OFFICIAL NOTICE OF BOND SALE

and

PRELIMINARY OFFICIAL STATEMENT

State of Utah,
State Building Ownership Authority

$87,225,000* Lease Revenue Bonds
(State Facilities Master Lease Program), Series 2016

payable from lease payments to be made, subject to annual

appropriation, by the

State of Utah

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

Electronic bids will be received up to 9:30:00 A.M., M.D.T., via the **PARITY®** electronic bid submission system, on Wednesday, March 23, 2016.

∗ Preliminary; subject to change.

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Official Notice of Bond Sale

(Bond Sale to be Conducted Electronically)

State of Utah,
State Building Ownership Authority

$87,225,000* Lease Revenue Bonds
(State Facilities Master Lease Program), Series 2016

Bids will be received electronically (as described under "Procedures Regarding Electronic Bidding" below) by the State of Utah (the "State"), State Building Ownership Authority (the "Authority") on the *PARITY*® electronic bid submission system up to 9:30:00 a.m., Mountain Daylight Time ("M.D.T."), on Wednesday, March 23, 2016, for the purchase of $87,225,000* State of Utah, State Building Ownership Authority Lease Revenue Bonds (State Facilities Master Lease Program) Series 2016 (the "Bonds"), to be issued pursuant to an Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement dated as of September 1, 1994, as supplemented and amended (as so supplemented and amended, the "Indenture"), between the Authority and the Trustee (described herein), and to be payable from, and secured by, Base Rentals to be paid by the State, acting through its Department of Administrative Services, Division of Facilities Construction and Management (the "Lessee"), pursuant to an annually renewable State Facilities Master Lease Agreement dated as of September 1, 1994, as supplemented and amended (as so supplemented and amended, the "Master Lease"), between the Authority (as lessor) and the Lessee, as more fully described under "Security" herein. The bids will be publicly reviewed and considered in public session held by the Authority on Wednesday, March 23, 2016, at 4:00 p.m., M.D.T., at the State Capitol Building, in Salt Lake City, Utah.

The Bonds are being issued pursuant to the provisions of the State Building Ownership Authority Act, Part 3, Chapter 1, Title 63B of the Utah Code Annotated 1953 as amended (the "Utah Code") and other applicable State laws (the "Act") and the resolution of the Authority adopted on September 15, 2015, and a resolution of the Authority to be adopted Wednesday, March 23, 2016, which provide for the issuance of the Bonds; and other applicable provisions of law.

The Bonds are more fully described in the Authority's Preliminary Official Statement with respect to the Bonds dated March 9, 2016 (the "Preliminary Official Statement").

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* Preliminary; subject to change. See caption "Adjustment of Principal Amount of Bonds" in this Official Notice of Bond Sale.

Description of Bonds

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

Maturity (May 15)	Amount*	Maturity (May 15)	Amount*
2018	$ 125,000	2029	$ 4,425,000
2019	2,700,000	2030	4,600,000
2020	2,875,000	2031	4,775,000
2021	3,000,000	2032	4,975,000
2022	3,150,000	2033	5,175,000
2023	3,325,000	2034	5,400,000
2024	3,475,000	2035	5,600,000
2025	3,650,000	2036	5,850,000
2026	3,825,000	2037	6,075,000
2027	4,025,000	2038	6,000,000
2028	4,200,000		

Totals.. $87,225,000*

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

Adjustment of Principal Amount of Bonds

The Authority reserves the right, following determination of the best bid(s), to reduce or increase the principal amount of each maturity of the Bonds by the amount necessary to properly size the issue so that proceeds available to the Authority will be approximately $99,750,000. The dollar amount of the price bid (i.e., par plus any premium bid) by the successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits and the Authority will consider the bid as having been made for the adjusted amount of the Bonds. The dollar amount of the price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the Authority (excluding accrued interest, if any), by (ii) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown in this Official Notice of Bond Sale. The Authority expects to advise the successful bidder as soon as possible, but expects no later than 11:00 a.m., M.D.T., on the date of sale, of the changes to the principal amount of the Bonds maturing on one or more of the above–designated maturity dates for the Bonds. Any such adjustment will be in an amount of $5,000 or a whole multiple thereof.

To facilitate any adjustment in the principal amounts, each successful bidder(s) is required to indicate by facsimile transmission to Zions Public Finance, Inc., the Municipal Advisor to the Authority (the "Municipal Advisor") at fax number (801) 844–4484 within one–half hour of the time of bid opening, the amount of any original issue discount or premium on each maturity of the Bonds and the amount received

* Preliminary; subject to change.

from the sale of the Bonds to the public that will be retained by the successful bidder(s) as its compensation.

Term Bonds and Mandatory Sinking Fund Redemption at Bidder's Option

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

Purchase Price

The purchase price to be bid for the Bonds shall not be less than the principal amount of the Bonds ($87,225,000*).

Possible Rejection of All Bids for Bonds

As described below under "Sale Reservations," the Authority reserves the right to reject any and all bids and to resell the Bonds.

Interest Rate

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

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

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

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

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

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

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

(g) there shall be no supplemental interest coupons;

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

(i) interest shall be computed on the basis of a 360–day year of 12, 30–day months.

Interest will be payable semiannually on May 15 and November 15 of each year, commencing November 15, 2016.

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* Preliminary; subject to change.

Ratings

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

Trustee, Bond Registrar and Paying Agent; Place of Payment

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

Redemption Provisions

Optional Redemption of the Bonds. The Bonds maturing on or before May 15, 2025, are not subject to redemption prior to maturity, except as otherwise described under this caption "Redemption Provisions." The Bonds maturing on or after May 15, 2026, are subject to redemption (i) in whole on any business day on or after May 15, 2025, in the event that the Lessee exercises its option pursuant to the Master Lease to purchase all the Leased Property thereunder or (ii) in part on May 15, 2025, or on any date thereafter from such maturities or portions thereof designated by the Lessee in the event that the Lessee prepays additional Base Rentals pursuant to the Master Lease or purchases a portion of the Leased Property representing separate Facilities pursuant to the Master Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

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

Security

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

The obligation of the Lessee to pay Base Rentals and other amounts under the Master Lease is annually renewable as provided therein. Neither the obligation of the Lessee to make such payments nor the Bonds will constitute a debt of the Authority, the Lessee or any political subdivision of the State. Neither the issuance of the Bonds nor the execution and delivery of the Master Lease directly or contingently obligate the Lessee or any political subdivision of the State to appropriate any money to pay Rentals under the Master Lease or to pay any Rentals beyond those appropriated for the then current fiscal year of the State. The Bonds do not constitute an indebtedness within the meaning of any State constitutional or statutory debt limitation or restriction.

Award

Award or rejection of bids will be made at the Wednesday, March 23, 2016 meeting of the Authority referred to above. The Bonds will be awarded to the responsible bidder offering to pay the lowest effective interest cost to the Authority for the Bonds, computed from the date of the Bonds to maturity and taking into consideration the premium, if any, in the purchase price of the Bonds. The effective interest rate to the Authority shall be the interest rate per annum (based upon a 360–day year) determined on a per annum true interest cost ("TIC") based on the discounting of the scheduled semiannual debt service payments of the Authority on the Bonds (based on such rate or rates of interest so bid) to the dated date of the Bonds, compounded semiannually, and to the bid price, excluding accrued interest to the date of delivery.

Procedures Regarding Electronic Bidding

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

A prospective bidder for the Bonds who intends to use *PARITY*® must communicate its bid electronically on or before 9:30:00 a.m., M.D.T., on Wednesday, March 23, 2016. No bid will be received after the times for receiving bids specified above. To the extent any instructions or directions set forth in *PARITY*® conflict with this Official Notice of Bond Sale, the terms of this Official Notice of Bond Sale shall control. For further information about *PARITY*®, potential bidders may contact the Municipal Advisor or i–Deal LLC at 1359 Broadway, New York, New York 10018, telephone 212.849.5021.

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

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

Notification

The Authority will notify the apparent successful bidder, as soon as possible after the Authority's receipt of bids for the Bonds, that such bidder's bid appears to be the lowest and best bid received for such

Bonds which conforms to the requirements of this Official Notice of Bond Sale, subject to verification and to official action to be taken at the Authority's meeting as described in the next succeeding paragraph.

The award of the Bonds to the respective successful bidder(s) will be considered at the Authority meeting to be held beginning at 4:00 p.m., M.D.T., on Wednesday, March 23, 2016.

Form of Bid

Each bidder is required to transmit electronically via *PARITY*® an unconditional bid specifying the lowest rate or rates of interest and confirm the purchase price, which shall be not less than the principal amount of the Bonds ($87,225,000*), at which the bidder will purchase the Bonds. Each bid must be for all the Bonds herein offered for sale.

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

No bids will be accepted in written form, by facsimile transmission or in any other medium or on any system other than by means of *PARITY*®; provided, however, that in the event a prospective bidder cannot access *PARITY*® through no fault of its own, it may so notify the Municipal Advisor by telephone at 801.844.7373. Thereafter, it may submit its bid by telephone to the Municipal Advisor by telephone at 801.844.7373, who shall transcribe such bid into written form, or by facsimile transmission to the office of the Municipal Advisor at 801.844.7381, in either case before 9:30:00 a.m., M.D.T., on Wednesday, March 23, 2016. For purposes of bids submitted telephonically to the office of the Municipal Advisor (as described above) or by facsimile transmission, the time as maintained by *PARITY*® shall constitute the official time. Each bid submitted as provided in the preceding sentence must specify the interest rate or rates for the Bonds and the total purchase price of all of the Bonds. The Municipal Advisor will seal transcribed telephonic bids and facsimile transmission bids for submission. Neither the Authority nor the Municipal Advisor assumes any responsibility or liability for the failure of any such transcribed telephonic bid or facsimile transmission (whether such failure arises from equipment failure, unavailability of phone lines or otherwise). No bid will be received after the time for receiving such bids specified above.

If requested by the Municipal Advisor, the apparent successful bidder will provide written confirmation of its bid (by facsimile transmission) to the Municipal Advisor prior to 2:00 p.m., M.D.T., on Wednesday, March 23, 2016.

Issue Price

In order to enable the Authority to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the successful bidder for the Bonds will be required to provide to the Authority at the time of the delivery of the Bonds a certificate as to the "issue price" of the Bonds in substantially the form attached hereto as Exhibit A. Each bidder, by transmitting its bid, agrees to complete, execute and deliver such certificate, in form and substance satisfactory to Bond Counsel, by the date of delivery of the Bonds, if its bid is accepted by the Authority. It will be the responsibility of the successful bidder to institute such syndicate reporting requirements, to make such investigation or otherwise to ascertain the facts necessary to make such certification. Any questions potential bidders might have regarding the certification required by Bond Counsel should be directed to Blake Wade at 801.531.3031 (wadeb@ballardspahr.com).

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* Preliminary; subject to change.

Good Faith Deposit

A good faith deposit (the “Deposit”) in the amount of $900,000 is required only from the successful bidder. The Deposit shall be payable to the order of the Authority in the form of a wire transfer in federal funds as instructed by the Municipal Advisor no later than 2:00 p.m., M.D.T., on Wednesday, March 23, 2016. As an alternative to wiring funds, a bidder may deliver a cashier’s or certified check, payable to the order of the Authority, with its bid. If a check is used, it must precede each bid. Such check shall be promptly returned to its respective bidder whose bid is not accepted.

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

Sale Reservations

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

Prompt Award

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

Delivery and Payment

Delivery of the Bonds will be made to the successful bidder(s) in book–entry form, on or about Tuesday, April 5, 2016. Closing documentation will be delivered in Salt Lake City, Utah. At least seven days’ prior notice of the time of delivery will be given to the successful bidder. Payment for the Bonds must be made in Federal Reserve Bank funds or other funds immediately available to the Authority in Salt Lake City, Utah, on the date of delivery. Any expense incurred in providing immediate funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the successful bidder.

CUSIP Numbers

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

Tax Status

Federal Income Tax

In the opinion of Ballard Spahr LLP, Bond Counsel to the Authority, interest on the Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the Bonds, assuming the accuracy of the certifications of the State and the Authority and continuing compliance by the State and the Authority with the requirements of the Code. Interest on the Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder.

State Income Tax

Bond Counsel is also of the opinion that, under currently existing laws, interest on the Bonds is exempt from State of Utah individual income taxes.

Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of or the accrual or receipt of interest on the Bonds.

Legal Opinion and Closing Certificates

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

Official Statement

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

Disclosure Certificate and Disclosure Counsel Letter

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

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

Continuing Disclosure Undertaking

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

Additional Information

For copies of the Preliminary Official Statement and this Official Notice of Bond Sale and information regarding the electronic bidding procedures and other information with respect to the Bonds, contact Jon Bronson (jon.bronson@zionsbancorp.com), Brian Baker (brian.baker@zionsbancorp.com) or Eric Pehrson (eric.pehrson@zionsbancorp.com), at Zions Public Finance, Inc., One South Main Street, 18th Floor, Salt Lake City, Utah 84133–1109, 801.844.7373, Fax: 801.844.7381, the Municipal Advisor to the Authority.

Dated: March 9, 2016.

STATE OF UTAH, STATE BUILDING OWNERSHIP AUTHORITY

/s/ David Damschen

Secretary,
State Building Ownership Authority

EXHIBIT A

FORM OF CERTIFICATE OF PURCHASER

On behalf of __________, as Purchaser, I hereby certify in connection with the issuance of the $__________ State Building Ownership Authority, Lease Revenue Bonds (State Facilities Master Lease Program), Series 2016 (the "Series 2016 Bonds"), as follows:

1. We have made a bona fide public offering of the Series 2016 Bonds to the public at the reoffering price as set forth below:

Maturity Date (May 15)	Principal Amount of Maturity	Initial Reoffering Price at which Substantial Amount Was Sold	Total Price if Total Maturity Sold at Initial Price

2. If such issue price were paid for all of the Series 2016 Bonds, the total issue price to the public would be $__________.

3. A substantial amount (not less than 10%) of the Series 2016 Bonds was sold, or was reasonably expected at the time of the bid for the Series 2016 Bonds to be sold, to the public or final purchasers (not including bond houses, or brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at or below such initial reoffering prices.

4. Based upon our experience, the issue price of the Series 2016 Bonds does not exceed their fair market value as of the date of sale thereof.

IN WITNESS WHEREOF, the undersigned has hereunto fixed his official signature this _____ day of _______________, 2016.

[PURCHASER]

By:___________________________

Title: _________________________

PRELIMINARY OFFICIAL STATEMENT

State of Utah,
State Building Ownership Authority

$87,225,000* Lease Revenue Bonds
(State Facilities Master Lease Program), Series 2016

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

State of Utah

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

On Wednesday, March 23, 2016 up to 9:30:00 A.M., M.D.T., electronic bids will be received by means of the ***PARITY***® electronic bid submission system. See the "OFFICIAL NOTICE OF BOND SALE—Procedures Regarding Electronic Bidding."

The 2016 Bonds will be awarded to the successful bidder(s) and issued pursuant to a resolution of the Authority which will be presented for adoption at 4:00 P.M., M.D.T. on Wednesday, March 23, 2016.

The Secretary of the Authority has deemed this PRELIMINARY OFFICIAL STATEMENT final as of the date hereof for purposes of paragraph (b)(1) of Rule 15c2–12 of the Securities and Exchange Commission, subject to completion with certain information to be established at the time of sale of the 2016 Bonds, as permitted by the Rule.

For copies of the OFFICIAL NOTICE OF BOND SALE, the PRELIMINARY OFFICIAL STATEMENT, and other related information with respect to the 2016 Bonds, contact the Municipal Advisor:

ZIONS PUBLIC FINANCE, INC.

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

This PRELIMINARY OFFICIAL STATEMENT is dated March 9, 2016 and the information contained herein speaks only as of that date.

* Preliminary; subject to change.

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PRELIMINARY OFFICIAL STATEMENT DATED MARCH 9, 2016

New Issue

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

In the opinion of Ballard Spahr LLP, Bond Counsel to the Authority, interest on the 2016 Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the 2016 Bonds, assuming the accuracy of the certifications of the Authority and the State and continuing compliance by the Authority and the State with the requirements of the Internal Revenue Code of 1986. Interest on the 2016 Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on 2016 Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder. Bond Counsel is also of the opinion that, under currently existing law, interest on the 2016 Bonds is exempt from State of Utah individual income taxes. See "LEGAL MATTERS" herein.

State of Utah,
State Building Ownership Authority

$87,225,000* Lease Revenue Bonds (State Facilities Master Lease Program), Series 2016

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

State of Utah

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

The $87,225,000*, Lease Revenue Bonds (State Facilities Master Lease Program), Series 2016, are issued by the State Building Ownership Authority, a body corporate and politic of the State of Utah, as fully–registered bonds and will be initially issued in book–entry form through The Depository Trust Company, New York, New York, which will act as securities depository for the 2016 Bonds.

Principal of and interest on the 2016 Bonds (interest payable May 15 and November 15 of each year, commencing November 15, 2016) are payable by Wells Fargo Bank, N.A., Corporate Trust Services, Denver, Colorado, as Paying Agent, to the registered owners thereof, initially DTC. See "THE 2016 BONDS—Book–Entry System" herein.

The 2016 Bonds are subject to optional redemption, [and may be subject to mandatory sinking fund redemption at the option of the successful bidders,] and extraordinary optional redemption (in the event of damage to, or destruction, seizure or condemnation of the Facilities) prior to maturity. See "THE FACILITIES" and "THE 2016 BONDS—Redemption Provisions For The 2016 Bonds" and "—Mandatory Sinking Fund Redemption At Bidder's Option" herein.

The 2016 Bonds are being issued for the purpose of financing the acquisition and construction of a courthouse expansion in the City of Provo, Utah and a liquor store in West Valley City, Utah and related improvements and paying the costs associated with the issuance of the 2016 Bonds. The 2016 Bonds and certain other Bonds, as described herein, previously issued by the Authority are parts of an ongoing master lease and building program whereby all Bonds issued thereunder are equally and ratably secured and cross–collateralized by the several facilities constructed through this program.

Pursuant to the Lease, the State has agreed to pay annual Base Rentals which are sufficient to pay the principal of and interest on the 2016 Bonds and the Prior Parity Bonds, coming due in each year, but only if and to the extent that the Utah State Legislature appropriates funds sufficient to pay such Base Rentals plus such Additional Rentals, as are necessary to operate and maintain the Facilities. The Lease specifically provides that nothing therein shall be construed to require the State to appropriate moneys to pay the Base Rentals or Additional Rentals and the State is not obligated to pay such Rentals except to the extent appropriated. Neither the obligation of the State to pay such Rentals nor the obligation of the Authority to pay the principal of and interest on the 2016 Bonds will constitute or give rise to a debt, general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2016 Bonds does not directly or contingently obligate the State to pay any Rentals beyond those appropriated for the State's then current fiscal year. The Authority has no taxing power.

Dated: Date of Delivery[1]

Due: May 15, as shown on inside front cover

See the inside front cover for the maturity schedule of the 2016 Bonds.

The 2016 Bonds will be awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on Wednesday, March 23, 2016, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated March 9, 2016).

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

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

This OFFICIAL STATEMENT is dated March __, 2016, and the information contained herein speaks only as of that date.

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* Preliminary; subject to change.

[1] The anticipated date of delivery is Tuesday, April 5, 2016.

$87,225,000*

Lease Revenue Bonds,
(State Facilities Master Lease Program), Series 2016

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

Due May 15*	CUSIP® 917547	Principal Amount*	Interest Rate	Yield/ Price
2018……	YP0	$ 125,000		
2019……	YQ8	2,700,000		
2020……	YR6	2,875,000		
2021……	YS4	3,000,000		
2022……	YT2	3,150,000		
2023……	YU9	3,325,000		
2024……	YV7	3,475,000		
2025……	YW5	3,650,000		
2026……	YX3	3,825,000		
2027….....	YY1	4,025,000		
2028……	YZ8	4,200,000		
2029……	ZA2	4,425,000		
2030……	ZB0	4,600,000		
2031……	ZC8	4,775,000		
2032……	ZD6	4,975,000		
2033……	ZE4	5,175,000		
2034……	ZF1	5,400,000		
2035……	ZG9	5,600,000		
2036……	ZH7	5,850,000		
2037……	ZJ3	6,075,000		
2038……	ZK0	6,000,000		

* Preliminary; subject to change.
1 The anticipated date of delivery is Tuesday, April 5, 2016.
® CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by S&P Capital IQ.

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This OFFICIAL STATEMENT does not constitute an offer to sell, or the solicitation of an offer to buy, nor shall there be any sale of, the 2016 Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by either the State; the Authority; Zions Public Finance, Inc., Salt Lake City, Utah (as Municipal Advisor); Wells Fargo Bank, Corporate Trust Division, Denver, Colorado (as Trustee, Bond Registrar and Paying Agent); or any other entity. All information contained herein has been obtained from the Authority, the State, The Depository Trust Company, and from other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this OFFICIAL STATEMENT nor the issuance, sale, delivery or exchange of the 2016 Bonds, shall under any circumstance create any implication that there has been no change in the affairs of the Authority or the State since the date hereof.

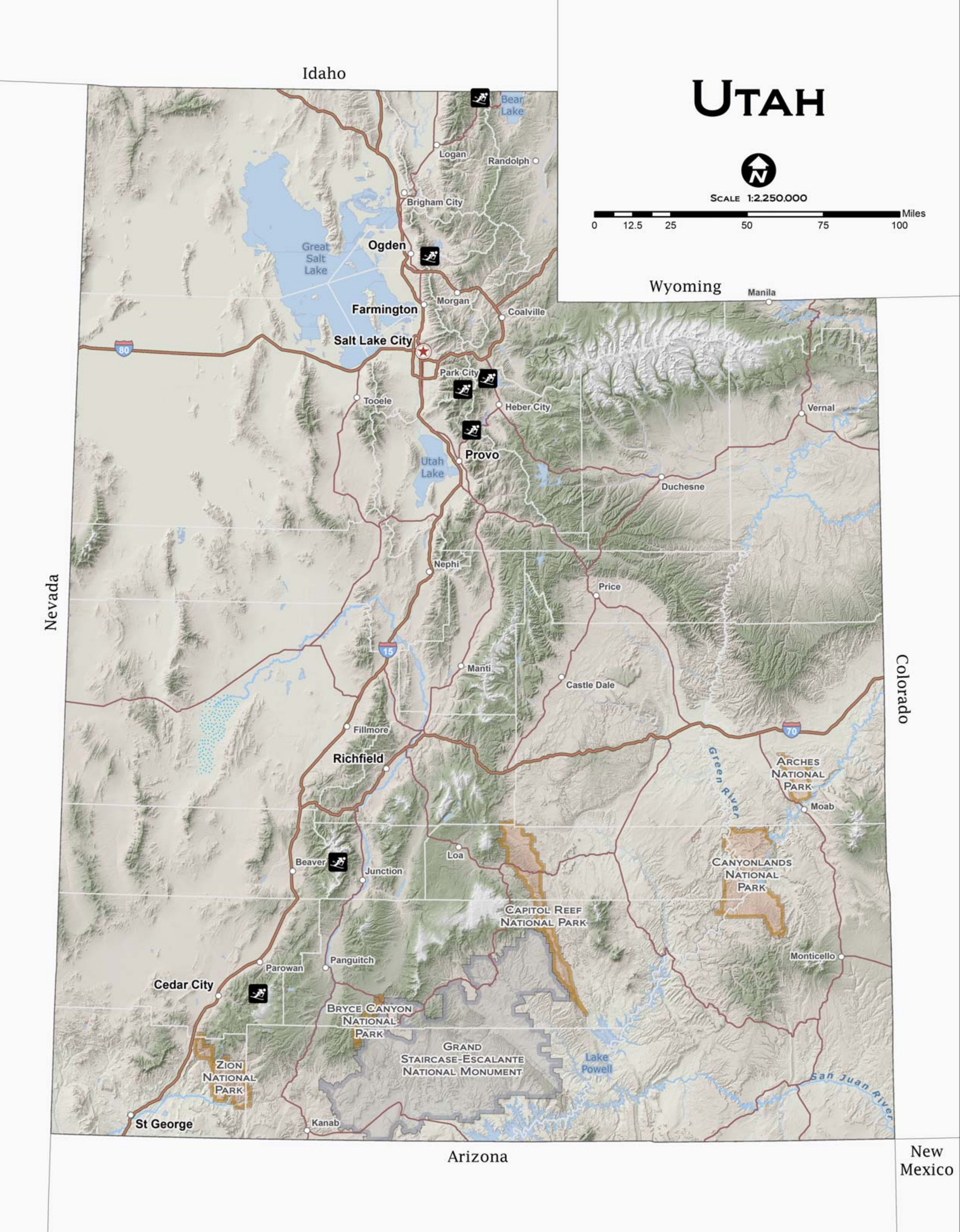
The 2016 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Any registration or qualification of the 2016 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2016 Bonds have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation thereof. Neither the Securities and Exchange Commission nor any state securities commission has passed upon the accuracy or adequacy of this OFFICIAL STATEMENT. Any representation to the contrary is unlawful.

The yields/prices at which the 2016 Bonds are offered to the public may vary from the initial reoffering yields/prices on the inside cover page of this OFFICIAL STATEMENT. In addition, the successful bidder(s), may allow concessions or discounts from the initial offering prices of the 2016 Bonds to dealers and others. In connection with the offering of the 2016 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2016 Bonds. Such transactions may include overallotments in connection with the purchase of 2016 Bonds, the purchase of 2016 Bonds to stabilize their market price and the purchase of 2016 Bonds to cover the successful bidders(s)' short positions. Such transactions, if commenced, may be discontinued at any time.

Forward–Looking Statements. Certain statements included or incorporated by reference in this OFFICIAL STATEMENT constitute "forward–looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used, such as "plan," "project," "forecast," "expect," "estimate," "budget" or other similar words. ***The achievement of certain results or other expectations contained in such forward–looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward–looking statements. Neither the Authority nor the State plans to issue any updates or revisions to those forward–looking statements if or when such expectations change, or events, conditions or circumstances on which such statements are based, occur. See in particular "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—"Fiscal Year 2016—Budget And Related Appropriations" herein.***

The CUSIP® (the Committee on Uniform Securities Identification Procedures) identification numbers are provided on the inside cover page of this OFFICIAL STATEMENT and are being provided solely for the convenience of bondholders, and the State does not make any representation with respect to such numbers or undertake any responsibility for their accuracy. The CUSIP® numbers are subject to change after the issuance of the 2016 Bonds as a result of subsequent actions including, but not limited to, a refunding in whole or in part of the 2016 Bonds.

The information available at Web sites referenced in this OFFICIAL STATEMENT has not been reviewed for accuracy and completeness. Such information has not been provided in connection with the offering of the 2016 Bonds and is not a part of this OFFICIAL STATEMENT.



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

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OFFICIAL STATEMENT RELATED TO

State of Utah, State Building Ownership Authority

$87,225,000* Lease Revenue Bonds
(State Facilities Master Lease Program), Series 2016

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

State of Utah

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

INTRODUCTION

This OFFICIAL STATEMENT, including the cover page, introduction and appendices, provides information in connection with the issuance and sale by the State of Utah, State Building Ownership Authority (the "Authority"), a body politic and corporate of the State of Utah (the "State"), of its $87,225,000*, Lease Revenue Bonds (State Facilities Master Lease Program), Series 2016 (the "2016 Bonds" or the "2016 Bond").

This introduction is only a brief description of the 2016 Bonds and the security and source of payment for the 2016 Bonds and is qualified by more complete and detailed information contained in the entire OFFICIAL STATEMENT, including the cover page and appendices hereto, and the documents summarized or described herein. Accordingly, the OFFICIAL STATEMENT should be read in its entirety. The offering of the 2016 Bonds to potential investors is made only by means of the entire OFFICIAL STATEMENT.

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

Public Sale/Electronic Bid

The 2016 Bonds will be awarded pursuant to competitive bidding received by means of the ***PARITY®*** electronic bid submission system on Wednesday, March 23, 2016 as set forth in the OFFICIAL NOTICE OF BOND SALE (dated March 9, 2016).

See the "OFFICIAL NOTICE OF BOND SALE" herein.

The 2016 Bonds may be offered and sold to certain dealers (including dealers depositing the 2016 Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the

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* Preliminary; subject to change.

inside cover page of the OFFICIAL STATEMENT and such public offering prices may be changed from time to time.

The State Of Utah

On January 4, 1896, the State became the 45th state of the United States of America (the "U.S."). Ranking 13th among the states in total area, the State contains approximately 84,900 square miles. It ranges in elevation from a low of 2,200 feet above sea level in the south, to a high of 13,500 feet above sea level in the northern mountains. The State is located in an arid region (precipitation ranks as the second lowest in the nation, behind Nevada). Home to deserts, plateaus, the Great Basin and the Rocky Mountains, the State is known for its scenic beauty and the diversity of its outdoor recreation areas. The State was the host of the 2002 Winter Olympic Games and continues to be a major tourist destination, with world class skiing and five national parks.

The State's 2015 population estimate by the U.S. Census Bureau was 2,995,919 people (ranked as the 31st most populous state). From 2014 to 2015 the State was the sixth fastest growing state in the nation by percentage increase in population (1.75%). The State ranked first in 2014 with the lowest median age in the country (30.5 years) and highest household size (3.16 persons). The State has a network of colleges and universities (both public and private) that support its expanding population.

The State's seasonally adjusted unemployment rate as of January 2016 was 3.4% (compared to the national average of 4.9%) ranking the State 6th lowest in the nation for rate of unemployment. In 2014 the State ranked 9th among states in median household income at $63,383 and 41st in per capita personal income at $39,516 as of the third quarter of 2015.

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

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

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

The Authority

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

Authorization For And Purpose Of The 2016 Bonds; Prior Parity Bonds

The 2016 Bonds are being issued pursuant to: (i) the Building Ownership Act and other applicable State laws (collectively, the "Act"); (ii) resolutions adopted by the Authority on September 15, 2015 (the "Parameters Resolution") and on March 23, 2016 (the "Final Bond Resolution" and, together with the Parameters Resolution, the "Resolutions") which provide for the authorization, issuance, sale and delivery of the 2016 Bonds; and (iii) an Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement, dated as of September 1, 1994, as heretofore amended and supplemented (collectively, the “Indenture”), between the Authority and Wells Fargo Bank, N.A., Corporate Trust Services, Denver, Colorado (“Wells Fargo Bank”), as trustee (the “Trustee”) and as further supplemented by the Twenty–First Supplemental Indenture of Trust dated as of April 1, 2016, by and between the Authority and the Trustee.

The 2016 Bonds are being issued for the purpose of financing the acquisition and construction of a courthouse expansion in the City of Provo, Utah and a liquor store in West Valley City, Utah and related improvements (the “2016 Facilities”) and paying the cost associated with the issuance of the 2016 Bonds. See “THE 2016 BONDS—Estimated Sources And Uses Of Funds” and “THE FACILITIES” below.

The Authority has previously issued 27 series of Bonds (defined below) under the Indenture, 13 of which are currently outstanding (collectively, the “Prior Parity Bonds”), to finance and refinance the cost of various projects, which projects include a variety of real or personal property (collectively, the “Facilities” or “Leased Property”) pursuant to the Act. The 2016 Bonds are, subject to the release of certain portions of the Facilities in accordance with the Indenture and the Lease, cross–collateralized in that the Authority has granted to the Trustee, for the benefit of the Owners of all of the Bonds, a mortgage and security interest in all of the Authority’s right, title and interest in all of the Facilities. See “THE FACILITIES—Cross–Collateralization” and “—Release Of Portions Of Facilities” below.

As of Tuesday, April 5, 2016 (the anticipated delivery date of the 2016 Bonds), the outstanding aggregate principal amount of the Prior Parity Bonds is expected to be $239,980,000* (exclusive of the 2016 Bonds).

The 2016 Bonds will be issued on a parity basis, and will be equally and ratably secured under the Indenture with (i) the outstanding Prior Parity Bonds, and (ii) any Additional Bonds which may be issued from time to time pursuant to the Indenture. *The 2016 Bonds, the Prior Parity Bonds, and any Additional Bonds issued pursuant to the Indenture are sometimes collectively referred to herein as the “Bonds.”* See “THE 2016 BONDS—Security And Sources Of Payment For The 2016 Bonds–Additional Bonds; Refunding Bonds” below and “APPENDIX D—BASIC DOCUMENTATION–THE INDENTURE–Additional Bonds.”

The Authority has leased all of the Facilities to the State, acting through DFCM, a division of the State’s Department of Administrative Services, pursuant to a State Facilities Master Lease Agreement, dated as of September 1, 1994, as amended and supplemented and as further supplemented by the Twenty–First State Facilities Master Lease Agreement dated as of April 1, 2016 (collectively, the “Lease”).

Security For The 2016 Bonds; Cross Collateralization

The 2016 Bonds are limited obligations of the Authority, payable solely from the revenues and other amounts received pursuant to the Lease and other funds or amounts held by the Trustee pursuant to the Indenture as security for the 2016 Bonds. See “THE 2016 BONDS—Security And Sources Of Payment For The 2016 Bonds” below.

The State has agreed to make payments pursuant to the Lease in stated amounts which are sufficient to pay the principal of and interest on the 2016 Bonds when due (the “Base Rentals”), but only if and to the extent that the Utah State Legislature (the “Legislature”) has appropriated funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term (as described herein) of the Lease plus such additional amounts as are necessary to operate and maintain the Facilities during such period (the “Additional Rentals” and collectively, with the Base Rentals, the “Rentals”). The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay any Rentals thereunder and that neither the State nor any political subdivision thereof is obligated to pay

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* Preliminary; subject to change.

any Rentals thereunder and that neither the State nor any political subdivision thereof is obligated to pay such Rentals except to the extent of funds appropriated for that purpose. Neither the obligation of the State to pay Rentals nor the obligation of the Authority to pay the principal of and interest on the 2016 Bonds will constitute or give rise to a debt, a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any of its political subdivisions. The issuance of the 2016 Bonds does not directly or contingently obligate the State to pay any Rentals beyond those appropriated for the State's then current fiscal year. The Authority has no taxing power. See "THE 2016 BONDS—Security And Sources Of Payment For The 2016 Bonds" and "RISK FACTORS" below.

Pursuant to the Indenture, the Authority has mortgaged, pledged and assigned to the Trustee, among other things, its right, title and interest in and to all of the Facilities (except any Excepted Property) and its right to receive the Base Rentals as lessor under the Lease, as security for the payment of the principal of, premium, if any, and interest on the 2016 Bonds (collectively, the "Mortgages"). The mortgages and security interests created by the Mortgages secure all Bonds issued and outstanding under the Indenture on a parity basis (see "THE FACILITIES—Cross–Collateralization" below) subject to the release of any of the Facilities upon the terms and conditions described under "THE FACILITIES—Release Of Portions Of Facilities" below.

Redemption Provisions

The 2016 Bonds are subject to optional redemption, [and may be subject to mandatory sinking fund redemption at the option of the successful bidders,] and extraordinary optional redemption (in the event of damage to, or destruction, seizure or condemnation of the Facilities) prior to maturity. See "THE FACILITIES" and "THE 2016 BONDS—Redemption Provisions For The 2016 Bonds" below.

Tax Matters Regarding The 2016 Bonds

In the opinion of Ballard Spahr LLP, Bond Counsel to the Authority and the State, interest on the 2016 Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the 2016 Bonds, assuming the accuracy of the certifications of the Authority and the State and continuing compliance by the Authority and the State with the requirements of the Internal Revenue Code of 1986. Interest on the 2016 Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on 2016 Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder. Bond Counsel is also of the opinion that, under currently existing law, interest on the 2016 Bonds is exempt from State of Utah individual income taxes.

Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the 2016 Bonds.

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

Professional Services

As of the date of this OFFICIAL STATEMENT, the following have served the State in the capacity indicated in connection with the issuance of the 2016 Bonds:

Independent Auditors

Office of the Utah State Auditor
Utah State Capitol Complex
East Office Bldg Ste E310
(PO Box 142310)
Salt Lake City UT 84114–2310
801.538.1025 | f 801.538.1383
jdougall@utah.gov

Bond Counsel

Ballard Spahr LLP
201 S Main St Ste 800
Salt Lake City UT 84111–2215
801.531.3000 | f 801.531.3001
wadeb@ballardspahr.com

Trustee, Registrar and Paying Agent

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

Disclosure Counsel

Chapman and Cutler LLP
215 S State St Ste 800
Salt Lake City UT 84111–2266
801.536.1426 | f 801.533.9595
bjerke@chapman.com

Municipal Advisor

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

Conditions On Delivery, Anticipated Date, Manner, And Place Of Delivery For The 2016 Bonds

The 2016 Bonds are offered, subject to prior sale, when, as and if issued and received by the successful bidder(s), subject to the approval of legality by Ballard Spahr LLP, Bond Counsel, to the Authority and the State, and certain other conditions. Certain legal matters will be passed on for the State by its Attorney General. Certain legal matters regarding this OFFICIAL STATEMENT will be passed on for the Authority and the State by Chapman and Cutler LLP. It is expected that the 2016 Bonds, in book–entry form, will be available for delivery in Salt Lake City, Utah, for deposit with DTC or its agent on Tuesday, April 5, 2016.

Risks Inherent In The Ownership Of The 2016 Bonds

The purchase of the 2016 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 2016 Bonds should make an independent evaluation of all of the information presented in this OFFICIAL STATEMENT in order to make an informed investment decision. Certain investment risks are described under “RISK FACTORS” below.

Continuing Disclosure Undertaking

The State will enter into a continuing disclosure undertaking for the benefit of the Owners of the 2016 Bonds. For a detailed discussion of this disclosure undertaking, previous undertakings and timing of submissions see “CONTINUING DISCLOSURE UNDERTAKING” below and “APPENDIX F—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING.”

Basic Documentation

This OFFICIAL STATEMENT speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the Authority, the State, the 2016 Bonds, the Indenture and the Lease are included in this OFFICIAL STATEMENT. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture and the Lease are qualified in their entirety by reference to such documents, and references herein to the 2016 Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture, the Lease and the information with respect thereto included in the aforementioned documents, copies of which are available for inspection at the principal office of the Trustee on or after the delivery of the 2016 Bonds. Descriptions of the Indenture, the Lease and the 2016 Bonds are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity having jurisdiction. See "APPENDIX D—BASIC DOCUMENTATION." The "basic documentation" which includes the Resolutions, the closing documents for the 2016 Bonds, the Indenture, the Lease and other documentation, authorizing the issuance of the 2016 Bonds and establishing the rights and responsibilities of the Authority, the State and other parties to the transaction, may be obtained from the "contact persons" as indicated below.

Contact Persons

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

Jon Bronson, Managing Director, jon.bronson@zionsbancorp.com
Brian Baker, Vice President, brian.baker@zionsbancorp.com
Eric John Pehrson, Vice President, eric.pehrson@zionsbancorp.com

Zions Public Finance Inc
Zions Bank Building
One S Main St 18th Fl
Salt Lake City UT 84133–1109
801.844.7373 | f 801.844.4484

As of the date of this OFFICIAL STATEMENT, the chief contact persons for the Authority and DFCM concerning the 2016 Bonds is:

Lee Fairbourn, Real Estate and Debt Manager
lfairbourn@utah.gov

Thomas Shaw, Commercial Real Estate Specialist
tashaw@utah.gov

Division of Facilities Construction and Management
450 N State Office 4110
Salt Lake City UT 84114
801.538.3799 | f 801.538.3267

As of the date of this OFFICIAL STATEMENT, the chief contact person for the State concerning the 2016 Bonds is:

David Damschen, Utah State Treasurer
Board Member and Secretary of the Authority
ddamschen@utah.gov

Utah State Treasurer's Office
Utah State Capitol Complex
350 N State St Ste C180
(PO Box 142315)
Salt Lake City UT 84114–2315
801.538.1042 | f 801.538.1465

CONTINUING DISCLOSURE UNDERTAKING

The State will enter into a continuing disclosure undertaking (the "Disclosure Undertaking") for the benefit of the Beneficial Owners of the 2016 Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access system ("EMMA") pursuant to the requirements of paragraph (b)(5) of Rule 15c2–12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. No person, other than the State, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the 2016 Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and other terms of the Disclosure Undertaking, including termination, amendment and remedies, are set forth in the proposed form of Disclosure Undertaking in "APPENDIX F—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING."

The State represents that in the last five years there are no instances in which the State failed to comply, in all material respects, with each disclosure undertaking previously entered into by it pursuant to the Rule.

Based on prior disclosure undertakings, the State submits its comprehensive annual financial report (the "CAFR") (Fiscal Year Ending June 30) and other operating and financial information on or before January 15 (on or before 199 days from the end of the Fiscal Year) of each year. The State will submit the Fiscal Year 2016 CAFR and other operating and financial information for the 2016 Bonds on or before January 15, 2017, and annually thereafter on or before each January 15.

A failure by the State to comply with the Disclosure Undertaking will not constitute a default under the Indenture or the Lease, and Beneficial Owners of the 2016 Bonds are limited to the remedies provided in the Disclosure Undertaking. See "APPENDIX F—PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING–Consequences of Failure of the State to Provide Information." A failure by the State to comply with the Disclosure Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the 2016 Bonds in the secondary market. Any such failure may adversely affect the marketability of the 2016 Bonds.

THE 2016 BONDS

General

The 2016 Bonds will be dated the date of delivery[1] thereof (the "Dated Date") and will mature on May 15 in the years and in the amounts and pay interest on the dates and at the rates shown below.

[1] The anticipated date of delivery is Tuesday, April 5, 2016.

Debt Service based on Base Rental Payment Schedule. The Lease requires semi–annual Base Rental payments to be made by the State to the Authority (on May 1 and November 1 of each year), which Base Rentals have been assigned to the Trustee pursuant to the Indenture. 2016 Bond principal and/or interest payments are then paid by the Trustee on May 15 and November 15. The following table shows scheduled debt service on the 2016 Bonds based on Base Rental payments dates.

Due Date (**Base Rental Payment)**	The 2016 Bonds Principal*	Interest	Period Total	Fiscal Total
November 1, 2016	$ 0.00	$	$	$
May 1, 2017	0.00			
November 1, 2017	0.00			
May 1, 2018	125,000.00			
November 1, 2018	0.00			
May 1, 2019	2,700,000.00			
November 1, 2019	0.00			
May 1, 2020	2,875,000.00			
November 1, 2020	0.00			
May 1, 2021	3,000,000.00			
November 1, 2021	0.00			
May 1, 2022	3,150,000.00			
November 1, 2022	0.00			
May 1, 2023	3,325,000.00			
November 1, 2023	0.00			
May 1, 2024	3,475,000.00			
November 1, 2024	0.00			
May 1, 2025	3,650,000.00			
November 1, 2025	0.00			
May 1, 2026	3,825,000.00			
November 1, 2026	0.00			
May 1, 2027	4,025,000.00			
November 1, 2027	0.00			
May 1, 2028	4,200,000.00			
November 1, 2028	0.00			
May 1, 2029	4,425,000.00			
November 1, 2029	0.00			
May 1, 2030	4,600,000.00			
November 1, 2030	0.00			
May 1, 2031	4,775,000.00			
November 1, 2031	0.00			
May 1, 2032	4,975,000.00			
November 1, 2032	0.00			
May 1, 2033	5,175,000.00			
November 1, 2033	0.00			
May 1, 2034	5,400,000.00			
November 1, 2034	0.00			
May 1, 2035	5,600,000.00			
November 1, 2035	0.00			
May 1, 2036	5,850,000.00			
November 1, 2036	0.00			
May 1, 2037	6,075,000.00			
November 1, 2037	0.00			
May 1, 2038	6,000,000.00			
Totals	$87,225,000.00	$	$	

* Preliminary; subject to change.

Interest on the 2016 Bonds will be computed on the basis of a 360–day year of 12, 30–day months. Wells Fargo Bank, is the initial Registrar (the “Registrar”), Paying Agent (the “Paying Agent”) and Trustee with respect to the 2016 Bonds.

The 2016 Bonds will be issued as fully–registered bonds, initially in book–entry form, in the denomination of $5,000 or any whole multiple thereof, not exceeding the amount of each maturity.

The 2016 Bonds are being issued within the statutory debt limits imposed on the Authority. See “STATE BUILDING OWNERSHIP AUTHORITY—Legal Borrowing Debt Capacity” below.

Registration, Denominations, Manner Of Payment Of The 2016 Bonds

The 2016 Bonds are issuable only as fully–registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2016 Bonds. Purchases of 2016 Bonds will be made in book–entry form, in the principal amount of $5,000 or any whole multiple thereof not exceeding the amount of each maturity, through brokers and dealers who are, or who act through, Direct Participants. Beneficial Owners of the 2016 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the 2016 Bonds. “Direct Participants,” “Indirect Participants” and “Beneficial Owners” are defined in “APPENDIX G—BOOK–ENTRY SYSTEM.”

Principal of and interest on the 2016 Bonds (interest payable May 15 and November 15 of each year, commencing November 15, 2016) are payable by the Paying Agent to the Owners of the 2016 Bonds. So long as Cede & Co. is the sole registered owner, as nominee of DTC, it is required in turn to remit such principal and interest to its Direct Participants, for subsequent disbursements to the Beneficial Owners of the 2016 Bonds, as described under “APPENDIX G—BOOK–ENTRY SYSTEM.”

So long as DTC or its nominee is the sole registered owner of the 2016 Bonds, none of the Authority, the State, the successful bidder(s), nor the Trustee will have any responsibility or obligation to any Direct or Indirect Participants of DTC, or the Persons for whom they act as nominees, with respect to payments to or provision of notice for the Direct Participants, Indirect Participants or the Beneficial Owners of the 2016 Bonds. Under these same circumstances, references herein and in the Indenture to the “Bondowners” or “Registered Owners” of the 2016 Bonds shall mean Cede & Co. as nominee for DTC and shall not mean the Beneficial Owners of the 2016 Bonds.

Transfer Or Exchange Of The 2016 Bonds; Regular Record Date

No transfer or exchange of any 2016 Bonds shall be required to be made (i) during a period beginning on the Regular Record Date or the Special Record Date, as the case may be, immediately preceding any Bond Interest Payment Date and ending on such Bond Interest Payment Date or special interest payment date, (ii) during a period beginning at the opening of business 15 days before the date of the mailing of a notice of redemption of the 2016 Bonds selected for redemption and ending at the close of business on the day of such mailing, and (iii) for any 2016 Bond so selected for redemption, in whole or in part, except the unredeemed portion of such 2016 Bond being redeemed in part. Regular Record Date shall mean the first day of the month in which such Bond Interest Payment Date occurs.

Estimated Sources And Uses Of Funds

The proceeds from the sale of the 2016 Bonds are estimated to be applied as set forth below:

Sources of Funds:	
Par amount of the 2016 Bonds	$
Original issue premium on the 2016 Bonds	
Total	$
Uses of Funds:	
Deposit to 2016 Construction Account (Courts)	$
Deposit to 2016 Construction Account (DABC)	
Deposit to 2016 Capitalized Interest Account (Courts) (through May 15, 2018)	
Deposit to 2016 Capitalized Interest Account (DABC) (through November 15, 2017)	
Underwriter(s)' discount on the 2016 Bonds	
Costs of issuance (1)	
Original issue discount on the 2016 Bonds	
Total	$

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

Security And Sources Of Payment For The 2016 Bonds

The Lease and the Indenture. The 2016 Bonds are payable from amounts due under the Lease, as may be appropriated by the Legislature, and certain other moneys as provided in the Indenture. The initial term of the Lease commenced as of September 1, 1994, and expired on June 30, 1995 (the "Initial Term"). The State has exercised its option to extend the term of the Lease in each subsequent year.

In its 2015 Legislative General Session the Legislature appropriated funds sufficient to pay Base Rentals and Additional Rentals due under the Lease during Fiscal Year 2016 (which commenced on July 1, 2015 and will end on June 30, 2016), which has extended the term of the Lease.

Extension of the term of the Lease beyond such date is subject to the further exercise by the State, in its sole discretion, to renew the Lease for consecutive additional one–year Renewal Terms commencing July 1 of each of the years 2016 through 2036, and a final Renewal Term commencing July 1, 2037, and ending May 16, 2038, unless terminated earlier. For circumstances under which the Lease may be terminated, see "APPENDIX D—BASIC DOCUMENTATION–THE LEASE–Term Of The Lease."

The Authority, as lessor under the Lease and pursuant to the Indenture, will assign to the Trustee its rights to receive Base Rentals under the Lease for the benefit of the Owners of the 2016 Bonds. In addition, the Authority has granted or will grant a mortgage and security interest in all of its right, title and interest in and to the Facilities. See "APPENDIX D—BASIC DOCUMENTATION–THE INDENTURE."

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

The continuation of the term of the Lease and the obligation of the State to pay Base Rentals after June 30, 2016, are subject to the appropriation by the Legislature of sufficient funds to extend the term of the Lease for each succeeding Renewal Term. Neither the Lease nor the 2016 Bonds constitute a general obligation or indebtedness of the State or any political subdivision thereof, or the Authority, within the meaning of any constitutional or statutory debt limitation. Neither the State nor any agency, department or division of the State has pledged its credit to the payment of the Lease or the 2016 Bonds, and neither the State nor the Authority is directly or contingently obligated to apply money from, or to levy or pledge, any form of taxation to the payment of the Lease or the 2016 Bonds. The Authority does not have any taxing power.

So long as the Lease does not expire on June 30, 2016, by its terms, and thereafter in the event the Legislature appropriates sufficient funds to extend the term of the Lease for each successive Renewal Term, the State is required by the provisions of the Lease to pay semiannually to the Trustee specified Base Rentals for the Facilities which are sufficient, in both time and amount, to pay, when due, the principal of and interest on the 2016 Bonds.

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

If the amounts otherwise legally available to be paid by the State to the Authority under the Lease are insufficient to pay the principal of and interest on the 2016 Bonds as and when due, the Governor may request the Legislature to appropriate additional funds for the payment of amounts due. *The Legislature may, but is not required to, make such an appropriation.* The State covenants to request that the Governor include in the budget submitted to the Legislature a request or requests for appropriation as and when necessary to assure full and timely payments on the 2016 Bonds; provided, however, that nothing in the Lease shall be construed as requiring the Governor to make such a request or the Legislature to appropriate such amounts.

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

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

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

No Reserve Fund for the 2016 Bonds. ***The Authority will not create or fund a debt service reserve fund for the 2016 Bonds.***

Additional Bonds; Refunding Bonds. Additional Bonds may be issued pursuant to the Indenture on a parity with the 2016 Bonds and the Prior Parity Bonds upon the terms and conditions of the Indenture for the purpose of providing funds to pay one or more of the following: (i) the costs of completing the acquisition and construction of any of the Facilities financed under the Indenture; (ii) the costs of making such additions, improvements, extensions, alterations, relocations, enlargements, expansions, modifications or changes (hereinafter in this paragraph collectively called the "improvements") in, on or to the Facilities as the State may deem necessary or desirable and as will not impair the exclusion from gross income for federal income tax purposes of interest on the Bonds or reduce the fair rental value of the Facilities, including any repairing, restoring, modifying, improving or replacing pursuant to the Lease to the extent that such costs exceed the insurance or condemnation proceeds out of which such costs are to be paid pursuant to the Lease; (iii) the costs of Acquiring or Constructing any Additional Facilities for the use and benefit of the State and any State Bodies, but only to the extent that (A) the inclusion of such Additional Facilities as part of the Leased Property will not, in the opinion of Bond Counsel, adversely affect the excludability from gross income for federal income tax purposes of interest on the Bonds then outstanding and (B) the Lease is amended to include such Additional Facilities thereunder; (iv) the refunding of a Series of Bonds; (v) the costs of the issuance and sale of the Additional Bonds; (vi) interest during the estimated period of Acquisition and Construction of such Additional Facilities and for a period of up to 12 months thereafter; and (vii) any combination of such purposes. Any such Additional Facilities shall become a part of the Leased Property and shall be included under the Lease to the same extent as if originally included thereunder. All Additional Bonds will be secured by the lien of the Indenture pursuant to which such bonds are issued and will rank *pari passu* with Prior Parity Bonds issued, the 2016 Bonds and all Additional Bonds that may be issued under the Indenture, will be in such form, will bear such date or dates, bear such interest rate or rates, will have such maturity date or dates, redemption dates and redemption premiums, and will be issued at such prices as provided in the Supplemental Indenture authorizing the same and in accordance with the provisions of the Indenture.

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

Redemption Provisions For The 2016 Bonds

2016 Bonds Optional Redemption. The 2016 Bonds maturing on or before May 15, 2025, are not subject to redemption prior to maturity, except as otherwise described under this caption "Redemption Provisions For The 2016 Bonds." The 2016 Bonds maturing on or after May 15, 2026, are subject to redemption (i) in whole on any business day on or after May 15, 2025, in the event that the Lessee exercises its option pursuant to the Master Lease to purchase all the Leased Property thereunder or (ii) in part on May 15, 2025, or on any date thereafter from such maturities or portions thereof designated by the Lessee in the event that the Lessee prepays additional Base Rentals pursuant to the Master Lease or purchases a portion of the Leased Property representing separate Facilities pursuant to the Master Lease, all as provided in the Indenture. If called for redemption as described in this paragraph, the 2016 Bonds to be redeemed, in whole or in part, shall be redeemed at a redemption price, expressed as a percentage of the principal amount of the 2016 Bonds to be redeemed, equal to 100% of the principal amount thereof plus accrued interest thereon to the date fixed for redemption.

Extraordinary Optional Redemption in the Event of Damage, Destruction or Condemnation. The 2016 Bonds are subject to redemption prior to maturity in whole or in part from time to time, from such maturities or portions thereof designated by the State in its notice described below, on such date or dates as the Trustee shall determine as hereinafter described, at a redemption price equal to 100% of the principal amount to be redeemed, together with accrued interest thereon to the redemption date (to the extent that funds are available for such purpose as described herein), but without premium, in the event that (i) any of the Facilities are damaged or destroyed, in whole or in part, or the Leased Property or any portion thereof is taken in a condemnation or other proceeding, or certain events occur with respect to the title to such Leased Property or construction defects in any of the Facilities as described in the Lease, (ii) the Net Proceeds of any insurance policy, performance bond or condemnation award, or the Net Proceeds received as a consequence of defaults under any Project Contract (excluding liquidated damages), plus all amounts required to be paid as deductibles thereunder, made available by reason of one or more such occurrences, and any other legally available moneys, shall be insufficient to pay in full the cost of rebuilding, replacing or repairing Leased Property and (iii) the Lessee elects, pursuant to the Lease, to waive its obligation to rebuild, repair or replace the affected portion of such Leased Property by depositing such Net Proceeds into the Redemption Fund for application to the redemption of then–Outstanding Bonds in accordance with the Lease and the Indenture and provides written notice of such election to the Trustee and the Authority. If 2016 Bonds are called for extraordinary optional redemption, the 2016 Bonds to be redeemed will be redeemed on such date or dates as the Trustee may determine to be in the best interests of the Owners of the 2016 Bonds.

On the redemption date or dates determined as provided in the preceding paragraph, the Trustee shall transfer all moneys into the Redemption Fund in accordance with the provisions of the Indenture to be used by the Trustee to redeem the 2016 Bonds on such redemption date or dates to the extent necessary after giving effect to all moneys transferred to the Redemption Fund. The Trustee shall credit automatically against the State's obligation under the Lease an amount equal to the amount in the Redemption Fund.

Notice of Redemption. Notice of the call for any redemption, identifying and stating, among other things, the 2016 Bonds or portions thereof to be redeemed, the redemption date and price, and that the interest on such Bonds will cease to accrue from and after the redemption date, shall be given by the Trustee, upon being satisfactorily indemnified as to expenses, by mail at least 30 but not more than 60 days prior to the date fixed for redemption to the registered Owner of each 2016 Bond to be redeemed in whole or in part at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein with respect to any 2016 Bond, shall not affect the validity of any proceedings for the redemption of any other 2016 Bond or portion thereof with respect to which no such failure has occurred. Any notice mailed as provided above shall be conclusively presumed to have been duly given, whether or not the registered Owner receives the notice.

In addition to the foregoing notice, certain further notice of any redemption of 2016 Bonds shall be given by the Trustee as provided in the Indenture. Any defect in such further notice or failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

On or prior to the date fixed for any redemption of 2016 Bonds, the moneys required for such redemption shall be deposited with the Trustee by the State in accordance with the Lease. The principal of the 2016 Bonds called for redemption shall cease to bear interest after the specified redemption date, provided that sufficient funds for redemption are on deposit with the Trustee at that time.

If at the time of mailing of any notice of redemption there shall not have been deposited with the Trustee moneys sufficient to redeem all the 2016 Bonds called for redemption, which moneys are or will be available for redemption of 2016 Bonds, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business on the redemption date and that such notice shall be of no effect unless such moneys are so deposited.

Redemption Payments. All moneys to be used for redemption of 2016 Bonds (other than mandatory sinking fund redemptions, if any) shall be deposited in the Redemption Fund established under the Indenture. Said moneys shall be set aside in the Redemption Fund solely for the purpose of redeeming the principal of the 2016 Bonds in advance of their scheduled maturity date, except as may otherwise be required by any Tax Certificate, and shall be applied on or after the Bond Payment Date or other date designated for redemption to the payment of the principal of, and premium, if any, and interest on, the 2016 Bonds to be redeemed, upon presentation and surrender of such 2016 Bonds.

Partial Redemption of 2016 Bonds. In the case of a partial redemption of 2016 Bonds when 2016 Bonds of denominations greater than $5,000 are then outstanding, then for all purposes in connection with such partial redemption, each $5,000 of face value shall be treated as though it were a separate 2016 Bond of the denomination of $5,000. If it is determined that one or more, but not all, of the $5,000 units of face value represented by any 2016 Bond is to be called for redemption, then upon notice of intention to redeem such $5,000 unit or units (given by the Trustee), the Owner of such 2016 Bond shall forthwith surrender such 2016 Bond to the Trustee (a) for payment of the redemption price (including the premium, if any, and interest to the date fixed for redemption) of the $5,000 unit or units of face value called for redemption and (b) for exchange, without charge to the Owner thereof, for a new 2016 Bond or 2016 Bonds of the same Series, designation, maturity and interest rate and in any of the authorized denominations, at the option of the Owner thereof, of the aggregate principal amount of the unpaid balance of the principal amount of the 2016 Bond to be so redeemed. If the Owner of any such 2016 Bond of a denomination greater than $5,000 shall fail to present such 2016 Bond to the Trustee for redemption and exchange as aforesaid, the principal amount of such 2016 Bond to be redeemed shall, nevertheless, become due and payable on the redemption date to the extent of the $5,000 unit or units of face value called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such 2016 Bond to be redeemed represented by such $5,000 unit or units of face value on and after the redemption date and (funds sufficient for the payment of the redemption price having been deposited with the Trustee and being available for the redemption of said unit or units on the redemption date) such 2016 Bond shall not be entitled to the benefit or security of the Indenture to the extent of the portion of its principal amount (and accrued interest thereon after the redemption date) represented by such $5,000 unit or units of face value nor shall new 2016 Bonds be thereafter issued corresponding to said unit or units. 2016 Bonds shall be redeemed only in the principal amount of $5,000 each or any whole multiple thereof.

With respect to any partial redemption of 2016 Bonds of less than all of a particular maturity of 2016 Bonds, the particular 2016 Bonds to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee shall determine to be fair and equitable.

Mandatory Sinking Fund Redemption At Bidder's Option

The 2016 Bonds may be subject to mandatory sinking fund redemption at the option of the successful bidder(s). See "OFFICIAL NOTICE OF BOND SALE—Term Bonds and Mandatory Sinking Fund Redemption at Bidder's Option."

Book–Entry System

DTC will act as securities depository for the 2016 Bonds. The 2016 Bonds will be issued as fully–registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully–registered 2016 Bond certificate will be issued for each maturity of the 2016 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or a "fast agent" of DTC. See "APPENDIX G—BOOK–ENTRY SYSTEM" for a more detailed discussion of the book–entry system and DTC.

Manner Of Payment, Registration, Transfer And Exchange

The Trustee, as Registrar, will keep or cause to be kept sufficient books for the registration, exchange and transfer of the 2016 Bonds (the "Register"). In all cases in which the privilege of exchanging or transferring the 2016 Bonds is exercised in the event that the book–entry system is discontinued and 2016 Bonds are transferred or exchanged, the Authority shall execute, and the Trustee shall authenticate, register and deliver, 2016 Bonds in accordance with the provisions of the Indenture. In such cases, any 2016 Bond may, in accordance with its terms, be transferred upon the Register by the Owner of the 2016 Bond, in person or by such Owner's duly authorized attorney, upon surrender of such registered 2016 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. Similarly, 2016 Bonds may be exchanged in such instances at the principal corporate trust office of the Trustee for a like principal amount of 2016 Bonds of other authorized denominations. The Trustee will require the Owner requesting such transfer or exchange to pay any tax or other governmental charge required to be paid with respect to such transfer or exchange, and the Trustee may in addition require the payment of a reasonable sum to cover expenses incurred by the Authority or the Trustee in connection with such transfer or exchange.

STATE BUILDING OWNERSHIP AUTHORITY

Establishment And Statutory Powers

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

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

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

State Building Board

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

Division Of Facilities Construction And Management

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

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

Legal Borrowing Debt Capacity

The Authority may not issue any bonds or other obligations under the Building Ownership Act in an amount which would exceed the difference between (i) the total outstanding indebtedness of the State (exclusive of certain State highway bonds specified under the Building Ownership Act) and (ii) 1.5% of the fair market value of the taxable property of the State. Under this formula, the Authority's debt capacity is reduced as non–excluded State general obligation bonds are issued. As of April 5, 2016 (the anticipated delivery date of the 2016 Bonds), the legal debt limit and additional debt incurring capacity of the Authority are calculated as follows:

Fair market value of ad valorem taxable property (1)	$292,490,917,013
Fees in lieu of ad valorem taxable property (2)	11,234,292,957
Total fair market value of taxable property (1)	$303,725,209,970
1.5% debt limit amount	$4,555,878,150
Less: outstanding State general obligation debt (net) (3)	(2,593,058,369)*
Less: Authority's outstanding lease revenue bonds (net) (3)	(335,526,929)*
Plus: statutorily exempt State general obligation highway debt (net) (3)	2,408,650,166
Authority's estimated additional debt incurring capacity	$4,035,943,018*

* Preliminary; subject to change.

(1) Based on 2014 taxable values. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters–Taxable Value Compared with Fair Market Value of All Taxable Property in the State" above.

(2) Based on 2014 "age based" values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state–assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.

(3) Includes unamortized original issue bond premium that is treated as principal for purposes of calculating the applicable constitutional and statutory debt limits as of April 5, 2016.

The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. For Fiscal Year 2015, the State has other long–term contract liabilities consisting of unused vacation and other vested leave for employees of $99,706,000. These contract liabilities do not affect the State's compliance with the constitutional debt limit. (Sources: Division of Finance and the Fiscal Year 2015 CAFR).

Legal Debt Limit Estimate Using Fiscal Year 2015 Estimated Taxable Valuation. Based on estimated ad valorem property tax reports from the State Tax Commission, the Calendar Year 2015 (Fiscal Year 2016) estimated fair market value of ad valorem taxable property and valuation for fees in lieu property will be approximately $323.575 billion, leaving the ability of the Authority (after the issuance of the

2016 Bonds) to legally issue an additional approximately $4.3 billion of lease revenue bonds. (Source: Municipal Advisor.)

The State's Limited Lease Rental Obligation

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

Debt Issuance

Current Lease Revenue Obligation Bonds Outstanding. The 2016 Bonds of the Authority will be the 28th series of Bonds to be issued pursuant to the State Facilities Master Lease Program. Under the State Facilities Master Lease Program, no debt service reserve fund is created for any Bonds issued pursuant to the Indenture and the Lease. In connection with this program, all Bonds are issued on a parity basis and are cross–collateralized by the facilities subject to the lien of the Indenture and the Mortgages.

The 2016 Bonds and all other Bonds issued under the State Facilities Master Lease Program are not classified as State Moral Obligation Bonds as defined in "DEBT STRUCTURE OF THE STATE OF UTAH—State Moral Obligation Bonds" below. However, the 2016 Bonds are considered to be State Lease Revenue Bonds.

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As of April 5, 2016, the Authority will have the following State Lease Revenue Bonds outstanding under the State Facilities Master Lease Program:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2016	Justice/DABC	$ 87,225,000*	May 15, 2038	$ 87,225,000*
2015	Refunding	30,015,000	May 15, 2030	30,015,000
2012B (2)	Refunding/acquisition	11,700,000	May 15, 2022	8,890,000
2012A	Refunding	15,610,000	May 15, 2027	15,610,000
2011	Various purposes	5,250,000	May 15, 2031	3,940,000
2010	Refunding	36,735,000	May 15, 2024	28,610,000
2009E (3) (4)	Huntsman Hospital (BABs)	89,470,000	May 15, 2030	89,470,000
2009D	Huntsman Hospital	12,125,000	May 15, 2017	7,400,000
2009C (3) (4)	DABC Warehouse (BABs)	16,715,000	May 15, 2029	16,715,000
2009B	DABC Warehouse	8,445,000	May 15, 2019	4,625,000
2009A (5)	DABC Facilities	25,505,000	May 15, 2019 (10)	4,200,000
2007A (5) (6)	DABC/UCI Facilities	15,380,000	May 15, 2017 (10)	1,360,000
2006A (5) (7)	DABC Facilities	8,355,000	May 15, 2016 (10)	380,000
1998C (8) (9)	Refunding	105,100,000	May 15, 2019	28,765,000
Total principal amount of outstanding State Lease Revenue Bonds (11)				$327,205,000*

(1) All bonds rated "Aa1" by Moody's Investors Service, Inc. ("Moody's") and "AA+" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") (unless otherwise indicated), as of the date of this OFFICIAL STATEMENT. No municipal bond rating has been requested from Fitch Ratings ("Fitch").
(2) The 2012B Bonds are issued as federally taxable bonds.
(3) Issued as federally taxable, originally 35% issuer subsidy, "Build America Bonds" or "BABs".
(4) *The Authority anticipates that as a result of the federal sequestration, the subsidy paid by the federal government on these bonds will be reduced by approximately $141,000 for the federal fiscal year ending September 30, 2016.*
(5) Portions of this bond issue have been refunded by the 2015 Bonds.
(6) These bonds are insured by National Public Finance Guarantee Corp., as of the date of this OFFICIAL STATEMENT.
(7) Portions of this bond issue have been refunded by the 2012A Bonds.
(8) These bonds are insured by Assured Guaranty Municipal Corp.
(9) Portions of this bond issue (principal amounts maturing 2016 through 2019, in the total aggregate amounts of $2,925,000 and $4,515,000, totaling $7,440,000) have been legally defeased by separate irrevocable escrow accounts, which accounts were funded from available cash on hand.
(10) Final maturity date after the refunding effected by the 2015 Bonds.
(11) For accounting purposes, the total unamortized bond premium is $8,321,929 (as of April 5, 2016), which together with current debt outstanding of $327,205,000*, results in total outstanding net direct debt of $335,526,929*.
* Preliminary; subject to change.

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

After the issuance of the 2016 Bonds, the Authority has no remaining authorized or unissued lease revenue bonds. The Legislature may authorize the issuance of lease revenue bonds in future Fiscal Years (the 2016 Legislature is currently considering a bill that would authorize the issuance of approximately $8 million of lease revenue bonds to finance a parking garage for the Provo courthouse and a liquor store), but such amounts and issuance dates are not known as of the date of this OFFICIAL STATEMENT. The Authority does not anticipate the issuance of additional lease revenue bonds within Fiscal Year 2016, but may issue additional bonds at any time in the future.

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

Fiscal Year Ending June 30	Series 2016 $87,225,000*		Series 2015 $30,015,000		Series 2012B $11,700,000		Series 2012A $15,610,000		Series 2011 $5,250,000		Series 2010 $36,735,000		Series 2009E $89,470,000		Series 2009D $12,125,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest (2)	Principal	Interest
2015………..	$ 0	$ 0	$ 0	$ 0	$ 2,285,000	$ 216,600	$ 0	$ 516,975	$ 370,000	$ 122,119	$ 2,880,000	$ 1,574,500	$ 0	$ 4,992,885	$ 3,425,000	$ 541,250
2016………..	0	425,694	805,000	1,449,637	2,335,000	170,900	0	516,975	380,000	114,256	3,030,000	1,430,500	0	4,992,885	3,605,000	370,000
2017………..	0	3,831,250	350,000	1,363,800	2,380,000	124,200	990,000	516,975	385,000	105,706	3,175,000	1,279,000	0	4,992,885	3,795,000	189,750
2018………..	125,000	3,831,250	1,095,000	1,353,300	1,305,000	76,600	1,005,000	502,125	395,000	97,044	3,330,000	1,120,250	4,010,000	4,992,885	–	–
2019………..	2,700,000	3,826,250	705,000	1,309,500	985,000	50,500	1,445,000	487,050	405,000	87,169	3,510,000	953,750	0	4,807,463	–	–
2020………..	2,875,000	3,691,250	1,910,000	1,281,300	1,005,000	35,725	1,490,000	443,700	415,000	75,019	2,995,000	778,250	5,295,000	4,807,463	–	–
2021………..	3,000,000	3,547,500	2,020,000	1,185,800	665,000	18,138	1,555,000	384,100	430,000	64,644	3,145,000	628,500	5,555,000	4,539,853	–	–
2022………..	3,150,000	3,397,500	2,115,000	1,084,800	215,000	4,838	1,630,000	306,350	440,000	52,819	3,275,000	471,250	5,830,000	4,248,549	–	–
2023………..	3,325,000	3,240,000	2,220,000	979,050	–	–	1,710,000	224,850	455,000	39,619	3,445,000	307,500	5,395,000	3,936,994	–	–
2024………..	3,475,000	3,073,750	2,875,000	868,050	–	–	1,230,000	173,550	70,000 (3)	25,400	2,705,000	135,250	5,695,000	3,643,290	–	–
2025………..	3,650,000	2,900,000	3,005,000	724,300	–	–	2,850,000	136,650	70,000 (3)	22,600	–	–	6,015,000 (4)	3,327,559	–	–
2026………..	3,825,000	2,717,500	3,150,000	574,050	–	–	1,135,000	51,150	75,000 (3)	19,800	–	–	8,635,000 (4)	2,980,614	–	–
2027………..	4,025,000	2,526,250	3,325,000	416,550	–	–	570,000	17,100	80,000 (3)	16,800	–	–	9,145,000 (4)	2,482,547	–	–
2028………..	4,200,000	2,325,000	2,855,000	250,300	–	–	–	–	80,000 (3)	13,600	–	–	10,665,000 (4)	1,955,064	–	–
2029………..	4,425,000	2,115,000	1,775,000	107,550	–	–	–	–	85,000 (3)	10,400	–	–	11,285,000 (4)	1,339,906	–	–
2030………..	4,600,000	1,938,000	1,810,000	54,300	–	–	–	–	85,000 (3)	7,000	–	–	11,945,000 (4)	688,988	–	–
2031………..	4,775,000	1,754,000	–	–	–	–	–	–	90,000 (3)	3,600	–	–	–	–	–	–
2032………..	4,975,000	1,563,000	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2033………..	5,175,000	1,364,000	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2034………..	5,400,000	1,157,000	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2035………..	5,600,000	941,000	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2036………..	5,850,000	717,000	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2037………..	6,075,000	483,000	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2038………..	6,000,000	240,000	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Totals………	$ 87,225,000	$ 51,605,194	$ 30,015,000	$ 13,002,287	$ 11,175,000	$ 697,500	$15,610,000	$ 4,277,550	$ 4,310,000	$ 877,594	$ 31,490,000	$ 8,678,750	$ 89,470,000	$58,729,829	$ 10,825,000	$ 1,101,000

Fiscal Year Ending June 30	Series 2009C $16,715,000		Series 2009B $8,445,000		Series 2009A $25,505,000		Series 2007A $15,380,000		Series 2006A $8,355,000		Series 2003 (9) $22,725,000		Series 1998C $105,100,000	
	Principal	Interest (2)	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal (10)	Interest
2015………..	$ 0	$ 929,780	$ 1,020,000	$ 282,250	$ 950,000	$ 658,875	$ 645,000	$ 341,469	$ 365,000	$ 94,658	$ 875,000	$ 53,000	$ 8,850,000	$ 2,068,825
2016………..	0	929,780	1,075,000	231,250	975,000	200,250	665,000	61,200	380,000	15,200	0	0 (7)	9,230,000 (11)	1,582,075
2017………..	0	929,780	1,125,000	177,500	1,025,000	161,250	695,000	31,275	0	0 (7)	0	0 (8)	9,130,000 (11)	1,074,425
2018………..	0	929,780	1,185,000	121,250	1,075,000	110,000	0	0 (7)	0	0 (7)	0	0 (8)	8,295,000 (11)	572,275
2019………..	0	929,780	1,240,000	62,000	1,125,000	56,250	0	0 (7)	0	0 (8)	0	0 (8)	2,110,000 (11)	116,050
2020………..	1,305,000 (5)	929,780	–	–	0	0 (7)	0	0 (7)	0	0 (8)	0	0 (8)	–	–
2021………..	1,370,000 (5)	860,693	–	–	0	0 (7)	0	0 (7)	0	0 (8)	0	0 (8)	–	–
2022………..	1,445,000 (5)	788,165	–	–	0	0 (7)	0	0 (7)	0	0 (8)	0	0 (8)	–	–
2023………..	1,520,000 (5)	711,667	–	–	0	0 (7)	0	0 (7)	0	0 (8)	0	0 (8)	–	–
2024………..	1,605,000 (5)	631,198	–	–	0	0 (7)	0	0 (7)	0	0 (7)	0	0 (8)	–	–
2025………..	1,685,000 (6)	546,230	–	–	0	0 (7)	0	0 (7)	0	0 (7)	0	0 (8)	–	–
2026………..	1,785,000 (6)	449,039	–	–	0	0 (7)	0	0 (7)	0	0 (7)	–	–	–	–
2027………..	1,890,000 (6)	346,080	–	–	0	0 (7)	0	0 (7)	0	0 (7)	–	–	–	–
2028………..	1,995,000 (6)	237,065	–	–	0	0 (7)	0	0 (7)	–	–	–	–	–	–
2029………..	2,115,000 (6)	121,993	–	–	0	0 (7)	–	–	–	–	–	–	–	–
2030………..	–	–	–	–	0	0 (7)	–	–	–	–	–	–	–	–
2031………..	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2032………..	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2033………..	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2034………..	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2035………..	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2036………..	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2037………..	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2038………..	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Totals………	$ 16,715,000	$ 10,270,810	$ 5,645,000	$ 874,250	$ 5,150,000	$ 1,186,625	$ 2,005,000	$ 433,944	$ 745,000	$ 109,858	$ 875,000	$ 53,000	$ 37,615,000	$ 5,413,650

* Preliminary; subject to change

(1) These tables reflect the Authority's debt service schedule for its lease revenue bonds for the Fiscal Year shown. This information is based on payments (cash basis) falling due in that particular Fiscal Year.

(2) Issued as federally taxable "Build America Bonds." **Does not reflect an originally 35% federal interest rate subsidy.**

(3) Mandatory sinking fund payments from a $635,000, 4.00%, term bond due May 15, 2031.

(4) Mandatory sinking fund payments from a $57,690,000, 5.768%, term bond due May 15, 2030.

(5) Mandatory sinking fund payments from a $7,245,000, 5.294%, term bond due May 15, 2024.

(6) Mandatory sinking fund payments from a $9,470,000, 5.768%, term bond due May 15, 2029.

