadvantaged	100	—	—	100	100	—	—	—
USU Water Research Lab	3,653	—	—	3,653	3,606	—	47	—
USU Agriculture Experiment Station	13,115	2,739	—	15,854	15,854	—	—	—
USU Cooperative Extension Service	15,053	2,262	—	17,315	17,315	—	—	—
USU Uintah Basin CEC	4,425	—	2,330	6,755	6,755	—	—	—
USU Southeastern Utah CEC	865	—	1,929	2,794	2,794	—	—	—
USU Eastern Education & General	12,067	—	2,664	14,731	14,731	—	—	—
USU Eastern Educationally Disadvantaged	105	—	—	105	105	—	—	—
USU Eastern Career & Technical Education	1,412	—	—	1,412	1,412	—	—	—
USU Prehistoric Museum	457	—	—	457	457	—	—	—
USU Blanding Campus	2,928	—	1,208	4,136	4,136	—	—	—
USU – Brigham City CEC	5,058	—	12,622	17,680	17,680	—	—	—
USU – Tooele CEC	3,221	—	9,060	12,281	12,281	—	—	—
Weber – Education and General	83,037	—	75,016	158,053	158,053	—	—	—

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

For the Fiscal Year Ended June 30, 2018

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
Weber – Educationally Disadvantaged	380	—	—	380	380	—	—	—
SUU – Education and General	38,106	—	45,057	83,163	83,163	—	—	—
SUU – Educationally Disadvantaged	95	—	—	95	95	—	—	—
SUU – Shakespeare Festival	22	—	—	22	22	—	—	—
SUU – Rural Development	105	—	—	105	105	—	—	—
Snow College – Education and General	22,449	—	11,069	33,518	33,518	—	—	—
Snow College – Educationally Disadvantaged	32	—	—	32	32	—	—	—
Snow College – Career Technology Education	1,387	—	—	1,387	1,387	—	—	—
Dixie – Education and General	35,039	—	31,651	66,690	66,690	—	—	—
Dixie – Educationally Disadvantaged	26	—	—	26	26	—	—	—
Dixie – Zion Park Amphitheater	56	—	59	115	115	—	—	—
UVU – Education and General	106,865	—	134,844	241,709	241,709	—	—	—
UVU – Educationally Disadvantaged	175	—	—	175	175	—	—	—
SLCC – Education and General	89,197	—	58,725	147,922	147,922	—	—	—
SLCC – Educationally Disadvantaged	178	—	—	178	178	—	—	—
SLCC – School of Applied Technology	6,672	—	735	7,407	7,407	—	—	—
Utah System of Technical Colleges	5,927	—	—	5,927	5,927	—	—	—
USTC – Bridgerland	13,495	—	—	13,495	13,495	—	—	—
USTC – Davis	15,405	—	—	15,405	15,405	—	—	—
USTC – Ogden/Weber	15,700	—	—	15,700	15,700	—	—	—
USTC – Uintah Basin	7,911	—	—	7,911	7,911	—	—	—
USTC – Mountainland	11,592	—	—	11,592	11,592	—	—	—
USTC – Southwest	5,047	—	—	5,047	5,047	—	—	—
USTC – Dixie	6,738	—	—	6,738	6,738	—	—	—
USTC – Tooele	4,109	—	—	4,109	4,109	—	—	—
Utah Education and Telehealth Network	26,667	—	—	26,667	26,667	—	—	—
UETN – Digital Teaching and Learning Program	160	—	—	160	160	—	—	—
Total Higher Education	$ 1,057,794	$ 5,238	$ 838,250	$ 1,901,282	$ 1,901,197	$ 0	$ 85	$ 0
WORKFORCE SERVICES								
Office of Rehabilitation	$ 23,820	$ 43,332	$ 724	$ 67,876	$ 63,542	$ —	$ 4,334	$ —
Office of Child Care	503	18	—	521	241	—	—	280
Administration	8,625	6,340	2,553	17,518	12,979	2	4,537	—
Operations and Policy	60,549	204,947	42,198	307,694	302,468	—	4,713	513
Nutritional Assistance – SNAP	—	266,114	—	266,114	266,114	—	—	—
General Assistance	3,855	—	250	4,105	3,884	—	—	221
Unemployment Insurance Administration	7,422	16,797	521	24,740	19,159	—	5,581	—
Operation Rio Grande	15,401	—	—	15,401	5,033	—	—	10,368
Housing and Community Development	26,933	34,438	1,634	63,005	53,187	—	1,129	8,689
HCD Capital Development	29,539	—	—	29,539	29,539	—	—	—
HCD Special Districts	3,304	—	—	3,304	3,304	—	—	—
Total Workforce Services	$ 179,951	$ 571,986	$ 47,880	$ 799,817	$ 759,450	$ 2	$ 20,294	$ 20,071
NATURAL RESOURCES								
Department of Natural Resources	$ 2,987	$ —	$ —	$ 2,987	$ 2,746	$ 16	$ —	$ 225
Building Operations	1,789	—	—	1,789	1,789	—	—	—
Forestry, Fire, and State Lands	38,298	3,609	15,489	57,396	36,505	95	622	20,174
Oil, Gas, and Mining	9,785	5,788	147	15,720	10,420	332	1,880	3,088
Wildlife Resources	50,829	18,654	253	69,736	64,925	54	4,495	262
Species Protection	1,364	—	2,450	3,814	3,477	—	137	200
Predator Control	60	—	—	60	60	—	—	—
Watershed Development	6,282	—	500	6,782	6,082	—	3	697
Pass Through	9,236	—	—	9,236	3,386	206	—	5,644
Contributed Research	—	—	876	876	876	—	—	—
Cooperative Environmental Studies	—	15,404	16,599	32,003	32,003	—	—	—
Parks and Recreation	34,122	1,444	685	36,251	32,932	—	2,750	569
Parks and Recreation – Capital Development	9,454	2,050	117	11,621	5,714	—	—	5,907
Utah Geological Survey	6,154	744	1,222	8,120	7,598	—	—	522
Water Resources	17,199	—	150	17,349	12,726	150	291	4,182
Wildlife Resources – Capital Development	1,205	390	—	1,595	1,154	—	441	—
Water Rights	9,406	115	4,087	13,608	11,578	—	1,530	500

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

For the Fiscal Year Ended June 30, 2018

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	7,828	—	—	7,828	4,716	—	—	3,112
Total Natural Resources	$ 205,998	$ 48,198	$ 42,575	$ 296,771	$ 238,687	$ 853	$ 12,149	$ 45,082
HERITAGE and ARTS								
Heritage and Arts Administration	$ 4,972	$ —	$ 75	$ 5,047	$ 3,786	$ 94	$ 11	$ 1,156
Indian Affairs	374	—	54	428	328	—	—	100
State History	2,307	833	64	3,204	3,143	1	—	60
Historical Society	134	—	137	271	149	—	—	122
Arts and Museums	6,071	734	1,271	8,076	5,639	—	—	2,437
Museum Services	263	—	—	263	263	—	—	—
State Library	4,825	1,625	1,968	8,418	8,188	—	—	230
Commission on Service & Volunteerism	239	3,933	6	4,178	4,178	—	—	—
DHA Pass Through	4,982	—	—	4,982	4,708	—	69	205
Total Heritage and Arts	$ 24,167	$ 7,125	$ 3,575	$ 34,867	$ 30,382	$ 95	$ 80	$ 4,310
BUSINESS, LABOR, and AGRICULTURE								
DAG Agriculture & Food - Administration	$ 3,482	$ 611	$ 465	$ 4,558	$ 4,087	$ 6	$ 35	$ 430
DAG Building Operations	357	—	—	357	357	—	—	—
DAG Utah State Fair	2,855	—	—	2,855	2,855	—	—	—
DAG Predatory Animal Control	1,700	—	671	2,371	2,273	—	96	2
DAG Invasive Species Mitigation	2,907	—	—	2,907	2,695	—	—	212
DAG Rangeland Improvement	2,176	—	—	2,176	1,763	—	—	413
DAG Animal Health	5,070	1,368	267	6,705	6,107	41	316	241
DAG Plant Industry	1,322	1,546	5,811	8,679	7,557	—	403	719
DAG Regulatory Services	2,516	1,298	2,639	6,453	5,875	—	—	578
DAG Marketing & Economic Development	847	—	4	851	781	2	—	68
DAG Resource Conservation	2,947	570	444	3,961	3,801	—	10	150
Labor Commission	11,958	2,799	134	14,891	13,997	17	749	128
Commerce Administration	29,225	362	622	30,209	28,173	16	170	1,850
COM Building Inspector Training	1,013	—	577	1,590	546	—	—	1,044
CRC DPU Professional & Technical Services	5,006	—	—	5,006	883	—	—	4,123
CRC CCS Professional & Technical Services	4,801	—	—	4,801	359	—	—	4,442
Financial Institutions	7,965	—	—	7,965	7,027	—	938	—
Insurance Department	15,575	444	—	16,019	11,869	—	797	3,353
INS Bail Bond Program	25	—	—	25	25	—	—	—
INS Title Insurance Program	207	—	—	207	71	—	22	114
INS Health Insurance Actuary	285	—	—	285	130	—	—	155
Public Service Commission	3,328	—	166	3,494	2,777	—	—	717
Total Business, Labor, and Agriculture	$ 105,567	$ 8,998	$ 11,800	$ 126,365	$ 104,008	$ 82	$ 3,536	$ 18,739
TOTAL GENERAL FUND								
Total Expenditures	$ 3,848,216	$ 2,977,081	$ 1,762,313	$ 8,587,610	$ 8,242,946	$ 6,504	$ 122,596	$ 215,564

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, 2018

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
EDUCATION FUND								
State Board of Education								
Office of Education	$ 81,699	$ 314,283	$ 19,338	$ 415,320	$ 371,781	$ —	$ 205	$ 43,334
Teaching & Learning	126	—	4,770	4,896	4,850	—	—	46
Child Nutrition	750	159,308	45,104	205,162	201,391	—	—	3,771
Fine Arts Outreach	4,683	—	—	4,683	4,590	—	—	93
Educational Contracts	3,745	—	(13)	3,732	3,708	—	—	24
State Charter School Board	5,549	—	(192)	5,357	2,931	—	—	2,426
Science Outreach	4,750	—	—	4,750	4,750	—	—	—
Regional Service Centers	2,000	—	—	2,000	2,000	—	—	—
Educator Licensing	2,661	—	(337)	2,324	2,186	—	7	131
Initiative Programs	54,970	—	1,670	56,640	36,110	—	—	20,530
MSP Categorical Program Administration	3,900	—	(284)	3,616	1,893	—	—	1,723
Federal Commodities	—	19,269	—	19,269	19,269	—	—	—
MSP Basic School Program	2,470,763	—	—	2,470,763	2,445,532	—	—	25,231
MSP Related to Basic Programs	669,200	—	—	669,200	650,977	—	57	18,166
MSP Voted & Board Leeway Programs	180,838	—	—	180,838	180,838	—	—	—
MSP School Building Programs	33,250	—	—	33,250	33,250	—	—	—
Charter School Finance Authority	50	—	—	50	—	—	50	—
Total State Board of Education	$ 3,518,934	$ 492,860	$ 70,056	$ 4,081,850	$ 3,966,056	$ 0	$ 319	$ 115,475
Schools for the Deaf and the Blind								
Schools for the Deaf and the Blind	$ 28,575	$ 98	$ 7,528	$ 36,201	$ 36,201	$ —	$ —	$ —
Institutional Council	—	—	866	866	866	—	—	—
Total Schools for the Deaf and the Blind	28,575	98	8,394	37,067	37,067	0	0	0
Total Education Fund	$ 3,547,509	$ 492,958	$ 78,450	$ 4,118,917	$ 4,003,123	$ 0	$ 319	$ 115,475
TRANSPORTATION FUND								
Support Services	$ 35,082	$ 3,366	$ —	$ 38,448	$ 38,115	$ 33	$ —	$ 300
Engineering Services	23,593	19,965	1,915	45,473	44,836	337	—	300
Maintenance Management	157,941	7,170	9,088	174,199	166,834	1,743	—	5,622
Construction Management	164,301	344,208	1,101	509,610	460,328	49,282	—	—
Region Management	25,527	2,310	2,231	30,068	29,837	31	—	200
Aeronautics	11,034	106	507	11,647	8,005	—	1,335	2,307
Share the Road	30	—	—	30	30	—	—	—
B and C Roads	169,336	—	—	169,336	169,336	—	—	—
Safe Sidewalk Construction	1,052	—	—	1,052	323	—	—	729
Mineral Lease	29,825	—	—	29,825	29,825	—	—	—
Corridor Preservation	26,095	—	—	26,095	26,095	—	—	—
Cooperative Agreements	—	24,850	14,076	38,926	38,926	—	—	—
Tollway	1,529	—	—	1,529	1,529	—	—	—
Counties of the 1st and 2nd Class	7,138	—	—	7,138	7,138	—	—	—
Inventory and Miscellaneous	—	—	21,768	21,768	1,797	19,971	—	—
Total Transportation Fund	$ 652,483	$ 401,975	$ 50,686	$ 1,105,144	$ 1,022,954	$ 71,397	$ 1,335	$ 9,458
TRANSPORTATION INVESTMENT FUND								
TIF Capacity Program	$ 578,001	$ —	$ —	$ 578,001	$ 249,167	$ 328,834	$ —	$ —
Total Transportation Investment Fund	$ 578,001	$ 0	$ 0	$ 578,001	$ 249,167	$ 328,834	$ 0	$ 0
DEBT SERVICE FUNDS								
General Government	$ 366,977	$ 14,423	$ 6,800	$ 388,200	$ 365,555	$ 14,423	$ —	$ 8,222
State Building Ownership Authority	8,303	1,632	52,621	62,556	26,902	—	—	35,654
Total Debt Service Funds	$ 375,280	$ 16,055	$ 59,421	$ 450,756	$ 392,457	$ 14,423	$ 0	$ 43,876

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Housing Loan Programs

These programs provide loans or grants to low income or special needs individuals for construction, rehabilitation, or purchase of single or multi-family housing. Funds are provided from federal programs, loan repayments, appropriations, and interest earnings.

Agriculture Loan Fund

This fund is comprised of two separate revolving loan programs: the Agriculture Resource Development Fund and the Rural Rehabilitation Fund. Both programs issue farm loans for soil and water conservation projects and the rehabilitation of rural areas within the State.

Energy Efficiency Fund

This fund provides revolving loans to assist in the conversion of government and private fleet vehicles to clean fuel and for energy efficiency projects in political subdivisions and state facilities. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

Local Government Loan Fund

This fund provides revolving loan programs to local governments for infrastructure assistance, to expedite construction projects, and for providing emergency disaster services. These loan programs are funded with state appropriations.

Alcoholic Beverage Control

The Alcoholic Beverage Control Commission was established to conduct, license, and regulate the sale of alcoholic beverages. Funding is provided through the sale of products. The net profit from the fund is transferred to the State's General Fund and is used for general government purposes.