(7) Certain principal maturities and interest have been refunded by the 2015 Bonds.

(8) Certain principal maturities and interest have been refunded by the 2012A Bonds.

(9) This bond issue has been included in this table because final principal and interest payment occurred in Fiscal Year 2015.

(10) Remaining principal after portions of certain principal amounts maturing May 15, 2015 through May 15, 2019 have been legally defeased by separate irrevocable escrow accounts.

(11) Mandatory sinking fund payments from a $28,765,000, 5.50%, term bond due May 15, 2019.

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

Fiscal Year Ending June 30	Total State Facilities Master Lease Program Total Principal	Total Interest (1)	Total Debt Service
2015	$ 21,665,000	$ 12,393,185	$ 34,058,185
2016	22,480,000	12,490,602	34,970,602
2017	23,050,000	14,777,796	37,827,796
2018	21,820,000	13,706,759	35,526,759
2019	14,225,000	12,685,761	26,910,761
2020	17,290,000	12,042,486	29,332,486
2021	17,740,000	11,229,228	28,969,228
2022	18,100,000	10,354,271	28,454,271
2023	18,070,000	9,439,680	27,509,680
2024	17,655,000	8,550,488	26,205,488
2025	17,275,000	7,657,339	24,932,339
2026	18,605,000	6,792,153	25,397,153
2027	19,035,000	5,805,327	24,840,327
2028	19,795,000	4,781,028	24,576,028
2029	19,685,000	3,694,850	23,379,850
2030	18,440,000	2,688,288	21,128,288
2031	4,865,000	1,757,600	6,622,600
2032	4,975,000	1,563,000	6,538,000
2033	5,175,000	1,364,000	6,539,000
2034	5,400,000	1,157,000	6,557,000
2035	5,600,000	941,000	6,541,000
2036	5,850,000	717,000	6,567,000
2037	6,075,000	483,000	6,558,000
2038	6,000,000	240,000	6,240,000
Totals	$ 348,870,000	$ 157,311,840	$ 506,181,840

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

(Source: Municipal Advisor.)

No Defaulted Authority Bonds Or Failures By State To Renew Lease

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

THE FACILITIES

The Facilities As Security For The 2016 Bonds

The 2016 Bonds are equally and ratably secured by the lien of the Indenture and the Lease, subject to the terms, conditions, limitations and exceptions set forth therein. Upon the occurrence of an Event of Default under the Indenture or the occurrence of an Event of Nonappropriation under the Lease, the State shall be required to surrender and vacate the Facilities, the Trustee shall have all rights and remedies to take possession of the Facilities as trustee for the benefit of the Beneficial Owners of the Bonds, and the Trustee may exercise various remedies against or with respect to the Facilities under the Indenture and the Lease for the proportionate benefit of the Beneficial Owners of the Bonds, subject to the limitation on remedies and acceleration during acquisition and construction of any of the Facilities. See in this section "Cross–Collateralization" below. See also "THE 2016 BONDS—Security And Sources Of Payment For The 2016 Bonds–The Lease and the Indenture" above. Under the Lease, an Event of Nonappropriation will occur if the Legislature fails or refuses to specifically appropriate moneys sufficient to pay the Rentals with respect to all or any portion of the Facilities coming due in any fiscal year under the Lease.

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

The Facilities Financed With The Bonds

Set forth below is a brief description of certain major Facilities financed or refinanced through the proceeds of the 2016 Bonds and the Prior Parity Bonds. The Facilities consist of approximately 66 separate facilities, located in various counties within the State, that are used by various departments of State government and State Bodies including the Department of Alcoholic Beverage Control, the University of Utah's Health Sciences Center, various District and Juvenile Courts, the Department of Corrections, the Department of Community and Culture, the Department of Human Services, the Department of Natural Resources and its Division of Parks and Recreation, the State Office of Education, the Department of Environmental Quality, the Department of Transportation and others. The most significant of these facilities include or will include:

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

(2) The Huntsman Cancer Hospital was expanded in 2001, with a $105 million, 272,000 square–foot building. This expansion was financed with approximately $100.2 million ($30.3 million of variable rate Bonds and approximately $69.9 million fixed rate Bonds) issued by the Authority and various public and private contributions.

(3) The Provo District Court complex expansion is an eight–story structure with approximately 200,000 square feet of new space located in the City of Provo, Utah. Approximately $87 million of the 2016 Bonds

will be used to finance this facility (the majority of proceeds from the 2016 Bonds will be used on this project). This project is expected to be completed by May 2018.

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

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

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

(7) The acquisition of a Youth Corrections Facility in Salt Lake County, Utah to be used by the Department of Human Services. The Authority issued approximately $13.3 million of Bonds to finance this facility.

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

(9) An office building of approximately 95,000 square feet in Salt Lake City, Utah used by the Department of Natural Resources ("DNR"). The Authority issued approximately $10.6 million of Bonds to finance this facility.

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

The following table provides further summary information regarding the Facilities:

Facility	Construction Status	Scheduled Date of Release from Lien (May 16) (1)
Huntsman Cancer Hospital (2009 expansion)	Completed–2012	2030
Huntsman Cancer Hospital	Completed–2004	2019
Provo District Courts Complex	Estimated completion–May 2018	2038
State Courts Complex	Completed–1998	2018
DABC Warehouse	Completed–2011	2029
West Jordan Courts Complex	Completed–2005	2025
Youth Corrections	Completed–1998	2017
DHA Library	Completed–1999	2019
DNR Office	Completed–1997	2017
Davis County Courts	Completed–1999	2019
All other facilities	Completed or under construction	2016–2031

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

Cross–Collateralization

Subject to the following section "Release Of Portions Of Facilities," pursuant to the Indenture and the Lease, all of the 2016 Bonds issued under the Indenture are cross–collateralized in that the Authority has granted to the Trustee, for the benefit of the Owners of all of the Bonds, a mortgage and security interest in all of the Authority's right, title and interest in all of the Facilities. The occurrence of an Event of Default under the Indenture or an Event of Nonappropriation under the Lease will entitle the Trustee to take possession of the Facilities and to exercise its rights and remedies to the extent provided in the Indenture against the Facilities in such manner and order as the Trustee determines to be in the best interests of the Owners of the Bonds then outstanding. However, the security interest in some of the Facilities may be released prior to the payment of all of the 2016 Bonds as described below under "Release of Portions of Facilities."

Release Of Portions Of Facilities

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

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

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

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

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

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

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

Maintenance Of The Facilities

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

RISK FACTORS

The purchase of the 2016 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 2016 Bonds should make an independent evaluation of all of the information presented in this OFFICIAL STATEMENT in order to make an informed investment decision. Certain of these risks are described below. The enumerated risks described below are not all–inclusive but are intended to highlight certain of these risks for the convenience of the reader.

Limited Obligations

The 2016 Bonds are payable from amounts due under the Lease on a parity basis with all other Bonds that may be outstanding under the Indenture. The State's obligation under the Lease does not constitute a general obligation or other indebtedness of the State, the Authority or any agency or political subdivision of the State within the meaning of any constitutional or statutory debt limitation. The Authority has no taxing power.

The Initial Term of the Lease expired on June 30, 1995, and the current term expires on June 30, 2016. The State has the option to extend the term of the Lease for consecutive one–year renewal terms, which it has done since 1995 and through June 30, 2016. Unless sooner terminated, this annual renewal option will continue through June 30, 2037 with a final renewal term commencing July 1, 2037, and ending May 16, 2038 (each renewal term, and all of the existing renewals are referred to herein as the "Renewal Terms").

There is no assurance that the State, in its sole discretion, will exercise its option to extend the term of the Lease for any future Renewal Term. Accordingly, the likelihood that the State will extend the term of the Lease for any Renewal Term and that there will be sufficient funds to pay the principal of, premium, if any, and interest on the 2016 Bonds as the same become due depends upon a number of factors, including, but not limited to:

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

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

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

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

General Economic Conditions

The State relies on tax revenues and fees as the primary source of funds to operate state government and to pay its obligations. Regional and national economic conditions, such as weather–related economic effects, business cycles, unemployment, and consumer confidence, are outside of the control of the Authority and the State, and can have material adverse effects on the State's revenues, and its ability to pay Base Rentals on the Facilities. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—State Revenues And Collections" and "—Discussion And Analysis Of Financial Statements For Fiscal Year 2015" below.

No Reserve Fund For The 2016 Bonds Or Any Other Bonds

No debt service reserve fund has been established to secure any of the Bonds issued under the Indenture, including the 2016 Bonds.

Expiration Or Termination Of The Lease

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

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

Certain of the Facilities financed under the Indenture will be or are now under construction. If the possessory interest of the State under the Lease were to be terminated by reason of an Event of Nonappropriation or an Event of Default under the Indenture or otherwise pursuant to the Building Ownership Act or the Lease prior to the acquisition and construction of these Facilities, the payment of principal of, premium, if any, and interest on the 2016 Bonds would depend, in part, on the ability of the Trustee to complete any unfinished construction, foreclose on the Facilities, and liquidate, relet or sell one or more partially constructed Facilities. See "APPENDIX D—BASIC DOCUMENTATION–THE INDENTURE–Events Of Default And Remedies."

Possible Difficulties In Selling Or Re–letting The Facilities

In the event that the State's right of possession of the Facilities under the Lease expires or is terminated for any of the reasons described in the Indenture, the obligation of the State to pay Rentals under the Lease will continue through the then–current Renewal Term, but not thereafter, and the 2016 Bonds will be payable from, among other sources, such moneys as may be available by way of recovery from the State of the Rentals which are due through the then–current Renewal Term. As set forth in the Building Ownership Act, the Indenture and the Lease, if the State fails to pay any Rentals due to the Authority under the terms of the Lease, the State shall immediately surrender, and vacate the Facilities, and the rental or lease obligation under the Lease shall then cease. Should the Lease expire at the end of a Renewal Term without any extension for the next succeeding Renewal Term, or if an event occurs pursuant to which the Trustee terminates the State's right of possession of the Facilities under the Lease, the Trustee may repossess, complete construction, and relet or sell the affected Facilities as provided in the Indenture.

No assurance can be given that the Trustee could relet or sell the Facilities for the amount necessary to pay the principal of and the interest due on the 2016 Bonds. The Facilities constitute facilities to be used in connection with the operation of certain divisions of State government and institutions of higher education and may not be readily usable by other types of tenants. See "THE FACILITIES" above. The net proceeds of any reletting or sale of the Facilities, together with certain other moneys then held by the Trustee under the Indenture, if any, are required to be used to pay the Bonds to the extent of such moneys. No assurance can be given as to the amount of funds available from any such source for the payment of the aggregate principal amount of the 2016 Bonds then outstanding plus accrued interest thereon. Furthermore, no assurance can be given that any amount realized upon any liquidation of the Facilities will be available to provide for the payment of the 2016 Bonds on a timely basis.

Delays In Exercising Remedies; Limitations On Enforceability

The enforceability of the Lease and the Indenture is subject to applicable bankruptcy laws, equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State, the exercise of judicial authority by State or federal courts and the exercise by the United States of America of the powers delegated to it by the federal constitution. Because of the unique uses to which the Facilities may be suited and the delays inherent in obtaining foreclosure upon real property and judicial remedies, no assurance can be given that these remedies could be accomplished rapidly. Any delays in or failure on the part of the Trustee to obtain possession of or to foreclose the lien on the Facilities, if necessary, will likely result in delays in any payment of principal of or interest on the 2016 Bonds.

Possible Shortfall In Costs Of Acquisition And Construction Of The Facilities

The design, acquisition, construction and equipping of certain of the Facilities being financed with the Prior Parity Bonds has been commenced and is expected to be completed at various times within the next several years. In the interim, the Authority has capitalized interest on the Prior Parity Bonds, to the expected completion date of the Facilities financed with the proceeds of such bonds. Regardless of the sufficiency of the capitalized interest, however, once the capitalized interest has been fully applied, the State is required to commence lease payments pursuant to the Lease to the extent, in the amounts and at the times necessary to pay debt service on the Bonds. See "THE FACILITIES—The Facilities As Security For The 2016 Bonds" and "—The Facilities Financed With The Bonds" above.

The Authority and the State believe, but there can be no assurance, that the proceeds of sale of the 2016 Bonds and the Prior Parity Bonds, together with certain investment earnings thereon and other sources of construction funds described in "THE FACILITIES—The Facilities Financed With The Bonds" above, will be sufficient to complete the acquisition, construction and equipping of the Facilities which are yet to be completed. In the event such proceeds are insufficient, the Authority is authorized, pursuant to the Lease, to complete the acquisition, construction and equipping of those certain Facilities from legally available funds, but only in connection with the issuance of Additional Bonds issued pursuant to the Indenture or from moneys otherwise legally available for that purpose. The Indenture provides that Additional Bonds may be issued for the purpose of completing the Facilities or making additions or improvements to the Facilities or acquiring or constructing Additional Facilities, subject to satisfaction of certain conditions provided in the Indenture. There can be no assurance that such Additional Bonds will be permitted under applicable law or that the Legislature will agree to the issuance of Additional Bonds at that time. If issued, Additional Bonds will be secured under the Indenture on a parity with the Bonds previously issued, including the 2016 Bonds and the Prior Parity Bonds. See “THE 2016 BONDS—Security And Sources Of Payment For The 2016 Bonds—Additional Bonds; Refunding Bonds” above and “APPENDIX D—BASIC DOCUMENTATION–THE INDENTURE–Additional Bonds.”

Destruction Of The Facilities

The Lease requires the Facilities to be insured by policies of insurance (including casualty and property damage insurance) as described in “APPENDIX D—BASIC DOCUMENTATION–THE LEASE–Insurance Provisions.” In the event of damage to or destruction of all or any part of the Facilities, the State is nevertheless required to continue to make payments under the Lease during the period for which the Legislature has appropriated moneys to do so. In such event, the State will decide whether the proceeds from available insurance (and any other legally available source) are sufficient to repair and rebuild such Facilities or whether to apply the available proceeds to redemption or payment of the applicable Series of Bonds. If the net proceeds from insurance or certain other sources are insufficient to repair or replace such Facilities, the State may terminate its obligations under the Lease with respect to such Facilities and cause such proceeds to be distributed for the redemption of the applicable Series of Bonds in whole or in part as provided in the Indenture. See “THE 2016 BONDS—Redemption Provisions For The 2016 Bonds–Extraordinary Optional Redemption in the Event of Damage, Destruction or Condemnation” above. There can be no assurance as to the adequacy of a timely payment under property damage insurance in effect at that time. Furthermore, there can be no assurance that such insurance proceeds will be sufficient to redeem the applicable Series of Bonds in whole or that the Trustee will be able to realize any additional funds from such Facilities at that time. See “APPENDIX D—BASIC DOCUMENTATION–THE LEASE–Damage Or Destruction; Condemnation.”

Depreciation And Lack Of Residual Value

Certain components of the Facilities may depreciate in value during the time that the 2016 Bonds are outstanding. In addition, various components of the Facilities may be difficult or impossible to remove from their points of service or use. Consequently, following an Event of Nonappropriation, an Event of Default under the Lease or the termination of the Lease for any reason, it is possible that any revenues realized by the Trustee from a reletting or sale, as appropriate, of the Authority’s interest in the Facilities may be insufficient to pay all outstanding Bonds in full.

Tax–Exempt Status Of The 2016 Bonds; Continuing Compliance With Certain Covenants

Failure by the Authority or the State and other applicable departments and divisions of the State with respect to any of the 2016 Bonds to comply with certain covenants relating to the Indenture, the Lease and the 2016 Bonds, on a continuing basis, so long as any of the 2016 Bonds are outstanding under the Indenture and thereafter as required by such document provisions and applicable law, could result in interest on the 2016 Bonds becoming includible in federal gross income of the owners thereof, retroactive to the date of their original issuance. See “LEGAL MATTERS” below. The Indenture and the 2016 Bonds do not provide for payment of any additional interest or penalty or redemption in the event that interest on the 2016 Bonds becomes includible in federal gross income.

Other Factors Regarding The Facilities

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

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

Changes In State Government

The State has agreed in the Lease to include in its annual budget request all moneys that are necessary to fulfill the State's obligations under the Lease for each successive Renewal Term and seek an appropriation of such funds in a timely fashion so as to allow the State to pay its obligations under the Lease when due. The decision to renew or not to renew the term of the Lease is to be made solely by the Legislature at the time it considers for adoption the final budget relating to each Renewal Term and not by any official of the State, acting in his or her individual capacity.

The obligation of the State to make payments under the Lease is subject to annual appropriation by the Legislature, which consists of the Utah Senate (the "Senate") and the Utah House of Representatives (the "House"), based upon a budget initially presented to the Legislature by the Governor, and an appropriation bill signed by the Governor. The members of the Legislature and the Governor are elected officials. Members of the Senate and the Governor serve four–year terms while members of the House serve two–year terms. As of the date of this OFFICIAL STATEMENT, the Governor and his administration support the construction and continued operation of the Facilities. However, the individuals elected to serve as Governor and as members of the Legislature will almost certainly change during the period when the 2016 Bonds are outstanding. There can be no assurance that a future Legislature or a future Governor will not take a policy position against the continued appropriation of payments under the Lease for the Facilities.

Federal Funding Cuts

Pursuant to the Budget Control Act of 2011 (the "BCA"), cuts to federal programs necessary to reduce federal spending to levels specified in the BCA (known as "sequestration") were ordered in federal fiscal years ending September 30, 2013 through 2016, including cuts to the subsidy payments to be made to issuers of BABs and various other federal expenditures. The State and the Authority anticipate that any future reductions of subsidy payments with respect to the State's and the Authority's $1,251,150,000 of outstanding BABs ($1,113,740,000 of general obligation bonds; $106,185,000 of lease revenue bonds; and $31,225,000 of water revenue bonds) or reductions in other federal grants as a result of sequestration would have no material impact on their operations or financial position. The State and the Authority cannot predict whether Congress will take action to avoid sequestration in federal fiscal year 2017 or what, if any, sequestration cuts may occur in federal fiscal year 2018 or thereafter.

STATE OF UTAH GOVERNMENTAL ORGANIZATION

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

Constitutional Departments

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

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

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

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

Certain Other Administrative Bodies

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

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

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

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

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

DEBT STRUCTURE OF THE STATE OF UTAH

General Obligation Bonds Of The State

Outstanding General Obligation Bonds. General obligation bonds of the State are issued pursuant to resolutions of the State Bonding Commission and pursuant to the legislative authorizing acts to provide funds to pay a portion of the costs of the State's capital facilities and highway construction or reconstruction projects and to pay costs and expenses incident to the issuance of bonds. As of April 5, 2016, the State is expected to have $2,498,895,000 of outstanding general obligation bonds that mature through Fiscal Year 2029.

Authorized General Obligation Bonds and Future General Obligation Bonds Issuance. The State has approximately $538,351,948 aggregate principal amount of additional authorized and unissued general obligation bonds, the proceeds of which bonds, when issued, will be used by DFCM and the Utah Department of Transportation ("UDOT") for various projects. The authorizations consist of:

(i) $474,700,000 for prison projects from 2015 and (ii) $63,651,948 (all of which is exempt from statutory debt limit calculations) for highway projects ($62,486,720 from 2009 and $1,165,228 from 2007). *It is anticipated, but not assured, that at the 2016 General Session of the Legislature, the remaining authorized amount of $63,651,948 of general obligation bonds for highway projects will be repealed.*

The State does not anticipate the issuance of general obligation bonds for prison projects within Fiscal Year 2016, but may issue general obligation bonds at any time in the future and amounts and issuance dates are not known as of the date of this OFFICIAL STATEMENT.

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

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

Revenue Bonds And Notes

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

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

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

See "State Moral Obligation Bonds" below.

Lease Obligations

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

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

Primary government's total capital lease payments including principal and interest for Fiscal Year 2015 were $2.4 million. The present value of the minimum lease payments of the State's capital leases for primary government as of Fiscal Year 2015 totaled approximately $20.3 million (with annual payments scheduled through Fiscal Year 2030). The present value of the minimum lease payments of capital leases for the State's component units as of Fiscal Year 2015 totaled approximately $159.5 million (with annual payments scheduled through Fiscal Year 2035).

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

Operating lease expenditures for Fiscal Year 2015 were approximately $26.1 million for primary government and approximately $28.3 million for component units. The total future minimum lease payments for the State's operating leases for primary government for Fiscal Year 2015 totaled approximately $76.9 million (with annual payments scheduled through Fiscal Year 2060). The total future minimum lease payments for the State's operating leases for component units for Fiscal Year 2015 totaled approximately $214.2 million (with annual payments scheduled through Fiscal Year 2050).

For a detailed report and description of operating and capital leases see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements, Note 9. Lease Commitments" (page A–99).

State Guaranty Of General Obligation School Bonds

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

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

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

During Fiscal Year 2016, the State will have at least approximately $3.087 billion principal amount outstanding of Guaranteed Bonds. Currently, the Guaranteed Bond program's annual principal and interest payments are scheduled through Fiscal Year 2036 (for Fiscal Year 2016 the program's current annual principal and interest payments total approximately $339.4 million (including any federal interest subsidy payments on Build America Bonds)) (Source: Municipal Advisor). The State cannot predict the amount of bonds that may be guaranteed in this year or in future years; no limitation is currently imposed by the Guaranty Act.

For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements, Note 15. Litigation, Contingencies, and Commitments–B. Contingencies" (page A–116).

State Moral Obligation Bonds

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

The following State Moral Obligation Bonds are outstanding:

State Board of Regents. The State Board of Regents had approximately $1.052 billion (as of August 25, 2015) of student loan revenue bonds and $4.75 million (as of Fiscal Year 2015) of other revenue bonds (for office space) outstanding, all of which are State Moral Obligation Bonds.

In addition, the State Board of Regents (through its colleges and universities) has outstanding approximately $1.071 billion of revenue bonds issued to finance capital projects at the State's institutions of higher education, approximately $1.04 billion of which are State Moral Obligation Bonds (Source: Municipal Advisor). For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements, Note 10. Long–Term Liabilities–C. Revenue Bonds–Business–type Activities" (page A–104) and "–Discrete Components Units" (page A–104).

State of Utah Recapitalization Revenue Bonds. As of April 5, 2016, the State is expected to have $41.915 million of outstanding recapitalization water revenue bonds ($31.225 million of these bonds were issued as BABs) that mature through Fiscal Year 2023, with annual principal and interest payments of approximately $6.95 million. For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements, Note 10. Long–Term Liabilities–C. Revenue Bonds–Business–type Activities" (page A–104).

Utah Charter School Finance Authority. Statutory authority for the Utah Charter School Finance Authority to issue bonds which qualify as State Moral Obligation Bonds was adopted as part of the 2012 Legislature. ***During Fiscal Year 2016, the Utah Charter School Finance Authority will have at least $226.725 million principal amount outstanding of State Moral Obligation Bonds***. Currently, the Utah Charter School Finance Authority's annual principal and interest bond payments are scheduled through Fiscal Year 2049 (for Fiscal Year 2016 the program's current annual principal and interest payments total approximately $9.95 million). The State cannot predict the amount of bonds that may be enhanced in this Fiscal Year or in future Fiscal Years. The Utah Charter School Finance Authority is limited under State law as to the total amount of bonds it can issue as State Moral Obligation Bonds. As of January 1, 2016, the Utah Charter School Finance Authority may not issue State Moral Obligation Bonds in excess of approximately $346 million (Source: Municipal Advisor). For additional information see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT

OF THE STATE OF UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements, Note 10. Long–Term Liabilities–D. Conduit Debt Obligations" (page A–109) and "–Note 15. Litigation, Contingencies, and Commitments–B. Contingencies" (page A–117).

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

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

No Defaulted Bonds

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

FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

Budgetary Procedures

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

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

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

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

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

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

State Funds And Accounting

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

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

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

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

For further information on State funds and accounting, including a description of each of the major governmental funds, see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements—Note 1. Summary of Significant Accounting Policies" (page A–65).

State Tax System

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

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

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

For additional information regarding certain Fiscal Years income tax revenues see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015–Statistical Section–Schedule B–1, Revenue Base" (page A–234); "–Schedule B–3, Revenue Payers–Personal Income Tax" (page A–237) and "–Schedule B–4, Personal Income Tax Rates" (page A–238).

Business Taxes. The State imposes a tax on corporate net taxable income apportioned to the State at a rate of 5%, subject to exceptions and credits with a minimum tax of $100.

Sales and Use Tax. In general, State sales taxes are imposed based on retail sales or use of tangible personal property, admissions, meals, utility services, general services on tangible personal property, hotel and motel accommodations, and certain other items. Use tax also applies to goods shipped to the State for use, storage, or other consumption, goods purchased outside of the State for use, storage, or other consumption in the State, and services subject to tax but performed outside the State for use, storage, or other consumption in the State. The State sales and use tax ("sales tax") rate on unprepared food items is 1.75%, residential fuels rate is 2% and the general sales tax rate is 4.70%.

The State requires its largest sales taxpayers (with annual liabilities of more than $50,000) to pay on a monthly basis. All others remit the sales tax collected on a quarterly or annual basis. Monthly sales taxpayers receive a 1.3% discount on State and local sales taxes collected. This requirement has served to reduce the volatility of the State's cash flows, with over 90% of sales and use taxes now remitted on a monthly basis.

For additional information regarding sales tax information for Calendar Years 2005 through 2014 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015–Statistical Section–Schedule B–1, Revenue Base" (page A–234) and "–Schedule B–2, Revenue Payers by Industry–Taxable Sales, Services and Use Tax Purchases" (page A–236) and "APPENDIX C—DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE STATE OF UTAH–Taxable Sales."

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

For additional information regarding tax collection results and forecasts for Fiscal Years 2016 and 2017 tax collections, see "State Revenues And Collections" below.

Property Tax Matters

The following information with respect to certain property tax matters is included in this OFFICIAL STATEMENT to provide background information. As described herein, the 2016 Bonds are not secured by any pledge of property tax revenues and do not constitute a debt or indebtedness of the State or the Authority.

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

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

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

Taxes are due November 30 (or if November 30 is a Saturday, Sunday or holiday, the next business day). Each county treasurer is responsible for collecting all taxes levied on real property within that county. There are no prior claims to such taxes. As taxes are collected, each county treasurer must pay to the State, if applicable, and each taxing entity within the county its proportionate share of the taxes, on or before the tenth day of each month. Delinquent taxes are subject to a penalty of 2.5% of the amount of the taxes or $10 whichever is greater. Unless the delinquent taxes and penalty are paid before January 31 of the following year, the amount of delinquent taxes and penalty bears interest at the federal funds rate target established by the Federal Open Market Committee plus 6%, from the January 1 following the delinquency date until paid (provided that said interest may not be less than 7% or more than 10%). If delinquent taxes have not been paid by March 15 following the lapse of four years from the delinquency date, the affected county advertises and sells the property at a final tax sale held in May or June of the fifth year after assessment.

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

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

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

Tax Year/ Fiscal Year	Taxable Value (2)	% Change Over Prior Year	Fair Market Value (3)	% Change Over Prior Year
2015/2016 (1).............	$224,695,000,000	6.8%	$312,340,000,000	6.8%
2014/2015	210,415,507,970	7.3	292,490,917,013	7.8
2013/2014	196,058,968,791	3.0	271,337,328,737	3.6
2012/2013	190,273,603,344	0.0	261,933,703,652	(0.6)
2011/2012	190,265,130,481	(1.9)	263,595,478,779	(2.2)
2010/2011	193,934,125,410	(3.2)	269,496,519,718	(3.6)
2009/2010	200,432,557,803	(5.4)	279,470,018,301	(6.4)

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

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

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

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Historical Summaries Of Taxable Values Of Property

	Calendar Year											
	2014		2013		2012		2011		2010		2009	
Set by State Tax Commission (Centrally Assessed)	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total
Natural resources…………….	$ 11,342,807,060	5.4 %	$ 9,530,894,709	4.9 %	$ 11,214,463,533	5.9 %	$ 10,349,540,590	5.4 %	$ 10,141,168,789	5.2 %	$ 7,979,377,781	4.0 %
Utilities………………………	13,667,974,990	6.5	13,477,218,994	6.9	12,936,543,091	6.8	12,143,461,674	6.4	10,905,488,943	5.6	10,141,150,495	5.1
Total centrally assessed…..	25,010,782,050	11.9	23,008,113,703	11.7	24,151,006,624	12.7	22,493,002,264	11.8	21,046,657,732	10.9	18,120,528,276	9.0
Set by County Assessor (Locally Assessed)												
Real property:												
Primary residential……………	100,314,388,830	47.7	92,006,884,378	46.9	87,584,567,043	46.0	89,446,387,259	47.0	92,165,056,015	47.5	96,392,005,655	48.1
Commercial…………………..	45,291,255,407	21.5	42,975,313,373	21.9	41,574,146,644	21.8	41,718,828,161	21.9	42,111,973,936	21.7	42,092,546,088	21.0
Other real…………………….	26,429,412,387	12.6	25,318,610,223	12.9	25,045,391,537	13.2	25,072,242,041	13.2	26,774,244,279	13.8	30,741,370,840	15.3
Total real property……….	172,035,056,624	81.8	160,300,807,974	81.8	154,204,105,224	81.0	156,237,457,461	82.1	161,051,274,230	83.0	169,225,922,583	84.4
Personal property:												
Total personal property………	13,369,669,296	6.4	12,750,047,114	6.5	11,918,491,496	6.3	11,534,670,756	6.1	11,836,193,448	6.1	13,086,106,944	6.5
Total locally assessed…….	185,404,725,920	88.1	173,050,855,088	88.3	166,122,596,720	87.3	167,772,128,217	88.2	172,887,467,678	89.1	182,312,029,527	91.0
Total taxable value………	$210,415,507,970	100.0 %	$196,058,968,791	100.0 %	$190,273,603,344	100.0 %	$190,265,130,481	100.0 %	$193,934,125,410	100.0 %	$200,432,557,803	100.0 %

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

Budget Reserve Accounts (General Fund; Education Fund; Medicaid Growth Reduction and Budget Stabilization Account)

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

The State is implementing reforms in the Medicaid program in an effort to bring Medicaid growth more in line with overall State revenue growth. If at the end of a Fiscal Year there is a General Fund revenue surplus and Medicaid growth is below specified levels, State law requires a portion of any General Fund revenue surplus be transferred from the General Fund to the Medicaid Growth Reduction and Budget Stabilization Account. This transfer is before, and consequently reduces, the annual mandatory surplus transfer to the General Fund Budget Reserve Account.

As of the close of Fiscal Year 2015, and after mandatory year end surplus transfers, the balance in the General Fund Budget Reserve Account was $141.2 million, the balance in the Education Fund Budget Reserve Account was $349.5 million, and the balance in the Medicaid Growth Reduction and Budget Stabilization Account was $17.1 million.

State Revenues And Collections

The State receives revenues from three principal sources: taxes, including sales and use, individual income, business, motor and special fuel, and other miscellaneous taxes; federal grants–in–aid; and miscellaneous charges and receipts, including licenses, permits and fees, profits from state liquor stores, the State's share of mineral royalties, bonuses on federal land, and other miscellaneous revenues.

Fiscal Year 2015 Tax Collections. Fiscal Year 2015 ended with combined General Fund and Education Fund (collectively, "GF/EF") revenue collections coming in $96 million above the final Fiscal Year 2015 forecast, at $5,805 million. In addition, other adjustments of $6.7 million brought the total year–end surplus to $102.8 million before budget reserve account deposits. Of this year–end surplus amount, $118.5 million came from Education Fund collections offset by $15.7 million from General Fund collections below projections. After the $59 million deposit to the Education Fund Budget Reserve Account, about $44 million remains available for appropriation during the 2016 legislative session.

Fiscal Year 2016 and 2017 Projections. The most recent Consensus Revenue Forecast for GF/EF revenues was made and released in February 2016. Fiscal Year 2016 GF/EF unrestricted revenue is forecast to increase 3.2% ($184 million above Fiscal Year 2015 actual collections) to $5,990 million, and to increase an additional 4.4% in Fiscal Year 2017 to $6,256 million. These estimates come from projected strong growth in the individual income tax ($3,158 million in Fiscal Year 2015; projected $3,361 million in Fiscal Year 2016; and projected $3,534 million Fiscal Year 2017) and corporate income tax ($374 million in Fiscal Year 2015; projected $358 million in Fiscal Year 2016; and projected $374 million in Fiscal Year 2017), as well as growth in the portion of sales and use tax deposited to the General Fund ($1,715 million in Fiscal Year 2015; projected $1,775 million in Fiscal Year 2016; and projected $1,849 million in Fiscal Year 2017), offset somewhat by anticipated reductions in oil and gas severance tax collections ($70 million in Fiscal Year 2015; projected $25 million in Fiscal Year 2016; and projected $20 million in Fiscal Year 2017, after shifting $10 million from the General Fund to the Permanent State Trust Fund).

These estimates include the effect of policy changes made in recent years that increase earmarks of certain of sales tax revenues to transportation, which restrains the growth in free revenue. Total sales tax earmarks grew from $189 million in Fiscal Year 2011, to $332 million in Fiscal Year 2012, to $422 million in Fiscal Year 2013, to $422 million in Fiscal Year 2014, and to nearly $496 million in Fiscal Year 2015. The large increases in recent years are largely due to the fact that a new earmark designating 30% of the growth in sales tax revenue, up to a specified cap, became effective. Sales tax earmarks in Fiscal Year 2016 and Fiscal Year 2017 are expected to total $540 million and $595 million, respectively.

State Economy. The State's economy continues to grow, with positive economic indicators, income, and employment that outpace the nation. Tax collections have received a boost from broad–based economic growth, including steady and sustained growth in labor markets in a broad range of industries, healthy corporate profits, and stock market gains, offset to some extent by a slowdown in the oil and gas industry. Steady economic growth is projected in the next two years. Taxable sales growth is estimated to be 5% in Fiscal Year 2016 and 5.4% in Fiscal Year 2017. Factors which negatively weigh on the economic forecast include political gridlock in Washington D.C., weakness in international markets, and action by the Federal Reserve Bank to adjust its monetary policy stance, potentially resulting in increasing mortgage interest rates (and their impact on the housing market), declining consumer sentiment, and a slowdown in the rate of growth in the labor market.

Legislation Impacting Tax Collections. In the 2015 General Session, the Legislature passed several bills impacting state budget revenues. House Bill 362, Transportation Infrastructure Funding, adjusts transportation fuel taxes by approximately $75 million once fully implemented in Fiscal Year 2017, including increasing and indexing the taxes for inflation going forward based on the wholesale price. Senate Bill 97, Property Tax Equalization Amendments, increases a local property tax imposed statewide for schools by $75 million. Although technically a local tax, this property tax is incorporated into state school funding formulas. In addition, economic incentive tax credits were provided in Senate Bill 216, High Cost Infrastructure Tax Credits, for qualifying new infrastructure investment projects in the State.

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Fiscal Year Revenue Collections

Revenue Source	Nominal Revenue ($ in Millions) 2017 (e)	2016 (r)	2015	2014	2013	2012	2011	% Change 2016–17	% Change 2015–16	% Change 2014–15	% Change 2013–14	% Change 2012–13	% Change 2011–12
Sales and use tax……………………………………	$1,849.2	$1,774.6	$1,714.9	$1,655.8	$1,615.9	$1,582.5	$1,601.4	4.2	3.5	3.6	2.5	2.1	(1.2)
Earmarked sales and use tax………………...….	595.3	540.1	495.8	451.6	422.1	332.1	189.2	10.2	8.9	9.8	7.0	27.1	75.5
Total sales and use tax………………….	2,444.5	2,314.7	2,210.7	2,107.4	2,038.0	1,914.6	1,790.6	5.6	4.7	4.9	3.4	6.4	6.9
Cable/satellite excise tax…………………………	28.1	28.7	28.4	26.0	26.9	28.7	25.4	(2.1)	1.1	9.3	(3.4)	(6.3)	13.0
Liquor profits………………………………………	109.4	102.7	95.4	87.8	81.4	70.8	62.3	6.5	7.7	8.6	7.9	15.0	13.6
Insurance premiums……………………………..…	93.2	91.5	92.4	91.2	89.6	84.4	75.9	1.9	(1.0)	1.3	1.8	6.2	11.2
Beer, cigarette and tobacco……………………….	114.3	114.8	115.9	113.1	120.9	125.4	125.5	(0.4)	(0.9)	2.5	(6.4)	(3.6)	(0.1)
Oil and gas severance tax………………………….	20.4	25.2	69.7	89.2	53.2	65.5	59.9	(19.0)	(63.8)	(21.8)	67.6	(18.8)	9.3
Metal severance tax……………………………….	9.5	9.1	16.3	15.9	16.9	25.4	27.1	4.4	(44.2)	2.8	(6.2)	(33.5)	(6.3)
Inheritance tax……………………………………	0.0	0.0	0.0	0.0	0.0	0.0	0.1	–	–	–	–	–	(100.0)
Investment income…………………………………	8.2	7.9	6.6	5.0	6.0	5.6	2.4	3.8	19.7	31.3	(16.2)	7.1	133.3
General Fund (other)……………………………….	86.4	84.5	90.9	81.8	80.4	95.9	72.3	2.2	(7.0)	11.1	1.8	(16.2)	32.6
Property and energy credit……………………….	(6.0)	(5.9)	(5.4)	(6.0)	(6.3)	(6.8)	(6.0)	1.7	9.3	(9.4)	(5.4)	(7.4)	13.3
Total General Fund……………………….	2,312.7	2,233.1	2,225.1	2,159.8	2,084.9	2,077.4	2,046.3	3.6	0.4	3.0	3.6	0.4	1.5
Total General Fund and earmarks…………	2,908.0	2,773.2	2,720.9	2,611.4	2,507.0	2,409.5	2,235.5	4.9	1.9	4.2	4.2	4.0	7.8
Individual income tax…………………………….	3,533.9	3,361.3	3,157.7	2,889.8	2,852.0	2,459.4	2,298.2	5.1	6.4	9.3	1.3	16.0	7.0
Withholding……………………………………	0.0	0.0	0.0	2,404.8	2,313.7	2,151.8	2,035.3	–	–	–	3.9	7.5	5.7
Final payments…………………………………	0.0	0.0	0.0	882.2	922.0	689.0	669.3	–	–	–	(4.3)	33.8	2.9
Refunds…………………………………………	0.0	0.0	0.0	(397.3)	(383.7)	(381.4)	(406.4)	–	–	–	3.5	0.6	(6.2)
Corporate taxes……………………………………	373.8	358.4	373.9	313.5	338.2	268.9	260.7	4.3	(4.1)	19.3	(7.3)	25.8	3.1
Mineral production withholding………………….	15.1	16.7	27.4	32.4	26.1	28.3	26.7	(9.6)	(39.1)	(15.3)	24.0	(7.8)	6.0
Education Fund (other)……………………………	20.8	20.8	21.5	23.2	27.8	25.2	26.6	0.0	(3.3)	(7.3)	(16.5)	10.3	(5.3)
Total Education Fund………………………	3,943.6	3,757.2	3,580.5	3,258.9	3,244.1	2,781.9	2,612.2	5.0	4.9	9.9	0.5	16.6	6.5
Total General Fund and Education Fund…..	6,256.3	5,990.3	5,805.6	5,418.7	5,329.0	4,859.3	4,658.5	4.4	3.2	7.1	1.7	9.7	4.3
Total General Fund and Education Fund…..		184.7											
and earmarks……………………………	6,851.6	6,530.4	6,301.4	5,870.3	5,751.1	5,191.4	4,847.7	4.9	3.6	7.3	2.1	10.8	7.1
Motor fuel tax…………..…………………………….	328.3	289.4	261.7	256.8	256.9	253.0	252.5	13.4	10.6	1.9	(0.1)	1.5	0.2
Special fuel tax.……………………………………	120.5	109.7	100.1	101.7	101.4	104.1	102.2	9.8	9.6	(1.6)	0.3	(2.6)	1.9
Other……...…………………………………………	88.7	87.4	85.1	82.0	81.2	79.2	80.7	1.5	2.7	3.7	1.0	2.5	(1.9)
Total Transportation Fund…………………	537.5	486.5	446.9	440.5	439.4	436.2	435.4	10.5	8.9	1.5	0.3	0.7	0.2
Mineral lease payments………………………….	68.0	73.4	141.7	167.6	136.9	194.0	152.8	(7.4)	(48.2)	(15.5)	22.4	(29.4)	27.0
Totals………………………………………	6,861.8	6,550.2	6,394.2	6,026.8	5,905.3	5,489.5	5,246.7	4.8	2.4	6.1	2.1	7.6	4.6
Totals and earmarks………………………	$7,457.1	$7,090.3	$6,890.0	$6,478.4	$6,327.4	$5,821.6	$5,435.9	5.2	2.9	6.4	2.4	8.7	7.1

(e)estimate; (r) revised

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

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

	Fiscal Year ($ in Thousands)									
	2015	% (1)	2014	% (1)	2013	% (1)	2012	% (1)	2011	% (1)
Taxes	$ 6,539,886	57%	$ 6,151,366	56%	$ 6,003,810	55%	$ 5,505,992	52%	$ 5,125,627	52%
Federal contracts and grants	3,478,563	31	3,463,045	32	3,489,515	32	3,561,512	34	3,626,354	36
All other misc. revenues	1,417,953	12	1,367,281	12	1,328,275	13	1,420,925	14	1,248,819	12
Total all funds	$11,436,402	100%	$10,981,695	100%	$10,821,600	100%	$10,488,429	100%	$10,000,800	100%

(1) Percentage of total Governmental Fund revenue.

(Source: Division of Finance.)

Most government services of the State are paid through one of its major governmental funds. In Fiscal Year 2015, the State's major governmental funds were the General Fund, Education Fund, Transportation Fund, and Transportation Investment Fund.

Revenue Summary. For Fiscal Year 2015, General Fund revenues from all sources totaled approximately $5.6 billion. Of this amount, 47% came from federal contracts and grants; 31% came from sales taxes; 8% came from charges for services and licenses, permits and fees; 8% came from federal mineral leases, investment income and miscellaneous and other revenues; and 6% came from other tax sources.

In the Education Fund for Fiscal Year 2015, revenues from all sources totaled approximately $4.2 billion. Of this amount, 77% came from individual income taxes; 11% came from federal contracts and grants; 9% came from corporate franchise taxes; 2% came from charges for services, licenses, permits and fees, and miscellaneous and other revenue; and 1% came from investment income.

In the Transportation Fund for Fiscal Year 2015, revenues from all sources totaled approximately $952 million. Of this amount, 33% came from federal contracts and grants; 39% came from motor and special fuel taxes; 19% came from charges for services and licenses, permits, and fees; 5% came from sales and use taxes; and 4% came from other miscellaneous taxes and fees.

In the Transportation Investment Fund for Fiscal Year 2015, revenues from all sources totaled approximately $506 million. Of this amount, 84% came from sales tax revenue; 15% came from motor vehicle registration fees; and 1% came from investment income.

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

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

Revenues by Source—All Governmental Fund Types (1)

	Fiscal Year ($ in Thousands)				
	2015	2014	2013	2012	2011
Taxes:					
Individual income tax	$ 3,211,476	$ 2,916,015	$ 2,865,195	$ 2,518,373	$ 2,332,562
Sales and use tax	2,204,389	2,121,249	2,057,581	1,934,035	1,812,011
Other taxes	386,066	432,178	400,111	414,744	397,248
Motor and special fuel tax	371,412	359,176	351,197	353,299	352,918
Corporate tax	366,543	322,748	329,726	285,541	230,888
Total taxes	6,539,886	6,151,366	6,003,810	5,505,992	5,125,627
Other revenues:					
Federal contracts and grants	3,478,563	3,463,045	3,489,515	3,561,512	3,626,354
Charges for services	619,395	607,286	602,884	555,787	466,861
Miscellaneous and other	384,968	327,880	305,267	393,010	332,722
Licenses, permits and fees	194,648	188,653	185,976	183,630	188,998
Federal mineral lease	138,635	158,193	138,122	183,739	135,979
Investment income	67,687	78,061	63,322	47,469	54,719
Intergovernmental	12,620	7,211	32,704	34,407	18,537
Federal aeronautics (2)	–	–	–	22,883	51,003
Total other revenues	4,896,516	4,830,329	4,817,790	4,982,437	4,875,173
Total revenues	$11,436,402	$10,981,695	$10,821,600	$10,488,429	$10,000,800

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

(2) In Fiscal Year 2013, the federal aeronautics program revenues and expenditures were reevaluated and will no longer be reported within the Transportation Fund, but have been reclassified as agency funds.

(Sources: Division of Finance and the Fiscal Year 2015 CAFR.)

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Expenditures by Function—All Governmental Fund Types (1)

Function	Fiscal Year ($ in Thousands) 2015	2014	2013	2012	2011
Public education	$ 3,340,290	$ 3,202,007	$ 3,097,161	$ 2,999,706	$ 3,059,351
Health and environmental quality	2,517,513	2,434,410	2,254,252	2,144,101	2,008,356
Transportation	903,700	902,788	951,277	1,087,332	997,695
Higher education (colleges and universities)	875,610	781,998	735,438	721,074	718,026
Employment and family services (2)	730,972	703,441	776,262	706,181	703,786
Human/juvenile justice services	723,663	692,277	669,091	645,418	646,411
Capital outlay (3)	499,705	380,930	524,582	973,206	1,236,168
Debt service	455,733	479,760	463,740	434,347	366,404
General government	386,059	374,134	360,759	354,486	316,440
Corrections	272,053	266,246	251,118	245,829	238,090
Public safety	266,586	271,716	255,727	239,453	207,426
Natural resources	190,378	184,465	178,330	153,698	189,430
Courts	137,901	132,886	129,693	127,066	128,676
Business, labor and agriculture	101,331	105,915	99,828	99,689	93,149
Higher education (State Adm.)	56,935	48,920	51,901	49,359	48,836
Heritage and Arts (2)	24,041	24,231	27,344	155,575	160,338
Total expenditures	$11,482,470	$10,986,124	$10,826,503	$11,136,520	$11,118,582

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

(2) In Fiscal Year 2013 the Department of Community and Culture was renamed the Department of Heritage and Arts. In addition the housing division was moved to the Department of Workforce Services reported in Employment and Family Services. The related expenditures are now reported within that department.

(3) In Fiscal Year 2012 the Transportation Investment Fund was reclassified as a capital projects fund. Expenditures relating to this fund have been moved from Transportation expenditures to Capital Outlay for all Fiscal Years.

(Sources: Division of Finance and the Fiscal Year 2015 CAFR.)

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Summary of Changes in Fund Balance

All Governmental Fund Types (1)

	Fiscal Year ($ in Thousands)				
	2015	2014	2013	2012	2011
Revenues	$11,436,402	$10,981,695	$10,821,600	$10,488,429	$10,000,800
% change over previous year	4.1%	1.5%	3.2%	4.9%	3.2%
Expenditures	(11,482,470)	(10,986,124)	(10,826,503)	(11,136,520)	(11,118,582)
% change over previous year	4.5%	1.5%	(2.8)%	0.2%	2.2%
Net other financing sources (uses) (2)	113,117	294,868	131,148	762,532	1,152,131
Special item (3): Comp. Health Ins. Pool transfer	16,288	–	–	–	–
Net change in fund balance	$ 83,337	$ 290,439	$ 126,245	$ 114,441	$ 34,349

(1) Includes all governmental fund types (except Trust Lands).
(2) Includes sale of capital assets, bond proceeds, net of any refunding issues, plus financing provided from capital leasing and net fund transfers. In addition, beginning balances are not reflected in this table.
(3) The Federal Health Insurance Pool Fund discontinued operations since enrollees in this temporary insurance program transitioned into the qualified health plans offered through the Utah Federal Facilitated Marketplace.

(Sources: Division of Finance and the Fiscal Year 2015 CAFR.)

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Fund Balances—All Governmental Fund Types (1)

Fund	As of June 30 ($ in Thousands) 2015	2014	2013	2012	2011
General	$ 908,002	$ 866,135	$ 845,446	$ 737,305	$ 700,346
Special Revenue:					
Education	1,002,163	905,135	832,770	629,696	500,434
Transportation	211,512	248,803	229,139	221,442	235,408
State endowment	169,067	159,509	137,250	123,539	120,959
Rural development	35,982	37,510	36,381	32,180	40,149
Miscellaneous special revenue	23,070	21,664	21,425	18,906	11,426
Environmental reclamation	19,191	20,698	22,909	25,011	21,592
Universal telephone	5,309	4,593	2,869	1,265	931
Consumer education	4,178	4,511	4,783	4,428	3,327
Crime victim reparation	2,735	2,379	3,038	4,736	5,381
State capitol	1,135	2,254	1,897	2,269	1,908
Capital Projects:					
Transportation investment (2)	569,590	631,417	459,490	624,789	588,402
General government	156,401	121,390	100,784	139,690	200,810
State Building Ownership	1,497	1,501	1,551	10,511	24,204
Debt Service:					
General government	7,672	7,293	6,685	3,834	1,408
State Building Ownership	984	359	1,744	2,315	10,790
Total	$3,118,488	$3,035,151	$2,708,161	$2,581,916	$2,467,475

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

(2) In Fiscal Year 2012 the Transportation Investment Fund was reclassified as a capital projects fund. Fund balance relating to this fund have been moved from Special Revenue to Capital Projects for all Fiscal Years.

(Sources: Division of Finance and the Fiscal Year 2015 CAFR.)

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General Fund—Revenues, Expenditures and Fund Balances

	Fiscal Year ($ in Thousands)				
	2015	2014	2013	2012	2011
Revenues:					
Federal contracts and grants	$2,656,092	$2,630,161	$2,532,330	$2,548,200	$2,638,508
Sales and use tax	1,729,509	1,661,913	1,619,537	1,591,614	1,624,243
Charges for services	452,712	438,279	434,967	394,040	331,045
Other taxes	357,272	368,292	338,478	355,129	342,424
Miscellaneous and other	257,729	240,080	214,126	209,312	188,545
Federal mineral lease	138,635	158,193	138,122	183,739	135,979
Licenses, permits and fees	27,147	26,832	27,153	28,415	35,616
Investment income	7,596	8,165	6,569	8,784	8,367
Total revenues	$5,626,692	$5,531,915	$5,311,282	$5,319,233	$5,304,727
% change over previous year	1.7%	4.2%	(0.1)%	0.3%	5.9%
Expenditures	$6,160,589	$5,915,943	$5,671,148	$5,531,916	$5,384,730
% change over previous year	4.1%	4.3%	2.5%	2.7%	2.7%
Fund Balance: (1)					
Committed	$496,758	$507,380	$496,795	$489,487	$445,540
Assigned	252,369	197,842	193,770	159,082	212,002
Nonspendable:					
Prepaid items	96,939	73,033	67,790	23,450	–
Long–term portion of inter-fund loan	26,996	38,832	44,360	13,357	10,134
Inventories	662	926	800	662	538
Restricted	34,278	40,898	41,931	39,745	31,523
Unassigned	–	7,224	–	11,342	609
Total fund balance	$908,002	$866,135	$845,446	$737,305	$700,346
% change over previous year	4.8%	2.4%	14.7%	5.3%	8.1%

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

(Sources: Division of Finance and the Fiscal Year 2015 CAFR.)

Fiscal Year 2016–Budget And Related Appropriations

Statewide Summary. As of the March 2015 enacted budget, the State's Fiscal Year 2016 operating and capital budget is $14.2 billion from all sources. This is a 5.0% increase over revised Fiscal Year 2015 estimates of $13.6 billion and 5.2% more than the original Fiscal Year 2015 budget of $13.5 billion. The Governor's December 2015 budget recommends a revised total operating and capital budget of $14.45 billion in Fiscal Year 2016 and of $14.8 billion in Fiscal Year 2017.

As of February 2015 estimates upon which the enacted budget is based, state economists projected that the State would collect nearly $5.9 billion in discretionary GF/EF revenue in Fiscal Year 2016. To that revenue the Legislature added $333 million in prior year reserves and $47 million in program savings and fund transfers, balancing the State's Fiscal Year 2016 GF/EF budget at $6.3 billion, up 8.8%. The Legislature slightly decreased GF/EF appropriations in Fiscal Year 2015 by $15 million.

During the 2015 General Session, the Legislature had at its disposal $389 million in new ongoing GF/EF revenue growth, $350 million in one–time GF/EF sources, and around $47 million in other GF/EF sources. Of the new GF/EF appropriations, about 48% went in one form or another to support public and higher education, including for operations, capital development, and capital improvement. Public education received approximately 26% of the new GF/EF appropriations and higher education received approximately 22%. Capital expenditures other than higher education and prison relocation accounted for an additional 18%. Corrections recidivism reform and prison relocation accounted for 12% of new GF/EF appropriations.

Revenue Estimates. The State's main revenue sources are the sales–tax–supported General Fund and the income–tax–based Education Fund. Other major sources included in the State budget are federal funds, the gas–tax–driven Transportation Fund, sales taxes earmarked for Transportation, local property tax revenue for education and dedicated credits (fee for service revenue).

In February 2015, the executive and legislative branches jointly adopted consensus ongoing Fiscal Year 2016 GF/EF revenue estimates of $5.9 billion. This represents a 3.4% increase from the revised Fiscal Year 2014 GF/EF estimate of $5.7 billion. In November 2015, these estimates were updated to $6 billion, which represents a 3.7% increase from actual Fiscal Year 2015 collections.

Major tax changes enacted in the 2015 General Session impact transportation and education. Transportation Fund revenues are anticipated to increase by approximately $75 million once fully implemented in Fiscal Year 2017 due to legislation increasing fuel tax revenues. In addition, $75 million in local school property taxes will enhance existing programs for school districts with a comparatively low property tax base per student.

Appropriations. The Legislature approved $16.6 billion in appropriations from all sources for all purposes in Fiscal Year 2016, which includes some double–counting of funds. Adjusting for account deposits, loan funds, certain enterprise funds, internal service funds, and capital projects appropriations, the State's operating and capital budget–including appropriations to expendable funds and accounts–is $14.2 billion for Fiscal Year 2016.

Of the total Fiscal Year 2016 amount, the Legislature appropriated $6.3 billion from the GF/EF, an increase of 8.8% over the revised Fiscal Year 2015 budget. Supplemental appropriations from the GF/EF decreased by $15 million for Fiscal Year 2015.

The State currently expects that all expenditures will be equal to or less than the amount appropriated for Fiscal Year 2016.

Structural Balance. At the close of the 2015 General Session, the State had a structural budget balance of about $750,000. The Governor's December 2015 budget recommendation includes $21.5 million of ongoing funding for the prison relocation, a relatively short–term purpose, in addition to other cash-funded capital items.

Debt. The Legislature continued "pay–as–you–go" funding for most new state buildings and roads during the 2015 General Session; however, in addition to the $80 million in cash funding provided, it authorized $470 million in new general obligation bonds for prison relocation and $202 million in revenue bonds for state and higher education buildings. The Governor's December 2015 budget recommendation includes an additional $48 million in cash funding for prison relocation, including $21.5 million of ongoing funding.

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State of Utah

All Appropriations—Fiscal Year 2015 and Fiscal Year 2016

	($ in Thousands)					
	Fiscal Year 2015			%	Fiscal Year 2016	%
	Estimated	Supplemental	Revised	Change	Appropriated	Change
Sources of Finance						
General Fund…………………………	$ 2,179,052	0	$ 2,179,052	[-4.1%	$ 2,260,290	[10.9%
General Fund (one time)……………….	156,806	(95,782)	61,023		224,892	
Education Fund………………………	3,262,039	0	3,262,039		3,565,835	
Education Fund (one time)…………….	138,982	98,890	237,872	[2.3%	194,106	[7.4%
Uniform School Fund………………….	30,000	0	30,000		27,000	
Uniform School Fund (one time)……….	22,000	(18,000)	4,000		10,000	
Transportation Fund……………………	440,701	0	440,701	0.0%	457,065	3.7%
Transportation Fund (one time)……….	637	0	637	0.0%	1,039	63.1%
General Fund restricted………………..	367,647	13,429	381,077	3.7%	433,146	13.7%
Education Special Revenue……………	40,358	0	40,358	0.0%	117,537	191.2%
Transportation Special Revenue……….	62,813	940	63,753	1.5%	49,518	-22.3%
Federal funds…………………………..	3,658,703	18,109	3,676,812	0.5%	3,801,574	3.4%
Federal funds (ARRA)………………….	37,573	0	37,573	0.0%	11,608	-69.1%
Dedicated credits………………………	2,126,353	2,249	2,128,602	0.1%	2,215,295	4.1%
Land grant………………………………	1,109	0	1,109	0.0%	1,109	0.0%
Federal mineral lease…………………..	155,567	0	155,567	0.0%	152,093	-2.2%
Restricted revenue……………...…….	9,509	0	9,509	0.0%	9,510	0.0%
Special revenue……………...………..	53,458	1,973	55,431	3.7%	53,664	-3.2%
Private Purpose Trust Funds…………..	3,866	(422)	3,444	-10.9%	3,424	-0.6%
Other Trust and Agency Funds ……….	209,564	16,205	255,769	7.7%	209,564	-18.1%
Capital Project Funds………………….	582,688	7,969	590,657	1.4%	561,145	-5.0%
Internal Service Funds…………………	10,940	0	10,940	0.0%	9,040	-17.4%
Enterprise Funds……………………….	201,063	(173)	200,890	-0.1%	198,645	-1.1%
Transfers ………………..…………….	771,693	2,977	774,669	0.4%	786,620	1.5%
Other financing sources………………..	1,118,703	0	1,118,703	0.0%	1,280,312	14.4%
Pass–through……………...…………..	23,368	0	23,368	0.0%	24,388	4.4%
Beginning balance……………………..	2,838,629	0	2,838,629	0.0%	2,234,488	-21.3%
Closing balance………………………..	(2,287,254)	4,767	(2,282,488)	-0.2%	(2,282,862)	0.0%
Lapsing balance………………………..	(18,064)	0	(18,064)	0.0%	(752)	-95.8%
Total………………...……….	$16,198,502	$ 53,130	$16,251,632	0.3%	$ 16,609,292	2.2%
Appropriation Categories						
Operating and capital budgets (1)………	$13,578,663	$ 25,816	$13,604,477	0.2%	$ 14,242,921	4.7%
Enterprise/loan funds………………….	381,369	0	381,369	0.0%	379,158	-0.6%
Internal Service Funds…………………	352,465	250	352,715	0.1%	362,173	2.7%
Transfers to restricted funds/accounts….	33,502	2,903	36,405	8.7%	190,228	422.5%
Transfers to unrestricted funds………..	98,848	24,162	123,010	24.4%	22,404	-81.8%
Fiduciary funds………………………..	216,918	0	216,918	0.0%	221,307	2.0%
Capital project funds ………………….	1,536,737	0	1,536,737	0.0%	1,191,100	-22.5%
Total………………...……….	$16,198,502	$ 53,130	$16,251,632	0.3%	$ 16,609,292	2.2%

(1) Includes appropriations to expendable funds and accounts.

(Source: Office of the Legislative Fiscal Analyst. Bills passed by both houses during the 2015 General Session)

Financial Summaries

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

Revenues and Expenditures for Fiscal Years 2015, 2014 and 2013 ($ in Thousands)

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

	Fiscal Year 2015		Fiscal Year 2014		Fiscal Year 2013	
	Amounts	% Change From Prior Year	Amounts	% Change From Prior Year	Amounts	% Change From Prior Year
Revenues (1):						
Federal revenues	$ 3,439,835	0%	$ 3,430,766	0%	$ 3,443,961	(2)%
Individual and corporate income taxes	3,578,019	10	3,238,763	1	3,194,921	14
Sales and use tax	2,199,844	4	2,116,867	3	2,053,499	6
Other	1,290,233	5	1,234,380	5	1,177,619	(8)
Other taxes	372,978	(11)	419,346	8	387,725	(4)
Motor/special fuel taxes	371,412	3	359,176	2	351,197	0
Total	$11,252,321	4%	$10,799,298	2%	10,608,922	3%
Expenditures	$10,722,546	4%	$10,277,126	2%	$10,068,139	(3)%

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

(Source: Division of Finance and the Fiscal Year 2015 CAFR.)

Other Summaries. The following summaries were extracted from the State's audited financial statements for Fiscal Years 2011 through 2015. The summaries have not been audited. The financial information presented in the summaries is presented on a fund statement basis and not on a government–wide statement basis.

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

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

For 10–year financial history of various State funds see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015–Statistical Section" at the indicated pages as set forth below.

(i) Schedule A–1, Net Position by Component (page A–224);

(ii) Schedule A–2, Changes in Net Position (page A–226).

(iii) Schedule A–3, Fund Balances–Governmental Funds (page A–230); and

(iv) Schedule A–4, Changes in Fund Balances–Governmental Funds (page A–232).

State of Utah

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

(This summary is unaudited)

	As of June 30 ($ in Thousands)				
	2015	2014	2013	2012	2011
Assets:					
Cash and cash equivalents	$ 1,497,920	$ 1,411,644	$ 1,376,735	$ 1,305,491	$ 1,089,211
Investments	1,235,804	1,215,649	944,035	933,075	1,232,088
Receivables:					
Accrued taxes, net	1,124,075	969,870	979,456	855,641	748,111
Accounts, net	524,122	611,057	649,422	751,799	694,257
Capital lease payments, net	98,480	102,110	103,620	102,540	–
Notes/mortgages, net	8,810	9,870	11,896	13,466	8,183
Accrued interest	74	62	54	56	61
Prepaid items	96,939	73,033	67,790	23,450	–
Due from component units	76,248	36,489	59,465	45,354	39,028
Interfund loans receivable	48,729	61,195	59,235	47,998	38,358
Due from other funds	35,656	36,847	33,738	29,376	33,252
Inventories	14,267	14,944	12,780	12,245	11,061
Other assets	–	–	–	–	30
Total assets	$ 4,761,124	$ 4,542,770	$ 4,298,226	$ 4,120,491	$ 3,893,640
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Accounts payable and accrued liabilities	$ 878,928	$ 821,825	$ 937,720	$ 977,816	$ 937,645
Unearned revenue (2)	82,221	77,690	595,536	498,478	404,386
Due to other funds	57,390	64,026	56,182	61,491	74,888
Due to component units	300	40	627	790	9,246
Total liabilities	1,018,839	963,581	1,590,065	1,538,575	1,426,165
Deferred inflows of resources (2):					
Unavailable revenue	623,797	544,038	–	–	–
Fund balance:					
Committed	1,339,327	1,373,166	1,189,190	1,121,470	835,818
Restricted	1,225,396	1,201,479	1,136,685	1,128,775	1,223,114
Assigned	415,563	326,473	257,356	271,097	386,739
Nonspendable:					
Prepaid items	96,939	73,033	67,790	23,450	–
Long–term portion of Interfund Loans	26,996	38,832	44,360	13,537	10,134
Inventories	14,267	14,944	12,780	12,245	11,061
Unassigned	–	7,224	–	11,342	609
Total fund balances	3,118,488	3,035,151	2,708,161	2,581,916	2,467,475
Total liabilities, deferred inflows of resources and fund balances	$ 4,761,124	$ 4,542,770	$ 4,298,226	$ 4,120,491	$ 3,893,640

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

(2) Beginning Fiscal Year 2015, certain assets and liabilities have been reclassified as Deferred Outflows or Inflows of Resources per implementation of Governmental Accounting Standards Board (GASB) Statement 65, Items Previously Reported as Assets and Liabilities.

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

State of Utah

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

(This summary is unaudited)

	Fiscal Year Ended June 30 ($ in Thousands)				
	2015	2014	2013	2012	2011
Revenues:					
Taxes:					
Sales and use tax	$ 1,729,509	$ 1,661,913	$ 1,619,537	$ 1,591,614	$ 1,624,243
Other taxes	357,272	368,292	338,478	355,129	342,424
Total taxes	2,086,781	2,030,205	1,958,015	1,946,743	1,966,667
Other revenues:					
Federal contracts and grants	2,656,092	2,630,161	2,532,330	2,548,200	2,638,508
Charges for services	452,712	438,279	434,967	394,040	331,045
Miscellaneous and other	257,729	240,080	214,126	209,312	188,545
Federal mineral lease	138,635	158,193	138,122	183,739	135,979
Licenses, permits and fees	27,147	26,832	27,153	28,415	35,616
Investment income	7,596	8,165	6,569	8,784	8,367
Total revenues	5,626,692	5,531,915	5,311,282	5,319,233	5,304,727
Expenditures:					
Current:					
Health and environmental quality	2,512,722	2,428,911	2,248,205	2,140,696	2,004,434
Higher education–colleges and universities	854,181	768,602	715,904	698,676	705,156
Employment and family services	718,477	693,186	775,393	705,715	703,449
Human services and juvenile justice services	717,979	687,646	665,861	641,984	643,804
General government	350,278	340,503	326,209	326,830	290,686
Corrections	269,379	263,195	248,528	241,943	235,662
Public safety	241,189	252,226	221,534	222,087	200,821
Natural resources	188,051	180,963	177,704	152,007	187,344
Courts	137,901	132,886	129,693	127,066	128,676
Business, labor, and agriculture	89,562	94,681	88,691	87,842	84,474
Higher education–state administration	56,935	48,920	51,901	49,359	48,836
Heritage and arts (1)	23,935	24,224	21,525	137,711	151,388
Total expenditures	6,160,589	5,915,943	5,671,148	5,531,916	5,384,730
Excess revenues over (under) expenditures	(533,897)	(384,028)	(359,866)	(212,683)	(80,003)
Other financing sources (uses):					
Transfers in	798,333	665,976	664,735	470,328	423,678
Transfers out	(238,880)	(291,941)	(196,765)	(220,696)	(290,982)
Sale of capital assets	23	–	37	10	9
Total other financing sources (uses)	559,476	374,035	468,007	249,642	132,705
Special item:					
Comprehensive health insurance pool transfer	16,288	–	–	–	–
Net change in fund balance	41,867	(9,993)	108,141	36,959	52,702
Beginning fund balance	866,135	845,446	737,305	700,346	647,644
Adjustments to beginning fund balance (2)	–	30,682	–	–	–
Beginning fund balance as adjusted	866,135	876,128	737,305	700,346	647,644
Ending fund balance	$ 908,002	$ 866,135	$ 845,446	$ 737,305	$ 700,346

(1) In Fiscal Year 2013, the Department of Community and Culture was renamed to the Department of Heritage and Arts. In addition, the housing division was moved to the Department of Workforce Services reported in Employment and Family Services. The related expenditures are now reported within that department.

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

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

State of Utah

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

(This summary is unaudited)

	Fiscal Year Ended June 30 ($ in Thousands)				
	2015	2014	2013	2012	2011
Revenues:					
Taxes:					
Individual income tax	$ 3,211,476	$ 2,916,015	$ 2,865,195	$ 2,518,373	$ 2,332,562
Sales and use tax (2)	470,335	454,954	433,962	338,511	183,969
Motor and special fuels tax	371,412	359,176	351,197	353,299	352,918
Corporate tax	366,543	322,748	329,726	285,541	230,888
Other taxes (3)	15,706	51,054	49,247	47,592	46,830
Total taxes	4,435,472	4,103,947	4,029,327	3,543,316	3,147,167
Other revenues:					
Federal contracts and grants	783,743	800,605	911,631	979,796	962,500
Licenses, permits and fees	167,501	161,821	158,823	155,215	153,382
Charges for services	91,231	93,439	92,035	87,976	85,727
Miscellaneous and other	59,386	61,152	63,871	159,763	116,828
Investment income	50,672	46,419	41,953	35,064	33,477
Liquor sales allocated for school lunch (3)	37,624	–	–	–	–
Federal aeronautics (4)	–	–	–	22,883	51,003
Total other revenues	1,190,157	1,163,436	1,268,313	1,440,697	1,402,917
Total revenues	5,625,629	5,267,383	5,297,640	4,984,013	4,550,084
Expenditures:					
Current:					
Public education	3,339,724	3,201,314	3,096,625	2,999,350	3,059,201
Transportation (4)	902,329	902,110	950,708	1,086,479	997,695
Capital outlay (5)	319,904	257,759	349,658	803,775	980,573
Total expenditures	4,561,957	4,361,183	4,396,991	4,889,604	5,037,469
Excess revenues over (under) expenditures	1,063,672	906,200	900,649	94,409	(487,385)
Other financing sources (uses):					
Transfers in	158,607	177,699	148,183	156,756	199,775
Sale of capital assets	2,485	1,994	10,245	12,276	14,607
General obligation bonds issued	–	226,175	–	563,060	955,260
Premium on bonds issued	–	23,825	–	83,340	36,740
Transfers out	(1,226,854)	(1,077,806)	(1,013,605)	(758,158)	(733,084)
Total other financing sources (uses)	(1,065,762)	(648,113)	(855,177)	57,274	473,298
Net changes in fund balances	(2,090)	258,087	45,472	151,683	(14,087)
Beginning fund balance	1,785,355	1,521,399	1,475,927	1,324,244	1,338,331
Adjustments to beginning fund balances (6)	–	5,869	–	–	–
Beginning fund balance as adjusted	1,785,355	1,527,268	1,475,927	1,324,244	1,338,331
Ending fund balances	$ 1,783,265	$ 1,785,355	$ 1,521,399	$ 1,475,927	$ 1,324,244

(1) The major special revenue funds include the Education Fund (which includes all the activity of the Uniform School Fund–previously a major special revenue fund–to be reported within the Education Fund) and Transportation Fund. The major capital project fund is the Transportation Investment Fund (in Fiscal Year 2012 the Transportation Investment Fund was reclassified as a capital projects fund).

(2) Beginning in Fiscal Year 2007, 8.3% of general sales and use tax collections (approximately $150 million) is annually being transferred from the General Fund into the Transportation Investment Fund (a Major Special Revenue Fund) as directed by the 2006 Legislature. The 8.3% was reduced to 1.93% for Fiscal Year 2011. Additionally, beginning in Fiscal Year 2013, an amount equal to 30% of the growth in future sales and use tax collections (approximately $74 million) is annually being transferred from the General Fund into the Transportation Investment Fund as directed by the 2011 Legislature.

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

(4) In Fiscal Year 2013, the federal aeronautics program revenues and expenditures were reevaluated and will no longer be reported within the Transportation Fund. They have been reclassified as agency funds.

(5) In Fiscal Year 2012, the Transportation Investment Fund was reclassified as a capital projects fund. Expenditures relating to this fund have been moved from Transportation expenditures to Capital Outlay for all Fiscal Years.

(6) During Fiscal Year 2014, in evaluating and refining the process used for measuring and recording revenues and receivables for various tax types, a prior period adjustment was made to increase beginning fund balance in the Transportation Fund by $951,000 and the Transportation Investment Fund by $4.918 million.

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

Discussion And Analysis Of Financial Statements For Fiscal Year 2015

The State prepared a narrative discussion, overview, and analysis of the financial activities of the State for Fiscal Year 2015. For the complete discussion see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015–Management's Discussion and Analysis" (page A–17).

Capital Expenditure Authorizations

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

Capital Expenditure Authorizations (In Millions)

Fiscal Year				
2016	2015	2014	2013	2012
$1,546.0	$1,015.0	$1,115.8	$1,057.0	$979.3

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

Investment Of Funds

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

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

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

See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015–Notes to the Financial Statements–Note 3. Deposits and Investments" (page A–74) and "–Note 4. Investment Pool" (page A–90).

State Employee Workforce; Public Retirement System

State Employee Workforce. The State is among the largest employers in the State employing 19,957 people (full–time equivalents) in Fiscal Year 2015. For a 10–year history of the State's employment numbers see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015–Statistical Section–Schedule E–1 Full–time Equivalent State Employees by Function" (page A–254).

Public Retirement System. All full–time employees of the State are members of the Utah State Retirement System ("URS") and the State participates in various contribution systems and pension plans provided by URS. URS has separate accounting systems and prepares a separate financial report covering all retirement systems and deferred compensation plans it administers. URS's CAFR for Calendar Year 2014 is reported in the 2015 CAFR as a pension trust fund for URS within the fiduciary funds. See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015–Fiduciary Fund Financial Statements–Statement of Fiduciary Net Position Fiduciary Funds–Pension and Other Employee Benefit Trust Funds" (pages A–56 and A–57). Copies of URS's CAFR for Calendar Year 2014 may be found at https://www.urs.org/publications/members.

The State contributes to URS an actuarially determined 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 and, in some cases, additional statutorily required amounts. For Fiscal Year 2015, the State contributed approximately $217.8 million to URS, which was 100% of its contractually and statutorily required contributions.

For a detailed discussion regarding retirement benefits and contributions and information regarding the Fiduciary Net Position, the Total Pension Liability, and the Net Pension Liability or Asset of the URS systems providing benefits to employees of the State see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015–Notes to the Financial Statements–Note 17. Pension Plans" (page A–118).

Due to the implementation of Governmental Accounting Standard Board Statement 68, beginning Fiscal Year 2015, the State was required to record a liability and related transactions equal to its proportionate share of the collective net pension liability and expense of URS. In Fiscal Year 2015 the State recorded $1.1 million in net pension assets, $123.6 million in deferred outflows of resources, $821.1 million in net pension liability and $79.3 million in deferred inflows of resources for the primary government see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015–Notes to the Financial Statements–Note 2. Beginning Net Position Adjustments And Other Changes" (page A–73).

Other Postemployment Benefits

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

The State Legislature is contributing amounts to each trust fund that, at a minimum, is sufficient to fully fund the Annual Required Contribution ("ARC"), an actuarially determined amount calculated in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. Due to the maturity of both Plans, the State used a 20 year amortization period for the December 31, 2012 valuation.

The ARC from the December 31, 2012 actuarial valuations was used to establish the Fiscal Year 2015 and 2016 annual budget for both plans. For the State Employee OPEB Plan, the State Legislature contributed $30.342 million based on the required ARC. Prior contributions in excess of the ARC resulted in a net OPEB asset of $5.668 million at June 30, 2015. For the Elected Official OPEB Plan, the State Legislature contributed $1.388 million, $67,000 more than the required ARC of $1.321 million. The Elected Official OPEB Plan ended Fiscal Year 2015 with a net OPEB obligation of $4.126 million.

The State's most recent actuarial valuations were as of December 31, 2014. For the State Employee OPEB Plan, the actuarial accrued liability was $386.532 million, with an actuarial value of plan assets of $205.498 million, resulting in an unfunded actuarial accrued liability of $181.034 million. The amortization period used was 10 years resulting in an ARC of $29.1 million. For the Elected Official OPEB Plan, the actuarial accrued liability was $12.694 million, with an actuarial value of plan assets of $8.863 million, resulting in an unfunded actuarial accrued liability of $3.831 million. The amortization period used was 20 years resulting in an ARC of $1.241 million. The funded ratio for the State Employee OPEB Plan and the Elected Official OPEB Plan is 53.2% and 69.8%, respectively. The appropriations for Fiscal Year 2016 are sufficient to fully fund the ARC for both Plans. The State's actuarial valuations for both OPEB plans are calculated biannually.

For additional detailed discussion of the State's postemployment benefits see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements—Note 18. Other Postemployment Benefits" (page A–126).

Risk Management And Insurance

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

The property self–insurance limits are currently $1 million per claim with an annual aggregate of $3.5 million. Generally, claims in excess of the self–insured limits are covered by insurance policies with private insurance companies. The total excess coverage is $1 billion. The State has aggregate coverage of $500 million for earthquake and $500 million for flood losses.

As of June 30, 2015, the Administrative Services Risk Management Fund contained approximately $46.9 million in reserve available to pay for claims incurred. In the opinion of the State's Risk Manager, the available balance will be adequate to cover claims through Fiscal Year 2016. See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements—Note 15. Litigation, Contingencies and Commitments" (page A–115) and "—Note 19. Risk Management And Insurance" (page A–129).

LEGAL MATTERS

Absence Of Litigation Concerning The 2016 Bonds

There is no litigation pending or threatened against the 2016 Bonds questioning or in any matter relating to or affecting the validity of the 2016 Bonds.

On the date of the execution and delivery of the 2016 Bonds, certificates will be delivered by the Authority to the effect that to the knowledge of the Authority, there is no action, suit, proceeding or litigation pending or threatened against the Authority, which in any way materially questions or affects the validity or enforceability of the 2016 Bonds or any proceedings or transactions relating to their authorization, execution, authentication, marketing, sale or delivery or which materially adversely affects the existence or powers of the Authority.

A non–litigation opinion issued by the State's Attorney General, dated the date of closing, will be provided stating, among other things, that there is not now pending, or to his knowledge threatened, any action, suit, proceeding, inquiry, or any other litigation or investigation, at law or in equity, before or by any court, public board or body, challenging the creation, organization or existence of the State, the Authority or DFCM, or the titles of its respective officers to their respective offices, or the ability of the State, the Authority or DFCM, or its respective officers to authenticate, execute or deliver the 2016 Bonds or such other documents as may be required in connection with the issuance and sale of the 2016 Bonds, or to comply therewith or perform its respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2016 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2016 Bonds are issued, the legality of the purposes for which the 2016 Bonds are issued, or the validity of the 2016 Bonds or the issuance and sale thereof.

Miscellaneous Legal Matters

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

See "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements—Note 15. Litigation, Contingencies, and Commitments" (page A–115).

Attorney General's Opinion Of Effect Of Legal Proceedings On State's Ability To Make Timely Payments On 2016 Bonds

Based on discussions with representatives of the Authority and the State's executive and legislative departments, the Attorney General is of the opinion that the miscellaneous legal proceedings against the State or the Authority, individually or in the aggregate, are not likely to have a material adverse impact on the Authority's ability to make its payments of the principal of and interest on the 2016 Bonds as those payments come due or the State's ability to make its payment of Rentals as those payments come due.

Federal Income Tax Matters

In the opinion of Ballard Spahr LLP, Bond Counsel to the Authority, interest on the 2016 Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date of initial delivery of the 2016 Bonds, assuming the accuracy of the certifications of the Authority and the State and continuing compliance by the Authority and the State with the requirements of the Internal Revenue Code of 1986. Interest on the 2016 Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on 2016 Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder.

The 2016 Bonds Original Issue Premium. Some of the 2016 Bonds (collectively, the "Premium Bonds") may be offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Premium Bond through reductions in the holders' tax basis in the Premium Bond for determining taxable gain or loss from the sale or from redemption prior to maturity. Amortization of premium does not create a deductible expense or loss. Holders of Premium Bonds should consult their tax advisors for an explanation of the amortization rules.

The 2016 Bonds Original Issue Discount. Some of the 2016 Bonds (collectively, the "Discount Bonds") may be offered at a discount ("original issue discount") equal generally to the difference between the public offering price and stated redemption price at maturity. For federal income tax purposes, original issue discount on a Discount Bond accrues periodically over the term of the Discount Bond as interest with the same tax exemption and alternative minimum tax status as regular interest. The accrual of original issue discount increases the holder's tax basis in the Discount Bond for determining taxable gain or loss from the sale or from redemption prior to maturity. Holders of Discount Bonds should consult their tax advisors for an explanation of the accrual rules.

State Of Utah Income Tax

Bond Counsel is also of the opinion that interest on the 2016 Bonds is exempt from State of Utah individual income taxes under currently existing law.

No Further Opinion

Bond Counsel expresses no opinion regarding any other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the 2016 Bonds.

Changes In Federal And State Tax Laws

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the 2016 Bonds or otherwise prevent holders of the 2016 Bonds from realizing the full benefit of the tax exemption of interest on the 2016 Bonds. Further, such proposals may impact the marketability or market value of the 2016 Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to 2016 Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the 2016 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the 2016 Bonds would be impacted thereby.

Purchasers of the 2016 Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the 2016 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

General

The approving opinion of Ballard Spahr LLP, Bond Counsel to the Authority and the State, concerning the validity of the 2016 Bonds, in substantially the form set out in "APPENDIX E—PROPOSED FORM OF OPINION OF BOND COUNSEL" to this OFFICIAL STATEMENT, will be provided at the time of delivery of the 2016 Bonds. Copies of the opinion of Bond Counsel, in substantially the form set forth in "APPENDIX E—PROPOSED FORM OF OPINION OF BOND COUNSEL" to this OFFICIAL STATEMENT, will be available upon request from the chief contact person for the State indicated under the heading "INTRODUCTION—Contact Persons" above.

Bond Counsel has reviewed those portions of the OFFICIAL STATEMENT captioned: "THE 2016 BONDS (except the portions under the captions "—General," "—Estimated Sources And Uses Of Funds," and "—Book–Entry System") and "LEGAL MATTERS—Federal Income Tax Matters," and "—State Of Utah Income Tax" and "APPENDIX D—BASIC DOCUMENTATION" to the OFFICIAL STATEMENT. Bond Counsel also prepared and has reviewed "APPENDIX E—PROPOSED FORM OF OPINION OF BOND COUNSEL" to the OFFICIAL STATEMENT, which sets forth the anticipated form of Bond Counsel's opinion on the 2016 Bonds. Bond Counsel has not assumed responsibility for the remaining material in the OFFICIAL STATEMENT and has not verified independently the information set out therein. In addition, Bond Counsel has not assumed responsibility for any agreement, representations, offering circulars, or other material of any kind not mentioned in this paragraph, relating to the offering of the 2016 Bonds for sale.

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

MISCELLANEOUS

Bond Ratings

Moody's and S&P have rated the 2016 Bonds "Aa1", and "AA+", respectively, as of the date of this OFFICIAL STATEMENT.

Any explanation of the significance of these outstanding ratings may only be obtained from the rating service furnishing the same. The above ratings are not recommendations to buy, sell or hold the 2016 Bonds. There is no assurance that such ratings will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward change or withdrawal of such rating may have an adverse effect on the market price of the 2016 Bonds. The Authority and the State have not applied to Fitch for a rating on the 2016 Bonds.

Trustee

The obligations and duties of the Trustee are described in the Indenture and the Trustee has undertaken only those obligations and duties that are expressly set out in the Indenture. The Trustee has not independently passed upon the validity of the 2016 Bonds, the security therefore, the adequacy of the provisions for payment thereof or the exclusion from gross income for federal tax purposes of the interest on the 2016 Bonds. The Trustee may resign or be removed or replaced as provided in the Indenture. Such Trustee is empowered to take various actions set forth in the Indenture.

Municipal Advisor

The State has entered into an agreement with the Municipal Advisor whereunder the Municipal Advisor provides financial recommendations and guidance to the State with respect to preparation for sale of the 2016 Bonds, timing of sale, tax–exempt and taxable bond market conditions, costs of issuance and other factors relating to the sale of the 2016 Bonds. The Municipal Advisor has read, participated in the drafting of and provided the information in certain provisions of this OFFICIAL STATEMENT. The Municipal Advisor has not otherwise audited, authenticated or verified the information set forth in the OFFICIAL STATEMENT, or any other related information available to the State, with respect to accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Municipal Advisor respecting accuracy and completeness of the OFFICIAL STATEMENT or any other matters related to the OFFICIAL STATEMENT. Municipal Advisor fees are contingent upon the sale and delivery of the 2016 Bonds.

Independent Auditor

The financial statements of the State as of June 30, 2015, and for the fiscal year then ended, are included as "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015" to this OFFICIAL STATEMENT and have been audited by the office of the Utah State Auditor, as indicated in its report thereon. The State has neither requested nor has been obligated to obtain the consent of the State Auditor to include its report in this OFFICIAL STATE-

MENT and therefore the State Auditor has not performed any procedures with respect to such financial statements subsequent to the date of its report.

Additional Information

The foregoing description of the 2016 Bonds does not purport to be complete and is expressly made subject to the exact provisions of the complete documents, copies of which are available for inspection at the offices of the Municipal Advisor during the offering of the 2016 Bonds, and subsequently, at the office of the Trustee in Denver, Colorado.

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

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

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

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

State of Utah, State Building Ownership Authority

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David Damschen, Secretary
State Building Ownership Authority

APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015

The CAFR of the State for Fiscal Year 2015 is contained herein. Copies of current and prior financial reports are available on the Internet and upon request from the contact person as indicated under "INTRODUCTION—Contact Persons" above.

The Government Finance Officers Association of the United States and Canada ("GFOA") have awarded a Certificate of Achievement for Excellence in Financial Reporting to the State for its CAFR for the 30th consecutive year, beginning with Fiscal Year 1985 through Fiscal Year 2014.

The State has submitted its Fiscal Year 2015 CAFR to GFOA to determine its eligibility for a Certificate of Achievement. The State believes that its Fiscal Year 2015 CAFR continues to meet the Certificate of Achievement program requirements.

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

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State of Utah

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

State Of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2015

CONSTITUTIONAL OFFICERS OF THE STATE OF UTAH

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

OTHER STATE OFFICIALS

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

ACKNOWLEDGMENTS

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  - Robert D. Miles
  - Gary E. Morris, CPA, CGMA
  - Cory A. Weeks
  - Sean M. Williford

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

Department of Administrative Services

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, 2015

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State of Utah

GARY R. HERBERT
Governor

SPENCER J. COX
Lieutenant Governor

Department of Administrative Services

Kimberly K. Hood
Executive Director

Division of Finance

John C. Reidhead, CPA
Director

November 4, 2015

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

It is our pleasure to present the 2015 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 Utah State Auditor in conjunction with other independent audit firms. Their audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Utah State Auditor's report and the opinion on the fair presentation of the Basic Financial Statements are included in the Financial Section of this report.

Single Audit. Federal regulations also require the State to undergo an annual "Single Audit" in conformance with the Federal Single Audit Act of 1984, as amended, and the U.S. Office of Management and Budget Circular A–133, *Audits of State and Local Governments and Non-Profit Organizations*. Information related to the Single Audit, including the schedule of expenditures of federal awards, audit findings and recommendations, summary of prior audit findings, and the Utah State Auditor's report, is issued in a separate report.

Management's Discussion and Analysis (MD&A). The discussion and analysis beginning on page 17 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 on page 12, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution of Utah*, which can be amended only by vote of the Legislature and a majority vote of the State's citizens, and in the *Utah Code*, which can be amended by the Legislature or by citizen initiatives. State government provides various services to over 2,987,000 citizens. Services include building and maintaining roads; providing public safety, health, and environmental protection services to protect the general welfare of the State's citizens; helping adults, children, and families through difficult times such as abuse, divorce, illness, death, and unemployment; fostering an attractive business climate to encourage economic growth; and protecting public lands and natural resources for conservation and recreational activities. The State also provides significant financial support to its higher education institutions, local governments, and school districts to help those entities meet the specific needs of their constituents.

The State Reporting Entity. The State Reporting Entity includes the *primary government* and its *component units.* The *primary government* of the State of Utah includes all funds, departments, agencies, and other organizational units governed by the Legislature or the constitutional officers of the State. In addition to these *primary government* activities, this report includes information related to component units for which the primary government is financially accountable. Although such information is provided in this report, the MD&A and Basic Financial Statements focus on the primary government and its activities. Separately issued financial statements are available from the significant discretely presented component units and should be read to obtain a better understanding of their financial conditions. Additional information on all discretely presented component units can be found in the notes to the financial statements (see Note 1. A. on page 65).

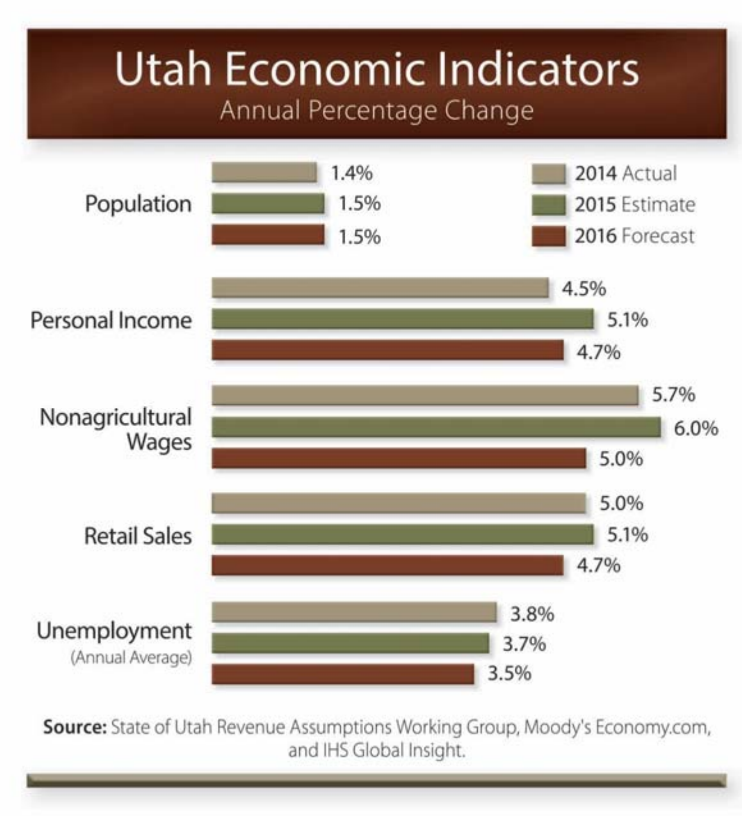
Budgetary Process and Control. The *Constitution of Utah* requires that budgeted expenditures not exceed estimated revenues and other sources of funding, including beginning fund balances. Annually, the Governor is required to submit a balanced budget for the governmental funds with an annual appropriated budget (General, Education, Transportation, Transportation Investment, and Debt Service Funds), by function (e.g., health), and activity (e.g., medical assistance) to the Legislature. The Legislature authorizes expenditures by line item in the annual *Appropriations Acts*. Line item is the legal level of budgetary control. The Acts also identify the sources of funding for budgeted expenditures. In the event actual revenues are insufficient to cover budgeted expenditures, the Governor must order budget reductions or call a special session of the Legislature to address budget issues. Adjustments to the budget may also be made throughout the year for changes in departmental or fund revenues so that line items and funds will not end the fiscal year in a deficit position. For additional information on the budgetary process and control, see the Required Supplementary Information and related notes beginning on page 132.

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 2016 on the strength of a vibrant and diverse economy.

Utah's unemployment rate averaged 3.8 percent in 2014 and is expected to decline slightly to an average of 3.7 percent in 2015 and 3.5 percent in 2016. In 2014, personal income increased by 4.5 percent and nonagricultural wages increased by 5.7 percent. In 2015, personal income is expected to increase by 5.1 percent and nonagricultural wages are expected to increase by 6 percent. Taxable retail sales increased by 5 percent in 2014 and are expected to increase by 5.1 percent in 2015.

Total construction value was $5.6 billion in 2014, a 9.8 percent increase from the prior year, primarily due to an increase in nonresidential permit value. This marked the fourth consecutive year in which total construction value has increased. In 2015, total construction value is expected to increase 25 percent to $7 billion. Residential construction was $3.3 billion in 2014, a 3.1 percent increase from the prior year as housing continued to play a role in the economic expansion. Residential permit value is expected to increase to $4 billion, or 21.2 percent in 2015.



In 2015, Utah population is estimated at 2,987,000, which is an increase of 1.5 percent over the prior year. Utah had positive net migration of approximately 4,000 people in 2014 and is expected to grow by 8,700 in 2015. Utah has had positive net migration for the past 25 years and this trend is expected to continue in the coming years.

Industries. Utah's job market continues to expand as it rebounds from the national recession that began in late 2007. Utah's nonagricultural employment is expected to increase by 3.7 percent in 2015 and by 3.1 percent in 2016, which is near the Utah average yearly rate of 3.1 percent (1950 through June 2015). All industrial sectors added jobs to Utah's employment base, with the exception of natural resources and mining, which contracted by 800 jobs. Leisure and hospitality added 12,800 new jobs, primarily in the food services category. Professional and business contributed 9,600 jobs, primarily in the high-paying professional, scientific, and technical services category. Education and health services added 9,400 new jobs, with health services contributing most of the new jobs. Trade, transportation, and utilities added 6,900 new jobs, with the retail contributing all of these gains. The results for August 2014 to August 2015 are presented in the following table.

State of Utah
Jobs by Industry of Utah's Labor Force
(Expressed in Thousands)

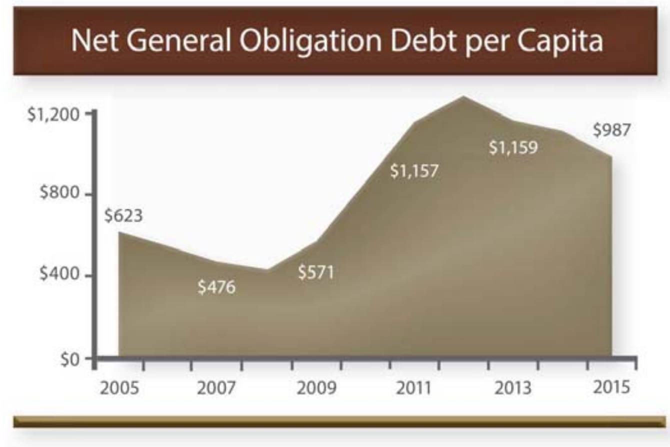
	Number of Jobs		Numerical Change	Percentage Change	Components of Labor Force
	2015 (est.)	**2014**	**2014 to 2015**	**2014 to 2015**	**2015 (est.)**
Trade, Transportation, and Utilities	261.0	254.1	6.9	2.7 %	18.9 %
Professional and Business	196.9	187.3	9.6	5.1 %	14.3 %
Education and Health Services	180.4	171.0	9.4	5.5 %	13.1 %
Government (Local/Federal)	147.1	146.1	1.0	0.7 %	10.7 %
Leisure and Hospitality	145.0	132.2	12.8	9.7 %	10.5 %
Manufacturing	126.5	121.3	5.2	4.3 %	9.2 %
Construction	85.2	82.5	2.7	3.3 %	6.2 %
Financial Activities	78.5	76.3	2.2	2.9 %	5.7 %
Government (State/Higher Ed.)	71.2	69.9	1.3	1.9 %	5.2 %
Other Services	39.2	38.4	0.8	2.1 %	2.8 %
Information	35.7	34.0	1.7	5.0 %	2.6 %
Natural Resources and Mining	11.6	12.4	(0.8)	(6.5)%	0.8 %
Total	**1,378.3**	**1,325.5**	**52.8**		**100.0 %**

Source: Utah Department of Workforce Services and the U.S Bureau of Labor Statistics, August 2015.

Outlook. The national economy is expected to grow at a slower pace in the last half of 2015 and into 2016. As in prior recoveries, the Utah economy continues to grow more rapidly than the nation. Factors that support the continued growth include: 1) a diverse mix of industries; 2) a highly productive, well-educated workforce; 3) a business-friendly climate; and 4) significant capital investment in Utah's technology and other industries, and public sector projects, all of which will spur future growth. Despite this positive outlook, risks remain due to the Utah's increased global interconnectivity. These risks include the future instability in financial markets, the slowdown in growth in China, and geopolitical risks. Overall, Utah is expected to grow at a steady and robust pace barring any major disruptions to the global and national economies.

FINANCIAL PLANNING AND POLICIES

Debt Administration. As part of long-term financial planning, the State has used a combination of bonding and pay-as-you-go methods to meet its infrastructure needs. In fiscal years 2005 through 2007 the State bonded less and primarily funded projects with the pay-as-you-go method using one-time and ongoing money. In fiscal years 2008 through 2014, under budget constraints coupled with a low interest rate environment, the State elected to increase its debt by issuing bonds for highway and/or building projects that otherwise would have been funded from current resources. During the years debt was issued, the State continued to fund some projects with cash. In fiscal year 2015, the State continued its prudent fiscal management by paying cash for buildings, as detailed on page 9 in the Infrastructure section. In fiscal year 2015, the State also advance refunded $221 million of general obligation bonds to take advantage of the low interest rate environment. During the 2015 General Session, the State authorized $474.7 million in new general obligation bonds for the new prison project. As of June 30, 2015, the State's general obligation debt per capita was $987. The State has an aggressive policy of repaying its general obligation debt within seven years for debt associated with capital facilities and fifteen years for highway construction projects. More information about the State's long-term debt is found in Note 10 to the Basic Financial Statements on page 101.



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 2015 consensus revenue forecast projected a moderate increase of 5.1 percent in fiscal year 2015 from 2014 actual revenue for combined General and Education Fund. For fiscal year 2016, 3.4 percent growth is projected. The long-term average annual revenue growth rate, adjusted for inflation, was approximately 3.3 percent for fiscal periods 1971 through 2014. (See the Budgetary Highlights – General Fund in the MD&A on page 25 for a comparison of budgeted to actual results for fiscal year 2015.)

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. on page 114.

Medicaid Sustainability. The State implemented reforms in the Medicaid program in an effort to bring Medicaid growth more in line with overall state revenue growth. The reforms align financial incentives in the health care system by replacing the fee-for-service model with one or more risk-based delivery models. When a General Fund revenue surplus occurs, an amount representing the Medicaid growth savings from the new risk-based delivery models will be deposited into the "Medicaid Budget Stabilization Account." The account will then be used to meet the growing needs in the program in years when growth is expected to be at least 8 percent. In fiscal 2014, a revenue surplus allowed the first deposit to the account. For additional information on the State's budget stabilization accounts, see Note 12.B. on page 114.

Public Education Growth. Projections indicate that an additional 7,951 new students will enroll in fall 2015. Due to the current and future enrollment growth, and the demands it places on state funding, public education continues to be a top priority for the Governor and the Legislature. The Office of the Legislative Fiscal Analyst developed a Public Education Distribution Model that allows legislators to see how proposed education policy changes will impact funding.

Federal Funding. In an effort to prepare for potential future reductions in federal funding for critical state programs, the Legislature 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.

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, 2015, the State was $655.9 million below the appropriations limitation.

Adequate Funding for Ongoing Programs. The Legislature has been working toward ensuring all programs have adequate ongoing funding. Coming into the 2015 General Session of the Legislature, before accounting for growth in costs or revenues, the State was facing a structural imbalance of $24.6 million for the 2016 fiscal year budget. A structural imbalance occurs when ongoing programs are funded with one-time revenue. Of the $24.6 million, $13.3 million was associated with the cost of a change to the employee annual leave program. The imbalance was eliminated by statutorily modifying the program. The remaining imbalance was due to the delayed fiscal impact of an increase in tourism marketing earmarks. To eliminate the imbalance, legislators provided an ongoing appropriation for only the “base” program and funded the incremental growth with one-time money until performance criteria are validated.

Operating/Capital Expenditure Accountability. During the 2014 General Session, the Legislature passed House Bill 311, *Budgeting Amendments*, House Bill 357, *Budgetary Amendments*, and House Joint Rules Resolution 11, *Budget Process Amendments* to implement budget policy changes. These budget bills are 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. In addition, House Bill 357, makes the in-depth budget reviews part of the regular budget process. House Bill 311 requires the Legislative Fiscal Analyst to 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 keeping with this charge, the Legislative Fiscal Analyst has implemented a “fiscal health dashboard” website where legislators and citizens can quickly and easily check Utah’s fiscal health.

MAJOR INITIATIVES

During fiscal year 2015, the State of Utah continued to rank among the top states in total job growth, private sector job growth, and low unemployment. Due to continued economic expansion, the consensus revenue forecast adopted during the 2015 General Session anticipates that fiscal year 2016 will mark the sixth consecutive year of growth in unrestricted General Fund and Education Fund revenue collections.

Approximately $739 million in new unrestricted revenue was available for appropriation during the 2015 General Session due to a $113 million revenue surplus at the end of fiscal year 2014 and upward revisions to fiscal year 2015 and 2016 revenue forecasts. The Legislature set aside $389 million of this revenue for ongoing appropriations and $350 million for one-time appropriations. In addition, the Legislature re-directed $101 million from various sources, including the Medicaid Restricted Account, the Comprehensive Health Insurance Pool, other reserves, and reductions in state matching funds for Medicaid and the Children’s Health Insurance Program (CHIP). The Legislature also enacted changes that will provide $75 million additional property tax revenue for public education. Together, new revenue and funding reallocations provided $915 million for new appropriations in fiscal years 2015 and 2016 for infrastructure needs, growth in public education, and other priorities listed below. In addition, the Legislature enacted tax changes related to transportation funding.

Public Education. During the 2015 General Session, the Legislature increased public education appropriations from state funds by $309 million, which represents over one-third of new unrestricted appropriations from the General Fund and Education Funds. The largest increases for public education included $104 million ongoing for a 4 percent increase in the value of the Weighted Pupil Unit (WPU – the primary funding mechanism for public education); $75 million ongoing in property tax revenue to equalize per-student funding across school districts; $57.8 million ongoing for anticipated growth in enrollment of 7,951 students in Fall 2015; $14.5 million one-time for a building at the Utah Schools for the Deaf and Blind’s Salt Lake City campus; $8.0 million ($7 million ongoing and $1 million one-time) for the School Turnaround and Leadership Development Act; and $6 million one-time to reimburse teachers for supplies and materials. Additionally, the Utah Education and Telehealth Network received $12 million one-time for initiatives supporting public education efforts. Together, these represent an increase of approximately 7 percent in the state portion of public education funding.

Higher Education. State funding for higher education, including capital development projects, was increased by nearly $203 million during the 2015 General Session. This represents 22 percent of new unrestricted appropriations from the General and Education Funds. A total of $115.3 million one-time was provided for new higher education facilities and land acquisition. Other significant increases were $21.1 million for staff compensation and benefits; $9 million ($2 million ongoing and $7 million one-time) in performance-based funding; $10.9 million ($9.4 million ongoing and $1.5 million one-time) for various science, technology, engineering, and math (STEM) initiatives and research; and $3 million ongoing for increased capacity at Utah College of Applied Technology campuses.

Justice Reinvestment and Prison Relocation. During the 2015 General Session, nearly $14 million ($12 million ongoing and $2 million one-time) was appropriated for justice reinvestment initiatives coordinated by criminal justice and social service agencies. The funding will include additional resources for treatment of substance abuse and mental health disorders, reentry, community supervision, technology, research, and incentives to local government to implement evidence-based practices. These changes are projected to divert 95 percent of the anticipated growth over the next 20 years and avert over $540 million in corrections spending. The Legislature also instructed the Prison Relocation Commission to choose a site for the construction of new prison facilities, with the recommendation subject to subsequent approval by the Governor and Legislature. The Legislature authorized the issuance of $474.7 million in general obligation bonds for the prison relocation project and appropriated $80 million one-time to a new restricted account that can be used for the project.

Social Services. During the 2015 General Session, the Legislature appropriated $55.4 million in new state funding for social service programs. The largest appropriations included $7.9 million ($5.4 million ongoing and $2.5 million one-time) for the Division of Services for People with Disabilities (DSPD) to increase salaries for direct care staff who provide services to DSPD clients and to reduce the waiting list for services; $7.9 million ($5.4 million ongoing and $2.5 million one-time) for Medicaid physician, anesthesia, and dental reimbursement rates; $6.9 million one-time for the State Office of Rehabilitation; $6.4 million one-time for Medicaid local health authority behavioral health support; $5.2 million ($4.9 million ongoing and $0.3 million one-time) to increase the accountable care organization administrative fees and to cover the federal health care reform tax on Medicaid and CHIP plans; $5.1 million one-time for costs associated with the replacement of the Department of Health's Medicaid Management Information System; $3.3 million one-time to expand the use of Medicaid Accountable Care Organizations into rural counties; and $3.2 million one-time for a pilot program that expands Medicaid coverage for children with disabilities and complex medical conditions.

Infrastructure. In addition to the $209.8 million one-time appropriations for higher education, prison relocation, and public education capital development projects, $72.5 million in one-time funding was appropriated for other capital development projects, including $39.7 million for the Unified State Laboratories and $9.5 million for the Huntsman Cancer Institute. The State also set aside $64.8 million in increased ongoing funding for capital improvements to existing facilities, including higher education facilities. In addition to building infrastructure, the Legislature appropriated $11 million one-time for dam upgrades that will be matched by federal funding and $17.5 million one-time to upgrade public safety radios.

Transportation. During the 2015 General Session, the Legislature passed House Bill 362, *Transportation Infrastructure Funding*, which imposes higher gasoline, diesel, and natural gas taxes. The increased revenue to the Transportation Fund is estimated to be $24.6 million in fiscal year 2016 and $75 million in fiscal year 2017, which will be used for transportation projects.

Employee Compensation. During the 2015 Legislative Session, $30 million was appropriated from the General Fund and Education Fund for non-higher education state employee salary and benefit increases. The Legislature approved the equivalent of a 2.25 percent salary increase for state employees and provided 0.75 percent for targeted salary adjustments. In addition to the compensation general increases, $2.2 million in ongoing funding was appropriated to increase compensation for correctional staff, and $5.4 million was provided for health insurance cost increases.

State Employee Other Postemployment Benefit Plan. For the State Employee Other Postemployment Benefit (OPEB) plan, the annual required contribution (ARC) of $30.3 million was used to establish the OPEB budget for fiscal year 2016. The ARC represents a level of funding that, if paid on an ongoing basis, is actuarially projected to fund the benefits over a period of twenty 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, 2014. This was the thirtieth 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 Utah 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, 2014

Executive Director/CEO

Organization Chart

Citizens of Utah

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

Executive

- Governor
- Lieutenant Governor

- State Auditor
- State Treasurer
- Attorney General
- State Board of Education

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

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

FINANCIAL SECTION

OFFICE OF THE
UTAH 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, 2015, and the related notes to the financial statements, which collectively comprise the State's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Public Employees Health Program, the University of Utah's hospital and component units, or the Utah State University Research Foundation. These entities collectively represent 22 percent of the assets, 16 percent of the net position, and 40 percent of the revenues of the aggregate discretely presented component units. Also, we did not audit the financial statements of Utah State Retirement Systems, which represent 66 percent of the assets, 65 percent of the net position/fund balances, and 24 percent of the revenues/additions of the aggregate remaining fund information. The financial statements for these entities 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. 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

Utah State Capitol Complex, East Office Building, Suite E310 • Salt Lake City, Utah 84114-2310 • Tel: (801) 538-1025 • auditor.utah.gov

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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

For fiscal year 2015, the State implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. As a result of these required changes in accounting principle, the State recorded reductions in beginning net position of $823 million for governmental activities, $12 million for business-type activities, and $263 million for discrete component units. The amounts reported for ending net position reflect the newly required net pension assets, deferred outflows of resources, net pension liabilities, and deferred inflows of resources related to the State's participation in defined benefit retirement systems. See Notes 2 and 17 for further information. Our opinions are not modified with respect to these matters.

Also, due to changes in legislation, Utah Housing Corporation is no longer reported as a discrete component unit and the Utah Communications Authority has been added as a discrete component unit. The net effect of these changes resulted in a net decrease in beginning net assets for discrete component units of $219 million. See Note 2 for further information. Our opinion on aggregate discretely presented component units is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following information—1) management's discussion and analysis (pages 17–29) and 2) 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 132–149)—be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements and schedules (pages 153–219) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections (pages 1–12 and 223–261, respectively) have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 4, 2015, 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 Utah State Auditor

Office of the Utah State Auditor
November 4, 2015

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, 2015. 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 $22.704 billion (reported as net position). Of this amount, $2.042 billion (unrestricted net position) may be used to meet the government's ongoing obligations while $20.662 billion is restricted for specific uses or invested in capital assets.

- As a result of implementing GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the State recorded $1 million net pension asset, $122.9 million deferred outflows of resources, $815.4 million net pension liability, and $78.8 million deferred inflows of resources for the primary government. This was the primary reason for an $839.6 million adjustment to the beginning unrestricted net position in fiscal year 2015. After adjustments, the State's total net position increased by $601.7 million or 2.7 percent over the prior year. Net position of governmental activities increased by $431.6 million or 2.3 percent. Net position of business-type activities increased by $170 million or 5.7 percent.

Fund Level

- The governmental funds reported combined ending fund balances of $5.363 billion, an increase of $238.9 million in comparison with the prior year. Approximately 32.7 percent or $1.755 billion of the ending fund balance is considered unrestricted (committed or assigned, or unassigned) and is available for spending either at the government's discretion or upon legislative approval. There was no unassigned fund balance available for future appropriations at yearend.

- The General Fund ended the fiscal year with a zero dollar surplus by using $15.7 million of the $189.9 million of General Fund budgeted revenues set aside for fiscal year 2016. Because there was no revenue surplus, there were no statutory transfers from the General Fund to any stabilization or reserve accounts.

- The Education Fund ended the year with a "revenue surplus" of $118 million. After a statutory transfer of $59 million from the revenue surplus to the Education Budget Reserve Account, the Education Fund ended the year with a $59 million "revenue surplus."

- 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 $141.2 million, $17.1 million and $349.5 million, respectively.

- Overall, sales tax revenues in the governmental funds increased $83.1 million or 3.9 percent, compared to $27.1 million or 1.3 percent increase in the prior year. Tax revenues increased $56.6 million or 2.8 percent in the General Fund and $303.8 million or 9.3 percent in the Education Fund.

Long-term Debt

- The State's long-term bonded debt decreased a net $118.8 million or 2.4 percent. General obligation bonds for the primary government decreased $321.6 million or 9.8 percent, while revenue bonds for the primary government increased $202.8 million or 12.6 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Statements — Reporting the State as a Whole

The Statement of Net Position and the Statement of Activities beginning on page 33 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, deferred outflows of resources, liabilities, and deferred inflows of resources – and how it has changed from the prior year. Over time, increases and decreases in net position measure whether the State's overall financial condition is getting better or worse. In evaluating the State's overall condition, however, additional non-financial factors should be considered such as the State's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure. The government-wide statements report three activities:

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

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

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

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

The fund financial statements beginning on page 38 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* 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 schedules on pages 40 and 44 that reconcile and 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 spending results in capital assets on the government-wide statements, but is 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 beginning on page 64 provide additional schedules and information that are essential to a complete understanding of the financial statements. The notes apply to both the government-wide financial statements and the fund financial statements.

Required Supplementary Information (RSI)
Following the Basic Financial Statements are budgetary comparison schedules for major funds with legally adopted budgets and condition assessment data related to infrastructure. In addition, the RSI includes up to ten years of information on the State's pension plans, including schedules on the employer proportionate share of the net pension liability, changes in the net pension liability, and employer contributions. RSI also includes schedules on the funded status and employer contributions for the State's defined benefit Other Postemployment Benefit Plans. 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 for 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
As described in Note 2 of the financial statements on page 73, beginning net position was adjusted as noted below.

- $822.9 million decrease in governmental activities – Implementation of GASB Statement 68.
- $12.3 million decrease in business-type activities – Implementation of GASB Statement 68.
- $4.4 million decrease in business-type activities – described in Note 2 of the financial statements on page 73.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position
The State's total net position increased $601.7 million or 2.7 percent in fiscal year 2015. In comparison, net position in the prior year increased $1.47 billion or 7.1 percent. As a result of implementing GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the State recorded $1 million net pension asset, $122.9 million deferred outflows of resources, $815.4 million net pension liability, and $78.8 million deferred inflows of resources for the primary government. This was the primary reason for an $839.6 million adjustment to the beginning unrestricted net position in fiscal year 2015. The increase in total net position, after the impacts of Statement 68, reflects an economy that continues to improve and the active management of the State's resources. The change in net position is comprised of the following:

- *Net Investment in Capital Assets* – Total invested in capital assets net of related debt increased $766.7 million or 5.5 percent as 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 $521.2 million or 9.8 percent over the prior year:

  Restricted net position of governmental activities increased $279.9 million or 7.8 percent. The increase was due in part to a $168.9 million or 13.6 percent increase in the net position of expendable public education as a result of increased individual and corporate income tax revenues. Nonexpendable public education net assets also increased $155.6 million or 7.5 percent primarily due to revenues generated from land use and sale of trust lands in the permanent Trust Lands Fund. The balance of the increase was due to an increase in investment values because of general market conditions. These increases were offset by a $36.1 million or 20.2 percent decrease in net position restricted for transportation due to a distribution to a local government as directed by the legislature. Restricted net position of business-type activities increased by $241.3 million or 13.9 percent, primarily due to a $132.8 million increase in the Unemployment Compensation Fund as unemployment compensation revenues exceeded related claims. Restricted net position within Student Assistance Programs also increased $85.1 million due to funds previously classified as unrestricted that were restricted for loans. Various loan programs provided an additional $20 million in loan capital from federal grants and investment income.

- *Unrestricted Net Position* – Total unrestricted net position in governmental activities decreased $612.4 million or 40.9 percent primarily due to the implementation of GASB Statement 68. For additional information, refer to Note 2 on page 73. After considering the impact of GASB Statement 68, unrestricted net position in governmental activities increased $95.7 million primarily due to a $59.8 million increase in the amount unspent and carried forwarded in general fund and capital projects. Unrestricted net position in business-type activities decreased $73.8 million or 6 percent in part due to the implementation of GASB Statement 68. After considering the impact of GASB Statement 68, unrestricted net position in business-type activities decreased $81.4 million within Student Assistance Programs due to funds previously classified as unrestricted that were restricted for loans. This decrease was offset by an $18.9 million increase because the State provided additional capital for various loan programs from dedicated sales tax revenues.

State of Utah
Net Position as of June 30
(Expressed in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	**2014***	**2015**	**2014***	**2015**	**2014***
Current and Other Assets	$ 7,036,892	$ 6,644,774	$ 5,950,883	$ 4,390,002	$ 12,987,775	$ 11,034,776
Capital Assets	17,639,960	17,143,379	91,945	93,764	17,731,905	17,237,143
Total Assets	**$ 24,676,852**	**$ 23,788,153**	**$ 6,042,828**	**$ 4,483,766**	**$ 30,719,680**	**$ 28,271,919**
Deferred Outflows of Resources	**$ 155,542**	**$ 17,194**	**$ 7,927**	**$ 2,167**	**$ 163,469**	**$ 19,361**
Current and Other Liabilities	$ 1,002,892	$ 937,828	$ 59,265	$ 38,746	$ 1,062,157	$ 976,574
Long-term Liabilities	4,188,850	3,736,159	2,811,033	1,427,136	6,999,883	5,163,295
Total Liabilities	**$ 5,191,742**	**$ 4,673,987**	**$ 2,870,298**	**$ 1,465,882**	**$ 8,062,040**	**$ 6,139,869**
Deferred Inflows of Resources	**$ 86,967**	**$ 9,312**	**$ 30,075**	**$ 39,718**	**$ 117,042**	**$ 49,030**
Net Position:						
Net Investment in Capital Assets	$ 14,789,631	$ 14,025,472	$ 16,740	$ 14,198	$ 14,806,371	$ 14,039,670
Restricted	3,879,914	3,600,039	1,975,859	1,734,512	5,855,773	5,334,551
Unrestricted	884,140	1,496,537	1,157,783	1,231,623	2,041,923	2,728,160
Total Net Position	**$ 19,553,685**	**$ 19,122,048**	**$ 3,150,382**	**$ 2,980,333**	**$ 22,704,067**	**$ 22,102,381**
Percent change in total Net Position from prior year	2.3 %		5.7 %		2.7 %	

* The 2014 amounts presented here have not been restated for the implementation of GASB Statement 68 for pensions or other adjustments. Complete information necessary to fully restate the 2014 amounts was not available. See Note 2.

The largest component of the State's net position, 65.2 percent, reflects investments in capital assets (e.g., land, buildings, equipment, intangible assets, roads, and other infrastructure) less the outstanding debt issued to finance those assets. These types of assets are not available for future spending, nor can they be readily liquidated to pay off their related liabilities. Resources needed to repay capital-related debt must be provided from other sources.

Restricted net position comprises 25.8 percent of total net position and is subject to constitutional, legal, or external constraints on use. Net position that is restricted by the *Constitution of Utah* includes individual income and corporate income taxes that can be used only for public and higher education costs and proceeds from fees, taxes, and other charges related to motor vehicles that can be used only for transportation expenses.

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

The following schedule and charts summarize the State's total revenues, expenses, and changes in net position for fiscal year 2015:

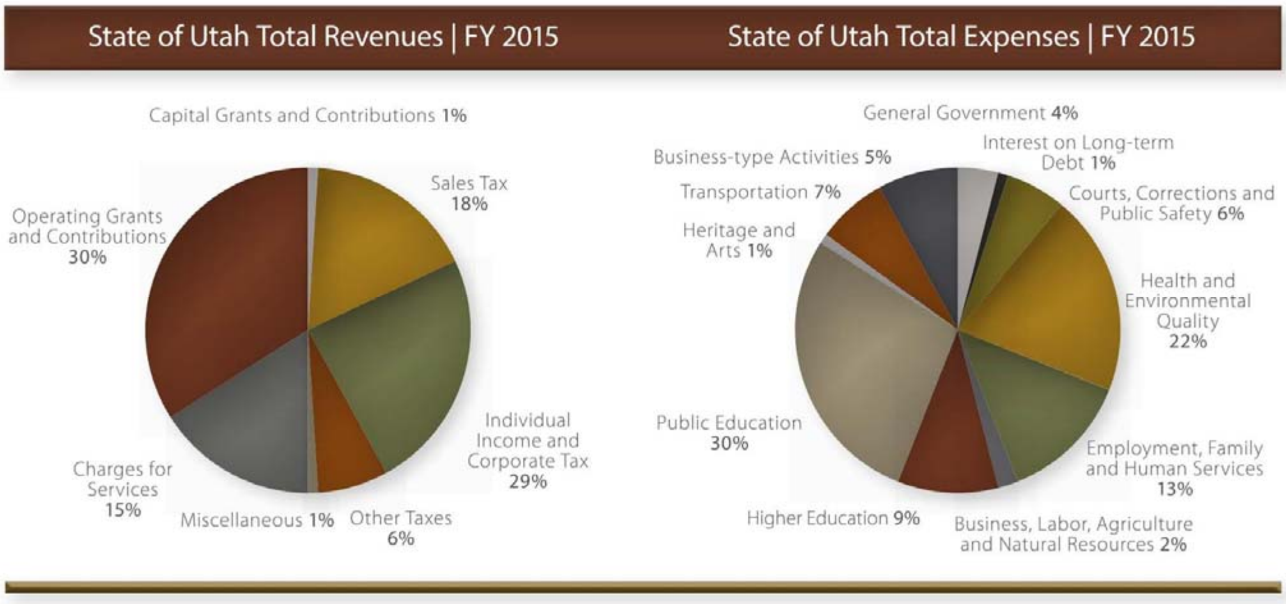
(Table on next page)

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
	2015	**2014***	**2015**	**2014***	**2015**	**2014***	**2014 to 2015**
Revenues							
General Revenues:							
Taxes	$ 6,614,150	$ 6,153,656	$ 28,384	$ 27,304	$ 6,642,534	$ 6,180,960	7.5 %
Other General Revenues	130,551	69,418	—	—	130,551	69,418	88.1 %
Program Revenues:							
Charges for Services	1,133,690	1,132,030	766,938	793,499	1,900,628	1,925,529	(1.3)%
Operating Grants and Contributions	3,717,276	3,954,581	89,903	95,641	3,807,179	4,050,222	(6.0)%
Capital Grants and Contributions	114,490	100,481	—	—	114,490	100,481	13.9 %
Total Revenues	**11,710,157**	**11,410,166**	**885,225**	**916,444**	**12,595,382**	**12,326,610**	2.2 %
Expenses							
General Government	442,340	417,067	—	—	442,340	417,067	6.1 %
Human Services/Juvenile Justice Services	718,731	690,117	—	—	718,731	690,117	4.1 %
Corrections	273,695	268,346	—	—	273,695	268,346	2.0 %
Public Safety	231,250	243,783	—	—	231,250	243,783	(5.1)%
Courts	129,951	128,877	—	—	129,951	128,877	0.8 %
Health and Environmental Quality	2,503,794	2,410,760	—	—	2,503,794	2,410,760	3.9 %
Higher Education	1,004,382	908,795	—	—	1,004,382	908,795	10.5 %
Employment and Family Services	724,477	693,789	—	—	724,477	693,789	4.4 %
Natural Resources	194,026	189,641	—	—	194,026	189,641	2.3 %
Heritage and Arts	23,207	22,447	—	—	23,207	22,447	3.4 %
Business, Labor, and Agriculture	100,566	105,987	—	—	100,566	105,987	(5.1)%
Public Education	3,338,653	3,202,327	—	—	3,338,653	3,202,327	4.3 %
Transportation	797,392	847,752	—	—	797,392	847,752	(5.9)%
Interest and Charges on Long-term Debt	98,442	110,034	—	—	98,442	110,034	(10.5)%
Student Assistance Programs	—	—	111,437	79,963	111,437	79,963	39.4 %
Unemployment Compensation	—	—	177,105	233,403	177,105	233,403	(24.1)%
Water Loan Programs	—	—	18,276	13,778	18,276	13,778	32.6 %
Community and Economic Loan Programs	—	—	2,967	8,603	2,967	8,603	(65.5)%
Liquor Retail Sales	—	—	242,933	225,948	242,933	225,948	7.5 %
Other Business-type Activities	—	—	36,720	54,983	36,720	54,983	(33.2)%
Total Expenses	**10,580,906**	**10,239,722**	**589,438**	**616,678**	**11,170,344**	**10,856,400**	2.9 %
Excess (deficit) Before Transfers	1,129,251	1,170,444	295,787	299,766	1,425,038	1,470,210	
Transfers	109,028	44,305	(109,028)	(44,305)	—	—	
Special Item:							
Comprehensive Health Ins. Pool Transfer	16,288	—	—	—	16,288	—	
Change in Net Position	**1,254,567**	**1,214,749**	**186,759**	**255,461**	**1,441,326**	**1,470,210**	
Net Position – Beginning	19,122,048	17,907,299	2,980,333	2,724,872	22,102,381	20,632,171	
Adjustment to Beginning Net position	(822,930)	—	(16,710)	—	(839,640)	—	
Net Position – Beginning as Adjusted	18,299,118	17,907,299	2,963,623	2,724,872	21,262,741	20,632,171	
Net Position – Ending	**$ 19,553,685**	**$ 19,122,048**	**$ 3,150,382**	**$ 2,980,333**	**$ 22,704,067**	**$ 22,102,381**	2.7 %

* The 2014 amounts presented here have not been restated for the implementation of GASB Statement 68 for pensions or other adjustments. Complete information necessary to fully restate the 2014 amounts was not available. See Note 2.

(*Charts on next page*.)



Changes in Net Position
This year the State received 52.7 percent of its revenues from state taxes and 31.1 percent of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 50.1 percent and grants and contributions were 33.7 percent of total revenues. Charges for goods and services such as licenses, permits, liquor sales, park fees, and court fees, combined with other miscellaneous collections, comprised 16.1 percent of total revenues in fiscal year 2015, compared to 16.2 percent in fiscal year 2014.

Governmental Activities
The State's total governmental revenues from all sources increased $300 million or 2.6 percent. Tax revenues increased $460.5 million or 7.5 percent due to continued improvement in the economy. These increases are similar to the increase at the fund level. However, due to differences in measurement focus and timing of collections, the increase at the government-wide level should not be used to predict future increases at the fund statement or budget level. With the exception of Transportation and General Government, 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" on page 23.

- *Transportation* – Expenses decreased $50.4 million, as compared to the prior year, due to an increase in the amount spent for capital outlay (i.e. land, state roads, and bridges). In the prior year, expenses were higher because the amount expended for capital outlay was lower. The amount expended for capital outlay is not reported as expenses but as an asset on the government-wide statements.
- *General Government* – Expenses increased $25.3 million, as compared to the prior year, primarily due to a reduction in expense in the prior year on the government-wide statements for settlement obligation costs. Such costs are reported on the accrual basis and expenses are reported when incurred on the government-wide statements.

The following table shows to what extent program revenues (charges for services and grants) covered program expenses. For fiscal year 2015, program revenues covered $4.965 billion, or 46.9 percent of $10.581 billion total program expenses. For the remaining $5.615 billion or 53.1 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	
	2015	2015	2015	2014	2015	2014
General Government	$ 442,340	$ 365,830	$ (76,510)	$ (30,608)	82.7 %	92.7 %
Human Services/Juvenile Justice Services	718,731	308,792	(409,939)	(399,716)	43.0 %	42.1 %
Corrections	273,695	5,444	(268,251)	(262,439)	2.0 %	2.2 %
Public Safety	231,250	169,230	(62,020)	(79,186)	73.2 %	67.5 %
Courts	129,951	57,890	(72,061)	(75,005)	44.5 %	41.8 %
Health and Environmental Quality	2,503,794	2,023,508	(480,286)	(430,509)	80.8 %	82.1 %
Higher Education	1,004,382	1,665	(1,002,717)	(907,116)	0.2 %	0.2 %
Employment and Family Services	724,477	574,338	(150,139)	(115,837)	79.3 %	83.3 %
Natural Resources	194,026	131,284	(62,742)	(57,684)	67.7 %	69.6 %
Heritage and Arts	23,207	9,578	(13,629)	(13,976)	41.3 %	37.7 %
Business, Labor, and Agriculture	100,566	102,531	1,965	(3,951)	102.0 %	96.3 %
Public Education	3,338,653	653,829	(2,684,824)	(2,321,038)	19.6 %	27.5 %
Transportation	797,392	561,537	(235,855)	(245,531)	70.4 %	71.0 %
Interest and Charges on Long-term Debt	98,442	—	(98,442)	(110,034)	0.0 %	0.0 %
Total Governmental Activities	**$ 10,580,906**	**$ 4,965,456**	**$ (5,615,450)**	**$ (5,052,630)**	46.9 %	50.7 %

Business-type Activities

Changes in the State's business-type activities mirror the changes noted in the State's proprietary funds, except as described below. The changes in the State's proprietary funds are detailed in the section entitled "Financial Analysis of the State's Proprietary Funds" on page 27. Overall, revenues from the State's business-type activities decreased $31.2 million or 3.4 percent from the prior year. Charges for services decreased $26.6 million primarily due to a $61.2 million decrease in the Unemployment Compensation Fund, $11.9 million decrease in Water Loan Programs, and $6.8 million decrease in the Community Impact Loan Fund. The decreases in charges for services within Water Loan Programs and the Community Impact Loan Fund were due a reclassification of operating interest on notes and mortgages to nonoperating investment income. These decreases were offset by a $28.4 million increase in charges for services in Student Assistance Programs and a $24.6 million increase in liquor sales due to higher sales volume. Operating grants and contributions decreased $5.7 million primarily due to a $15 million decrease in the Unemployment Compensation Fund and a $13.9 million decrease in the Federal Health Insurance Pool as the Pool discontinued operations and enrollees transitioned from this temporary program to coverage under the *Patient Protection and Affordable Care Act of 2010*. These decreases were offset by a $17.3 million increase in operating grants and contributions in Water Loan Programs and small increases in various other business-type activities. Total expenses for the State's business-type activities decreased $27.2 million or 4.4 percent, largely the result of a $56.3 million decrease in the Unemployment Compensation Fund, offset by a $31.5 million increase in Student Assistance Programs.

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

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Fund Balances

At June 30, 2015, the State's governmental funds reported combined ending fund balances of $5.363 billion. Of this amount, $2.383 billion or 44.4 percent is nonspendable, either due to its form or legal constraints, and $1.225 billion or 22.8 percent is restricted for specific programs by external constraints, constitutional provisions, or contractual obligations. Unspent bond proceeds, revenue restricted for public education, revenue that derives from the operation of motor vehicles on public highways, and mineral lease revenues are included in restricted fund balance. An additional $1.339 billion or 25 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 $416 million or 7.8 percent of total fund balance has been assigned to specific purposes, as expressed by legislative intent. There was no unassigned fund balance available for future appropriations at yearend.

State of Utah
Governmental Fund Balances as of June 30, 2015
(Expressed in Thousands)

	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Funds	Total
Nonspendable	$ 124,597	$ —	$ 13,605	$ —	$ 2,244,902	$ —	$ 2,383,104
Restricted	34,278	1,002,163	148,332	2,823	—	37,800	1,225,396
Committed	496,758	—	49,425	566,767	—	226,377	1,339,327
Assigned	252,369	—	150	—	—	163,044	415,563
Unassigned	—	—	—	—	—	—	—
Total	**$ 908,002**	**$ 1,002,163**	**$ 211,512**	**$ 569,590**	**$ 2,244,902**	**$ 427,221**	**$ 5,363,390**
Percent change from prior year	4.8 %	10.7 %	(15.0)%	(9.8)%	7.4 %	11.4 %	4.7 %

General Fund

The General Fund's total fund balance increased by $41.9 million or 4.8 percent in fiscal year 2015. The General Fund ended the year with a zero dollar surplus, or unassigned fund balance, by using $15.7 million of the $189.9 million of General Fund budgeted revenues set aside for fiscal year 2016. This left $174.2 million set aside in the budget and assigned by the Legislature for fiscal year 2016 appropriations. In the prior year, the General Fund ended the year with a $7.2 million surplus, or unassigned balance.

Specific changes in the General Fund balance included the following:

- Nonspendable fund balance increased by $11.8 million or 10.5 percent. Prepaid items increased $23.9 million due to increases in payments for accountable care organization (ACO), substance abuse, mental health, Children's Health Insurance Plan (CHIP), and dental programs all within the Medicaid program that require payments in advance. This increase was offset by an $11.8 million decrease in the long-term portion of interfund loans receivable with Internal Services Funds due to a reduction of the loan balances.
- Restricted fund balance decreased by $6.6 million or 16.2 percent due to decreases in revenues set aside for specific purposes due to constraints that are imposed externally or by law.
- Committed fund balance decreased by $10.6 million or 2.1 percent, primarily due to a $25.5 million decrease in monies set aside for committed purposes, offset by a $17.3 million increase in agency carry-forward monies. There were no statutory transfers to the General Fund Budget Reserve Account (Rainy Day Fund), which ended the year with a balance of $141.2 million.
- Assigned fund balance increased by $54.5 million or 27.6 percent. The increase was primarily due to a $63.7 million increase in the amount set aside for next year's budget, offset by a $9.2 million decrease in various other assigned sources.

Total tax collections in the General Fund increased $56.6 million or 2.8 percent due to an improving economy. Sales and use tax increased $67.6 million, or 4.1 percent. Other taxes decreased $11 million or 3 percent due to a $29.1 million decrease in severance tax as a result of lower energy prices and a decline in production. This decrease was offset by a $4.5 million increase in insurance premium tax, a $3.2 million increase in cigarette and tobacco tax, and smaller increases in miscellaneous other taxes. Overall, sales tax revenue in all governmental funds increased $83.1 million or 3.9 percent.

Total General Fund non-tax revenues increased $38.2 million or 1.1 percent, explained as follows: Federal contracts and grants increased $25.9 million or 1 percent primarily due to a $22 million increase in federal funding for the CHIP and Medicaid Programs and a $17.3 million increase in federal funds provided for public health services. These increases were offset by a $15.1 million decrease in federal funding for community and family health services grants. Additional details regarding the change in federal contracts and grants are provided below in terms of the corresponding changes in expenditures. Miscellaneous and other revenue increased $17.6 million or 7.4 percent primarily due to a $59.3 million increase in rebates, offset by a $35.1 million decrease in collections from global settlements within the Medicaid Program and $6.6 million decreases in various other miscellaneous revenues. Charges for Services increased $14.4 million, driven by demand for government services. Federal mineral lease revenue decreased $19.6 million or 12.4 percent due to lower energy prices and a decline in production. The General Fund revenue also increased by $16.3 million due to a special item that was the result of the dissolution of the Comprehensive Health Insurance Pool (discrete component unit) and refund of the cash balance back to the State's general fund.

Overall, total General Fund expenditures increased by $244.6 million or 4.1 percent due in part to a 1 percent salary increase for state employees, .25 percent for discretionary increases, and increases in retirement and health insurance costs. Expenditures also increased as the State responded to an improving economy and an increase in the public's demand for some government services. Significant changes in expenditures occurred in the following areas:

- *Higher Education* – Total expenditures increased $93.6 million or 11.4 percent due to additional state appropriations. Funding was provided for higher education employee salary increases and increases in retirement and health insurance costs. Major new state-funded initiatives included: 1) $57 million to improve funding equity and address specific priorities among the higher education institutions; 2) $5 million to the State Board of Regents for scholarships and performance-based funding; 3) $6.8 million for the Utah College of Applied Technology to improve funding equity, increase capacity for career and technical education, and for administration; and 4) $2 million to Dixie State University for university status.
- *Health and Environmental Quality* – Total expenditures increased $83.8 million or 3.5 percent due to overall growth in both Medicaid and CHIP programs. Specifically, expenditures increased for managed health care, home and community based waiver programs, capitated mental health services, and the CHIP program. These increases were primarily due to caseload growth, resulting in part from implementation of the Patient Protection and Affordable Care Act for a full fiscal year, and authorized rate increases.
- *Human Services and Juvenile Justice Services* – Total expenditures increased $30.3 million or 4.4 percent primarily due to an $18.4 million increase in funding for people with disabilities as additional clients were served and new services were provided. Mental health services and initiatives increased $11.5 million as additional funding was provided for community mental health services, Medicaid match funding, and an increase in personnel, drug and medical costs.
- *Employment and Family Services* – Total expenditures increased $25.3 million or 3.7 percent primarily due to a $28 million increase in expenditures in the housing programs as a result of an increase in housing applications and construction. This increase was offset by slight decreases in various other programs.

Budgetary Highlights — General Fund

The Legislature adopted the initial fiscal year 2015 budget during the 2014 General Session (January to March 2014). The original consensus revenue estimates in the General Fund budget at the start of fiscal year 2015, excluding department-specific revenue sources such as federal grants and departmental collections, and miscellaneous transfers, were 3.5 percent higher than the final fiscal year 2014 budget. The increase was primarily due to growth in the sales and use tax due to the improving economy. Budgeted expenditures were 7.4 percent higher than the final fiscal year 2014 budget. The Governor and Legislature were able to balance the original fiscal year 2015 budget with revenue growth, one-time monies, legislative changes to revenue, and targeted base budget reductions.

The fiscal year 2015 budget was again addressed during the 2015 General Session of the Legislature (January to March 2015). General revenue estimates had increased $31.3 million from the original consensus estimates adopted during the 2014 General Session due to projected increases in sales tax, insurance premium tax, severance tax, and miscellaneous other revenues. The increased revenue estimates allowed the Legislature to set aside $189.9 million for fiscal year 2016 appropriations. In the end, taxes and other general revenues ended the year $33.2 million below final budgeted amounts. However, agencies lapsed $4.5 million of unspent budgeted dollars back to the General Fund. General revenues below final budgeted amounts were also covered by various statutory transfers and adjustments that occurred at yearend. In addition, the amount set aside for fiscal year 2016 appropriations was reduced by $15.7 million.

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

Education Fund

Restricted fund balance in the Education Fund increased by $97 million or 10.7 percent from the prior year as revenues exceeded expenditures and transfers out. The amount unspent and carried forward for education decreased by $44.2 million. Amounts set aside for fiscal year 2016 appropriations increased by $98.9 million. Tax accruals restricted by law for education increased by $22.4 million.

In addition, the Education Fund ended the year with "revenue surplus" of $118 million. In the event of a "revenue surplus" in the Education Fund, state law requires 25 percent of the surplus to be transferred to the Education Fund Budget Reserve Account, a budget stabilization account. State law requires an additional 25 percent to repay prior year transfers out of the fund, but limits these transfers to 11 percent of Education Fund appropriations. Of the $118 million revenue surplus, $59 million was transferred to the Education Budget Reserve Account. The Education Fund ended the year with a $59 million "revenue surplus" after the statutory transfer to the Education Fund Budget Reserve Account. The Education Budget Reserve Account ended the year with a balance of $349.5 million.

Overall, total revenue in the Education Fund increased by $358.1 million or 9.4 percent. Individual income tax increased by $295.5 million or 10.1 percent and corporate income tax increased $43.8 million or 13.6 percent. These increases are primarily due to an economy that continues to improve, and also due to the timing of tax revenue received and accrued at yearend. Federal contracts and grants also increased by $13.1 million and investment income increased by $4.6 million. Other taxes decreased by $35.5 million and miscellaneous other revenue increased by $36.3 million primarily as a result of the portion of liquor sales allocated by law for school lunch that were reclassified from other taxes to other revenues.

Overall, expenditures increased by $138.4 million or 4.3 percent in the Education Fund. The increase was primarily due to a $118 million increase in the Minimum School Program to provide for student enrollment growth and to increase the weighted pupil unit value, which is the primary funding mechanism for public education. Expenditures also increased by $13.4 million due to additional funding spent for the Child Nutrition and Initiative Programs. The balance of the increase was due to the timing of expenditures accrued at yearend.

Transportation Fund

Total fund balance in the Transportation Fund decreased $37.3 million or 15 percent from the prior year. Restricted fund balance decreased by $37.6 million or 20.2 percent primarily due to a $48.2 million distribution to a local government, as explained below, which was offset by a $7.8 million increase in restricted funds for right of way purchase and small increases in various other restricted sources. Committed fund balance increased $2.2 million or 4.6 percent due to an increase in unspent sales and use tax collections for highway projects at yearend. Assigned fund balance decreased by $1.4 million or 90.4 percent due to a decrease in unspent general revenues appropriated to the Transportation Fund. Nonspendable inventory decreased by $413 thousand or 2.9 percent.

Overall, transportation revenues decreased by $35.3 million or 3.6 percent. The decrease resulted from the following changes in revenue as compared to the prior year:

- Federal contracts and grants decreased by $30 million or 8.7 percent as a result of timing differences related to highway construction projects, as explained below.
- Sales and use tax revenues statutorily designated for transportation projects decreased $32.9 million or 43 percent due to legislation that directed that certain local option sales tax be distributed directly to a local government and expended as determined by that local government's legislative body.
- Miscellaneous and other revenues increased $14.7 million or 71.6 percent primarily due to $10.1 million increase as certain revenue was reclassified as miscellaneous revenue from restricted sales taxes. The increase was also due to a $5 million increase in revenue received from cooperative agreements with local governments for construction projects.
- Motor and special fuels tax increased $12.2 million or 3.4 percent due to a $3.3 million increase in collections and an $8.9 million increase due to the timing of tax revenue received and accrued at yearend.

Expenditures for the Transportation Fund increased slightly by $219 thousand or .02 percent due to timing differences related to highway construction projects, as explained below. Net other financing sources (uses) decreased by $20.5 million or 31 percent, primarily because of a $10.4 million decrease in federal mineral lease revenue transferred into the fund and a $13.3 million decrease in transfers in for bond payments.

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

Transportation Investment Fund

Fund balance in the Transportation Investment Fund decreased by $61.8 million or 9.8 percent from the prior year. Restricted fund balance decreased $23.7 million or 89.4 percent as general obligation bond proceeds were used for highway projects.

Committed fund balance decreased by $38.1 million or 6.3 percent due to the increase in expenditures which utilized sales and use tax revenue that was unspent in the prior year.

Overall, revenues increased $35.4 million or 7.5 percent. Sales and use tax revenues statutorily reallocated from use in the General Fund to use for highway projects increased $48.3 million or 12.8 percent. This increase was offset by a $15.2 million decrease or 100 percent in miscellaneous and other revenue as a result of a court settlement in the prior year. Net other financing sources (uses) decreased by $202.1 million or 436.8 percent due to a $250 million general obligation bond issuance in the prior year compared to no bonds issued in the current year. This decrease was offset by a $46.4 million increase in net other financial sources (uses) as a result of less transfers out of the fund. Expenditures increased by $62.1 million or 24.1 percent from the prior year due to increased spending on highway construction projects.

Trust Lands Fund

The fund balance of the permanent Trust Lands Fund increased by $155.6 million or 7.4 percent from the prior year. The increase was due to a $63 million change in investment values because of general market conditions. Revenue generated from land use and sales of trust lands contributed $89.7 million to the increase in fund balance. The permanent fund also generated $45.8 million of cash investment earnings that is earmarked for distribution to local school districts. The principal in the fund is held in perpetuity (nonspendable) with earnings restricted primarily to support public education.

FINANCIAL ANALYSIS OF THE STATE'S PROPRIETARY FUNDS

Student Assistance Programs

As a result of implementing GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the beginning net position of the Student Assistance Programs decreased $1.3 million. For additional information see Note 2 on page 73. After adjusting for the impact of GASB Statement 68, the net position increased $4.1 million or 1.1 percent from the prior year, due to changes in total assets, liabilities, and deferred inflows of resources. Total assets increased $1.39 billion primarily due to a significant increase in student loans receivable. Total liabilities also increased $1.397 billion due to an increase in student loan revenue bonds and notes payable and line of credit used to acquire additional eligible loans. These increases were offset by a $10.7 million decrease in deferred inflows of resources as a result of a decrease in the deferred amount on refundings of bonded debt. The increase in student loans receivable resulted in a $28.4 million increase in program revenues and $26.8 million increase in student loan servicing and related expenses. Of total net position of $368.1 million, $320.1 million is restricted for use within the programs by bond covenants or federal law.

Unemployment Compensation Fund

The State's average unemployment rate for fiscal year 2015 decreased slightly from the prior year. Federal grant revenue decreased $18.4 million or 103.8 percent due to a decrease in benefits paid for the Emergency Unemployment Compensation (EUC) program, which ended January 1, 2014, and other federal programs. Employer tax revenue decreased $61.2 million or 17.2 percent due to overall contribution rate decreases from the prior year, and lower claims volume. Expenses decreased $56.3 million or 24.1 percent due to fewer claims paid and an improving economy. Employer taxes and other revenues exceeded benefit payments resulting in the increase of net position of $132.8 million or 16.1 percent. The entire net position of $959.3 million is restricted for use within the programs by state and federal law.

Water Loan Programs

The net position of the Water Loan Programs increased $33.1 million or 3.8 percent from the prior year. Additional capital for loans was provided from $27.9 million in dedicated sales tax revenues, $15.1 million in federal grants, and $13.4 million investment income. These increases were offset by program grant expenses of $14 million, interest expense of $1.8 million, and other operating expenses of $2.5 million. Of total net position of $913.7 million, $422.6 million is restricted for use within the Water Loan Programs by federal grant requirements and $163.5 million is restricted as pledged receivables for outstanding revenue bonds.

Community Impact Loan Fund

The net position of the Community Impact Loan Fund increased $2.3 million or .3 percent from the prior year, due to investment income of $7.7 million offset by $4.7 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 $494.8 million during the year. The change consisted of net increases in construction in progress of $242 million; infrastructure (i.e., state roads and bridges) of $158.1 million; building and improvements of $52.8 million; and land and related assets of $48.7 million. There were net decreases in machinery and equipment of $5.2 million and software of $1.6 million. Several buildings financed by the State are actually owned by the colleges and universities, which are discrete component units of the State. Therefore, while the capital assets are on the component unit's financial statements, any outstanding debt issued by the State to finance construction of those assets is reported as a liability of the State's governmental activities. This in turn reduces unrestricted net position. As of June 30, 2015, the State had $252.4 million of outstanding debt related to capital assets of component units.

At June 30, 2015, the State had commitments in capital projects funds of $387.878 million for building projects and $228.5 million for highway construction and improvement projects. The State also had commitments of $281.1 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 Interstate system has a target of 95 percent rated as "fair" or better, Level 1 roads (over 1,000 Average Annual Daily Traffic) at 90 percent, and Level 2 roads (under 1,000 Average Annual Daily Traffic) at 80 percent. The most recent biannual condition assessment completed in 2014 indicated that 99.7 percent of Interstate and 91.7 percent of Level 1 roads were in "fair" or better condition. These results reflect maintaining Interstate and Level 1 roads above target percentages and consistent with calendar year 2012, when 99.5 percent of Interstate and 93.5 percent of Level 1 were assessed as "fair" or better condition. In 2013 Level 1 and Level 2 roads were redefined from a "2,000" to a 1,000 Average Annual Daily Traffic threshold, resulting in 75.3 percent of Level 2 roads at a "fair" or better condition in 2014 compared to 82.1 percent in 2012. The State has corrective procedures in place to meet the Level 2 condition target by the next assessment in calendar year 2016.

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 2015, indicated that 73 percent and 1 percent of bridges were in "good" and "poor" condition, respectively. These results reflect maintaining bridges at a consistent condition level as 2014 when 73.4 percent of the bridges were assessed as "good" or better, and 1 percent assessed were in "poor" condition.

During fiscal year 2015, the State spent $329.3 million to maintain and preserve roads and bridges. This amount is 41 percent above the estimated amount of $233.6 million needed to maintain these assets at established condition levels.

More information about capital assets is included in Note 8 on page 97, and more detailed information on the State's modified approach for reporting infrastructure is presented in the Required Supplementary Information on pages 148 and 149.

Long-term Debt

The *Constitution of Utah* allows the State to contract debts not exceeding 1.5 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, 2015, the general obligation indebtedness of the State was $1.606 billion below the constitutional debt limit and $1.164 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.

(Table on next page)

State of Utah
Net Outstanding Bonded Debt as of June 30
(Expressed in Millions)

	Governmental Activities		Business-type Activities		Total Primary Government		Total Percentage Change
	2015	2014	2015	2014	2015	2014	2014 to 2015
General Obligation Bonds	$ 2,949.7	$ 3,271.3	$ —	$ —	$ 2,949.7	$ 3,271.3	(9.8)%
Revenue Bonds:							
State Building Ownership Auth.	169.6	187.2	80.0	81.4	249.6	268.6	(7.1)%
Student Assistance Programs	—	—	1,511.1	1,284.1	1,511.1	1,284.1	17.7 %
Water Loan Progams	—	—	47.2	52.4	47.2	52.4	(9.9)%
Total Bonds Payable	**$ 3,119.3**	**$ 3,458.5**	**$ 1,638.3**	**$ 1,417.9**	**$ 4,757.6**	**$ 4,876.4**	(2.4)%

Total general obligation bonds payable net of premiums and discounts decreased $321.6 million (offset by a $202.8 million increase in revenue bonds payable for an overall net decrease of $118.8 million during the fiscal year). The State issued $221 million of general obligation 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 a total of $307 million of revenue bonds. Of the revenue bonds issued, $30 million was used to advance refund portions of prior revenue bonds to take advantage of lower interest rates, and $277 million was used to advance refund certain outstanding student loan revenue bonds in the Student Assistance Programs.

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 beginning on page 101 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 2016 are 3.2 percent higher than actual fiscal year 2015 revenues. Original estimates of the Education Fund for fiscal year 2016 are .3 percent higher than actual fiscal year 2015 revenues. The Legislature balanced the 2016 budget through increased projected revenue collections, prior year reserves, program savings and fund transfers.

Preliminary data for fiscal year 2016 show tax revenues to be in line with estimates. The overall unemployment rate is expected to be 3.7 percent in 2015, slightly down from the average 2014 rate of 3.8 percent. Taxable retail sales are expected to increase 5.1 percent in 2015 and increase 4.7 percent in 2016. Personal income is expected to increase 5.1 percent in 2015, and 4.7 percent in 2016. 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 2016. The Governor and Legislature will review the fiscal year 2016 budget again during the upcoming 2016 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 visit our Web site at: www.finance.utah.gov.

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

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BASIC FINANCIAL STATEMENTS

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Statement of Net Position

June 30, 2015 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	$ 1,569,731	$ 1,477,123	$ 3,046,854	$ 784,527
Investments	1,235,804	18,216	1,254,020	2,799,861
Taxes Receivable, net	1,124,075	3,168	1,127,243	—
Accounts and Interest Receivable, net	539,068	186,350	725,418	537,247
Amounts Due From:				
Component Units	77,245	2	77,247	—
Primary Government	—	—	—	334
Prepaid Items	101,114	327	101,441	24,636
Inventories	19,472	33,286	52,758	77,224
Internal Balances	12,250	(12,250)	—	—
Restricted Investments	2,162,024	130,206	2,292,230	924,990
Restricted Receivables	—	—	—	82,654
Notes/Loans/Mortgages/Pledges Receivable, net	10,760	3,981,490	3,992,250	69,961
Capital Lease Payments Receivable, net	98,480	—	98,480	—
Pledged Loans Receivables	—	132,129	132,129	—
Other Assets	86,869	836	87,705	64,588
Capital Assets:				
Land and Other Non-depreciable Assets	1,790,751	22,689	1,813,440	341,227
Infrastructure	13,550,863	—	13,550,863	—
Construction in Progress	789,698	1,334	791,032	277,490
Buildings, Equipment, and Other Depreciable Assets	2,816,153	111,834	2,927,987	7,480,878
Less Accumulated Depreciation	(1,307,505)	(43,912)	(1,351,417)	(3,449,975)
Total Capital Assets	17,639,960	91,945	17,731,905	4,649,620
Total Assets	$ 24,676,852	$ 6,042,828	$ 30,719,680	$ 10,015,642
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources	$ 155,542	$ 7,927	$ 163,469	$ 52,156
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 919,505	$ 54,648	$ 974,153	$ 350,714
Amounts Due to:				
Component Units	306	28	334	—
Primary Government	—	—	—	77,247
Securities Lending	—	—	—	17,827
Unearned Revenue	83,081	4,448	87,529	142,739
Deposits	—	141	141	140,921
Long-term Liabilities:				
Due Within One Year	495,522	517,911	1,013,433	282,128
Due in More Than One Year	3,693,328	2,293,122	5,986,450	1,598,341
Total Liabilities	$ 5,191,742	$ 2,870,298	$ 8,062,040	$ 2,609,917
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources	$ 86,967	$ 30,075	$ 117,042	$ 24,757
NET POSITION				
Net Investment in Capital Assets	$ 14,789,631	$ 16,740	$ 14,806,371	$ 3,467,597
Restricted for:				
Transportation	142,386	—	142,386	—
Public Education – Expendable	1,415,430	—	1,415,430	—
Public Education – Nonexpendable	2,244,902	—	2,244,902	—
Higher Education – Expendable	—	—	—	853,139
Higher Education – Nonexpendable	—	—	—	802,164
Capital Projects	1,497	—	1,497	—
Debt Service	—	163,460	163,460	—
Unemployment Compensation and Insurance Programs	7,254	959,317	966,571	224,882
Loan Programs	—	853,082	853,082	—
Other Purposes – Expendable	68,445	—	68,445	1,897
Unrestricted	884,140	1,157,783	2,041,923	2,083,445
Total Net Position	$ 19,553,685	$ 3,150,382	$ 22,704,067	$ 7,433,124

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

__State of Utah__

Statement of Activities

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental:				
General Government	$ 442,340	$ 181,907	$ 183,923	$ —
Human Services and Juvenile Justice Services	718,731	11,744	297,048	—
Corrections	273,695	5,106	338	—
Public Safety	231,250	60,528	108,702	—
Courts	129,951	54,615	3,275	—
Health and Environmental Quality	2,503,794	313,376	1,710,132	—
Higher Education	1,004,382	—	1,665	—
Employment and Family Services	724,477	7,440	566,898	—
Natural Resources	194,026	88,304	42,980	—
Heritage and Arts	23,207	2,524	7,054	—
Business, Labor, and Agriculture	100,566	89,722	12,809	—
Public Education	3,338,653	75,123	578,706	—
Transportation	797,392	243,301	203,746	114,490
Interest and Other Charges on Long-term Debt	98,442	—	—	—
Total Governmental Activities	10,580,906	1,133,690	3,717,276	114,490
Business-type:				
Student Assistance Programs	111,437	88,188	28,626	—
Unemployment Compensation	177,105	295,851	18,681	—
Water Loan Programs	18,276	406	28,464	—
Community and Economic Loan Programs	2,967	5,562	13,448	—
Liquor Retail Sales	242,933	338,039	306	—
Other Business-type Activities	36,720	38,892	378	—
Total Business-type Activities	589,438	766,938	89,903	0
Total Primary Government	$ 11,170,344	$ 1,900,628	$ 3,807,179	$ 114,490
Component Units:				
Public Employees Health Program	$ 551,181	$ 540,937	$ 19,538	$ —
University of Utah	3,738,638	3,097,774	551,449	31,729
Utah State University	617,783	204,966	256,381	27,272
Nonmajor Colleges and Universities	1,084,641	467,903	261,049	67,491
Nonmajor Component Units	69,359	26,904	1,912	510
Total Component Units	$ 6,061,602	$ 4,338,484	$ 1,090,329	$ 127,002

General Revenues:
Taxes:
Sales and Use Tax
Individual Income Tax Imposed for Education
Corporate Tax Imposed for Education
Motor and Special Fuel Taxes Imposed for Transportation
Other Taxes
Total Taxes
Investment Income
State Funding for Colleges and Universities
State Funding for Other Component Units
Gain on Sale of Capital Assets
Miscellaneous
Permanent Endowments Contributions
Special Item—Comprehensive Health Insurance Pool Transfer
Transfers—Internal Activities
Total General Revenues, Contributions and Transfers
Change in Net Position
Net Position—Beginning
Adjustment to Beginning Net Position
Net Position—Beginning as Adjusted
Net Position—Ending

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

Governmental Activities	Business-type Activities	Total	Component Units
	Net (Expense) Revenue and Changes in Net Position		
Primary Government			
$ (76,510)	$ —	$ (76,510)	$ —
(409,939)	—	(409,939)	—
(268,251)	—	(268,251)	—
(62,020)	—	(62,020)	—
(72,061)	—	(72,061)	—
(480,286)	—	(480,286)	—
(1,002,717)	—	(1,002,717)	—
(150,139)	—	(150,139)	—
(62,742)	—	(62,742)	—
(13,629)	—	(13,629)	—
1,965	—	1,965	—
(2,684,824)	—	(2,684,824)	—
(235,855)	—	(235,855)	—
(98,442)	—	(98,442)	—
(5,615,450)	0	(5,615,450)	0
—	5,377	5,377	—
—	137,427	137,427	—
—	10,594	10,594	—
—	16,043	16,043	—
—	95,412	95,412	—
—	2,550	2,550	—
0	267,403	267,403	0
(5,615,450)	267,403	(5,348,047)	0
—	—	—	9,294
—	—	—	(57,686)
—	—	—	(129,164)
—	—	—	(288,198)
—	—	—	(40,033)
0	0	0	(505,787)
2,206,633	28,384	2,235,017	—
3,280,568	—	3,280,568	—
369,747	—	369,747	—
370,974	—	370,974	—
386,228	—	386,228	—
6,614,150	28,384	6,642,534	0
7,804	—	7,804	15
—	—	—	869,011
—	—	—	25,365
28,131	—	28,131	(889)
94,616	—	94,616	8
—	—	—	33,023
16,288	—	16,288	—
109,028	(109,028)	—	—
6,870,017	(80,644)	6,789,373	926,533
1,254,567	186,759	1,441,326	420,746
19,122,048	2,980,333	22,102,381	7,493,551
(822,930)	(16,710)	(839,640)	(481,173)
18,299,118	2,963,623	21,262,741	7,012,378
$ 19,553,685	$ 3,150,382	$ 22,704,067	$ 7,433,124

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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

This permanent fund accounts for 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 beginning on page 154.