Utah Correctional Industries

Utah Correctional Industries (UCI) was established to provide work training opportunities for inmates of the Utah State Prison. UCI manufactures and sells such items as license plates, furniture, highway signs, dairy 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, 2018	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Local Government Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 13,336	$ 25,280	$ 2,236	$ 51,055
Receivables:				
Accounts, net	2,255	—	—	—
Accrued Interest	1,585	409	4	69
Notes/Loans/Mortgages, net	5,433	4,405	382	1,350
Due From Other Funds	—	—	—	—
Due From Component Units	—	—	—	—
Prepaid Items	—	1	—	—
Inventories	538	—	—	—
Other Assets	—	—	—	—
Total Current Assets	23,147	30,095	2,622	52,474
Noncurrent Assets:				
Investments	—	—	—	—
Accrued Interest Receivable	1,494	—	—	—
Notes/Loans/Mortgages Receivables, net	123,252	24,495	1,635	12,556
Other Assets	—	—	—	—
Capital Assets:				
Land	—	—	—	—
Infrastructure – depreciating	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	20	—	—
Intangible Assets – Software	—	—	—	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	—	(20)	—	—
Total Capital Assets	0	0	0	0
Total Noncurrent Assets	124,746	24,495	1,635	12,556
Total Assets	$ 147,893	$ 54,590	$ 4,257	$ 65,030
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —
Deferred Outflows Relating to Pensions	—	—	—	—
Deferred Outflows Relating to Other Postemployment Benefit	—	—	—	—
Total Deferred Outflows of Resources	$ 0	$ 0	$ 0	$ 0
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 175	$ 14	$ —	$ —
Deposits	1	—	—	—
Due To Other Funds	—	2	—	—
Unearned Revenue	—	—	—	—
Notes Payable	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Total Current Liabilities	176	16	0	0
Noncurrent Liabilities:				
Notes Payable	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Net Pension Liability	—	—	—	—
Net Other Postemployment Benefit Liability	—	—	—	—
Total Noncurrent Liabilities	0	0	0	0
Total Liabilities	$ 176	$ 16	$ 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	89,895	5,233	—	65,030
Unrestricted	57,822	49,341	4,257	—
Total Net Position	$ 147,717	$ 54,574	$ 4,257	$ 65,030

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 1,172	$ 2,784	$ 3,934	$ 673	$ 100,470
1,293	623	7,935	209	12,315
—	—	—	—	2,067
—	—	—	—	11,570
20,729	487	20	—	21,236
—	6	—	—	6
95	285	—	3	384
35,853	1,546	—	12	37,949
—	—	—	9	9
59,142	5,731	11,889	906	186,006
—	—	—	254	254
—	—	—	—	1,494
1,164	—	—	—	163,102
—	2	—	—	2
25,385	—	263	297	25,945
126	304	—	—	430
78,876	4,021	233	1,497	84,627
8,414	5,190	1,321	85	15,030
1,963	644	—	—	2,607
1,104	—	—	—	1,104
(40,308)	(5,346)	(1,280)	(66)	(47,020)
75,560	4,813	537	1,813	82,723
76,724	4,815	537	2,067	247,575
$ 135,866	$ 10,546	$ 12,426	$ 2,973	$ 433,581
$ 3,214	$ 109	$ —	$ —	$ 3,323
3,094	2,475	2,044	224	7,837
81	27	41	—	149
$ 6,389	$ 2,611	$ 2,085	$ 224	$ 11,309
$ 10,896	$ 2,012	$ 5,636	$ 232	$ 18,965
—	—	—	—	1
35,406	526	2,107	—	38,041
1,164	124	2,922	—	4,210
—	—	—	18	18
5,998	132	—	—	6,130
53,464	2,794	10,665	250	67,365
—	—	—	617	617
75,836	965	—	—	76,801
4,381	3,605	2,340	526	10,852
812	305	447	—	1,564
81,029	4,875	2,787	1,143	89,834
$ 134,493	$ 7,669	$ 13,452	$ 1,393	$ 157,199
$ 2,622	$ 1,567	$ 2,307	$ 74	$ 6,570
26	10	14	—	50
$ 2,648	$ 1,577	$ 2,321	$ 74	$ 6,620
$ 17,185	$ 3,851	$ 537	$ 1,178	$ 22,751
—	—	—	—	160,158
(12,071)	60	(1,799)	552	98,162
$ 5,114	$ 3,911	$ (1,262)	$ 1,730	$ 281,071

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds

(expressed in thousands)

For the Fiscal Year Ended June 30, 2018

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Local Government Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ —	$ —	$ 2	$ —
Fees and Assessments	—	—	—	—
Interest on Notes/Mortgages	2,179	928	—	—
Miscellaneous	25	3	—	—
Total Operating Revenues	2,204	931	2	0
OPERATING EXPENSES				
Administration	235	246	—	—
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	3,354	—	194	—
Rentals and Leases	2	5	—	—
Maintenance	3	—	—	—
Depreciation/Amortization	—	—	—	—
Miscellaneous Other:				
Data Processing	2	16	—	—
Supplies	6	2	—	—
Utilities	6	2	—	—
Advertising and Other	288	4	3	—
Total Operating Expenses	3,896	275	197	0
Operating Income (Loss)	(1,692)	656	(195)	0
NONOPERATING REVENUES (EXPENSES)				
Investment Income/Interest on Loans	166	338	60	651
Federal Contracts and Grants	2,429	—	—	—
Tax Revenues	—	525	—	—
Interest Expense	—	—	—	—
Refunds Paid to Federal Government	—	—	—	—
Total Nonoperating Revenues (Expenses)	2,595	863	60	651
Income (Loss) before Transfers	903	1,519	(135)	651
Transfers In	4,804	—	—	39,134
Transfers Out	(38)	(1,717)	(53)	—
Change in Net Position	5,669	(198)	(188)	39,785
Net Position – Beginning	142,048	54,772	4,445	25,245
Net Position – Ending	$ 147,717	$ 54,574	$ 4,257	$ 65,030

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 403,667	$ 23,316	$ 18,130	$ 39	$ 445,154
3,152	—	—	2,449	5,601
4	—	—	—	3,111
871	—	—	57	956
407,694	23,316	18,130	2,545	454,822
21,914	5,315	8,212	739	36,661
246,961	14,126	—	121	261,208
—	—	—	—	3,548
1,108	354	731	—	2,200
3,667	247	57	—	3,974
3,257	382	9	21	3,669
2,834	350	193	—	3,395
391	928	246	—	1,573
213	121	136	—	478
9,736	486	8,976	1,796	21,289
290,081	22,309	18,560	2,677	337,995
117,613	1,007	(430)	(132)	116,827
—	—	—	26	1,241
304	—	—	—	2,733
—	—	—	—	525
(2,855)	(26)	—	(15)	(2,896)
—	(1,478)	—	—	(1,478)
(2,551)	(1,504)	0	11	125
115,062	(497)	(430)	(121)	116,952
—	—	—	—	43,938
(114,062)	—	(2)	—	(115,872)
1,000	(497)	(432)	(121)	45,018
4,114	4,408	(830)	1,851	236,053
$ 5,114	$ 3,911	$ (1,262)	$ 1,730	$ 281,071

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

For the Fiscal Year Ended June 30, 2018

	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	$ 1,928	$ 946	$ 2	$ —
Receipts from Loan Maturities	4,417	4,952	—	—
Receipts from State Customers	—	—	—	—
Payments to Suppliers/Claims/Grants	(173)	(12)	(194)	—
Disbursements for Loans Receivable	(10,468)	(3,244)	—	—
Payments for Employee Services and Benefits	(235)	(246)	—	—
Payments to State Suppliers	(3,352)	(18)	(3)	—
Payments of Sales Tax and School Lunch Collections	—	—	—	—
Net Cash Provided (Used) by Operating Activities	(7,883)	2,378	(195)	0
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Federal Contracts, Grants and Other Revenues	1,483	—	—	—
Restricted Sales Tax	—	525	—	—
Transfers In from Other Funds	4,804	—	—	39,134
Transfers Out to Other Funds	(38)	(1,717)	(53)	—
Net Cash Provided (Used) by Noncapital Financing Activities	6,249	(1,192)	(53)	39,134
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Bond and Note Debt Issuance/Grants	—	—	—	—
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	166	338	—	504
Receipts from Loan Maturities	—	—	484	1,701
Receipts of Interest from Loans	—	—	60	242
Disbursements for Loans Receivable	—	—	—	(2,018)
Net Cash Provided (Used) by Investing Activities	166	338	544	429
Net Cash Provided (Used) – All Activities	(1,468)	1,524	296	39,563
Cash and Cash Equivalents – Beginning	14,804	23,756	1,940	11,492
Cash and Cash Equivalents – Ending	$ 13,336	$ 25,280	$ 2,236	$ 51,055

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 457,905	$ 9,346	$ —	$ 2,559	$ 472,686
—	—	—	—	9,369
—	14,566	15,850	—	30,416
(258,574)	(15,556)	(6,363)	(1,716)	(282,588)
—	—	—	—	(13,712)
(22,167)	(5,536)	(8,462)	(671)	(37,317)
(5,993)	(1,942)	(193)	—	(11,501)
(50,039)	—	—	—	(50,039)
121,132	878	832	172	117,314
34,574	—	—	—	34,574
(31,528)	—	—	—	(31,528)
—	—	—	—	1,483
—	—	—	—	525
—	—	—	—	43,938
(114,062)	—	(2)	—	(115,872)
(111,016)	0	(2)	0	(66,880)
15,849	—	—	—	15,849
(4,456)	(168)	—	(5)	(4,629)
(16,292)	(21)	—	(606)	(16,919)
(4,214)	(48)	—	(14)	(4,276)
(9,113)	(237)	0	(625)	(9,975)
—	—	—	(4)	(4)
—	—	—	8	1,016
—	—	—	—	2,185
—	—	—	—	302
—	—	—	—	(2,018)
0	0	0	4	1,481
1,003	641	830	(449)	41,940
169	2,143	3,104	1,122	58,530
$ 1,172	$ 2,784	$ 3,934	$ 673	$ 100,470

Continues

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

For the Fiscal Year Ended June 30, 2018

	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)	$ (1,692)	$ 656	$ (195)	$ —
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	—	—	—	—
Pension and OPEB Expense Accruals	—	—	—	—
Miscellaneous Gains, Losses, and Other Items	—	—	—	—
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	(6,335)	1,724	—	—
Inventories	8	—	—	—
Prepaid Items	—	(1)	—	—
Accrued Liabilities/Due to Other Funds	136	(3)	—	—
Unearned Revenue/Deposits	—	—	—	—
Net Cash Provided (Used) by Operating Activities	$ (7,883)	$ 2,378	$ (195)	$ 0
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ 186
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ 186

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Total Nonmajor Enterprise Funds
$ 117,613	$ 1,007	$ (430)	$ (132)	$ 116,827
3,257	382	9	21	3,669
(403)	(235)	(250)	68	(820)
—	(1,478)	—	—	(1,478)
1,253	1,293	(1,989)	14	573
(1,164)	—	—	—	(5,775)
1,648	(85)	—	(3)	1,568
(95)	(278)	—	1	(373)
(1,060)	176	3,783	203	3,235
83	96	(291)	—	(112)
$ 121,132	$ 878	$ 832	$ 172	$ 117,314
$ —	$ —	$ —	$ —	$ 186
$ 0	$ 0	$ 0	$ 0	$ 186

Detail Schedule of Expenditures - Budget and Actual Comparison
Enterprise Funds with Legally Adopted Annual Budgets
(expressed in thousands)

For the Fiscal Year Ended June 30, 2018

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget	Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted And Other	Nonlapse or (Deficit) Carry Forward
ALCOHOLIC BEVERAGE CONTROL								
Alcoholic Beverage Control Administration	$ 49,112	$ —	$ —	$ 49,112	$ 48,691	$ 421	$ —	$ —
ABC – Parents Empowered	2,614	—	—	2,614	2,573	—	—	41
Total Alcoholic Beverage Control	$ 51,726	$ 0	$ 0	$ 51,726	$ 51,264	$ 421	$ 0	$ 41

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.

Attorney General Legal Services

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

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

June 30, 2018

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resource Management	Attorney General Legal Services	Total
ASSETS								
Current Assets:								
Cash and Cash Equivalents	$ —	$ 3,240	$ 146	$ 64,445	$ 6,471	$ 1,408	$ 149	$ 75,859
Receivables:								
Accounts, net	747	3,151	2,537	94	110	—	—	6,639
Due From Other Funds	19,311	3,642	3,539	650	710	—	—	27,852
Due From Component Units	—	46	24	8	878	—	—	956
Prepaid Items	2,340	6	120	695	55	83	—	3,299
Inventories	135	1,352	3,889	—	—	—	—	5,376
Total Current Assets	22,533	11,437	10,255	65,892	8,224	1,491	149	119,981
Noncurrent Assets:								
Prepaid Items	4,505	—	—	—	227	—	—	4,732
Capital Assets:								
Infrastructure	38	—	—	—	—	—	—	38
Buildings and Improvements	3,883	1,379	193	—	—	—	—	5,455
Machinery and Equipment	32,316	12,546	135,449	—	554	49	—	180,914
Intangible Assets–Software	5,717	1,462	432	655	120	42	—	8,428
Construction in Progress	95	—	—	—	—	2,334	—	2,429
Less Accumulated Depreciation	(32,253)	(10,920)	(60,891)	(648)	(605)	(91)	—	(105,408)
Total Capital Assets	9,796	4,467	75,183	7	69	2,334	—	91,856
Total Noncurrent Assets	14,301	4,467	75,183	7	296	2,334	—	96,588
Total Assets	$ 36,834	$ 15,904	$ 85,438	$ 65,899	$ 8,520	$ 3,825	$ 149	$ 216,569
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Amount on Refundings of Bonded Debt	$ —	$ 3	$ —	$ —	$ —	$ —	$ —	$ 3
Deferred Outflows Relating to Pensions	21,822	1,547	489	968	1,905	2,861	—	29,592
Deferred Outflows Relating to Other Postemployment Benefit	421	29	—	—	45	62	—	557
Total Deferred Outflows of Resources	$ 22,243	$ 1,579	$ 489	$ 968	$ 1,950	$ 2,923	$ —	$ 30,152
LIABILITIES								
Current Liabilities:								
Accounts Payable and Accrued Liabilities	$ 9,785	$ 3,052	$ 3,655	$ 800	$ 2,645	$ 455	$ —	$ 20,392
Due To Other Funds	441	1,660	3	1,075	120	5	—	3,304
Due To Component Units	—	7	—	—	—	—	—	7
Interfund Loans Payable	5,180	1,522	12,588	—	—	—	—	19,290
Unearned Revenue	363	133	1,002	—	5	—	—	1,503
Policy Claims Liabilities	—	—	—	18,817	—	—	—	18,817
Contracts/Notes Payable	—	—	—	—	41	—	—	41
Revenue Bonds Payable	—	36	—	—	—	—	—	36
Total Current Liabilities	15,769	6,410	17,248	20,692	2,811	460	—	63,390
Noncurrent Liabilities:								
Unearned Revenue	419	—	—	—	—	—	—	419
Interfund Loans Payable	—	1,260	13,690	—	—	—	—	14,950
Policy Claims Liabilities	—	—	—	38,513	—	—	—	38,513
Contracts/Notes Payable	—	—	—	—	227	—	—	227
Revenue Bonds Payable	—	58	—	—	—	—	—	58
Net Pension Liability	37,424	2,966	757	1,538	3,189	4,529	—	50,403
Net Other Postemployment Benefit Liability	4,630	371	—	—	442	702	—	6,145
Total Noncurrent Liabilities	42,473	4,655	14,447	40,051	3,858	5,231	—	110,715
Total Liabilities	$ 58,242	$ 11,065	$ 31,695	$ 60,743	$ 6,669	$ 5,691	$ —	$ 174,105
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflows Relating to Pensions	$ 19,749	$ 1,167	$ 600	$ 908	$ 1,776	$ 2,821	$ —	$ 27,021
Deferred Inflows Relating to Other Postemployment Benefit	149	12	—	—	14	23	—	198
Total Deferred Inflows of Resources	$ 19,898	$ 1,179	$ 600	$ 908	$ 1,790	$ 2,844	$ —	$ 27,219
NET POSITION								
Net Investment in Capital Assets	$ 9,796	$ 4,384	$ 75,183	$ 7	$ 69	$ 2,334	$ —	$ 91,773
Restricted for:								
Insurance Programs	—	—	—	7,631	—	—	—	7,631
Unrestricted (Deficit)	(28,859)	855	(21,551)	(2,422)	1,942	(4,121)	149	(54,007)
Total Net Position	$ (19,063)	$ 5,239	$ 53,632	$ 5,216	$ 2,011	$ (1,787)	$ 149	$ 45,397

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

For the Fiscal Year Ended June 30, 2018

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resource Management	Attorney General Legal Services	Total
OPERATING REVENUES								
Charges for Services/Premiums	$ 120,150	$ 22,633	$ 59,840	$ 43,446	$ 34,319	$ 14,042	$ —	$ 294,430
Miscellaneous	—	74	268	—	97	—	—	439
Total Operating Revenues	120,150	22,707	60,108	43,446	34,416	14,042	—	294,869
OPERATING EXPENSES								
Administration	80,570	6,057	2,303	3,593	9,660	11,669	—	113,852
Materials and Services for Resale	5,037	10,645	25,592	22,452	—	—	—	63,726
Rentals and Leases	261	171	3,448	24	506	19	—	4,429
Maintenance	258	502	12,400	2	10,985	5	—	24,152
Depreciation/Amortization	4,977	1,402	11,980	12	28	—	—	18,399
Benefit Claims	—	—	—	17,404	—	—	—	17,404
Miscellaneous Other:								
Data Processing	10,752	561	436	435	510	1,077	—	13,771
Supplies	269	155	347	278	196	65	—	1,310
Utilities	9,496	38	121	27	9,505	108	—	19,295
Other	1,778	932	1,971	951	1,506	296	—	7,434
Total Operating Expenses	113,398	20,463	58,598	45,178	32,896	13,239	—	283,772
Operating Income (Loss)	6,752	2,244	1,510	(1,732)	1,520	803	—	11,097
NONOPERATING REVENUES (EXPENSES)								
Investment Earnings	—	—	—	1,158	22	—	—	1,180
Disposal of Capital Assets	(9)	34	785	—	—	—	—	810
Interest Expense	—	(4)	—	—	(4)	—	—	(8)
Refunds Paid to Federal Government	(75)	(78)	—	(529)	—	—	—	(682)
Other Revenues (Expenses)	—	—	—	92	—	—	—	92
Total Nonoperating Revenues (Expenses)	(84)	(48)	785	721	18	0	0	1,392
Income (Loss) before Capital Contributions and Transfers	6,668	2,196	2,295	(1,011)	1,538	803	—	12,489
Capital Contributions	—	—	1,872	—	—	—	—	1,872
Transfers In	—	—	531	—	—	—	149	680
Change in Net Position	6,668	2,196	4,698	(1,011)	1,538	803	149	15,041
Net Position – Beginning	(25,731)	3,043	48,934	6,227	473	(2,590)	—	30,356
Net Position – Ending	$ (19,063)	$ 5,239	$ 53,632	$ 5,216	$ 2,011	$ (1,787)	$ 149	$ 45,397

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

For the Fiscal Year Ended June 30, 2018

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resource Management	Attorney General Legal Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from Customers/Fees/Premiums	$ 1,779	$ 12,237	$ 17,787	$ 22,926	$ 679	$ 291	$ —	$ 55,699
Receipts from State Customers	256,481	48,916	42,780	20,129	33,103	14,216	—	415,625
Payments to Suppliers/Claims/Grants	(159,342)	(47,675)	(15,299)	(32,998)	(21,331)	(383)	—	(277,028)
Payments for Employee Services and Benefits	(82,571)	(6,218)	(2,335)	(3,644)	(9,860)	(12,014)	—	(116,642)
Payments to State Suppliers and Grants	(11,045)	(2,266)	(28,574)	(5,996)	(1,279)	(1,641)	—	(50,801)
Net Cash Provided (Used) by Operating Activities	5,302	4,994	14,359	417	1,312	469	0	26,853
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Repayments Under Interfund Loans	—	(1,715)	—	—	—	—	—	(1,715)
Payments of Bonds, Notes, Deposits, and Refunds	—	—	—	—	(37)	—	—	(37)
Interest Paid on Bonds, Notes, and Financing Costs	—	—	—	—	(4)	—	—	(4)
Transfers In from Other Funds	—	—	—	—	—	—	149	149
Net Cash Provided (Used) by Noncapital Financing Activities	0	(1,715)	0	0	(41)	0	149	(1,607)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Borrowings Under Interfund Loans	3,368	1,615	16,277	—	—	—	—	21,260
Repayments Under Interfund Loans	(5,302)	(2,734)	(22,141)	—	—	—	—	(30,177)
Proceeds from Disposition of Capital Assets	—	44	5,395	—	—	—	—	5,439
Federal Grants and Other Revenues	—	—	1,872	—	—	—	—	1,872
Principal Paid on Debt and Contract Maturities	—	(83)	—	—	—	—	—	(83)
Acquisition and Construction of Capital Assets	(3,368)	(1,862)	(16,277)	—	(34)	(570)	—	(22,111)
Interest Paid on Bonds, Notes, and Capital Leases	—	(2)	—	—	—	—	—	(2)
Transfers In from Other Funds	—	—	531	—	—	—	—	531
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,302)	(3,022)	(14,343)	0	(34)	(570)	0	(23,271)
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts of Interest and Dividends from Investments	—	—	—	1,158	22	—	—	1,180
Net Cash Provided (Used) by Investing Activities	0	0	0	1,158	22	0	0	1,180
Net Cash Provided (Used) – All Activities	0	257	16	1,575	1,259	(101)	149	— 3,155
Cash and Cash Equivalents – Beginning	0	2,983	130	62,870	5,212	1,509	0	72,704
Cash and Cash Equivalents – Ending	$ 0	$ 3,240	$ 146	$ 64,445	$ 6,471	$ 1,408	$ 149	$ 75,859

Continues

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

For the Fiscal Year Ended June 30, 2018

	Technology Services	General Services	Fleet Operations	Risk Management	Property Management	Human Resource Management	Attorney General Legal Services	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES								
Operating Income (Loss)	$ 6,752	$ 2,244	$ 1,510	$ (1,732)	$ 1,520	$ 803	$ —	$ 11,097
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Depreciation/Amortization Expense	4,977	1,402	11,980	12	28	—	—	18,399
Pension and OPEB Expense Accruals	(2,302)	(150)	(40)	(61)	(238)	(335)	—	(3,126)
Miscellaneous Gains, Losses, and Other Items	—	—	—	92	—	—	—	92
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:								
Accounts Receivable/Due From Other Funds	(22)	115	57	48	(629)	465	—	34
Inventories	53	142	(850)	—	—	—	—	(655)
Prepaid Items/Other Assets	(1,578)	178	(12)	(695)	38	(79)	—	(2,148)
Accrued Liabilities/Due to Other Funds	(578)	1,046	1,312	(932)	598	(385)	—	1,061
Unearned Revenue/Deposits	(2,000)	17	402	—	(5)	—	—	(1,586)
Policy Claims Liabilities	—	—	—	3,685	—	—	—	3,685
Net Cash Provided (Used) by Operating Activities	$ 5,302	$ 4,994	$ 14,359	$ 417	$ 1,312	$ 469	$ —	$ 26,853
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES								
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ (24)	$ —	$ —	$ —	$ (24)
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ (24)	$ 0	$ 0	$ 0	$ (24)

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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 (dba My529)

This fund was created as a means to encourage investment in a public trust to pay for future higher education costs. Participant contributions are used to pay for future college expenses.

Miscellaneous Restricted Trust

This is made up of various small individual funds created to receive and disburse funds in accordance with applicable laws and trust agreements.

AGENCY FUNDS

Taxes and Social Security

This fund is used to account for federal withholding and social security taxes on the State's payroll.

County and Local Collections

This fund receives and disburses various taxes collected by the State on behalf of county and local governments.

State Courts

This fund receives and disburses various fines and forfeitures collected by the state courts on behalf of state and local agencies.

Deposits, Suspense, and Miscellaneous

This fund is made up of small individual funds established to account for various receipts and disbursements.

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

June 30, 2018

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Firefighters System
ASSETS				
Cash and Cash Equivalents	$ 2,152,559	$ 109,876	$ 305,731	$ 105,411
Receivables:				
Member Contributions	—	115	12	634
Employer Contributions	45,689	325	6,646	—
Court Fees and Fire Insurance Premiums	—	—	—	2,896
Investments	536,764	27,372	76,162	26,260
Total Receivables	582,453	27,812	82,820	29,790
Investments:				
Debt Securities	3,603,652	183,770	511,315	176,300
Equity Investments	9,611,772	490,156	1,363,791	470,234
Absolute Return	3,526,238	179,822	500,330	172,512
Private Equity	2,728,872	139,160	387,194	133,504
Real Assets	3,751,832	191,327	532,339	183,550
Invested Securities Lending Collateral	1,058,631	53,985	150,205	51,791
Total Investments	24,280,997	1,238,220	3,445,174	1,187,891
Capital Assets:				
Land	1,408	72	199	69
Buildings and Improvements	15,274	779	2,164	748
Machinery and Equipment	6,424	327	911	314
Less Accumulated Depreciation	(19,634)	(1,001)	(2,782)	(961)
Total Capital Assets	3,472	177	492	170
Total Assets	$ 27,019,481	$ 1,376,085	$ 3,834,217	$ 1,323,262
LIABILITIES				
Accounts Payable	$ 643,491	$ 32,911	$ 91,572	$ 31,574
Securities Lending Liability	1,058,631	53,985	150,205	51,791
Leave/Postemployment Benefits	13,385	682	1,899	655
Insurance Reserves	3,954	202	561	193
Real Estate Liabilities	94,893	4,839	13,463	4,642
Total Liabilities	$ 1,814,354	$ 92,619	$ 257,700	$ 88,855
NET POSITION				
Restricted for:				
Pension Benefits	$ 25,205,127	$ 1,283,466	$ 3,576,517	$ 1,234,407
Other Postemployment Benefits	—	—	—	—
Other Employee Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Total Net Position	$ 25,205,127	$ 1,283,466	$ 3,576,517	$ 1,234,407

Pension Trust				Defined Contributions Plans		
Judges System	Governors and Legislative Pension Plan	Tier 2 Public Employees	Tier 2 Public Safety and Firefighters	401(k) Plan	457(b) Plan	IRA Plans
$ 16,966	$ 962	$ 27,767	$ 3,399	$ 10,026	$ 367	$ 264
—	—	—	—	—	—	—
293	—	4,999	513	—	—	—
93	—	—	—	—	—	—
4,226	239	6,917	846	83,309	9,875	—
4,612	239	11,916	1,359	83,309	9,875	0
28,374	1,607	46,438	5,681	1,583,007	167,750	78,541
75,679	4,286	123,861	15,154	3,148,625	370,639	133,236
27,765	1,572	45,441	5,559	—	—	—
21,486	1,217	35,165	4,302	—	—	—
29,541	1,673	48,348	5,915	185,933	20,919	9,732
8,335	472	13,642	1,669	—	—	—
191,180	10,827	312,895	38,280	4,917,565	559,308	221,509
11	1	18	2	—	—	—
118	9	198	22	—	—	—
51	3	83	9	—	—	—
(153)	(11)	(254)	(28)	—	—	—
27	2	45	5	0	0	0
$ 212,785	$ 12,030	$ 352,623	$ 43,043	$ 5,010,900	$ 569,550	$ 221,773
$ 5,082	$ 288	$ 8,317	$ 1,017	$ 7,992	$ 160	$ 67
8,335	472	13,642	1,669	—	—	—
106	6	172	21	—	—	—
31	2	51	6	—	—	—
748	42	1,223	150	—	—	—
$ 14,302	$ 810	$ 23,405	$ 2,863	$ 7,992	$ 160	$ 67
$ 198,483	$ 11,220	$ 329,218	$ 40,180	$ —	$ —	$ —
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	5,002,908	569,390	221,706
$ 198,483	$ 11,220	$ 329,218	$ 40,180	$ 5,002,908	$ 569,390	$ 221,706

Continues

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

June 30, 2018

	Post-Retirement Benefits Trust		Other Employee Benefits Trust		
	State Employee	Elected Official	Other Employee Benefits	Annual Leave	Total
ASSETS					
Cash and Cash Equivalents	$ 1,347	$ 0	$ 699	$ 147	$ 2,735,521
Receivables:					
Member Contributions	—	—	—	—	761
Employer Contributions	1,162	4	890	322	60,843
Court Fees and Fire Insurance Premiums	—	—	—	—	2,989
Investments	—	—	—	—	771,970
Total Receivables	1,162	4	890	322	836,563
Investments:					
Debt Securities	256,625	6,749	24,835	2,044	6,676,688
Equity Investments	—	6,849	—	—	15,814,282
Absolute Return	—	—	—	—	4,459,239
Private Equity	—	—	—	—	3,450,900
Real Assets	—	—	—	—	4,961,109
Invested Securities Lending Collateral	—	—	—	—	1,338,730
Total Investments	256,625	13,598	24,835	2,044	36,700,948
Capital Assets:					
Land	—	—	—	—	1,780
Buildings and Improvements	—	—	—	—	19,312
Machinery and Equipment	—	—	—	—	8,122
Less Accumulated Depreciation	—	—	—	—	(24,824)
Total Capital Assets	0	0	0	0	4,390
Total Assets	$ 259,134	$ 13,602	$ 26,424	$ 2,513	$ 40,277,422
LIABILITIES					
Accounts Payable	$ —	$ —	$ —	$ —	$ 822,471
Securities Lending Liability	—	—	—	—	1,338,730
Leave/Postemployment Benefits	7,670	—	603	368	25,567
Insurance Reserves	—	—	—	—	5,000
Real Estate Liabilities	—	—	—	—	120,000
Total Liabilities	$ 7,670	$ 0	$ 603	$ 368	$ 2,311,768
NET POSITION					
Restricted for:					
Pension Benefits	$ —	$ —	$ —	$ —	$ 31,878,618
Other Postemployment Benefits	251,464	13,602	—	—	265,066
Other Employee Benefits	—	—	25,821	2,145	27,966
Defined Contribution	—	—	—	—	5,794,004
Total Net Position	$ 251,464	$ 13,602	$ 25,821	$ 2,145	$ 37,965,654

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

For the Fiscal Year Ended June 30, 2018

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Firefighters System
ADDITIONS				
Contributions:				
Member	$ 17,285	$ 2,675	$ 793	$ 18,460
Employer	854,255	7,946	145,814	6,715
Court Fees and Fire Insurance Premiums	—	—	—	1,223
Total Contributions	871,540	10,621	146,607	26,398
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	2,564,293	133,867	362,177	125,958
Interest, Dividends, and Other Investment Income	463,263	24,185	65,430	22,756
Total Income From Investment Activity	3,027,556	158,052	427,607	148,714
Less Investment Expenses	(45,007)	(2,350)	(6,357)	(2,211)
Net Income from Investment Activity	2,982,549	155,702	421,250	146,503
Income from Security Lending Activity	5,361	280	756	263
Less Security Lending Expenses	(628)	(33)	(89)	(30)
Net Income from Security Lending Activity	4,733	247	667	233
Net Investment Income	2,987,282	155,949	421,917	146,736
Transfers From Affiliated Systems	—	—	5,926	1,259
Total Additions	3,858,822	166,570	574,450	174,393
DEDUCTIONS				
Retirement Benefits	1,063,894	72,073	143,774	44,331
Cost of Living Benefits	184,143	12,624	28,854	10,258
Supplemental Retirement Benefits	—	64	242	204
Retiree Healthcare Benefits	—	—	—	—
Refunds/Plan Distributions	4,635	1,613	226	511
Administrative Expenses	9,579	457	1,382	408
Transfers To Affiliated Systems	10,187	1,177	—	—
Total Deductions	1,272,438	88,008	174,478	55,712
Change in Net Position Restricted for:				
Pension Benefits	2,586,384	78,562	399,972	118,681
Other Postemployment Benefits	—	—	—	—
Other Employee Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Net Position – Beginning	22,618,743	1,204,904	3,176,545	1,115,726
Net Position – Ending	$ 25,205,127	$ 1,283,466	$ 3,576,517	$ 1,234,407

Pension Trust				Defined Contribution Plans		
Judges System	Governors and Legislative Pension Plan	Tier 2 Public Employees	Tier 2 Public Safety and Firefighters	401(k) Plan	457(b) Plan	IRA Plans
$ —	$ —	$ —	$ —	$ 295,804	$ 31,475	$ 40,262
7,563	404	79,175	11,126	—	—	—
1,477	—	—	—	—	—	—
9,040	404	79,175	11,126	295,804	31,475	40,262
20,117	1,161	28,507	3,421	630,227	72,152	24,998
3,634	210	5,194	622	3,573	421	—
23,751	1,371	33,701	4,043	633,800	72,573	24,998
(353)	(20)	(505)	(60)	(3,284)	(363)	(144)
23,398	1,351	33,196	3,983	630,516	72,210	24,854
42	2	60	7	—	—	—
(5)	—	(7)	(1)	—	—	—
37	2	53	6	—	—	—
23,435	1,353	33,249	3,989	630,516	72,210	24,854
4,090	89	—	—	—	—	—
36,565	1,846	112,424	15,115	926,320	103,685	65,116
11,405	808	417	61	—	—	—
2,216	165	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	254,672	27,827	13,787
79	5	82	9	7,713	887	321
—	—	—	—	—	—	—
13,700	978	499	70	262,385	28,714	14,108
22,865	868	111,925	15,045	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	663,935	74,971	51,008
175,618	10,352	217,293	25,135	4,338,973	494,419	170,698
$ 198,483	$ 11,220	$ 329,218	$ 40,180	$ 5,002,908	$ 569,390	$ 221,706

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, 2018

	Post-Retirement Benefits Trust		Other Employee Benefits Trust		
	State Employee	Elected Official	Other Employee Benefits	Annual Leave	Total
ADDITIONS					
Contributions:					
Member	$ —	$ —	$ —	$ —	$ 406,754
Employer	29,735	1,388	22,752	8,237	1,175,110
Court Fees and Fire Insurance Premiums	—	—	—	—	2,700
Total Contributions	29,735	1,388	22,752	8,237	1,584,564
Investment Income:					
Net Increase (Decrease) in Fair Value of Investments	(2,258)	649	967	—	3,966,236
Interest, Dividends, and Other Investment Income	193	18	284	33	589,816
Total Income From Investment Activity	(2,065)	667	1,251	33	4,556,052
Less Investment Expenses	—	—	—	—	(60,654)
Net Income from Investment Activity	(2,065)	667	1,251	33	4,495,398
Income from Security Lending Activity	—	—	—	—	6,771
Less Security Lending Expenses	—	—	—	—	(793)
Net Income from Security Lending Activity	0	0	0	0	5,978
Net Investment Income	(2,065)	667	1,251	33	4,501,376
Transfers From Affiliated Systems	961	1	—	—	12,326
Total Additions	28,631	2,056	24,003	8,270	6,098,266
DEDUCTIONS					
Retirement Benefits	—	—	—	—	1,336,763
Cost of Living Benefits	—	—	—	—	238,260
Supplemental Retirement Benefits	—	—	—	—	510
Retiree Healthcare Benefits	31,339	534	—	—	31,873
Refunds/Plan Distributions	—	—	11,366	7,690	322,327
Administrative Expenses	—	—	—	—	20,922
Transfers To Affiliated Systems	—	—	962	—	12,326
Total Deductions	31,339	534	12,328	7,690	1,962,981
Change in Net Position Restricted for:					
Pension Benefits	—	—	—	—	3,334,302
Other Postemployment Benefits	(2,708)	1,522	—	—	(1,186)
Other Employee Benefits	—	—	11,675	580	12,255
Defined Contribution	—	—	—	—	789,914
Net Position – Beginning	254,172	12,080	14,146	1,565	33,830,369
Net Position – Ending	$ 251,464	$ 13,602	$ 25,821	$ 2,145	$37,965,654

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

June 30, 2018

	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	$ 929	$ —	$ 670	$ 687	$ 4,146	$ 4,344	$ 10,776
Receivables:							
Accounts	—	—	5,471	89	19	277	5,856
Accrued Interest	—	—	—	1	—	—	1
Accrued Assessments	—	—	4,157	—	—	—	4,157
Loans	36	—	—	787	—	—	823
Due From Other Funds	147	—	—	—	—	7	154
Investments:							
Debt Securities	66,292	80,553	174,820	16,287	3,013,676	5,836	3,357,464
Equity Investments	1,021	—	9,964	—	9,697,919	—	9,708,904
Total Investments	67,313	80,553	184,784	16,287	12,711,595	5,836	13,066,368
Other Assets	219	10,716	—	—	—	—	10,935
Capital Assets:							
Land	270	—	—	—	—	—	270
Buildings and Improvements	10,715	—	—	—	—	—	10,715
Machinery and Equipment	310	—	—	—	2,082	—	2,392
Intangible Assets	11	—	—	—	—	—	11
Less Accumulated Depreciation	(4,774)	—	—	—	(1,654)	—	(6,428)
Total Capital Assets	6,532	0	0	0	428	0	6,960
Total Assets	$ 75,176	$ 91,269	$ 195,082	$ 17,851	$ 12,716,188	$ 10,464	$ 13,106,030
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows Relating to Pensions	$ 0	$ 0	$ 0	$ 0	$ 469	$ 0	$ 469
LIABILITIES							
Accounts Payable	$ 131	$ 376	$ 330	$ 316	$ 1,069	$ 116	$ 2,338
Due To Other Funds	141	—	66	—	—	1	208
Unearned Revenue	—	—	—	421	—	—	421
Policy Claims Liabilities	—	—	190,613	26,138	—	—	216,751
Net Pension Obligation	—	—	—	—	849	—	849
Total Liabilities	$ 272	$ 376	$ 191,009	$ 26,875	$ 1,918	$ 117	$ 220,567
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows Relating to Pensions	$ 0	$ 0	$ 0	$ 0	$ 525	$ 0	$ 525
NET POSITION							
Restricted for:							
Individuals, Organizations, and Other Governments	$ 74,904	$ 90,893	$ 4,073	$ (9,024)	$ 12,714,214	$ 10,347	$ 12,885,407
Total Net Position	$ 74,904	$ 90,893	$ 4,073	$ (9,024)	$ 12,714,214	$ 10,347	$ 12,885,407