Balance Sheet
Governmental Funds

June 30, 2015 (Expressed in Thousands)

		Special Revenue		Capital Projects
	General	Education	Transportation	Transportation Investment
ASSETS				
Cash and Cash Equivalents	$ 679,457	$ 383,004	$ 200,630	$ —
Investments	66,782	336,512	52,021	534,182
Receivables:				
Accounts, net	338,948	101,725	67,238	—
Accrued Interest	67	—	—	—
Accrued Taxes, net	257,727	780,643	47,965	37,740
Notes/Mortgages, net	853	7,801	156	—
Capital Lease Payments, net	—	—	—	—
Due From Other Funds	32,219	698	454	—
Due From Component Units	302	—	—	—
Prepaid Items	96,939	—	—	—
Inventories	662	—	13,605	—
Interfund Loans Receivable	48,729	—	—	—
Other Assets	—	—	—	—
Total Assets	$ 1,522,685	$ 1,610,383	$ 382,069	$ 571,922
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 417,048	$ 184,484	$ 153,074	$ —
Due To Other Funds	29,848	513	5,593	—
Due To Component Units	50	250	—	—
Unearned Revenue	67,497	1,731	10,387	—
Total Liabilities	514,443	186,978	169,054	0
Deferred Inflows of Resources:				
Unavailable Revenue	100,240	421,242	1,503	2,332
Total Deferred Inflows of Resources	100,240	421,242	1,503	2,332
Fund Balances:				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable	26,996	—	—	—
Prepaid Items	96,939	—	—	—
Inventories	662	—	13,605	—
Permanent Fund Principal	—	—	—	—
Restricted	34,278	1,002,163	148,332	2,823
Committed	496,758	—	49,425	566,767
Assigned	252,369	—	150	—
Total Fund Balances	908,002	1,002,163	211,512	569,590
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,522,685	$ 1,610,383	$ 382,069	$ 571,922

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

Permanent Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ —	$ 234,829	$ 1,497,920
2,162,024	246,307	3,397,828
7,219	16,211	531,341
1,134	7	1,208
—	—	1,124,075
1,950	—	10,760
—	98,480	98,480
3,374	2,285	39,030
—	75,946	76,248
—	—	96,939
—	—	14,267
—	—	48,729
80,130	—	80,130
$ 2,255,831	$ 674,065	$ 7,016,955
$ —	$ 124,322	$ 878,928
18	21,436	57,408
6	—	306
—	2,606	82,221
24	148,364	1,018,863
10,905	98,480	634,702
10,905	98,480	634,702
—	—	26,996
—	—	96,939
—	—	14,267
2,244,902	—	2,244,902
—	37,800	1,225,396
—	226,377	1,339,327
—	163,044	415,563
2,244,902	427,221	5,363,390
$ 2,255,831	$ 674,065	$ 7,016,955

Reconciliation of the Balance Sheet — Governmental Funds To the Statement of Net Position

June 30, 2015 (Expressed in Thousands)

Total Fund Balances – Governmental Funds…………………………………..…		$ 5,363,390
The total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds: (See Note 8)		
Land and Related Non-depreciable Assets	$ 1,790,751	
Infrastructure, Non-depreciable	13,550,863	
Construction in Progress	789,698	
Buildings, Equipment, and Other Depreciable Assets	2,593,591	
Accumulated Depreciation	(1,173,064)	17,551,839
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 ………………………………………………………..	625,348	
Related to pensions ……………………………………………………….	(72,618)	552,730
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.		20,603
Deferred outflows of resources are not reported in the governmental funds:		
Amount on refunding of bonded debt	34,682	
Related to pensions	112,800	147,482
Other assets not available in the current period and therefore are not reported in the governmental funds:		
Other Postemployment Benefit Asset, net	5,668	
Net Pension Asset	1,023	6,691
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	(2,996,580)	
Unamortized Bond Premiums	(122,315)	
Accrued Interest on Bonds Payable	(1,059)	
Pollution Remediation Obligation	(5,086)	
Settlement Obligation	(4,471)	
Compensated Absences	(185,792)	
Capital Leases	(20,287)	
Other Postemployment Benefit Obligation, net	(4,126)	
Net Pension Liability	(749,334)	(4,089,050)
Total Net Position – Governmental Activities…………………………………..…		$ 19,553,685

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

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State of Utah

Statement Of Revenues, Expenditures, And Changes In Fund Balances
Governmental Funds

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

		Special Revenue		Capital Projects
	General	Education	Transportation	Transportation Investment
REVENUES				
Taxes:				
Sales and Use Tax	$ 1,729,509	$ —	$ 43,654	$ 426,681
Individual Income Tax	—	3,211,476	—	—
Corporate Tax	—	366,543	—	—
Motor and Special Fuels Tax	—	—	371,412	—
Other Taxes	357,272	5,198	10,508	—
Total Taxes	2,086,781	3,583,217	425,574	426,681
Other Revenues:				
Federal Contracts and Grants	2,656,092	468,372	315,371	—
Charges for Services/Royalties	452,712	1,388	89,843	—
Licenses, Permits, and Fees	27,147	5,505	84,935	77,061
Federal Mineral Lease	138,635	—	—	—
Intergovernmental	—	—	—	—
Investment Income	7,596	47,359	580	2,733
Miscellaneous Other:				
Liquor Sales Allocated for School Lunch	—	37,624	—	—
Miscellaneous and Other	257,729	24,070	35,316	—
Total Revenues	5,626,692	4,167,535	951,619	506,475
EXPENDITURES				
Current:				
General Government	350,278	—	—	—
Human Services and Juvenile Justice Services	717,979	—	—	—
Corrections	269,379	—	—	—
Public Safety	241,189	—	—	—
Courts	137,901	—	—	—
Health and Environmental Quality	2,512,722	—	—	—
Higher Education – State Administration	56,935	—	—	—
Higher Education – Colleges and Universities	854,181	—	—	—
Employment and Family Services	718,477	—	—	—
Natural Resources	188,051	—	—	—
Heritage and Arts	23,935	—	—	—
Business, Labor, and Agriculture	89,562	—	—	—
Public Education	—	3,339,724	—	—
Transportation	—	—	902,329	—
Capital Outlay	—	—	—	319,904
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	6,160,589	3,339,724	902,329	319,904
Excess Revenues Over (Under) Expenditures	(533,897)	827,811	49,290	186,571
OTHER FINANCING SOURCES (USES)				
Refunding Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
Sale of Capital Assets	23	—	2,485	—
Transfers In	798,333	9,348	63,946	85,313
Transfers Out	(238,880)	(740,131)	(153,012)	(333,711)
Total Other Financing Sources (Uses)	559,476	(730,783)	(86,581)	(248,398)
SPECIAL ITEM				
Comprehensive Health Insurance Pool Transfer	16,288	—	—	—
Net Change in Fund Balances	41,867	97,028	(37,291)	(61,827)
Fund Balances – Beginning	866,135	905,135	248,803	631,417
Fund Balances – Ending	$ 908,002	$ 1,002,163	$ 211,512	$ 569,590

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

Permanent Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ —	$ 4,545	$ 2,204,389
—	—	3,211,476
—	—	366,543
—	—	371,412
—	13,088	386,066
0	17,633	6,539,886
—	38,728	3,478,563
62,893	75,452	682,288
—	—	194,648
—	—	138,635
—	12,620	12,620
65,405	9,419	133,092
—	—	37,624
—	30,229	347,344
128,298	184,081	11,564,700
—	35,781	386,059
—	5,684	723,663
—	2,674	272,053
—	25,397	266,586
—	—	137,901
—	4,791	2,517,513
—	—	56,935
—	21,429	875,610
—	12,495	730,972
—	2,327	190,378
—	106	24,041
—	11,769	101,331
—	566	3,340,290
—	1,371	903,700
—	179,801	499,705
—	319,739	319,739
—	135,994	135,994
0	759,924	11,482,470
128,298	(575,843)	82,230
—	221,765	221,765
—	47,562	47,562
—	(267,870)	(267,870)
26,766	—	29,274
504	702,172	1,659,616
—	(84,226)	(1,549,960)
27,270	619,403	140,387
—	—	16,288
155,568	43,560	238,905
2,089,334	383,661	5,124,485
$ 2,244,902	$ 427,221	$ 5,363,390

State of Utah

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds
To the Statement of Activities

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

Net Change in Fund Balances – Governmental Funds……………………………..…		$ 238,905
The change in net position reported for governmental activities in the Statement of Activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. The primary government also constructs buildings for component units. When the buildings are completed they are "transferred" to component units and are reported as expenses in the Statement of Activities. This is the amount by which capital outlays of $695,248 exceeded depreciation expense of $(92,907) and buildings "transferred" to component units of $(71,822) in the current period. (See Note 8) ………………………………..…		530,519
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.		(27,586)
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. ……………………		78,854
Internal service funds are used by management to charge the costs of certain activities, such as insurance, technology services, and fleet operations to individual governmental funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		7,928
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	$ (221,765)	
Premiums on Bonds Issued	(47,562)	
Defeasance on Bonds	225,349	
Amount Deferred on Refunding	22,798	
Payment of Bond Principal	319,739	
Capital Lease Payments	1,507	300,066
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 Obligation Costs	241	
Settlement Obligation Costs	2,457	
Compensated Absences Expenses	(1,113)	
Accrued Interest on Bonds Payable	102	
Amortization of Bond Premiums	63,426	
Amortization of Deferred Amount on Refunding of Bonded Debt	(5,289)	
Contracts Payable Payments	5,585	
Other Postemployment Benefit Obligation Costs, net	19	
Pension Costs, net	60,453	125,881
Change in Net Position – Governmental		$ 1,254,567

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

Proprietary Fund Financial Statements

Student Assistance Programs

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

Unemployment Compensation Fund

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

Water Loan Programs

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

Community Impact Loan Fund

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

Nonmajor Funds

Nonmajor enterprise funds are presented beginning on page 178.

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 beginning on page 190.

Statement Of Net Position
Proprietary Funds

June 30, 2015 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 105,018	$ 883,562	$ 238,804	$ 183,469
Restricted Investments	130,206	—	—	—
Receivables:				
Accounts, net	8,116	86,714	651	—
Accrued Interest	56,357	—	5,952	4,758
Accrued Taxes, net	—	—	3,168	—
Notes/Loans/Mortgages, net	496,541	—	33,713	22,342
Due From Other Funds	—	—	12,271	—
Due From Component Units	—	—	—	—
Prepaid Items	271	—	35	—
Inventories	—	—	—	—
Other Assets	—	—	—	—
Total Current Assets	796,509	970,276	294,594	210,569
Noncurrent Assets:				
Accounts Receivables	—	7,048	—	—
Investments	18,068	—	—	—
Prepaid Items	—	—	—	—
Accrued Interest Receivable	—	—	3,909	70
Notes/Loans/Mortgages Receivables, net	2,273,344	—	531,400	469,250
Pledged Loans Receivables	—	—	132,129	—
Other Assets	—	—	—	—
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	12,880	—	—	—
Machinery and Equipment	1,497	—	—	—
Intangible Assets–Software	1,174	—	—	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	(5,967)	—	—	—
Total Capital Assets	9,584	0	0	0
Total Noncurrent Assets	2,300,996	7,048	667,438	469,320
Total Assets	$ 3,097,505	$ 977,324	$ 962,032	$ 679,889
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —
Deferred Amount of Federal Default Fee	910	—	—	—
Deferred Outflows Relating to Pensions	425	—	—	—
Total Deferred Outflows of Resources	$ 1,335	$ 0	$ 0	$ 0
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 33,180	$ 2,248	$ 950	$ —
Deposits	—	41	2	—
Due To Other Funds	—	10,424	125	—
Due To Component Units	—	—	—	—
Interfund Loans Payable	—	—	—	—
Unearned Revenue	353	—	8	—
Policy Claims and Uninsured Liabilities	351	5,294	—	—
Notes Payable	262,573	—	—	—
Revenue Bonds Payable	238,968	—	5,025	—
Total Current Liabilities	535,425	18,007	6,110	0
Noncurrent Liabilities:				
Accrued Liabilities	412	—	—	—
Interfund Loans Payable	—	—	—	—
Policy Claims and Uninsured Liabilities	1,942	—	—	—
Notes Payable	889,634	—	—	—
Revenue Bonds Payable	1,272,163	—	42,217	—
Net Pension Liability	2,080	—	—	—
Total Noncurrent Liabilities	2,166,231	0	42,217	0
Total Liabilities	$ 2,701,656	$ 18,007	$ 48,327	$ 0
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ 10,832	$ —	$ —	$ —
Fair Value of Interest Rate Swap Agreements	18,068	—	—	—
Deferred Inflows Relating to Pensions	164	—	—	—
Total Deferred Inflows of Resources	$ 29,064	$ 0	$ 0	$ 0
NET POSITION				
Net Investment in Capital Assets	$ 3,909	$ —	$ —	$ —
Restricted for:				
Unemployment Compensation and Insurance Programs	—	959,317	—	—
Loan Programs	320,146	—	422,618	—
Debt Service	—	—	163,460	—
Unrestricted (Deficit)	44,065	—	327,627	679,889
Total Net Position	$ 368,120	$ 959,317	$ 913,705	$ 679,889

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

Business-type Activities – Enterprise Funds: Nonmajor Enterprise Funds	Business-type Activities – Enterprise Funds: Total	Governmental Activities – Internal Service Funds
$ 66,270	$ 1,477,123	$ 71,811
—	130,206	—
9,951	105,432	6,437
1,511	68,578	—
—	3,168	—
10,266	562,862	—
6,474	18,745	28,980
2	2	997
21	327	3,556
33,286	33,286	5,205
828	828	—
128,609	2,400,557	116,986
—	7,048	—
148	18,216	—
—	0	619
1,313	5,292	—
144,634	3,418,628	—
—	132,129	—
8	8	48
22,689	22,689	—
430	430	130
79,672	92,552	5,455
15,614	17,111	204,092
567	1,741	12,885
1,334	1,334	—
(37,945)	(43,912)	(134,441)
82,361	91,945	88,121
228,464	3,673,266	88,788
$ 357,073	$ 6,073,823	$ 205,774
$ 4,962	$ 4,962	$ 14
—	910	—
1,630	2,055	8,046
$ 6,592	$ 7,927	$ 8,060
$ 17,858	$ 54,236	$ 34,844
98	141	—
20,446	30,995	2,944
28	28	—
—	0	21,733
4,087	4,448	860
—	5,645	19,175
—	262,573	31
5,700	249,693	99
48,217	607,759	79,686
—	412	—
—	0	26,996
—	1,942	27,756
—	889,634	339
74,313	1,388,693	250
10,773	12,853	53,209
85,086	2,293,534	108,550
$ 133,303	$ 2,901,293	$ 188,236
$ —	$ 10,832	$ —
—	18,068	—
1,011	1,175	4,995
$ 1,011	$ 30,075	$ 4,995
$ 12,831	$ 16,740	$ 87,800
—	959,317	7,254
110,318	853,082	—
—	163,460	—
106,202	1,157,783	(74,451)
$ 229,351	$ 3,150,382	$ 20,603

Statement Of Revenues, Expenses, And Changes In Fund Net Position
Proprietary Funds

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ 7,783	$ 295,190	$ 262	$ —
Fees and Assessments	1,083	661	144	—
Interest on Notes/Mortgages	75,920	—	—	—
Federal Reinsurance and Allowances/Reimbursements	27,935	(665)	—	—
Miscellaneous	3,402	—	—	140
Total Operating Revenues	116,123	295,186	406	140
OPERATING EXPENSES				
Administration	6,102	—	—	10
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	—	—	14,033	—
Rentals and Leases	—	—	1	—
Maintenance	—	—	—	—
Interest	6,596	—	—	—
Depreciation/Amortization	722	—	—	—
Student Loan Servicing and Related Expenses	65,755	—	—	—
Payment to Lenders for Guaranteed Claims	27,909	—	—	—
Benefit Claims and Unemployment Compensation	—	177,105	—	—
Supplies and Other Miscellaneous	3,888	—	2,484	1,079
Total Operating Expenses	110,972	177,105	16,518	1,089
Operating Income (Loss)	5,151	118,081	(16,112)	(949)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	691	19,346	13,351	7,709
Federal Contracts and Grants	—	—	15,113	236
Disposal of Capital Assets	—	—	—	—
Tax Revenues	—	—	27,859	—
Interest Expense	—	—	(1,758)	—
Refunds Paid to Federal Government	(200)	—	—	—
Other Revenues (Expenses)	(265)	—	—	—
Total Nonoperating Revenues (Expenses)	226	19,346	54,565	7,945
Income (Loss) before Transfers	5,377	137,427	38,453	6,996
Transfers In	—	—	—	—
Transfers Out	—	(4,612)	(5,316)	(4,682)
Change in Net Position	5,377	132,815	33,137	2,314
Net Position – Beginning	364,044	826,502	880,568	677,575
Adjustment to Beginning Net Position	(1,301)	—	—	—
Net Position – Beginning as Adjusted	362,743	826,502	880,568	677,575
Net Position – Ending	$ 368,120	$ 959,317	$ 913,705	$ 679,889

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

Business-type Activities – Enterprise Funds		Governmental Activities –
Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 370,541	$ 673,776	$ 333,573
5,446	7,334	—
3,017	78,937	—
—	27,270	—
3,349	6,891	256
382,353	794,208	333,829
32,347	38,459	104,651
223,754	223,754	76,669
997	15,030	—
2,253	2,254	1,378
3,430	3,430	22,328
—	6,596	—
3,477	4,199	18,726
—	65,755	—
—	27,909	—
—	177,105	11,144
12,161	19,612	85,359
278,419	584,103	320,255
103,934	210,105	13,574
324	41,421	193
5,863	21,212	—
(20)	(20)	769
525	28,384	—
(2,814)	(4,572)	(35)
—	(200)	(5,652)
(278)	(543)	(293)
3,600	85,682	(5,018)
107,534	295,787	8,556
2,255	2,255	1,272
(96,673)	(111,283)	(1,900)
13,116	186,759	7,928
231,644	2,980,333	67,023
(15,409)	(16,710)	(54,348)
216,235	2,963,623	12,675
$ 229,351	$ 3,150,382	$ 20,603

Statement Of Cash Flows
Proprietary Funds

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	Unemployment Compensation Fund	Water Loan Programs	Community Impact Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 66,576	$ 314,754	$ 60	$ 140
Receipts from Loan Maturities	352,176	—	—	—
Receipts Federal Reinsurance and Allowances/Reimbursements	3,046	(925)	—	—
Receipts from State Customers	—	—	—	—
Payments to Suppliers/Claims/Grants	(15,542)	(175,698)	(16,447)	(455)
Disbursements for Loans Receivable	(1,695,408)	—	—	—
Payments on Loan Guarantees	(28,787)	—	—	—
Payments for Employee Services and Benefits	(14,355)	—	—	(10)
Payments to State Suppliers and Grants	—	—	—	(624)
Payments of Sales Tax and School Lunch Collections	—	—	—	—
Net Cash Provided (Used) by Operating Activities	(1,332,294)	138,131	(16,387)	(949)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Receipts from Bonds, Notes, and Deposits	2,348,820	17	2	—
Payments of Bonds, Notes, Deposits, and Refunds	(967,584)	(36)	(5,168)	—
Interest Paid on Bonds, Notes, and Financing Costs	(26,166)	—	—	—
Federal Contracts and Grants and Other Revenues	—	—	13,035	236
Restricted Sales Tax	—	—	27,519	—
Transfers In from Other Funds	—	—	—	—
Transfers Out to Other Funds	—	(4,612)	(5,316)	(4,682)
Net Cash Provided (Used) by Noncapital Financing Activities	1,355,070	(4,631)	30,072	(4,446)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Repayments Under Interfund Loans	—	—	—	—
Proceeds from Bond and Note Debt Issuance	—	—	—	—
Proceeds from Disposition of Capital Assets	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	(413)	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Transfers In from Other Funds	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(413)	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	2,023,501	—	—	—
Receipts of Interest and Dividends from Investments	702	19,346	13,464	7,709
Receipts from Loan Maturities	—	—	47,193	28,431
Receipts of Interest from Loans	—	—	—	—
Payments to Purchase Investments	(2,081,997)	—	—	—
Disbursements for Loans Receivable	—	—	(55,686)	(58,708)
Net Cash Provided (Used) by Investing Activities	(57,794)	19,346	4,971	(22,568)
Net Cash Provided (Used) – All Activities	(35,431)	152,846	18,656	(27,963)
Cash and Cash Equivalents – Beginning	140,449	730,716	220,148	211,432
Cash and Cash Equivalents – Ending	$ 105,018	$ 883,562	$ 238,804	$ 183,469

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

Business-type Activities – Enterprise Funds		Governmental Activities – Internal Service Funds
Nonmajor Enterprise Funds	Total	
$ 433,652	$ 815,182	$ 49,763
10,358	362,534	—
—	2,121	—
13,805	13,805	286,551
(237,666)	(445,808)	(146,355)
(13,605)	(1,709,013)	—
—	(28,787)	—
(31,310)	(45,675)	(108,298)
(9,199)	(9,823)	(49,915)
(61,573)	(61,573)	—
104,462	(1,107,037)	31,746
16,108	16,108	—
(15,683)	(15,683)	(1,179)
—	2,348,839	—
—	(972,788)	(28)
—	(26,166)	(23)
5,266	18,537	300
525	28,044	—
2,255	2,255	—
(96,673)	(111,283)	(1,900)
(88,202)	1,287,863	(2,830)
—	0	(11,287)
29,300	29,300	—
7	7	6,337
(34,283)	(34,283)	(80)
(604)	(1,017)	(17,943)
(2,622)	(2,622)	(8)
—	0	1,272
(8,202)	(8,615)	(21,709)
115	2,023,616	—
265	41,486	193
583	76,207	—
14	14	—
—	(2,081,997)	—
(3,060)	(117,454)	—
(2,083)	(58,128)	193
5,975	114,083	7,400
60,295	1,363,040	64,411
$ 66,270	$ 1,477,123	$ 71,811

Continues

Statement Of Cash Flows
Proprietary Funds

Continued

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Business-type Activities – Enterprise Funds			
	Student Assistance Programs	**Unemployment Compensation Fund**	**Water Loan Programs**	**Community Impact Loan Fund**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 5,151	$ 118,081	$ (16,112)	$ (949)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	722	—	—	—
Interest Expense for Noncapital and Capital Financing	8,563	—	—	—
Pension Expense Accrual	516	—	—	—
Miscellaneous Gains, Losses, and Other Items	4,660	—	—	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds	13,970	23,083	(346)	—
Notes/Accrued Interest Receivables	(1,367,822)	—	—	—
Inventories	—	—	—	—
Prepaid Items/Deferred Charges	(27)	—	(35)	—
Accrued Liabilities/Due to Other Funds	2,518	(2,157)	106	—
Unearned Revenue/Deposits	—	—	—	—
Policy Claims Liabilities	(545)	(876)	—	—
Net Cash Provided (Used) by Operating Activities	$ (1,332,294)	$ 138,131	$ (16,387)	$ (949)

SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ 86	$ (282)
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 86	$ (282)

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

Business-type Activities – Enterprise Funds		Governmental Activities –
Nonmajor Enterprise Funds	Total	Internal Service Funds
$ 103,934	$ 210,105	$ 13,574
3,477	4,199	18,726
—	8,563	—
(856)	(340)	(4,236)
—	4,660	(6,245)
5,334	42,041	1,399
(3,483)	(1,371,305)	1,000
(5,178)	(5,178)	1,590
29	(33)	1,969
2,730	3,197	4,763
(1,168)	(1,168)	860
(357)	(1,778)	(1,654)
$ 104,462	$ (1,107,037)	$ 31,746
$ (116)	$ (312)	$ (39)
$ (116)	$ (312)	$ (39)

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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 Treasurer's 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 beginning on page 200.

State of Utah

Statement Of Fiduciary Net Position
Fiduciary Funds

June 30, 2015 (Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 1,580,820	$ 115,541	$ 47,848	$ 196,099
Receivables:				
Accounts	1,206	—	5,146	20,875
Contributions	40,612	—	—	—
Investments	481,569	—	—	—
Accrued Interest	—	—	2	—
Accrued Assessments	—	—	2,957	—
Loans	—	—	953	—
Due From Other Funds	2,577	—	1,762	335
Investments:				
Debt Securities	6,098,766	7,163,216	2,397,500	23,183
Equity Investments	12,299,937	—	6,296,815	—
Absolute Return	4,643,417	—	—	—
Private Equity	3,170,276	—	—	—
Real Assets	3,830,987	—	—	—
Invested Securities Lending Collateral	2,282,747	—	—	—
Total Investments	32,326,130	7,163,216	8,694,315	23,183
Capital Assets:				
Land	1,779	—	271	—
Buildings and Improvements	17,724	—	10,715	—
Machinery and Equipment	5,611	—	2,063	—
Less Accumulated Depreciation	(21,392)	—	(5,076)	—
Total Capital Assets	3,722	0	7,973	0
Total Assets	$ 34,436,636	$ 7,278,757	$ 8,760,956	$ 240,492
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Relating to Pensions	$ 0	$ 0	$ 87	$ 0
LIABILITIES				
Accounts Payable	$ 395,156	$ —	$ 1,624	$ —
Securities Lending Liability	2,282,747	—	—	—
Due To Other Funds	—	—	82	—
Due To Individuals, Organizations, and Other Governments	—	—	—	240,492
Unearned Revenue	—	—	487	—
Leave/Postemployment Benefits	21,755	—	—	—
Policy Claims Liabilities/Insurance Reserves	4,999	—	230,613	—
Real Estate Liabilities	381,361	—	—	—
Net Pension Obligation	—	—	325	—
Total Liabilities	$ 3,086,018	$ 0	$ 233,131	$ 240,492
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions	$ 0	$ 0	$ 24	$ 0
NET POSITION				
Restricted for:				
Pension Benefits	$ 26,569,124	$ —	$ —	
Other Postemployment Benefits	235,225	—	—	
Defined Contribution	4,546,269	—	—	
Pool Participants	—	7,278,757	—	
Individuals, Organizations, and Other Governments	—	—	8,527,888	
Total Net Position	$ 31,350,618	$ 7,278,757	$ 8,527,888	
Participant Account Balance Net Position Valuation Factor		1.00496043		

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

Statement Of Changes In Fiduciary Net Position
Fiduciary Funds

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Member	$ 346,849	$ —	$ 955,957
Employer	1,020,115	—	—
Court Fees and Fire Insurance Premiums	15,640	—	—
Total Contributions	1,382,604	0	955,957
Pool Participant Deposits	—	8,404,048	—
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	1,572,731	(2,039)	123,826
Interest, Dividends, and Other Investment Income	513,131	40,699	166,658
Less Investment Expenses	(50,133)	(369)	—
Net Investment Income	2,035,729	38,291	290,484
Transfers From Affiliated Systems	38,020	—	—
Other Additions:			
Escheats	—	—	27,373
Royalties and Rents	—	—	5,474
Fees, Assessments, and Revenues	—	—	53,367
Miscellaneous	—	—	8,666
Total Other	0	0	94,880
Total Additions	3,456,353	8,442,339	1,341,321
DEDUCTIONS			
Pension Benefits	1,325,556	—	—
Retiree Healthcare Benefits	25,749	—	—
Refunds/Plan Distributions	293,059	—	—
Earnings Distribution	—	40,331	—
Pool Participant Withdrawals	—	8,056,388	—
Transfers To Affiliated Systems	38,020	—	—
Trust Operating Expenses	—	—	34,380
Distributions and Benefit Payments	—	—	331,060
Administrative and General Expenses	18,260	—	19,898
Total Deductions	1,700,644	8,096,719	385,338
Change in Net Postion Restricted for:			
Pension Benefits	1,473,052	—	—
Other Postemployment Benefits	21,036	—	—
Defined Contributions	261,621	—	—
Pool Participants	—	345,620	—
Individuals, Organizations, and Other Governments	—	—	955,983
Net Position – Beginning	29,594,909	6,933,137	7,571,905
Net Position – Ending	$ 31,350,618	$ 7,278,757	$ 8,527,888

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

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Component Unit Financial Statements

Public Employees Health Program

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

University of Utah and Utah State University

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

Nonmajor Component Units

Nonmajor component units are presented beginning on page 216.

Combining Statement Of Net Position
Component Units

June 30, 2015 (Expressed in Thousands)

	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 65,190	$ 402,878	$ 81,996	$ 234,463
Investments	21,420	798,349	44,041	58,066
Receivables:				
Accounts, net	40,073	350,845	56,477	43,484
Notes/Loans/Mortgages/Pledges, net	—	14,048	1,362	8,765
Accrued Interest	2,032	3,045	—	197
Due From Primary Government	—	—	—	334
Prepaid Items	14,661	—	4,125	5,850
Inventories	—	59,204	4,198	13,822
Other Assets	—	44,022	—	3,266
Total Current Assets	143,376	1,672,391	192,199	368,247
Noncurrent Assets:				
Restricted Investments	—	651,892	164,286	108,812
Restricted Receivables, net	—	56,679	25,975	—
Accounts Receivables, net	—	—	13,824	27,270
Investments	250,198	1,006,340	256,876	364,571
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	10,338	35,448
Other Assets	—	11,666	178	5,456
Capital Assets (net of Accumulated Depreciation)	277	2,504,854	709,458	1,435,031
Total Noncurrent Assets	250,475	4,231,431	1,180,935	1,976,588
Total Assets	$ 393,851	$ 5,903,822	$ 1,373,134	$ 2,344,835
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ —	$ 7,994	$ 2,037	$ 654
Deferred Outflows Relating to Pensions	—	21,255	5,826	14,390
Total Deferred Outflows of Resources	$ 0	$ 29,249	$ 7,863	$ 15,044
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 12,272	$ 228,868	$ 51,691	$ 50,692
Securities Lending Liability	17,827	—	—	—
Deposits	—	121,135	57	2,729
Due To Primary Government	—	49,151	13,911	14,185
Unearned Revenue	2,308	78,500	23,246	37,530
Current Portion of Long-term Liabilities	60,064	166,259	24,955	30,850
Total Current Liabilities	92,471	643,913	113,860	135,986
Noncurrent Liabilities:				
Accrued Liabilities	5,280	—	1,911	—
Unearned Revenue	—	—	—	1,155
Deposits	—	17,000	—	—
Net Pension Liability	—	132,561	37,273	89,201
Long-term Liabilities	70,941	893,372	143,540	231,453
Total Noncurrent Liabilities	76,221	1,042,933	182,724	321,809
Total Liabilities	$ 168,692	$ 1,686,846	$ 296,584	$ 457,795
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ —	$ 264	$ —	$ —
Deferred Inflows Relating to Pensions	—	12,546	3,549	8,398
Total Deferred Inflows of Resources	$ 0	$ 12,810	$ 3,549	$ 8,398
NET POSITION				
Net Investment in Capital Assets	$ 277	$ 1,641,064	$ 585,149	$ 1,241,107
Restricted for:				
Nonexpendable:				
Higher Education	—	518,706	124,154	159,304
Expendable:				
Higher Education	—	449,189	234,723	169,227
Insurance Plans	224,882	—	—	—
Other	—	—	—	1,897
Unrestricted	—	1,624,456	136,838	322,151
Total Net Position	$ 225,159	$ 4,233,415	$ 1,080,864	$ 1,893,686

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

Total
$ 784,527
921,876
490,879
24,175
5,274
334
24,636
77,224
47,288
2,376,213
924,990
82,654
41,094
1,877,985
45,786
17,300
4,649,620
7,639,429
$ 10,015,642
$ 10,685
41,471
$ 52,156
$ 343,523
17,827
123,921
77,247
141,584
282,128
986,230
7,191
1,155
17,000
259,035
1,339,306
1,623,687
$ 2,609,917
$ 264
24,493
$ 24,757
$ 3,467,597
802,164
853,139
224,882
1,897
2,083,445
$ 7,433,124

State of Utah

Combining Statement Of Activities
Component Units

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
Expenses	$ —	$ 551,181	$ 3,738,638	$ 617,783
Program Revenues:				
Charges for Services:				
Tuition and Fees	—	—	363,369	190,991
Scholarship Allowances	—	—	(59,361)	(70,386)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of $78,883)	—	540,937	2,793,766	84,361
Operating Grants and Contributions	—	19,538	551,449	256,381
Capital Grants and Contributions	—	—	31,729	27,272
Total Program Revenues	0	560,475	3,680,952	488,619
Net (Expenses) Revenues	0	9,294	(57,686)	(129,164)
General Revenues:				
State Appropriations	—	—	287,929	182,194
Donations	—	—	—	—
Unrestricted Investment Income	—	—	—	—
Gain (Loss) on Sale of Capital Assets	—	—	—	—
Permanent Endowments Contributions	—	—	22,241	5,120
Total General Revenues and Contributions	0	0	310,170	187,314
Change in Net Position	0	9,294	252,484	58,150
Net Position – Beginning	244,487	215,865	4,114,315	1,060,875
Adjustment to Beginning Net Position	(244,487)	—	(133,384)	(38,161)
Net Position – Beginning as Adjusted	—	215,865	3,980,931	1,022,714
Net Position – Ending	$ 0	$ 225,159	$ 4,233,415	$ 1,080,864

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

Nonmajor Component Units	Total
$ 1,154,000	$ 6,061,602
484,597	1,038,957
(120,087)	(249,834)
130,297	3,549,361
262,961	1,090,329
68,001	127,002
825,769	5,555,815
(328,231)	(505,787)
424,253	894,376
8	8
15	15
(889)	(889)
5,662	33,023
429,049	926,533
100,818	420,746
1,858,009	7,493,551
(65,141)	(481,173)
1,792,868	7,012,378
$ 1,893,686	$ 7,433,124

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

For financial reporting purposes, the State of Utah's reporting entity includes the "primary government" and its "discrete component units." The primary government includes all funds, agencies, boards, commissions, and authorities that are considered an integral part of the State's activities. 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 Utah 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; *or* (***3***) the component unit's total debt outstanding is expected to be repaid entirely or almost entirely by the primary government.

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

Discrete Component Units

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

Except for the Utah Communications Authority, Utah Schools for the Deaf and Blind, and the Utah College of Applied Technology, the Governor appoints at least a majority of the governing board members of each of the State's discrete component units, subject in most cases with consent from the Senate. The Utah Communications Authority is included in the reporting entity because of its ability to provide specific financial benefits or impose financial burdens on the State; by statute it may issue debt enhanced by the State and it operates programs supplemented with state revenue. The other discrete component units are included in the reporting entity because, under the criteria established by GASB, the State has the ability to impose its will on these organizations.

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

The State does not appoint a voting majority of the governing board members of the Utah Schools for the Deaf and Blind or the Utah College of Applied Technology. However, they are included in the reporting entity because they meet both the fiscal dependency and financial benefit and burden relationship; the State approves and modifies their budgets and provides financial support.

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

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

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

The State's non-major 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.

Comprehensive Health Insurance Pool — This Pool is a nonprofit quasi-governmental entity established within the State Insurance Department. It provides access to health insurance coverage for residents of the State who were considered uninsurable. The 2014 Utah Legislature repealed the Comprehensive Health Insurance Pool Act effective July 1, 2015. Pool enrollment and coverage were terminated on December 31, 2013, and all enrollees were encouraged to transition to qualified health plans offered through the Utah Federal Facilitated Marketplace.

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

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

Colleges and Universities — Weber State University, Southern Utah University, Salt Lake Community College, Utah Valley University, Dixie State University, Snow College, and the Utah College of Applied Technology. Separate audited financial statements are issued for the branch campuses of the Utah College of Applied Technology.

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

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

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

Fiduciary Component Units

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

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

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

Related Organization (Excluded from Financial Statements)

Workers' Compensation Fund — This Fund is a nonprofit quasi-public corporation created by the Legislature for a public purpose that provides workers' compensation insurance to private and public employers. Although the Governor appoints six of the seven board of directors for the Fund, there is no financial accountability. The State does not have the ability to impose its will on the Fund and the Fund does not provide specific financial benefits to, or impose specific financial burdens on the State.

Utah Housing Corporation — Utah Housing Corporation (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 non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange 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 non-fiduciary 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 is 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, pension benefits, postemployment benefits, 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 land grants and the sale of lands received from the federal *Enabling Act*. The principal in the fund is perpetual, with the earnings used primarily to support public education.

Nonmajor Governmental Funds — 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, 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 provides 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 administers loans to small businesses under the Small Business Credit Initiative.

Non-major Enterprise Funds — The State's nonmajor enterprise funds include loan programs for low-income housing, agricultural, energy efficiency, transportation infrastructure, and other purposes; Alcoholic Beverage Control (state liquor stores); Utah Correctional Industries; State Trust Lands Administration; Utah Dairy Commission; and the Federal Health Insurance Pool.

The Federal Health Insurance Pool (nonmajor enterprise fund) discontinued operations since enrollees in this temporary insurance program transitioned into the qualified health plans offered through the Utah Federal Facilitated Marketplace. The financial statements are for the 18 month time period from January 1, 2014 to June 30, 2015. This covers the calendar year until the contract ended and the six month wrap-up period that followed. See Note 2 for additional information.

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

Fiduciary Fund Financial Statements

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

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

Investment Trust Fund — This fund is used to account for the investments related to external participants in the Utah State Public Treasurer's 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 Royalties Holding Trust, Unclaimed Property Trust, Employers' Reinsurance Trust, Petroleum Storage Tank Trust, and the Utah Educational Savings Plan Trust.

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

Discrete Component Unit Financial Statements

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

D. **Fiscal Yearends**

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

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

Cash and Cash Equivalents and Investments

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

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

Investments (including cash equivalents) are under the control of the State Treasurer or other administrative bodies as determined by law. In certain instances, investments may be restricted by law or other legal instruments. Investments are presented at fair value. The fair value of investments is based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors, has determined the fair values for the individual investments. Investments held as security deposits which are not held for investment purposes are carried at cost. The fair value of real estate investments held by the Permanent Fund and Utah Retirement Systems (pension trust and defined contribution plans) has been estimated based on independent appraisals and/or property cash flow.

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 Board 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 non-interest bearing. Student loans in the Student Assistance Programs (business-type activities) are fixed and variable rate federally insured loans. Student loans are insured at 95 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 executory costs and any unearned interest revenue on the capital lease. Receivables from the discrete component unit are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

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

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

Inventories, Prepaid Items, and Other Assets

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

Governmental fund inventories are recorded as expenditures when purchased except for Transportation Fund inventories and state park inventories (reported in the General Fund), that are recorded as expenditures when consumed. Both Transportation Fund inventories and state park inventories are valued using a weighted average cost.

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

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

Capital Assets

Capital assets, which include land and related assets, buildings, equipment, intangible assets (software), and infrastructure (roads, bridges, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Position. Capital assets of proprietary funds and fiduciary funds are also recorded in their respective fund statements. Capital assets, with the exception of infrastructure and internally generated software, 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 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 valued at their estimated fair value at the date of donation.

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, and 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.

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, revenue bonds, claims, contracts and notes payable directly related to and intended to be paid from proprietary funds or discretely presented component units are 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, net pension liability, and lease revenue bonds are 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. 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, 2015, there was no liability for yield reduction payments or for non-purpose interest arbitrage rebate in the Student Assistance Programs.

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

Compensated Absences and Postemployment Benefits

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. Prior to January 1, 2014, employees had the option under certain circumstances to “convert” sick leave. Employees may use converted sick leave in place of vacation leave. Any unused vacation leave and converted sick is paid to employees upon termination. 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.

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 the employees are eligible for retirement or the sick leave was “converted”. 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, a single-employer defined benefit healthcare plan) to purchase health and life insurance coverage or Medicare supplemental insurance. Any remaining sick leave earned on or after January 1, 2006, but before January 4, 2014, is converted to a value (based on the higher of the employee’s rate of pay at retirement or the average pay rate of retirees in the previous year) and placed in a Health Reimbursement Arrangement administered by Utah Retirement Systems. The Annual Required Contribution (ARC) is funded by charges to agency budgets. The ARC is deposited and payments of postemployment health and life insurance benefits to retirees are made from the State Post-Retirement Benefits Trust Fund. See Note 18 for additional information about the State Employee OPEB Plan administered as an irrevocable trust.

The State of Utah also administers the Elected Official OPEB Plan, a single-employer defined benefit healthcare plan as an irrevocable trust. Only governors and legislators who retire after January 1, 1998 and have four or more years of service can elect to receive and apply for this benefit. To qualify for health 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 health coverage with the program until the date of eligibility. In addition, to qualify for health coverage, an elected official must have service prior to January 1, 2012. To qualify for Medicare supplemental coverage an elected official must be at least 65 years of age. In addition, the elected official must retire under Chapter 19, *Utah Governors’ and Legislators’ Retirement Act*, and have service prior to July 1, 2013. The State will pay a portion or all the health benefit costs for the elected official and spouse based on years of service. See Note 18 for additional information.

For administrative purposes, the State maintains compensated absences pools within the General Fund, Education Fund, and Transportation Fund. The ongoing payments from the pools are provided by charges to agency budgets as benefits are earned. Vacation leave taken as time off is paid from current budgets when used. Payment of leave balances at termination is made from the compensated absences pools. Proprietary funds, Utah Schools for the Deaf and the Blind, and private purpose trust funds of the primary government also participate in the pools and the State Employee OPEB Plan; and have no liability for leave or postemployment benefits once their contributions have been made.

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.

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. See Note 12 for additional information about the stabilization accounts.

F. **Revenues and Expenditures/Expenses**

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 its federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2015, the State reported revenues and expenditures of $27.154 million for commodities in the General Fund, and $17.592 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 investments in the Trust Lands Fund (permanent fund) and the State Endowment Fund (nonmajor governmental fund) is assigned to and reported directly in the Education Fund and the General Fund, respectively. 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 Trust Lands Fund generated $45.846 million of cash investment earnings that was reported directly in the Education Fund. The State Endowment Fund generated $3.201 million of cash investment earnings, of which $1.931 million was reported in the General Fund and $1.270 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, 2015, the State implemented the following new accounting standards issued by the Governmental Accounting Standards Board (GASB):

GASB Statement 68, *Accounting and Financial Reporting for Pensions.*

GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.*

GASB Statement 68 and 71 – These Statements establish standards for measuring and recognizing liabilities, assets, deferred outflows of resources, deferred inflows of resources, and expense/expenditures for pensions provided to employees of the primary government and its component units. It requires the State to record the State's proportionate share of the net pension liability in the government-wide financial statements and in the proprietary funds and component unit financial statements.

As a result of implementing this Statement, beginning net position of governmental activities was reduced $822.93 million on the Statement of Activities. This reduction reflects a $920.087 million share of the beginning net pension liability, $286 thousand of beginning net pension asset, and $96.871 million of contributions made to Utah Retirement Systems (URS) between January 1 and June 30, 2014. $54.348 million of the adjustment to beginning net position is for Governmental Activities – Internal Service Funds as reflected in the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds.

Beginning net position for business-type activities on the Statement of Activities was reduced by $12.304 million. $1.301 million of this reduction is also reported on the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds (Student Assistance Programs – major enterprise fund) with the remaining $11.003 million reported in Nonmajor Enterprise Funds. This reduction reflects a $14.391 million share of the beginning net pension liability and $2.087 million of contributions made to URS between January 1 and June 30, 2014.

As a result of implementing GASB Statement 68, the beginning net position for the component units was reduced $262.574 million on the Statement of Activities. This reduction is also reported on the Combining Statement of Activities – Component Units. This reduction reflects the component units' share of the beginning net pension liability of $294.757 million, beginning net pension asset of $100 thousand, and $32.083 million of contributions made to URS between January 1 and June 30, 2014.

GASB Statement 68 and 71 was implemented for all component units, except Public Employees Health Program (major discrete component unit) and Utah State Fair Corporation (nonmajor discrete component unit) which have fiscal years ending December 31.

See Note 17 for further information on pension reporting.

Other Adjustments and Changes

The Federal Health Insurance Pool (nonmajor enterprise fund) discontinued operations since enrollees in this temporary insurance program transitioned into the qualified health plans offered through the Utah Federal Facilitated Marketplace. The Pool paid for benefit claims (incurred by June 30, 2013 and received by June 30, 2014) and any administrative costs until the contract between the U.S. Department of Health and Human Services and the State Insurance Department ended on December 31, 2014.

In evaluating the inventory process used by Alcoholic Beverage Control (nonmajor enterprise fund) a discrepancy was discovered with the recording of inventory and cost of goods sold resulting in a prior period adjustment of $4.406 million to reduce the beginning net position of business-type activities on the Statement of Activities. This adjustment is also reflected in the Statement of Revenues, Expenditures, and Changes in Fund Net Position – Proprietary Funds.

Legislation was passed that resulted in reporting Utah Communications Authority (UCA) as a nonmajor discrete component unit of the State. The relationship between the State and UCA as demonstrated through the legislative process was changed to become closely related and partially financially integrated and therefore it would be misleading to exclude UCA from presentation in the State's financial statements. As a result, a $25.888 million increase was made to restate beginning net position reported on the government-wide Statement of Activities.

The Legislature authorized the dissolution of the Comprehensive Health Insurance Pool (nonmajor component unit) and a refund back to the State's general fund of any remaining cash balance in the Pool by June 30, 2015. This action resulted in the reporting of a $16.288 million special item on the government-wide Statement of Activities.

During the 2015 General Session, the Legislature passed Senate Bill 67, *Utah Housing Corporation Act Amendments* which repealed statute that allowed Utah Housing Corporation (major discrete component unit) to issue debt enhanced by the State and issue low-income housing tax credits. Although legislation repealed the ability for the Corporation to provide specific financial benefits or impose financial burdens on the state, the Governor still appoints a majority of the Board. As a result, the Utah Housing Corporation is no longer reported as a discrete component unit but as a related organization with only footnote disclosure. As a result a $244.487 million decrease was made to restate beginning net position reported on the government-wide Statement of Activities.

(Notes continue on next page.)

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 (*Utah Code*, Title 51, Chapter 7) and rules of the State Money Management Council. However, the Act also permits certain funds that have a long time horizon to make investments of a long-term nature, such as equities and bond mutual funds. In the primary government these are the State Endowment (special revenue fund), Trust Lands (permanent fund), Utah Educational Savings Plan Trust (private purpose trust), Employers' Reinsurance Trust (private purpose trust), Utah Retirement Systems, and employee benefit trust funds. The discrete component units exempt from the Act are Public Employees Health Program and the college and universities' endowment funds.

A. **Primary Government**

Custodial Credit Risk — Deposits

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

Deposits with qualified depository institutions in excess of FDIC insurance limits are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the primary government at June 30, 2015, were $1.432 billion. These deposits are exposed to custodial credit risk as follows:

- $524.741 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for $891.867 million of the primary government deposits which are in FDIC-insured accounts are held in trust by UESP at two banks. Funds in the FDIC-insured accounts are insured on a pass-through basis to each account owner at each bank up to $250,000. The amount of FDIC insurance provided to an account owner is based on the total of (1) the value of an account owner's investment in the FDIC-insured account at each bank plus (2) the value of other accounts held (if any) at each bank, as determined by the banks and by FDIC regulations. It is the Account Owner's responsibility to determine how investments in the FDIC-insured accounts would be aggregated with other investments at the banks for purposes of FDIC insurance coverage.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

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

The Utah Educational Savings Plan Trust is permitted to invest in the Utah Public Treasurers' Investment Fund; mutual funds, securities, or other investments registered with the United States Securities and Exchange Commission; federally insured depository institutions; stable value products, including guaranteed investment contracts, guaranteed interest contracts, and guaranteed insurance contracts; and any investments that are determined by the board of directors of the Utah Educational Savings Plan to be appropriate and that would be authorized under the provisions of the Money Management Act or Rule 2 of the State Money Management Council.

The primary government's investments at June 30, 2015, are presented below. All investments, except those of the Utah Retirement Systems (URS) (pension trust and defined contribution plans), are presented by investment type and debt securities are presented by maturity. The URS' investments are presented consistent with their separately issued financial statements by investment type.

(Table on next page.)

Primary Government Investments
(except pension trust and defined contribution plans)
At June 30, 2015
(Expressed in Thousands)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1–5	6–10	More Than 10
Debt Securities					
U.S. Treasuries	$ 8,864	$ 8,864	$ —	$ —	$ —
U.S. Agencies	16,069	7,019	8,306	744	—
Corporate Debt	9,930,773	9,851,747	79,026	—	—
Negotiable Certificates of Deposit	234,523	234,523	—	—	—
Money Market Mutual Funds	510,529	510,529	—	—	—
Municipal/Public Bonds	2,925	—	—	811	2,114
Commercial Paper	471,443	471,443	—	—	—
Bond Mutual Funds	2,868,852	7,940	1,782,147	1,078,765	—
Total Debt Securities Investments	14,043,978	$11,092,065	$ 1,869,479	$ 1,080,320	$ 2,114
Other Investments					
Equity Securities	430				
Equity Mutual Funds Securities:					
Domestic	5,608,858				
International	1,456,212				
U.S. Unemployment Trust Pool	881,481				
Real Estate Held for Investment Purposes	264,286				
Real Estate Joint Ventures	7,482				
Discrete Component Units–Investment in Primary Government's Investment Pool	(607,460)				
Total Investments	$21,655,267				

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) – $4.362 billion, 58.1 percent, in domestic equity mutual fund securities; $2.022 billion, 26.9 percent, in bond mutual funds; $1.047 billion, 14.0 percent, in international equity mutual fund securities; and $78.343 million, 1.0 percent, in the Utah Public Treasurers' Investment Fund.
- Trust Lands (permanent fund) – $1.007 billion, 46.6 percent, in domestic equity mutual fund securities; $457.601 million, 21.2 percent, in bond mutual funds; $409.352 million, 18.9 percent, in international equity mutual fund securities; $271.667 million, 12.5 percent in real estate; and $17.467 million, 0.8 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) – $172.161 million, 77.0 percent, in bond mutual funds; $45.283 million, 20.3 percent, in domestic equity mutual fund securities; and $6.033 million, 2.7 percent, in the Utah Public Treasurers' Investment Fund.
- State Endowment Fund (special revenue fund) – $109.156 million, 65.0 percent, in domestic equity mutual fund securities; $57.048 million, 33.9 percent, in bond mutual funds; and $1.791 million, 1.1 percent, in the Utah Public Treasurers' Investment Fund.
- Student Assistance Programs (major enterprise fund) – $84.832 million, 37.6 percent, in domestic equity mutual fund securities; $140.245 million, 62.1 percent, in the Utah Public Treasurers' Investment Fund; and $744 thousand, 0.3 percent, in the US Government securities.
- Employers' Reinsurance Trust (private purpose trust) – $151.168 million, 87.9 percent, in bond mutual funds; and $20.744 million, 12.1 percent, in the Utah Public Treasurers' Investment Fund.

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments at Fair Value
At December 31, 2014
(Expressed in Thousands)

Investment Type	Defined Benefit	Defined Contribution	Total All Systems and Plans
Short-term Securities Pools	$ 1,572,064	$ 18,082	$ 1,590,146
Debt Securities	3,369,029	1,704,922	5,073,951
Equity Securities	8,961,524	2,677,845	11,639,369
Absolute Return	4,643,417	—	4,643,417
Alternative Investments (Venture Capital)	3,170,276	—	3,170,276
Real Assets	3,780,357	50,630	3,830,987
Investments Held by Broker-dealers under Securities Lending Program:			
Debt Securities	843,658	—	843,658
Equity Securities	615,285	—	615,285
Total Investments	26,955,610	4,451,479	31,407,089
Securities Lending Collateral Pool	2,282,747	—	2,282,747
Total Investments	$ 29,238,357	$ 4,451,479	$ 33,689,836

Interest Rate Risk — Investments

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 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 Utah Retirement Systems (URS) (pension trust and defined contribution plans) manage their 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.

The URS compares an investment's effective duration against the Barclays Capital U.S. Aggregate Index for domestic debt securities, the Barclays Capital Global Aggregate Index (USD hedged) for global debt securities and the Barclays Capital World Government Inflation-Linked Investment Grade Custom Index (USD hedged) for inflation-linked debt securities. The index range at December 31, 2014, was 4.16 – 6.94 for domestic debt securities, 4.88 – 8.13 for global debt securities, and 9.42 – 14.12 for inflation-linked debt securities. The URS compares an investment's effective duration against the Barclays Capital U.S. Aggregate Index for domestic debt securities, the Barclays Capital Global Aggregate Index ex-U.S. (unhedged) for international debt securities and the Barclays Capital Global Inflation Linked Bond Index 1-10 Year (USD hedged) for inflation-linked debt securities. The index range as of December 31, 2014, was 4.16 – 6.94 for domestic debt securities, 5.81 – 8.71 for international debt securities and 3.60 – 5.40 for inflation-linked debt securities. At December 31, 2014, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2014, the following tables show 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, 2014
(Expressed in Thousands)

Investment	Defined Benefit Plans Fair Value	Defined Benefit Plans Effective Weighted Duration	Defined Contribution Plans Fair Value	Defined Contribution Plans Effective Weighted Duration	Total All Systems and Plans
Asset-backed Securities	$ 288,252	1.2	$ 100,913	2.1	$ 389,165
Commercial Mortgage-backed	167,175	3.3	128,656	5.0	295,831
Corporate Bonds	762,945	6.0	479,652	10.0	1,242,597
Cash Collateral held elsewhere	2,620	—	—	—	2,620
Corporate Convertible Bonds	5,825	—	—	—	5,825
Exchange Cleared Swap Liabilities	(2,357)	—	—	—	(2,357)
Exchange Cleared Swap Other Assets	1,314	—	—	—	1,314
Fixed Income Derivatives – Options	74	—	4	—	78
Government Agencies	65,787	5.7	47,732	3.3	113,519
Government Bonds	1,004,956	7.0	187,742	8.8	1,192,698
Government Mortgage-backed Securities	743,861	3.9	295,710	4.5	1,039,571
Gov't Issued Commercial Mortgage-backed	33,113	6.5	—	—	33,113
Index Linked Government Bonds	1,038,927	10.3	46,289	5.1	1,085,216
Municipal/Provincial Bonds	29,060	10.1	28,367	9.4	57,427
Non-government Backed C.M.O.s	75,562	2.0	2,129	0.5	77,691
Other Fixed Income	428	—	387,356	—	387,784
Obligation to return cash collateral held	(3,350)	—	—	—	(3,350)
Other Options	(1,756)	—	—	—	(1,756)
Swap Liabilities	(1,011)	—	—	—	(1,011)
Swaps	1,262	—	372	—	1,634
Total Debt Securities Investments	$ 4,212,687	6.5	$ 1,704,922	13.03	$ 5,917,609

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 the Utah Retirement Systems (URS) (pension trust and defined contribution plans), 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, 2015, with the exception of URS, 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" the investment criteria at the time of purchase.

(Notes continue on next page.)

Primary Government Rated Debt Investments
(except pension trust and defined contribution plans)
At June 30, 2015
(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
U.S. Agencies	$ 16,069	$ 16,069	$ —	$ —	$ —
Corporate Debt	$ 9,930,773	$ 35,002	$ 1,334,390	$ 6,546,223	$ 2,015,158
Negotiable Certificates of Deposit	$ 234,523	$ —	$ —	$ 234,380	$ —
Money Market Mutual Funds	$ 510,529	$ —	$ —	$ —	$ —
Municipal/Public Bonds	$ 2,925	$ 801	$ —	$ —	$ —
Commercial Paper	$ 471,443	$ —	$ —	$ —	$ —
Bond Mutual Funds	$ 2,868,852	$ —	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings A1 *	A2 *	Unrated
U.S. Agencies	$ —	$ —	$ —
Corporate Debt	$ —	$ —	$ —
Negotiable Certificates of Deposit	$ —	$ —	$ 143
Money Market Mutual Funds	$ —	$ —	$ 510,529
Municipal/Public Bonds	$ —	$ —	$ 2,124
Commercial Paper	$ 197,994	$ 273,449	$ —
Bond Mutual Funds	$ —	$ —	$ 2,868,852

***** A1 and A2 are Commercial Paper ratings

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

- U.S. Government and Agency Securities — no restriction.
- Total portfolio quality will maintain a minimum overall rating of "A" (S&P) or equivalent rating.
- Securities with a quality rating of below BBB– are considered below investment grade. No more than 5 percent of an investment manager's assets at market with a single issuer of 1 percent of the total portfolio can be below investment grade.
- Upon approval, a domestic debt securities investment manager may invest up to 10 percent of the portfolio in non-U.S. dollar denominated bonds.
- Upon approval, the international debt securities investment managers may hold up to 25 percent of the market value of their portfolios in securities rated below investment grade (S&P index BBB– or Moody's index Baa3). The remaining assets will have on average an investment grade rating.

The weighted quality rating average of the domestic debt securities, excluding pooled investments, at December 31, 2014, is AAA and the fair value of below grade investments is $237.831 million or 5.65 percent.

The following table presents the URS credit risk ratings as of December 31, 2014:

(Table on next page.)

Utah Retirement Systems
(pension trust and defined contribution plans)
Debt Securities Investments at Fair Value
At December 31, 2014
(Expressed in Thousands)

	Quality Rating	Defined Benefit Plans	Defined Contribution Plans	Total All Systems and Plans
	AAA	$ 503,711	$ 98,007	$ 601,718
	AA+	439,169	482,188	921,357
	AA	43,351	3,681	47,032
	AA–	61,135	5,085	66,220
	A+	106,227	17,414	123,641
	A	194,684	139,873	334,557
	A–	170,717	242,018	412,735
	BBB+	118,546	53,817	172,363
	BBB	256,364	70,596	326,960
	BBB–	120,928	36,277	157,205
	BB+	29,638	28,159	57,797
	BB	14,227	25,350	39,577
	BB–	14,763	5,522	20,285
	B+	20,824	5,995	26,819
	B	7,496	634	8,130
	B–	13,753	9,604	23,357
	CCC+	756	—	756
	CCC	4,881	—	4,881
	CCC–	7,147	773	7,920
	CC	2,410	—	2,410
	D	4,881	—	4,881
	NR	117,055	216,768	333,823
Total Credit Risk Debt Securities		2,252,663	1,441,761	3,694,424
U.S. Government and Agencies:				
Fed National Mortgage Assoc	NR	183,112	97,893	281,005
Fed Home Loan Mortgage Corp	NR	410,213	98,523	508,736
Gov't National Mortgage Assoc	NR	175,194	—	175,194
United States Treasury	NR	1,162,653	60,478	1,223,131
Other Government & Agencies	NR	28,852	6,267	35,119
Total Rated Government and Agencies		1,960,024	263,161	2,223,185
Total Debt Securities Investments		$ 4,212,687	$ 1,704,922	$ 5,917,609

Custodial Credit Risk — Investments

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, 2015, except those of the Utah Retirement Systems (URS) (pension trust and defined contribution plans), were held by the State or in the State's name by the State's custodial banks.

URS does not have an investment policy regarding custodial credit risk. At December 31, 2014, URS has $33.265 million frictional cash and cash equivalents subject to custodial credit risk in foreign banks in URS's name, Because it is in foreign banks, it is subject to custodial risk. URS does not have an investment policy regarding custodial credit risk for frictional cash in foreign banks. URS also has other investments of $34.932 million with exposure to custodial credit which has not been determined.

Concentration of Credit Risk — Investments

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

Except for the Utah Retirement Systems (URS) (pension trust and defined contribution plans), 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, 2015, with more than 5 percent of the total investments in a single issuer.

The URS' debt securities investments had no single issuer investments at December 31, 2014, that exceed their diversified portfolio 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.
- For Debt Securities — no individual holding shall constitute more than 10 percent of the market value of outstanding debt of a single issuer with the exception of the U.S. Government or its agencies, or collateralized mortgage obligations.
- For Domestic Equity Securities — no individual holdings shall constitute more than 4 percent of the securities of any single issuer. Also, no more than 8 percent of an investment manager's assets shall be invested in the equity or Real Estate Investment Trust (REIT) securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.
- For International Equity Securities — no more than 8 percent of an investment manager's assets shall be invested in the equity or REIT securities of any single issuer at market; or if specifically authorized in the manager's contract, the exposure of the portfolio to any single issuer shall not exceed the greater of 5 percent of the portfolio value or 2 percent of the portfolio value plus the benchmark weight measured at the time of purchase.

As of December 31, 2014, URS had no single issuer investments that exceeded the above guidelines.

Foreign Currency Risk — Investments

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, except the Utah Retirement Systems (URS) (pension trust and defined contribution plans), does not have a formal policy to limit foreign currency risk.

The Utah Educational Savings Plan Trust (private purpose trust) has $1.047 billion and the Trust Lands (permanent fund) has $409.352 million invested in international equity funds. As such, no foreign currency risk is presented.

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 manager's 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.

(Table on next page.)

Utah Retirement Systems
(pension trust and defined contribution plans)
Foreign Currency Risk
International Investment Securities at Fair Value
At December 31, 2014
(Expressed in Thousands)

	Defined Benefit Plans				Defined Contribution Plans			Total All Systems
Currency	**Debt**	**Equity**	**Short-Term**	**Total**	**Debt**	**Equity**	**Total**	**and Plans**
ADR* US dollar	$ 8,263	$ 453,741	$ —	$ 462,004	$ 142,967	$ 9,627	$ 152,594	$ 614,598
Argentine peso	5,148	1,388	—	6,536	—	—	—	6,536
Australian dollar	83,545	153,219	3,102	239,866	(1,829)	22,239	20,410	260,276
Bermudian dollar	1,395	1,015	—	2,410	—	—	—	2,410
Brazilian real	12,895	72,372	582	85,849	(119)	7,508	7,389	93,238
British pound sterling	320,325	770,343	3,626	1,094,294	303	63,041	63,344	1,157,638
Cambodian riel	—	75	—	75	—	—	—	75
Canadian dollar	75,898	261,745	2,184	339,827	—	32,424	32,424	372,251
Cayman Islands dollar	608	204	—	812	—	—	—	812
Chilean peso	—	9,416	88	9,504	—	1,274	1,274	10,778
Chinese yuan renminbi	4,784	259,891	—	264,675	—	—	—	264,675
Columbian peso	1,415	6,721	52	8,188	—	669	669	8,857
Czech koruna	—	1,280	18	1,298	—	187	187	1,485
Danish krone	2,163	65,479	714	68,356	6	4,600	4,606	72,962
Egyptian pound	—	—	8,436	8,436	—	321	321	8,757
Euro	418,069	910,296	3,931	1,332,296	(708)	87,973	87,265	1,419,561
Hong Kong dollar	515	87,333	1,077	88,925	—	28,904	28,904	117,829
Hungarian forint	1,658	5,204	6	6,868	—	163	163	7,031
Icelandic krona	11,820	—	—	11,820	—	—	—	11,820
Indian rupee	3,524	98,127	617	102,268	960	6,744	7,704	109,972
Indonesian rupiah	—	17,585	194	17,779	—	2,661	2,661	20,440
Israeli new shekel	1,111	25,347	41	26,499	—	1,893	1,893	28,392
Japanese yen	46,046	647,298	1,506	694,850	(1,045)	65,681	64,636	759,486
Korean won	—	115,473	168	115,641	—	—	—	115,641
Lithuanian litas	10,141	—	—	10,141	—	—	—	10,141
Malaysian ringgit	—	36,131	237	36,368	—	3,385	3,385	39,753
Mexican peso	36,968	50,771	1,017	88,756	(29)	4,252	4,223	92,979
Moroccan dirham	10,365	1,490	25	11,880	—	—	—	11,880
New Zealand dollar	39,324	5,059	680	45,063	47	838	885	45,948
New Taiwan dollar	—	—	—	—	—	12,302	12,302	12,302
Norwegian krone	13,067	16,027	527	29,621	3	2,413	2,416	32,037
Panamanian balboa	899	—	—	899	—	—	—	899
Papua New Guinean kina	—	241	—	241	—	—	—	241
Peruvian nuevo sol	—	2,970	22	2,992	—	11	11	3,003
Philippines peso	—	13,008	7	13,015	—	1,217	1,217	14,232
Polish zloty	15,252	8,934	159	24,345	—	1,423	1,423	25,768
Qatari riyal	—	—	—	—	—	786	786	786
Russian Federation ruble	—	23,538	—	23,538	—	1	1	23,539
Singaporean dollar	18,422	40,812	132	59,366	—	4,906	4,906	64,272
South African rand	1,527	50,616	14	52,157	(912)	7,261	6,349	58,506
South Korean won	—	—	—	—	(922)	13,531	12,609	12,609
Swedish krona	14,530	76,660	1,174	92,364	10	9,436	9,446	101,810
Swiss franc	17,767	309,434	571	327,772	—	25,928	25,928	353,700
Taiwanese new dollar	—	91,062	67	91,129	—	—	—	91,129
Thai baht	—	18,227	71	18,298	—	2,431	2,431	20,729
Turkish lira	530	15,439	24	15,993	—	1,641	1,641	17,634
United Arab Emirates dirham	—	7,599	24	7,623	—	558	558	8,181
Uruguayan peso	670	—	—	670	—	—	—	670
Total Securities Subject to Foreign Currency Risk	$1,178,644	$4,731,570	$ 31,093	$ 5,941,307	$ 138,732	$ 428,229	$ 566,961	$ 6,508,268

***** American Depository Receipts

B. **Discrete Component Units**

Custodial Credit Risk — Deposits

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

The discrete component units follow the Utah Money Management Act by making deposits only in qualified depository institutions or in foreign depository institutions in accordance with rules of the State Money Management Council. Deposits with qualified depository institutions in excess of FDIC insurance limits amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the discrete component units at June 30, 2015, were $150.656 million. Of these, $141.915 million were exposed to custodial credit risk as uninsured and uncollateralized.

Investments

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

College and university funds from gifts, private grants, and the corpus of funds functioning as endowments are invested according to the requirements of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments (Rule 541) or separate endowment investment policies which have been approved by their Board of Trustees and by the Board of Regents. The UPMIFA and Rule 541 allow the Entity 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: professionally managed pooled or commingled investment funds registered with the Securities and Exchange Commission or the Comptroller of the Currency (e.g., mutual funds); professionally managed pooled or commingled investment funds created under 501(f) of the Internal Revenue Code which satisfy the conditions for exemption from registration under Section 3(c) of the Investment Company Act of 1940; any investment made in accordance with the donor's directions in a written instrument; and any alternative investment funds that derive returns primarily from high yield and distressed debt (hedged or non-hedged), private capital (including venture capital, private equity, both domestic and international), natural resources, and private real estate assets or absolute return and long/short hedge funds.

The discrete component units' debt investments at June 30, 2015, are presented below:

Discrete Component Units Debt Securities Investments
At June 30, 2015
(Expressed in Thousands)

		Investment Maturities (in years)				
Investment Type	**Fair Value**	**Less Than 1**	**1–5**	**6–10**	**11–20**	**More Than 20**
Debt Securities						
U.S. Treasuries	$ 228,982	$ 162,332	$ 66,030	$ 549	$ 71	$ —
U.S. Agencies	1,542,035	607,456	681,640	95,915	114,846	42,178
Corporate Debt	351,352	116,881	146,733	64,347	21,759	1,632
Money Market Mutual Funds	190,946	190,946	—	—	—	—
Negotiable Certificates of Deposit	8,616	250	5,013	—	3,353	—
Municipal/Public Bonds	67,079	2,226	44,348	1,936	18,099	470
Repurchase Agreements	66,923	66,923	—	—	—	—
Commercial Notes	3,973	3,973	—	—	—	—
Bond Mutual Funds	338,709	—	65,657	270,034	3,018	—
Securities Lending Cash Collateral Pool	17,827	17,827	—	—	—	—
Utah Public Treasurers' Investment Fund	607,460	607,460	—	—	—	—
Total Debt Securities Investments	3,423,902	$ 1,776,274	$ 1,009,421	$ 432,781	$ 161,146	$ 44,280
Other Investments						
Equity Securities	45,331					
Equity Mutual Funds Securities:						
Domestic	113,197					
International	2,187					
Alternatives	28,987					
Total Investments	$ 3,613,604					

Interest Rate Risk — Investments

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 UPMIFA and Rule 541, as applicable. For institutions of higher education, the limit is ten years 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. 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 exposure to investment credit risk is the same as described above for the primary government. The discrete component units' debt investments as of June 30, 2015, 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.

Discrete Component Units Rated Debt Investments
At June 30, 2015
(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
U.S. Agencies	$1,542,035	$ 611,721	$ 880,534	$ 262	$ —
Corporate Debt	$ 351,352	$ 4,710	$ 42,018	$ 178,308	$ 107,653
Money Market Mutual Funds	$ 190,946	$ 56,351	$ —	$ —	$ —
Negotiable Certificates of Deposit	$ 8,616	$ —	$ —	$ 988	$ —
Municipal/Public Bonds	$ 67,079	$ 24,730	$ 20,330	$ 19,099	$ 2,450
Commercial Notes	$ 3,973	$ —	$ —	$ —	$ —
Bond Mutual Funds	$ 338,709	$ —	$ 81,876	$ —	$ —
Securities Lending Cash Collateral Pool	$ 17,827	$ —	$ —	$ —	$ —
Utah Public Treasurers' Investment Fund	$ 607,460	$ —	$ —	$ —	$ —
Repurchase Agreements – Underlying:					
U.S. Agencies	$ 66,923	$ —	$ 62,900	$ —	$ —

Continues Below

Debt Investments	Quality Ratings BB	B	CCC	Unrated
U.S. Agencies	$ —	$ —	$ —	$ 49,518
Corporate Debt	$ 14,765	$ —	$ —	$ 3,898
Money Market Mutual Funds	$ —	$ —	$ —	$ 134,595
Negotiable Certificates of Deposit	$ —	$ —	$ —	$ 7,628
Municipal/Public Bonds	$ —	$ —	$ 470	$ —
Commercial Notes	$ —	$ —	$ —	$ 3,973
Bond Mutual Funds	$ —	$ —	$ —	$ 256,833
Securities Lending Cash Collateral Pool	$ —	$ —	$ —	$ 17,827
Utah Public Treasurers' Investment Fund	$ —	$ —	$ —	$ 607,460
Repurchase Agreements – Underlying:				
U.S. Agencies	$ —	$ —	$ —	$ 4,023

Custodial Credit Risk — Investments

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, 2015, 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 (expressed in thousands):

Counterparty		
U.S. Treasuries	$	210,209
Equity Securities – Domestic	$	24,620
U.S. Agencies	$	1,390,185
Corporate Debt	$	108,740
Negotiable Certificate of Deposit	$	3,353
Municipal/Public Bonds	$	25,545
Repurchase Agreements	$	4,023
Counterparty's Trust Department or Agent		
Money Market Mutual Funds	$	1,058
U.S. Agencies	$	51,065
Corporate Debt	$	25,204
Municipal/Public Bonds	$	5,311
Bond Mutual Funds	$	3,415
Commercial Note	$	3,973
Equity Mutual Fund Securities: Domestic	$	2,553

Concentration of Credit Risk — Investments

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 for non-endowment funds. For college and university endowments funds, their policy for reducing this risk of loss is to follow the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and State Board of Regents Rule 541, Management and Reporting of Institutional Investments or separate endowment investment policies which have been approved by their Board of Trustees and by the Board of Regents.

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 in the Federal Home Loan Bank, the Federal Farm Credit Bank, and the Federal Home Loan Mortgage Corporation. These investments represent 24.5 percent, 5.5 percent, and 7.9 percent, respectively, of the University's total investments.

Utah State University held more than 5 percent of total investments in securities of the Federal Farm Credit Bank, Federal Home Loan Bank, and the Federal Home Loan Mortgage Corporation. These investments represent 17.44 percent, 6.06 percent, and 6.77 percent, respectively, of the University's total investments.

Foreign Currency Risk — Investments

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.

C. **Securities Lending**

The Utah Retirement Systems (URS) (pension trust and defined contribution plans) and the PEHP 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 102 percent of the market value of the domestic securities on loan (for URS and PEHP) and for URS 106 percent of the market value of the international securities on loan, 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. Securities under loan are maintained in the financial records, and corresponding liabilities are recorded for market value of the collateral received.

At yearend, neither the 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 $2.197 billion and $17.401 million, and the collateral received for those securities on loan was $2.283 billion and $17.827 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 creditworthiness 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.

D. **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 shall be backed by cash equivalents or deliverable securities. URS does not have a policy regarding master netting arrangements. At December 31, 2014, 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, 2014, and December 31, 2013, URS’ investments had the following notional futures balances as shown in the table below.

Utah Retirement Systems
(pension trust and defined contribution plans)
Futures — Notional Market Value
At December 31
(Expressed in Thousands)

	Defined Benefit Plans		Defined Contribution Plans	
	2014	**2013**	**2014**	**2013**
Cash and Cash Equivalent				
Long	$ 218,339	$ 202,857	$ —	$ —
Short	(790,191)	(200,839)	—	(96)
Equity				
Long	235,072	27,778	31,921	—
Short	(1,043)	(85,035)	—	—
Debt Securities				
Long	280,211	273,121	33,572	—
Short	(372,928)	(155,524)	(50,701)	(2,122)
Total Futures	$ (430,540)	$ 62,358	$ 14,792	$ (2,218)

(Notes continue on next page.)

Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. The option's price is usually a small percentage of the underlying asset's value. As a writer of financial options, URS receives a premium at the outset of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a purchaser of financial options, URS pays a premium at the outset of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. At December 31, 2014, and December 31, 2013, URS investments had the following notional futures balances as shown in the table below.

Utah Retirement Systems
(pension trust and defined contribution plans)
Options — Notional Market Value
At December 31
(Expressed in Thousands)

	Defined Benefit Plans		Defined Contribution Plans	
	2014	**2013**	**2014**	**2013**
Cash and Cash Equivalent				
Call	$ 500	$ (87)	$ 56	$ (7)
Put	148	(276)	1	6
Equity				
Call	—	—	—	—
Put	—	(78)	—	—
Debt Securities				
Call	(202)	—	(11)	1
Put	270	234	15	10
Swaptions				
Call	(2,526)	1,062	(35)	13
Put	770	4,112	6	29
Total Options	$ (1,040)	$ 4,967	$ 32	$ 52

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.

At December 31, 2014, and December 31, 2013, URS investments included the following currency forwards balances (expressed in thousands):

Currency Forwards	**2014 Fair Value**	**2013 Fair Value**
Forwards Subject to Foreign Currency Risk (pending foreign exchange sales):		
Defined Benefit Plans	$ 24,944	$ (11,049)
Defined Contribution Plans	2,451	(776)
Total Currency Forwards	$ 27,395	$ (11,825)

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 their long-term variable interest rate credit facility loans into fixed interest rate loans, thereby mitigating some of their interest rate risk. All swap instruments contain collateral clauses. As of December 31, 2014, Barclays Bank PLC swaps had collateral held for $2.852 million. Deutsche Bank securities swaps had collateral held for $600 thousand, and JP Morgan Chase had collateral held for $51 thousand. Gains and losses on swaps are determined based on market values and are recorded in the Statement of Changes in Fiduciary Net Position. Swap market values are determined by an independent third party. At December 31, 2014, and December 31, 2013, URS investments had the swap market value balances as shown in the following table:

Utah Retirement Systems
(pension trust and defined contribution plans)
Interest Rate Swaps
At December 31, 2014
(Expressed in Thousands)

	Outstanding Notional Amount*	URS Rate	Counterparty Rate	Maturity Date	2014 Fair Value	2013 Fair Value
Real Estate Portfolio Interest Rate Swaps:^^^	$ 498,462	4.41 % – 5.46 %	One Month LIBOR**	2015 – 2021	$ (40,967)	$ (56,839)
Fixed Income Portfolio Interest Rate Swaps:	$1,119,400	4.42 % – 4.74 %	TIIE***	2017	$ (15)	$ —
	745,180	0.48 % – 4.56 %	Three Month LIBOR**	2015 – 2043	(2,275)	213
	415,000	TIIE***	6.16% – 6.74%	2024	1,785	—
	280,100	Three Month LIBOR**	0.65% – 4.56%	2016 – 2043	402	690
	94,200	Six Month EURIBOR****	1.68% (EUR) – 1.91%	2016 – 2043	67	52
	90,000	JPYLIBOR*****	1.68%	2043	8,347	—
	20,260	US CPI^	1.85%	2016	500	—
	20,260	2.07%	US CPI^	2018	(673)	—
	20,200	BRL^^	11.98%	2017	(109)	—
	11,735	Six Month LIBOR**	2.37% – 2.5%	2044	915	—
	7,720	BBR	3.55%	2015	—	(10)
	3,100	BRL^^	Three Month LIBOR**	2017	(44)	—
	2,200	N/A	N/A	2018	—	(2)
Total Fixed Income Interest Rate Swaps	$2,829,355				$ 8,900	$ 943

* Base used to calculate interest
** London Interbank Offered Rate (LIBOR)
*** Banco de Mexico Interbank Rate (TIIE)
**** Euro Interbank Offered Rate (EURIBOR)
***** Japanese London Interbank Offered Rate (JPYLIBOR)
^ United States Consumer Price Index (US CPI)
^^ Brazilian Interbank Offered Rate (BRL)
^^^ The $498.462 million includes $57.07 million of Real Estate Portfolio Swaps that expired in 2014

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 at December 31, 2014, if all counterparties fail to perform as contracted is $926.311 million. The maximum exposure is reduced by $1.372 billion of liabilities, resulting in no net exposure to credit risk. At December 31, 2014, the counterparties' credit ratings for currency forwards, options, and swaps are subject to credit risk. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts are shown in the table below.

Utah Retirement Systems
(pension trust and defined contribution plans)
Credit Risk Derivatives at Fair Value
At December 31, 2014
(Expressed in Thousands)

Quality Rating	Forwards	Options	Swaps	Total
AA–	$ 292	$ (92)	$ (1,526)	$ (1,326)
A+	15,997	(27)	9,230	25,200
A	6,212	347	617	7,176
A–	(124)	(380)	(40,388)	(40,892)
BBB+	5,017	—	—	5,017
BBB–	2	—	—	2
N/A	—	(856)	—	(856)
Total	$ 27,396	$ (1,008)	$ (32,067)	$ (5,679)

In the URS Defined Contribution Plans, members are able to participate in Synthetic Guaranteed Investment Contracts (SGICs). The SGICs are fully benefit responsive which means that URS is prohibited from assigning and selling the contract or its proceeds to a third party without the consent of the issuer. Prospective interest crediting rate adjustments are provided to plan participants. The SGICs provide assurance that the probability of future rate adjustments resulting in an interest crediting rate less than zero is remote. The underlying investments are high credit quality averaging A+ and therefore credit loss is remote. The terms of the SGICs require all plan participants to initiate transactions within the fund at contract value. The contract value is the fair value (cost plus accrued interest). The fair value of these contracts at December 31, 2014 is $841.45 million and the market value is $861.047 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, 2014
(Expressed in Thousands)

	1-5 Yr. Government/Credit		Intermediate Government/Credit		Met Life Separate Account		Total Underlying Investments	
	Fair Value	Market Value	Fair Value	Market Value	Fair Value	Market Value	Fair Value	Market Value
Asset Backed Securities	$ 51,035	$ 50,518	$ 17,604	$ 17,668	$ 16,583	$ 19,171	$ 85,222	$ 87,357
Agencies	23,867	23,625	17,430	17,493	11,580	13,386	52,877	54,504
Corporates	120,249	119,029	87,722	88,040	64,513	74,577	272,484	281,646
Mortgage Backed Securities	69,929	69,220	31,189	31,302	32,314	37,356	133,432	137,878
Treasuries	47,734	47,250	49,941	50,122	48,413	55,967	146,088	153,339
Commercial Mortgage Backed Securities	79,118	78,316	43,249	43,406	17,787	20,561	140,154	142,283
Cash	5,847	5,788	2,572	2,581	2,774	3,207	11,193	11,576
Total	$ 397,779	$ 393,746	$ 249,707	$ 250,612	$ 193,964	$ 224,225	$ 841,450	$ 868,583

Utah Retirement Systems
(pension trust and defined contribution plans)
Wrap Contracts
At December 31, 2014
(Expressed in Thousands)

	Fair Value	Market Value	Rate	Duration	Quality Ratings
Issued Wrap Contracts	$ 841,450	$ 861,047	1.3 % – 2.9 %	1.6 – 3.5	A+ – AA-
Repurchase	27,100	27,100			
Total	$ 868,550	$ 888,147			

(Notes continue on next page.)

D. **Derivative Financial Instruments** (continued)

Student Assistance Program

The following are disclosures for derivative financial instruments held by Student Assistance Program (major enterprise fund).

Objective — In order to protect against the potential of rising interest rates on its variable rate debt, the Student Assistance Program Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds, Series 2010 EE ("Series 2010 Bonds") on December 21, 2010. The purpose of the swap is to create a variable rate cost of funds for the Series 2010 Bonds that will be lower than the variable rate cost achievable in the cash bond market. The Board accounts for the swap agreement as a fair value hedging derivative instrument and recognizes changes in fair values on the statement of Net Position as an asset or liability with a related deferred inflow or outflow of resources respectively. The terms of the swap agreement include:

Trade Date:............................	December 21, 2010
Effective Date........................	December 30, 2010
Termination Date...................	November 1, 2030
Initial Notional Amount	$364,150,000
Board Pays Floating	3 Month LIBOR + 1.64905 %
Counterparty Pays Fixed	Stepped fixed rates ranging from 4.66 % to 5.00 %
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 at June 30, 2015	Fair Value at June 30, 2014	Change in Fair Value
Interest Rate Exchange	$ 18,068	$ 18,308	$ (240)

Swaps are not normally valued through exchange-type markets with easily accessible quotation systems and procedures. The fair market 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.

Credit Risk — The risk of a change in the credit quality or credit rating of the Board and/or its counterparty. The counterparty's long-term ratings are "Aa3", "AA–" 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 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, 2015.

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) investment fund. The PTIF is available for investment of funds administered by any Utah public treasurer. Participation is not required and no minimum balance or minimum/maximum transaction is 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, (*Utah Code* Title 51, Chapter 7). 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 not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

The PTIF operates and reports 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, 2015, are as follows:

(Notes continue on next page.)

Utah Public Treasurers' Investment Fund
Statement of Net Position
June 30, 2015
(*Expressed in Thousands*)

Assets	
Cash and Cash Equivalents	$ 824,815
Investments	10,379,471
Total Assets	11,204,286
Net Position	
External Participant Account Balances	7,278,757
Internal Participant Account Balances:	
Primary Government	3,303,060
Discrete Component Units	612,713
Unrealized Gains/Losses	9,756
Total Net Position	$ 11,204,286
Participant Account Balance Net Position Valuation Factor	1.0049604

Utah Public Treasurers' Investment Fund
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2015
(*Expressed in Thousands*)

Additions	
Pool Participant Deposits	$ 10,973,216
Investment Income:	
Investment Earnings	58,682
Fair Value Increases (Decreases)	(6,326)
Total Investment Income	52,356
Less Administrative Expenses	(482)
Net Investment Income	51,874
Total Additions	11,025,090
Deductions	
Pool Participant Withdrawals	10,821,935
Earnings Distributions	58,200
Total Deductions	10,880,135
Net Increase/(Decrease) From Operations	144,955
Net Position	
Beginning of Year	11,059,331
Net Position – End of Year	$ 11,204,286

Utah Public Treasurers' Investment Fund
Portfolio Statistics
At June 30, 2015

	Range of Yields	Weighted Average Maturity
Money Market Mutual Funds	0.07 % – 0.35 %	1.00 days
Certificates of Deposit – Negotiable	0.50 % – 0.67 %	53.88 days
Certificates of Deposit – Nonnegotiable	0.25 % – 0.45 %	57.52 days
Corporate Bonds and Notes	0.28 % – 1.31 %	71.48 days
Commercial Paper	0.16 % – 0.28 %	3.86 days

	Weighted Average Yield	Average Adjusted Maturity
Total Investment Fund	0.58 %	65.04 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 not collateralized nor are they required to be by state statute. The deposits for the PTIF at June 30, 2015, were $27.248 million. Of those, $26.250 million were exposed to custodial credit risk as uninsured and uncollateralized.

Investments

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, 2015, are presented below.

Utah Public Treasurers' Investment Fund
At June 30, 2015
(Expressed in Thousands)

		Investment Maturities (in years)	
Investment Type	Fair Value	Less Than 1	1–5
Debt Securities			
Corporate Bonds and Notes	$ 9,925,673	$ 9,849,691	$ 75,982
Negotiable Certificates of Deposit	234,380	234,380	—
Money Market Mutual Funds	500,000	500,000	—
Commercial Paper	471,443	471,443	—
	$ 11,131,496	$ 11,055,514	$ 75,982

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 above, variable-rate securities are presented according to the length of time until the next reset date rather than the stated maturity.

Interest Rate Risk — Investments

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.

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, 2015, 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, 2015
(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
Corporate Bonds and Notes	$ 9,925,673	$ 35,002	$ 1,334,390	$ 6,541,123	$ 2,015,158
Negotiable Certificates of Deposit	$ 234,380	$ —	$ —	$ 234,380	$ —
Money Market Mutual Funds........	$ 500,000	$ —	$ —	$ —	$ —
Commercial Paper.........................	$ 471,443	$ —	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings A1 *	A2 *	Not Rated
Corporate Bonds and Notes	$ —	$ —	$ —
Negotiable Certificates of Deposit	$ —	$ —	$ —
Money Market Mutual Funds........	$ —	$ —	$ 500,000
Commercial Paper.........................	$ 197,994	$ 273,449	$ —

***** A1 and A2 are Commercial Paper ratings

Concentration of Credit Risk — Investments

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, 2015, with more than 5 percent of the total investments in a single issuer.

(Notes continue on next page.)

NOTE 5. RECEIVABLES

Receivables as of June 30, 2015, consisted of the following (in thousands):

	Accounts Receivable					Notes/
	Federal	Customer	Other	Interest	Taxes	Mortgages
Governmental Activities:						
General Fund	$ 113,922	$ 264,760	$ 21,949	$ 67	$ 275,267	$ 2,135
Education Fund	101,281	387	57	—	956,308	7,801
Transportation Fund	60,290	6,692	1,018	—	49,403	156
Transportation Investment Fund	—	—	—	—	40,950	—
Trust Lands	—	—	7,219	1,134	—	1,950
Nonmajor Funds	1,301	14,910	—	7	—	—
Internal Service Funds	—	6,437	—	—	—	—
Adjustments:						
Fiduciary Funds	—	—	82	—	—	—
Total Receivables	276,794	293,186	30,325	1,208	1,321,928	12,042
Less Allowance for Uncollectibles:						
General Fund	—	(61,683)	—	—	(17,540)	(1,282)
Education Fund	—	—	—	—	(175,665)	—
Transportation Fund	—	—	(762)	—	(1,438)	—
Transportation Investment Fund	—	—	—	—	(3,210)	—
Receivables, net	$ 276,794	$ 231,503	$ 29,563	$ 1,208	$ 1,124,075	$ 10,760
Current Receivables	$ 276,794	$ 199,162	$ 22,706	$ 1,208	$ 996,288	$ 3,483
Noncurrent Receivables	—	32,341	6,857	—	127,787	7,277
Total Receivables, net	$ 276,794	$ 231,503	$ 29,563	$ 1,208	$ 1,124,075	$ 10,760
Business-type Activities:						
Student Assistance Programs	$ 3,287	$ 3,326	$ 1,503	$ 56,357	$ —	$ 2,776,890
Unemployment Compensation	148	143,995	—	—	—	—
Water Loan Programs	480	171	—	9,861	3,168	697,242
Community Impact Loan Fund	—	—	—	4,828	—	491,592
Nonmajor Funds	—	9,951	—	2,824	—	154,900
Total Receivables	3,915	157,443	1,503	73,870	3,168	4,120,624
Less Allowance for Uncollectibles:						
Student Assistance Programs	—	—	—	—	—	(7,005)
Unemployment Compensation	—	(50,381)	—	—	—	—
Receivables, net	$ 3,915	$ 107,062	$ 1,503	$ 73,870	$ 3,168	$ 4,113,619

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.

Receivables for fiduciary funds listed above 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, 2015, were $574.698 million and $115.164 million, respectively. These receivables are net of an allowance for doubtful accounts of $276.695 million and $11.863 million, respectively.

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2015, consisted of the following (in thousands):

	Salaries/ Benefits	Service Providers	Vendors/ Other	Government	Tax Refunds/ Credits	Interest	Total
Governmental Activities:							
General Fund	$ 80,206	$ 171,485	$ 49,516	$ 91,076	$ 24,765	$ —	$ 417,048
Education Fund	4,008	1,064	11,572	103,450	64,390	—	184,484
Transportation Fund	8,618	111	113,522	29,911	912	—	153,074
Nonmajor Funds	310	—	63,632	212	162	60,006	124,322
Internal Service Funds	7,852	21	26,970	—	—	1	34,844
Adjustments:							
Fiduciary Funds	—	—	—	4,674	—	—	4,674
Other	—	—	—	—	—	1,059	1,059
Total Governmental Activities	$ 100,994	$ 172,681	$ 265,212	$ 229,323	$ 90,229	$ 61,066	$ 919,505
Business-type Activities:							
Student Assistance Programs	$ 1,657	$ —	$ 6,535	$ 21,634	$ —	$ 3,766	$ 33,592
Unemployment Compensation	—	2,035	—	213	—	—	2,248
Water Loan Programs	—	—	950	—	—	—	950
Nonmajor Funds	2,815	—	14,556	—	31	456	17,858
Total Business-type Activities	$ 4,472	$ 2,035	$ 22,041	$ 21,847	$ 31	$ 4,222	$ 54,648

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 services and health services; (***3***) vendors and miscellaneous suppliers; (***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, 2015, consisted of the following (in thousands):

Due to General Fund from:	
Education Fund	$ 289
Transportation Fund	700
Trust Lands Fund	9
Nonmajor Governmental Funds	1,972
Unemployment Compensation Fund	10,018
Water Loan Programs	90
Nonmajor Enterprise Funds	16,309
Internal Service Funds	2,767
Fiduciary Funds	65
Total due to General Fund from other funds	$ 32,219
Due to Education Fund from:	
General Fund	$ 281
Unemployment Compensation Fund	406
Nonmajor Enterprise Funds	7
Internal Service Funds	4
Total due to Education Fund from other funds	$ 698
Due to Transportation Fund from:	
General Fund	$ 381
Internal Service Funds	73
Total due to Transportation Fund from other funds	$ 454
Due to Trust Lands Fund from:	
Nonmajor Enterprise Funds	$ 3,374
Total due to Trust Lands Fund from other funds	$ 3,374
Due to Nonmajor Governmental Funds from:	
General Fund	$ 1,829
Transportation Fund	403
Internal Service Funds	53
Total due to Nonmajor Governmental Funds from other funds	$ 2,285
Due to Water Loan Programs from:	
General Fund	$ 239
Trust Lands Fund	8
Nonmajor Governmental Funds	12,024
Total due to Water Loan Programs from other funds	$ 12,271
Due to Nonmajor Enterprise Funds from:	
General Fund	$ 859
Education Fund	9
Transportation Fund	40
Nonmajor Governmental Funds	5,528
Water Loan Programs	35
Internal Service Funds	2
Fiduciary Funds	1
Total due to Nonmajor Enterprise Funds from other funds	$ 6,474
Due to Internal Service Funds from:	
General Fund	$ 23,513
Education Fund	120
Transportation Fund	4,089
Nonmajor Governmental Funds	441
Nonmajor Enterprise Funds	756
Internal Service Funds	45
Fiduciary Funds	16
Total due to Internal Service Funds from other funds	$ 28,980
Due to Fiduciary Funds from:	
General Fund	$ 2,746
Education Fund	95
Transportation Fund	361
Trust Lands Fund	1
Nonmajor Governmental Funds	1,471
Total due to Fiduciary Funds from other funds	$ 4,674
Total Due to/Due froms	$ 91,429

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, 2015, interfund loans receivable/payable balances consist of $48.729 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of $48.729 million includes $26.996 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, 2015, was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	$ 1,742,078	$ 50,319	$ (1,646)	$ 1,790,751
Infrastructure	13,392,928	182,665	(24,730)	13,550,863
Construction in Progress	549,008	566,024	(325,334)	789,698
Total Capital Assets Not Depreciated/Amortized	15,684,014	799,008	(351,710)	16,131,312
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	1,859,330	111,955	(6,454)	1,964,831
Infrastructure	67,254	2,604	(173)	69,685
Machinery and Equipment	537,810	30,939	(35,207)	533,542
Intangible Assets–Software	228,442	21,608	(1,955)	248,095
Total Capital Assets Depreciated/Amortized	2,692,836	167,106	(43,789)	2,816,153
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(731,877)	(55,192)	5,470	(781,599)
Infrastructure	(27,023)	(2,467)	98	(29,392)
Machinery and Equipment	(362,751)	(30,930)	30,159	(363,522)
Intangible Assets–Software	(111,820)	(23,044)	1,872	(132,992)
Total Accumulated Depreciation/Amortization	(1,233,471)	(111,633)	37,599	(1,307,505)
Total Capital Assets Depreciated/Amortized, Net	1,459,365	55,473	(6,190)	1,508,648
Capital Assets, Net	$17,143,379	$ 854,481	$ (357,900)	$17,639,960
Business-type Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	$ 22,687	$ 2	$ —	$ 22,689
Construction in Progress	—	1,334	—	1,334
Total Capital Assets Not Depreciated/Amortized	22,687	1,336	—	24,023
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	92,450	102	—	92,552
Infrastructure	304	126	—	430
Machinery and Equipment	17,548	673	(1,110)	17,111
Intangible Assets–Software	1,571	170	—	1,741
Total Capital Assets Depreciated/Amortized	111,873	1,071	(1,110)	111,834
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(26,172)	(3,113)	—	(29,285)
Infrastructure	(105)	(6)	—	(111)
Machinery and Equipment	(13,532)	(806)	1,083	(13,255)
Intangible Assets–Software	(987)	(274)	—	(1,261)
Total Accumulated Depreciation/Amortization	(40,796)	(4,199)	1,083	(43,912)
Total Capital Assets Depreciated/Amortized, Net	71,077	(3,128)	(27)	67,922
Capital Assets, Net	$ 93,764	$ (1,792)	$ (27)	$ 91,945

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 2015, $71.822 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	$ 17,780
Human Services and Juvenile Justice Services	8,636
Corrections	5,869
Public Safety	15,388
Courts	6,071
Health and Environmental Quality	5,132
Employment and Family Services	10,826
Natural Resources	9,406
Heritage and Arts	587
Business, Labor, and Agriculture	1,064
Public Education	1,182
Transportation	10,966
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided	18,726
Total Depreciation Expense	$ 111,633

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	$ —	$ 39,797	$ 36,059	$ 137,992	$ 213,848
Art and Special Collections	—	65,699	25,719	35,961	127,379
Construction in Progress	—	191,600	68,667	17,223	277,490
Total Capital Assets Not Depreciated/Amortized	0	297,096	130,445	191,176	618,717
Capital Assets Depreciated/Amortized:					
Building and Improvements	—	2,831,264	876,747	1,749,742	5,457,753
Infrastructure	—	328,727	—	75,951	404,678
Machinery and Equipment	1,707	1,129,210	248,646	238,884	1,618,447
Total Capital Assets Depreciated/Amortized	1,707	4,289,201	1,125,393	2,064,577	7,480,878
Less Accumulated Depreciation/Amortization	(1,430)	(2,081,443)	(546,380)	(820,722)	(3,449,975)
Total Capital Assets Depreciated/Amortized, Net	277	2,207,758	579,013	1,243,855	4,030,903
Discrete Component Units – Capital Assets, Net	$ 277	$ 2,504,854	$ 709,458	$ 1,435,031	$ 4,649,620

NOTE 9. LEASE COMMITMENTS

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

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

On the governmental fund financial statements, both the principal and interest portions of capital lease payments are recorded as expenditures of the applicable governmental function.

The primary government's capital lease payments were $1.507 million in principal and $929 thousand in interest for fiscal year 2015. As of June 30, 2015, the historical cost of the primary government's assets acquired through capital leases was $37.979 million of which $37.21 million was buildings and land and $769 thousand was equipment and other depreciable assets. As of June 30, 2015, the accumulated depreciation of the primary government's assets acquired through capital leases was $14.288 million of which $13.562 million was buildings and $726 thousand was equipment and other depreciable assets. Of the $159.471 million in discrete component unit present value of future minimum lease payments noted below, $98.48 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 2015 were $26.118 million for the primary government and $28.302 million for discrete component units. For fiscal year 2014, the operating lease expenditures were $27.738 million for the primary government and $28.194 million for discrete component units. Future minimum lease commitments for non-cancellable operating leases and capital leases as of June 30, 2015, were as follows:

Future Minimum Lease Commitments
(Expressed in Thousands)

Operating Leases

Fiscal Year	Primary Government	Discrete Component Units
2016	$ 19,410	$ 28,429
2017	16,916	21,929
2018	13,740	17,612
2019	8,694	22,949
2020	6,752	19,546
2021–2025	11,252	85,731
2026–2030	70	12,413
2031–2035	15	2,318
2036–2040	11	1,212
2041–2045	10	1,182
2046–2050	10	920
2051–2055	10	—
2056–2060	4	—
Total Future Minimum Lease Payments	$ 76,894	$ 214,241

(Table continues on next page.)

Future Minimum Lease Commitments
(Expressed in Thousands)

Capital Leases

	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**
2016	$ 2,469	$ 863	$ 1,606	$ 19,697	$ 4,795	$ 14,902
2017	2,503	791	1,712	16,745	4,446	12,299
2018	2,538	714	1,824	15,488	4,076	11,412
2019	2,490	635	1,855	10,338	3,802	6,536
2020	2,528	553	1,975	15,625	3,653	11,972
2021–2025	10,143	1,442	8,701	60,933	13,540	47,393
2026–2030	2,750	136	2,614	61,094	6,227	54,867
2031–2035	—	—	—	94	4	90
Total	$ 25,421	$ 5,134	$ 20,287	$ 200,014	$ 40,543	$ 159,471

(Notes continue on next page)

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 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	$ 3,136,755	$ 220,980	$ (527,585)	$ 2,830,150	$ 331,255
State Building Ownership Authority Lease Revenue Bonds	183,590	785	(17,602)	166,773	17,422
Net Unamortized Premiums	138,187	47,562	(63,428)	122,321	33,899
Capital Leases (Note 9)	21,794	—	(1,507)	20,287	1,606
Notes Payable	5,983	—	(5,613)	370	31
Compensated Absences (Note 1) **	184,679	91,110	(89,997)	185,792	90,989
Claims **	48,585	11,144	(12,798)	46,931	19,175
Pollution Remediation Obligation	5,327	—	(241)	5,086	1,039
Net OPEB Obligation (Note 18) **	4,331	1,183	(1,388)	4,126	—
Settlement Obligations	6,928	100	(2,557)	4,471	106
Net Pension Liability (Note 17) *	920,087	—	(117,544)	802,543	—
Total Governmental Long-term Liabilities	$ 4,656,246	$ 372,864	$ (840,260)	$ 4,188,850	$ 495,522
Business-type Activities					
Student Assistance Revenue Bonds	$ 1,277,837	$ 692,500	$ (460,794)	$ 1,509,543	$ 236,118
State Building Ownership Authority Lease Revenue Bonds	79,106	29,230	(35,129)	73,207	5,058
Water Loan Recapitalization Revenue Bonds	51,800	—	(4,860)	46,940	5,025
Net Unamortized Premiums	9,110	2,560	(2,974)	8,696	3,492
Claims and Uninsured Liabilities	9,283	175,811	(177,507)	7,587	5,645
Notes Payable	—	1,658,997	(506,790)	1,152,207	262,573
Net Pension Liability (Note 17) *	14,391	—	(1,538)	12,853	—
Total Business-type Long-term Liabilities	$ 1,441,527	$ 2,559,098	$ (1,189,592)	$ 2,811,033	$ 517,911
Discrete Component Units					
Revenue Bonds	$ 854,897	$ 295,578	$ (166,432)	$ 984,043	$ 41,090
Net Unamortized Premiums / (Discounts)	13,073	1,857	(1,769)	13,161	502
Capital Leases/Contracts Payable (Notes 9 and 10)	162,861	16,856	(14,389)	165,328	16,768
Notes Payable	210,344	30,446	(60,623)	180,167	79,210
Claims	124,958	510,596	(504,549)	131,005	60,064
Leave/Termination Benefits (Note 1)	129,031	96,712	(92,148)	133,595	84,090
Capital Assets Held for Others	14,539	—	(404)	14,135	404
Net Pension Liability (Note 17) *	294,757	4,897	(40,619)	259,035	—
Total Discrete Component Long-term Liabilities	$ 1,804,460	$ 956,942	$ (880,933)	$ 1,880,469	$ 282,128

Amounts in the beginning balance column for Discrete Component Units have been adjusted as follows: for Utah Housing Corporation (major component unit) revenue bonds were decreased by $1.109 billion; net unamortized premiums / (discounts) were decreased by $2.7 million; notes payables were decreased by $194 million; and leave/termination benefits were decreased by $861 thousand. For Utah Communications Authority (nonmajor component unit) capital leases/contracts payable were increased by $186 thousand; and leave/termination benefits were increased by $431 thousand. These adjustments remove beginning balances for Utah Housing Corporation and add beginning balances for Utah Communications Authority as described in Note 2.

* The net pension liability of governmental activities is liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. The net pension liability of business-type activities is liquidated in the specific funds that pay the employer contributions and includes Student Assistance Program, the Internal Service Funds, Alcoholic Beverage Control, Utah Correctional Industries, and State Trust Lands Administration. The changes in the liability are netted as reductions for the governmental activities and business-type activities since that information is not readily available for inclusion. See Note 17 for additional pension information.

** Compensated absences of governmental activities are liquidated in the General Fund, Education Fund, or Transportation Fund according to the applicable employing state agency. Claims liabilities of governmental activities are liquidated in the Risk Management Internal Service Fund. Net OPEB obligation of governmental activities is liquidated in the General Fund.

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, 2015, the State had $63.652 million of unissued general obligation highway bond authorizations remaining, and $474.7 million of unissued general obligation building bond authorizations remaining.

During fiscal year 2015, the State issued $220.98 million Series 2015 general obligation refunding bonds. The proceeds were used to advance refund portions of the 2009 A and 2011 A general obligation bonds.

General obligation bonds payable information is presented below.

General Obligation Bonds Payable
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2015
2004 A Refunding Issue	03/02/04	2010 – 2016	4.00 % – 5.00 %	$ 314,775	$ 131,315
2009 A Highway Issue	03/17/09	2010 – 2018	2.00 % – 5.00 %	$ 394,360	101,060
2009 B Capital Facility Issue	05/19/09	2010 – 2015	4.00 %	$ 104,450	22,500
2009 C Highway/Capital Facility Issue	09/29/09	2011 – 2018	2.00 % – 5.00 %	$ 490,410	281,605
2009 D Highway Issue	09/29/09	2019, 2024	4.15 %, 4.55 %	$ 491,760	491,760
2010 A Highway/Capital Facility Issue	09/30/10	2011 – 2017	1.75 % – 5.00 %	$ 412,990	209,675
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	172,055
2011 A Highway/Capital Facility Issue	07/06/11	2012 – 2021	2.00 % – 5.00 %	$ 609,920	324,350
2012 A Capital Facility/Refunding Issue	10/03/12	2014 – 2017	4.00 % – 5.00 %	$ 37,350	37,220
2013 Highway Issue	07/30/13	2014 – 2028	3.00 % – 5.00 %	$ 226,175	215,650
2015 Refunding Issue	04/29/15	2019 – 2026	3.50 % – 5.00 %	$ 220,980	220,980
Total General Obligation Bonds Outstanding					2,830,150
Plus Unamortized Bond Premium					119,509
Total General Obligation Bonds Payable					$ 2,949,659

(*Notes continue on next page*.)

General Obligation Bond Issues
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

Fiscal Year	Principal: 2004A Refunding Bonds	2009A Highway Bonds	2009B Capital Facility Bonds	2009C Highway/ Capital Bonds	2009D Highway Bonds	2010A Highway/ Capital Facility	2010B Highway Bonds
2016	$ 73,910	$ 25,265	$ 22,500	$ 74,080	$ —	$ 89,635	$ —
2017	57,405	25,265	—	69,165	—	81,125	—
2018	—	25,265	—	67,495	—	38,915	—
2019	—	25,265	—	70,865	—	—	—
2020	—	—	—	—	74,145	—	29,470
2021–2025	—	—	—	—	417,615	—	516,095
2026–2030	—	—	—	—	—	—	76,415
Total	$ 131,315	$ 101,060	$ 22,500	$ 281,605	$ 491,760	$ 209,675	$ 621,980

Continues Below

Fiscal Year	Principal: 2010C Refunding Bonds	2011A Highway/ Capital Bonds	2012A Building/ Refunding Bonds	2013 Highway Bonds	2015 Refunding Bonds
2016	$ —	$ 28,765	$ 6,025	$ 11,075	$ —
2017	28,510	48,765	3,050	11,625	—
2018	28,635	70,855	28,145	12,225	—
2019	70,435	43,995	—	12,850	—
2020	44,475	43,990	—	13,525	24,765
2021–2025	—	87,980	—	78,625	117,785
2026–2030	—	—	—	75,725	78,430
Total	$ 172,055	$ 324,350	$ 37,220	$ 215,650	$ 220,980

Continues Below

Fiscal Year	Total Principal Required	Total Interest Required	Total Amount Required
2016	$ 331,255	$ 109,223	$ 440,478
2017	324,910	93,614	418,524
2018	271,535	80,688	352,223
2019	223,410	69,723	293,133
2020	230,370	59,508	289,878
2021–2025	1,218,100	145,232	1,363,332
2026–2030	230,570	6,062	236,632
Total	$ 2,830,150	$ 564,050	$ 3,394,200

C. Revenue Bonds

Revenue bonds payable consists of those issued by the Utah State Building Ownership Authority, the Utah State Board of Regents Student Loan Purchase Program, 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, 2015 are reported as a long-term liability of the governmental activities, except for $78.379

million and $1.634 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 Program's (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 $329.605 million of fixed rate bonds, $160.961 million of bonds at a rate set at the 3-month LIBOR plus spread, $404.65 million of bonds at a rate set at the 1-month LIBOR plus 0.6 percent, $325.758 million of bonds at a rate set at the 1-month LIBOR plus 0.75 percent, $238.619 million of bonds at a rate set at the 1-month LIBOR plus 0.55 percent, and $10.85 million of bonds at a rate of set at the 1-month LIBOR plus 1.5 percent. The Programs' bonds also include adjustable rate bonds that are set by an auction procedure every 28 days in the amount of $39.1 million.

The Student Assistance Program's 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 $524.261 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 $72.598 million and $6.305 million, respectively. The interest expense of ($3.718 million) includes an entry to recognize $8.8 million of deferred gain on bond redemptions.

The Student Assistance Program's 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 $325.758 million of outstanding student loan backed notes which are payable through 2032. Principal and interest paid for the current year and total net revenue before interest expense were $74.451 million and $4.373 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 $238.619 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 $40.102 million and $3.283 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 $415.5 million of outstanding student loan back notes which are payable through 2043. Total net loss before interest expense was $2.681 million.

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 $5.405 million of outstanding Office Facility Bonds which are payable through 2024. Principal and interest paid for the current fiscal year and total net revenues before interest expense were $807 thousand and $469 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 $54.888 million. For the current year, principal and interest paid and total repayments from pledged revenues were $6.927 million and $13.574 million, respectively. Of the bonds payable outstanding at June 30, 2015, $47.242 million are reported in the Water Loan Program 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 non-major 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, 2015 is presented below.

(Table on next page.)

Pledged Revenue — Discrete Component Units
(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	$ 1,064,281	$ 185,419	$ 241,143
Term of Commitment	Thru 2043	Thru 2045	Thru 2050
Percent of Revenue Pledged	100.00 %	100.00 %	100.00 %
Current Year Pledged Revenue	$ 274,588	$ 41,348	$ 16,676
Current Year Principal and Interest Paid	$ 40,711	$ 8,526	$ 13,809

***** 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.

Revenue Bonds Payable — Primary Government
Governmental Activities
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2015
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000 – 2019	3.80 % – 5.50 %	$ 101,557	$ 27,710
Series 2009 D	09/09/09	2014 – 2017	5.00 %	$ 12,125	7,400
Series 2009 E	09/09/09	2018 – 2030	4.62 % – 5.77 %	$ 89,470	89,470
Series 2010	11/30/10	2011 – 2024	2.00 % – 5.00 %	$ 24,555	18,805
Series 2011	10/25/11	2012 – 2031	2.13 % – 4.00 %	$ 5,250	3,940
Series 2012 A	11/20/12	2017 – 2027	1.50 % – 5.00 %	$ 11,755	11,755
Series 2012 B	11/20/12	2013 – 2022	1.50 % – 2.25 %	$ 9,100	6,908
Series 2015	04/29/15	2016 – 2030	3.00 % – 5.00 %	$ 785	785
Total Lease Revenue Bonds Outstanding					166,773
Plus Unamortized Bond Premium					2,812
Total Lease Revenue Bonds Payable					$ 169,585

Continues Below

(*Table continues on next page.*)

Revenue Bonds Payable — Primary Government
Business-type Activities
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2015
Student Assistance Programs:					
1993 Trust Estate Student Loan Indentures	1999 – 2011	2030 – 2046	Variable and Fixed	$1,337,655	$ 524,261
2012 Trust Estate Student Loan Indentures	2012	2032	Variable	$ 518,700	325,758
2014 Trust Estate Student Loan Indentures	2014	2039	Variable	$ 277,000	238,619
2015 Trust Estate Student Loan Indentures	2015	2043	Variable	$ 415,500	415,500
Office Facility Bond Fund	2012	2014 – 2024	2.00 % – 5.00 %	$ 7,295	5,405
Total Revenue Bonds Outstanding					1,509,543
Plus Unamortized Bond Premium					1,588
Total Revenue Bonds Payable					$ 1,511,131
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000 – 2019	3.80 % – 5.50 %	$ 3,543	$ 1,055
Series 2006 A	01/10/06	2006 – 2016	3.50 % – 5.00 %	$ 8,355	380
Series 2007 A	07/10/07	2009 – 2017	4.25 % – 5.00 %	$ 15,380	1,360
Series 2009 A	03/25/09	2011 – 2019	3.00 % – 5.00 %	$ 25,505	4,200
Series 2009 B	09/09/09	2012 – 2019	3.00 % – 5.00 %	$ 8,455	4,625
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	9,805
Series 2012 A	11/20/12	2017 – 2027	1.50 % – 5.00 %	$ 3,855	3,855
Series 2012 B	11/20/12	2013 – 2022	1.50 % – 2.25 %	$ 2,600	1,982
Series 2015	04/29/15	2016 – 2030	3.00 % – 5.00 %	$ 29,230	29,230
Total Lease Revenue Bonds Outstanding					73,207
Plus Unamortized Bond Premium					6,806
Total Lease Revenue Bonds Payable					$ 80,013
Water Loan Programs:					
Series 2010 B Revolving Loan Recapitalization Revenue Bonds	02/23/10	2014 – 2017	2.25 % – 5.00 %	$ 16,125	15,715
Series 2010 C Revolving Loan Recapitalization Revenue Bonds	02/23/10	2018 – 2022	4.19 % – 4.79 %	$ 31,225	31,225
Total Recapitalization Revenue Bonds Outstanding					46,940
Plus Unamortized Bond Premium					302
Total Recapitalization Revenue Bonds Payable					$ 47,242
Total Revenue/Lease Revenue/ Recapitalization Revenue Bonds Payable					$ 1,807,971

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

Principal

Fiscal Year	1993 Trust Estate Student Loan Indentures	2012 Trust Estate Student Loan Indentures	2014 Trust Estate Student Loan Indentures	2015 Trust Estate Student Loan Indentures	Office Facility Bond Fund	1998 C Utah State Building Ownership Authority	2006 A Utah State Building Ownership Authority	2007 A Utah State Building Ownership Authority
2016	$ 59,583	$ 52,143	$ 39,665	$ 84,072	$ 655	$ 9,230	$ 380	$ 665
2017	48,307	45,024	33,547	69,207	670	9,130	—	695
2018	43,701	38,092	28,559	56,971	685	8,295	—	—
2019	39,042	32,126	24,313	46,898	700	2,110	—	—
2020	35,012	26,973	20,699	38,607	715	—	—	—
2021–2025	133,097	82,028	65,522	111,801	1,980	—	—	—
2026–2030	68,060	33,396	26,314	7,944	—	—	—	—
2031–2035	58,359	15,976	—	—	—	—	—	—
2036–2040	23,292	—	—	—	—	—	—	—
2041–2045	13,461	—	—	—	—	—	—	—
2046–2050	2,347	—	—	—	—	—	—	—
Total	$ 524,261	$ 325,758	$ 238,619	$ 415,500	$ 5,405	$ 28,765	$ 380	$ 1,360

Continues Below

Principal

Fiscal Year	2009 A Utah State Building Ownership Authority	2009 B Utah State Building Ownership Authority	2009 C Utah State Building Ownership Authority	2009 D Utah State Building Ownership Authority	2009 E Utah State Building Ownership Authority	2010 Utah State Building Ownership Authority	2011 Utah State Building Ownership Authority	2012 A Utah State Building Ownership Authority
2016	$ 975	$ 1,075	$ —	$ 3,605	$ —	$ 3,030	$ 380	$ —
2017	1,025	1,125	—	3,795	—	3,175	385	990
2018	1,075	1,185	—	—	4,010	3,330	395	1,005
2019	1,125	1,240	—	—	—	3,510	405	1,445
2020	—	—	1,305	—	5,295	2,995	415	1,490
2021–2025	—	—	7,625	—	28,490	12,570	1,465	8,975
2026–2030	—	—	7,785	—	51,675	—	405	1,705
2031–2035	—	—	—	—	—	—	90	—
2036–2040	—	—	—	—	—	—	—	—
2041–2045	—	—	—	—	—	—	—	—
2046–2050	—	—	—	—	—	—	—	—
Total	$ 4,200	$ 4,625	$ 16,715	$ 7,400	$ 89,470	$ 28,610	$ 3,940	$ 15,610

Continues Below

(*Table continues on next page*.)

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

	Principal						
Fiscal Year	2012 B Utah State Building Ownership Authority	2015 Utah State Building Ownership Authority	2010 B Revolving Loan Recap Program	2010 C Revolving Loan Recap Program	Total Principal Required	Interest Required	Total Amount Required
2016	$ 2,335	$ 805	$ 5,025	$ —	$ 263,623	$ 41,161	$ 304,784
2017	2,380	350	5,235	—	225,040	33,758	258,798
2018	1,305	1,095	5,455	—	195,158	29,401	224,559
2019	985	705	—	5,705	160,309	25,371	185,680
2020	1,005	1,910	—	5,955	142,376	22,131	164,507
2021–2025	880	12,235	—	19,565	486,233	70,083	556,316
2026–2030	—	12,915	—	—	210,199	26,028	236,227
2031–2035	—	—	—	—	74,425	3,413	77,838
2036–2040	—	—	—	—	23,292	1,411	24,703
2041–2045	—	—	—	—	13,461	675	14,136
2046–2050	—	—	—	—	2,347	20	2,367
Total	$ 8,890	$ 30,015	$ 15,715	$ 31,225	$ 1,796,463	$ 253,452	$ 2,049,915

Revenue Bonds Payable — Discrete Component Units
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2015
University of Utah Revenue Bonds	1998 – 2015	2014 – 2043	1.50 % – 6.28 %	$ 965,805	$ 702,281
Utah State University Revenue Bonds	2003 – 2013	2003 – 2045	1.90 % – 5.00 %	$ 124,645	115,533
Nonmajor Component Units Revenue Bonds	2002 – 2012	2014 – 2040	1.63 % – 6.00 %	$ 199,920	166,229
Total Revenue Bonds Outstanding					984,043
Plus Unamortized Bond Premium					13,161
Total Revenue Bonds Payable					$ 997,204

(*Notes continue on next page*.)

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

Fiscal Year	Principal: University of Utah	Principal: Utah State University	Principal: Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
2016	$ 27,485	$ 5,583	$ 8,022	$ 41,090	$ 42,094	$ 83,184
2017	33,124	5,680	7,444	46,248	41,772	88,020
2018	40,489	5,895	7,731	54,115	40,076	94,191
2019	34,896	3,765	8,023	46,684	38,153	84,837
2020	41,060	3,940	8,291	53,291	35,992	89,283
2021–2025	199,508	22,595	39,953	262,056	144,511	406,567
2026–2030	147,587	24,250	41,878	213,715	87,792	301,507
2031–2035	49,840	22,415	27,243	99,498	50,490	149,988
2036–2040	38,497	9,430	11,239	59,166	34,349	93,515
2041–2045	89,795	11,980	5,230	107,005	11,934	118,939
2046–2050	—	—	1,175	1,175	47	1,222
Total	$ 702,281	$ 115,533	$ 166,229	$ 984,043	$ 527,210	$ 1,511,253

D. **Conduit Debt Obligations**

In 1985, the State Board of Regents authorized the University of Utah (major discrete component unit) to issue Variable Rate Demand Industrial Development Bonds for the Salt Lake City Marriott University Park Hotel, separate from the University. The bonds are payable solely from revenues of the hotel. The bonds do not constitute a debt or pledge of the faith and credit of the University of Utah or the State and, accordingly, have not been reported in the accompanying financial statements. The outstanding balance of the bonds at June 30, 2015 is $965 thousand.

The Utah Charter School Finance Authority (non-major 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, 2015 is $239.414 million in tax-exempt and $340 thousand in taxable conduit debt.

E. **Defeased Bonds and Bond Refunding**

The State issued on April 29, 2015, $220.98 million General Obligation Refunding Bonds Series 2015 to advance refund $25.265 million, and $199.28 million of Series 2009 A, and 2011 A General Obligation Bonds, respectively. The principal amount of the refunding bonds, $47.527 million of original issue premium, and $3.43 million provided from monies in the State's Series 2009 A and 2011 A sinking funds 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 $22.783 million. This difference, reported in the Statement of Net Position as a deferred outflow of resources, is being charged to operations through fiscal year 2027, using the bonds outstanding method, which approximates the effective interest method. The refunding reduced the State's aggregate debt service payments by $11.712 million over 11 years and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $6.891 million.

On April 29, 2015, the Utah State Building Ownership Authority issued $30.015 million of Lease Revenue Refunding Bonds Series 2015 to advance refund $900 thousand, $3.085 million, $10.255 million, and $16.825 million of Series 2003, 2006 A, 2007 A, and 2009 A Lease Revenue Bonds, respectively. The principal amount of the refunding bonds, $5.273 million of original issue premium, and $600 thousand provided from monies in the State's Series 2003, 2006 A, 2007 A, and 2009 A sinking funds 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 $4.195 million. This difference, reported in the Statement of Net Position as a deferred outflow of resources, is being charged to operations through fiscal year 2030, using the bonds outstanding method, which approximates the effective interest method. The refunding reduced the State's aggregate debt service payments by $2.479 million over 15 years and resulted in an economic gain (difference between the present values of the old and new debt service payments) of $2.053 million.

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, 2015, the total amount outstanding of defeased general obligation bonds was $374.195 million. At June 30, 2015, the total amount outstanding of defeased revenue bonds was $34.725 million.

During fiscal year 2015, the University of Utah (major discrete component unit) issued three bond issues and also issued new Certificates of Participation to either fully or partially refund $110.5 million of various bond issues. In July, the University issued $76.2 million of General Revenue and Refunding Bonds Series 2014 B. Proceeds from these bonds are to be used to construct the Lassonde Living Learning Center, partially replace utility distribution infrastructure and to refund a portion of the Hospital Revenue and Refunding Bonds Series 2006 A. In January, the University issued General Revenue and Refunding Bonds Series 2015 A in the amount of $45.33 million. Proceeds from these bonds are to be used towards the construction of the Mid-Valley Health Center and to retire a portion of the Taxable Commercial Paper General Revenue Refunding Notes Series 2013 B. In May, the University issued $91.57 million General Revenue and Refunding Bonds Series 2015 B. Proceeds from the issue are to be used towards the construction of utility infrastructure and health sciences parking projects and to refund portions of the Taxable Commercial Paper General Revenue Refunding Notes Series 2013B, of the Auxiliary and Campus Facilities System Series 2010A Bonds, and of the Hospital Revenue and Refunding Bonds Series 2010 and 2011B bonds. Additionally, in June the University issued Refunding Certificates of Participation Series 2015 in the amount of $10.05 million, proceeds of which are to be used towards refunding a portion of the 2007 Certificates of Participation. The refunding activity had limited impact on the retirement period but did result in an increase of aggregate debt service payments of $6.1 million and a present value economic loss of approximately $7.3 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 discrete component unit column on the Statement of Net Position. At June 30, 2015, $243.215 million of college and university bonds outstanding are considered defeased.

F. Contracts Payable

Discrete component units capital leases/contracts payable include $5.855 million in life annuity contracts.

G. Pollution Remediation Obligation

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 seven 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, 2015, the liability is $5.086 million. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

H. Notes Payable

The Student Assistance Programs has a line of credit under the Warehouse Loan, Security and Servicing Agreement. The line of credit is a limited obligation of the Board secured by and payable solely from the pledged collateral. The line of credit was issued to acquire federally guaranteed student loans. The fund consists of student loans acquired under the agreement, all proceeds of the line of credit and net revenues in the funds and accounts, and any other property pledged to the fund. The Board has pledged these assets and net revenues to repay $1.152 billion of outstanding principal which is payable through 2017. $262.573 million in principal and $9.405 million in interest will be paid in fiscal year 2016 and $889.634 million in principal and $4.6 million in interest will be paid in fiscal year 2017. Principal and interest paid for the current year and total net revenue before interest expense was $511.128 million and $1.968 million, respectively.

The notes payable balance consists of notes issued by discrete component units for the purchase of buildings, equipment and to provide a source of capital for the purchase of single family mortgage loans. The notes bear various interest rates and will be repaid over the next 17 years. They are secured by the related assets.

Payment information on notes payable is presented below:

Notes Payable Debt Service Requirements to Maturity
Discrete Component Units
For Fiscal Years Ending 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**
2016	$ 75,081	$ 2,342	$ 1,787	$ 79,210	$ 3,984	$ 83,194
2017	12,911	2,199	2,749	17,859	3,599	21,458
2018	7,173	2,587	1,603	11,363	3,109	14,472
2019	6,317	2,030	1,386	9,733	2,739	12,472
2020	6,438	1,879	1,417	9,734	2,387	12,121
2021–2025	22,939	6,010	7,523	36,472	7,866	44,338
2026–2030	9,554	345	3,560	13,459	2,140	15,599
2031–2035	—	—	2,337	2,337	268	2,605
Total	$ 140,413	$ 17,392	$ 22,362	$ 180,167	$ 26,092	$ 206,259

I. Debt Service Requirements for Derivatives

Business-type Activities

As explained in Note 3.D., the Student Assistance Program (major proprietary fund) Board had issued on December 30, 2010, the Series 2010 EE bonds for the purpose of refinancing certain outstanding bonds in the 1993 indentures. As part of this issuance, the Board entered into an interest rate exchange (swap) agreement relating to the Board's student loan revenue bonds. The projected net cash flows of the swap agreement are summarized below. The principal, interest, and net swap interest are included in the debt service schedule presented on page 107 for the Student Assistance Program.

Student Assistance Program
Swap Payments and Associated Debt
For Fiscal Years Ending June 30
(Expressed in Thousands)

Fiscal	Counterparty Swap Payment			Interest Payments to	Total
Year	**To**	**From**	**Net**	**Bondholders**	**Payments**
2016	$ (6,942)	$ 17,156	$ 10,214	$ (17,156)	$ (6,942)
2017	(5,142)	13,061	7,919	(13,061)	(5,142)
2018	(4,351)	11,224	6,873	(11,224)	(4,351)
2019	(3,659)	9,467	5,808	(9,467)	(3,659)
2020	(3,032)	7,845	4,813	(7,845)	(3,032)
2021–2025.....	(8,605)	22,265	13,660	(22,265)	(8,605)
2026–2030.....	(2,810)	7,270	4,460	(7,270)	(2,810)
2031-2035…..	(38)	98	60	(98)	(38)
Total	$ (34,579)	$ 88,386	$ 53,807	$ (88,386)	$ (34,579)

(Notes continue on next page.)

NOTE 11. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred Outflows and Inflows of Resources reported on the Statement of Net Position as of June 30, 2015 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	$ 34,696	$ 4,962	$ 10,685
Deferred Amount of Federal Default Fee	—	910	—
Deferred Outflows Relating to Pensions	120,846	2,055	41,471
Total Deferred Outflows	$ 155,542	$ 7,927	$ 52,156
Deferred Inflows:			
Unavailable Revenue	$ 9,354	$ —	$ —
Deferred Amount on Refundings of Bonded Debt	—	10,832	264
Fair Value of Interest Rate Swap Agreements	—	18,068	—
Deferred Inflows Relating to Pensions	77,613	1,175	24,493
Total Deferred Inflows	$ 86,967	$ 30,075	$ 24,757

Of the $155.542 million deferred outflows of resources, reported in the governmental activities column, $120.846 million represent deferred outflows relating to pensions, of which $8.046 million are reported in the Internal Service Funds. The remaining $34.696 million represent deferred amount on refundings of bonded debt, of which $14 thousand are reported in the Internal Service Funds.

Of the $86.967 million deferred inflows of resources, reported in the governmental activities column, $77.613 million represent deferred inflows relating to pensions, of which $4.995 million are reported in the Internal Service Funds. The remaining $9.354 million in unavailable revenue represent imposed fees received before the period when those resources are permitted to be used.

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

Under the modified accrual basis of accounting, governmental funds reported $634.702 million in unavailable revenue consisting of $441.192 million from various taxes and $193.510 million from other sources.

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 includes 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, 2015 follows:

(Summary on next page.)

Governmental Fund Balances
(Expressed in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
General Fund:			
General Government:			
Legislature	$ —	$ 7,754	$ —
Elected Officials	59	7,995	—
Governor's Office	1,642	28,674	—
Administrative Services	137	8,320	—
Revenue Assessments and Collections	—	12,151	—
Human Services	16	6,536	—
Corrections	—	12,256	—
Public Safety	6,155	28,798	—
Courts	—	8,447	—
Health	103	25,057	—
Environmental Quality	—	11,191	—
Employment and Family Services	8	20,019	—
Natural Resources	17,025	56,116	—
Heritage and Arts	20	3,129	—
Business, Labor, and Agriculture	103	46,824	—
Budget Reserve (Rainy Day) Account	—	141,171	—
Medicaid Budget Stabilization Account	—	17,148	—
Industrial Assistance	—	27,429	—
Postemployment and Other Liabilities	—	—	78,190
Fiscal Year 2016 Appropriations:			
Line Item Appropriations	—	—	174,179
Other Purposes	9,010	27,743	—
Total	$ 34,278	$ 496,758	$ 252,369
Education Fund:			
Minimum School Program	$ 44,878	$ —	$ —
State Office of Education	35,443	—	—
School Building Program	20,952	—	—
School Land Interest	46,740	—	—
Education Budget Reserve Account	349,465	—	—
Postemployment and Other Purposes *	234,545	—	—
Fiscal Year 2016 Appropriations:			
Line Item Appropriations	208,324	—	—
Available for Appropriation	59,505	—	—
Other Purposes	2,311	—	—
Total	$1,002,163	$ 0	$ 0
Transportation Fund:			
Transportation – Construction/Maintenance	$ 73,928	$ 43,747	$ 150
Public Safety	17,711	—	—
Corridor Preservation	12,951	—	—
Aeronautical Programs	5,893	—	—
Postemployment and Other Purposes *	37,849	5,678	—
Total	$ 148,332	$ 49,425	$ 150
Transportation Investment Fund:			
Transportation Investment Capacity Projects	$ —	$ 532,301	$ —
Other Purposes	2,823	34,466	—
Total	$ 2,823	$ 566,767	$ 0
Nonmajor Governmental Funds:			
Capital Projects	$ 3,633	$ —	$ 154,265
Debt Service	—	—	8,656
State Endowment Fund	—	169,067	—
Environmental Reclamation	13,933	5,258	—
Rural Development	—	35,982	—
Other Purposes	20,234	16,070	123
Total	$ 37,800	$ 226,377	$ 163,044

***** 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 only be used to cover budget shortfalls when appropriated 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 percent and 11 percent of appropriations from the General Fund and Education Fund, respectively, for the fiscal year in which the surplus occurred.

Historically, resources from the Rainy Day Fund or Education Reserve have only been expended during recessionary periods to cover overall budget shortfalls after other budgetary measures have been exhausted. Section 63J–1–217 of the *Utah Code* requires the State to maintain a balanced budget. If a revenue shortfall is expected, the Governor is required to direct state agencies to reduce commitments and expenditures by an amount proportionate to any revenue shortfall until the Legislature takes action to rectify the deficit. The Rainy Day Fund and the Education Reserve ended the year with balances of $141.171 million and $349.465 million, respectively. For the fiscal year ended June 30, 2015, there was no transfer into the Rainy Day Fund because there was no revenue surplus, as defined by law. There was $59 million transferred into the Education Reserve as a result of a revenue surplus.

In accordance with Section 63J–1–315 of the *Utah Code*, the State maintains the Medicaid Growth Reduction and Budget Stabilization Restricted Account ("Medicaid Budget Stabilization Account"). The Legislature may appropriate money from the account only if Medicaid program expenditures are estimated to be 108 percent or more of Medicaid program expenditures for the previous year. The account is funded in a fiscal year when there are savings in the Medicaid Program and a General Fund revenue surplus. For the fiscal year ended June 30, 2015, although there was savings in the Medicaid Program, there was no transfer to the Medicaid Budget Stabilization Account because there was no revenue surplus.

C. Net Position Restricted by Enabling Legislation

The State's net position restricted by enabling legislation represent 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 $5.871 billion of restricted net position, of which $17.6 million is restricted by enabling legislation.

NOTE 13. DEFICIT NET POSITION AND FUND BALANCE

Funds reporting a deficit total net position at June 30, 2015 are (in thousands):

Private Purpose Trust Funds:		
Employers' Reinsurance	$	(30,077)
Petroleum Storage Tank	$	(2,622)
Internal Service Funds:		
Technology Services	$	(32,815)
Human Resource Management	$	(2,761)

The deficit in the Employers' Reinsurance Trust represents the unfunded portion of the actuarial estimate of claims incurred. The Employers' Reinsurance Trust claims are funded from assessments on all workers' compensation insurance issued to employers within the State. The Utah Labor Commission sets the rate up to the maximum established by the Legislature to keep current revenues at a level sufficient to cover current cash disbursements. State law limits the State's liability to the cash or assets in the Employers' Reinsurance Trust only. State law also limits the Trust's liability to claims resulting from industrial accidents or occupational diseases occurring on or before June 30, 1994. For claims resulting from accidents or diseases on or after July 1, 1994, the employer or its insurance carrier is liable for resulting liabilities. Unfunded future claims are payable solely from future trust revenues.

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 Statement 68, *Accounting and Financial Reporting for Pensions*. This Statement requires the recognition and reporting of the net pension liability and related transactions, including a restatement of beginning net position, resulting in a deficit net position. The Technology Services Fund also reported a $43.859 million deficit in the unrestricted portion of their net position at June 30, 2015, primarily as a result of implementing this Statement. See Note 2 for additional information.

Other than noted above, funds reporting a deficit position in the unrestricted portion of their net position at June 30, 2015 are (in thousands):

Internal Service Funds:		
Fleet Operations	$	(32,382)
General Services	$	(550)
Enterprise Funds:		
Alcoholic Beverage Control	$	(3,403)
Utah Correctional Industries	$	(323)

The Internal Service Fund deficit in Fleet Operations is mainly due to the significant investment in capital assets required for these operations. The deficit will be covered by future charges for services. Management may also seek rate increases to help reduce this deficit.

The Internal Service Fund deficit in General Services and the Enterprise Fund deficits in Alcoholic Beverage Control and Utah Correctional Industries are the result of implementing GASB Statement 68.

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, 2015 are as follows (in thousands):

	Transferred To					
	Governmental Funds					
Transferred From	**General Fund**	**Education Fund**	**Transportation Fund**	**Transportation Investment Fund**	**Trust Lands**	**Nonmajor Governmental Funds**
General Fund	$ —	$ 9,337	$ 56,702	$ —	$ 26	$ 169,288
Education Fund	555,534	—	—	—	—	184,597
Transportation Fund	47,192	—	—	85,313	—	20,507
Transportation Investment Fund	—	—	7,244	—	—	326,467
Nonmajor Governmental Funds	82,913	—	—	—	—	1,313
Unemployment Compensation	4,612	—	—	—	—	—
Water Loan Programs	5,316	—	—	—	—	—
Community Impact Loan Fund	4,682	—	—	—	—	—
Nonmajor Enterprise Funds	96,184	11	—	—	478	—
Internal Service Funds	1,900	—	—	—	—	—
Total	$ 798,333	$ 9,348	$ 63,946	$ 85,313	$ 504	$ 702,172

Continues Below

	Transferred To		
	Enterprise Funds		
Transferred From	**Nonmajor Enterprise Funds**	**Internal Service Funds**	**Total**
General Fund	$ 2,255	$ 1,272	$ 238,880
Education Fund	—	—	740,131
Transportation Fund	—	—	153,012
Transportation Investment Fund	—	—	333,711
Nonmajor Governmental Funds	—	—	84,226
Unemployment Compensation	—	—	4,612
Water Loan Programs	—	—	5,316
Community Impact Loan Fund	—	—	4,682
Nonmajor Enterprise Funds	—	—	96,673
Internal Service Funds	—	—	1,900
Total	$ 2,255	$ 1,272	$ 1,663,143

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

During fiscal year 2015, the Legislature authorized transfers of $1.9 million from the Internal Service Funds to the General Fund to subsidize general fund revenues. In addition, the Legislature authorized payments of $894.376 million 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. LITIGATION, CONTINGENCIES, AND COMMITMENTS

A. Litigation

The State is involved in various legal actions arising in the ordinary course of business. The State is vigorously contesting all of these matters, but as of this date it is not possible to determine the outcome of these proceedings. In the opinion of the Attorney General and management, the ultimate disposition of these matters will not have a material adverse effect on the State's financial position.

- A lawsuit was filed by the Tobacco Companies against the settling states participating in a master settlement agreement in an effort to recoup tobacco settlement payments made in prior years. The plaintiffs allege that they are entitled to a non-participating manufacturer adjustment that will allow them to take a credit against these payment obligations. The dispute is currently subject to arbitration. It is impossible to determine the potential liability; however, any settlement will be a reduction in future state tobacco receipts.

- In addition to the items above, the State is contesting other legal actions totaling over $35.163 million plus attorneys' fees and interest and other cases where the amount of potential loss is undeterminable. 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 reported 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, 2015, will be available in December 2015.

- 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-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, 2014, $100.636 million in loans were outstanding and invested in venture capital and private equity funds. The loans will mature in 2017. Under certain circumstances, the holder of a certificate is entitled to a refundable tax credit against tax liabilities imposed by *Utah Code Annotated,* Section 59–7, "Corporate Franchise and Income taxes," or Section 59–10, "Individual Income Tax Act." To date, the State has not had to place any contingent tax credits into the program and does not anticipate the use of tax credits anytime in the near future.

- The State is self-insured for liability claims up to $1 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, $46.931 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 (*Utah Code Annotated, 1953,* as amended, Sections 53A–28–101 to 402), 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 which suggest a local school board may not be able to pay its debt service obligations when due. The State has not advanced any monies for the payment of debt service on Guaranteed Bonds and does not expect that it will be required to advance monies for any significant period of time.

  Local school boards have $2.843 billion principal amount of Guaranteed Bonds outstanding at June 30, 2015 with the last maturity date being 2035. 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) (*Utah Code Annotated,* Sections 53A–20b–201 to 204), effective July 1, 2012, 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 in 2012 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 is 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, 2015, $113.83 million of debt was outstanding under the Program.

- At June 30, 2015, 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 $1.119 billion.

- 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 $35.412 million from tobacco companies in fiscal year 2015 and expects to receive approximately $39.532 million in fiscal year 2016. Annual payments will be adjusted for factors such as inflation, decreased sales volume, previously settled law suits, disputed payments, and legal fees.

- The Utah School Readiness Initiative (*Utah Code Annotated*, Sections 53A-1b-101 to 111), effective May 13, 2014, 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 will fund the program using a social impact bond. This bond will offer the issuers a return on investment only if students in the program meet specific education benchmarks. The program is capped at 750 students for the first two years, but will grow in subsequent years. In fiscal year 2015, the State of Utah committed $1.5 million that will cover student evaluations and any repayment of the social impact bond. It is anticipated the State of Utah will commit additional funds as the program grows.

C. **Commitments**

- At June 30, 2015, the Industrial Assistance Program of the General Fund had grant commitments of $6.060 million, contingent on participating companies meeting certain performance criteria.

- At June 30, 2015, the Economic Development Tax Increment Financing Incentive program (EDTIF) had outstanding long-term contract commitments for General Fund cash rebates of $89.301 million and Education Fund tax credits of $559.83 million. These cash rebates and tax credits are contingent on participating companies meeting certain economic development performance criteria.

- At June 30, 2015, the Motion Picture Incentive Program had outstanding contract commitments for General Fund cash rebates of $120 thousand and Education Fund tax credits of $17.018 million. These cash rebates and credits are contingent upon participating motion picture companies meeting certain within-the-state production criteria.

- At June 30, 2015, the Utah Department of Transportation had construction and other contract commitments of $509.532 million, of which $281.071 million is for Transportation Fund (major special revenue fund) and $228.461 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, 2015, the permanent Trust Lands Fund (permanent fund) had real estate commitments of $152.796 million, of which $112.784 million have been called, leaving a remaining commitment of $40.012 million.

- At June 30, 2015, the State's capital projects funds (non-major capital projects funds) had construction commitments of $387.878 million. These commitments will be funded with legislative appropriations, intergovernmental revenues, and proceeds of general obligation and lease revenue bonds.

- At June 30, 2015, the enterprise funds had loan commitments of approximately $237.238 million and grant commitments of approximately $63.940 million.

- Utah Retirement Systems (pension trust and defined contribution plans) has at its yearend December 31, 2014, committed to fund certain private equity partnerships, absolute return, and real estate projects for an amount of $7.608 billion. Funding of $4.438 billion has been provided by December 31, 2014, leaving an unfunded commitment of $3.17 billion.

- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the University of Utah (major discrete component unit) officers, the University is obligated to make periodic payments for advance commitments to venture capital and private equity investments. As of June 30, 2015, the University had committed, but not paid, a total of $49.7 million in funding for these alternative investments.

- Under the terms of various limited partnership agreements approved by the Board of Trustees or by the Utah State University (major discrete component unit) 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, 2015, the University had committed, but not paid, a total of $7.89 million in funding for these alternative investments.

- At June 30, 2015, Utah State University (major discrete component unit) had outstanding commitments for the construction and remodeling of its buildings of appropriately $30 million.

NOTE 16. 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 $22.518 million for the year ended June 30, 2015. UEN is not separately audited, but is included in the audited financial statements of KUEN, a public broadcasting television station operated by the University. Copies of those statements can be obtained from KUEN's administrative offices.

NOTE 17. PENSION PLANS

A. Utah Retirement Systems

Utah Retirement Systems (URS) (pension trust and defined contribution plans) was established by Title 49 of *Utah Code Annotated, 1953,* as amended. URS administers the pension systems and plans under the direction of the URS Board, which consists of the State Treasurer and six members 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, 2014 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 that include financial statements and required supplemental information may be obtained by writing to Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah 84102, or visiting the website online at www.urs.org.

The URS operations are comprised of the following groups of systems/plan covering substantially all employees of the State, public education, and other political subdivisions of the State:

- The Public Employees Noncontributory Retirement System (Noncontributory System); the Public Employees Contributory Retirement System (Contributory System); and the Firefighters Retirement System (Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;

- The Public Safety Retirement System (Public Safety System), which is a defined-benefit mixed agent and cost-sharing, multiple-employer retirement system;

- The Judges Retirement System (Judges System) and the Utah Governors and Legislators Retirement Plan, which are single-employer service retirement systems;

- The Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighters Contributory System (Tier 2 Public Safety and Firefighters System), which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;

- Five defined contribution plans comprised of the 401(k) Plan, 457(b) Plan, Roth and Traditional IRAs, and Health Reimbursement Arrangement.

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. Retirement benefits are specified by Title 49 of *Utah Code Annotated, 1953,* as amended. The retirement systems are defined-benefit plans wherein the benefits are based on age and/or years of service and highest average salary. Various plan options within the systems may be selected by retiring members. Some of the options require actuarial reductions based on attained age, age of spouse, and similar actuarial factors. A brief summary of eligibility for and benefits of the systems is provided in the following table:

(*Table on next page*.)

Summary of Eligibility and 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, 1990, there may be a 3 percent benefit enhancement
*** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Former governors at age 65 receive $1,320 per month per term. Legislators receive a benefit at age 65 with four or more years of service at the rate of $28.80 per month per year of service. Retirement at age 62 with ten or more years of service will receive an actuarial reduction. Both the governors' and legislators' benefits are adjusted based on the Consumer Price Index (CPI), limited to 4 percent of the base benefit per year.

Death benefits for active and retired employees are in accordance with retirement statutes. Upon termination of employment, members of the Systems may leave their retirement account intact for future benefits based on vesting qualification, or withdraw the accumulated funds in their individual member account and forfeit service credits and rights to future benefits upon which the contributions were based.

At December 31, 2014, the following number of employees were covered by the State's (primary government's) single-employer plans:

Single-employer Plans Covered Employees
December 31, 2014

	Judges System	Governors and Legislators Retirement Plan
Inactive Employees or Beneficiaries Currently Receiving Benefits.....	132	236
Inactive Employees Entitled to But Not Yet Receiving Benefits..........	4	79
Active Employees	114	105
Total Single-employer Plans Covered Employees	250	420

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, 2015 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 %	$ 139,126	$ 55,043
Contributory					
Contributory Public Employees.......	—	6.00 %	17.70 %	$ 2,658	$ 2,153
Tier 2 Public Employees.................	—	—	18.27 %	$ 18,280	$ 11,410
Public Safety					
Contributory Public Safety	4.54 %	7.75 %	29.70 %	$ 35	$ —
Noncontributory Public Safety	—	—	41.35 %	$ 43,865	$ 909
Tier 2 Public Safety	—	—	29.26 %	$ 3,699	$ 59
Firefighters					
Contributory Firefighters................	—	15.05 %	3.82 %	$ 169	$ —
Tier 2 Firefighters...........................	—	—	10.80 %	$ 12	$ —
Judges...	—	—	40.01 %	$ 6,179	$ —
Utah Governors and Legislators...........		Annual Appropriation		$ 411	$ —

Note: In addition to the contributions noted above the primary government paid an additional $3.32 million in defined contributions required by statute. Statute requires participating Tier 2 employers to pay the corresponding non Tier 2 system amortization rate (.08 to18.54 percent) of the employee’s compensation and that contribution is applied to the employer’s corresponding non Tier 2 system liability.

(Notes continue on next page.)

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

Single-employer Plans
Changes in Net Pension Liability
Increases (Decreases)
For the Year Ended December 31, 2014
(Expressed in Thousands)

		Judges System	Utah Governors and Legislators Retirement Plan
Total Pension Liability			
Service Cost		$ 4,895	$ 106
Interest		13,641	884
Difference between Actual and Expected Experience		2,602	307
Assumption Changes		(130)	—
Benefit Payments		(11,361)	(909)
Net Change in Total Pension Liability		9,647	388
Total Pension Liability – Beginning		182,638	11,879
Total Pension Liability – Ending	*A*	$ 192,285	$ 12,267
Plan Fiduciary Net Position			
Contributions – Employee		$ 317	$ —
Contributions – Employer		5,627	411
Court Fees		1,486 *	—
Net Investment Income		11,068	717
Benefit Payments		(11,361)	(909)
Administrative Expense		(71)	(5)
Net Transfers with Affiliated Systems		1,092	(14)
Net Change in Plan Fiduciary Net Position		8,158	200
Plan Fiduciary Net Position – Beginning		155,676	10,166
Plan Fiduciary Net Position – Ending	*B*	$ 163,834	$ 10,366
Net Pension Liability / (Asset) – Ending (*A* – *B*)		$ 28,451	$ 1,901
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		85.2 %	84.5 %
Covered Employee Payroll		$ 15,264	$ 1,045
Net Pension Liability as a Percentage of Covered Employee Payroll		186.39 %	181.91 %

***** These court fees were recognized as revenue for support provided by nonemployer contributing entities.

(Notes continue on next page.)

Proportionate Share of Net Pension Asset and Liability

Utah Retirement Systems (URS) (pension trust and defined contribution plans) provides retirement benefits to employees of the primary government and its discrete component units as well as to public education and other political subdivisions of the State. At December 31, 2014, the net pension asset and the net pension liability for all URS systems is $21.22 million and $3.478 billion respectively. The plan's fiduciary net position as a percent of the total pension liability is 88.5 percent. At December 31, 2014, the primary government's net pension asset and net pension liability is $1.086 million and $821.154 million respectively. The following table summarizes the State's (primary government's) net pension asset and liability by plan.

Primary Government
Net Pension Asset and Liability *
December 31, 2014
(Dollars Expressed in Thousands)

System	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	24.07 %	$ —	$ 604,765
Contributory System	34.02 %	—	3,731
Public Safety System	98.11 %	—	182,306
Firefighters System	2.59 %	148	—
Judges System	100.00 %	—	28,451
Utah Governors and Legislators Retirement Plan	100.00 %	—	1,901
Tier 2 Public Employees System	17.95 %	544	—
Tier 2 Public Safety and Firefighters System	26.64 %	394	—
Total Net Pension Asset / Liability		$ 1,086	$ 821,154

***** Before amounts allocated for financial statement presentation.

The State's discrete component units participating in URS are primarily the colleges and universities. At December 31, 2014, the net pension asset and the net pension liability for the colleges and universities is $336 thousand and $250.1 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, 2014
(Dollars Expressed in Thousands)

System	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	9.70 %	$ —	$ 243,728
Contributory System	25.75 %	—	2,823
Public Safety System	1.89 %	—	3,517
Tier 2 Public Employees System	10.90 %	330	—
Tier 2 Public Safety and Firefighters System	0.43 %	6	—
Total Net Pension Asset / Liability		$ 336	$ 250,068

Deferred Outflows and Inflows of Resources

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

At December 31, 2014, the State (primary government) recognized pension expense of $152.515 million. The State's discrete component units (colleges and universities) recognized pension expense of $50.044 million. Deferred outflows of resources and deferred inflows of resources related to the recognition of pension expense are from the following sources (expressed in thousands):

State of Utah
Deferred Outflows and Inflows of Resources *
Related to Pensions
December 31, 2014
(Expressed in Thousands)

Source	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	$ 1,905	$ 45,795	$ —	$ 15,166
Changes in Assumptions	—	33,565	—	8,482
Net Differences between Projected and Actual Earnings on Pension Plan Investments	14,167	—	4,935	—
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	—	—	—	—
Contributions Subsequent to the Measurement Date	107,589	—	35,115	—
Total	$ 123,661	$ 79,360	$ 40,050	$ 23,648

***** Before amounts allocated for financial statement presentation.

The $107.589 million and $35.115 million reported as deferred outflows of resources by the primary government and discrete component units (colleges and universities) are the result of contributions subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of net pension liability in the upcoming 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 (expressed in thousands):

Recognition of Remaining Deferred Outflows and (Inflows) of Resources

Year Ended December 31	Primary Government	Discrete Component Units
2015	$ (17,558)	$ (4,824)
2016	$ (17,558)	$ (4,824)
2017	$ (17,788)	$ (4,824)
2018	$ (9,723)	$ (3,879)
2019	$ (113)	$ (58)
Thereafter	$ (548)	$ (304)

(Notes continue on next page.)