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

For the Fiscal Year Ended June 30, 2018

	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	$ —	$ —	$ —	$ —	$ 1,297,001	$ 7,547	$ 1,304,548
Total Contributions	0	0	0	0	1,297,001	7,547	1,304,548
Investment Income:							
Net Increase (Decrease) in Fair Value of Investments	(202)	(59)	149	—	668,022	—	667,910
Interest, Dividends, and Other Investment Income	883	1,682	390	324	295,943	103	299,325
Total Income From Investment Activity	681	1,623	539	324	963,965	103	967,235
Other Additions:							
Escheats	—	36,284	—	—	—	—	36,284
Royalties and Rents	3,293	—	—	—	—	—	3,293
Fees, Assessments, and Revenues	3,467	—	18,599	6,102	—	21,178	49,346
Court Settlement / Miscellaneous	26	—	—	80	—	5,472	5,578
Total Other	6,786	36,284	18,599	6,182	0	26,650	94,501
Total Additions	7,467	37,907	19,138	6,506	2,260,966	34,300	2,366,284
DEDUCTIONS							
Trust Operating Expenses	3,743	—	6	5,418	—	25,184	34,351
Distributions and Benefit Payments	484	23,968	26,693	—	511,289	7,281	569,715
Administrative and General Expenses	653	2,634	2,378	2,174	15,819	328	23,986
Total Deductions	4,880	26,602	29,077	7,592	527,108	32,793	628,052
Change in Net Position Restricted for:							
Individuals, Organizations, and Other Governments	2,587	11,305	(9,939)	(1,086)	1,733,858	1,507	1,738,232
Net Position – Beginning	72,317	79,588	14,012	(7,938)	10,980,356	8,840	11,147,175
Net Position – Ending	$ 74,904	$ 90,893	$ 4,073	$ (9,024)	$ 12,714,214	$ 10,347	$ 12,885,407

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

June 30, 2018

	Taxes and Social Security	Country and Local Collections	State Courts	Deposits, Suspense, and Miscellaneous	Total
ASSETS					
Cash and Cash Equivalents	$ 5	$ 142,820	$ 818	$ 32,743	$ 176,386
Accounts Receivable	—	—	—	18,864	18,864
Due From Other Funds	—	—	—	152	152
Investments:					
Debt Securities	—	39	—	3,069	3,108
Other Assets	—	—	43,860	15,930	59,790
Total Assets	$ 5	$ 142,859	$ 44,678	$ 70,758	$ 258,300
LIABILITIES					
Due To Individuals, Organizations, and Other Governments	$ 5	$ 142,859	$ 44,678	$ 70,758	$ 258,300
Total Liabilities	$ 5	$ 142,859	$ 44,678	$ 70,758	$ 258,300

Combining Statement of Changes in Assets and Liabilities

Agency Funds

(expressed in thousands)

For the Fiscal Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	$ 72	$ 266,235	$ 266,302	$ 5
Total Assets	$ 72	$ 266,235	$ 266,302	$ 5
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 72	$ 266,235	$ 266,302	$ 5
Total Liabilities	$ 72	$ 266,235	$ 266,302	$ 5
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	$ 162,799	$ 1,873,833	$ 1,893,812	$ 142,820
Investments	92	2,923	2,976	39
Receivables:				
Accounts Receivable	—	—	—	0
Total Assets	$ 162,891	$ 1,876,756	$ 1,896,788	$ 142,859
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 162,891	$ 1,869,663	$ 1,889,695	$ 142,859
Total Liabilities	$ 162,891	$ 1,869,663	$ 1,889,695	$ 142,859
STATE COURTS				
Assets				
Cash and Cash Equivalents	$ 1,772	$ 6,277	$ 7,231	$ 818
Other Assets	32,718	50,791	39,649	43,860
Total Assets	$ 34,490	$ 57,068	$ 46,880	$ 44,678
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 34,490	$ 67,088	$ 56,900	$ 44,678
Total Liabilities	$ 34,490	$ 67,088	$ 56,900	$ 44,678
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	$ 32,937	$ 472,466	$ 472,660	$ 32,743
Investments	3,059	837	827	3,069
Receivables:				
Accounts Receivable	16,923	2,612	671	18,864
Due From Other Funds	114	199	161	152
Other Assets	16,569	—	639	15,930
Total Assets	$ 69,602	$ 476,114	$ 474,958	$ 70,758
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 69,602	$ 470,371	$ 469,215	$ 70,758
Total Liabilities	$ 69,602	$ 470,371	$ 469,215	$ 70,758
TOTAL — ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	$ 197,580	$ 2,618,811	$ 2,640,005	$ 176,386
Investments	3,151	3,760	3,803	3,108
Receivables:				
Accounts Receivable	16,923	2,612	671	18,864
Due From Other Funds	114	199	161	152
Other Assets	49,287	50,791	40,288	59,790
Total Assets	$ 267,055	$ 2,676,173	$ 2,684,928	$ 258,300
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 267,055	$ 2,673,357	$ 2,682,112	$ 258,300
Total Liabilities	$ 267,055	$ 2,673,357	$ 2,682,112	$ 258,300

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Utah Communications Authority

The Utah Communications Authority (UCA) provides public safety communications services and facilities on a statewide basis for the benefit and use of state, local, and federal agencies. UCA supports statewide interoperability of emergency communications throughout the State, and manages the 911 funds collected by the State for the benefit of the Public Safety Answering Points within the State. UCA operations are funded through service charges supplemented with federal grants and state fees and appropriations.

Utah Schools for the Deaf and the Blind

The Schools were created to provide education to individuals with hearing and/or vision impairments, through direct and indirect education services, as well as consultation to their families and service providers.

Military Installation Development Authority

This Authority is an independent, nonprofit entity whose purpose is to provide for the development and improvement of project areas near military installations throughout the State. Operations are funded through service charges, project revenue, and state appropriations.

Heber Valley Historic Railroad Authority

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 System of Technical Colleges

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

June 30, 2018	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	$ 4,211	$ 5,928	$ 2,521	$ 182	$ 1,232
Investments	18,865	—	—	—	—
Receivables:					
Accounts, net	1,150	1,094	146		30
Notes/Loans/Mortgages/Pledges, net	—	—	—	—	—
Accrued Interest	—	—	—	—	—
Due From Primary Government	—	76	—	—	1,680
Prepaid Items	77	—	—	—	94
Inventories	147	—	—	8	—
Other Assets	—	—	—	—	—
Total Current Assets	24,450	7,098	2,667	190	3,036
Noncurrent Assets:					
Restricted Investments	—	—	20,217		—
Accounts Receivables, net	—	—	—	—	—
Investments	—	—	—	—	—
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	—	—	—
Other Assets	172	—	—	—	—
Capital Assets (net of Accumulated Depreciation)	13,672	27,816	4,855	3,201	379
Total Noncurrent Assets	13,844	27,816	25,072	3,201	379
Total Assets	$ 38,294	$ 34,914	$ 27,739	$ 3,391	$ 3,415
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —	$ —
Deferred Outflows Relating to Pensions	1,061	5,628	105	138	301
Deferred Outflows Relating to Other Postemployment Benefit	—	101	—	—	—
Total Deferred Outflows of Resources	$ 1,061	$ 5,729	$ 105	$ 138	$ 301
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	$ 1,048	$ 1,601	$ 1,895	$ 77	$ 199
Deposits	—	—	—	—	—
Due To Primary Government	—	262	—	9	—
Unearned Revenue	97	—	19,278	—	29
Current Portion of Long-term Liabilities	378	—	245	108	—
Total Current Liabilities	1,523	1,863	21,418	194	228
Noncurrent Liabilities:					
Unearned Revenue	15	—	—	—	—
Net Pension Liability	1,783	7,280	169	255	525
Net Other Postemployment Benefit Liability	—	994	—	4	—
Long-term Liabilities	1,292	—	3,478	582	—
Total Noncurrent Liabilities	3,090	8,274	3,647	841	525
Total Liabilities	$ 4,613	$ 10,137	$ 25,065	$ 1,035	$ 753
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Relating to Beneficial Interests	$ —	$ —	$ —	$ —	$ —
Deferred Inflows Relating to Pensions	216	5,288	21	33	71
Deferred Inflows Relating to Other Postemployment Benefit	—	31	—	—	—
Total Deferred Inflows of Resources	$ 216	$ 5,319	$ 21	$ 33	$ 71
NET POSITION					
Net Investment in Capital Assets	$ 12,723	$ 27,816	$ 1,193	$ 2,500	$ 379
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	—
Expendable:					
Higher Education	—	—	—	—	—
Other	5,119	—	940	—	15
Unrestricted (Deficit)	16,684	(2,629)	625	(39)	2,498
Total Net Position	$ 34,526	$ 25,187	$ 2,758	$ 2,461	$ 2,892

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State University	Snow College	Utah System of Technical Colleges	Total Nonmajor Component Units
$ 31,071	$ 18,703	$ 26,517	$ 93,421	$ 15,300	$ 6,239	$ 30,406	$ 235,731
31,439	16,395	34,448	20,000	6,618	3,597	11,380	142,742
7,115	8,137	7,188	6,101	4,380	1,750	3,839	40,930
1,687	507	442	10,353	510	—	38	13,537
309	—	—	—	—	—	—	309
—	—	—	—	—	—	—	1,756
1,409	4,203	1,091	512	106	140	138	7,770
2,625	1,441	1,496	2,867	693	81	2,015	11,373
447	—	—	—	—	—	54	501
76,102	49,386	71,182	133,254	27,607	11,807	47,870	454,649
14,212	1,527	14,480	4,212	23,735	2,670	1,241	82,294
3,272	11,708	2,705	6,431	2,043	—	—	26,159
194,447	60,530	83,271	88,839	31,067	13,712	836	472,702
7,752	—	46	18,753	739	—	—	27,290
19,157	846	119	4,730	—		—	25,024
359,996	150,596	262,193	404,842	166,669	112,567	214,407	1,721,193
598,836	225,207	362,814	527,807	224,253	128,949	216,484	2,354,662
$ 674,938	$ 274,593	$ 433,996	$ 661,061	$ 251,860	$ 140,756	$ 264,354	$ 2,809,311
$ 585	$ —	$ —	$ 225	$ —	$ —	$ —	$ 810
7,988	5,972	9,871	11,697	2,397	2,058	9,244	56,460
—	—	—	—	—	—	—	101
$ 8,573	$ 5,972	$ 9,871	$ 11,922	$ 2,397	$ 2,058	$ 9,244	$ 57,371
$ 2,469	$ 5,856	$ 15,858	$ 17,578	$ 2,085	$ 1,843	$ 4,326	$ 54,835
2,136	752	480	610	301	510	47	4,836
2,110	2,306	696	3,816	2,472	240	328	12,239
8,478	6,615	7,829	8,390	1,205	424	1,799	54,144
6,336	5,654	5,930	7,169	2,916	1,309	2,167	32,212
21,529	21,183	30,793	37,563	8,979	4,326	8,667	158,266
—	—	—	962	—	—	—	977
13,280	9,709	20,902	26,374	6,032	4,750	19,734	110,793
—	—	—	—	—	—	—	998
51,100	23,378	17,936	57,136	51,220	15,225	27,023	248,370
64,380	33,087	38,838	84,472	57,252	19,975	46,757	361,138
$ 85,909	$ 54,270	$ 69,631	$ 122,035	$ 66,231	$ 24,301	$ 55,424	$ 519,404
$ 19,062	$ —	$ —	$ —	$ —	$ —	$ —	$ 19,062
7,803	4,756	2,597	4,208	959	580	4,111	30,643
—	—	—	—	—	—	—	31
$ 26,865	$ 4,756	$ 2,597	$ 4,208	$ 959	$ 580	$ 4,111	$ 49,736
$ 310,381	$ 128,358	$ 262,193	$ 346,334	$ 130,033	$ 97,376	$ 197,867	$ 1,517,153
104,606	22,699	6,784	30,277	21,832	5,707	1,926	193,831
67,340	36,824	11,659	74,262	21,344	4,078	2,214	217,721
—	—	—	—	—	5,113	54	11,241
88,410	33,658	91,003	95,867	13,858	5,659	12,002	357,596
$ 570,737	$ 221,539	$ 371,639	$ 546,740	$ 187,067	$ 117,933	$ 214,063	$ 2,297,542

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

For the Fiscal Year Ended June 30, 2018

	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	$ 13,494	$ 36,797	$ 3,989	$ 1,861	$ 4,663
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	—
Scholarship Allowances	—	—	—	—	—
Sales, Services, and Other Revenues	14,156	7,537	3,152	2,104	4,178
Operating Grants and Contributions	(52)	1,249	—	50	—
Capital Grants and Contributions	—	—	—	—	—
Total Program Revenues	14,104	8,786	3,152	2,154	4,178
Net (Expenses) Revenues	610	(28,011)	(837)	293	(485)
General Revenues:					
State Appropriations	—	28,575	—	—	2,855
Unrestricted Investment Income	209	16	11	—	13
Gain (Loss) on Sale of Capital Assets	—	(248)	—	—	—
Miscellaneous	653	—	618	—	—
Permanent Endowments Contributions	—	—	—	—	—
Total General Revenues and Contributions	862	28,343	629	0	2,868
Change in Net Position	1,472	332	(208)	293	2,383
Net Position – Beginning	33,054	24,855	2,966	2,168	509
Net Position – Ending	$ 34,526	$ 25,187	$ 2,758	$ 2,461	$ 2,892

Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State University	Snow College	Utah System of Technical Colleges	Total Nonmajor Component Units
$ 242,294	$ 148,425	$ 215,231	$ 366,302	$ 100,416	$ 52,514	$ 115,304	$ 1,301,290
121,374	82,860	80,522	180,350	50,436	15,632	14,104	545,278
(38,192)	(28,996)	(17,614)	(42,745)	(11,980)	(6,262)	(3,468)	(149,257)
23,262	19,921	16,359	23,817	10,494	6,093	8,482	139,555
60,000	4,503	37,632	87,200	23,269	2,373	18,904	235,128
7,385	28,056	39,567	22,475	6,669	32,985	45,466	182,603
173,829	106,344	156,466	271,097	78,888	50,821	83,488	953,307
(68,465)	(42,081)	(58,765)	(95,205)	(21,528)	(1,693)	(31,816)	(347,983)
84,971	43,343	97,976	106,398	36,662	24,859	75,447	501,086
—	—	—	—	—	—	—	249
—	—	—	—	—	—	(65)	(313)
—	—	3	—	523	101	70	1,968
9,777	517	1,097	6,703	895	—	—	18,989
94,748	43,860	99,076	113,101	38,080	24,960	75,452	521,979
26,283	1,779	40,311	17,896	16,552	23,267	43,636	173,996
544,454	219,760	331,328	528,844	170,515	94,666	170,427	2,123,546
$ 570,737	$ 221,539	$ 371,639	$ 546,740	$ 187,067	$ 117,933	$ 214,063	$ 2,297,542

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STATE OF UTAH

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

STATISTICAL SECTION

2018

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STATISTICAL SECTION

Fiscal Year Ended June 30, 2018

This section of the State of Utah's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State's overall financial health.

Financial Trends Information
These schedules present trend information to help the reader understand how the State's financial performance and fiscal health have changed over time.

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Schedule A-1	Net Position by Component	202
Schedule A-2	Changes in Net Position	204
Schedule A-3	Fund Balances – Governmental Funds	208
Schedule A-4	Changes in Fund Balances – Governmental Funds	210

Revenue Capacity Information
These schedules contain information to help the reader understand the State's capacity to raise revenues and the sources of those revenues.

Schedule B-1	Revenue Base	212
Schedule B-2	Revenue Payers by Industry – Taxable Sales, Services and Use Tax Purchases	214
Schedule B-3	Revenue Payers – Personal Income Tax	215
Schedule B-4	Personal Income Tax Rates	216

Debt Capacity Information
These schedules present information to help the reader understand and assess the State's levels of outstanding debt and the State's ability to issue additional debt in the future.