The total pension liability in the December 31, 2014 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	1/1/14	1/1/14	1/1/14	1/1/14	1/1/14	1/1/14	1/1/14	1/1/14
Measurement Date	12/31/14	12/31/14	12/31/14	12/31/14	12/31/14	12/31/14	12/31/14	12/31/14
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Actuarial Assumptions:								
Investment Rate of Return	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %	7.50 %
Projected Salary Increases	3.50–10.75 %	3.50–10.75 %	3.50–9.25 %	3.50–9.75 %	3.50 %	None	3.50–10.75 %	3.50–9.25 %
Inflation Rate	2.75 %	2.75 %	2.75 %	2.75 %	2.75 %	2.75 %	2.75 %	2.75 %
Post-retirement Cost-of-living Adjustment	2.75 %	2.75 %	2.50 % or 2.75 % Depending on employer	2.75 %	2.75 %	2.75 %	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, 2014 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below:

Retired Member Mortality

Class of Member	Men	Women
Educators	EDUM (90%)	EDUF (100%)
Public Safety and Firefighters	RP 2000mWC (100%)	EDUF (120%)
Local Government, Public Employees	RP 2000mWC (100%)	EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage.
EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage.
RP 2000mWC = RP 2000 combined mortality table for males with white collar adjustments multiplied by given percentage.

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, 2014, are summarized in the table below:

(Table continues on next page.)

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 %	7.06 %	2.82 %
Debt Securities	20	0.80 %	0.16
Real Assets	13	5.10 %	0.66
Private Equity	9	11.30 %	1.02
Absolute Return	18	3.15 %	0.57
Cash and Cash Equivalents	0	0.00 %	0.00
Total Asset Classes	100 %		5.23 %
Inflation			2.75
Expected Arithmetic Nominal Return			7.98 %

* The total URS Defined Benefit long-term expected rate of return is 7.5 percent. It is comprised of an inflation rate of 2.75 percent and a real return of 4.75% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent and does not incorporate a municipal bond rate. 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.

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's) net pension liability calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5 percent) or 1 percentage-point higher (8.5 percent) than the current rate:

Primary Government
Changes in Discount Rate
Net Pension Liability / (Asset)
(Expressed in Thousands)

System	1 % Decrease (6.5 %)	Current Discount Rate (7.5 %)	1 % Increase (8.5 %)
Noncontributory System	$ 1,204,894	$ 604,765	$ 102,156
Contributory System	31,299	3,731	(19,588)
Public Safety System	337,399	182,306	54,520
Firefighters System	502	(148)	(675)
Judges System	48,555	28,451	11,192
Utah Governors and Legislators Retirement Plan	3,101	1,901	884
Tier 2 Public Employees System	4,000	(544)	(3,970)
Tier 2 Public Safety and Firefighters System	169	(394)	(824)
Total Net Pension Liability / (Asset)	$ 1,629,919	$ 820,068	$ 143,695

B. **Defined Contribution Plans**

The 401(k), 457(b), Roth and Traditional IRA Plans, and Health Reimbursement Arrangement (HRA) administered by URS, in which the State participates, are defined contribution plans. These plans are available as supplemental plans to the basic retirement benefits of the Retirement Systems and a primary retirement plan for some Tier 2 participants. Contributions may be made into the plans subject to plan and Internal Revenue Code limitations. Employer contributions may be made into the 401(k) and 457(b) plans at rates determined by the employers and according to Utah Title 49. There are 380 employers participating in the 401(k) Plan and 161 employers participating in the 457(b) Plan. There are 155,909 plan participants in the 401(k) Plan, 16,741 participants in the 457(b) Plan, 6,075 participants in the Roth IRA Plan, 1,349 participants in the Traditional IRA Plan, and 2,383 participants in the HRA.

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 of the plans are reported at fair value.

Employees of the State are eligible to participate in the defined contribution 401(k), 457(b), 403(b), 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 1.5 percent of an employee's salary into a 401(k) for those employees who participate in the noncontributory system. 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 1.28 to 1.78 percent of an employee's salary for the hybrid defined benefit systems and 10 to 12 percent of an employee's salary for the defined contribution systems. These contributions vest immediately, except for the Tier 2 401(k) required contributions that are subject to a 4-year vesting period. The amounts contributed to the 401(k) Plan during the year ended June 30, 2015, by employees and employers are as follows: for Primary Government, $35.408 million and $29.099 million; for Component Units – Colleges and Universities, $4.679 million and $7.618 million. The amounts contributed by employees to the 457(b), Roth and Traditional IRA Plans (Primary Government and Component Units – Colleges and Universities) are $6.397 million, $3.004 million, and $183 thousand, respectively.

Teachers Insurance and Annuity Association–College Retirement Equities Fund

Teachers Insurance and Annuity Association–College Retirement Equities Fund (TIAA–CREF) and Fidelity Investments, privately administered defined-contribution retirement plans, provides 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 14.2 percent of the employee's annual salary. The State has no further liability once annual contributions are made.

The total contribution made by the colleges and universities (discrete component units) to the TIAA–CREF retirement system for June 30, 2015 and 2014, were $188.29 million and $177.14 million, respectively.

NOTE 18. OTHER POSTEMPLOYMENT BENEFITS

A. **Other Postemployment Benefit Plans**

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 Postemployment 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 the State Post-Retirement Benefits Trust Fund, nor the Elected Official Post-Retirement Benefits Trust Fund issues a publicly available financial report, but are included in this report of the primary government using the economic resources measurement focus and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, as available. For investments where no readily ascertainable fair value exists, management, in consultation with their investment advisors have determined the fair values for the individual investments.

The State Legislature currently plans to contribute amounts to each trust fund that, at a minimum, is sufficient to fully fund the Annual Required Contribution (ARC), an actuarially determined rate in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. There are no long-term contracts for contributions to the plans.

B. **State Employee Other Postemployment Benefit Plan**

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 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, an employee receives 25 percent of the value of their unused accumulated sick leave as a mandatory employer contribution into a 401(k) account. The employee may exchange eight hours of remaining unused accumulated sick leave earned prior to January 1, 2006, for one month of paid health and life insurance coverage up to age 65. After age 65, the employee may use any remaining unused accumulated sick leave, earned prior to January 1, 2006, to exchange for spouse health insurance to age 65, or Medicare supplemental insurance for the employee or spouse. In addition, any full-time employee of the Utah State Board of Education hired before July 1, 2012, who has attained at least five consecutive years of service with the agency, has the option of receiving postemployment health, dental, and life insurance coverage for up to five years or until the employee reaches 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. As of December 31, 2014, the date of the latest actuarial valuation, approximately 5,843 retirees and their beneficiaries were receiving postemployment health and life insurance benefits, and an estimated 9,150 active state employees are eligible to receive future benefits under the State Employee OPEB Plan.

The contribution requirements of employees and the State are established and may be amended by the State Legislature. For retirees that participate in the State Employee OPEB Plan, health insurance premiums are paid 100 percent by the State for individuals that retired before July 1, 2000. Individuals retiring thereafter are required to contribute specified amounts monthly, ranging from 0 percent to 31.62 percent, toward the cost of health insurance premiums. For the year ended June 30, 2015, retirees contributed $1.403 million, or approximately 5.3 percent of total premiums, through their required contributions of $0 to $675.83 per month depending on the coverage (single, double, or family) and health plan selected.

The Annual Required Contribution (ARC) of $30.342 million, from the December 31, 2012, actuarial valuation, is 6.1 percent of annual covered payroll. Although the ARC was used to establish the final annual budget for fiscal year 2015, in prior years the State Legislature contributed more than the ARC. This overfunding of the ARC contributed to a net OPEB asset of $5.668 million. It is reported on the Statement of Net Position (governmental activities) within Other Assets.

C. **Elected Official Other Postemployment Benefit Plan**

The Elected Official Other Postemployment Benefit Plan (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) that retire after January 1, 1998 and have four or more years of service can elect to receive and apply for health 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 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 coverage an elected official must have service as a legislator or governor prior to January 1, 2012.

To qualify for Medicare supplemental coverage an elected official must be at least 65 years of age. In addition, the elected official must retire under Chapter 19, *Utah Governors' and Legislators' Retirement Act*, and have service as an elected official prior to July 1, 2013.

As of December 31, 2014, the date of the latest actuarial valuation, approximately 82 retirees and their beneficiaries were receiving health or Medicare supplemental coverage, and an estimated 206 active and former elected officials may receive future benefits for themselves and qualifying dependents under the Elected Official Other Postemployment Benefit Plan. For the year ended June 30, 2015, elected officials that participated in the Elected Official OPEB Plan contributed $27 thousand, or approximately 7.85 percent of total premiums, through their required contributions of $0 (for ten or more years of service) to $739.01 per month (for four years of service) depending on the coverage (single or double) and health plan selected.

The Annual Required Contribution (ARC) of $1.321 million, from the December 31, 2012, actuarial valuation and used to establish the annual budget for fiscal year 2015, is 92.31 percent of annual covered payroll. For the fiscal year 2015, the State Legislature decided to contribute $1.388 million, $67 thousand more than the ARC.

The following table shows the components of the annual OPEB cost for the year, amount actually contributed to the plan, and changes in the net OPEB obligation for both the State Employee and Elected Official OPEB plans for fiscal year 2015 (dollar amount in thousands):

	State Employee OPEB Plan	**Elected Official OPEB Plan**
Annual required contribution	$ 30,342	$ 1,321
Interest on net OPEB obligation	(263)	195
Adjustment to annual required contribution	449	(333)
Annual OPEB cost (expense)	30,528	1,183
Contributions made	(30,342)	(1,388)
Increase (decrease) in net OPEB obligation	186	(205)
Net OPEB obligation (asset) – Beginning of year	(5,854)	4,331
Net OPEB obligation (asset) – End of year	$ (5,668)	$ 4,126

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for fiscal year 2015 and the two preceding years for both the State Employee and Elected Official OPEB plans were as follows (dollar amount in thousands):

	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
State Employee OPEB Plan........	6/30/2013	$ 37,722	100.92 %	$ (6,047)
	6/30/2014	$ 30,535	99.37 %	$ (5,854)
	6/30/2015	$ 30,528	99.39 %	$ (5,668)
Elected Official OPEB Plan........	6/30/2013	$ 1,797	112.97 %	$ 5,206
	6/30/2014	$ 1,155	175.76 %	$ 4,331
	6/30/2015	$ 1,183	117.34 %	$ 4,126

The funded status of both the State Employee and Elected Official OPEB plans as of December 31, 2014, was as follows (dollar amount in thousands):

	State Employee OPEB Plan	Elected Official OPEB Plan
Actuarial accrued liability..	$ 386,532	$ 12,694
Actuarial value of plan assets	205,498	8,863
Unfunded actuarial accrued liability (funding excess)..........................	$ 181,034	$ 3,831
Funded ratio..	53.2 %	69.8 %
Covered payroll	$ 440,029	$ 1,751
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll...	41.14 %	218.79 %

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, is designed to present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The actuarial methods and assumptions of both the State Employee and Elected Official OPEB plans as of December 31, 2014, were as follows:

(Table continues on next page.)

	State Employee OPEB Plan	Elected Official OPEB Plan
Actuarial valuation date	12/31/2014	12/31/2014
Actuarial cost method	Entry Age Normal	
Amortization method	Level Dollar Amount; Open	
Remaining amortization period	10 years	20 years
Asset valuation method	Fair Value	Fair Value
Actuarial assumptions:		
Investment rate of return *	4.5 %	4.5 %
Healthcare inflation rate	5.2 % initial 4.2 % ultimate	

***** Includes an inflation assumption of 2.5 percent.

NOTE 19. RISK MANAGEMENT AND INSURANCE

It is the policy of the State of Utah to periodically assess the proper 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 State is a major participant in these programs. All funds, departments, component units, public schools, and public authorities of the State may also participate in these programs.

The Risk Management Fund manages the general property, auto/physical damage, and general liability risks of the State. PEHP manages the group health, dental, and life insurance and long-term disability programs of the State. The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University (major and non-major discrete component units) each maintain self-insurance funds to manage health/dental care. The University of Utah also maintains a self-insurance fund to manage medical malpractice liabilities.

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 $1 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 had property losses that exceeded the State's self-insured aggregate claim limit of $3.5 million for the fiscal year ended June 30, 2013. However, these losses did not exceed the State's commercial excess insurance coverage. The Risk Management Fund did not have any losses or settlements that exceeded the State's self-insured aggregate claim limit or commercial excess insurance coverage for the fiscal years ended June 30, 2014 and June 30, 2015.

PEHP has reinsurance coverage for a life catastrophic occurrence in excess of $4 million, not to exceed $80 million per year. 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, based on each organization's estimated current year liability and property values. Public entities participating in PEHP's medical and dental programs are grouped into various risk pools for purposes of establishing rates and retaining risk of loss. The primary government and the discrete component units of the State paid premiums to PEHP of $251.714 million and $36.451 million, respectively, for health and life insurance coverage in fiscal year 2015.

Risk Management and PEHP claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss 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 including 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 to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Inflation is included in this calculation because reliance is based on historical data that reflects past inflation and other appropriate modifiers. The Risk Management general liability reserves are reported using a discount rate of 1 percent. The PEHP long-term disability benefit reserves are reported using discount rates between 2 and 6.25 percent.

All employers who participate in the Utah Retirement Systems are eligible to participate in the Public Employees Long-term Disability Program per Section 49–21–201 of the *Utah Code*. Employees of those state departments who participate in the program and 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 and are paid 100 percent by the program. As of June 30, 2015, there were 219 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, 2015, the primary government and the discrete component units of the State paid premiums of $5.427 million and $203 thousand, respectively, for the Long-term Disability Program.

The State covers its workers' compensation risk by purchasing insurance from Workers' Compensation Fund (a related organization). The University of Utah, Utah State University, Southern Utah University, Salt Lake Community College, and Utah Valley University 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 and the University of Utah Hospital and Clinics have a "claims made" umbrella malpractice insurance policy in an amount considered adequate by its respective administrations for catastrophic malpractice liabilities in excess of the trusts' fund balances. Amounts for the current year are included below.

The following table presents the 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, 2014 and June 30, 2015. The PEHP balances are for the fiscal year ended June 30, 2013, the six months ended December 31, 2013, and for the calendar year ended December 31, 2014:

Changes in Claims Liabilities
(Expressed in Thousands)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Risk Management:				
2014	$ 48,190	$ 15,261	$ (14,866)	$ 48,585
2015	$ 48,585	$ 11,144	$ (12,798)	$ 46,931
Public Employees Health Program:				
2013	$ 132,878	$ 481,563	$ (491,126)	$ 123,315
December 31, 2013	$ 123,315	$ 237,020	$ (235,572)	$ 124,763
December 31, 2014	$ 124,763	$ 510,828	$ (504,586)	$ 131,005
College and University Self-Insurance:				
2014	$ 64,142	$ 242,854	$ (246,020)	$ 60,976
2015	$ 60,976	$ 294,799	$ (278,783)	$ 76,992

NOTE 20. SUBSEQUENT EVENTS

Subsequent to June 30, 2015, The Governor's Office of Economic Development Board recommended and the director approved $7.933 million of additional commitments to be credited over the next several years for the Economic Development Tax Increment Financing Incentive program (EDTIF) and the Motion Picture Incentive program. These commitments are contingent on participating companies meeting certain economic development performance criteria and within-the-state production criteria.

On July 9, 2015, the Utah State University (major discrete component unit) issued $23.9 million of Student Building Fee Revenue Bonds, Series 2015. Principal on the bonds is due annually commencing June 1, 2017 through June 1, 2046. Bond interest is due semiannually commencing December 1, 2015 at rates ranging from 3 percent to 5 percent. Proceeds from these bonds are to be used to make renovations to the University's football stadium.

On September 23, 2015, the Utah State University (major discrete component unit) issued $24.455 million of Student Fee and Housing System Revenue Bonds, Series 2015. Principal on the bonds is due annually commencing April 1, 2018 through April 1, 2038. Bond interest is due semiannually commencing April 1, 2016 at rates ranging from 3 percent to 5 percent. Proceeds from these bonds are to be used to finance the Valley View Residence Hall replacement project including the construction of a new, modern housing facility within the main campus of the University.

On October 8, 2015, the Utah State University (major discrete component unit) issued $19.5 million of Federally Taxable Research Revenue Bonds, Series 2015. Principal on the bonds is due annually commencing December 1, 2017 through December 1, 2046. Bond interest is due semiannually commencing December 1, 2015 at rates ranging from 1.17 percent to 3.521 percent. Proceeds from these bonds are to be used to finance the cost of construction and equipping a new Space Dynamic Laboratory facility located with the main campus of the University.

During the 2015 General Session the Legislature appropriated $17.5 million to Utah Communications Authority (nonmajor component unit) for the fiscal year ending June 30, 2016. Of this amount, the Legislature designated $1.5 million to be used for a study and the remaining $16 million to be used for new system consoles, sites, and towers.

In March, 2015, the Utah State Board of Regents authorized the Utah State University (major discrete component unit) to issue $17.5 million of Research Revenue Refunding Bonds, Series 2015. At June 30, 2015, the bonds had not been issued. The proceeds will be used to advance refund a portion of the University's 2009 Research Revenue Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

State of Utah

Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 1,708,612	$ 1,729,734	$ 1,714,954	$ (14,780)
Licenses, Permits, and Fees:				
Court Fees	17,470	23,087	12,956	(10,131)
Other Licenses, Permits, and Fees	8,224	11,926	14,211	2,285
Investment Income	4,063	5,250	6,556	1,306
Miscellaneous Taxes and Other:				
Beer Tax	6,809	6,822	8,205	1,383
Cigarette and Tobacco Tax	108,047	107,927	107,711	(216)
Insurance Premium Tax	98,726	93,699	92,385	(1,314)
Oil, Gas, and Mining Severance Tax	92,345	100,808	86,032	(14,776)
Taxpayer Rebates	(6,778)	(6,093)	(5,411)	682
Court Collections	3,825	5,981	4,065	(1,916)
Other Taxes	34,243	40,546	37,428	(3,118)
Miscellaneous Other	22,798	24,037	31,404	7,367
Total General Revenues	2,098,384	2,143,724	2,110,496	(33,228)
Department Specific Revenues				
Sales Tax	4,099	4,125	4,125	—
Federal Contracts and Grants	2,880,088	2,663,851	2,663,851	—
Departmental Collections	469,759	478,428	476,763	(1,665)
Higher Education Collections	659,596	717,498	717,498	—
Federal Mineral Lease	144,045	163,468	138,635	(24,833)
Investment Income	2,894	3,906	3,934	28
Miscellaneous	589,298	583,790	581,079	(2,711)
Total Department Specific Revenues	4,749,779	4,615,066	4,585,885	(29,181)
Total Revenues	6,848,163	6,758,790	6,696,381	(62,409)
Expenditures				
General Government	433,401	423,434	353,289	70,145
Human Services and Juvenile Justice Services	744,577	734,115	728,041	6,074
Corrections	283,636	283,586	270,614	12,972
Public Safety	287,131	266,299	242,369	23,930
Courts	146,381	145,050	138,149	6,901
Health and Environmental Quality	2,835,606	2,851,817	2,819,276	32,541
Higher Education – State Administration	74,462	56,936	56,936	—
Higher Education – Colleges and Universities	1,526,182	1,578,784	1,578,748	36
Employment and Family Services	943,203	749,126	736,496	12,630
Natural Resources	228,777	219,894	196,487	23,407
Heritage and Arts	27,879	27,251	23,984	3,267
Business, Labor, and Agriculture	119,648	113,412	91,280	22,132
Total Expenditures	7,650,883	7,449,704	7,235,669	214,035
Excess Revenues Over (Under) Expenditures	(802,720)	(690,914)	(539,288)	151,626
Other Financing Sources (Uses)				
Sale of Capital Assets	—	23	23	—
Transfers In	625,904	801,776	801,776	—
Transfers Out	(208,548)	(239,562)	(239,562)	—
Total Other Financing Sources (Uses)	417,356	562,237	562,237	0
Special and Extraordinary Items				
Comprehensive Health Insurance Pool Transfer	—	—	16,288	16,288
Net Change in Fund Balance	(385,364)	(128,677)	39,237	167,914
Budgetary Fund Balance – Beginning	654,569	654,569	654,569	—
Budgetary Fund Balance – Ending	$ 269,205	$ 525,892	$ 693,806	$ 167,914

The Information About Budgetary Reporting is an integral part of this schedule.

Budgetary Comparison Schedule
Education Fund

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Individual Income Tax	$ 2,934,656	$ 3,055,186	$ 3,175,313	$ 120,127
Corporate Tax	322,549	377,281	378,182	901
Miscellaneous Other	32,441	28,594	26,736	(1,858)
Total General Revenues	3,289,646	3,461,061	3,580,231	119,170
Department Specific Revenues				
Federal Contracts and Grants	542,060	470,217	470,217	—
Departmental Collections	2,955	8,787	8,787	—
Investment Income	38,141	39,305	46,033	6,728
Miscellaneous:				
Liquor Sales Allocated for School Lunch	39,262	37,624	37,624	—
Driver Education Fee	9,994	5,505	5,505	—
Other	2,916	4,594	4,644	50
Total Department Specific Revenues	635,328	566,032	572,810	6,778
Total Revenues	3,924,974	4,027,093	4,153,041	125,948
Expenditures				
Public Education	4,072,982	3,428,388	3,347,626	80,762
Total Expenditures	4,072,982	3,428,388	3,347,626	80,762
Excess Revenues Over (Under) Expenditures	(148,008)	598,705	805,415	206,710
Other Financing Sources (Uses)				
Transfers In	11,150	9,348	9,348	—
Transfers Out	(670,847)	(740,131)	(740,131)	—
Total Other Financing Sources (Uses)	(659,697)	(730,783)	(730,783)	0
Net Change in Fund Balance	(807,705)	(132,078)	74,632	206,710
Budgetary Fund Balance – Beginning	692,990	692,990	692,990	—
Budgetary Fund Balance – Ending	$ (114,715)	$ 560,912	$ 767,622	$ 206,710

The Information About Budgetary Reporting is an integral part of this schedule.

Budgetary Comparison Schedule
Transportation Fund

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Motor Fuel Tax	$ 255,730	$ 261,686	$ 261,743	$ 57
Special Fuel Tax	100,137	104,687	100,072	(4,615)
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees	41,105	39,802	41,092	1,290
Proportional Registration Fees	16,529	15,928	16,209	281
Temporary Permits	375	351	346	(5)
Special Transportation Permits	10,472	9,743	9,906	163
Highway Use Permits	11,056	11,313	11,638	325
Motor Vehicle Control Fees	5,431	5,383	5,508	125
Investment Income	500	500	419	(81)
Miscellaneous Other	—	—	5	5
Total General Revenues	441,335	449,393	446,938	(2,455)
Department Specific Revenues				
Sales and Aviation Fuel Taxes	52,918	53,640	48,534	(5,106)
Federal Contracts and Grants	182,726	315,371	315,371	—
Departmental Collections	81,608	91,871	92,367	496
Investment Income	87	87	414	327
Miscellaneous	5,750	40,540	40,638	98
Total Department Specific Revenues	323,089	501,509	497,324	(4,185)
Total Revenues	764,424	950,902	944,262	(6,640)
Expenditures				
Transportation	721,656	931,240	902,733	28,507
Total Expenditures	721,656	931,240	902,733	28,507
Excess Revenues Over (Under) Expenditures	42,768	19,662	41,529	21,867
Other Financing Sources (Uses)				
Sale of Capital Assets	500	2,485	2,485	—
Transfers In	75,546	63,946	63,946	—
Transfers Out	(139,384)	(153,012)	(153,012)	—
Total Other Financing Sources (Uses)	(63,338)	(86,581)	(86,581)	0
Net Change in Fund Balance	(20,570)	(66,919)	(45,052)	21,867
Budgetary Fund Balance – Beginning	213,037	213,037	213,037	—
Budgetary Fund Balance – Ending	$ 192,467	$ 146,118	$ 167,985	$ 21,867

The Information About Budgetary Reporting is an integral part of this schedule.

State of Utah

Budgetary Comparison Schedule
Budget To GAAP Reconciliation

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	General Fund	Education Fund	Transportation Fund
Revenues			
Actual total revenues (budgetary basis)	$ 6,696,381	$ 4,153,041	$ 944,262
Differences – Budget to GAAP:			
Intrafund revenues are budgetary revenues but are not revenues for financial reporting	(355,855)	(1,001)	(2,524)
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting	(724,566)	(7,093)	—
Change in revenue accrual for nonbudgetary Medicaid claims	(2,641)	—	—
Change in tax accruals designated by law for postemployment and other liabilities are revenues for financial reporting but not for budgetary reporting	13,373	24,338	9,881
Change in estimated federal receivables recorded as revenues for financial reporting but not for budgetary reporting	—	(1,750)	—
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 5,626,692	$ 4,167,535	$ 951,619
Expenditures			
Actual total expenditures (budgetary basis)	$ 7,235,669	$ 3,347,626	$ 902,733
Differences – Budget to GAAP:			
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting	(355,855)	(1,001)	(2,524)
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	(724,566)	(7,093)	—
Certain budgetary transfers and other charges are reported as an increase or reduction of expenditures for financial reporting	(2,761)	—	—
Leave/postemployment charges budgeted as expenditures when earned rather than when taken or due	12,104	(165)	2,120
Change in estimated federal liabilities recorded as expenditures for financial reporting but not for budgetary reporting	—	(1,750)	—
Change in accrual for Medicaid (incurred but not reported) claims excluded from the budget by statute	(4,002)	—	—
Change in accrual for Rehabilitation (incurred but not reported) claims excluded from the budget by statute	—	2,107	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 6,160,589	$ 3,339,724	$ 902,329

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, 2015, and include nonlapsing carryforward balances from the prior fiscal year. Final budgets represent the original budget as amended by supplemental appropriations and related changes in revenue estimates, executive order reductions when applicable, and changes authorized or required by law when department-specific revenues either exceed or fall short of budgeted amounts.

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

Budgetary Control

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

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

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

Any department that spends more than the authorized amount must submit a report explaining the overspending to the State Board of Examiners. The Board will recommend corrective action, which may include a request to the Legislature for a supplemental appropriation to cover the deficit. If a supplemental appropriation is not approved, the department must cover the overspending with the subsequent year's budget. In the General Fund, the State Courts Administrator's budget for juror and witness fees was over expended by $867 thousand. This deficit is allowed by statute and will be funded with future appropriations. All other appropriated budgets of the State were within their authorized spending levels.

Spending Limitation

The State also has an appropriation limitation statute that limits the growth in state appropriations. The total of the amount appropriated from unrestricted General Fund sources plus the income tax revenues appropriated for higher education is limited to the growth in population and inflation. The appropriations limitation can be exceeded only if a fiscal emergency is declared and approved by more than two-thirds of both houses of the Legislature, or if approved by a vote of the people. However, the appropriations limitation statute may be amended by a majority of both houses of the Legislature. Appropriations for debt service, emergency expenditures, amounts from other than unrestricted revenue sources, transfers to the Budgetary Reserve Account (Rainy Day Fund), Education Budget Reserve Account and the Transportation Investment Fund; or capital developments meeting certain criteria are exempt from the appropriations limitation. For the fiscal year ended June 30, 2015, the State was $655.9 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 schedule presents the State's (primary government's) proportionate share of the net pension liability for its single-employer retirement plans:

State of Utah – Single-employer Plans
Schedule of the Proportionate Share of the Net Pension Liability
December 31, 2014
(Expressed in Thousands)

	Judges System	Utah Governors and Legislators Retirement Plan
Proportion of the Net Pension Liability (Asset)	100.00 %	100.00 %
Proportionate Share of the Net Pension Liability (Asset)	$ 28,451	$ 1,901
Covered Employee Payroll	$ 15,264	$ 1,045
Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	186.39 %	181.91 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.20 %	84.50 %

(Required Supplementary Information continues on next page)

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

Single-employer Plans
Changes in Net Pension Liability
Increases (Decreases)
For the Year Ended December 31, 2014
(Expressed in Thousands)

		Judges System	Utah Governors and Legislators Retirement Plan
Total Pension Liability			
Service Cost		$ 4,895	$ 106
Interest		13,641	884
Difference between Actual and Expected Experience		2,602	307
Assumption Changes		(130)	—
Benefit Payments		(11,361)	(909)
Net Change in Total Pension Liability		9,647	388
Total Pension Liability – Beginning		182,638	11,879
Total Pension Liability – Ending	*A*	$ 192,285	$ 12,267
Plan Fiduciary Net Position			
Contributions – Employee		$ 317	$ —
Contributions – Employer		5,627	411
Court Fees		1,486 *	—
Net Investment Income		11,068	717
Benefit Payments		(11,361)	(909)
Administrative Expense		(71)	(5)
Net Transfers with Affiliated Systems		1,092	(14)
Net Change in Plan Fiduciary Net Position		8,158	200
Plan Fiduciary Net Position – Beginning		155,676	10,166
Plan Fiduciary Net Position – Ending	*B*	$ 163,834	$ 10,366
Net Pension Liability / (Asset) – Ending (*A – B*)		$ 28,451	$ 1,901
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		85.2 %	84.5 %
Covered Employee Payroll		$ 15,264	$ 1,045
Net Pension Liability as a Percentage of Covered Employee Payroll		186.39 %	181.91 %

***** 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's) contribution to the Utah Retirement Systems for its single-employer plans:

(Required Supplementary Information continues on next page)

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Required Supplementary Information
Single-employer Plans – Employer Contributions
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)
Judges System	2006	$ 1,007	$ 1,007	$ 0
	2007	$ 1,238	$ 1,238	$ 0
	2008	$ 1,737	$ 1,737	$ 0
	2009	$ 1,980	$ 1,980	$ 0
	2010	$ 2,427	$ 2,427	$ 0
	2011	$ 3,475	$ 3,475	$ 0
	2012	$ 3,839	$ 3,839	$ 0
	2013	$ 4,910	$ 4,910	$ 0
	2014	$ 5,335	$ 5,335	$ 0
	2015	$ 6,179	$ 6,179	$ 0
Utah Governors and Legislators Retirement Plan [1]	2006	—	—	—
	2007	—	—	—
	2008	—	—	—
	2009	—	—	—
	2010	—	—	—
	2011	$ 153	$ 153	$ 0
	2012	$ 214	$ 214	$ 0
	2013	$ 252	$ 252	$ 0
	2014	$ 411	$ 411	$ 0
	2015	$ 411	$ 411	$ 0

Notes to Single-employer Plans Schedule of Contributions

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method .... Entry Age Normal
Amortization Method .... Level Percentage of Payroll
Amortization Period .... Closed 21-year period as of January 1, 2013
Asset Valuation Method........ 5-year smoothed market
Investment Rate of Return..... 7.5%
Inflation 2.75%
Salary Increases .... Composed of 2.75 percent inflation, plus 0.75 percent productivity increase rate, plus step-rate promotional increases for members with less than 25 years of service.
Mortality............................... Male: RP-2000 with white collar adjustments, projected with Scale AA from the year 2000.
Female: 120 percent of constructed mortality table based on actual experience of male educators, projected with Scale AA from the year 2000.

Other Information:

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

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

• Investment Rate of Return

In 2008, the actuarial assumed rate of return (the discount rate) was modified from 8.0 to 7.75 percent, and then again in 2011 down to 7.5 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.

[1] Complete information not available prior to fiscal year 2011.

Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
$ 12,192	8.26 %
$ 12,644	9.79 %
$ 14,032	12.38 %
$ 14,654	13.51 %
$ 14,203	17.09 %
$ 14,650	23.72 %
$ 14,870	25.82 %
$ 14,937	32.87 %
$ 14,989	35.59 %
$ 15,453	39.99 %
—	—
—	—
—	—
—	—
—	—
$ 771	19.84 %
$ 757	28.27 %
$ 1,431	17.61 %
$ 1,783	23.05 %
$ 1,751	23.47 %

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's) proportionate share of the net pension liability for its multiple-employer, cost-sharing public employee employer retirement systems:

State of Utah – Multiple-employer Systems
Schedule of the Proportionate Share of the Net Pension Liability
December 31, 2014
(Expressed in Thousands)

	Non-Contributory System	Contributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Proportion of the Net Pension Liability (Asset)................	24.07 %	34.02 %	98.11 %	2.59 %	17.95 %	26.64 %
Proportionate Share of the Net Pension Liability (Asset)................	$ 604,765	$ 3,731	$ 182,306	$ (148)	$ (544)	$ (394)
Covered Employee Payroll........................	$ 645,747	$ 12,280	$ 111,391	$ 851	$ 88,068	$ 11,011
Proportionate Share of the Net Pension Liability (Asset) . as a Percentage of its Covered Employee Payroll	93.65 %	30.38 %	163.66 %	(17.39) %	(0.62) %	(3.58) %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability..............	87.20 %	98.70 %	84.30 %	103.50 %	103.50 %	120.50 %

Contributions

The following schedule presents a ten year history of the State's (primary government's) contribution to the Utah Retirement Systems for its multiple-employer, cost-sharing public employee employer retirement systems:

(Required Supplementary Information continues on next page)

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State of Utah

Required Supplementary Information
Multiple-employer Systems – Employer Contributions
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)
Noncontributory System	2006	$ 87,445	$ 87,445	$ 0
	2007	$ 94,384	$ 94,384	$ 0
	2008	$ 101,591	$ 101,591	$ 0
	2009	$ 106,881	$ 106,881	$ 0
	2010	$ 103,548	$ 103,548	$ 0
	2011	$ 117,029	$ 117,029	$ 0
	2012	$ 116,878	$ 116,878	$ 0
	2013	$ 129,519	$ 129,519	$ 0
	2014	$ 139,990	$ 139,990	$ 0
	2015	$ 139,126	$ 139,126	$ 0
Contributory System	2006	$ 4,197	$ 4,197	$ 0
	2007	$ 3,874	$ 3,874	$ 0
	2008	$ 3,792	$ 3,792	$ 0
	2009	$ 3,692	$ 3,692	$ 0
	2010	$ 3,333	$ 3,333	$ 0
	2011	$ 3,246	$ 3,246	$ 0
	2012	$ 2,988	$ 2,988	$ 0
	2013	$ 3,024	$ 3,024	$ 0
	2014	$ 2,908	$ 2,908	$ 0
	2015	$ 2,658	$ 2,658	$ 0
Public Safety System	2006	$ 22,668	$ 22,668	$ 0
	2007	$ 27,177	$ 27,177	$ 0
	2008	$ 29,232	$ 29,232	$ 0
	2009	$ 33,688	$ 33,688	$ 0
	2010	$ 34,325	$ 34,325	$ 0
	2011	$ 36,427	$ 36,427	$ 0
	2012	$ 38,749	$ 38,749	$ 0
	2013	$ 42,067	$ 42,067	$ 0
	2014	$ 44,481	$ 44,481	$ 0
	2015	$ 43,900	$ 43,900	$ 0
Firefighters System	2006	$ 49	$ 49	$ 0
	2007	$ 59	$ 59	$ 0
	2008	$ 75	$ 75	$ 0
	2009	$ 76	$ 76	$ 0
	2010	$ 81	$ 81	$ 0
	2011	$ 130	$ 130	$ 0
	2012	$ 159	$ 159	$ 0
	2013	$ 183	$ 183	$ 0
	2014	$ 163	$ 163	$ 0
	2015	$ 169	$ 169	$ 0
Tier 2 Public Employees System	2006	—	—	—
	2007	—	—	—
	2008	—	—	—
	2009	—	—	—
	2010	—	—	—
	2011	—	—	—
	2012	$ 1,492	$ 1,492	$ 0
	2013	$ 4,395	$ 4,395	$ 0
	2014	$ 6,390	$ 6,390	$ 0
	2015	$ 18,280	$ 18,280	$ 0
Tier 2 Public Safety and Firefighters System	2006	—	—	—
	2007	—	—	—
	2008	—	—	—
	2009	—	—	—
	2010	—	—	—
	2011	—	—	—
	2012	$ 56	$ 56	$ 0
	2013	$ 506	$ 506	$ 0
	2014	$ 1,002	$ 1,002	$ 0
	2015	$ 3,711	$ 3,711	$ 0

Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
$ 653,554	13.38 %
$ 663,763	14.22 %
$ 714,425	14.22 %
$ 751,161	14.23 %
$ 728,183	14.22 %
$ 717,445	16.31 %
$ 705,969	16.56 %
$ 681,504	19.00 %
$ 656,413	21.33 %
$ 636,665	21.85 %
$ 28,186	14.89 %
$ 24,626	15.73 %
$ 24,109	15.73 %
$ 23,471	15.73 %
$ 21,188	15.73 %
$ 18,204	17.83 %
$ 16,266	18.37 %
$ 14,919	20.27 %
$ 13,238	21.97 %
$ 11,215	23.70 %
$ 96,721	23.44 %
$ 101,688	26.73 %
$ 109,362	26.73 %
$ 119,770	28.13 %
$ 113,776	30.17 %
$ 111,277	32.74 %
$ 118,083	32.82 %
$ 115,261	36.50 %
$ 112,858	39.41 %
$ 110,125	39.86 %
$ 573	8.55 %
$ 548	10.77 %
$ 588	12.76 %
$ 581	13.08 %
$ 600	13.50 %
$ 777	16.73 %
$ 1,021	15.57 %
$ 1,033	17.72 %
$ 935	17.43 %
$ 897	18.84 %
—	—
—	—
—	—
—	—
—	—
—	—
$ 19,662	7.59 %
$ 51,339	8.56 %
$ 75,172	8.50 %
$ 100,055	18.27 %
—	—
—	—
—	—
—	—
—	—
—	—
$ 536	10.45 %
$ 4,558	11.10 %
$ 9,091	11.02 %
$ 12,751	29.10 %

Notes to Multiple-employer Systems Schedule of Contributions

This schedule reflects the legislative authorized rates and contributions for these systems. Statute requires participating Tier 2 employers to pay the corresponding non-Tier 2 system amortization rate of the employee's compensation and that contribution is applied to the employer's corresponding non-Tier 2 system liability. This amortization adjustment to contributions and rates is not reflected in this schedule.

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 8.0 to 7.75 percent, and then again in 2011 down to 7.5 percent. This rate is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
- Amortization
  Changes implemented in 2009 include: losses in 2008 were amortized over the next 5 years (20 percent per year), and the unfunded actuarial accrued liability (UAAL) amortization period was modified from 20 to 25 years.

New Retirement Plans:

In 2011, the Tier 2 Retirement Systems became effective. 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.

INFORMATION ABOUT THE STATE'S OTHER POSTEMPLOYMENT BENEFIT PLANS

The State Employee Other Postemployment Benefit Plan (State Employee OPEB Plan) is administered through the State Post-Retirement Benefits Trust Fund as an irrevocable trust. Assets of the trust fund are dedicated to providing postemployment health and life insurance coverage to current and eligible future state retirees. Only state employees entitled to receive retirement benefits and meeting other specific eligibility criteria are eligible to receive postemployment benefits.

The following factors contributed to changes in the elements presented below in the Schedule of Funding Progress for the State Employee OPEB Plan from December 31, 2010 to December 31, 2012: (***1***) funding more than the Annual Required Contribution (ARC) over the last two years; (***2***) changing the amortization period from 25 years to 20 years; (***3***) healthcare trend assumptions decreased from a beginning rate of 9.5 percent to 8.5 percent; (***4***) average per capita claims costs are lower; and (***5***) active headcounts decreased 8.5 percent while retiree headcounts increased less than 2 percent.

The following factors contributed to changes in the elements presented below in the Schedule of Funding Progress for the State Employee OPEB Plan from December 31, 2012 to December 31, 2014: (***1***) changing the actuarial cost method from Projected Unit Credit to Entry Age Normal; (***2***) changing the medical trend assumptions to the Society of Actuaries Long-Run Medical Cost Trend Getzen Model: and (***3***) active headcounts decreased 15.8 percent while retiree headcounts increased less than 2.5 percent.

The following schedules present the State of Utah's funding progress and required employer contributions for the State Post-Retirement Benefits Trust Fund from the recent actuarial valuation and the two preceding valuations:

State Employee OPEB Plan
Schedule of Funding Progress
By Valuation Date
(Expressed in Thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2010........	$ 106,605	$ 481,393	$ 374,788	22.15 %	$ 589,817	63.54 %
December 31, 2012……	$ 150,107	$ 408,661	$ 258,554	36.73 %	$ 496,491	52.08 %
December 31, 2014……	$ 205,498	$ 386,532	$ 181,034	53.16 %	$ 440,029	41.14 %

State Employee OPEB Plan
Schedule of Employer Contributions
(Expressed in Thousands)

Year Ended	Annual Required Contributions	Percentage Contributed
June 30, 2008	$ 53,491	98.71 %
June 30, 2009	$ 53,491	100.00 %
June 30, 2010	$ 43,819	100.00 %
June 30, 2011................	$ 43,819	100.00 %
June 30, 2012	$ 37,594	115.16 %
June 30, 2013	$ 37,594	101.27 %
June 30, 2014	$ 30,342	100.00 %
June 30, 2015	$ 30,342	100.00 %

The Elected Official Other Postemployment Benefit Plan (Elected Official OPEB Plan) is administered through the Elected Official Post-Retirement Benefits Trust Fund. Only governors and legislators that retire after January 1, 1998 and meet other specific eligibility criteria are eligible for this benefit.

The following factors contributed to the changes in the elements presented below in the Schedule of Funding Progress for the Elected Official OPEB Plan from December 31, 2010 to December 31, 2012: (***1***) creation of a trust and funding more than the Annual Required Contribution (ARC) over the last two years; (***2***) changing the amortization period from 30 years to 20 years; (***3***) changing the discount rate to 4.5 percent from 4 percent; (***4***) healthcare trend assumptions decreased from a beginning rate of 9.5 percent to 8.5 percent; and (***5***) average per capita claims costs are lower.

The following factors contributed to the changes in the elements presented below in the Schedule of Funding Progress for the Elected Official OPEB Plan from December 31, 2012 to December 31, 2014: (***1***) funding more than the Annual Required Contribution (ARC) over the last two years; (***2***) changing the actuarial cost method from Projected Unit Credit to Entry Age Normal; and (***3***) changing the medical trend assumptions to the Society of Actuaries Long-Run Medical Cost Trend Getzen Model.

The following schedules present the State of Utah's funding progress and required contributions for the Elected Official Post-Retirement Benefits Trust Fund from the recent actuarial valuation and the two preceding valuations (using the projected unit credit method):

Elected Official OPEB Plan
Schedule of Funding Progress
By Valuation Date
(Expressed in Thousands)

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
December 31, 2010	$ —	$ 21,990	$ 21,990	0.00 %	$ 771	2,852.14 %
December 31, 2012	$ 5,302	$ 14,507	$ 9,205	36.55 %	$ 1,431	643.26 %
December 31, 2014	$ 8,863	$ 12,694	$ 3,831	69.82 %	$ 1,751	218.79 %

Elected Official OPEB Plan
Schedule of Employer Contributions
(Expressed in Thousands)

Year Ended	Annual Required Contributions	Percentage Contributed
June 30, 2012.................	$ 1,894	183.21 %
June 30, 2013.................	$ 1,894	107.18 %
June 30, 2014.................	$ 1,321	153.67 %
June 30, 2015.................	$ 1,321	105.07 %

INFORMATION ABOUT INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

As allowed by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, 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 the 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 5,830 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

The State performs complete assessments every other calendar year. Prior to 2013 complete assessments were performed every calendar year. The State has established a three System Level priority (Interstate, Level 1 and Level 2) with individual condition targets for each system. The condition target is to maintain a certain percentage of the mileage at a "fair" or better rating. The Interstate target is 95 percent, Level 1 (with over 1,000 Average Annual Daily Traffic) at 90 percent, and Level 2 (with less than 1,000 Average Annual Daily Traffic) at 80 percent. In 2013 Level 1 and Level 2 roads were redefined to a 1,000 Average Annual Daily Traffic threshold (previously 2,000), resulting in the Level 2 percentage being below target in 2014. The State has corrective processes in place to meet the Level 2 condition target by the 2016 assessment.

The following table reports the percentage of pavements with ratings of "fair" or better for the last three assessments for each system:

System	2014	2012	2011
Interstate System...	99.7 %	99.5 %	98.3 %
Level 1 System......	91.7 %	93.5 %	93.2 %
Level 2 System......	75.3 %	82.1 %	82.7 %

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
2015	$ 198,526	$ 279,878
2014	$ 193,282	$ 298,484
2013	$ 194,720	$ 328,137
2012	$ 204,647	$ 371,133
2011	$ 249,071	$ 299,227

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,923 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	2015	2014	2013
Good......................	73.0 %	73.4 %	72.4 %
Poor.......................	1.0 %	1.0 %	1.0 %

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
2015	$ 35,034	$ 49,390
2014	$ 34,109	$ 52,674
2013	$ 34,362	$ 57,907
2012	$ 36,114	$ 65,494
2011	$ 43,954	$ 52,805

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SUPPLEMENTARY INFORMATION

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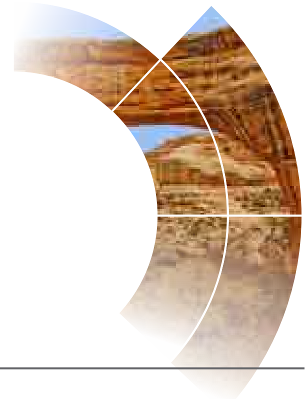

Nonmajor Governmental Funds

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 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

June 30, 2015 (Expressed in Thousands)

	Special Revenue			
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
ASSETS				
Cash and Cash Equivalents	$ 1,072	$ 3,189	$ 1,719	$ 5,383
Investments	167,995	16,171	1,050	—
Receivables:				
Accounts, net	—	—	—	—
Accrued Interest	—	—	—	—
Capital Lease Payments, net	—	—	—	—
Due From Other Funds	—	—	—	—
Due From Component Units	—	—	—	—
Total Assets	$ 169,067	$ 19,360	$ 2,769	$ 5,383
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ —	$ 169	$ 33	$ —
Due To Other Funds	—	—	1	74
Unearned Revenue	—	—	—	—
Total Liabilities	0	169	34	74
Deferred Inflows of Resources:				
Unavailable Revenue	—	—	—	—
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances:				
Nonspendable:				
Restricted	—	13,933	—	5,309
Committed	169,067	5,258	2,735	—
Assigned	—	—	—	—
Total Fund Balances	169,067	19,191	2,735	5,309
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 169,067	$ 19,360	$ 2,769	$ 5,383

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ —	$ 3,435	$ 936	$ 3,408	$ 141,658	$ 1,505
4,408	34,186	224	11,184	3,413	—
13	—	11	14,028	2,136	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	19	10	2,256	—
—	—	—	—	69,955	—
$ 4,421	$ 37,621	$ 1,190	$ 28,630	$ 219,418	$ 1,505
$ 118	$ 168	$ 1	$ 2,332	$ 61,487	$ 8
125	1,471	10	666	1,530	—
—	—	44	2,562	—	—
243	1,639	55	5,560	63,017	8
—	—	—	—	—	—
0	0	0	0	0	0
—	—	—	14,925	2,136	1,497
4,178	35,982	1,135	8,022	—	—
—	—	—	123	154,265	—
4,178	35,982	1,135	23,070	156,401	1,497
$ 4,421	$ 37,621	$ 1,190	$ 28,630	$ 219,418	$ 1,505

Continues

Combining Balance Sheet
Nonmajor Governmental Funds

Continued

June 30, 2015 (Expressed in Thousands)

	Debt Service		Total
	General Government	State Building Ownership Authority	Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 72,524	$ —	$ 234,829
Investments	7,172	504	246,307
Receivables:			
Accounts, net	—	23	16,211
Accrued Interest	6	1	7
Capital Lease Payments, net	—	98,480	98,480
Due From Other Funds	—	—	2,285
Due From Component Units	—	5,991	75,946
Total Assets	$ 79,702	$ 104,999	$ 674,065
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	$ 60,006	$ —	$ 124,322
Due To Other Funds	12,024	5,535	21,436
Unearned Revenue	—	—	2,606
Total Liabilities	72,030	5,535	148,364
Deferred Inflows of Resources:			
Unavailable Revenue	—	98,480	98,480
Total Deferred Inflows of Resources	0	98,480	98,480
Fund Balances:			
Nonspendable:			
Restricted	—	—	37,800
Committed	—	—	226,377
Assigned	7,672	984	163,044
Total Fund Balances	7,672	984	427,221
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 79,702	$ 104,999	$ 674,065

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Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Special Revenue			
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
REVENUES				
Taxes:				
Sales and Use Tax	$ —	$ —	$ —	$ —
Other Taxes	—	—	—	—
Total Taxes	0	0	0	0
Other Revenues:				
Federal Contracts and Grants	—	—	2,289	—
Charges for Services	—	3,188	7,353	10,206
Intergovernmental	—	—	—	—
Investment Income	8,582	93	5	—
Miscellaneous and Other	—	1,395	—	—
Total Revenues	8,582	4,676	9,647	10,206
EXPENDITURES				
Current:				
General Government	—	2,795	7,738	—
Human Services and Juvenile Justice Services	—	—	—	—
Corrections	—	—	—	—
Public Safety	—	—	—	—
Health and Environmental Quality	—	3,669	—	—
Higher Education – Colleges and Universities	—	—	—	—
Employment and Family Services	—	—	—	—
Natural Resources	—	—	—	—
Heritage and Arts	—	—	—	—
Business, Labor, and Agriculture	—	—	—	9,490
Public Education	—	—	—	—
Transportation	—	—	—	—
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	0	6,464	7,738	9,490
Excess Revenues Over (Under) Expenditures	8,582	(1,788)	1,909	716
OTHER FINANCING SOURCES (USES)				
Refunding Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	—	—	—
Payment to Refunded Bond Escrow Agent	—	—	—	—
Transfers In	976	400	—	—
Transfers Out	—	(119)	(1,553)	—
Total Other Financing Sources (Uses)	976	281	(1,553)	0
Net Change in Fund Balances	9,558	(1,507)	356	716
Fund Balances – Beginning	159,509	20,698	2,379	4,593
Fund Balances – Ending	$ 169,067	$ 19,191	$ 2,735	$ 5,309

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ —	$ —	$ —	$ 4,545	$ —	$ —
—	9,323	—	3,765	—	—
0	9,323	0	8,310	0	0
—	—	—	20,680	—	—
3,869	—	536	50,300	—	—
—	—	—	—	12,620	—
27	164	2	406	136	—
—	—	11	3,986	58	—
3,896	9,487	549	83,682	12,814	0
—	—	605	8,499	16,144	—
—	—	—	584	5,100	—
—	—	—	—	2,674	—
—	—	—	24,378	1,019	—
—	—	—	427	695	—
—	—	—	—	21,429	—
—	11,015	—	747	733	—
—	—	—	—	2,327	—
—	—	—	106	—	—
1,597	—	—	407	275	—
—	—	—	5	561	—
—	—	—	1	1,370	—
—	—	—	—	179,801	—
—	—	—	—	—	—
—	—	—	—	—	—
1,597	11,015	605	35,154	232,128	0
2,299	(1,528)	(56)	48,528	(219,314)	0
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	522	271,159	—
(2,632)	—	(1,063)	(47,644)	(16,834)	(4)
(2,632)	0	(1,063)	(47,122)	254,325	(4)
(333)	(1,528)	(1,119)	1,406	35,011	(4)
4,511	37,510	2,254	21,664	121,390	1,501
$ 4,178	$ 35,982	$ 1,135	$ 23,070	$ 156,401	$ 1,497

Continues

Combining Statement Of Revenues, Expenditures, And Changes In Fund Balances Nonmajor Governmental Funds

Continued

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Debt Service: General Government	Debt Service: State Building Ownership Authority	Total Nonmajor Governmental Funds
REVENUES			
Taxes:			
Sales and Use Tax	$ —	$ —	$ 4,545
Other Taxes	—	—	13,088
Total Taxes	0	0	17,633
Other Revenues:			
Federal Contracts and Grants	14,139	1,620	38,728
Charges for Services	—	—	75,452
Intergovernmental	—	—	12,620
Investment Income	—	4	9,419
Miscellaneous and Other	—	24,779	30,229
Total Revenues	14,139	26,403	184,081
EXPENDITURES			
Current:			
General Government	—	—	35,781
Human Services and Juvenile Justice Services	—	—	5,684
Corrections	—	—	2,674
Public Safety	—	—	25,397
Health and Environmental Quality	—	—	4,791
Higher Education – Colleges and Universities	—	—	21,429
Employment and Family Services	—	—	12,495
Natural Resources	—	—	2,327
Heritage and Arts	—	—	106
Business, Labor, and Agriculture	—	—	11,769
Public Education	—	—	566
Transportation	—	—	1,371
Capital Outlay	—	—	179,801
Debt Service:			
Principal Retirement	303,040	16,699	319,739
Interest and Other Charges	126,088	9,906	135,994
Total Expenditures	429,128	26,605	759,924
Excess Revenues Over (Under) Expenditures	(414,989)	(202)	(575,843)
OTHER FINANCING SOURCES (USES)			
Refunding Bonds Issued	220,980	785	221,765
Premium on Bonds Issued	47,527	35	47,562
Payment to Refunded Bond Escrow Agent	(267,650)	(220)	(267,870)
Transfers In	428,888	227	702,172
Transfers Out	(14,377)	—	(84,226)
Total Other Financing Sources (Uses)	415,368	827	619,403
Net Change in Fund Balances	379	625	43,560
Fund Balances – Beginning	7,293	359	383,661
Fund Balances – Ending	$ 7,672	$ 984	$ 427,221

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Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
GENERAL GOVERNMENT				
Legislature				
Senate	$ 3,791	$ —	$ —	$ 3,791
House	6,367	—	1	6,368
Printing	802	—	273	1,075
Research and General Counsel	9,847	—	—	9,847
Fiscal Analyst	3,859	—	—	3,859
Auditor General	4,442	—	—	4,442
Legislative Services	970	—	—	970
Total Legislature	30,078	0	274	30,352
Elected Officials				
State Treasurer	$ 2,771	$ —	$ 487	$ 3,258
GOV – Administrative Office	5,709	80	1,081	6,870
GOV – Management and Budget	8,336	—	—	8,336
GOV – Public Lands Litigation	2,245	—	—	2,245
GOV – Lt. Governor Character Education	472	—	—	472
GOV – Criminal and Juvenile Justice	10,762	9,382	75	20,219
GOV – CCJJ - Factual Innocence	575	—	—	575
GOV – Emergency Fund	100	—	—	100
GOV – LeRay McAllister Program	389	—	56	445
GOV – Pete Suazo Athletic Commission	291	—	62	353
GOV – Economic Development Administration	14,895	928	661	16,484
GOV – Office of Tourism	22,362	—	267	22,629
GOV – Business Development	11,235	551	241	12,027
GOV – Utah Broadband Outreach Center	75	—	—	75
GOV – STEM Action Center	30,515	—	36	30,551
GOV – Industrial Assistance Fund	3,437	—	—	3,437
GOV – Office of Energy Development	2,361	487	54	2,902
GOV – Constitutional Defense Council	705	—	—	705
USTAR - Administration	1,280	—	—	1,280
USTAR - University of Utah Research Teams	12,808	—	—	12,808
USTAR - Utah State University Research Teams	7,651	—	—	7,651
USTAR – Technology Outreach and Innovation	3,243	—	3	3,246
Attorney General	32,407	1,848	20,640	54,895
AG – Contract Attorneys	193	—	920	1,113
AG – Prosecution Council	665	56	364	1,085
AG – Domestic Violence	78	—	—	78
AG – Children's Justice Centers	3,481	231	231	3,943
AG – State Settlement Agreements	115	—	—	115
State Auditor	4,247	—	1,760	6,007
Total Elected Officials	183,403	13,563	26,938	223,904
Government Operations				
Capitol Preservation Board	$ 4,883	$ —	$ —	$ 4,883
Department of Administrative Services	1,273	—	9	1,282
DAS – Administrative Rules	466	—	—	466
DAS – DFCM Administration	8,788	—	857	9,645
DAS – State Archives	3,125	32	65	3,222
DAS – Finance Administration	10,257	—	2,195	12,452
DAS – Office of the Inspector General of Medicaid	1,527	—	1,462	2,989
DAS – Post Conviction Indigent Defense	226	—	—	226
DAS – Elected Official Post Retirement Benefit	1,388	—	—	1,388
DAS – Finance Mandated	29,596	—	—	29,596
DAS – Judicial Conduct Commission	269	—	—	269

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 2,393	$ —	$ —	$ 1,398
3,890	—	—	2,478
733	—	—	342
8,422	—	—	1,425
2,912	—	—	947
3,586	—	—	856
662	—	—	308
22,598	0	0	7,754
$ 3,096	$ 60	$ —	$ 102
6,595	1	208	66
5,834	—	—	2,502
952	—	—	1,293
174	—	—	298
17,348	—	522	2,349
46	—	—	529
—	—	—	100
186	—	—	259
207	—	—	146
15,894	—	—	590
19,835	—	—	2,794
10,137	—	—	1,890
75	—	—	—
17,013	—	—	13,538
3,437	—	—	—
2,142	—	76	684
422	—	—	283
917	13	—	350
10,002	—	—	2,806
6,302	—	—	1,349
2,611	303	—	332
53,408	—	311	1,176
1,063	—	—	50
925	—	55	105
78	—	—	—
3,694	—	—	249
115	—	—	—
5,440	—	—	567
187,948	377	1,172	34,407
$ 4,193	$ —	$ —	$ 690
1,162	—	—	120
384	—	—	82
7,965	—	—	1,680
3,030	—	—	192
10,070	156	—	2,226
2,577	—	—	412
92	—	—	134
1,388	—	—	—
19,600	903	4,274	4,819
240	—	—	29

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
Government Operations (Continued)				
DAS – Executive Branch Ethics Commission	50	—	—	50
DAS – Purchasing	632	—	—	632
DAS – Building Board Program	1,234	—	—	1,234
Tax Commission	73,663	563	10,262	84,488
TAX – License Plates Production	1,340	—	2,200	3,540
TAX – Liquor Profit Distribution	5,386	—	—	5,386
TAX – Rural Health Care	555	—	—	555
Human Resource Management	2,952	—	187	3,139
Career Service Review Office	292	—	—	292
DTS – Chief Information Officer	540	—	—	540
DTS – Integrated Technology	1,413	40	1,451	2,904
Total Government Operations	149,855	635	18,688	169,178
Total General Government	$ 363,336	$ 14,198	$ 45,900	$ 423,434
HUMAN SERVICES				
Administration	$ 8,021	$ 4,567	$ 1,800	$ 14,388
Substance Abuse and Mental Health	103,988	25,188	18,223	147,399
Services for People with Disabilities	74,775	940	169,246	244,961
Recovery Services	13,035	17,523	10,643	41,201
Child and Family Services	114,772	56,992	(5,453)	166,311
Juvenile Justice Services	90,363	3,695	2,671	96,729
Aging and Adult Services	13,367	10,443	(684)	23,126
Total Human Services	$ 418,321	$ 119,348	$ 196,446	$ 734,115
CORRECTIONS				
Department of Corrections				
Programs and Operations	$ 208,617	$ 338	$ 4,144	$ 213,099
Medical Services	31,365	—	611	31,976
Jail Contracting	34,087	—	—	34,087
Total Department of Corrections	274,069	338	4,755	279,162
Board of Pardons and Parole				
Board of Pardons and Parole	$ 4,422	$ —	$ 2	$ 4,424
Total Board of Pardons and Parole	4,422	0	2	4,424
Total Corrections	$ 278,491	$ 338	$ 4,757	$ 283,586
PUBLIC SAFETY				
Department of Public Safety				
Programs and Operations	$ 105,821	$ 1,090	$ 19,096	$ 126,007
Emergency Management	2,550	12,440	—	14,990
Emergency and Disaster Management	3,003	—	—	3,003
Peace Officer's Standards and Training	4,516	—	79	4,595
Liquor Law Enforcement	—	—	—	—
Driver License	34,232	248	90	34,570
Highway Safety	1,303	3,993	65	5,361
Total Department of Public Safety	151,425	17,771	19,330	188,526

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
1	—	—	49
632	—	—	—
1,180	—	—	54
76,499	—	403	7,586
2,737	—	—	803
5,386	—	—	—
219	—	336	—
2,237	602	—	300
240	22	—	30
517	—	—	23
2,394	10	—	500
142,743	1,693	5,013	19,729
$ 353,289	$ 2,070	$ 6,185	$ 61,890
$ 14,370	$ —	$ —	$ 18
146,193	—	100	1,106
243,775	—	—	1,186
41,191	10	—	—
165,340	—	223	748
94,320	1	—	2,408
22,852	—	—	274
$ 728,041	$ 11	$ 323	$ 5,740
$ 205,937	$ —	$ 716	$ 6,446
31,798	—	—	178
28,710	—	—	5,377
266,445	0	716	12,001
$ 4,169	$ —	$ —	$ 255
4,169	0	0	255
$ 270,614	$ 0	$ 716	$ 12,256
$ 112,494	$ —	$ 3,162	$ 10,351
14,832	—	—	158
—	—	—	3,003
3,974	—	520	101
—	—	—	—
29,484	—	—	5,086
4,832	—	—	529
165,616	0	3,682	19,228

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
Utah National Guard				
Utah National Guard Administration	$ 6,181	$ 68,374	$ (125)	$ 74,430
Total Utah National Guard	6,181	68,374	(125)	74,430
Department of Veteran's and Military Affairs				
Veteran's and Military Affairs	$ 2,612	$ 504	$ 227	$ 3,343
Total Department of Veteran's and Military Affairs	2,612	504	227	3,343
Total Public Safety	$ 160,218	$ 86,649	$ 19,432	$ 266,299
STATE COURTS				
Judicial Council	$ 113,134	$ 582	$ 2,182	$ 115,898
Grand Jury	1	—	—	1
Contracts and Leases	19,934	—	194	20,128
Jury and Witness Fees	1,565	—	10	1,575
Guardian Ad Litem	7,385	—	63	7,448
Total State Courts	$ 142,019	$ 582	$ 2,449	$ 145,050
HEALTH and ENVIRONMENTAL QUALITY				
Department of Health	$ 6,371	$ 6,856	$ 3,363	$ 16,590
DOH – Disease Control and Prevention	20,995	28,588	10,833	60,416
DOH – Family Health and Preparedness	23,183	73,431	23,674	120,288
DOH – Health Care Financing	7,051	75,040	36,256	118,347
DOH – Medicaid – Mandatory Services	380,621	981,452	47,810	1,409,883
DOH – Medicaid – Optional Services	109,102	529,405	289,200	927,707
DOH – Local Health Department	2,137	—	—	2,137
DOH – Children's Health Insurance Program	19,559	90,098	1,778	111,435
DOH – Workforce Financial Assistance	5	—	—	5
DOH – Medicaid Sanctions	983	—	—	983
DOH – Commodities	—	27,154	—	27,154
Department of Environmental Quality	2,900	262	2,669	5,831
DEQ – Air Quality	7,089	5,507	4,195	16,791
DEQ – Environmental Response and Remediation	3,183	3,709	153	7,045
DEQ – Radiation Control	3,759	46	655	4,460
DEQ – Water Quality	4,562	4,032	2,719	11,313
DEQ – Drinking Water	2,223	3,285	(142)	5,366
DEQ – Solid and Hazardous Waste	4,105	985	776	5,866
DEQ – Clean Air Retrofit, Replacement, and Off-	200	—	—	200
Total Health and Environmental Quality	$ 598,028	$ 1,829,850	$ 423,939	$ 2,851,817
HIGHER EDUCATION				
Board of Regents	$ 3,702	$ 1,666	$ —	$ 5,368
RGT – Student Support	1,583	—	—	1,583
RGT – Economic Development	355	—	—	355
RGT – Student Assistance	16,867	—	—	16,867
RGT – Technology	7,183	—	—	7,183
RGT – Education Excellence	2,502	—	—	2,502
RGT – Medical Education Council	560	—	—	560
U of U – Education and General	212,783	—	256,483	469,266
U of U – Educationally Disadvantaged	685	—	—	685
U of U – School of Medicine	31,136	—	21,240	52,376
U of U – University Hospital	4,697	—	—	4,697

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 74,009	$ —	$ —	$ 421
74,009	0	0	421
$ 2,744	$ —	$ —	$ 599
2,744	0	0	599
$ 242,369	$ 0	$ 3,682	$ 20,248
$ 108,878	$ —	$ 4,693	$ 2,327
1	—	—	—
19,878	—	—	250
2,443	—	—	(868)
6,949	—	—	499
$ 138,149	$ 0	$ 4,693	$ 2,208
$ 16,204	$ 11	$ —	$ 375
60,149	—	65	202
116,169	26	2,096	1,997
116,790	—	29	1,528
1,396,154	—	10,229	3,500
927,168	—	539	—
2,137	—	—	—
103,660	—	359	7,416
2	—	—	3
—	—	—	983
27,154	—	—	—
5,204	—	—	627
15,675	—	67	1,049
6,633	—	412	—
4,221	—	239	—
11,222	—	91	—
5,199	—	157	10
5,335	—	402	129
200	—	—	—
$ 2,819,276	$ 37	$ 14,685	$ 17,819
$ 5,368	$ —	$ —	$ —
1,583	—	—	—
355	—	—	—
16,867	—	—	—
7,183	—	—	—
2,502	—	—	—
560	—	—	—
469,266	—	—	—
685	—	—	—
52,376	—	—	—
4,697	—	—	—

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
HIGHER EDUCATION (Continued)				
U of U – Regional Dental Education	543	—	1,805	2,348
U of U – Public Service	1,720	—	—	1,720
U of U – Statewide TV Administration	2,451	—	—	2,451
U of U – Health Sciences	10,562	—	8,800	19,362
U of U – Rocky Mtn Ctr for Occupational Health	155	—	—	155
U of U – Poison Control Center	2,100	—	—	2,100
U of U – Center on Aging	102	—	—	102
USU – Education and General	120,628	—	84,639	205,267
USU – Educationally Disadvantaged	100	—	—	100
USU – Water Research Laboratory	4,888	—	—	4,888
USU – Agricultural Experiment Station	12,467	2,744	76	15,287
USU – Cooperative Extension Service	13,088	2,388	11	15,487
USU – Uintah Basin CEC	3,902	—	1,916	5,818
USU – Southeastern Utah CEC	736	—	1,492	2,228
USU – Eastern Education and General	12,144	—	2,636	14,780
USU – Eastern Educationally Disadvantaged	105	—	—	105
USU – Eastern Career and Technical Education	1,337	—	32	1,369
USU – Eastern Prehistoric Museum	258	—	—	258
USU – Blanding Campus	2,176	—	1,241	3,417
USU – Brigham City CEC	6,321	—	25,564	31,885
USU – Tooele CEC	4,076	—	8,509	12,585
Weber – Education and General	73,018	—	67,685	140,703
Weber – Educationally Disadvantaged	354	—	—	354
SUU – Education and General	32,560	—	36,520	69,080
SUU – Educationally Disadvantaged	91	—	—	91
SUU – Shakespeare Festival	72	—	—	72
SUU – Rural Development	98	—	—	98
Snow College – Education and General	20,018	—	11,183	31,201
Snow College – Educationally Disadvantaged	32	—	—	32
Snow College – Career Technology Education	1,294	—	—	1,294
Dixie – Education and General	30,946	—	25,389	56,335
Dixie – Educationally Disadvantaged	26	—	—	26
Dixie – Zion Park Amphitheatre	53	—	22	75
UVU – Education and General	92,908	—	105,279	198,187
UVU – Educationally Disadvantaged	163	—	—	163
SLCC – Education and General	81,192	—	58,042	139,234
SLCC – Educationally Disadvantaged	178	—	—	178
SLCC – School of Applied Technology	6,079	—	868	6,947
Utah College of Applied Technology	5,862	—	—	5,862
UCAT – Bridgerland	10,926	—	—	10,926
UCAT – Davis	12,184	—	—	12,184
UCAT – Ogden/Weber	12,575	—	—	12,575
UCAT – Uintah Basin	6,377	—	—	6,377
UCAT – Mountainland	8,232	—	—	8,232
UCAT – Southwest	3,390	—	—	3,390
UCAT – Dixie	3,428	—	—	3,428
UCAT – Tooele	3,004	—	—	3,004
Utah Education Network	22,518	—	—	22,518
Total Higher Education	$ 909,490	$ 6,798	$ 719,432	$ 1,635,720

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
2,348	—	—	—
1,720	—	—	—
2,451	—	—	—
19,362	—	—	—
151	—	4	—
2,100	—	—	—
102	—	—	—
205,267	—	—	—
100	—	—	—
4,856	—	32	—
15,287	—	—	—
15,487	—	—	—
5,818	—	—	—
2,228	—	—	—
14,780	—	—	—
105	—	—	—
1,369	—	—	—
258	—	—	—
3,417	—	—	—
31,885	—	—	—
12,585	—	—	—
140,703	—	—	—
354	—	—	—
69,080	—	—	—
91	—	—	—
72	—	—	—
98	—	—	—
31,201	—	—	—
32	—	—	—
1,294	—	—	—
56,335	—	—	—
26	—	—	—
75	—	—	—
198,187	—	—	—
163	—	—	—
139,234	—	—	—
178	—	—	—
6,947	—	—	—
5,862	—	—	—
10,926	—	—	—
12,184	—	—	—
12,575	—	—	—
6,377	—	—	—
8,232	—	—	—
3,390	—	—	—
3,428	—	—	—
3,004	—	—	—
22,518	—	—	—
$ 1,635,684	$ 0	$ 36	$ 0

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
WORKFORCE SERVICES				
Administration	$ 3,225	$ 6,491	$ 2,691	$ 12,407
Operations and Policy	64,971	488,105	36,594	589,670
General Assistance	4,860	—	—	4,860
Unemployment Insurance Administration	2,852	17,895	756	21,503
Housing and Community Development	9,015	34,354	1,470	44,839
HCD Capital Development	68,171	—	—	68,171
HCD Zoos	908	—	—	908
HCD Special Districts	6,652	—	—	6,652
CDBG Loan Advances	—	—	116	116
Total Workforce Services	$ 160,654	$ 546,845	$ 41,627	$ 749,126
NATURAL RESOURCES				
Department of Natural Resources	$ 6,823	$ —	$ —	$ 6,823
Building Operations	1,789	—	—	1,789
Forestry, Fire, and State Lands	21,035	4,601	6,786	32,422
Oil, Gas, and Mining	7,589	5,827	149	13,565
Wildlife Resources	45,699	18,133	330	64,162
Species Protection	1,324	—	2,450	3,774
Predator Control	60	—	—	60
Watershed Development	3,995	—	500	4,495
Pass Through	500	—	—	500
Contributed Research	—	—	1,001	1,001
Cooperative Environmental Studies	3	7,836	10,467	18,306
Parks and Recreation	27,102	1,169	1,132	29,403
Parks and Recreation – Capital Development	8,220	1,652	118	9,990
Utah Geological Survey	7,304	1,056	1,152	9,512
Water Resources	6,000	—	150	6,150
Wildlife Resources – Capital Development	1,307	1,008	—	2,315
Water Rights	8,342	117	1,843	10,302
Public Lands Policy Office	3,325	—	—	3,325
National Parks Operation Contribution	2,000	—	—	2,000
Total Natural Resources	$ 152,417	$ 41,399	$ 26,078	$ 219,894
HERITAGE and ARTS				
Heritage and Arts Administration	$ 4,558	$ 3,379	$ 45	$ 7,982
Indian Affairs	306	—	55	361
State History	2,091	844	30	2,965
Historical Society	52	—	47	99
Arts and Museums	4,030	941	648	5,619
Museum Services	396	—	—	396
State Library	4,572	1,766	1,804	8,142
DHA Pass Through	1,687	—	—	1,687
Total Heritage and Arts	$ 17,692	$ 6,930	$ 2,629	$ 27,251

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 10,540	$ 1,859	$ 8	$ —
581,529	—	4,325	3,816
4,513	—	—	347
19,903	—	1,600	—
44,164	116	59	500
68,171	—	—	—
908	—	—	—
6,652	—	—	—
116	—	—	—
$ 736,496	$ 1,975	$ 5,992	$ 4,663
$ 6,599	$ —	$ —	$ 224
1,789	—	—	—
28,276	44	535	3,567
11,196	—	53	2,316
59,518	27	4,112	505
3,368	—	206	200
60	—	—	—
4,025	—	3	467
500	—	—	—
1,001	—	—	—
18,303	—	3	—
28,410	—	624	369
4,316	—	—	5,674
8,473	—	338	701
5,923	—	114	113
2,287	—	28	—
9,981	—	—	321
2,462	—	617	246
—	—	—	2,000
$ 196,487	$ 71	$ 6,633	$ 16,703
$ 6,805	$ 138	$ —	$ 1,039
275	—	—	86
2,965	—	—	—
41	—	—	58
3,903	—	—	1,716
396	—	—	—
7,912	—	—	230
1,687	—	—	—
$ 23,984	$ 138	$ 0	$ 3,129

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Source of Funding: Federal Funds	Source of Funding: Restricted and Other Funds	Final Budget
BUSINESS, LABOR, and AGRICULTURE				
Department of Agriculture and Food	$ 3,786	$ 742	$ 339	$ 4,867
AGR – Building Operations	357	—	—	357
AGR – Utah State Fair	1,275	—	—	1,275
AGR – Predatory Animal Control	1,591	—	696	2,287
AGR – Invasive Species Mitigation	2,405	—	—	2,405
AGR – Rangeland Improvement	2,425	—	—	2,425
AGR – Animal Health	4,096	1,437	361	5,894
AGR – Plant Industry	1,366	1,220	2,529	5,115
AGR – Regulatory Services	1,788	618	2,381	4,787
AGR – Marketing and Economic Development	673	—	—	673
AGR – Resource Conservation	1,667	1,364	—	3,031
Labor Commission	10,873	3,219	74	14,166
Department of Commerce	26,268	284	1,035	27,587
COM – Building Inspector Training	977	—	419	1,396
COM – Public Utilities – Professional Services	3,150	—	—	3,150
COM – Consumer Services – Professional Services	3,171	—	—	3,171
Financial Institutions	7,089	—	—	7,089
Insurance Department	13,538	1,011	374	14,923
INS – Bail Bond Program	23	—	—	23
INS – Title Insurance Program	102	—	—	102
INS – Health Insurance Actuary	285	—	—	285
Public Service Commission	2,990	889	10	3,889
PSC – Speech and Hearing Impaired	3,789	—	726	4,515
Total Business, Labor, and Agriculture	$ 93,684	$ 10,784	$ 8,944	$ 113,412
TOTAL GENERAL FUND				
Total Expenditures	$ 3,294,350	$ 2,663,721	$ 1,491,633	$ 7,449,704

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 4,378	$ —	$ 71	$ 418
357	—	—	—
1,275	—	—	—
2,038	—	110	139
1,542	—	—	863
1,514	—	15	896
5,637	—	146	111
4,763	—	—	352
4,668	—	—	119
663	—	—	10
3,026	—	2	3
12,985	2	974	205
24,687	212	1,068	1,620
314	—	—	1,082
322	—	—	2,828
190	—	—	2,981
6,795	—	294	—
11,530	—	1,420	1,973
22	—	1	—
87	—	2	13
—	—	147	138
3,204	—	—	685
1,283	—	—	3,232
$ 91,280	$ 214	$ 4,250	$ 17,668
$ 7,235,669	$ 4,516	$ 47,195	$ 162,324

Detail Schedule of Expenditures—Budget and Actual Comparison
Education Fund, Transportation Fund,
Transportation Investment Fund, and Debt Service Funds

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
EDUCATION FUND				
State Board of Education				
State Office of Education	$ 55,123	$ 243,929	$ 11,484	$ 310,536
State Office of Rehabilitation	22,966	54,827	(1,138)	76,655
Child Nutrition	190	153,774	37,479	191,443
Fine Arts Outreach	3,591	—	—	3,591
Educational Contracts	3,361	—	—	3,361
Charter School Board	4,456	—	(84)	4,372
Science Outreach	2,600	—	—	2,600
Educator Licensing	2,121	—	(127)	1,994
Initiative Programs	29,753	—	(36)	29,717
Basic School Program	2,112,949	—	—	2,112,949
Related to Basic Programs	538,304	—	—	538,304
Voted and Board Leeway Programs	82,298	—	—	82,298
School Building Programs	14,500	—	—	14,500
Teacher Salary Supplement	7,074	—	—	7,074
Charter School Finance Authority	50	—	—	50
Commodities	—	17,592	—	17,592
Total Office of Education	2,879,336	470,122	47,578	3,397,036
Schools for the Deaf and the Blind				
Schools for the Deaf and the Blind	$ 24,259	$ 95	$ 6,037	$ 30,391
Institutional Council	—	—	961	961
Total Schools for the Deaf and the Blind	24,259	95	6,998	31,352
Total Education Fund	$ 2,903,595	$ 470,217	$ 54,576	$ 3,428,388
TRANSPORTATION FUND				
Support Services	$ 30,607	$ 4,723	$ —	$ 35,330
Engineering Services	17,164	21,178	1,401	39,743
Maintenance Management	146,609	8,887	2,545	158,041
Construction Management	51,917	277,459	24,236	353,612
Region Management	23,707	3,032	1,985	28,724
Equipment Management	1,220	—	29,105	30,325
Aeronautics	12,681	91	408	13,180
Share the Road	35	—	—	35
B and C Roads	130,949	—	—	130,949
Safe Sidewalk Construction	1,010	—	—	1,010
Mineral Lease	56,526	—	—	56,526
Corridor Preservation	76,916	—	—	76,916
Tollway	833	—	—	833
Counties of the 1st and 2nd Class	1,827	—	—	1,827
Inventory and Miscellaneous	—	—	4,189	4,189
Total Transportation Fund	$ 552,001	$ 315,370	$ 63,869	$ 931,240
TRANSPORTATION INVESTMENT FUND				
TIF Capacity Program	$ 323,625	$ —	$ —	$ 323,625
Total Transportation Investment Fund	$ 323,625	$ 0	$ 0	$ 323,625
DEBT SERVICE FUNDS				
General Government	$ 435,931	$ 14,139	$ 12	$ 450,082
State Building Ownership Authority	586	1,620	24,783	26,989
Total Debt Service Funds	$ 436,517	$ 15,759	$ 24,795	$ 477,071

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 291,114	$ —	$ 236	$ 19,186
71,629	—	—	5,026
191,443	—	—	—
3,576	—	—	15
2,999	—	—	362
2,925	—	—	1,447
2,600	—	—	—
1,909	—	85	—
21,463	72	—	8,182
2,090,691	—	—	22,258
515,684	—	—	22,620
82,298	—	—	—
14,500	—	—	—
5,851	—	—	1,223
—	—	50	—
17,592	—	—	—
3,316,274	72	371	80,319
$ 30,391	$ —	$ —	$ —
961	—	—	—
31,352	0	0	0
$ 3,347,626	$ 72	$ 371	$ 80,319
$ 34,418	$ 112	$ —	$ 800
39,337	106	—	300
156,535	—	—	1,506
337,117	16,495	—	—
28,181	343	—	200
30,102	23	—	200
7,903	—	439	4,838
26	—	9	—
130,949	—	—	—
628	—	—	382
56,526	—	—	—
76,916	—	—	—
833	—	—	—
1,827	—	—	—
1,435	2,754	—	—
$ 902,733	$ 19,833	$ 448	$ 8,226
$ 318,889	$ 4,736	$ —	$ —
$ 318,889	$ 4,736	$ 0	$ 0
$ 428,271	$ 14,139	$ —	$ 7,672
26,005	—	—	984
$ 454,276	$ 14,139	$ 0	$ 8,656

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Nonmajor Enterprise Funds

Housing Loan Programs
These programs provide loans or grants to low income or special needs individuals for construction, rehabilitation, or purchase of single or multi-family housing. Funds are provided from federal funds, 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.