Schedule C-1	Ratios of Outstanding Debt by Type	218
Schedule C-2	Other Long-Term Liabilities	220
Schedule C-3	Legal Debt Margin	222
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Demographic and Economic Information
These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Schedule D-1	Demographic and Economic Indicators	226
Schedule D-2	Principal Employers	227
Schedule D-3	Composition of Labor Force	228
Schedule D-4	Public Education Student Enrollment (K-12)	230
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Operating Information
These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

Schedule E-1	Full-Time Equivalent State Employees by Function	232
Schedule E-2	Operating Indicators by Function	234
Schedule E-3	Capital Asset Statistics by Function	236

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

Schedule F-1	Expenditures – Historical and Constant Dollars	238
Schedule F-2	Per Capita Expenditures – Historical and Constant Dollars	239

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			
	2009	**2010**	**2011**	**2012**
Governmental Activities				
Net Investment in Capital Assets	$ 11,306,077	$ 12,005,321	$ 12,358,579	$ 12,773,959
Restricted [1]	2,349,499	2,009,168	2,337,607	2,601,082
Unrestricted [2]	689,052	895,517	1,055,226	1,083,417
Total Governmental Activities Net Position	14,344,628	14,910,006	15,751,412	16,458,458
Business-type Activities				
Net Investment in Capital Assets	13,751	13,061	12,862	13,293
Restricted [3]	1,269,006	1,272,090	1,311,865	1,463,006
Unrestricted [4]	1,080,231	937,452	984,552	1,053,270
Total Business-type Activities Net Position	2,362,988	2,222,603	2,309,279	2,529,569
Primary Government				
Net Investment in Capital Assets	11,319,828	12,018,382	12,371,441	12,787,252
Restricted	3,618,505	3,281,258	3,649,472	4,064,088
Unrestricted	1,769,283	1,832,969	2,039,778	2,136,687
Total Primary Government Net Position	$ 16,707,616	$ 17,132,609	$ 18,060,691	$ 18,988,027

*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 year 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, unspent restricted revenue as a result of a gas tax increase also contributed to the increase in restricted net position. In fiscal year 2018, restricted net position increased due to higher tax revenues from continued growth in the economy, an increase in unspent bond proceeds for transportation and capital projects, and an increase in investment values because of general market conditions.

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

[3] From fiscal year 2010 to 2018, restricted net position has continued to steadily increase due to unemployment revenues exceeding related claims.

[4] In fiscal years 2012 to 2014, business-type activities' unrestricted net position increased primarily due to the State providing additional capital to the loan funds from mineral lease revenue and dedicated sales tax revenues. In fiscal years 2017 and 2018, 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					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
$ 13,481,005	$ 14,025,472	$ 14,789,631	$ 15,478,397	$ 16,370,572	$ 16,827,887
3,120,501	3,600,039	3,877,468	3,864,294	4,251,152	4,708,634
1,305,793	1,496,537	888,526	1,011,204	819,880	1,249,827
17,907,299	19,122,048	19,555,625	20,353,895	21,441,604	22,786,348
14,012	14,198	16,740	20,384	19,440	29,237
1,616,819	1,734,512	1,975,859	2,065,552	2,110,776	2,221,712
1,094,041	1,231,623	1,157,416	1,169,162	1,228,915	1,287,673
2,724,872	2,980,333	3,150,015	3,255,098	3,359,131	3,538,622
13,495,017	14,039,670	14,806,371	15,498,781	16,390,012	16,857,124
4,737,320	5,334,551	5,853,327	5,929,846	6,361,928	6,930,346
2,399,834	2,728,160	2,045,942	2,180,366	2,048,795	2,537,500
$ 20,632,171	$ 22,102,381	$ 22,705,640	$ 23,608,993	$ 24,800,735	$ 26,324,970

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

	Fiscal Year			
	2009	**2010**	**2011**	**2012**
GOVERNMENTAL ACTIVITIES				
Expenses				
General Government	$ 390,373	$ 383,925	$ 402,543	$ 420,612
Human Services and Juvenile Justice Services	700,307	669,169	648,456	646,565
Corrections	254,980	238,902	243,616	249,569
Public Safety	189,069	184,197	204,627	241,101
Courts	123,209	118,577	123,604	123,405
Health and Environmental Quality [1]	1,812,067	1,875,775	2,001,233	2,145,929
Higher Education	997,218	837,479	828,660	1,115,301
Employment and Family Services	514,915	672,852	707,019	712,388
Natural Resources	174,730	166,749	187,164	157,145
Heritage and Arts [2]	139,840	177,823	159,755	154,759
Business, Labor, and Agriculture	101,995	96,895	94,397	100,385
Public Education [3]	3,033,574	3,007,905	3,058,046	3,000,117
Transportation	785,692	704,886	721,240	738,877
Interest and Other Charges on Long-Term Debt	52,070	87,393	104,887	121,192
Total Expenses	9,270,039	9,222,527	9,485,247	9,927,345
Program Revenues				
Charges for Services:				
General Government	154,794	169,808	140,794	178,354
Human Services and Juvenile Justice Services	13,359	12,851	12,140	11,905
Corrections	5,211	6,520	5,988	4,715
Public Safety	51,475	53,504	55,394	57,257
Courts	48,957	77,953	57,959	56,148
Health and Environmental Quality	64,328	88,504	150,763	230,318
Higher Education	32,981	419	90	194
Employment and Family Services	8,067	(2,715)	10,476	11,802
Natural Resources	71,266	70,780	73,645	79,577
Heritage and Arts	3,632	5,030	5,804	3,148
Business, Labor, and Agriculture	65,376	74,400	67,582	83,758
Public Education	79,462	73,962	71,757	80,425
Transportation	254,064	275,154	254,682	339,488
Operating Grants and Contributions	3,177,737	3,865,150	4,079,907	3,704,709
Capital Grants and Contributions	145,353	204,237	109,669	157,564
Total Program Revenues	4,176,062	4,975,557	5,096,650	4,999,362
Net Program (Expense) - Governmental Activities	(5,093,977)	(4,246,970)	(4,388,597)	(4,927,983)
General Revenues and Other Changes in Net Position				
Taxes:				
Sales Tax and Use Tax [4]	1,762,745	1,735,023	1,812,271	1,931,045
Individual Income Tax Imposed for Education [4]	2,336,528	2,027,884	2,384,025	2,525,082
Corporate Tax Imposed for Education [4]	252,095	272,535	226,726	284,666
Motor and Special Fuel Taxes Imposed for Transportation	337,395	340,568	355,042	351,346
Other Taxes	354,982	328,703	397,908	415,190
Investment Income	29,267	5,575	7,480	8,464
Gain on Sale of Capital Assets	15,583	10,927	19,727	17,294
Miscellaneous	46,375	35,288	35,403	58,851
Special Item:				
Comprehensive Health Insurance Pool Transfer	—	—	—	—
Transfers–Internal Activities	38,953	55,845	47,431	43,091
Prior Period Adjustments and Restatements	28,447	—	(56,010)	—
Total General Revenues and Other Changes in Net Position	5,202,370	4,812,348	5,230,003	5,635,029
Change in Net Position — Governmental Activities – Increase (Decrease)	108,393	565,378	841,406	707,046

Fiscal Year					
2013	2014	2015	2016	2017	2018
$ 406,065	$ 417,067	$ 442,340	$ 457,564	$ 476,428	$ 503,430
671,831	690,117	718,731	765,027	818,058	854,614
255,679	268,346	273,695	282,538	297,587	314,701
254,503	243,783	231,250	245,598	266,032	307,121
124,660	128,877	129,951	142,913	150,066	162,049
2,259,695	2,410,760	2,503,794	2,600,928	2,719,553	2,807,215
884,775	908,795	1,004,382	1,137,364	1,104,855	1,318,207
786,221	693,789	724,477	710,018	760,777	753,205
178,670	189,641	194,026	198,190	225,176	238,545
21,147	22,447	23,207	27,048	28,874	30,279
99,655	105,987	100,566	112,809	106,523	116,964
3,096,089	3,202,327	3,338,653	3,554,337	3,748,684	3,981,186
836,488	847,752	797,392	825,923	888,854	970,442
112,994	110,034	98,442	93,598	84,820	85,141
9,988,472	10,239,722	10,580,906	11,153,855	11,676,287	12,443,099
182,731	148,213	181,907	166,386	182,026	216,929
18,204	12,529	11,744	10,725	12,674	11,399
4,743	5,463	5,106	3,836	4,824	3,199
61,543	63,831	60,528	61,395	59,581	73,939
53,900	52,390	54,615	51,868	51,645	52,563
268,753	289,198	313,376	325,024	315,962	337,171
—	—	—	—	—	—
16,602	12,659	7,440	8,082	8,911	9,639
85,685	91,967	88,304	90,561	101,933	105,790
2,316	2,696	2,524	3,443	3,961	3,041
86,962	89,426	89,722	94,924	94,305	104,113
82,676	110,564	75,123	89,269	191,968	79,337
249,288	253,094	243,301	207,554	206,963	214,221
3,802,274	3,954,581	3,717,276	3,632,735	3,994,614	4,057,460
114,156	100,481	114,490	87,942	132,708	164,278
5,029,833	5,187,092	4,965,456	4,833,744	5,362,075	5,433,079
(4,958,639)	(5,052,630)	(5,615,450)	(6,320,111)	(6,314,212)	(7,010,020)
2,090,841	2,121,518	2,206,633	2,300,368	2,402,809	2,648,552
2,969,128	2,918,991	3,280,568	3,435,425	3,646,721	4,072,919
331,080	321,424	369,747	354,979	327,266	422,980
351,553	359,822	370,974	425,366	483,922	500,080
399,788	431,901	386,228	354,800	355,075	398,940
6,726	8,829	7,804	9,365	22,058	34,424
30,580	20,012	28,131	27,048	54,012	40,871
46,884	40,577	94,616	82,882	106,723	139,753
—	—	16,288	—	—	—
76,231	44,305	109,028	128,148	135,338	96,245
104,669	—	1,940	—	1,207	—
6,407,480	6,267,379	6,871,957	7,118,381	7,535,131	8,354,764
1,448,841	1,214,749	1,256,507	798,270	1,220,919	1,344,744

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

	Fiscal Year 2009	2010	2011	2012
BUSINESS-TYPE ACTIVITIES				
Expenses				
Student Assistance Programs	$ 144,007	$ 156,754	$ 93,422	$ 111,662
Unemployment Compensation [5]	489,925	872,826	642,023	436,880
Water Loan Programs	12,900	31,971	38,069	19,045
Community and Economic Loan Programs	2,349	2,166	1,770	2,604
Liquor Retail Sales	168,844	180,401	190,373	201,976
Other Business-type Activities	35,635	30,886	33,796	47,341
Total Expenses	853,660	1,275,004	999,453	819,508
Program Revenues				
Charges for Services:				
Student Assistance Programs	89,805	109,804	71,966	66,312
Unemployment Compensation	144,383	170,224	296,847	380,533
Water Loan Programs	12,234	13,875	10,584	13,710
Community and Economic Loan Programs	7,838	9,033	10,583	11,843
Liquor Retail Sales	228,474	238,767	252,225	272,363
Other Business-type Activities	49,437	41,527	44,230	33,555
Operating Grants and Contributions [6] [7]	161,594	518,280	403,847	262,035
Total Program Revenues	693,765	1,101,510	1,090,282	1,040,351
Net Program Revenue (Expense) — Business-type Activities	(159,895)	(173,494)	90,829	220,843
General Revenues and Other Changes in Net Position				
Taxes:				
Sales Tax and Use Tax	22,976	22,206	21,819	24,264
Investment Income [7]	53,282	28,560	17,169	14,727
Gain on Sale of Capital Assets	—	—	—	—
Miscellaneous	—	38,188	4,290	3,547
Transfers–Internal Activities	(38,953)	(55,845)	(47,431)	(43,091)
Capital Contributions	—	—	—	—
Prior Period Adjustments and Restatements	—	—	—	—
Total General Revenues and Other Changes in Net Position	37,305	33,109	(4,153)	(553)
Change in Net Position — Business-type Activities – Increase (Decrease)	(122,590)	(140,385)	86,676	220,290
Total Primary Government Change in Net Position	$ (14,197)	$ 424,993	$ 928,082	$ 927,336

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

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

[1] Health and Environmental Quality expenses have increased over the last ten fiscal years due to rising Medicaid program costs.

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

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

[4] In fiscal year 2010, general tax revenues declined due to the recessionary economy. In fiscal years 2011 to 2018, general tax revenues increased due to higher revenues from a strengthening economy.

[5] 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					
2013	2014	2015	2016	2017	2018
$ 99,379	$ 79,963	$ 111,437	$ 154,247	$ 136,037	$ 120,169
307,444	233,403	177,105	182,516	175,354	156,121
12,828	13,778	18,276	14,913	15,998	12,613
2,420	8,603	2,967	5,253	9,074	4,991
213,395	225,948	242,933	260,755	277,965	292,936
75,361	54,983	36,720	37,849	45,612	45,065
710,827	616,678	589,438	655,533	660,040	631,895
63,727	59,784	88,188	123,218	108,057	101,350
384,114	357,059	295,851	240,709	210,907	187,754
13,464	12,329	406	902	746	234
11,152	10,051	5,562	3,208	3,393	3,137
293,978	313,444	338,039	364,482	384,009	407,694
39,010	40,832	38,892	34,968	47,994	43,991
168,514	75,568	48,482	46,118	39,053	44,392
973,959	869,067	815,420	813,605	794,159	788,552
263,132	252,389	225,982	158,072	134,119	156,657
25,891	27,304	28,384	29,841	57,528	59,864
16,636	20,073	41,421	45,318	49,349	56,561
—	—	—	—	529	—
425	—	—	—	—	2,654
(76,231)	(44,305)	(109,028)	(128,148)	(135,338)	(96,245)
—	—	—	—	37	—
(34,550)	—	(367)	—	—	—
(67,829)	3,072	(39,590)	(52,989)	(27,895)	22,834
195,303	255,461	186,392	105,083	106,224	179,491
$ 1,644,144	$ 1,470,210	$ 1,442,899	$ 903,353	$ 1,327,143	$ 1,524,235

[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 of business-type activities was reclassified to other general revenues from operating grants and contributions. This change was made to comply with applicable governmental accounting standards. Prior years have been restated.

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

	Fiscal Year			
	2009	**2010**	**2011**	**2012**
General Fund				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable [1]	$ —	$ 2,861	$ 10,134	$ 13,537
Prepaid Items [1]	—	—	—	23,450
Inventories	—	411	538	662
Restricted	—	35,171	31,523	39,745
Committed [2]	—	371,354	445,540	489,487
Assigned [3]	—	222,963	212,002	159,082
Unassigned	—	14,884	609	11,342
Total General Fund	0	647,644	700,346	737,305
All Other Governmental Funds				
Nonspendable:				
Prepaid Items	$ —	$ —	$ —	$ —
Inventories	—	11,646	10,523	11,583
Permanent Fund Principal [4]	—	1,066,568	1,355,565	1,436,623
Restricted [5]	—	1,333,776	1,191,591	1,089,030
Committed [6]	—	347,254	390,278	631,983
Assigned [7]	—	92,806	174,737	112,015
Total All Other Governmental Funds	0	2,852,050	3,122,694	3,281,234
Total Fund Balances — Governmental Funds	$ 0	$ 3,499,694	$ 3,823,040	$ 4,018,539
General Fund				
Reserved	$ 305,224	$ —	$ —	$ —
Unreserved	327,467	—	—	—
Total General Fund	632,691	0	0	0
All Other Governmental Funds				
Reserved	1,892,734	—	—	—
Unreserved reported in:				
Special Revenue Funds	807,356	—	—	—
Capital Projects	(13,219)	—	—	—
Debt Service	5,210	—	—	—
Total All Other Governmental Funds	2,692,081	0	0	0
Total Fund Balances — Governmental Funds	$ 3,324,772	$ 0	$ 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 2018, the committed fund balance within the General Fund increased due to an increase in monies set aside for specific purposes.

[3] In fiscal year 2016, the assigned fund balance within the General Fund decreased due to a reduction in the amount set aside for next year's budget. In fiscal year 2018, the assigned fund balance increased due to an increase in the amount set aside for next year's budget.

[4] In fiscal years 2013 to 2017, the nonspendable fund balance within other governmental funds increased primarily due to a change in investment values as a result of the rebounding and then prospering economy. In fiscal year 2018, the nonspendable balance decreased due to the reclassification of a portion of the fund balance within the Permanent Fund to restricted fund balance. This reclassification was the result of a constitutional amendment that implements a new spending plan to allow the distribution of Permanent Fund earnings.

Fiscal Year					
2013	2014	2015	2016	2017	2018
$ 44,360	$ 38,832	$ 26,996	$ 26,747	$ 18,927	$ 14,950
67,790	73,033	96,939	106,745	14,475	2,463
800	926	662	434	687	721
41,931	40,898	34,278	38,124	33,516	38,978
496,795	507,380	496,758	546,782	559,791	675,228
224,452	197,842	255,841	132,126	194,174	314,910
—	7,224	—	7,196	9,585	7,966
876,128	866,135	911,474	858,154	831,155	1,055,216
$ —	$ —	$ —	$ —	$ —	$ 874
11,980	14,018	13,605	13,990	13,905	12,959
1,690,261	2,089,334	2,244,902	2,267,538	2,504,560	1,722,918
1,094,754	1,160,581	1,188,672	1,189,881	1,308,585	2,731,594
698,264	865,786	843,483	758,530	686,583	876,576
63,586	128,631	163,194	347,321	305,065	235,974
3,558,845	4,258,350	4,453,856	4,577,260	4,818,698	5,580,895
$ 4,434,973	$ 5,124,485	$ 5,365,330	$ 5,435,414	$ 5,649,853	$ 6,636,111
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—
0	0	0	0	0	0
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
0	0	0	0	0	0
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

[5] In fiscal year 2017, the restricted fund balance within other governmental funds increased primarily due to an increase in the unspent balance of restricted resources within the Transportation Fund as the result of an increase in the motor and special fuels tax and also higher fuel consumption. In fiscal year 2018, the increase within other governmental funds was primarily due to the reclassification of a portion of the Permanent Fund, as explained in note 4. The balance of the increase was due to an increase in the unspent balance of restricted resources within the Education Fund as a result of growth in the individual and corporate income tax and an increases within the Capital Projects and Transportation Investment Funds due to unspent bond proceeds.

[6] In fiscal years 2012 to 2014, the committed fund balance within other governmental funds increased as a result of sales and use tax diversions for transportation projects. In fiscal years 2016 and 2017, the committed fund balance decreased as expenditures increased for transportation projects utilizing sales and use tax revenue. In fiscal year 2018, the committed fund balance within other governmental funds increased due to growth in sales and use tax revenue allocated for transportation projects.

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

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

	Fiscal Year			
	2009	**2010**	**2011**	**2012**
Revenues				
Sales and Use Tax [1]	$ 1,761,224	$ 1,733,412	$ 1,812,011	$ 1,934,035
Individual Income Tax [1]	2,340,400	2,124,173	2,332,562	2,518,373
Corporate Tax [1]	249,177	266,961	230,888	285,541
Motor and Special Fuels Tax [2]	337,529	341,196	352,918	353,299
Other Taxes	354,713	328,753	397,248	414,744
Federal Contracts and Grants [3]	3,207,110	3,713,771	3,626,354	3,561,512
Charges for Services/Royalties	463,248	463,436	528,568	625,831
Licenses, Permits, and Fees	128,212	179,947	188,998	183,630
Federal Mineral Lease [4]	172,642	129,377	135,979	183,739
Intergovernmental	9,446	28,659	18,537	34,407
Investment Income [5]	(132,523)	118,541	274,797	46,133
Miscellaneous and Other	382,614	356,004	332,722	393,010
Total Revenues	9,273,792	9,784,230	10,231,582	10,534,254
Expenditures				
General Government	325,076	313,981	316,440	356,752
Human Services and Juvenile Justice Services	701,099	667,192	646,411	645,418
Corrections	255,448	235,411	238,090	245,829
Public Safety	213,038	199,731	207,426	239,453
Courts	129,125	136,373	128,676	127,066
Health and Environmental Quality [6]	1,812,488	1,873,264	2,008,356	2,141,835
Higher Education–State Administration	60,224	52,084	48,836	49,359
Higher Education–Colleges and Universities	782,650	734,440	718,026	721,074
Employment and Family Services [7]	519,741	673,329	703,786	706,181
Natural Resources	178,306	161,640	189,430	153,698
Heritage and Arts [7]	140,453	178,258	160,338	155,575
Business, Labor, and Agriculture	101,966	96,579	93,149	99,689
Public Education [8]	3,035,519	3,002,318	3,059,351	2,999,706
Transportation [9] [10]	1,249,080	1,204,955	946,692	1,064,449
Capital Outlay [11]	607,794	1,007,219	1,236,168	973,206
Debt Service — Principal Retirement	180,613	189,041	223,952	266,300
Debt Service — Interest and Other Charges	64,675	113,876	142,452	168,047
Total Expenditures	10,357,295	10,839,691	11,067,579	11,113,637
Revenues Over (Under) Expenditures	(1,083,503)	(1,055,461)	(835,997)	(579,383)
Other Financing Sources (Uses)				
General Obligation Bonds Issued [11]	498,810	982,170	1,034,970	609,920
Revenue Bonds Issued	—	101,595	—	5,250
Refunding Bonds Issued	—	—	196,610	—
Premium on Bonds Issued	45,445	65,853	94,689	92,558
Payment to Refunded Bond Escrow Agent	—	—	(234,873)	—
Capital Leases/Contracts Issued	2,010	11,122	—	—
Sale of Capital Assets	28,035	13,966	20,256	22,158
Transfers In	3,606,534	929,044	1,125,598	1,097,387
Transfers Out	(3,557,759)	(873,367)	(1,077,907)	(1,052,391)
Special Item				
Comprehensive Health Insurance Pool Transfer [12]	—	—	—	—
Prior Period Adjustments and Restatements	—	—	—	—
Total Other Financing Sources (Uses)	623,075	1,230,383	1,159,343	774,882
Net Change in Fund Balances	$ (460,428)	$ 174,922	$ 323,346	$ 195,499
Debt Service as a Percentage of Noncapital Expenditures	2.67%	3.29%	3.85%	4.45%

*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 year 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 2018, 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 year 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. In fiscal year 2018, the increase was the result of an increase in funding provided for the Medicaid program.

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

[5] Significant changes in investment income from year to year are due to the change in the fair value of investments as a result of general market conditions.

Fiscal Year					
2013	2014	2015	2016	2017	2018
$ 2,094,132	$ 2,121,249	$ 2,204,389	$ 2,302,886	$ 2,403,347	$ 2,646,996
2,865,195	2,916,015	3,211,476	3,393,087	3,646,112	4,033,320
329,726	322,748	366,543	354,615	325,701	423,019
351,197	359,176	371,412	425,343	484,677	500,049
400,111	432,178	386,066	355,229	354,863	399,286
3,489,515	3,463,045	3,478,563	3,573,699	3,828,715	3,893,654
677,119	706,125	682,288	630,300	667,665	740,282
185,976	188,653	194,648	199,748	203,830	211,045
138,122	158,193	138,635	69,245	73,787	76,693
32,704	7,211	12,620	11,264	19,273	11,801
221,139	353,653	133,092	34,168	266,775	198,082
305,267	327,880	384,968	388,295	394,167	448,431
11,090,203	11,356,126	11,564,700	11,737,879	12,668,912	13,582,658
362,845	374,134	386,059	412,204	409,626	460,569
669,091	692,277	723,663	766,186	804,283	858,099
251,118	266,246	272,053	290,217	305,438	317,425
255,727	271,716	266,586	263,417	253,976	294,693
129,693	132,886	137,901	146,510	152,262	170,233
2,252,166	2,434,410	2,517,513	2,622,797	2,733,374	2,823,947
51,901	48,920	56,935	79,567	73,641	78,773
735,438	781,998	875,610	915,432	981,938	1,018,286
781,178	703,441	730,972	708,184	754,530	749,620
178,330	184,465	190,378	196,188	225,387	231,665
22,428	24,231	24,041	27,826	29,335	30,965
99,828	105,915	101,331	111,186	107,800	119,158
3,097,161	3,202,007	3,340,290	3,556,897	3,732,813	3,983,098
951,277	902,788	903,700	835,111	975,662	1,024,576
524,582	380,930	499,705	523,937	668,768	778,543
309,268	329,659	319,739	348,576	342,622	288,051
154,472	150,101	135,994	118,805	105,023	103,866
10,826,503	10,986,124	11,482,470	11,923,040	12,656,478	13,331,567
263,700	370,002	82,230	(185,161)	12,434	251,091
33,240	226,175	—	—	—	485,225
1,900	—	—	93,625	—	2,920
22,612	—	221,765	—	—	144,610
8,346	24,656	47,562	4,405	—	71,360
(24,358)	—	(267,870)	—	—	(118,495)
2,824	—	—	5,100	—	13,705
31,243	24,596	29,274	30,688	53,025	40,277
1,360,691	1,489,272	1,659,616	1,998,019	1,792,074	1,880,116
(1,283,764)	(1,445,189)	(1,549,960)	(1,876,592)	(1,657,967)	(1,784,551)
—	—	16,288	—	—	—
—	—	1,940	—	1,207	—
152,734	319,510	158,615	255,245	188,339	735,167
$ 416,434	$ 689,512	$ 240,845	$ 70,084	$ 200,773	$ 986,258
4.59%	4.60%	4.22%	4.17%	3.78%	3.18%

[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			
	2008	**2009**	**2010**	**2011**
Taxable Sales, Services, and Use Tax Purchases [1]				
Agriculture, Forestry, and Fishing	$ 10,822	$ 10,938	$ 12,747	$ 14,082
Mining	923,107	560,727	757,601	848,168
Construction	785,217	685,598	662,141	654,043
Manufacturing	2,635,317	2,079,294	2,082,345	2,209,327
Transportation	169,209	150,891	236,609	274,577
Communications and Utilities	4,138,623	4,060,387	4,147,437	4,250,457
Wholesale Trade	4,637,872	3,457,754	3,615,569	4,065,152
Retail	24,972,519	22,613,395	21,480,510	22,794,901
Finance, Insurance, and Real Estate	1,803,420	1,430,640	1,328,491	1,337,530
Services	6,889,315	6,289,414	6,737,174	7,137,503
Public Administration	224,402	225,935	224,668	229,227
Prior Period Payments and Refunds	193,380	359,249	622,276	339,856
Total Taxable Sales, Services and Use Tax Purchases	$ 47,383,203	$ 41,924,222	$ 41,907,568	$ 44,154,823
State Sales Tax Rate	4.65%	4.70%	4.70%	4.70%
Personal Income by Industry				
Federal Civilian	$ 3,138,234	$ 3,262,129	$ 3,427,143	$ 3,556,359
Federal Military	956,758	1,059,773	1,066,165	1,023,592
State and Local Government	8,619,692	8,996,163	9,056,491	9,440,193
Forestry, Fishing, and Related Activities	64,322	56,230	59,568	69,173
Mining	1,325,928	905,190	939,571	1,134,370
Utilities	520,216	500,769	517,919	531,434
Construction	5,938,557	4,880,333	4,851,542	5,033,034
Manufacturing	7,987,992	7,243,424	7,523,277	7,787,202
Wholesale Trade	3,313,418	3,145,582	3,142,845	3,473,443
Retail Trade	5,409,252	5,248,220	5,352,492	5,478,538
Transportation and Warehousing	2,943,658	2,818,544	2,871,728	2,977,382
Information	1,911,065	1,837,118	1,931,461	2,146,263
Financial, Insurance, Real Estate, Rental, and Leasing	5,592,421	5,432,615	5,578,130	6,113,185
Services	22,905,660	22,798,279	23,756,996	24,676,881
Farm Earnings	216,580	105,542	202,854	266,260
Other [2]	19,766,570	18,640,550	19,972,051	20,693,761
Total Personal Income	$ 90,610,323	$ 86,930,461	$ 90,250,233	$ 94,401,070
Highest Income Tax Rate	5.00%	5.00%	5.00%	5.00%

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

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

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

Calendar Year					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
$ 13,880	$ 15,083	$ 16,721	$ 15,400	$ 16,790	$ 19,438
961,570	850,275	842,837	606,129	473,021	555,332
749,572	686,116	718,877	719,199	793,332	930,707
2,283,863	2,251,708	2,439,019	2,394,889	2,334,180	2,500,510
123,695	151,582	116,776	119,530	129,326	150,783
4,515,800	4,609,452	4,764,084	4,640,315	4,603,701	4,575,019
4,647,539	4,397,645	4,564,362	4,544,672	4,508,459	4,922,340
24,351,361	25,848,614	27,160,751	28,847,726	30,458,131	33,029,982
1,327,864	1,378,991	1,441,941	1,518,729	1,562,251	1,715,813
7,670,035	8,108,526	8,696,364	9,383,910	10,058,980	10,636,808
245,093	250,212	262,250	254,337	256,124	265,678
640,908	855,842	685,181	888,441	1,308,139	1,729,282
$ 47,531,180	$ 49,404,046	$ 51,709,163	$ 53,933,277	$ 56,502,434	$ 61,031,692
4.70%	4.70%	4.70%	4.70%	4.70%	4.70%
$ 3,201,034	$ 3,127,049	$ 3,226,299	$ 3,362,932	$ 3,503,288	$ 3,638,392
782,075	758,348	732,507	715,450	745,003	760,935
10,479,690	10,438,482	10,932,387	11,214,437	11,377,417	11,903,484
69,036	79,070	71,162	73,334	79,894	84,485
1,451,372	1,488,131	1,055,022	919,572	677,740	649,195
510,476	509,579	518,729	559,871	581,721	615,075
5,310,328	5,749,752	6,139,119	6,757,362	7,497,605	8,207,988
8,079,603	8,372,774	8,607,123	9,074,439	9,335,841	9,704,020
3,778,828	3,920,138	4,019,735	4,457,942	4,433,918	4,733,100
5,817,378	6,245,965	6,688,936	7,036,881	7,462,318	7,793,419
2,983,157	3,148,136	3,319,368	3,664,221	4,055,241	4,260,599
2,426,304	2,527,863	2,729,627	2,939,164	3,308,820	3,495,544
6,281,226	7,101,517	7,068,780	7,951,465	9,169,397	9,638,475
26,044,184	27,872,193	28,810,801	30,551,475	32,839,863	34,867,148
231,074	510,235	509,130	465,109	338,436	342,747
23,716,925	24,223,342	26,415,095	28,980,981	33,000,523	34,109,213
$ 101,162,690	$ 106,072,574	$ 110,843,820	$ 118,724,635	$ 128,407,025	$ 134,803,819
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 2008		Calendar Year 2017	
	Taxable Sales and Purchases	**Percent of Total**	**Taxable Sales and Purchases**	**Percent of Total**
Agriculture, Forestry, and Fishing	$ 10,822	0.10%	$ 19,438	0.10%
Mining	923,107	1.90%	555,332	0.90%
Construction	785,217	1.70%	930,707	1.50%
Manufacturing	2,635,317	5.50%	2,500,510	4.10%
Transportation	169,209	0.40%	150,783	0.30%
Communications and Utilities	4,138,623	8.70%	4,575,019	7.50%
Wholesale Trade	4,637,872	9.80%	4,922,340	8.10%
Retail	24,972,519	52.70%	33,029,982	54.10%
Finance, Insurance, and Real Estate	1,803,420	3.80%	1,715,813	2.80%
Services	6,889,315	14.50%	10,636,808	17.40%
Public Administration	224,402	0.50%	265,678	0.40%
Prior Period Payments, Refunds	193,380	0.40%	1,729,282	2.80%
Total Taxable Sales, Services, and Use Tax Purchases	$ 47,383,203	100.00%	$ 61,031,692	100.00%
State Sales Tax Rates	4.65% 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 2017.

Schedule B–3

Revenue Payers – Personal Income Tax

Most Current Calendar Year and Historical Comparison

(dollars expressed in thousands)

	Calendar Year 2007				Calendar Year 2016			
	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	178,848	17.00%	$ 2,508	0.10%	166,657	13.95%	$ 952	0.10%
$10,001–20,000	156,467	14.90%	29,863	1.20%	154,325	12.92%	21,236	0.70%
$20,001–30,000	140,155	13.30%	74,578	3.10%	146,922	12.30%	70,187	2.30%
$30,001–40,000	109,854	10.40%	105,190	4.30%	121,938	10.21%	110,717	3.60%
$40,001–50,000	89,357	8.50%	128,271	5.30%	97,639	8.18%	135,138	4.30%
$50,001–75,000	164,730	15.60%	377,123	15.50%	182,791	15.30%	407,084	13.10%
$75,001–100,000	95,903	9.10%	347,784	14.30%	124,697	10.44%	430,043	13.80%
$100,001–250,000	99,345	9.40%	637,086	26.20%	171,213	14.34%	1,084,216	34.90%
Over $250,000	18,683	1.80%	732,382	30.00%	28,198	2.36%	844,370	27.20%
Total	1,053,342	100.00%	$ 2,434,785	100.00%	1,194,380	100.00%	$ 3,103,943	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 2016.

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

	Calendar Years
	2008 to 2017
	Single and Married Filing Separately [1]
Tax Rate	5.00%
	Married Filing Joint, Head of Household, and Qualifying Widow(er) [1]
Tax Rate	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 a single tax rate for all taxpayer's income levels beginning in calendar year 2008.

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

	Fiscal Year			
	2009	**2010**	**2011**	**2012**
Governmental Activities				
General Obligation Bonds	$ 1,563	$ 2,410	$ 3,256	$ 3,660
State Building Ownership Authority				
Lease Revenue Bonds	149	239	223	213
Capital Leases	19	28	26	24
Contracts/Notes Payable	1	—	—	—
Total Governmental Activities	1,732	2,677	3,505	3,897
Business-type Activities				
Student Assistance Revenue Bonds [1]	2,235	1,389	1,243	970
State Building Ownership Authority				
Lease Revenue Bonds	75	98	95	90
Water Loan Recapitalization Revenue Bonds	—	68	67	62
Contracts/Notes Payable [1]	297	811	648	552
Total Business-type Activities	2,607	2,366	2,053	1,674
Total Primary Government	$ 4,339	$ 5,043	$ 5,558	$ 5,571
Debt as a Percentage of Personal Income [2]	4.93%	5.59%	5.89%	5.51%
Amount of Debt Per Capita (expressed in dollars) [2]	$ 1,586	$ 1,817	$ 1,975	$ 1,951
Net General Obligation Bonded Debt				
General Obligation Bonds	$ 1,563	$ 2,410	$ 3,256	$ 3,660
Net General Obligation Bonded Debt as a Percentage of Taxable Property Value [3]	0.70%	1.13%	1.59%	1.82%
Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) [2]	$ 571	$ 868	$ 1,157	$ 1,282

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] During 2015 the Student Assistance Programs issued a line of credit to acquire federally guaranteed student loans. In 2017, the Student Assistance Programs issued additional bonds to retire its line of credit issued in 2015 related to acquiring federally guaranteed student loans.