Transportation Infrastructure Loan Fund
This fund was created as a revolving loan fund to provide infrastructure assistance to local governments to expedite construction projects. The fund was capitalized with federal grants and state matching 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
This agency manages the assets of the Trust Lands permanent fund. Its objective is to maximize the growth of principal and income production 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.

Federal Health Insurance Pool
The Federal Health Insurance Pool is a temporary high risk health insurance program enacted by Section 1101(b) of the Patient Protection and Affordable Care Act, Public Law 111-148, known as the "Pre-Existing Condition Insurance Plan" or PCIP. The PCIP program provides health insurance coverage to uninsured individuals with pre-existing conditions who have been without insurance for at least six months. Ongoing operating costs are recovered through federal contract and premium charges.

Combining Statement Of Net Position
Nonmajor Enterprise Funds

June 30, 2015 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Transportation Infrastructure Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 15,692	$ 18,384	$ 2,266	$ 20,805
Receivables:				
Accounts, net	—	—	—	—
Accrued Interest	931	537	5	38
Notes/Loans/Mortgages, net	4,711	3,944	450	1,161
Due From Other Funds	—	1	—	—
Due From Component Units	—	—	—	—
Prepaid Items	—	—	—	—
Inventories	—	—	—	—
Other Assets	828	—	—	—
Total Current Assets	22,162	22,866	2,721	22,004
Noncurrent Assets:				
Investments	—	—	—	—
Accrued Interest Receivable	1,313	—	—	—
Notes/Loans/Mortgages Receivables, net	108,813	31,411	1,974	2,436
Other Assets	—	—	—	—
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	20	—	—
Intangible Assets–Software	—	—	—	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	—	(20)	—	—
Total Capital Assets	0	0	0	0
Total Noncurrent Assets	110,126	31,411	1,974	2,436
Total Assets	$ 132,288	$ 54,277	$ 4,695	$ 24,440
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —
Deferred Outflows Relating to Pensions	—	—	—	—
Total Deferred Outflows of Resources	$ 0	$ 0	$ 0	$ 0
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 108	$ 32	$ 3	$ —
Deposits	98	—	—	—
Due To Other Funds	—	1	—	—
Due To Component Units	—	—	—	—
Unearned Revenue	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Total Current Liabilities	206	33	3	0
Noncurrent Liabilities:				
Revenue Bonds Payable	—	—	—	—
Net Pension Liability	—	—	—	—
Total Noncurrent Liabilities	0	0	0	0
Total Liabilities	$ 206	$ 33	$ 3	$ 0
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions	$ —	$ —	$ —	$ —
Total Deferred Inflows of Resources	$ 0	$ 0	$ 0	$ 0
NET POSITION				
Net Investment in Capital Assets	$ —	$ —	$ —	$ —
Restricted for:				
Loan Programs	81,010	4,868	—	24,440
Unrestricted	51,072	49,376	4,692	—
Total Net Position	$ 132,082	$ 54,244	$ 4,692	$ 24,440

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ 151	$ 1,090	$ 7,036	$ 846	$ —	$ 66,270
1,734	1,472	6,365	380	—	9,951
—	—	—	—	—	1,511
—	—	—	—	—	10,266
5,518	908	47	—	—	6,474
—	2	—	—	—	2
—	18	—	3	—	21
31,811	1,453	—	22	—	33,286
—	—	—	—	—	828
39,214	4,943	13,448	1,251	0	128,609
—	—	—	148	—	148
—	—	—	—	—	1,313
—	—	—	—	—	144,634
4	3	1	—	—	8
22,394	—	263	32	—	22,689
126	304	—	—	—	430
75,275	4,021	233	143	—	79,672
9,751	4,442	1,321	80	—	15,614
328	239	—	—	—	567
1,334	—	—	—	—	1,334
(32,533)	(4,013)	(1,205)	(174)	—	(37,945)
76,675	4,993	612	81	0	82,361
76,679	4,996	613	229	0	228,464
$ 115,893	$ 9,939	$ 14,061	$ 1,480	$ 0	$ 357,073
$ 4,845	$ 117	$ —	$ —	$ —	$ 4,962
693	522	415	—	—	1,630
$ 5,538	$ 639	$ 415	$ 0	$ 0	$ 6,592
$ 15,018	$ 1,703	$ 991	$ 3	$ —	$ 17,858
—	—	—	—	—	98
16,732	296	3,417	—	—	20,446
—	—	28	—	—	28
1,037	12	3,038	—	—	4,087
5,508	192	—	—	—	5,700
38,295	2,203	7,474	3	0	48,217
72,871	1,442	—	—	—	74,313
4,579	3,453	2,741	—	—	10,773
77,450	4,895	2,741	0	0	85,086
$ 115,745	$ 7,098	$ 10,215	$ 3	$ 0	$ 133,303
$ 430	$ 324	$ 257	$ —	$ —	$ 1,011
$ 430	$ 324	$ 257	$ 0	$ 0	$ 1,011
$ 8,659	$ 3,479	$ 612	$ 81	$ —	$ 12,831
—	—	—	—	—	110,318
(3,403)	(323)	3,392	1,396	—	106,202
$ 5,256	$ 3,156	$ 4,004	$ 1,477	$ 0	$ 229,351

Combining Statement Of Revenues, Expenses, And Changes In Fund Net Position Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Transportation Infrastructure Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ —	$ —	$ 6	$ —
Fees and Assessments	—	—	—	—
Interest on Notes/Mortgages	1,876	1,141	—	—
Miscellaneous	2,395	4	—	—
Total Operating Revenues	4,271	1,145	6	0
OPERATING EXPENSES				
Administration	312	268	—	—
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	652	—	345	—
Rentals and Leases	—	3	—	—
Maintenance	5	—	—	—
Depreciation/Amortization	—	—	—	—
Miscellaneous Other:				
Data Processing	60	—	—	—
Supplies	8	—	—	—
Utilities	14	—	—	—
Advertising and Other	188	22	1	—
Total Operating Expenses	1,239	293	346	0
Operating Income (Loss)	3,032	852	(340)	0
NONOPERATING REVENUES (EXPENSES)				
Investment Income	54	78	27	142
Federal Contracts and Grants	5,202	—	—	—
Disposal of Capital Assets	—	—	—	—
Tax Revenues	—	525	—	—
Interest Expense	—	—	—	—
Other Revenues (Expenses)	—	—	—	—
Total Nonoperating Revenues (Expenses)	5,256	603	27	142
Income (Loss) before Transfers	8,288	1,455	(313)	142
Transfers In	2,255	—	—	—
Transfers Out	—	(693)	(79)	—
Change in Net Position	10,543	762	(392)	142
Net Position – Beginning	121,539	53,482	5,084	24,298
Adjustment to Beginning Net Position	—	—	—	—
Net Position – Beginning as Adjusted	121,539	53,482	5,084	24,298
Net Position – Ending	$ 132,082	$ 54,244	$ 4,692	$ 24,440

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ 334,840	$ 23,600	$ 12,060	$ 31	$ 4	$ 370,541
2,748	—	40	2,658	—	5,446
—	—	—	—	—	3,017
451	20	—	63	416	3,349
338,039	23,620	12,100	2,752	420	382,353
17,969	5,812	7,125	655	206	32,347
209,524	14,140	—	90	—	223,754
—	—	—	—	—	997
1,047	542	661	—	—	2,253
3,111	271	43	—	—	3,430
3,066	376	23	12	—	3,477
1,847	271	248	—	—	2,426
320	883	179	—	—	1,390
176	107	119	—	—	416
3,094	668	1,835	2,121	—	7,929
240,154	23,070	10,233	2,878	206	278,419
97,885	550	1,867	(126)	214	103,934
4	—	4	15	—	324
302	295	—	—	64	5,863
—	(20)	—	—	—	(20)
—	—	—	—	—	525
(2,779)	(35)	—	—	—	(2,814)
—	—	—	—	(278)	(278)
(2,473)	240	4	15	(214)	3,600
95,412	790	1,871	(111)	0	107,534
—	—	—	—	—	2,255
(95,412)	—	(489)	—	—	(96,673)
0	790	1,382	(111)	0	13,116
14,339	5,892	5,422	1,588	—	231,644
(9,083)	(3,526)	(2,800)	—	—	(15,409)
5,256	2,366	2,622	1,588	—	216,235
$ 5,256	$ 3,156	$ 4,004	$ 1,477	$ 0	$ 229,351

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Transportation Infrastructure Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums ...	$ 4,038	$ 1,157	$ 6	$ —
Receipts from Loan Maturities	4,680	5,678	—	—
Receipts from State Customers	—	—	—	—
Payments to Suppliers/Claims/Grants	(478)	(9)	(421)	—
Disbursements for Loans Receivable	(9,838)	(3,767)	—	—
Payments for Employee Services and Benefits	(312)	(266)	—	—
Payments to State Suppliers	(482)	(12)	(1)	—
Payments of Sales Tax and School Lunch Collections	—	—	—	—
Net Cash Provided (Used) by Operating Activities	(2,392)	2,781	(416)	0
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Federal Contracts and Grants and Other Revenues	5,202	—	—	—
Restricted Sales Tax	—	525	—	—
Transfers In from Other Funds	2,255	—	—	—
Transfers Out to Other Funds	—	(693)	(79)	—
Net Cash Provided (Used) by Noncapital Financing Activities	7,457	(168)	(79)	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from Bond and Note Debt Issuance/Grants	—	—	—	—
Proceeds from Disposition of Capital Assets	—	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	—	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	0	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	—	—	—	—
Receipts of Interest and Dividends from Investments	54	78	27	98
Receipts from Loan Maturities	—	—	398	185
Receipts of Interest from Loans	—	—	—	14
Payments to Purchase Investments	—	—	—	—
Disbursements for Loans Receivable	—	—	(100)	(2,960)
Net Cash Provided (Used) by Investing Activities	54	78	325	(2,663)
Net Cash Provided (Used) – All Activities	5,119	2,691	(170)	(2,663)
Cash and Cash Equivalents – Beginning	10,573	15,693	2,436	23,468
Cash and Cash Equivalents – Ending	$ 15,692	$ 18,384	$ 2,266	$ 20,805

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ 400,796	$ 9,813	$ 15,197	$ 2,645	$ —	$ 433,652
—	—	—	—	—	10,358
—	13,805	—	—	—	13,805
(214,459)	(14,131)	(5,897)	(2,126)	(145)	(237,666)
—	—	—	—	—	(13,605)
(16,364)	(6,082)	(7,518)	(768)	—	(31,310)
(5,613)	(2,843)	(248)	—	—	(9,199)
(61,573)	—	—	—	—	(61,573)
102,787	562	1,534	(249)	(145)	104,462
16,108	—	—	—	—	16,108
(15,683)	—	—	—	—	(15,683)
—	—	—	—	64	5,266
—	—	—	—	—	525
—	—	—	—	—	2,255
(95,412)	—	(489)	—	—	(96,673)
(94,987)	0	(489)	0	64	(88,202)
28,280	1,020	—	—	—	29,300
—	7	—	—	—	7
(33,096)	(1,187)	—	—	—	(34,283)
(401)	(187)	—	(16)	—	(604)
(2,580)	(42)	—	—	—	(2,622)
(7,797)	(389)	0	(16)	0	(8,202)
—	—	—	115	—	115
4	—	4	—	—	265
—	—	—	—	—	583
—	—	—	—	—	14
—	—	—	—	—	—
—	—	—	—	—	(3,060)
4	0	4	115	0	(2,083)
7	173	1,049	(150)	(81)	5,975
144	917	5,987	996	81	60,295
$ 151	$ 1,090	$ 7,036	$ 846	$ 0	$ 66,270

Continues

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

Continued

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Transportation Infrastructure Loan Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 3,032	$ 852	$ (340)	$ —
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	—	—	—	—
Pension Expense Accrual	—	—	—	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds	—	—	—	—
Notes/Accrued Interest Receivables	(5,406)	1,923	—	—
Inventories	—	—	—	—
Prepaid Items	—	—	—	—
Accrued Liabilities/Due to Other Funds	(19)	6	(76)	—
Unearned Revenue/Deposits	1	—	—	—
Policy Claims Liabilities	—	—	—	—
Net Cash Provided (Used) by Operating Activities	$ (2,392)	$ 2,781	$ (416)	$ 0
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ (10)
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ (10)

Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ 97,885	$ 550	$ 1,867	$ (126)	$ 214	$ 103,934
3,066	376	23	12	—	3,477
(364)	(274)	(218)	—	—	(856)
1,130	(2)	4,310	(107)	3	5,334
—	—	—	—	—	(3,483)
(5,277)	99	—	—	—	(5,178)
14	7	—	(2)	10	29
6,280	(194)	(3,235)	(26)	(6)	2,730
53	—	(1,213)	—	(9)	(1,168)
—	—	—	—	(357)	(357)
$ 102,787	$ 562	$ 1,534	$ (249)	$ (145)	$ 104,462
$ —	$ —	$ 4	$ (110)	$ —	$ (116)
$ 0	$ 0	$ 4	$ (110)	$ 0	$ (116)

Detail Schedule of Expenditures—Budget and Actual Comparison
Enterprise Funds with Legally Adopted Annual Budgets

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
ALCOHOLIC BEVERAGE CONTROL				
Alcoholic Beverage Control Administration	$ 40,557	$ —	$ —	$ 40,557
ABC – Parents Empowered	2,170	—	—	2,170
Total Alcoholic Beverage Control	$ 42,727	$ 0	$ 0	$ 42,727

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 39,602	$ 240	$ —	$ 715
2,061	—	—	109
$ 41,663	$ 240	$ 0	$ 824

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Internal Service Funds

Technology Services

This fund is responsible for providing data processing and various other computer services along with voice and data communication services to state agencies.

General Services

This fund manages cooperative purchasing contracts and provides purchasing card, printing and mailing services, and surplus property services to state agencies. This fund also provides central accounting services for the Department of Administrative Services and warehouse services for the Department of Natural Resources.

Fleet Operations

This fund provides motor pool, fuel network, and travel services to state agencies.

Risk Management

This fund provides insurance coverage and loss prevention services to state agencies, institutions of higher education, and participating local school districts. Coverage is provided using a combination of self-insurance and private excess insurance.

Property Management

This fund is responsible for the operation and maintenance of facilities used by state agencies. This fund is also used to account for the State's facility energy efficiency program.

Human Resource Management

This fund provides human resource and payroll services to state agencies.

State of Utah

Combining Statement Of Net Position
Internal Service Funds

June 30, 2015 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ —	$ 3,009	$ 63	$ 61,313
Receivables:				
Accounts, net	1,794	2,165	2,458	13
Due From Other Funds	22,498	2,266	3,170	630
Due From Component Units	—	42	26	8
Prepaid Items	3,316	209	—	—
Inventories	154	1,616	3,435	—
Total Current Assets	27,762	9,307	9,152	61,964
Noncurrent Assets:				
Prepaid Items	280	—	—	—
Other Assets	35	3	1	2
Capital Assets:				
Infrastructure	130	—	—	—
Buildings and Improvements	3,883	1,379	193	—
Machinery and Equipment	62,713	12,295	128,337	—
Intangible Assets–Software	11,869	120	219	635
Less Accumulated Depreciation	(67,551)	(10,022)	(55,646)	(463)
Total Capital Assets	11,044	3,772	73,103	172
Total Noncurrent Assets	11,359	3,775	73,104	174
Total Assets	$ 39,121	$ 13,082	$ 82,256	$ 62,138
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	$ —	$ 14	$ —	$ —
Deferred Outflows Relating to Pensions	5,949	445	134	246
Total Deferred Outflows of Resources	$ 5,949	$ 459	$ 134	$ 246
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	$ 23,167	$ 3,186	$ 5,235	$ 324
Due To Other Funds	1,209	51	191	941
Interfund Loans Payable	3,645	648	17,440	—
Unearned Revenue	783	77	—	—
Policy Claims Liabilities	—	—	—	19,175
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	—	99	—	—
Total Current Liabilities	28,804	4,061	22,866	20,440
Noncurrent Liabilities:				
Interfund Loans Payable	6,051	3,113	17,832	—
Policy Claims Liabilities	—	—	—	27,756
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	—	250	—	—
Net Pension Liability	39,337	2,940	888	1,627
Total Noncurrent Liabilities	45,388	6,303	18,720	29,383
Total Liabilities	$ 74,192	$ 10,364	$ 41,586	$ 49,823
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions	$ 3,693	$ 276	$ 83	$ 153
Total Deferred Inflows of Resources	$ 3,693	$ 276	$ 83	$ 153
Net Position				
Net Investment in Capital Assets	$ 11,044	$ 3,451	$ 73,103	$ 172
Restricted for:				
Insurance Programs	—	—	—	7,254
Unrestricted (Deficit)	(43,859)	(550)	(32,382)	4,982
Total Net Position	$ (32,815)	$ 2,901	$ 40,721	$ 12,408

Property Management	Human Resource Management	Total
$ 4,301	$ 3,125	$ 71,811
7	—	6,437
416	—	28,980
921	—	997
31	—	3,556
—	—	5,205
5,676	3,125	116,986
339	—	619
3	4	48
—	—	130
—	—	5,455
693	54	204,092
—	42	12,885
(663)	(96)	(134,441)
30	0	88,121
372	4	88,788
$ 6,048	$ 3,129	$ 205,774
$ —	$ —	$ 14
520	752	8,046
$ 520	$ 752	$ 8,060
$ 2,238	$ 694	$ 34,844
45	507	2,944
—	—	21,733
—	—	860
—	—	19,175
31	—	31
—	—	99
2,314	1,201	79,686
—	—	26,996
—	—	27,756
339	—	339
—	—	250
3,443	4,974	53,209
3,782	4,974	108,550
$ 6,096	$ 6,175	$ 188,236
$ 323	$ 467	$ 4,995
$ 323	$ 467	$ 4,995
$ 30	$ —	$ 87,800
—	—	7,254
119	(2,761)	(74,451)
$ 149	$ (2,761)	$ 20,603

State of Utah

Combining Statement Of Revenues, Expenses, And Changes In Fund Net Position Internal Service Funds

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
OPERATING REVENUES				
Charges for Services/Premiums	$ 166,455	$ 21,580	$ 61,439	$ 43,278
Miscellaneous	6	74	172	4
Total Operating Revenues	166,461	21,654	61,611	43,282
OPERATING EXPENSES				
Administration	75,850	6,349	1,910	3,025
Materials and Services for Resale	15,306	10,523	31,438	19,402
Rentals and Leases	238	233	355	35
Maintenance	355	479	12,331	7
Depreciation/Amortization	5,678	1,426	11,438	161
Benefit Claims	—	—	—	11,144
Miscellaneous Other:				
Data Processing	59,733	317	589	294
Supplies	252	98	113	186
Utilities	352	57	96	27
Advertising and Other	6,921	1,067	1,808	588
Total Operating Expenses	164,685	20,549	60,078	34,869
Operating Income (Loss)	1,776	1,105	1,533	8,413
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	—	—	—	188
Disposal of Capital Assets	2	10	757	—
Interest Expense	—	(12)	—	—
Refunds Paid to Federal Government	(5,574)	(78)	—	—
Other Revenues (Expenses)	—	(129)	—	(464)
Total Nonoperating Revenues (Expenses)	(5,572)	(209)	757	(276)
Income (Loss) before Transfers	(3,796)	896	2,290	8,137
Transfers In	—	—	1,272	—
Transfers Out	—	(1,900)	—	—
Change in Net Position	(3,796)	(1,004)	3,562	8,137
Net Position – Beginning	11,159	6,908	38,066	5,933
Adjustment to Beginning Net Position	(40,178)	(3,003)	(907)	(1,662)
Net Position – Beginning as Adjusted	(29,019)	3,905	37,159	4,271
Net Position – Ending	$ (32,815)	$ 2,901	$ 40,721	$ 12,408

Property Management	Human Resource Management	Total
$ 29,089	$ 11,732	$ 333,573
—	—	256
29,089	11,732	333,829
7,375	10,142	104,651
—	—	76,669
507	10	1,378
9,156	—	22,328
15	8	18,726
—	—	11,144
372	354	61,659
181	47	877
9,807	104	10,443
1,521	475	12,380
28,934	11,140	320,255
155	592	13,574
5	—	193
—	—	769
(23)	—	(35)
—	—	(5,652)
300	—	(293)
282	0	(5,018)
437	592	8,556
—	—	1,272
—	—	(1,900)
437	592	7,928
3,229	1,728	67,023
(3,517)	(5,081)	(54,348)
(288)	(3,353)	12,675
$ 149	$ (2,761)	$ 20,603

Combining Statement Of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Fees/Premiums	$ 379	$ 4,748	$ 19,303	$ 23,769
Receipts from State Customers	166,933	16,459	43,115	19,907
Payments to Suppliers/Claims/Grants	(70,201)	(9,745)	(13,548)	(32,105)
Payments for Employee Services and Benefits	(78,579)	(6,538)	(1,970)	(3,119)
Payments to State Suppliers and Grants	(12,371)	(2,926)	(31,945)	(1,032)
Net Cash Provided (Used) by Operating Activities	6,161	1,998	14,955	7,420
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Repayments Under Interfund Loans	(1,179)	—	—	—
Payments of Bonds, Notes, Deposits, and Refunds	—	—	—	—
Interest Paid on Bonds, Notes, and Financing Costs	—	—	—	—
Federal Grants and Other Revenues	—	—	—	—
Transfers Out to Other Funds	—	(1,900)	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	(1,179)	(1,900)	0	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Repayments Under Interfund Loans	(1,450)	(378)	(9,459)	—
Proceeds from Disposition of Capital Assets	2,089	41	4,207	—
Principal Paid on Debt and Contract Maturities	—	(80)	—	—
Acquisition and Construction of Capital Assets	(5,621)	(1,250)	(11,064)	—
Interest Paid on Bonds, Notes, and Capital Leases	—	(8)	—	—
Transfers In from Other Funds	—	—	1,272	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,982)	(1,675)	(15,044)	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of Interest and Dividends from Investments	—	—	—	188
Net Cash Provided (Used) by Investing Activities	0	0	0	188
Net Cash Provided (Used) – All Activities	0	(1,577)	(89)	7,608
Cash and Cash Equivalents – Beginning	—	4,586	152	53,705
Cash and Cash Equivalents – Ending	$ 0	$ 3,009	$ 63	$ 61,313

Property Management	Human Resource Management	Total
$ 1,338	$ 226	$ 49,763
28,330	11,807	286,551
(20,623)	(133)	(146,355)
(7,624)	(10,468)	(108,298)
(807)	(834)	(49,915)
614	598	31,746
—	—	(1,179)
(28)	—	(28)
(23)	—	(23)
300	—	300
—	—	(1,900)
249	0	(2,830)
—	—	(11,287)
—	—	6,337
—	—	(80)
(8)	—	(17,943)
—	—	(8)
—	—	1,272
(8)	0	(21,709)
5	—	193
5	0	193
860	598	7,400
3,441	2,527	64,411
$ 4,301	$ 3,125	$ 71,811

Continues

Combining Statement Of Cash Flows
Internal Service Funds

Continued

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 1,776	$ 1,105	$ 1,533	$ 8,413
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	5,678	1,426	11,438	161
Pension Expense Accrual	(3,131)	(234)	(71)	(130)
Miscellaneous Gains, Losses, and Other Items	(5,574)	(207)	—	(464)
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds	68	(214)	807	(142)
Notes/Accrued Interest Receivables	—	—	—	1,000
Inventories	170	4	1,416	—
Prepaid Items/Other Assets	1,483	458	—	—
Accrued Liabilities/Due to Other Funds	4,908	(417)	(168)	236
Unearned Revenue/Deposits	783	77	—	—
Policy Claims Liabilities	—	—	—	(1,654)
Net Cash Provided (Used) by Operating Activities	$ 6,161	$ 1,998	$ 14,955	$ 7,420
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ (39)
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ (39)

Property Management	Human Resource Management	Total
$ 155	$ 592	$ 13,574
15	8	18,726
(274)	(396)	(4,236)
—	—	(6,245)
579	301	1,399
—	—	1,000
—	—	1,590
28	—	1,969
111	93	4,763
—	—	860
—	—	(1,654)
$ 614	$ 598	$ 31,746
$ —	$ —	$ (39)
$ 0	$ 0	$ (39)

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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 trusts 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 Fund

This fund is used to accumulate resources required to be held in trust to pay for other employee benefits.

PRIVATE PURPOSE TRUST FUNDS

Utah Navajo Royalties Holding

This fund receives oil royalties, operating, and other trust revenues. Funds received are used for the health, education, and general welfare of Navajo residents of San Juan County, Utah.

Unclaimed Property Trust

This fund is used to account for unclaimed property escheated to the State. Proceeds of the fund pay the administrative costs to operate the fund and any claims. The remaining proceeds are deposited in the Education Fund and can only be used to help fund public education.

Employers' Reinsurance Trust

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

Petroleum Storage Tank Trust

This fund is used to pay the costs of damage caused by petroleum storage tank releases and provide revolving loan capital. Sources of funding include fees from participating companies, recovered costs and settlements from responsible parties, and investment income. The net position of this fund is held in trust for the benefit of participants and cannot be used for any other purpose.

Utah Educational Savings Plan Trust

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

Miscellaneous Restricted Trust

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

AGENCY FUNDS

Taxes and Social Security

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

County and Local Collections

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

State Courts

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

Deposits, Suspense, and Miscellaneous

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

Combining Statement Of Fiduciary Net Position
Pension And
Other Employee Benefit Trust Funds

June 30, 2015 (Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Firefighters System
ASSETS				
Cash and Cash Equivalents	$ 1,220,437	$ 73,237	$ 167,146	$ 59,398
Receivables:				
Member Contributions	—	129	11	372
Employer Contributions	35,272	362	2,234	—
Court Fees and Fire Insurance Premiums	—	—	—	1,048
Investments	306,698	18,487	42,189	14,994
Total Receivables	341,970	18,978	44,434	16,414
Due From Other Funds	—	—	—	—
Investments:				
Debt Securities	3,344,609	201,601	460,072	163,507
Equity Investments	7,603,385	458,304	1,045,895	371,704
Absolute Return	3,686,581	222,214	507,113	180,225
Private Equity	2,516,999	151,716	346,230	123,048
Real Assets	3,001,365	180,911	412,859	146,727
Invested Securities Lending Collateral	1,812,356	109,243	249,302	88,601
Total Investments	21,965,295	1,323,989	3,021,471	1,073,812
Capital Assets:				
Land	1,413	85	195	69
Buildings and Improvements	14,067	848	1,943	690
Machinery and Equipment	4,452	268	615	219
Less Accumulated Depreciation	(16,978)	(1,023)	(2,345)	(833)
Total Capital Assets	2,954	178	408	145
Total Assets	$ 23,530,656	$ 1,416,382	$ 3,233,459	$ 1,149,769
LIABILITIES				
Accounts Payable	$ 303,129	$ 17,940	$ 40,938	$ 14,550
Securities Lending Liability	1,812,356	109,243	249,302	88,601
Leave/Postemployment Benefits	11,912	718	1,639	583
Insurance Reserves	3,970	239	546	194
Real Estate Liabilities	302,777	18,251	41,648	14,802
Total Liabilities	$ 2,434,144	$ 146,391	$ 334,073	$ 118,730
NET POSITION				
Restricted for:				
Pension Benefits	$ 21,096,512	$ 1,269,991	$ 2,899,386	$ 1,031,039
Other Postemployment Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Total Net Position	$ 21,096,512	$ 1,269,991	$ 2,899,386	$ 1,031,039

Pension Trust				Defined Contribution Plans			
Judges System	Governors and Legislative Pension Plan	Tier 2 Public Employees	Tier 2 Safety and Firefighters	401(k) Plan	457(b) Plan	IRA Plans	Health Reimbursement Arrangement
$ 9,443	$ 617	$ 5,032	$ 498	$ 11,425	$ 445	$ 176	$ 20,030
—	—	—	—	—	—	—	—
—	1	2,103	106	—	—	—	—
158	—	—	—	—	—	—	—
2,383	155	1,270	125	85,469	9,799	—	—
2,541	156	3,373	231	85,469	9,799	0	0
—	—	—	—	—	—	—	—
25,992	1,695	13,846	1,365	1,490,876	163,885	50,161	—
59,089	3,853	31,475	3,104	2,338,599	272,397	66,849	—
28,650	1,868	15,261	1,505	—	—	—	—
19,561	1,275	10,419	1,028	—	—	—	—
23,325	1,521	12,424	1,225	43,861	5,071	1,698	—
14,085	918	7,502	740	—	—	—	—
170,702	11,130	90,927	8,967	3,873,336	441,353	118,708	0
11	—	6	—	—	—	—	—
109	5	57	5	—	—	—	—
35	2	18	2	—	—	—	—
(132)	(6)	(69)	(6)	—	—	—	—
23	1	12	1	0	0	0	0
$ 182,709	$ 11,904	$ 99,344	$ 9,697	$ 3,970,230	$ 451,597	$ 118,884	$ 20,030
$ 2,313	$ 460	$ 1,232	$ 122	$ 13,479	$ 623	$ 220	$ 150
14,085	918	7,502	740	—	—	—	—
92	6	50	5	—	—	—	—
31	2	16	1	—	—	—	—
2,354	152	1,253	124	—	—	—	—
$ 18,875	$ 1,538	$ 10,053	$ 992	$ 13,479	$ 623	$ 220	$ 150
$ 163,834	$ 10,366	$ 89,291	$ 8,705	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—	—
—	—	—	—	3,956,751	450,974	118,664	19,880
$ 163,834	$ 10,366	$ 89,291	$ 8,705	$ 3,956,751	$ 450,974	$ 118,664	$ 19,880

Continues

Combining Statement Of Fiduciary Net Position Pension And Other Employee Benefit Trust Funds

Continued

June 30, 2015 (Expressed in Thousands)

	Post-Retirement Benefits Trust: State Employee	Post-Retirement Benefits Trust: Elected Official	Other Employee Benefits	Total
ASSETS				
Cash and Cash Equivalents	$ 8,221	$ 22	$ 4,693	$ 1,580,820
Receivables:				
Member Contributions	22	—	—	534
Employer Contributions	—	—	—	40,078
Court Fees and Fire Insurance Premiums	—	—	—	1,206
Investments	—	—	—	481,569
Total Receivables	22	0	0	523,387
Due From Other Funds	—	—	2,577	2,577
Investments:				
Debt Securities	165,918	6,242	8,997	6,098,766
Equity Investments	42,895	2,388	—	12,299,937
Absolute Return	—	—	—	4,643,417
Private Equity	—	—	—	3,170,276
Real Assets	—	—	—	3,830,987
Invested Securities Lending Collateral	—	—	—	2,282,747
Total Investments	208,813	8,630	8,997	32,326,130
Capital Assets:				
Land	—	—	—	1,779
Buildings and Improvements	—	—	—	17,724
Machinery and Equipment	—	—	—	5,611
Less Accumulated Depreciation	—	—	—	(21,392)
Total Capital Assets	0	0	0	3,722
Total Assets	$ 217,056	$ 8,652	$ 16,267	$ 34,436,636
LIABILITIES				
Accounts Payable	$ —	$ —	$ —	$ 395,156
Securities Lending Liability	—	—	—	2,282,747
Leave/Postemployment Benefits	6,750	—	—	21,755
Insurance Reserves	—	—	—	4,999
Real Estate Liabilities	—	—	—	381,361
Total Liabilities	$ 6,750	$ 0	$ 0	$ 3,086,018
NET POSITION				
Restricted for:				
Pension Benefits	$ —	$ —	$ —	$ 26,569,124
Other Postemployment Benefits	210,306	8,652	16,267	235,225
Defined Contribution	—	—	—	4,546,269
Total Net Position	$ 210,306	$ 8,652	$ 16,267	$ 31,350,618

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Combining Statement Of Changes In Fiduciary Net Position
Pension And
Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Firefighters System
ADDITIONS				
Contributions:				
Member	$ 13,587	$ 5,461	$ 835	$ 18,300
Employer	772,420	12,954	135,588	5,514
Court Fees and Fire Insurance Premiums	—	—	—	14,154
Total Contributions	786,007	18,415	136,423	37,968
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	1,051,239	64,878	143,881	51,167
Interest, Dividends, and Other Investment Income	404,474	24,962	55,361	19,687
Less Investment Expenses	(36,660)	(2,263)	(5,020)	(1,784)
Net Investment Income	1,419,053	87,577	194,222	69,070
Transfers From Affiliated Systems	30,467	—	2,746	3,713
Total Additions	2,235,527	105,992	333,391	110,751
DEDUCTIONS				
Retirement Benefits	871,999	62,560	118,030	37,597
Cost of Living Benefits	171,799	14,328	26,407	9,844
Supplemental Retirement Benefits	—	127	326	269
Retiree Healthcare Benefits	—	—	—	—
Refunds/Plan Distributions	2,204	2,433	199	293
Administrative Expenses	8,828	494	1,227	370
Transfers To Affiliated Systems	—	38,004	—	—
Total Deductions	1,054,830	117,946	146,189	48,373
Change in Net Position Restricted for:				
Pension Benefits	1,180,697	(11,954)	187,202	62,378
Other Postemployment Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Net Position – Beginning	19,915,815	1,281,945	2,712,184	968,661
Net Position – Ending	$ 21,096,512	$ 1,269,991	$ 2,899,386	$1,031,039

Pension Trust				Defined Contribution Plans			
Judges System	Governors and Legislative Pension Plan	Tier 2 Public Employees	Tier 2 Safety and Firefighters	401(k) Plan	457(b) Plan	IRA Plans	Health Reimbursement Arrangement
$ 317	$ —	$ —	$ —	$ 255,044	$ 26,711	$ 26,594	$ —
5,627	411	37,299	4,365	—	—	—	6,393
1,486	—	—	—	—	—	—	—
7,430	411	37,299	4,365	255,044	26,711	26,594	6,393
8,199	531	3,144	296	213,299	23,339	5,567	24
3,155	204	1,293	119	3,413	389	—	—
(286)	(18)	(117)	(11)	(3,482)	(386)	(106)	—
11,068	717	4,320	404	213,230	23,342	5,461	24
1,092	—	—	2	—	—	—	—
19,590	1,128	41,619	4,771	468,274	50,053	32,055	6,417
9,305	734	—	—	—	—	—	—
2,056	175	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	251,496	22,920	10,824	2,690
71	5	16	1	6,308	727	182	31
—	14	2	—	—	—	—	—
11,432	928	18	1	257,804	23,647	11,006	2,721
8,158	200	41,601	4,770	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	210,470	26,406	21,049	3,696
155,676	10,166	47,690	3,935	3,746,281	424,568	97,615	16,184
$ 163,834	$ 10,366	$ 89,291	$ 8,705	$ 3,956,751	$ 450,974	$ 118,664	$ 19,880

Continues

Combining Statement Of Changes In Fiduciary Net Position Pension And Other Employee Benefit Trust Funds

Continued

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Post-Retirement Benefits Trust			
	State Employee	**Elected Official**	**Other Employee Benefits**	**Total**
ADDITIONS				
Contributions:				
Member	$ —	$ —	$ —	$ 346,849
Employer	30,365	1,387	7,792	1,020,115
Court Fees and Fire Insurance Premiums	—	—	—	15,640
Total Contributions	30,365	1,387	7,792	1,382,604
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	6,829	285	53	1,572,731
Interest, Dividends, and Other Investment Income	41	9	24	513,131
Less Investment Expenses	—	—	—	(50,133)
Net Investment Income	6,870	294	77	2,035,729
Transfers From Affiliated Systems	—	—	—	38,020
Total Additions	37,235	1,681	7,869	3,456,353
DEDUCTIONS				
Retirement Benefits	—	—	—	1,100,225
Cost of Living Benefits	—	—	—	224,609
Supplemental Retirement Benefits	—	—	—	722
Retiree Healthcare Benefits	25,424	325	—	25,749
Refunds/Plan Distributions	—	—	—	293,059
Administrative Expenses	—	—	—	18,260
Transfers To Affiliated Systems	—	—	—	38,020
Total Deductions	25,424	325	0	1,700,644
Change in Net Position Restricted for:				
Pension Benefits	—	—	—	1,473,052
Other Postemployment Benefits	11,811	1,356	7,869	21,036
Defined Contribution	—	—	—	261,621
Net Position – Ending	198,495	7,296	8,398	29,594,909
Net Position – Ending	$ 210,306	$ 8,652	$ 16,267	$ 31,350,618

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Combining Statement Of Fiduciary Net Position
Private Purpose Trust Funds

June 30, 2015 (Expressed in Thousands)

	Utah Navajo Royalties Holding	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ASSETS				
Cash and Cash Equivalents	$ 996	$ 38,797	$ —	$ 1,384
Receivables:				
Accounts	58	—	5,080	8
Accrued Interest	—	—	—	2
Accrued Assessments	—	—	2,957	—
Loans	—	—	—	953
Due From Other Funds	1,471	—	—	2
Investments:				
Debt Securities	58,442	33,675	168,932	19,661
Equity Investments	101	430	—	—
Total Investments	58,543	34,105	168,932	19,661
Capital Assets:				
Land	271	—	—	—
Buildings and Improvements	10,715	—	—	—
Machinery and Equipment	272	—	—	—
Less Accumulated Depreciation	(3,768)	—	—	—
Total Capital Assets	7,490	0	0	0
Total Assets	$ 68,558	$ 72,902	$ 176,969	$ 22,010
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows Relating to Pensions	$ 0	$ 0	$ 0	$ 0
LIABILITIES				
Accounts Payable	$ 141	$ 91	$ 220	$ 292
Due To Other Funds	16	—	61	5
Unearned Revenue	—	—	—	487
Policy Claims Liabilities	—	—	206,765	23,848
Net Pension Obligation	—	—	—	—
Total Liabilities	$ 157	$ 91	$ 207,046	$ 24,632
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows Relating to Pensions	$ 0	$ 0	$ 0	$ 0
NET POSITION				
Restricted for:				
Individuals, Organizations, and Other Governments	$ 68,401	$ 72,811	$ (30,077)	$ (2,622)
Total Net Position	$ 68,401	$ 72,811	$ (30,077)	$ (2,622)

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 887	$ 5,784	$ 47,848
—	—	5,146
—	—	2
—	—	2,957
—	—	953
—	289	1,762
2,104,987	11,803	2,397,500
6,296,284	—	6,296,815
8,401,271	11,803	8,694,315
—	—	271
—	—	10,715
1,791	—	2,063
(1,308)	—	(5,076)
483	0	7,973
$ 8,402,641	$ 17,876	$ 8,760,956
$ 87	$ 0	$ 87
$ 828	$ 52	$ 1,624
—	—	82
—	—	487
—	—	230,613
325	—	325
$ 1,153	$ 52	$ 233,131
$ 24	$ 0	$ 24
$ 8,401,551	$ 17,824	$ 8,527,888
$ 8,401,551	$ 17,824	$ 8,527,888

Combining Statement Of Changes In Fiduciary Net Position
Private Purpose Trust Funds

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Utah Navajo Royalties Holding	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ADDITIONS				
Contributions:				
Member	$ —	$ —	$ —	$ —
Total Contributions	0	0	0	0
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	4	(133)	1,159	—
Interest, Dividends, and Other Investment Income	284	179	188	106
Total Investment Income	288	46	1,347	106
Other Additions:				
Escheats	—	27,373	—	—
Royalties and Rents	5,474	—	—	—
Fees, Assessments, and Revenues	2,219	—	20,868	6,139
Court Settlement / Miscellaneous	745	—	1,473	72
Total Other	8,438	27,373	22,341	6,211
Total Additions	8,726	27,419	23,688	6,317
DEDUCTIONS				
Trust Operating Expenses	2,242	—	—	4,502
Distributions and Benefit Payments	634	21,904	4,704	—
Administrative and General Expenses	1,293	2,756	2,148	2,467
Total Deductions	4,169	24,660	6,852	6,969
Change in Net Position Restricted for:				
Individuals, Organizations, and Other Governments	4,557	2,759	16,836	(652)
Net Position – Beginning	63,844	70,052	(46,913)	(1,970)
Net Position – Ending	$ 68,401	$ 72,811	$ (30,077)	$ (2,622)

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 947,802	$ 8,155	$ 955,957
947,802	8,155	955,957
122,796	—	123,826
165,846	55	166,658
288,642	55	290,484
—	—	27,373
—	—	5,474
—	24,141	53,367
—	6,376	8,666
0	30,517	94,880
1,236,444	38,727	1,341,321
—	27,636	34,380
296,260	7,558	331,060
9,354	1,880	19,898
305,614	37,074	385,338
930,830	1,653	955,983
7,470,721	16,171	7,571,905
$ 8,401,551	$ 17,824	$ 8,527,888

Combining Statement Of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2015 (Expressed in Thousands)

	Taxes and Social Security	County and Local Collections	State Courts	Deposits, Suspense, and Miscellaneous	Total
ASSETS					
Cash and Cash Equivalents	$ 58	$ 134,490	$ 32,732	$ 28,819	$ 196,099
Accounts Receivable	—	6,883	—	13,992	20,875
Due From Other Funds	—	—	—	335	335
Investments:					
Debt Securities	—	145	—	23,038	23,183
Total Investments	0	145	0	23,038	23,183
Total Assets	$ 58	$ 141,518	$ 32,732	$ 66,184	$ 240,492
LIABILITIES					
Due To Individuals, Organizations, and Other Governments	$ 58	$ 141,518	$ 32,732	$ 66,184	$ 240,492
Total Liabilities	$ 58	$ 141,518	$ 32,732	$ 66,184	$ 240,492

Combining Statement Of Changes In Assets And Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	$ 62	$ 250,678	$ 250,682	$ 58
Total Assets	$ 62	$ 250,678	$ 250,682	$ 58
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 62	$ 250,678	$ 250,682	$ 58
Total Liabilities	$ 62	$ 250,678	$ 250,682	$ 58
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	$ 133,762	$ 1,637,342	$ 1,636,614	$ 134,490
Investments	5	3,366	3,226	145
Receivables:				
Accounts Receivable	14,917	6,883	14,917	6,883
Total Assets	$ 148,684	$ 1,647,591	$ 1,654,757	$ 141,518
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 148,684	$ 1,686,368	$ 1,693,534	$ 141,518
Total Liabilities	$ 148,684	$ 1,686,368	$ 1,693,534	$ 141,518
STATE COURTS				
Assets				
Cash and Cash Equivalents	$ 31,813	$ 96,036	$ 95,117	$ 32,732
Total Assets	$ 31,813	$ 96,036	$ 95,117	$ 32,732
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 31,813	$ 69,119	$ 68,200	$ 32,732
Total Liabilities	$ 31,813	$ 69,119	$ 68,200	$ 32,732
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	$ 22,771	$ 787,572	$ 781,524	$ 28,819
Investments	19,419	150,886	147,267	23,038
Receivables:				
Accounts Receivable	13,649	1,274	931	13,992
Due From Other Funds	768	333	766	335
Total Assets	$ 56,607	$ 940,065	$ 930,488	$ 66,184
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 56,607	$ 646,027	$ 636,450	$ 66,184
Total Liabilities	$ 56,607	$ 646,027	$ 636,450	$ 66,184
TOTAL — ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	$ 188,408	$ 2,771,628	$ 2,763,937	$ 196,099
Investments	19,424	154,252	150,493	23,183
Receivables:				
Accounts Receivable	28,566	8,157	15,848	20,875
Due From Other Funds	768	333	766	335
Total Assets	$ 237,166	$ 2,934,370	$ 2,931,044	$ 240,492
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 237,166	$ 2,652,192	$ 2,648,866	$ 240,492
Total Liabilities	$ 237,166	$ 2,652,192	$ 2,648,866	$ 240,492

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Nonmajor Component Units

Utah Communications Authority

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

Comprehensive Health Insurance Pool

The Pool was created as a nonprofit quasi-governmental entity to provide access to health insurance coverage for residents of the State who are considered uninsurable. Ongoing operating costs are recovered through premium charges supplemented with both appropriations from the General Fund and federal grants.

Utah Schools for the Deaf and the Blind

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

Military Installation Development Authority

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

Heber Valley Historic Railroad Authority

The Authority was created to operate, maintain, improve, and provide for a scenic and historic railway in and around the Heber Valley in Wasatch County. Operations are funded primarily through user charges.

Utah State Fair Corporation

The Corporation was created to operate the State Fair Park and conduct the Utah State Fair and other expositions and entertainment events. Operations are funded by admissions, rentals, donations, and state appropriations.

Colleges and Universities

The colleges and universities are the State's public institutions of higher education. The nonmajor institutions of higher education are:

Weber State University | *Southern Utah University* | *Salt Lake Community College* | *Utah Valley University*
Dixie State University | *Snow College* | *Utah College of Applied Technology*

State of Utah

Combining Statement Of Net Position
Nonmajor Component Units

June 30, 2015 (Expressed in Thousands)

	Utah Communications Authority	Comprehensive Health Insurance Pool	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 9,870	$ —	$ 4,838	$ 1,701	$ 34
Investments	—	—	—	—	—
Receivables:					
Accounts, net	2,707	—	473	31	94
Notes/Loans/Mortgages/Pledges, net	—	—	—	—	—
Accrued Interest	—	—	—	—	—
Due From Primary Government	—	—	334	—	—
Prepaid Items	83	—	—	—	—
Inventories	86	—	—	—	19
Other Assets	—	—	7	2,888	—
Total Current Assets	12,746	0	5,652	4,620	147
Noncurrent Assets:					
Restricted Investments	—	—	—	—	—
Accounts Receivables, net	—	—	—	—	—
Investments	—	—	—	—	—
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	—	—	—
Other Assets	242	—	—	—	1
Capital Assets (net of Accumulated Depreciation)	16,165	—	13,476	—	2,305
Total Noncurrent Assets	16,407	0	13,476	0	2,306
Total Assets	$ 29,153	$ 0	$ 19,128	$ 4,620	$ 2,453
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amount on Refundings of Bonded Debt	$ —	$ —	$ —	$ —	$ —
Deferred Outflows Relating to Pensions	180	—	1,185	23	33
Total Deferred Outflows of Resources	$ 180	$ 0	$ 1,185	$ 23	$ 33
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	$ 424	$ —	$ 1,841	$ 2,308	$ 91
Deposits	—	—	—	—	—
Due To Primary Government	—	—	391	—	—
Unearned Revenue	353	—	34	—	—
Current Portion of Long-term Liabilities	311	—	—	97	354
Total Current Liabilities	1,088	0	2,266	2,405	445
Noncurrent Liabilities:					
Unearned Revenue	504	—	—	—	—
Net Pension Liability	869	—	7,838	106	154
Long-term Liabilities	1,874	—	—	2,349	148
Total Noncurrent Liabilities	3,247	0	7,838	2,455	302
Total Liabilities	$ 4,335	$ 0	$ 10,104	$ 4,860	$ 747
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Relating to Pensions	$ 81	$ —	$ 736	$ 13	$ 15
Total Deferred Inflows of Resources	$ 81	$ 0	$ 736	$ 13	$ 15
NET POSITION					
Net Investment in Capital Assets	$ 14,724	$ —	$ 13,476	$ —	$ 2,069
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	—
Expendable:					
Higher Education	—	—	—	—	—
Other	—	—	—	685	—
Unrestricted (Deficit)	10,193	—	(4,003)	(915)	(345)
Total Net Position	$ 24,917	$ 0	$ 9,473	$ (230)	$ 1,724

Utah State Fair Corporation	Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State University	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
$ 163	$ 36,983	$ 18,063	$ 31,668	$ 84,401	$ 22,986	$ 5,507	$ 18,249	$ 234,463
—	8,448	18,217	15,877	10,000	3,898	210	1,416	58,066
37	5,595	10,539	9,443	8,554	1,802	1,313	2,896	43,484
—	2,676	441	486	4,184	375	20	583	8,765
—	197	—	—	—	—	—	—	197
—	—	—	—	—	—	—	—	334
41	121	4,798	214	328	7	65	193	5,850
—	4,670	837	2,329	2,774	899	337	1,871	13,822
—	371	—	—	—	—	—	—	3,266
241	59,061	52,895	60,017	110,241	29,967	7,452	25,208	368,247
—	14,389	20,507	1,812	37,752	24,853	9,499	—	108,812
—	3,007	17,425	—	5,650	1,188	—	—	27,270
—	177,099	43,504	81,496	35,057	18,609	7,905	901	364,571
—	5,898	—	3,562	24,321	951	53	663	35,448
—	15	1,296	195	3,591	104	1	11	5,456
602	286,939	123,489	232,313	373,331	133,003	94,893	158,515	1,435,031
602	487,347	206,221	319,378	479,702	178,708	112,351	160,090	1,976,588
$ 843	$ 546,408	$ 259,116	$ 379,395	$ 589,943	$ 208,675	$ 119,803	$ 185,298	$ 2,344,835
$ —	$ 654	$ —	$ —	$ —	$ —	$ —	$ —	$ 654
—	2,220	1,423	2,353	3,377	727	517	2,352	14,390
$ 0	$ 2,874	$ 1,423	$ 2,353	$ 3,377	$ 727	$ 517	$ 2,352	$ 15,044
$ 269	$ 3,955	$ 1,234	$ 17,493	$ 15,050	$ 2,578	$ 1,384	$ 4,065	$ 50,692
—	—	454	659	685	480	380	71	2,729
—	4,270	7,366	778	686	670	24	—	14,185
60	7,943	9,761	8,113	9,135	638	533	960	37,530
4	5,890	6,859	6,065	5,916	2,203	1,242	1,909	30,850
333	22,058	25,674	33,108	31,472	6,569	3,563	7,005	135,986
—	—	—	—	651	—	—	—	1,155
—	13,932	9,371	13,637	19,363	4,922	3,413	15,596	89,201
—	59,118	17,905	6,400	69,838	37,325	16,911	19,585	231,453
0	73,050	27,276	20,037	89,852	42,247	20,324	35,181	321,809
$ 333	$ 95,108	$ 52,950	$ 53,145	$ 121,324	$ 48,816	$ 23,887	$ 42,186	$ 457,795
$ —	$ 1,309	$ 890	$ 1,285	$ 1,820	$ 469	$ 317	$ 1,463	$ 8,398
$ 0	$ 1,309	$ 890	$ 1,285	$ 1,820	$ 469	$ 317	$ 1,463	$ 8,398
$ 598	$ 230,001	$ 105,819	$ 231,083	$ 307,535	$ 118,382	$ 77,711	$ 139,709	$ 1,241,107
—	86,794	19,510	4,321	21,098	20,278	5,495	1,808	159,304
—	52,355	39,159	12,176	49,338	10,570	3,109	2,520	169,227
13	—	—	—	—	—	1,199	—	1,897
(101)	83,715	42,211	79,738	92,205	10,887	8,602	(36)	322,151
$ 510	$ 452,865	$ 206,699	$ 327,318	$ 470,176	$ 160,117	$ 96,116	$ 144,001	$ 1,893,686

Combining Statement Of Activities
Nonmajor Component Units

For the Fiscal Year Ended June 30, 2015 (Expressed in Thousands)

	Utah Communications Authority	Comprehensive Health Insurance Pool	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority
Expenses	$ 11,216	$ 16,580	$ 31,046	$ 4,369	$ 1,410
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	—
Scholarship Allowances	—	—	—	—	—
Sales, Services, and Other Revenues	12,071	—	6,037	3,826	1,458
Operating Grants and Contributions	14	374	1,467	—	57
Capital Grants and Contributions	—	—	510	—	—
Total Program Revenues	12,085	374	8,014	3,826	1,515
Net (Expenses) Revenues	869	(16,206)	(23,032)	(543)	105
General Revenues:					
State Appropriations	—	—	24,259	—	—
Donations	—	—	—	—	8
Unrestricted Investment Income	—	—	3	12	—
Gain (Loss) on Sale of Capital Assets	(889)	—	—	—	—
Permanent Endowments Contributions	—	—	—	—	—
Total General Revenues and Contributions	(889)	0	24,262	12	8
Change in Net Position	(20)	(16,206)	1,230	(531)	113
Net Position – Beginning	—	16,206	16,249	415	1,767
Adjustment to Beginning Net Position	24,937	—	(8,006)	(114)	(156)
Net Position – Beginning as Adjusted	24,937	16,206	8,243	301	1,611
Net Position – Ending	$ 24,917	$ 0	$ 9,473	$ (230)	$ 1,724

Utah State Fair Corporation	Weber State University	Southern Utah University	Salt Lake Community College	Utah Valley University	Dixie State University	Snow College	Utah College of Applied Technology	Total Nonmajor Component Units
$ 4,738	$ 220,497	$ 141,584	$ 205,421	$ 293,527	$ 90,814	$ 43,056	$ 89,742	$ 1,154,000
—	109,575	85,233	82,654	141,528	39,297	12,556	13,754	484,597
—	(29,816)	(19,787)	(20,138)	(32,489)	(9,392)	(5,508)	(2,957)	(120,087)
3,512	22,052	19,308	14,150	24,079	9,387	4,012	10,405	130,297
—	47,980	27,408	48,696	91,957	25,244	7,093	12,671	262,961
—	7,147	7,708	1,426	46,424	1,360	289	3,137	68,001
3,512	156,938	119,870	126,788	271,499	65,896	18,442	37,010	825,769
(1,226)	(63,559)	(21,714)	(78,633)	(22,028)	(24,918)	(24,614)	(52,732)	(328,231)
1,106	73,372	33,290	90,368	100,190	26,085	20,066	55,517	424,253
—	—	—	—	—	—	—	—	8
—	—	—	—	—	—	—	—	15
—	—	—	—	—	—	—	—	(889)
—	2,432	977	—	907	1,253	93	—	5,662
1,106	75,804	34,267	90,368	101,097	27,338	20,159	55,517	429,049
(120)	12,245	12,553	11,735	79,069	2,420	(4,455)	2,785	100,818
630	454,787	203,827	329,445	410,652	162,739	104,059	157,233	1,858,009
—	(14,167)	(9,681)	(13,862)	(19,545)	(5,042)	(3,488)	(16,017)	(65,141)
630	440,620	194,146	315,583	391,107	157,697	100,571	141,216	1,792,868
$ 510	$ 452,865	$ 206,699	$ 327,318	$ 470,176	$ 160,117	$ 96,116	$ 144,001	$ 1,893,686

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STATISTICAL SECTION

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STATISTICAL SECTION

Fiscal Year Ended June 30, 2015

This part of the State of Utah's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, notes to the financial statements, and required supplementary information says about the State's overall financial health.

Financial Trends Information

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

Revenue Capacity Information

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

Debt Capacity Information

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

Demographic and Economic Information

These schedules contain demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.

Operating Information

These schedules offer operating data to help the reader understand how the information in the State's financial report relates to the services it provides and the activities it performs.

Other Information

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

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

State of Utah

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2006	**2007**	**2008**	**2009**
Governmental Activities				
Net Investment in Capital Assets	$ 8,719,751	$ 9,465,667	$ 10,447,357	$ 11,306,077
Restricted [1]	2,379,269	3,043,599	2,618,556	2,349,499
Unrestricted [1]	856,207	1,163,548	1,169,342	689,052
Total Governmental Activities Net Position	11,955,227	13,672,814	14,235,255	14,344,628
Business-type Activities				
Net Investment in Capital Assets	32,068	13,008	13,837	13,751
Restricted [2]	1,139,691	1,334,737	1,434,828	1,269,006
Unrestricted [3]	893,118	971,435	1,037,893	1,080,231
Total Business-type Activities Net Position	2,064,877	2,319,180	2,486,558	2,362,988
Primary Government				
Net Investment in Capital Assets	8,751,819	9,478,675	10,461,194	11,319,828
Restricted	3,518,960	4,378,336	4,053,384	3,618,505
Unrestricted	1,749,325	2,134,983	2,207,235	1,769,283
Total Primary Government Net Position	$ 14,020,104	$ 15,991,994	$ 16,721,813	$ 16,707,616

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

[1] From fiscal years 2006 to 2007, governmental activities' restricted and unrestricted net position increased due to higher tax revenues from a strengthening economy. In fiscal years 2008 to 2010, governmental activities' restricted net 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 restricted net position increased primarily due to an increase in investment values because of general market conditions. In fiscal year 2014, governmental activities' unrestricted net position increased due to an increase in carry-forward balances. In fiscal year 2015, governmental activities' restricted net position increased due to higher tax revenues from an improving economy and an increase in investment values because of general market conditions. 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.

[2] From fiscal years 2006 to 2008, business-type activities' restricted net position increased due to unemployment revenues exceeding related claims. In fiscal year 2009, the weak economy caused an increase in unemployment claims, which in turn caused a decrease in the restricted net position of business-type activities. From 2010 to 2015, restricted net position has continued to steadily increase due to unemployment revenues exceeding related claims.

[3] In fiscal years 2006 to 2009, and again in 2012 to 2014, business-type activities' unrestricted net position increased primarily due to the State providing additional capital to the loan funds from mineral lease revenue and dedicated sales tax revenues.

Schedule A–1

			Fiscal Year		
2010	**2011**	**2012**	**2013**	**2014**	**2015**
$ 12,005,321	$ 12,358,579	$ 12,773,959	$ 13,481,005	$ 14,025,472	$ 14,789,631
2,009,168	2,337,607	2,601,082	3,120,501	3,600,039	3,879,914
895,517	1,055,226	1,083,417	1,305,793	1,496,537	884,140
14,910,006	15,751,412	16,458,458	17,907,299	19,122,048	19,553,685
13,061	12,862	13,293	14,012	14,198	16,740
1,272,090	1,311,865	1,463,006	1,616,819	1,734,512	1,975,859
937,452	984,552	1,053,270	1,094,041	1,231,623	1,157,783
2,222,603	2,309,279	2,529,569	2,724,872	2,980,333	3,150,382
12,018,382	12,371,441	12,787,252	13,495,017	14,039,670	14,806,371
3,281,258	3,649,472	4,064,088	4,737,320	5,334,551	5,855,773
1,832,969	2,039,778	2,136,687	2,399,834	2,728,160	2,041,923
$ 17,132,609	$ 18,060,691	$ 18,988,027	$ 20,632,171	$ 22,102,381	$ 22,704,067

State of Utah

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year 2006	2007	2008	2009
GOVERNMENTAL ACTIVITIES				
Expenses				
General Government	$ 289,749	$ 328,779	$ 385,331	$ 390,373
Human Services and Juvenile Justice Services	595,337	634,265	679,920	700,307
Corrections	208,922	237,305	255,319	254,980
Public Safety	182,042	172,912	191,910	189,069
Courts	109,180	115,811	125,587	123,209
Health and Environmental Quality [1]	1,635,544	1,620,936	1,649,209	1,812,067
Higher Education	810,228	824,503	912,998	997,218
Employment and Family Services	405,845	393,938	423,122	514,915
Natural Resources	133,441	174,711	159,955	174,730
Heritage and Arts [2]	84,843	108,110	132,687	139,840
Business, Labor and Agriculture	90,573	92,441	95,563	101,995
Public Education [3]	2,321,139	2,548,391	2,959,311	3,033,574
Transportation	602,730	658,759	782,194	785,692
Interest and Other Charges on Long-Term Debt	70,345	64,019	58,851	52,070
Total Expenses	7,539,918	7,974,880	8,811,957	9,270,039
Program Revenues				
Charges for Services:				
General Government	121,067	156,111	257,537	154,794
Human Services and Juvenile Justice Services	11,073	10,889	10,840	13,359
Corrections	4,483	4,624	5,332	5,211
Public Safety	32,777	43,806	49,247	51,475
Courts	47,330	46,158	46,517	48,957
Health and Environmental Quality	98,296	84,938	65,666	64,328
Higher Education	115	235	31	32,981
Employment and Family Services	8,492	3,532	7,413	8,067
Natural Resources	50,308	45,367	64,407	71,266
Heritage and Arts	5,368	4,833	5,278	3,632
Business, Labor and Agriculture	64,098	63,240	68,622	65,376
Public Education	85,867	69,471	100,919	79,462
Transportation	138,300	155,203	183,369	254,064
Operating Grants and Contributions	2,744,231	2,769,644	2,658,284	3,177,737
Capital Grants and Contributions	100,519	122,939	144,867	145,353
Total Program Revenues	3,512,324	3,580,990	3,668,329	4,176,062
Net Program (Expense) — Governmental Activities	(4,027,594)	(4,393,890)	(5,143,628)	(5,093,977)
General Revenues and Other Changes in Net Position				
Taxes:				
Sales Tax and Use Tax [4]	1,921,048	2,131,958	2,006,926	1,762,745
Individual Income Tax Imposed for Education [4]	2,496,911	2,667,207	2,435,059	2,336,528
Corporate Tax Imposed for Education [4]	379,801	412,720	409,794	252,095
Motor and Special Fuel Taxes Imposed for Transportation	356,176	353,107	350,426	337,395
Other Taxes	316,980	320,204	333,545	354,982
Investment Income	46,856	89,795	63,947	29,267
Gain on Sale of Capital Assets	46,084	52,139	26,980	15,583
Miscellaneous	31,999	37,569	41,659	46,375
Special Item–Comprehensive Health Insurance Pool Transfer	—	—	—	—
Transfers–Internal Activities	(19,013)	46,778	37,733	38,953
Prior Period Adjustments and Restatements	—	—	—	28,447
Total General Revenues and Other Changes in Net Position	5,576,842	6,111,477	5,706,069	5,202,370
Change in Net Position — Governmental Activities – Increase (Decrease)	1,549,248	1,717,587	562,441	108,393

Schedule A–2

Fiscal Year					
2010	**2011**	**2012**	**2013**	**2014**	**2015**
$ 383,925	$ 402,543	$ 420,612	$ 406,065	$ 417,067	$ 442,340
669,169	648,456	646,565	671,831	690,117	718,731
238,902	243,616	249,569	255,679	268,346	273,695
184,197	204,627	241,101	254,503	243,783	231,250
118,577	123,604	123,405	124,660	128,877	129,951
1,875,775	2,001,233	2,145,929	2,259,695	2,410,760	2,503,794
837,479	828,660	1,115,301	884,775	908,795	1,004,382
672,852	707,019	712,388	786,221	693,789	724,477
166,749	187,164	157,145	178,670	189,641	194,026
177,823	159,755	154,759	21,147	22,447	23,207
96,895	94,397	100,385	99,655	105,987	100,566
3,007,905	3,058,046	3,000,117	3,096,089	3,202,327	3,338,653
704,886	721,240	738,877	836,488	847,752	797,392
87,393	104,887	121,192	112,994	110,034	98,442
9,222,527	9,485,247	9,927,345	9,988,472	10,239,722	10,580,906
169,808	140,794	178,354	182,731	148,213	181,907
12,851	12,140	11,905	18,204	12,529	11,744
6,520	5,988	4,715	4,743	5,463	5,106
53,504	55,394	57,257	61,543	63,831	60,528
77,953	57,959	56,148	53,900	52,390	54,615
88,504	150,763	230,318	268,753	289,198	313,376
419	90	194	—	—	—
(2,715)	10,476	11,802	16,602	12,659	7,440
70,780	73,645	79,577	85,685	91,967	88,304
5,030	5,804	3,148	2,316	2,696	2,524
74,400	67,582	83,758	86,962	89,426	89,722
73,962	71,757	80,425	82,676	110,564	75,123
275,154	254,682	339,488	249,288	253,094	243,301
3,865,150	4,079,907	3,704,709	3,802,274	3,954,581	3,717,276
204,237	109,669	157,564	114,156	100,481	114,490
4,975,557	5,096,650	4,999,362	5,029,833	5,187,092	4,965,456
(4,246,970)	(4,388,597)	(4,927,983)	(4,958,639)	(5,052,630)	(5,615,450)
1,735,023	1,812,271	1,931,045	2,090,841	2,121,518	2,206,633
2,027,884	2,384,025	2,525,082	2,969,128	2,918,991	3,280,568
272,535	226,726	284,666	331,080	321,424	369,747
340,568	355,042	351,346	351,553	359,822	370,974
328,703	397,908	415,190	399,788	431,901	386,228
5,575	7,480	8,464	6,726	8,829	7,804
10,927	19,727	17,294	30,580	20,012	28,131
35,288	35,403	58,851	46,884	40,577	94,616
—	—	—	—	—	16,288
55,845	47,431	43,091	76,231	44,305	109,028
—	(56,010)	—	104,669	—	—
4,812,348	5,230,003	5,635,029	6,407,480	6,267,379	6,870,017
565,378	841,406	707,046	1,448,841	1,214,749	1,254,567

Continues

Changes in Net Position
Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2006	**2007**	**2008**	**2009**
BUSINESS-TYPE ACTIVITIES				
Expenses				
Student Assistance Programs	$ 152,895	$ 174,220	$ 164,411	$ 144,007
Unemployment Compensation [5]	102,476	97,692	148,424	489,925
Water Loan Programs	6,560	13,042	10,477	12,900
Community and Economic Loan Programs	1,570	1,136	2,310	2,349
Liquor Retail Sales	126,114	143,721	160,635	168,844
Other Business-type Activities	27,581	31,404	33,417	35,635
Total Expenses	417,196	461,215	519,674	853,660
Program Revenues				
Charges for Services:				
Student Assistance Programs	112,960	126,498	117,246	89,805
Unemployment Compensation	253,809	219,690	157,624	144,383
Water Loan Programs	10,715	10,634	12,135	12,234
Community and Economic Loan Programs	5,394	5,876	6,524	7,838
Liquor Retail Sales	173,400	195,276	219,801	228,474
Other Business-type Activities	32,826	39,753	44,140	49,437
Operating Grants and Contributions [6]	109,140	138,252	143,853	214,876
Total Program Revenues	698,244	735,979	701,323	747,047
Net Program Revenue (Expense) — Business-type Activities	281,048	274,764	181,649	(106,613)
General Revenues and Other Changes in Net Position				
Taxes:				
Sales Tax and Use Tax	14,875	25,440	23,462	22,976
Gain on Sale of Capital Assets	308	—	—	—
Miscellaneous	—	877	—	—
Transfers–Internal Activities	19,013	(46,778)	(37,733)	(38,953)
Prior Period Adjustments and Restatements	—	—	—	—
Total General Revenues and Other Changes in Net Position	34,196	(20,461)	(14,271)	(15,977)
Change in Net Position — Business-type Activities – Increase (Decrease)	315,244	254,303	167,378	(122,590)
Total Primary Government Change in Net Position	$ 1,864,492	$ 1,971,890	$ 729,819	$ (14,197)

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

[1] Expenses for health and environmental quality have increased over the last ten fiscal years due to rising Medicaid program costs.

[2] In fiscal year 2013, Legislative action moved the Housing and Community Development Division from heritage and arts to the employment and family services.

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

[4] From fiscal years 2006 to 2007, general tax revenues, specifically sales and use taxes, individual income taxes, and corporate taxes, increased significantly compared to prior years due to Utah's continued economic improvement. In fiscal years 2008 to 2010, general tax revenues declined due to the recessionary economy. In fiscal years 2011 to 2015, general tax revenues increased due to slightly higher revenues from a strengthening economy.

Fiscal Year					
2010	**2011**	**2012**	**2013**	**2014**	**2015**
$ 156,754	$ 93,422	$ 111,662	$ 99,379	$ 79,963	$ 111,437
872,826	642,023	436,880	307,444	233,403	177,105
31,971	38,069	19,045	12,828	13,778	18,276
2,166	1,770	2,604	2,420	8,603	2,967
180,401	190,373	201,976	213,395	225,948	242,933
30,886	33,796	47,341	75,361	54,983	36,720
1,275,004	999,453	819,508	710,827	616,678	589,438
109,804	71,966	66,312	63,727	59,784	88,188
170,224	296,847	380,533	384,114	357,059	295,851
13,875	10,584	13,710	13,464	12,329	406
9,033	10,583	11,843	11,152	10,051	5,562
238,767	252,225	272,363	293,978	313,444	338,039
41,527	44,230	33,555	39,010	40,832	38,892
546,840	421,016	276,762	185,150	95,641	89,903
1,130,070	1,107,451	1,055,078	990,595	889,140	856,841
(144,934)	107,998	235,570	279,768	272,462	267,403
22,206	21,819	24,264	25,891	27,304	28,384
—	—	—	—	—	—
38,188	4,290	3,547	425	—	—
(55,845)	(47,431)	(43,091)	(76,231)	(44,305)	(109,028)
—	—	—	(34,550)	—	—
4,549	(21,322)	(15,280)	(84,465)	(17,001)	(80,644)
(140,385)	86,676	220,290	195,303	255,461	186,759
$ 424,993	$ 928,082	$ 927,336	$ 1,644,144	$ 1,470,210	$ 1,441,326

[5] From fiscal years 2006 to 2007 unemployment compensation expenses decreased, reflecting Utah's improved employment. However, beginning in fiscal year 2008 and continuing in fiscal year 2010, unemployment compensation expenses increased significantly as the economy continued to weaken at a faster pace than in prior years. In fiscal years 2011 to 2015, expenses decreased reflecting Utah's improving economy and employment.

[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.

Fund Balances — Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2006	**2007**	**2008**	**2009**
General Fund				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable [1]	$ —	$ —	$ —	$ —
Prepaid Items [1]	—	—	—	—
Inventories	—	—	—	—
Restricted	—	—	—	—
Committed	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Total General Fund	0	0	0	0
All Other Governmental Funds				
Nonspendable:				
Inventories	$ —	$ —	$ —	$ —
Permanent Fund Principal [2]	—	—	—	—
Restricted	—	—	—	—
Committed [3]	—	—	—	—
Assigned [4]	—	—	—	—
Total All Other Governmental Funds	0	0	0	0
Total Fund Balances — Governmental Funds	$ 0	$ 0	$ 0	$ 0
General Fund				
Reserved [5]	$ 300,497	$ 411,600	$ 470,800	$ 305,224
Unreserved [6]	568,639	667,972	394,068	327,467
Total General Fund	869,136	1,079,572	864,868	632,691
All Other Governmental Funds				
Reserved	1,287,525	1,558,607	1,867,469	1,892,734
Unreserved reported in:				
Special Revenue Funds	1,096,485	1,473,424	975,035	807,356
Capital Projects [7]	(93,248)	(107,624)	57,027	(13,219)
Debt Service	14,332	17,801	20,801	5,210
Total All Other Governmental Funds	2,305,094	2,942,208	2,920,332	2,692,081
Total Fund Balances — Governmental Funds	$ 3,174,230	$ 4,021,780	$ 3,785,200	$ 3,324,772

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] Beginning in fiscal year 2013, the nonspendable fund balance within the General Fund increased due to prepaid items. Additionally, nonspendable fund balance within the General Fund also increased in fiscal year 2013 due to an increase in the long-term portion of revolving loans within the Internal Service Funds.

[2] In fiscal years 2013 to 2015, the nonspendable fund balance within other governmental funds increased primarily due to a change in investment values as a result of the rebounding economy.

[3] 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.