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

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

Fiscal Year					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
$ 3,361	$ 3,271	$ 2,950	$ 2,585	$ 2,235	$ 2,498
200	187	170	249	230	244
23	22	20	23	22	33
10	6	—	—	—	—
3,594	3,486	3,140	2,857	2,487	2,775
1,274	1,284	1,511	1,255	1,812	1,495
85	81	80	79	73	83
58	52	47	42	37	31
—	—	1,152	922	—	1
1,417	1,417	2,790	2,298	1,922	1,610
$ 5,011	$ 4,903	$ 5,930	$ 5,155	$ 4,409	$ 4,385
4.78%	4.42%	5.04%	4.01%	3.27%	3.07%
$ 1,727	$ 1,665	$ 1,979	$ 1,693	$ 1,421	$ 1,388
$ 3,361	$ 3,271	$ 2,950	$ 2,585	$ 2,235	$ 2,498
1.67%	1.58%	1.33%	1.10%	0.89%	0.92%
$ 1,159	$ 1,111	$ 985	$ 849	$ 721	$ 791

Schedule C–2
Other Long-Term Liabilities
Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year			
	2009	**2010**	**2011**	**2012**
Governmental Activities				
General Obligation Bonds [1]	$ 1,492,620	$ 2,299,300	$ 3,128,890	$ 3,487,680
State Building Ownership Authority Lease Revenue Bonds	148,654	236,629	220,380	210,384
Net Unamortized Premiums	80,962	119,694	162,003	200,979
Deferred Amount on Refundings [2]	(10,151)	(7,080)	(31,904)	(26,248)
Capital Leases	19,210	27,542	25,799	24,270
Notes Payable	512	484	466	446
Compensated Absences [3]	162,689	162,120	182,543	185,701
Claims Liability	43,650	41,897	42,731	44,700
Pollution Remediation Obligation	7,687	7,690	7,083	6,640
Settlement Obligations	—	39,422	38,926	34,007
Net Pension Liability [6]	—	—	—	—
Net Other Post Employment Benefit Obligation [7]	3,918	5,693	7,142	5,439
Net Other Post Employment Benefit Liability [7]	—	—	—	—
Total Governmental Activities	1,949,751	2,933,391	3,784,059	4,173,998
Business-type Activities				
Student Assistance Revenue Bonds [4]	2,235,322	1,388,922	1,218,390	930,422
State Building Ownership Authority Lease Revenue Bonds	73,676	96,476	92,445	88,161
Water Loan Recapitalization Revenue Bonds	—	65,800	65,800	61,205
Net Unamortized Premiums/(Discounts)	1,491	4,093	29,092	16,917
Deferred Amount on Refundings [2]	(267)	(221)	(994)	25,445
Claims and Uninsured Liabilities	14,941	19,105	16,179	17,866
Notes Payable [5]	297,381	811,354	647,842	552,423
Arbitrage Liability	57,782	50,214	11,968	10,000
Net Pension Liability [6]	—	—	—	—
Net Other Post Employment Benefit Liability [7]	—	—	—	—
Total Business-type Activities	2,680,326	2,435,743	2,080,722	1,702,439
Total Primary Government Other Long-term Liabilities	$ 4,630,077	$ 5,369,134	$ 5,864,781	$ 5,876,437

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 2011, a new actuary valuation was performed for GASB Statement 16, *Accounting for Compensated Absences* and as a result the total liability increased.

[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] During 2015, the State implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions* which replaced GASB Statements 27 and 50 as they relate to pensions that are provided through pension plans administered as trust or equivalent arrangements that meet certain criteria. In part, GASB Statement 68 requires the reporting of the net Pension liability. GASB Statement 27 only required the reporting of a Pension obligation when contributions were less than the actuary's Annual Required Contribution.

Fiscal Year					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
$ 3,225,435	$ 3,136,755	$ 2,830,150	$ 2,498,895	$ 2,173,985	$ 2,396,875
198,485	183,590	166,773	242,976	225,163	237,426
159,882	138,187	122,321	92,827	66,423	108,115
(22,546)	—	—	—	—	—
23,213	21,794	20,287	23,498	21,616	33,132
9,758	5,983	370	339	305	268
185,711	184,679	185,792	182,707	181,557	184,505
48,190	48,585	46,931	48,092	53,645	57,330
6,222	5,327	5,086	6,401	5,891	5,366
25,020	6,928	4,471	365	319	273
—	—	802,543	992,495	1,031,449	763,753
5,206	4,331	4,126	3,848	—	—
—	—	—	—	109,618	99,058
3,864,576	3,736,159	4,188,850	4,092,443	3,869,971	3,886,101
1,240,407	1,277,837	1,509,543	1,256,026	1,822,807	1,506,965
83,795	79,106	73,207	72,674	67,438	77,704
56,545	51,800	46,940	41,915	36,680	31,225
13,143	9,110	8,696	5,434	(5,437)	(6,418)
23,413	—	—	—	—	—
18,694	9,283	7,587	5,726	4,810	4,365
—	—	1,152,207	921,995	—	635
—	—	—	—	—	—
—	—	12,853	17,845	17,468	12,038
—	—	—	—	1,731	1,564
1,435,997	1,427,136	2,811,033	2,321,615	1,945,497	1,628,078
$ 5,300,573	$ 5,163,295	$ 6,999,883	$ 6,414,058	$ 5,815,468	$ 5,514,179

[7] During 2017, the State implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaced GASB Statement 45. In part, GASB Statement 75 requires the reporting of the net Other Postemployment Benefit (OPEB) liability. GASB Statement 45 only required the reporting of an OPEB obligation when contributions were less than the actuary's Annual Required Contribution.

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

	Fiscal Year			
	2009	**2010**	**2011**	**2012**
Taxable Property, Taxable Value [1]	$ 224,689	$ 212,423	$ 205,284	$ 201,473
Taxable Property, Fair Market Value [1]	311,525	291,460	280,846	274,806
Debt Limit (Fair Market Value times 1.50 %)	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount	4,673	4,372	4,213	4,122
Net General Obligation Bonded Debt [2] [3]	1,563	2,410	3,256	3,660
Legal Debt Margin	$ 3,110	$ 1,962	$ 957	$ 462
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount	33.45%	55.12%	77.28%	88.79%

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 $97.096 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, 2017, are used for fiscal year 2018.

Schedule C–4
Statutory Debt Limit
Last Ten Fiscal Years
(dollars expressed in thousands)

	Fiscal Year			
	2009	**2010**	**2011**	**2012**
Appropriations Limitation Amount	$ 2,515,576	$ 2,657,135	$ 2,849,469	$ 3,033,826
Limit (Appropriations Limitation Amount times applicable percentage)	45.00%	45.00%	45.00%	45.00%
Statutory Debt Limit Amount	1,132,009	1,195,711	1,282,261	1,365,222
Net General Obligation Bonded Debt [1]	1,562,815	2,409,939	3,256,114	3,660,089
Less: Exempt Highway Construction Bonds	(1,079,270)	(1,860,685)	(2,698,330)	(3,131,784)
Net General Obligation Bonded Debt Subject to Statutory Debt Limit	483,545	549,254	557,784	528,305
Additional General Obligation Debt Incurring Capacity	$ 648,464	$ 646,457	$ 724,477	$ 836,917

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 $97.096 million as of fiscal yearend. These contract liabilities do not affect the State's compliance with the constitutional debt limit.

Fiscal Year					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
$ 201,294	$ 207,211	$ 221,650	$ 235,273	$ 251,598	$ 271,649
272,954	282,489	303,725	323,367	347,716	377,260
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
4,094	4,237	4,556	4,851	5,216	5,659
3,361	3,271	2,950	2,585	2,235	2,498
$ 733	$ 966	$ 1,606	$ 2,266	$ 2,981	$ 3,161
82.10%	77.20%	64.75%	53.29%	42.85%	44.14%

[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					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
$ 3,141,740	$ 3,250,227	$ 3,315,101	$ 3,468,856	$ 3,566,544	$ 3,738,255
45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
1,413,783	1,462,602	1,491,795	1,560,985	1,604,945	1,682,215
3,360,901	3,271,302	2,949,659	2,585,224	2,235,433	2,498,192
(2,869,046)	(2,860,178)	(2,621,976)	(2,402,000)	(2,180,428)	(2,281,590)
491,855	411,124	327,683	183,224	55,005	216,602
$ 921,928	$ 1,051,478	$ 1,164,112	$ 1,377,761	$ 1,549,940	$ 1,465,613

[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		Coverage [3]
				Principal	Interest	
Water Loan Programs						
2009 [4]	$ —	$ —	$ —	$ —	$ —	—
2010	$ 1,295	$ —	$ 1,295	$ —	$ 862	1.50
2011	$ 3,742	$ —	$ 3,742	$ —	$ 2,424	1.54
2012	$ 3,860	$ —	$ 3,860	$ 4,595	$ 2,371	0.55
2013	$ 3,649	$ —	$ 3,649	$ 4,660	$ 2,297	0.52
2014	$ 3,877	$ —	$ 3,877	$ 4,745	$ 2,197	0.56
2015	$ 3,920	$ —	$ 3,920	$ 4,860	$ 2,067	0.57
2016	$ 3,744	$ —	$ 3,744	$ 5,025	$ 1,851	0.54
2017	$ 3,628	$ —	$ 3,628	$ 5,235	$ 1,658	0.53
2018	$ 3,756	$ —	$ 3,756	$ 5,455	$ 1,406	0.55
Student Assistance Programs						
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	$ 27,188 [5]	$ (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]	$ 6,646	0.02
2016	$ 110,982 [7]	$ 87,889	$ 23,093	$ 483,729	$ 25,338	0.05
2017	$ 92,421	$ 65,327	$ 27,094	$ 1,227,465 [8]	$ 30,833	0.02
2018	$ 79,408	$ 40,098	$ 39,310	$ 315,842	$ 38,403	0.11

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

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

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

[3] Coverage equals net available revenue divided by debt service.

[4] During 2009, the State did not issue any water loan recapitalization bonds.

[5] 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.

[6] Prior to 2015, only Student Loan Purchase Program bonds were presented. During 2015, a line of credit was issued for $1.600 billion in order to acquire federally guaranteed student loans.

[7] During 2016, the Student Assistance Programs had a substantial increase in interest on loans related to the line of credit that was issued in 2015 to acquire federally guaranteed student loans.

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

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Schedule D–1
Demographic and Economic Indicators
Last Ten Calendar Years

Calendar Year	Population *(in thousands)*				Unemployment Rate		Utah Net Migration
	Utah		U.S.				
	Number	Change	Number	Change	Utah	U.S.	
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	3,044	1.77%	324,000	0.78%	3.40%	4.90%	25,300
2017	3,102	1.91%	326,000	0.62%	3.20%	4.40%	22,600
2018 (est.)	3,159	1.84%	329,000	0.92%	3.10%	3.80%	21,900

Calendar Year	Personal Income *(in millions)*				Per Capita Income *(in dollars)*			
	Utah		U.S.		Utah		U.S.	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
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	$ 128,407	8.15%	$ 16,125,000	3.68%	$ 42,184	6.27%	$ 49,769	2.88%
2017	$ 134,804	4.98%	$16,831,000	4.38%	$ 43,457	3.02%	$ 51,629	3.74%
2018 (est.)	$ 143,067	6.13%	$17,586,000	4.49%	$ 45,289	4.21%	$ 53,453	3.53%

Source: Population – Utah Population Estimates Committee at July 1 each year. The 2018 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate – Utah Department of Workforce Services. The 2018 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration – Utah Population Estimates Committee at July 1 each year. The 2018 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 2018 estimate is from the Utah Revenue Assumption Committee.

Note: Prior year information has been updated with the most recent data available. Per Capita Income is calculated by dividing total personal income by population. Amounts may not be exact due to rounding.

Schedule D–2

Principal Employers

Most Current Calendar Year and Historical Comparisons

	Calendar Year 2008			Calendar Year 2017		
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	2.50%
University of Utah (includes Hospital)	15,000 – 19,999	3	1.50%	20,000 +	2	2.10%
State of Utah	20,000 +	2	1.90%	20,000 +	3	1.50%
Brigham Young University	15,000 – 19,999	4	1.40%	15,000 – 19,999	4	1.30%
Wal-Mart Stores	15,000 – 19,999	5	1.30%	15,000 – 19,999	5	1.20%
Hill Air Force Base	10,000 – 14,999	6	1.00%	10,000 – 14,999	6	0.80%
Utah State University	7,000 – 9,999	10	0.60%	7,000 – 9,999	7	0.70%
Davis County School District	7,000 – 9,999	9	0.70%	7,000 – 9,999	8	0.60%
Smith's Food and Drug Centers				7,000 – 9,999	9	0.60%
Granite School District	7,000 – 9,999	7	0.80%	7,000 – 9,999	10	0.60%
Jordan School District	7,000 – 9,999	8	0.70%			
Total Employees of Principal Employers	146,600		12.10%	174,900		11.90%

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			
	2008	**2009**	**2010**	**2011**
Nonagricultural Jobs				
Government	211,710	214,679	216,828	220,772
Mining	12,506	10,694	10,442	11,659
Construction	90,469	70,492	65,223	65,166
Manufacturing	125,852	112,879	111,075	113,684
Trade, Transportation, and Utilities	247,978	234,098	229,108	233,251
Information	30,747	29,570	29,276	29,495
Financial Activity	74,050	71,092	67,981	68,391
Professional and Business Services	162,194	149,532	152,335	159,420
Education and Health Services	146,617	150,866	155,001	159,210
Leisure and Hospitality	114,813	110,859	110,662	113,512
Other Services	35,534	34,028	33,625	34,090
Total Nonagricultural Jobs	1,252,470	1,188,789	1,181,556	1,208,650
Civilian Labor Force	1,376,458	1,382,861	1,362,489	1,353,257
Total Employed	1,330,369	1,275,514	1,252,517	1,261,698
Unemployed	46,089	107,347	109,972	91,559
Unemployment Rate	3.30%	7.80%	8.10%	6.80%

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					
2012	**2013**	**2014**	**2015**	**2016**	**2017**
223,298	225,917	230,619	233,658	239,416	244,311
12,553	12,107	12,160	10,372	8,494	8,618
69,231	73,462	78,676	84,676	91,537	97,495
116,667	118,747	120,706	123,695	125,926	129,199
241,815	246,900	252,574	263,158	271,432	278,526
31,295	32,427	33,320	34,402	36,860	38,429
69,537	72,869	74,965	79,020	81,710	84,072
167,268	177,462	185,121	194,127	202,175	206,987
163,590	170,541	174,309	182,273	190,935	198,251
118,640	123,521	128,086	133,657	138,591	143,029
35,054	36,425	37,604	38,689	39,472	40,210
1,248,948	1,290,378	1,328,140	1,377,727	1,426,548	1,469,127
1,376,628	1,418,522	1,431,553	1,464,404	1,511,279	1,560,846
1,302,641	1,355,720	1,377,013	1,412,473	1,459,309	1,510,208
73,987	62,802	54,540	51,931	51,970	50,638
5.40%	4.40%	3.80%	3.50%	3.40%	3.20%

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

	Academic Year			
	2008–09	**2009–10**	**2010–11**	**2011–12**
Elementary	314,676	322,704	329,111	334,110
Secondary	236,694	240,569	247,134	253,635
Total All Grades	551,370	563,273	576,245	587,745

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			
	2009–10	**2010–11**	**2011–12**	**2012–13**
University of Utah	31,407	30,833	31,673	32,398
Utah State University [1]	25,065	25,767	28,994	28,786
Weber State University	23,331	24,126	25,483	26,680
Southern Utah University	8,066	8,024	7,750	8,297
Salt Lake Community College	33,774	33,983	33,167	30,112
Utah Valley University	28,765	32,670	33,395	31,556
Dixie State University	7,911	8,755	9,086	8,863
College of Eastern Utah [1]	2,173	2,634	—	—
Snow College	4,368	4,386	4,465	4,599
Utah System of Technical Colleges	18,831	18,476	15,536	15,418
Total All Institutions	183,691	189,654	189,549	186,709

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					
2012–13	**2013–14**	**2014–15**	**2015–16**	**2016–17**	**2017–18**
340,443	345,967	349,382	353,050	356,686	358,190
260,542	266,584	272,771	280,846	287,790	294,158
600,985	612,551	622,153	633,896	644,476	652,348

Academic Year					
2013–14	**2014–15**	**2015–16**	**2016–17**	**2017–18**	**2018–19**
32,080	31,515	31,673	32,061	32,800	33,023
27,812	27,662	28,622	28,118	27,679	27,932
25,301	26,266	25,955	26,809	27,949	28,247
7,745	7,656	8,881	8,955	9,468	10,196
31,137	29,537	28,814	29,901	29,620	29,156
30,564	31,332	33,211	34,978	37,282	39,931
8,350	8,570	8,503	8,993	9,673	9,950
—	—	—	—	—	—
4,605	4,779	5,111	5,350	5,563	5,514
14,851	14,834	16,933	17,293	16,838	19,418
182,445	182,151	187,703	192,458	196,872	203,367

Schedule E–1

Full-Time Equivalent State Employees by Function

Last Ten Fiscal Years

	Fiscal Year			
	2009	**2010**	**2011**	**2012**
General Government:				
Government Operations	2,084	2,018	1,976	2,024
Tax Commission	763	723	719	716
All Other	154	157	152	159
Human Services and Juvenile Justice Services	4,464	4,155	3,935	3,907
Corrections	2,439	2,271	2,243	2,244
Public Safety:				
Department of Public Safety	1,202	1,218	1,241	1,275
Utah National Guard	239	196	214	226
State Courts	1,096	1,068	1,042	1,038
Health and Environmental Quality:				
Department of Health	988	950	937	923
Department of Environmental Quality	383	384	376	372
Employment and Family Services [1] [2]	2,062	2,066	2,041	1,912
Natural Resources	1,361	1,350	1,361	1,302
Heritage and Arts [1]	191	193	190	169
Business, Labor, and Agriculture	715	691	686	701
Education:				
Public Education Support [2]	1,178	1,170	1,137	1,094
Higher Education Support	205	171	195	204
Transportation	1,685	1,637	1,612	1,604
Total Full-time Equivalent State Employees	21,209	20,418	20,057	19,870

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.

[2] In fiscal year 2017, Legislative action moved the Utah State Office of Rehabilition from the Public Education Support to the Employment and Family Services.

Fiscal Year					
2013	**2014**	**2015**	**2016**	**2017**	**2018**
2,069	2,066	2,055	2,063	2,095	2,122
718	715	708	697	690	690
165	166	176	181	185	184
3,955	3,991	3,942	4,037	4,113	4,046
2,265	2,295	2,307	2,392	2,453	2,527
1,314	1,327	1,324	1,329	1,333	1,341
243	218	210	226	247	253
1,031	1,009	994	994	986	983
933	946	946	943	954	977
376	371	373	367	365	361
1,872	1,768	1,758	1,719	1,989	2,043
1,304	1,304	1,315	1,320	1,334	1,361
117	117	120	125	126	124
722	728	748	767	773	786
1,119	1,119	1,135	1,138	816	721
213	227	277	236	274	399
1,603	1,583	1,569	1,616	1,642	1,638
20,019	19,950	19,957	20,150	20,375	20,556

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

	Fiscal Year			
	2009	**2010**	**2011**	**2012**
General Government				
Government Operations:				
Construction Projects Managed	841	847	898	849
Tax Commission:				
Percent of Data Managed Electronically	65.30%	70.50%	77.00%	75.50%
Number of Returns Filed Electronically	748,879	777,485	863,907	946,606
Motor Vehicle Registrations (in thousands)	2,759	2,681	2,583	2,725
Human Services and Juvenile Justice Services				
Food Stamp Recipients	293,151	363,714	394,170	404,316
Percent of Population	10.72%	13.11%	14.01%	14.16%
Juveniles, Daily Average in Justice System Placement	1,105	1,023	946	928
Rate of Recommitment to Juvenile Custody	7.20%	8.30%	6.90%	6.40%
Corrections: [1]				
Incarcerated Offenders	6,521	6,692	6,812	6,893
Supervised Offenders	12,423	12,702	12,906	12,759
Utah Incarceration Rate (per 100,000 population)	232	232	238	242
US Incarceration Rate (per 100,000 population)	504	502	500	492
State Courts: [2]				
State Court Filings	369,830	367,541	348,548	329,176
State Court Dispositions	369,772	341,626	312,953	309,307
Health				
Children's Health Insurance Program Enrollment	38,036	41,503	38,498	37,872
Medicaid Eligible (unduplicated)	298,372	325,204	340,805	361,457
Percent of Population	10.91%	11.72%	12.11%	12.66%
Employment and Family Services				
Individuals Registered for Employment	283,692	317,998	316,703	351,629
Percent Who Entered Employment	71.00%	59.00%	56.00%	59.00%
Natural Resources				
Hatchery Fish, Pounds Raised	1,106,719	1,334,782	1,240,499	1,058,375
Hunting and Fishing Licenses Sold [1] [3]	607,875	598,474	661,239	659,534
State Park Visitations (in thousands)	4,624	4,620	4,821	5,051
Business, Labor, and Agriculture				
Department of Commerce:				
Licenses and Registrations Issued [4]	321,943	308,717	315,238	325,769
Department of Agriculture and Food: [1]				
Dairy Farm Inspections	743	667	718	678
Pounds of Turkey Inspected and Graded (in thousands)	55,685	77,257	106,016	45,869
Gas Pumps and Scales Inspected	22,216	15,548	21,499	20,492
Higher Education				
Number of Certificates and Degrees Awarded	26,990	28,639	30,199	31,553
Transportation				
Percent of Roads Which are Deficient [5]	13.10%	14.70%	10.90%	10.90%
Vehicles Weighed or Inspected (in thousands)	4,790	4,686	4,622	4,807

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					
2013	2014	2015	2016	2017	2018
815	1,020	802	910	896	1,155
78.10%	79.90%	81.80%	83.20%	83.80%	84.50%
997,329	1,051,940	1,103,323	1,171,287	1,196,647	1,246,011
2,759	2,863	2,846	2,961	3,027	2,950
389,426	363,154	348,459	338,362	323,768	298,396
13.42%	12.33%	11.65%	11.09%	10.41%	9.45%
923	922	812	686	604	467
5.90%	6.60%	7.80%	8.40%	9.90%	14.90%
7,065	7,113	6,723	6,298	6,309	N/A
12,730	15,307	13,897	16,590	16,855	N/A
242	237	215	201	N/A	N/A
477	471	458	450	N/A	N/A
324,523	311,187	305,778	288,797	283,449	278,392
309,420	279,903	273,731	260,952	262,841	245,764
35,446	29,953	15,775	17,058	19,248	19,338
366,061	391,139	415,843	418,356	414,519	404,303
12.62%	13.28%	13.90%	13.71%	13.33%	12.80%
318,008	260,138	215,861	185,347	150,168	131,386
61.00%	65.00%	66.00%	71.00%	73.00%	67.00%
1,180,927	1,204,984	1,212,696	1,093,205	1,081,766	1,089,720
682,594	583,460	585,666	558,893	582,751	587,443
5,054	3,741	4,482	5,176	5,691	6,712
333,646	350,416	355,124	378,478	387,348	409,301
672	693	560	533	525	N/A
33,743	107,833	79,060	102,511	121,106	N/A
20,377	26,612	32,131	32,486	30,116	N/A
31,970	32,491	32,797	33,822	36,701	37,756
—	12.49%	10.68%	—	9.64%	N/A
6,071	7,484	6,706	5,969	7,893	8,116

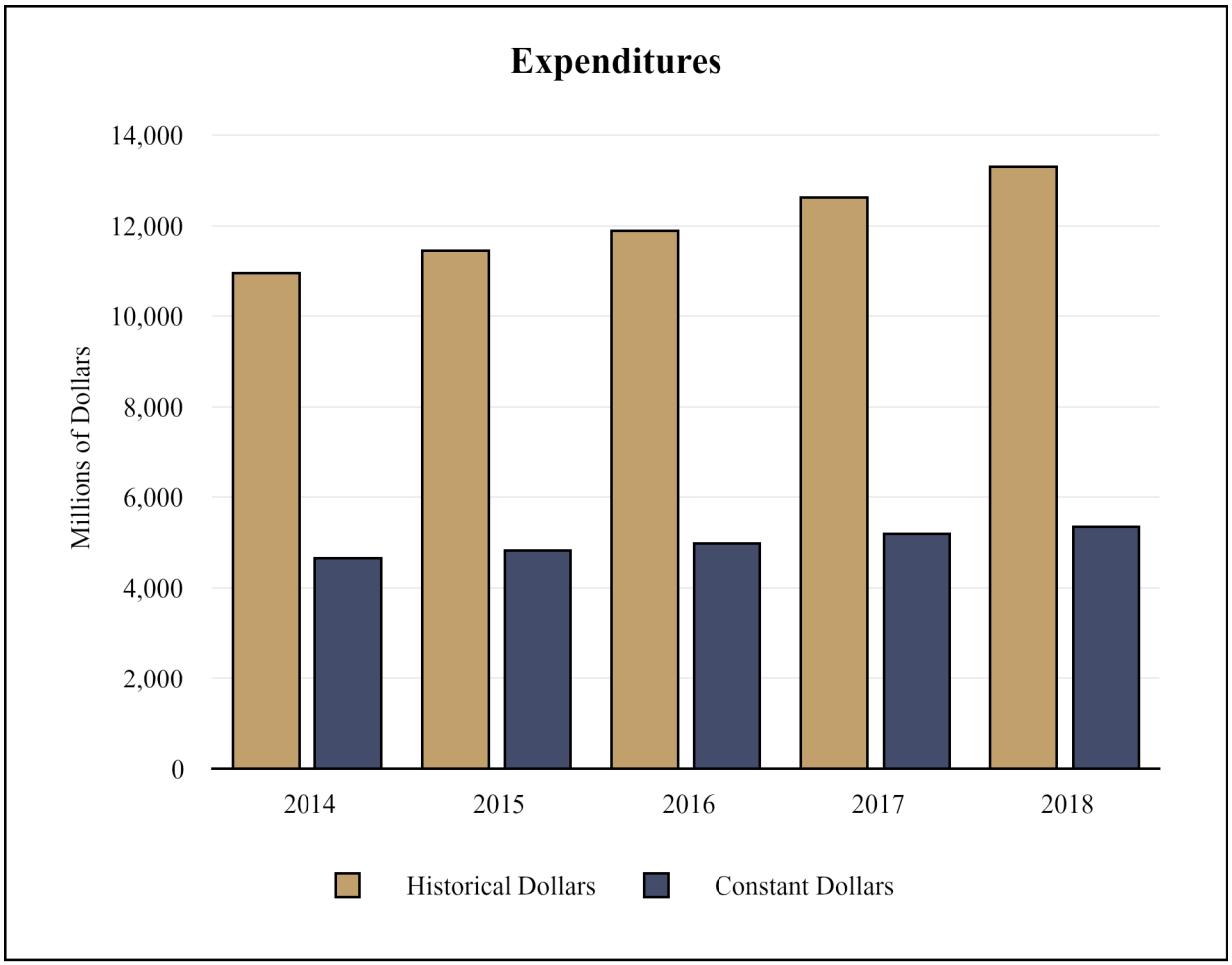
Schedule E–3
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2009	**2010**	**2011**	**2012**
General Government				
Buildings	290	299	305	311
Vehicles	7,256	7,266	7,323	7,309
Data Processing Equipment and Software	2,448	2,437	2,541	2,691
Reproduction and Printing Equipment	994	1,003	1,065	1,127
Human Services and Juvenile Justice Services				
Data Processing Equipment and Software	45	64	52	52
Corrections				
Data Processing Equipment and Software	219	226	218	216
Security and Surveillance Equipment	55	59	59	67
Public Safety				
Department of Public Safety:				
Vehicles	28	34	34	35
Data Processing Equipment and Software	182	200	222	230
Medical and Lab Equipment	147	174	184	187
Utah National Guard:				
Buildings	193	206	213	215
State Courts				
Data Processing Equipment and Software	95	105	64	64
Audio Visual Equipment	190	192	192	145
Health and Environmental Quality				
Department of Health:				
Data Processing Equipment and Software	216	147	143	127
Medical and Lab Equipment	218	257	287	303
Department of Environmental Quality:				
Monitoring and Lab Equipment	327	316	349	376
Employment and Family Services				
Data Processing Equipment and Software	464	449	422	389
Natural Resources				
Division of Parks and Recreation:				
State Parks	42	42	43	43
Buildings	681	684	719	722
Vehicles	315	329	333	332
Division of Wildlife Resources:				
Wildlife Management Areas	92	92	92	92
Fish Hatcheries	11	11	11	11
Buildings	163	166	175	180
Vehicles	193	208	212	201
Business, Labor, and Agriculture				
Data Processing Equipment and Software	91	94	97	102
Monitoring and Lab Equipment	106	105	108	111
Transportation				
Highway Center Line Miles	5,699	5,753	5,772	5,724
Buildings	358	361	386	387
Vehicles	832	824	838	844
Heavy Equipment	2,544	2,538	2,549	2,574

Source: Utah Department of Administrative Services, Division of Finance and various agencies of the State.

Fiscal Year					
2013	2014	2015	2016	2017	2018
314	314	315	319	323	326
7,360	7,524	7,781	7,886	7,732	7,828
2,794	2,931	2,383	2,428	1,397	1,314
1,165	1,209	1,178	1,140	1,138	1,112
59	64	64	64	68	71
216	216	220	222	220	219
59	55	69	73	75	70
35	35	34	35	35	35
247	249	204	213	222	208
193	197	207	220	236	205
221	223	229	235	237	237
64	52	63	63	60	65
146	143	151	150	146	134
131	120	112	89	69	72
288	302	291	295	283	287
384	404	433	448	510	562
396	358	365	370	387	393
43	43	43	43	43	44
727	736	756	778	779	785
332	334	340	344	351	356
92	92	92	92	92	92
11	11	12	11	11	12
181	182	183	190	191	192
202	203	209	214	220	224
117	117	114	101	110	112
111	114	118	122	138	143
5,719	5,719	5,830	5,825	5,880	5,780
391	402	423	440	442	446
861	878	904	931	956	1,010
2,582	2,593	2,595	2,599	2,602	2,635

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

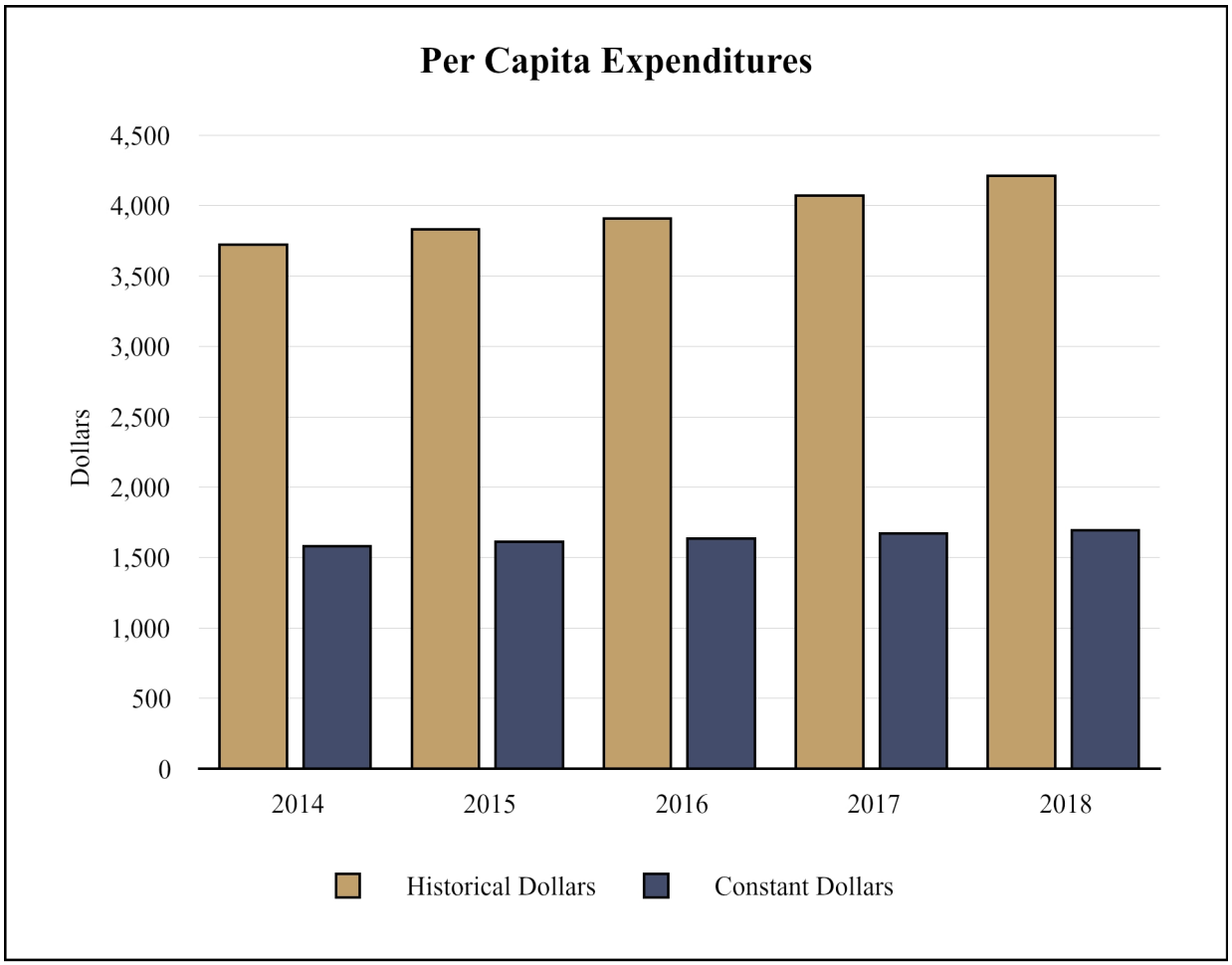


Fiscal Year	Historical Dollars		Constant Dollars	
	(in millions)	Change	(in millions)	Change
2014	$10,986	1.47%	$4,676	(0.08)%
2015	$11,482	4.52%	$4,852	3.76%
2016	$11,923	3.84%	$5,004	3.15%
2017	$12,656	6.15%	$5,216	4.23%
2018	$13,332	5.33%	$5,373	3.01%

Note: Historical and Constant percentage changes may not be exact due to rounding.

Source: Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982–84 = 100.

Schedule F–2
Per Capita Expenditures — Historical and Constant Dollars
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Per Capita Expenditures			
	Historical Dollars		Constant Dollars	
		Change		Change
2014	$3,730	(0.04)%	$1,588	(1.58)%
2015	$3,839	2.91%	$1,622	2.16%
2016	$3,917	2.03%	$1,644	1.35%
2017	$4,080	4.17%	$1,682	2.28%
2018	$4,220	3.43%	$1,701	1.15%

Note: Prior year information has been updated with the most recent population data available. Historical and Constant percentage changes may not be exact due to rounding.

Source: Historical Dollars are derived by dividing total expenditures of governmental funds by population data (See Schedule D-1). Constant Dollars are derived using the Consumer Price Index for all urban consumers, base year 1982–84 = 100.

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STATE OF UTAH

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Utah Department of Administrative Services

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