Fiscal Year

2010	2011	2012	2013	2014	2015
$ 2,861	$ 10,134	$ 13,537	$ 44,360	$ 38,832	$ 26,996
—	—	23,450	67,790	73,033	96,939
411	538	662	800	926	662
35,171	31,523	39,745	41,931	40,898	34,278
371,354	445,540	489,487	496,795	507,380	496,758
222,963	212,002	159,082	224,452	197,842	252,369
14,884	609	11,342	—	7,224	—
647,644	700,346	737,305	876,128	866,135	908,002
$ 11,646	$ 10,523	$ 11,583	$ 11,980	$ 14,018	$ 13,605
1,066,568	1,355,565	1,436,623	1,690,261	2,089,334	2,244,902
1,333,776	1,191,591	1,089,030	1,094,754	1,160,581	1,191,118
347,254	390,278	631,983	698,264	865,786	842,569
92,806	174,737	112,015	63,586	128,631	163,194
2,852,050	3,122,694	3,281,234	3,558,845	4,258,350	4,455,388
$ 3,499,694	$ 3,823,040	$ 4,018,539	$ 4,434,973	$ 5,124,485	$ 5,363,390
$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—
0	0	0	0	0	0
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
0	0	0	0	0	0
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

[4] The assigned fund balance within other governmental funds increased in fiscal year 2011, then decreased in fiscal years 2012 and 2013 as less funding was assigned for capital projects. In fiscal years 2014 and 2015, the assigned fund balance increased again as more funding was used for capital projects.

[5] In fiscal year 2009, General Fund reserved fund balance decreased due to less reserves available as a result of the slowing economy.

[6] In fiscal years 2006 to 2007, General Fund unreserved fund balance increased due to higher tax revenues from a strengthening economy. In fiscal years 2008 and 2009, General Fund unreserved fund balance decreased as the State's economy slowed. Sales and use tax diversions along with reductions in the sales tax rate also contributed to the decrease in tax revenues in the General Fund.

[7] In fiscal years 2006 to 2007, and again in fiscal year 2009, unreserved fund balance for capital projects reported a deficit balance as a result of outstanding encumbrances on various capital related projects. Appropriations and bond proceeds available in subsequent fiscal years will fund these deficits.

Changes in Fund Balances — Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2006	**2007**	**2008**	**2009**
Revenues				
Sales and Use Tax [1]	$ 1,915,600	$ 2,109,732	$ 2,031,239	$ 1,761,224
Individual Income Tax [1]	2,324,365	2,589,252	2,560,394	2,340,400
Corporate Tax [1]	379,624	411,929	410,586	249,177
Motor and Special Fuels Tax	344,902	366,446	357,664	337,529
Other Taxes	316,994	320,204	333,542	354,713
Federal Contracts and Grants [2]	2,524,022	2,480,016	2,574,585	3,207,110
Charges for Services/Royalties	405,013	412,411	468,451	463,248
Licenses, Permits, and Fees	113,684	120,349	121,882	128,212
Federal Mineral Lease	156,851	145,985	134,404	172,642
Intergovernmental	9,109	23,332	12,884	9,446
Investment Income [3]	116,215	240,988	46,716	(132,523)
Miscellaneous and Other	239,901	261,617	373,047	382,614
Total Revenues	8,846,280	9,482,261	9,425,394	9,273,792
Expenditures				
General Government	239,838	268,775	319,389	325,076
Human Services and Juvenile Justice Services	593,392	627,598	677,234	701,099
Corrections	205,310	229,198	251,216	255,448
Public Safety	179,622	172,427	196,008	213,038
Courts	114,111	119,650	131,261	129,125
Health and Environmental Quality [4]	1,634,619	1,620,400	1,648,841	1,812,488
Higher Education–State Administration	43,505	49,064	64,587	60,224
Higher Education–Colleges and Universities	675,267	708,063	793,283	782,650
Employment and Family Services [5]	413,380	406,532	432,955	519,741
Natural Resources	140,592	171,014	174,120	178,306
Heritage and Arts [5]	85,231	108,592	132,413	140,453
Business, Labor, and Agriculture	89,255	91,162	96,072	101,966
Public Education [6]	2,322,871	2,547,421	2,960,873	3,035,519
Transportation [7] [8]	761,744	813,315	1,030,793	1,249,080
Capital Outlay [9]	347,048	560,108	566,955	607,794
Debt Service — Principal Retirement	152,746	159,862	193,292	180,613
Debt Service — Interest and Other Charges	82,690	75,149	139,883	64,675
Total Expenditures	8,081,221	8,728,330	9,809,175	10,357,295
Revenues Over (Under) Expenditures	765,059	753,931	(383,781)	(1,083,503)
Other Financing Sources (Uses)				
General Obligation Bonds Issued [9]	—	—	75,000	498,810
Revenue Bonds Issued	—	—	—	—
Refunding Bonds Issued	—	—	—	—
Premium on Bonds Issued	—	—	1,557	45,445
Payment to Refunded Bond Escrow Agent	—	—	—	—
Capital Leases/Contracts Issued	—	—	2,131	2,010
Sale of Capital Assets	50,679	47,193	30,824	28,035
Transfers In	935,723	3,721,041	4,550,400	3,606,534
Transfers Out	(952,798)	(3,674,615)	(4,512,711)	(3,557,759)
Special Item				
Comprehensive Health Insurance Pool Transfer [10]	—	—	—	—
Prior Period Adjustments and Restatements	942	—	—	—
Total Other Financing Sources (Uses)	34,546	93,619	147,201	623,075
Net Change in Fund Balances	$ 799,605	$ 847,550	$ (236,580)	$ (460,428)
Debt Service as a Percentage of Noncapital Expenditures	3.12 %	2.96 %	3.75 %	2.67 %

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] From fiscal years 2006 to 2007, tax revenues, specifically sales and use taxes, individual income taxes, and corporate taxes, increased significantly compared to prior years due to Utah's continued economic growth. In fiscal years 2009 to 2010, tax revenues decreased significantly as the economy slowed. Sales and use tax diversions along with a reduction in the sales tax rate also contributed to this decrease. In fiscal years 2011 to 2015, tax revenues increased due to a rebounding economy.

[2] In fiscal years 2009 and 2010, federal contracts and grants increased in part due to funding provided by the *American Recovery and Reinvestment Act* .

[3] In fiscal year 2009, the decrease in the fair value of investments for the permanent fund created a negative revenue. In fiscal year 2013 and 2014, investment income increased due to an increase in the fair value of investments as the result of a rebounding economy. In fiscal year 2015, investment income decreased due to a change in the fair value of investments.

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

Fiscal Year					
2010	**2011**	**2012**	**2013**	**2014**	**2015**
$ 1,733,412	$ 1,812,011	$ 1,934,035	$ 2,094,132	$ 2,121,249	$ 2,204,389
2,124,173	2,332,562	2,518,373	2,865,195	2,916,015	3,211,476
266,961	230,888	285,541	329,726	322,748	366,543
341,196	352,918	353,299	351,197	359,176	371,412
328,753	397,248	414,744	400,111	432,178	386,066
3,713,771	3,626,354	3,561,512	3,489,515	3,463,045	3,478,563
463,436	528,568	625,831	677,119	706,125	682,288
179,947	188,998	183,630	185,976	188,653	194,648
129,377	135,979	183,739	138,122	158,193	138,635
28,659	18,537	34,407	32,704	7,211	12,620
118,541	274,797	46,133	221,139	353,653	133,092
356,004	332,722	393,010	305,267	327,880	384,968
9,784,230	10,231,582	10,534,254	11,090,203	11,356,126	11,564,700
313,981	316,440	356,752	362,845	374,134	386,059
667,192	646,411	645,418	669,091	692,277	723,663
235,411	238,090	245,829	251,118	266,246	272,053
199,731	207,426	239,453	255,727	271,716	266,586
136,373	128,676	127,066	129,693	132,886	137,901
1,873,264	2,008,356	2,141,835	2,252,166	2,434,410	2,517,513
52,084	48,836	49,359	51,901	48,920	56,935
734,440	718,026	721,074	735,438	781,998	875,610
673,329	703,786	706,181	781,178	703,441	730,972
161,640	189,430	153,698	178,330	184,465	190,378
178,258	160,338	155,575	22,428	24,231	24,041
96,579	93,149	99,689	99,828	105,915	101,331
3,002,318	3,059,351	2,999,706	3,097,161	3,202,007	3,340,290
1,204,955	946,692	1,064,449	951,277	902,788	903,700
1,007,219	1,236,168	973,206	524,582	380,930	499,705
189,041	223,952	266,300	309,268	329,659	319,739
113,876	142,452	168,047	154,472	150,101	135,994
10,839,691	11,067,579	11,113,637	10,826,503	10,986,124	11,482,470
(1,055,461)	(835,997)	(579,383)	263,700	370,002	82,230
982,170	1,034,970	609,920	33,240	226,175	—
101,595	—	5,250	1,900	—	—
—	196,610	—	22,612	—	221,765
65,853	94,689	92,558	8,346	24,656	47,562
—	(234,873)	—	(24,358)	—	(267,870)
11,122	—	—	2,824	—	—
13,966	20,256	22,158	31,243	24,596	29,274
929,044	1,125,598	1,097,387	1,360,691	1,489,272	1,659,616
(873,367)	(1,077,907)	(1,052,391)	(1,283,764)	(1,445,189)	(1,549,960)
—	—	—	—	—	16,288
—	—	—	—	—	—
1,230,383	1,159,343	774,882	152,734	319,510	156,675
$ 174,922	$ 323,346	$ 195,499	$ 416,434	$ 689,512	$ 238,905
3.29 %	3.85 %	4.45 %	4.59 %	4.60 %	4.22 %

[5] In fiscal year 2013, Legislative action moved the Housing and Community Development Division from heritage and arts to the employment and family services.

[6] Public education expenditures continue to increase for both enrollment growth and benefit-related costs for educators.

[7] 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 beginning in fiscal year 2006, at the inception of the fund.

[8] Expenditures for transportation increased in fiscal years 2007 to 2010 as existing fund balances and federal resources were used to address the State's transportation infrastructure needs.

[9] Expenditures for capital outlay increased in fiscal years 2010 to 2011 as additional funding through bond proceeds were used to address the State's transportation infrastructure needs.

[10] 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.

State of Utah

Revenue Base
Last Ten Calendar Years

(Expressed in Thousands)

	Calendar Year 2005	2006	2007	2008
Taxable Sales, Services, and Use Tax Purchases [1]				
Agriculture, Forestry, and Fishing	$ 69,102	$ 75,432	$ 73,621	$ 10,822
Mining	284,634	407,292	477,342	923,107
Construction	512,075	711,035	792,084	785,217
Manufacturing	2,027,777	2,507,326	2,678,207	2,635,317
Transportation	171,898	201,036	205,763	169,209
Communications and Utilities	3,248,719	3,557,949	3,591,019	4,138,623
Wholesale Trade	4,265,754	5,087,766	5,318,425	4,637,872
Retail	22,897,441	25,784,902	27,428,307	24,972,519
Finance, Insurance, and Real Estate	384,754	412,926	429,446	1,803,420
Services	4,747,385	5,261,263	5,689,281	6,889,315
Public Administration	106,941	114,007	116,614	224,402
Prior Period Payments and Refunds	524,772	674,846	889,925	193,380
Total Taxable Sales, Services and Use Tax Purchases	$ 39,241,252	$ 44,795,780	$ 47,690,034	$ 47,383,203
State Sales Tax Rate	4.75 %	4.75 %	4.75 %	4.65 %
Personal Income by Industry				
Federal Civilian	$ 2,828,004	$ 3,000,038	$ 3,136,970	$ 3,138,234
Federal Military	916,809	897,529	911,267	956,758
State and Local Government	7,051,503	7,480,210	7,994,668	8,619,692
Forestry, Fishing, and Related Activities	52,739	60,473	68,862	64,322
Mining	742,685	991,905	1,071,608	1,325,928
Utilities	395,148	470,178	454,072	520,216
Construction	4,898,246	5,802,670	6,366,934	5,938,557
Manufacturing	6,515,083	7,094,929	7,603,852	7,987,992
Wholesale Trade	2,644,323	2,910,463	3,219,149	3,313,418
Retail Trade	4,547,285	4,991,846	5,414,830	5,409,252
Transportation and Warehousing	2,623,687	2,727,491	3,025,714	2,943,658
Information	1,877,289	1,848,632	1,855,191	1,911,065
Financial, Insurance, Real Estate, Rental, and Leasing	4,645,983	5,085,088	5,180,794	5,592,421
Services	18,166,572	20,219,576	21,817,272	22,905,660
Farm Earnings	286,894	166,993	197,116	216,580
Other [2]	13,337,726	14,630,380	16,787,369	19,766,570
Total Personal Income	$ 71,529,976	$ 78,378,401	$ 85,105,668	$ 90,610,323
Highest Income Tax Rate	7.00 %	6.98 %	6.98 %	5.00 %

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

[1] Taxable Sales, Services, and Use Tax Purchases utilize *American Industrial Classification* codes starting in 2008. Prior to 2008 are based on *Standard Industrial Classification* codes.

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

Schedule B–1

	Calendar Year				
2009	**2010**	**2011**	**2012**	**2013**	**2014**
$ 10,938	$ 12,747	$ 14,082	$ 13,880	$ 15,083	$ 16,721
560,727	757,601	848,168	961,570	850,275	842,837
685,598	662,141	654,043	749,572	686,116	718,877
2,079,294	2,082,345	2,209,327	2,283,863	2,251,708	2,439,019
150,891	236,609	274,577	123,695	151,582	116,776
4,060,387	4,147,437	4,250,457	4,515,800	4,609,452	4,764,084
3,457,754	3,615,569	4,065,152	4,647,539	4,397,645	4,564,362
22,613,395	21,480,510	22,794,901	24,351,361	25,848,614	27,160,751
1,430,640	1,328,491	1,337,530	1,327,864	1,378,991	1,441,941
6,289,414	6,737,174	7,137,503	7,670,035	8,108,526	8,696,364
225,935	224,668	229,227	245,093	250,212	262,250
359,249	622,276	339,856	640,908	855,842	685,181
$ 41,924,222	$ 41,907,568	$ 44,154,823	$ 47,531,180	$ 49,404,046	$ 51,709,163
4.70 %	4.70 %	4.70 %	4.70 %	4.70 %	4.70 %
$ 3,262,129	$ 3,427,143	$ 3,556,359	$ 3,201,034	$ 3,127,049	$ 3,232,485
1,059,773	1,066,165	1,023,592	782,075	758,348	732,974
8,996,163	9,056,491	9,440,193	10,479,690	10,438,482	10,710,026
56,230	59,568	69,173	69,036	79,070	86,786
905,190	939,571	1,134,370	1,451,372	1,488,131	1,525,564
500,769	517,919	531,434	510,476	509,579	517,845
4,880,333	4,851,542	5,033,034	5,310,328	5,749,752	6,279,797
7,243,424	7,523,277	7,787,202	8,079,603	8,372,774	8,644,565
3,145,582	3,142,845	3,473,443	3,778,828	3,920,138	3,971,920
5,248,220	5,352,492	5,478,538	5,817,378	6,245,965	6,540,456
2,818,544	2,871,728	2,977,382	2,983,157	3,148,136	3,245,114
1,837,118	1,931,461	2,146,263	2,426,304	2,527,863	2,721,786
5,432,615	5,578,130	6,113,185	6,281,226	7,101,517	7,589,714
22,798,279	23,756,996	24,676,881	26,044,184	27,872,193	29,420,035
105,542	202,854	266,260	231,074	510,235	592,300
18,640,550	19,972,051	20,693,761	23,716,925	24,223,342	25,030,518
$ 86,930,461	$ 90,250,233	$ 94,401,070	$ 101,162,690	$ 106,072,574	$ 110,841,885
5.00 %	5.00 %	5.00 %	5.00 %	5.00 %	5.00 %

Revenue Payers by Industry — Taxable Sales, Services, and Use Tax Purchases

Schedule B–2

Most Current Calendar Year and Historical Comparison

(Expressed in Thousands)

	Calendar Year 2005		Calendar Year 2014	
	Taxable Sales and Purchases	**Percent of Total**	**Taxable Sales and Purchases**	**Percent of Total**
Agriculture, Forestry, and Fishing	$ 69,102	0.2%	$ 16,721	0.1 %
Mining	284,634	0.7%	842,837	1.6 %
Construction	512,075	1.3%	718,877	1.4 %
Manufacturing	2,027,777	5.2%	2,439,019	4.7 %
Transportation	171,898	0.4%	116,776	0.2 %
Communications and Utilities	3,248,719	8.3%	4,764,084	9.2 %
Wholesale Trade	4,265,754	10.9%	4,564,362	8.8 %
Retail	22,897,441	58.3%	27,160,751	52.6 %
Finance, Insurance, and Real Estate	384,754	1.0%	1,441,941	2.8 %
Services	4,747,385	12.1%	8,696,364	16.8 %
Public Administration	106,941	0.3%	262,250	0.5 %
Prior Period Payments, Refunds	524,772	1.3%	685,181	1.3 %
Total Taxable Sales, Services, and Use Tax Purchases	$ 39,241,252	100.0%	$ 51,709,163	100.0 %
State Sales Tax Rates	4.75 % except 2.00 % for Communications and Utilities		4.70 % except 2.00 % for Communications and Utilities	

Source: Utah State Tax Commission

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the State's revenue. The most current period available for taxable sales, services, and use tax purchases is calendar year 2014.

Revenue Payers — Personal Income Tax

Schedule B–3

Most Current Calendar Year and Historical Comparison

(Dollars Expressed in Thousands)

	Calendar Year 2004				Calendar Year 2013			
	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	174,977	19.0%	$ 3,123	0.2%	163,181	14.9 %	$ 1,057	0.1 %
$10,001–20,000	156,231	16.9%	32,868	1.9%	157,938	14.4 %	20,677	0.8 %
$20,001–30,000	128,567	14.0%	71,537	4.1%	138,825	12.7 %	60,643	2.5 %
$30,001–40,000	98,924	10.8%	100,388	5.8%	110,868	10.1 %	94,890	3.8 %
$40,001–50,000	80,980	8.8%	124,093	7.1%	90,382	8.2 %	121,549	4.9 %
$50,001–75,000	138,905	15.1%	337,904	19.4%	169,401	15.5 %	376,230	15.3 %
$75,001–100,000	70,810	7.7%	269,254	15.5%	111,695	10.2 %	387,523	15.7 %
$100,001–250,000	60,481	6.6%	398,776	22.9%	133,353	12.2 %	838,507	34.0 %
Over $250,000	10,274	1.1%	401,169	23.1%	20,011	1.8 %	563,694	22.9 %
Total	920,149	100.0 %	$ 1,739,112	100.0 %	1,095,654	100.0 %	$ 2,464,770	100.0 %

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 2013.

__State of Utah__

Personal Income Tax Rates — Schedule B–4

Last Ten Calendar Years

	Calendar Year 2005	2006 to 2007 [1] [2]	2008 to 2014 [3]
	Single and Married Filing Separately		
Tax Rate	2.30 %	2.30 %	—
Taxable Income Levels ..	$0–863	$0–1,000	—
Tax Rate	3.30 %	3.30 %	—
Taxable Income Levels ..	$864–1,726	$1,001–2,000	—
Tax Rate	4.20 %	4.20 %	—
Taxable Income Levels ..	$1,727–2,588	$2,001–3,000	—
Tax Rate	5.20 %	5.20 %	—
Taxable Income Levels ..	$2,589–3,450	$3,001–4,000	—
Tax Rate	6.00 %	6.00 %	—
Taxable Income Levels ..	$3,451–4,313	$4,001–5,500	—
Tax Rate	7.00 %	6.98 %	—
Taxable Income Levels ..	Over $4,313	Over $5,500	—
Tax Rate	—	5.35 %	5.00 %
	Married Filing Joint, Head of Household, and Qualifying Widow(er)		
Tax Rate	2.30 %	2.30 %	—
Taxable Income Levels ..	$0–1,726	$0–2,000	—
Tax Rate	3.30 %	3.30 %	—
Taxable Income Levels ..	$1,727–3,450	$2,001–4,000	—
Tax Rate	4.20 %	4.20 %	—
Taxable Income Levels ..	$3,451–5,176	$4,001–6,000	—
Tax Rate	5.20 %	5.20 %	—
Taxable Income Levels ..	$5,177–6,900	$6,001–8,000	—
Tax Rate	6.00 %	6.00 %	—
Taxable Income Levels ..	$6,901–8,626	$8,001–11,000	—
Tax Rate	7.00 %	6.98 %	—
Taxable Income Levels ..	Over $8,626	Over $11,000	—
Tax Rate	—	5.35 %	5.00 %

Source: Utah State Tax Commission

Note: The Utah State Legislature can raise the income tax rates by legislation, no vote of the populace is required; *Utah Constitution* , Article XIII, Section 5.

[1] The Legislature increased income levels and lowered the maximum tax rate effective for calendar year 2006.

[2] The Legislature passed an option for the taxpayer to use the single rate of 5.35 percent or the tax tables for calendar year 2007.

[3] The Legislature passed a single tax rate for all taxpayers beginning with calendar year 2008.

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State of Utah

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year 2006	2007	2008	2009
Governmental Activities				
General Obligation Bonds	$ 1,437	$ 1,284	$ 1,198	$ 1,563
State Building Ownership Authority Lease Revenue Bonds	296	275	162	149
Capital Leases	20	18	19	19
Contracts/Notes Payable	8	7	1	1
Total Governmental Activities	1,761	1,584	1,380	1,732
Business-type Activities				
Student Assistance Revenue Bonds	2,138	2,138	2,165	2,235
State Building Ownership Authority Lease Revenue Bonds	38	37	51	75
Water Loan Recapitalization Revenue Bonds	—	—	—	—
Contracts/Notes Payable [1]	—	—	—	297
Total Business-type Activities	2,176	2,175	2,216	2,607
Total Primary Government	$ 3,937	$ 3,759	$ 3,596	$ 4,339
Debt as a Percentage of Personal Income [2]	5.21 %	4.44 %	4.04 %	4.93 %
Amount of Debt Per Capita (expressed in dollars) [2]	$ 1,506	$ 1,392	$ 1,304	$ 1,586
Net General Obligation Bonded Debt				
General Obligation Bonds	$ 1,437	$ 1,284	$ 1,198	$ 1,563
Net General Obligation Bonded Debt as a Percentage of Taxable Property Value [3]	0.99 %	0.76 %	0.59 %	0.70 %
Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) [2]	$ 550	$ 476	$ 434	$ 571

Sources: Utah Department of Administrative Services, Division of Finance; Utah State Tax Commission – Property Tax; and Utah Governor's Office of Management and Budget – Demographics.

Note: Net general obligation and revenue bonded debt includes principal, premiums, discounts, and deferred amount on refundings of bonded debt for years prior to 2014. Beginning in 2014, deferred amounts on refunding of bonded debt is no longer reported as part of long-term liabilities, but now as Deferred Outflows or Inflows of Resources per the implementation of Governmental Accounting Standards Board (GASB) Statement 65, *Items Previously Reported as Assets and Liabilities.*

[1] In 2015 the Student Assistance Programs issued a line of credit to acquire federally guaranteed student loans.

[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.

Schedule C–1

Fiscal Year					
2010	**2011**	**2012**	**2013**	**2014**	**2015**
$ 2,410	$ 3,256	$ 3,660	$ 3,361	$ 3,271	$ 2,950
239	223	213	200	187	170
28	26	24	23	22	20
—	—	—	10	6	—
2,677	3,505	3,897	3,594	3,486	3,140
1,389	1,243	970	1,274	1,284	1,511
98	95	90	85	81	80
68	67	62	58	52	47
811	648	552	—	—	1,152
2,366	2,053	1,674	1,417	1,417	2,790
$ 5,043	$ 5,558	$ 5,571	$ 5,011	$ 4,903	$ 5,930
5.59 %	5.89 %	5.51 %	4.78 %	4.42 %	5.09 %
$ 1,817	$ 1,975	$ 1,951	$ 1,727	$ 1,666	$ 1,985
$ 2,410	$ 3,256	$ 3,660	$ 3,361	$ 3,271	$ 2,950
1.13 %	1.59 %	1.82 %	1.67 %	1.58 %	1.33 %
$ 868	$ 1,157	$ 1,282	$ 1,159	$ 1,111	$ 988

Other Long-Term Liabilities
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year 2006	2007	2008	2009
Governmental Activities				
General Obligation Bonds [1]	$ 1,377,390	$ 1,237,170	$ 1,161,510	$ 1,492,620
State Building Ownership Authority Lease Revenue Bonds	293,226	273,538	161,614	148,654
Net Unamortized Premiums	83,347	66,581	51,011	80,962
Deferred Amount on Refundings [2]	(21,546)	(17,732)	(13,621)	(10,151)
Capital Leases	19,644	18,228	18,769	19,210
Notes Payable [3]	7,936	6,941	559	512
Compensated Absences [4]	148,762	185,630	186,581	162,689
Claims	46,725	44,755	41,285	43,650
Pollution Remediation Obligation [3]	—	—	7,842	7,687
Arbitrage Liability	—	109	—	—
Net Other Post Employment Benefit Obligation	—	—	—	3,918
Settlement Obligation	—	—	—	—
Net Pension Liability	—	—	—	—
Total Governmental Activities	1,955,484	1,815,220	1,615,550	1,949,751
Business-type Activities				
Student Assistance Revenue Bonds [5]	2,138,085	2,137,655	2,165,180	2,235,322
State Building Ownership Authority Lease Revenue Bonds	37,814	36,552	50,246	73,676
Water Loan Recapitalization Revenue Bonds	—	—	—	—
Net Unamortized Premiums	988	879	1,117	1,491
Deferred Amount on Refundings [2]	(415)	(365)	(318)	(267)
Notes Payable [6]	—	—	—	297,381
Claims and Uninsured Liabilities	4,960	4,678	5,786	14,941
Arbitrage Liability	67,845	72,487	65,945	57,782
Net Pension Liability	—	—	—	—
Total Business-type Activities	2,249,277	2,251,886	2,287,956	2,680,326
Total Primary Government Other Long-term Liabilities	$ 4,204,761	$ 4,067,106	$ 3,903,506	$ 4,630,077

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] Beginning in 2008, the Pollution Remediation Obligation is no longer reported in the financial statements as part of Contracts Payable under Governmental Activities. This obligation is now being reported separately as Pollution Remediation Obligation per the implementation of GASB Statement 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.*

[4] During 2009, a new actuary valuation was performed for GASB Statement 16, *Accounting for Compensated Absences* and as a result the total liability decreased.

[5] During 2012, the Student Assistance Programs advance refunded certain outstanding student loan revenue bonds to manage its interest costs.

Schedule C–2

Fiscal Year					
2010	**2011**	**2012**	**2013**	**2014**	**2015**
$ 2,299,300	$ 3,128,890	$ 3,487,680	$ 3,225,435	$ 3,136,755	$ 2,830,150
236,629	220,380	210,384	198,485	183,590	166,773
119,694	162,003	200,979	159,882	138,187	122,321
(7,080)	(31,904)	(26,248)	(22,546)	—	—
27,542	25,799	24,270	23,213	21,794	20,287
484	466	446	9,758	5,983	370
162,120	182,543	185,701	185,711	184,679	185,792
41,897	42,731	44,700	48,190	48,585	46,931
7,690	7,083	6,640	6,222	5,327	5,086
—	—	—	—	—	—
5,693	7,142	5,439	5,206	4,331	4,126
39,422	38,926	34,007	25,020	6,928	4,471
—	—	—	—	—	802,543
2,933,391	3,784,059	4,173,998	3,864,576	3,736,159	4,188,850
1,388,922	1,218,390	930,422	1,240,407	1,277,837	1,509,543
96,476	92,445	88,161	83,795	79,106	73,207
65,800	65,800	61,205	56,545	51,800	46,940
4,093	29,092	16,917	13,143	9,110	8,696
(221)	(994)	25,445	23,413	—	—
811,354	647,842	552,423	—	—	1,152,207
19,105	16,179	17,866	18,694	9,283	7,587
50,214	11,968	10,000	—	—	—
—	—	—	—	—	12,853
2,435,743	2,080,722	1,702,439	1,435,997	1,427,136	2,811,033
$ 5,369,134	$ 5,864,781	$ 5,876,437	$ 5,300,573	$ 5,163,295	$ 6,999,883

[6] During 2010, the Student Assistance Programs began participating in the U.S. Department of Education Loan Participation Purchase Program. The 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.

State of Utah

Legal Debt Margin
Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year 2006	2007	2008	2009
Taxable Property, Taxable Value [1]	$ 144,519	$ 168,812	$ 201,774	$ 224,689
Taxable Property, Fair Market Value [1]	$ 198,983	$ 233,013	$ 282,176	$ 311,525
Debt Limit (Fair Market Value times 1.5 %)	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount	2,985	3,495	4,233	4,673
Net General Obligation Bonded Debt [2 3]	1,437	1,284	1,198	1,563
Legal Debt Margin	$ 1,548	$ 2,211	$ 3,035	$ 3,110
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount	48.14 %	36.74 %	28.30 %	33.45 %

Source: Utah State Tax Commission and the Utah Department of Adminstrative Services, Division of Finance.

Note: Article XIV, Section 1 of the *Utah Constitution* allows the State to contract debts not exceeding 1.5 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. For fiscal year 2015, the State has other long-term contract liabilities consisting of unused vacation and other vested leave for employees of $99.706 million. 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, 2014, are used for fiscal year 2015.

Statutory Debt Limit
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year 2006	2007	2008	2009
Appropriations Limitation Amount	$ 2,099,609	$ 2,276,693	$ 2,477,629	$ 2,515,576
Limit (Appropriations Limitation Amount times applicable percentage)	45.00%	45.00%	45.00%	45.00%
Statutory Debt Limit Amount	944,824	1,024,512	1,114,933	1,132,009
Net General Obligation Bonded Debt [1]	1,436,845	1,284,023	1,198,172	1,562,815
Less: Exempt Highway Construction Bonds	(877,979)	(790,567)	(763,583)	(1,079,270)
Net General Obligation Bonded Debt Subject to Statutory Debt Limit	558,866	493,456	434,589	483,545
Additional General Obligation Debt Incurring Capacity	$ 385,958	$ 531,056	$ 680,344	$ 648,464

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. For fiscal year 2015, the State has other long-term contract liabilities consisting of unused vacation and other vested leave for employees of $99.706 million. These contract liabilities do not affect the State's compliance with the constitutional debt limit.

Schedule C–3

	Fiscal Year					
	2010	**2011**	**2012**	**2013**	**2014**	**2015**
	$ 212,423	$ 205,284	$ 201,473	$ 201,294	$ 207,211	$ 221,650
	$ 291,460	$ 280,846	$ 274,806	$ 272,954	$ 282,489	$ 303,725
	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
	4,372	4,213	4,122	4,094	4,237	4,556
	2,410	3,256	3,660	3,361	3,271	2,950
	$ 1,962	$ 957	$ 462	$ 733	$ 966	$ 1,606
	55.12 %	77.28 %	88.79 %	82.10 %	77.20 %	64.75 %

[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*.

Schedule C–4

	Fiscal Year					
	2010	**2011**	**2012**	**2013**	**2014**	**2015**
	$ 2,657,135	$ 2,849,469	$ 3,033,826	$ 3,141,740	$ 3,250,227	$ 3,315,101
	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
	1,195,711	1,282,261	1,365,222	1,413,783	1,462,602	1,491,795
	2,409,939	3,256,114	3,660,089	3,360,901	3,271,302	2,949,659
	(1,860,685)	(2,698,330)	(3,131,784)	(2,869,046)	(2,860,178)	(2,621,976)
	549,254	557,784	528,305	491,855	411,124	327,683
	$ 646,457	$ 724,477	$ 836,917	$ 921,928	$ 1,051,478	$ 1,164,112

[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*.

State of Utah

Pledged Revenue Coverage

Schedule C–5

Last Ten Fiscal Years

(Expressed in Thousands)

Fiscal Year	Gross Revenues [1]	Less Operating Expenses [2]	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage [3]
Water Loan Programs [4]						
2006	$ —	$ —	$ —	$ —	$ —	—
2007	$ —	$ —	$ —	$ —	$ —	—
2008	$ —	$ —	$ —	$ —	$ —	—
2009	$ —	$ —	$ —	$ —	$ —	—
2010	$ 1,295	$ —	$ 1,295	$ —	$ 862	1.50
2011	$ 3,742	$ —	$ 3,742	$ —	$ 2,424	1.54
2012	$ 3,860	$ —	$ 3,860	$ 4,595	$ 2,371	0.55
2013	$ 3,649	$ —	$ 3,649	$ 4,660	$ 2,297	0.52
2014	$ 3,877	$ —	$ 3,877	$ 4,745	$ 2,197	0.56
2015	$ 3,920	$ —	$ 3,920	$ 4,860	$ 2,067	0.57
Student Assistance Programs [5]						
2006	$ 118,044	$ 37,810	$ 80,234	$ 40,420	$ 64,807	0.76
2007	$ 146,108	$ 33,211	$ 112,897	$ 430	$ 97,729	1.15
2008	$ 129,255	$ 19,682	$ 109,573	$ 72,145	$ 98,154	0.64
2009	$ 84,465	$ 25,658	$ 58,807	$ 121,358	$ 62,839	0.32
2010	$ 70,616	$ 42,470	$ 28,146	$ 966,668	$ 35,967	0.03
2011	$ 27,188	$ (20,137) [6]	$ 47,325	$ 557,894	$ 20,655	0.08
2012	$ 25,404	$ 14,904	$ 10,500	$ 797,350	$ 10,620	0.01
2013	$ 44,378	$ 27,914	$ 16,464	$ 208,715	$ 9,747	0.08
2014	$ 49,679	$ 36,697	$ 12,982	$ 171,000	$ 7,631	0.07
2015	$ 75,796	$ 59,463	$ 16,333	$ 967,584	$ 6,646	0.02

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

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

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

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

[4] Between years 2006 and 2009, the State did not issue any water loan recapitalization bonds.

[5] Prior to 2015, only Student Loan Purchase Program bonds were presented. During February 2015, the Warehouse Facility Fund line of credit was issued for $1.6 billion in order to acquire federally guaranteed student loans.

[6] During 2011, the Student Assistance Programs had a substantial decrease in its provision for interest arbitrage rebate of $37.2 million on its 1988 and 1993 revenue bonds.

Demographic and Economic Indicators — Schedule D–1

Last Ten Calendar Years

Calendar Year	Population (in Thousands) Utah Number	Utah Change	U.S. Number	U.S. Change	Unemployment Rate Utah	Unemployment Rate U.S.	Utah Net Migration
2006	2,615	2.7 %	299,200	0.9 %	2.9 %	4.6 %	28,730
2007	2,700	3.3 %	302,040	0.9 %	2.6 %	4.6 %	44,252
2008	2,758	2.1 %	304,992	1.0 %	3.3 %	5.8 %	16,648
2009	2,735	(0.8)%	307,800	0.9 %	7.8 %	9.3 %	3,700
2010	2,775	1.5 %	310,100	0.7 %	8.1 %	9.6 %	4,500
2011	2,814	1.4 %	312,300	0.7 %	6.8 %	8.9 %	2,300
2012	2,855	1.5 %	314,500	0.7 %	5.4 %	8.1 %	3,700
2013	2,901	1.6 %	316,700	0.7 %	4.4 %	7.4 %	9,200
2014	2,943	1.4 %	319,500	0.9 %	3.8 %	6.2 %	4,000
2015 (est.)	2,987	1.5 %	321,900	0.8 %	3.7 %	5.4 %	8,700

Calendar Year	Personal Income (in Millions) Utah Amount	Utah Change	U.S. Amount	U.S. Change	Per Capita Income (in Dollars) Utah Amount	Utah Change	U.S. Amount	U.S. Change
2006	$ 75,598	8.4 %	$ 10,993,900	7.1 %	$ 28,909	5.6 %	$ 36,744	6.1 %
2007	$ 84,709	12.1 %	$ 11,894,000	8.2 %	$ 31,374	8.5 %	$ 39,379	7.2 %
2008	$ 88,902	4.9 %	$ 12,391,000	4.2 %	$ 32,234	2.7 %	$ 40,627	3.2 %
2009	$ 87,947	(1.1)%	$ 11,930,000	(3.7)%	$ 32,156	(0.2)%	$ 38,759	(4.6)%
2010	$ 90,250	2.6 %	$ 12,322,000	3.3 %	$ 32,523	1.1 %	$ 39,736	2.5 %
2011	$ 94,401	4.6 %	$ 12,947,000	5.1 %	$ 33,547	3.1 %	$ 41,457	4.3 %
2012	$ 101,163	7.2 %	$ 13,888,000	7.3 %	$ 35,434	5.6 %	$ 44,159	6.5 %
2013	$ 104,910	3.7 %	$ 14,167,000	2.0 %	$ 36,163	2.1 %	$ 44,733	1.3 %
2014	$ 110,842	5.7 %	$ 14,694,000	3.7 %	$ 37,663	4.1 %	$ 45,991	2.8 %
2015 (est.)	$ 116,536	5.1 %	$ 15,316,000	4.2 %	$ 39,014	3.6 %	$ 47,580	3.5 %

Source: Population—Utah Population Estimates Committee at July 1 each year. The 2015 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate—Utah Department of Workforce Services. The 2015 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration—Utah Population Estimates Committee at July 1 each year. The 2015 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 2015 estimate is from the Utah Revenue Assumption Committee.

Note: Per Capita Income is calculated by dividing total personal income by population. Amounts may not be exact due to rounding.

Principal Employers

Schedule D–2

Most Current Calendar Year and Historical Comparison

Entity Name	Calendar Year 2005 Number of Employees	Calendar Year 2005 Rank	Calendar Year 2005 Percent of All Employees	Calendar Year 2014 Number of Employees	Calendar Year 2014 Rank	Calendar Year 2014 Percent of All Employees
Intermountain Health Care (IHC)	20,000 +	1	2.2%	20,000 +	1	2.5 %
University of Utah (includes Hospital)	15,000–19,999	4	1.4%	20,000 +	2	2.1 %
State of Utah	20,000 +	2	2.0%	20,000 +	3	1.6 %
Brigham Young University	15,000–19,999	3	1.5%	15,000 – 19,999	4	1.3 %
Wal-Mart Stores	15,000–19,999	5	1.3%	15,000 – 19,999	5	1.2 %
Hill Air Force Base	10,000–14,999	6	1.0%	10,000 – 14,999	6	0.8 %
Davis County School District	7,000 – 9,999	10	0.6%	7,000 – 9,999	7	0.7 %
Granite School District	7,000–9,999	7	0.8%	7,000 – 9,999	8	0.7 %
Utah State University				7,000 – 9,999	9	0.6 %
Smith's Food and Drug Center				5,000 – 6,999	10	0.5 %
Convergys	7,000–9,999	8	0.7%			
Jordan School District	7,000–9,999	9	0.7%			
Total Employees of Principal Employers	140,059		12.2%	160,051		12.0 %

Source: Utah Department of Workforce

Note: Number of employees is based on a calendar year average.

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State of Utah

Composition of Labor Force
Last Ten Calendar Years

	Calendar Year			
	2005	**2006**	**2007**	**2008**
Nonagricultural Jobs				
Government	202,307	204,483	206,868	211,710
Mining	8,473	10,024	11,034	12,506
Construction	81,685	95,164	103,450	90,469
Manufacturing	117,246	123,064	127,695	125,852
Trade, Transportation, and Utilities	225,938	234,797	245,672	247,978
Information	32,105	32,541	32,448	30,747
Financial Activity	67,583	71,469	74,739	74,050
Professional and Business Services	146,704	154,834	161,022	162,194
Education and Health Services	128,605	134,410	139,991	146,617
Leisure and Hospitality	104,223	108,477	112,821	114,813
Other Services	33,451	34,651	35,542	35,534
Total Nonagricultural Jobs	1,148,320	1,203,914	1,251,282	1,252,470
Civilian Labor Force	1,283,625	1,324,436	1,364,769	1,376,458
Total Employed	1,230,451	1,285,392	1,329,174	1,330,369
Unemployed	53,174	39,044	35,595	46,089
Unemployment Rate	4.1 %	2.9 %	2.6 %	3.3 %

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					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
214,679	216,828	220,772	223,298	225,917	230,619
10,694	10,442	11,659	12,553	12,107	12,160
70,492	65,223	65,166	69,231	73,462	78,676
112,879	111,075	113,684	116,667	118,747	120,706
234,098	229,108	233,251	241,815	246,900	252,574
29,570	29,276	29,495	31,295	32,427	33,320
71,092	67,981	68,391	69,537	72,869	74,965
149,532	152,335	159,420	167,268	177,462	185,121
150,866	155,001	159,210	163,590	170,541	174,309
110,859	110,662	113,512	118,640	123,521	128,086
34,028	33,625	34,090	35,054	36,425	37,604
1,188,789	1,181,556	1,208,650	1,248,948	1,290,378	1,328,140
1,382,861	1,362,489	1,353,257	1,376,628	1,418,522	1,431,104
1,275,514	1,252,517	1,261,698	1,302,641	1,355,720	1,376,946
107,347	109,972	91,559	73,987	62,802	54,158
7.8 %	8.1 %	6.8 %	5.4 %	4.4 %	3.8 %

Public Education Student Enrollment (K–12)
Last Ten Academic Years

	Academic Year			
	2005–06	**2006–07**	**2007–08**	**2008–09**
Elementary	283,972	294,202	303,807	314,676
Secondary	226,040	229,801	233,846	236,694
Total All Grades	510,012	524,003	537,653	551,370

Source: State of Utah Office of Education

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

Public Higher Education Enrollment
Last Ten Academic Years

	Academic Year			
	2006–07	**2007–08**	**2008–09**	**2009–10**
University of Utah	30,511	29,797	30,228	31,407
Utah State University [1]	23,623	24,421	23,925	25,065
Weber State University	18,642	18,306	21,674	23,331
Southern Utah University	7,029	7,057	7,516	8,066
Salt Lake Community College	25,129	25,144	29,866	33,774
Utah Valley University	23,305	23,840	26,696	28,765
Dixie State University [2]	5,967	5,944	6,443	7,911
College of Eastern Utah [1]	2,220	2,444	2,082	2,173
Snow College	4,179	3,745	3,798	4,368
Utah College of Applied Technology	19,389	19,595	20,321	18,831
Total All Institutions	159,994	160,293	172,549	183,691

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 2011-12.

[2] Dixie State University included summer term headcounts for academic years prior to 2006–07.

Schedule D–4

Academic Year					
2009–10	**2010–11**	**2011–12**	**2012–13**	**2013–14**	**2014–15**
322,704	329,111	334,110	340,443	345,967	349,382
240,569	247,134	253,635	260,542	266,584	272,771
563,273	576,245	587,745	600,985	612,551	622,153

Schedule D–5

Academic Year					
2010–11	**2011–12**	**2012–13**	**2013–14**	**2014–15**	**2015–16**
30,833	31,673	32,398	32,080	31,515	31,673
25,767	28,994	28,786	27,812	27,662	28,622
24,126	25,483	26,680	25,301	26,266	25,955
8,024	7,750	8,297	7,745	7,656	8,881
33,983	33,167	30,112	31,137	29,537	28,814
32,670	33,395	31,556	30,564	31,332	33,211
8,755	9,086	8,863	8,350	8,570	8,503
2,634	—	—	—	—	—
4,386	4,465	4,599	4,605	4,779	5,111
18,476	15,536	15,418	14,851	14,834	16,933
189,654	189,549	186,709	182,445	182,151	187,703

Full-Time Equivalent State Employees by Function

Last Ten Fiscal Years

	Fiscal Year 2006	2007	2008	2009
General Government				
Government Operations	1,345	2,074	2,114	2,084
Tax Commission	852	764	777	763
All Other	147	152	157	154
Human Services and Juvenile Justice Services	4,644	4,521	4,546	4,464
Corrections	2,319	2,316	2,377	2,439
Public Safety				
Department of Public Safety	1,159	1,151	1,153	1,202
Utah National Guard	247	246	237	239
State Courts	1,077	1,077	1,112	1,096
Health and Environmental Quality				
Department of Health	1,295	1,231	991	988
Department of Environmental Quality	406	382	385	383
Employment and Family Services	1,931	1,729	2,030	2,062
Natural Resources	1,319	1,304	1,330	1,361
Heritage and Arts [1]	188	187	188	191
Business, Labor, and Agriculture	716	706	722	715
Education				
Public Education Support	1,176	1,159	1,168	1,178
Higher Education Support	200	230	223	205
Transportation	1,768	1,691	1,716	1,685
Total Full-time Equivalent State Employees	20,789	20,920	21,226	21,209

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 function.

Fiscal Year					
2010	**2011**	**2012**	**2013**	**2014**	**2015**
2,018	1,976	2,024	2,069	2,066	2,055
723	719	716	718	715	708
157	152	159	165	166	176
4,155	3,935	3,907	3,955	3,991	3,942
2,271	2,243	2,244	2,265	2,295	2,307
1,218	1,241	1,275	1,314	1,327	1,324
196	214	226	243	218	210
1,068	1,042	1,038	1,031	1,009	994
950	937	923	933	946	946
384	376	372	376	371	373
2,066	2,041	1,912	1,872	1,768	1,758
1,350	1,361	1,302	1,304	1,304	1,315
193	190	169	117	117	120
691	686	701	722	728	748
1,170	1,137	1,094	1,119	1,119	1,135
171	195	204	213	227	277
1,637	1,612	1,604	1,603	1,583	1,569
20,418	20,057	19,870	20,019	19,950	19,957

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year 2006	2007	2008	2009
General Government				
Government Operations				
Construction Projects Managed	828	909	946	841
Tax Commission				
Percent of Data Managed Electronically	54.4 %	58.9 %	62.9 %	65.3 %
Number of Returns Filed Electronically	565,851	640,365	725,293	748,879
Motor Vehicle Registrations (in thousands)	2,818	2,955	2,779	2,759
Human Services and Juvenile Justice Services				
Food Stamp Recipients	230,288	214,164	224,313	293,151
Percent of Population	8.8 %	7.9 %	8.1 %	10.7 %
Juveniles, Daily Average in Justice System Placement	1,128	1,150	1,132	1,105
Rate of Recommitment to Juvenile Custody	9.5 %	6.8 %	7.3 %	7.2 %
Corrections [1]				
Incarcerated Offenders	6,325	6,502	6,489	6,521
Supervised Offenders	12,158	11,521	12,519	12,423
Utah Incarceration Rate (per 100,000 population)	240	246	232	232
US Incarceration Rate (per 100,000 population)	497	445	509	504
State Courts [2]				
State Court Filings	283,724	275,020	270,684	369,830
State Court Dispositions	263,703	240,180	225,362	369,772
Health				
Children's Health Insurance Program Enrollment	35,259	31,998	32,101	38,036
Medicaid Eligible (unduplicated)	287,559	274,710	267,378	298,372
Percent of Population	11.0 %	10.2 %	9.7 %	10.9 %
Employment and Family Services				
Individuals Registered for Employment	250,855	202,642	211,906	283,692
Percent Who Entered Employment	70 %	72 %	74 %	71 %
Natural Resources				
Hatchery Fish, Pounds Raised	1,062,512	993,323	964,630	1,106,719
Hunting and Fishing Licenses Sold (in thousands) [1] [3]	415,066	438,286	599,691	607,875
State Park Visitations (in thousands)	4,532	4,676	4,549	4,624
Business, Labor, and Agriculture				
Department of Commerce				
Licenses and Registrations Issued [4]	291,162	309,106	314,894	321,943
Department of Agriculture and Food [1]				
Dairy Farm Inspections	1,054	769	718	743
Pounds of Turkey Inspected and Graded (in thousands)	88,544	85,954	81,945	55,685
Gas Pumps and Scales Inspected	26,394	21,423	19,631	22,216
Higher Education				
Number of Certificates and Degrees Awarded	30,463	30,182	33,608	26,990
Transportation				
Percent of Roads Which are Deficient (see page 148) [5]	11.3 %	12.4 %	13.9 %	13.1 %
Vehicles Weighed or Inspected (in thousands)	5,796	6,358	6,278	4,790

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. Year 2015 is an estimate.

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

[5] Assessments are completed every other calendar year. Prior to 2013 assessments were performed every calendar year.

Fiscal Year					
2010	**2011**	**2012**	**2013**	**2014**	**2015**
847	898	849	815	1,020	802
70.5 %	77.0 %	75.5 %	78.1 %	79.9 %	81.8 %
777,485	863,907	946,606	997,329	1,051,940	1,103,323
2,681	2,583	2,725	2,759	2,863	2,846
363,714	394,170	404,316	389,426	363,154	348,459
13.1 %	14.0 %	14.2 %	13.4 %	12.3 %	11.7 %
1,023	946	928	923	922	812
8.3 %	6.9 %	6.4 %	5.9 %	6.6 %	7.8 %
6,692	6,812	6,893	7,065	7,113	N/A
12,702	12,906	12,759	12,730	15,307	N/A
232	238	242	242	237	N/A
502	500	492	477	471	N/A
367,541	348,548	329,176	324,523	311,187	305,778
341,626	312,953	309,307	309,420	279,903	273,731
41,503	38,498	37,872	35,446	29,953	15,775
325,204	340,805	361,457	366,061	391,139	415,843
11.7 %	12.1 %	12.7 %	12.6 %	13.3 %	13.9 %
317,998	316,703	351,629	318,008	260,138	215,861
59 %	56 %	59 %	61 %	65 %	66 %
1,334,782	1,240,499	1,058,375	1,180,927	1,204,984	1,212,696
598,474	661,239	659,534	682,594	583,460	585,666
4,620	4,821	5,051	5,054	3,741	4,482
308,717	315,238	325,769	333,646	350,416	355,124
667	718	678	672	693	N/A
77,257	106,016	45,869	33,743	107,833	N/A
15,548	21,499	20,492	20,377	26,612	N/A
28,639	30,199	31,553	31,970	32,491	32,797
14.7 %	10.9 %	10.9 %	—	12.5 %	—
4,686	4,622	4,807	6,071	7,484	6,706

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2006	**2007**	**2008**	**2009**
General Government				
Buildings	319	288	289	290
Vehicles	7,376	7,376	7,437	7,256
Data Processing Equipment and Software	2,179	2,156	2,302	2,448
Reproduction and Printing Equipment	1,011	948	1,020	994
Human Services and Juvenile Justice Services				
Data Processing Equipment and Software	75	72	61	45
Corrections				
Data Processing Equipment and Software	192	189	230	219
Security and Surveillance Equipment	40	43	52	55
Public Safety				
Department of Public Safety				
Vehicles	35	28	28	28
Data Processing Equipment and Software	135	121	127	182
Medical and Lab Equipment	133	140	146	147
Utah National Guard				
Buildings	204	192	192	193
State Courts				
Data Processing Equipment and Software	85	86	95	95
Audio Visual Equipment	190	190	191	190
Health and Environmental Quality				
Department of Health				
Data Processing Equipment and Software	215	216	211	216
Medical and Lab Equipment	204	203	228	218
Department of Environmental Quality				
Monitoring and Lab Equipment	295	304	313	327
Employment and Family Services				
Department of Workforce Services				
Data Processing Equipment and Software	370	424	458	464
Natural Resources				
Division of Parks and Recreation				
State Parks	42	42	42	42
Buildings	622	642	667	681
Vehicles	269	296	292	315
Division of Wildlife Resources				
Wildlife Management Areas	87	87	87	92
Fish Hatcheries	11	11	11	11
Buildings	167	164	165	163
Vehicles	136	142	189	193
Business, Labor, and Agriculture				
Data Processing Equipment and Software	94	94	99	91
Monitoring and Lab Equipment	108	107	106	106
Transportation				
Highway Center Line Miles	5,680	5,777	5,754	5,699
Buildings	336	343	345	358
Vehicles	770	812	832	832
Heavy Equipment	2,346	2,462	2,543	2,544

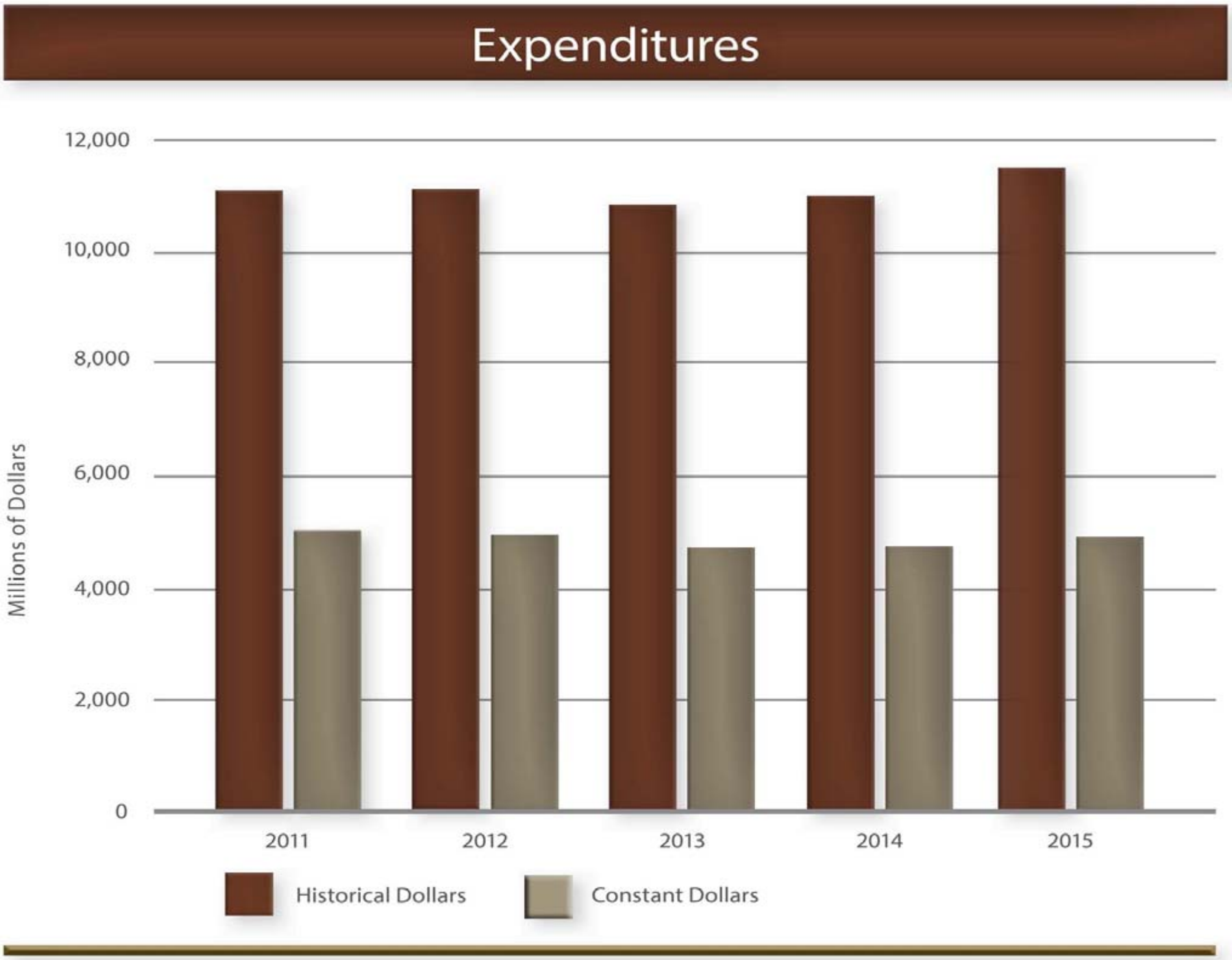
Source: Utah Department of Administrative Services, Division of Finance and various agencies of the State.

Schedule E–3

Fiscal Year					
2010	**2011**	**2012**	**2013**	**2014**	**2015**
299	305	311	314	314	315
7,266	7,323	7,309	7,360	7,524	7,781
2,437	2,541	2,691	2,794	2,931	2,383
1,003	1,065	1,127	1,165	1,209	1,178
64	52	52	59	64	64
226	218	216	216	216	220
59	59	67	59	55	69
34	34	35	35	35	34
200	222	230	247	249	204
174	184	187	193	197	207
206	213	215	221	223	229
105	64	64	64	52	63
192	192	145	146	143	151
147	143	127	131	120	112
257	287	303	288	302	291
316	349	376	384	404	433
449	422	389	396	358	365
42	43	43	43	43	43
684	719	722	727	736	756
329	333	332	332	334	340
92	92	92	92	92	92
11	11	11	11	11	12
166	175	180	181	182	183
208	212	201	202	203	209
94	97	102	117	117	114
105	108	111	111	114	118
5,753	5,772	5,724	5,719	5,719	5,830
361	386	387	391	402	423
824	838	844	861	878	904
2,538	2,549	2,574	2,582	2,593	2,595

State of Utah

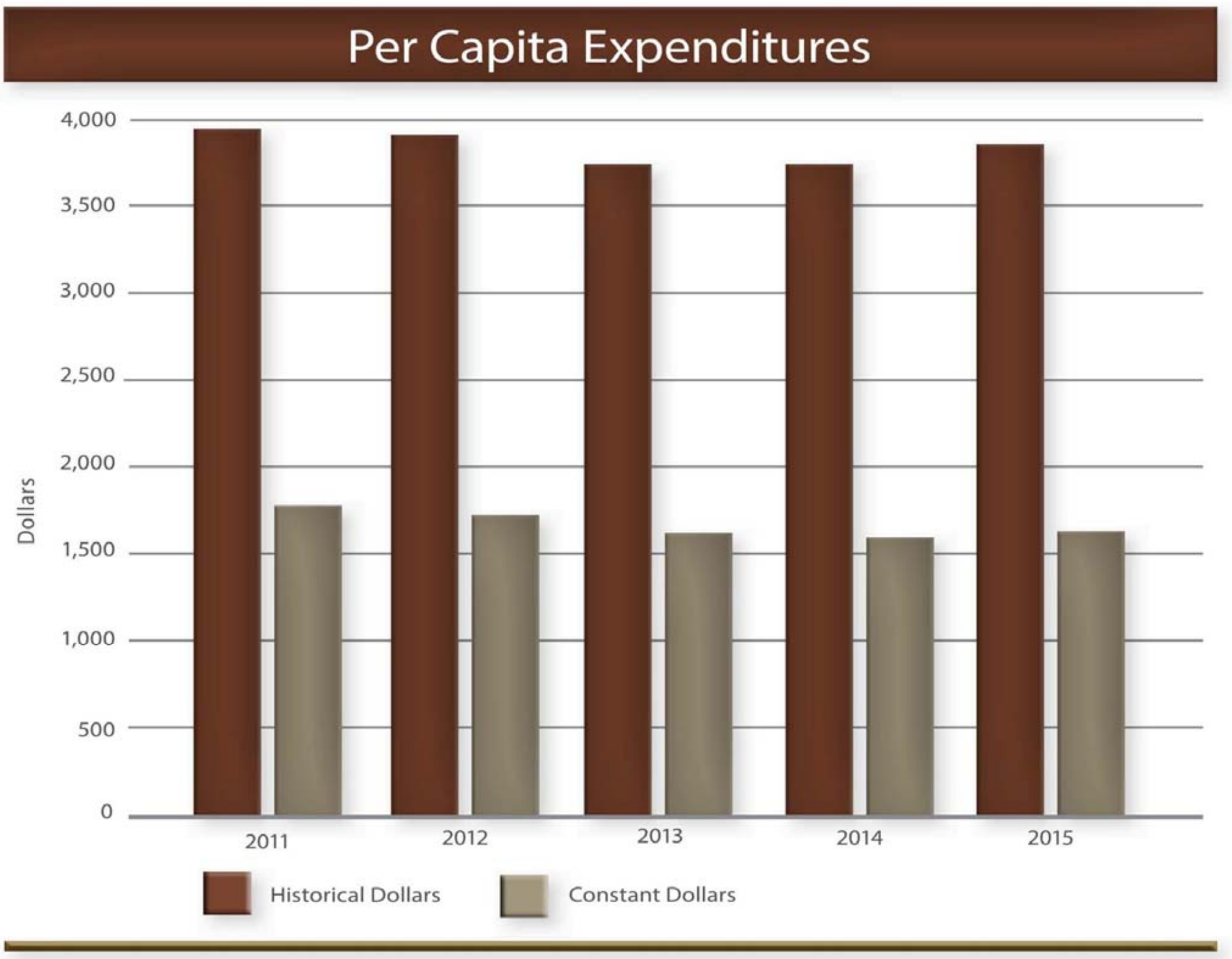
Expenditures — Historical and Constant Dollars **Schedule F–1**
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Historical Dollars		Constant Dollars	
	(in Millions)	Change	(in Millions)	Change
2011	$ 11,068	2.1 %	$ 5,006	0.0 %
2012	$ 11,114	0.4 %	$ 4,884	(2.4)%
2013	$ 10,827	(2.6)%	$ 4,680	(4.2)%
2014	$ 10,986	1.5 %	$ 4,676	(0.1)%
2015	$ 11,482	4.5 %	$ 4,851	3.7 %

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

Per Capita Expenditures — Historical and Constant Dollars **Schedule F–2**
All Governmental Fund Types
Last Five Fiscal Years



Fiscal Year	Per Capita Expenditures			
	Historical Dollars		Constant Dollars	
		Change		Change
2011	$ 3,933	0.7 %	$ 1,779	(1.4)%
2012	$ 3,893	(1.0)%	$ 1,711	(3.8)%
2013	$ 3,732	(4.1)%	$ 1,613	(5.7)%
2014	$ 3,733	0.0 %	$ 1,589	(1.5)%
2015	$ 3,844	3.0 %	$ 1,624	2.2 %

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

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APPENDIX B

ADDITIONAL DEBT AND FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

Legal Borrowing Authority Of The State

Constitutional Debt Limit. Article XIV, Section 1 of the State Constitution limits the total general obligation indebtedness of the State to an amount equal to 1.5% of the value of the total taxable property of the State, as shown by the last assessment for State purposes previous to incurring such debt. The application of this constitutional debt limit and the additional debt incurring capacity of the State under the Constitution are estimated to be on April 5, 2016 as follows:

Fair market value of ad valorem taxable property (1)	$292,490,917,013
Fees in lieu of ad valorem taxable property (2)	11,234,292,957
Total fair market value of taxable property (1)	$303,725,209,970
Constitutional debt limit (1.5%)	$4,555,878,150
Less: currently outstanding general obligation debt (net) (3)	(2,593,058,369)
Estimated additional constitutional debt incurring capacity of the State (4)	$1,962,819,781

(1) Based on 2014 taxable values. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters–Taxable Value Compared with Fair Market Value of All Taxable Property in the State" above.

(2) Based on 2014 "age based" values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state–assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.

(3) Includes unamortized original issue bond premium that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.

(4) The State is further limited on its issuance of general obligation indebtedness by statute. See in this section "Statutory General Obligation Debt Limit" below.

The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. For Fiscal Year 2015, the State has other long–term contract liabilities consisting of unused vacation and other vested leave for employees of $99,706,000. These contract liabilities do not affect the State's compliance with the constitutional debt limit. (Sources: Division of Finance and the Fiscal Year 2015 CAFR).

Constitutional Debt Limit Estimate using Calendar Year 2015 (Fiscal Year 2016) Estimated Taxable Valuation. Based on estimated ad valorem property tax reports from the State Tax Commission, the Calendar Year 2015 (Fiscal Year 2016) estimated fair market value of ad valorem taxable property and valuation for fees in lieu property is approximately $323.575 billion, leaving the State approximately $2.26 billion of additional constitutional debt incurring capacity. (Source: Municipal Advisor.)

See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters–Taxable Value Compared with Fair Market Value of All Taxable Property in the State" above.

Statutory General Obligation Debt Limit. Title 63J, Chapter 3, of the Utah Code (the "State Appropriations and Tax Limitation Act"), among other things, limits the maximum general obligation borrowing ability of the State. Under the State Appropriations and Tax Limitation Act, the outstanding general obligation debt of the State at any time may not exceed 45% of the maximum allowable State budget appropriations limit as provided in and subject to the exemption set forth in that act. The State Appropriations and Tax Limitation Act also limits State government appropriations based upon a formula that reflects changes in population and inflation.

On occasion, the Legislature has amended the State Appropriations and Tax Limitation Act in order to provide an exemption for certain general obligation highway bonds and bond anticipation notes from the limitations imposed by the State Appropriations and Tax Limitation Act. Of the State's current outstanding general obligation bonds of $2,498,895,000, $2,317,725,000 is exempt from the State Appropriations and Tax Limitation Act. See "Authorized General Obligation Bonds and Future General Obligation Bonds Issuance" and "Outstanding General Obligation Indebtedness" below.

Using the budget appropriations for Fiscal Year 2016, the statutory general obligation debt limit under the State Appropriations and Tax Limitation Act and additional general obligation debt incurring capacity of the State under that act are as of April 5, 2016, as follows:

Statutory general obligation debt limit (1)	$1,563,488,550
Statutorily applicable general obligation debt (net) (2)	(184,408,203)
Remaining statutory general obligation debt incurring capacity	$1,379,080,347

(1) 45% of Fiscal Year 2016 appropriation limit of $3,474,419,000 (as of the date of this OFFICIAL STATEMENT).
(2) Includes unamortized original issue bond premium that is treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.

The State uses outstanding general obligation bond debt to comply within the statutory debt limit on outstanding general obligation debt. For Fiscal Year 2015, the State has other long–term contract liabilities consisting of unused vacation and other vested leave for employees of $99,706,000. These contract liabilities do not affect the State's compliance with the statutory debt limit. (Sources: Division of Finance and the Fiscal Year 2015 CAFR).

For a 10–year Fiscal Year history of the State's constitutional and statutory general obligation debt limits see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015–Statistical Section–Schedule C–4 Legal Debt Margin" (page A–244) and "–Schedule C–4 Statutory Debt Limit" (page A–244).

Authorized General Obligation Bonds and Future General Obligation Bonds Issuance. See "DEBT STRUCTURE OF THE STATE OF UTAH—General Obligation Bonds Of The State–Authorized General Obligation Bonds and Future General Obligation Bonds Issuance" above.

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Outstanding General Obligation Indebtedness Of The State

The State has issued general obligation bonds for general administrative buildings, higher education buildings, highways, water and wastewater facilities, flood control facilities, technology, and refunding purposes. As of April 5, 2016, the State expects to have the following principal amounts of general obligation debt outstanding:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2015 (2)	Refunding	$220,980,000	July 1, 2026	$ 220,980,000
2013 (2)	Highways	226,175,000	July 1, 2028	204,575,000
2012A	Buildings/refunding	37,350,000	July 1, 2017	31,195,000
2011A (3) (4)	Building/highways	609,920,000	July 1, 2021 (8)	295,585,000
2010C (2)	Refunding	172,055,000	July 1, 2019	172,055,000
2010B (2) (5)	Highways (BABs)	621,980,000	July 1, 2025	621,980,000
2010A (6)	Building/highways	412,990,000	July 1, 2017	120,040,000
2009D (2) (5)	Highways (BABs)	491,760,000	July 1, 2024	491,760,000
2009C (2)	Building/highways	490,410,000	July 1, 2018	207,525,000
2009A (2) (7)	Highways	394,360,000	July 1, 2018 (9)	75,795,000
2004A	Refunding	314,775,000	July 1, 2016	57,405,000
Total principal amount of outstanding general obligation debt (10)				$2,498,895,000

(1) Each series of bonds has been rated "AAA" by Fitch; "Aaa" by Moody's; and "AAA" by S&P, as of the date of this OFFICIAL STATEMENT.
(2) The remaining outstanding principal amounts of these bonds are exempt from statutory debt limit calculations.
(3) $248,725,000 of these bonds is exempt from statutory debt limit calculations.
(4) Portions of this bond issue were refunded by the 2015 GO Bonds.
(5) Issued as federally taxable, originally 35% issuer subsidy, "Build America Bonds." *The State anticipates that as a result of the federal sequestration, the subsidy paid by the federal government on these bonds will be reduced by approximately $1,037,000 for the federal fiscal year ending September 30, 2016.*
(6) $74,330,000 of these bonds is exempt from statutory debt limit calculations.
(7) Portions of this bond issue were refunded by the 2010C GO Bonds and the 2015 GO Bonds.
(8) Final maturity date after the refunding effected by the 2015 GO Bonds.
(9) Final maturity date after the refunding effected by the 2010C GO Bonds and the 2015 GO Bonds.
(10) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued that is reported in the long–term debt notes of the State's financial statements. For accounting purposes, the total unamortized bond premium is $94,163,369 (as of April 5, 2016), together with current debt outstanding of $2,498,895,000, results in total outstanding net direct debt of $2,593,058,369.

(Source: Municipal Advisor.)

Also see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015—Notes to the Financial Statements, Note 10. Long–Term Liabilities–B. General Obligation Bonds" (page A–102)."

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Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year (1)

Fiscal Year Ending June 30	Series 2015 $220,980,000		Series 2013 $226,175,000		Series 2012A $37,350,000		Series 2011A $609,920,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015………	$ 0	$ 0	$ 10,525,000	$ 9,936,875	$ 130,000	$ 1,803,350	$ 28,765,000	$ 26,116,625
2016………	0	7,031,865	11,075,000	9,396,875	6,025,000	1,680,250	28,765,000	14,821,725
2017………	0	10,460,625	11,625,000	8,829,375	3,050,000	1,483,500	48,765,000	13,067,000
2018………	0	10,460,625	12,225,000	8,233,125	28,145,000	703,625	70,855,000	10,213,325
2019………	0	10,460,625	12,850,000	7,606,250	–	–	43,995,000	7,379,025
2020………	24,765,000	9,841,500	13,525,000	6,946,875	–	–	43,990,000	5,202,500
2021………	0	9,222,375	14,200,000	6,253,750	–	–	43,990,000	3,024,700
2022………	0	9,222,375	14,950,000	5,525,000	–	–	43,990,000	965,600
2023………	39,290,000	8,240,125	15,700,000	4,758,750	–	–	0	0 (2)
2024………	39,260,000	6,276,375	16,500,000	3,953,750	–	–	0	0 (2)
2025………	39,235,000	4,314,000	17,275,000	3,195,750	–	–	0	0 (2)
2026………	39,205,000	2,353,000	17,875,000	2,582,125	–	–	0	0 (2)
2027………	39,225,000	686,438	18,525,000	1,943,500	–	–	0	0 (2)
2028………	–	–	19,275,000	1,187,500	–	–	–	–
2029………	–	–	20,050,000	401,000	–	–	–	–
Totals……..	$ 220,980,000	$ 88,569,927	$ 226,175,000	$ 80,750,500	$ 37,350,000	$ 5,670,725	$ 353,115,000	$ 80,790,500

Fiscal Year Ending June 30	Series 2010C $172,055,000		Series 2010B $621,980,000		Series 2010A $412,990,000		Series 2009D $491,760,000	
	Principal	Interest	Principal	Interest (4)	Principal	Interest	Principal	Interest (4)
2015………	$ 0	$ 8,350,200	$ 0	$ 21,480,074	$ 58,035,000	$ 11,166,125	$ 0	$ 22,098,170
2016………	0	8,350,200	0	21,480,074	89,635,000	7,577,775	0	22,098,170
2017………	28,510,000	7,667,200	0	21,480,074	81,125,000	3,463,925	0	22,098,170
2018………	28,635,000	6,309,325	0	21,480,074	38,915,000	758,725	0	22,098,170
2019………	70,435,000	3,873,575	0	21,480,074	–	–	0	22,098,170
2020………	44,475,000	1,056,350	29,470,000	21,010,175	–	–	74,145,000	20,558,179
2021………	–	–	101,775,000	18,866,586	–	–	87,715,000 (5)	17,020,917
2022………	–	–	102,480,000	15,466,620	–	–	86,740,000 (5)	13,048,576
2023………	–	–	103,250,000 (3)	11,913,336	–	–	90,825,000 (5)	9,005,421
2024………	–	–	104,160,000 (3)	8,243,216	–	–	64,420,000 (5)	5,470,493
2025………	–	–	104,430,000 (3)	4,552,216	–	–	87,915,000 (5)	2,001,825
2026………	–	–	76,415,000 (3)	1,352,163	–	–	–	–
2027………	–	–	–	–	–	–	–	–
2028………	–	–	–	–	–	–	–	–
2029………	–	–	–	–	–	–	–	–
Totals……..	$ 172,055,000	$ 35,606,850	$ 621,980,000	$ 188,804,679	$ 267,710,000	$ 22,966,550	$ 491,760,000	$ 177,596,262

(1) This table reflects the State's debt service schedule for its outstanding general obligation bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year. **Does not reflect federal interest rate subsidy payments on Build America Bonds.** *The State anticipates that as a result of the federal sequestration, the subsidy paid by the federal government on these bonds will be reduced by approximately $1,037,000 for the federal fiscal year ending September 30, 2016.*

(2) Principal and interest has been refunded by the 2015 GO Bonds.

(3) Mandatory sinking fund principal payments from a $388,255,000 3.539% term bond due July 1, 2025.

(4) Issued as federally taxable "Build America Bonds." Does not reflect an originally 35% federal interest subsidy payments.

(5) Mandatory sinking fund principal payments from a $417,615,000 4.554% term bond due July 1, 2024.

Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year (1)–continued

Fiscal Year Ending June 30	Series 2009C $490,410,000 Principal	Series 2009C Interest	Series 2009B $104,450,000 Principal	Series 2009B Interest	Series 2009A $394,360,000 Principal	Series 2009A Interest	Series 2007 (8) $75,000,000 Principal	Series 2007 (8) Interest
2015………	$ 71,545,000	$ 15,264,375	$ 21,600,000	$ 1,332,000	$ 23,680,000	$ 6,415,450	$ 11,215,000	$ 280,375
2016………	74,080,000	11,873,750	22,500,000	450,000	25,265,000	4,104,975	–	–
2017………	69,165,000	8,416,438	–	–	25,265,000	3,016,725	–	–
2018………	67,495,000	5,089,688	–	–	25,265,000	1,803,975	–	–
2019………	70,865,000	1,721,625	–	–	25,265,000	586,175	–	–
2020………	–	–	–	–	0	0 (6)	–	–
2021………	–	–	–	–	0	0 (7)	–	–
2022………	–	–	–	–	0	0 (7)	–	–
2023………	–	–	–	–	0	0 (7)	–	–
2024………	–	–	–	–	0	0 (7)	–	–
2025………	–	–	–	–	–	–	–	–
2026………	–	–	–	–	–	–	–	–
2027………	–	–	–	–	–	–	–	–
2028………	–	–	–	–	–	–	–	–
2029………	–	–	–	–	–	–	–	–
Totals…….	$ 353,150,000	$ 42,365,875	$ 44,100,000	$ 1,782,000	$ 124,740,000	$ 15,927,300	$ 11,215,000	$ 280,375

Fiscal Year Ending June 30	Series 2004B (8) $140,635,000 Principal	Series 2004B (8) Interest	Series 2004A $314,775,000 Principal	Series 2004A Interest		Totals (1) Total Principal	Totals (1) Total Interest	Totals (1) Total Debt Service
2015………	$ 3,950,000	$ 98,750	$ 73,595,000	$ 8,405,625	…………………………………………	$ 303,040,000	$ 132,747,994	$ 435,787,994
2016………	0	0 (9)	73,910,000	4,718,000	…………………………………………	331,255,000	113,583,659	444,838,659
2017………	0	0 (7)	57,405,000	1,435,125	…………………………………………	324,910,000	101,418,157	426,328,157
2018………	0	0 (7)	–	–	…………………………………………	271,535,000	87,150,657	358,685,657
2019………	0	0 (7)	–	–	…………………………………………	223,410,000	75,205,519	298,615,519
2020………	0	0 (7)	–	–	…………………………………………	230,370,000	64,615,578	294,985,578
2021………	–	–	–	–	…………………………………………	247,680,000	54,388,327	302,068,327
2022………	–	–	–	–	…………………………………………	248,160,000	44,228,171	292,388,171
2023………	–	–	–	–	…………………………………………	249,065,000	33,917,632	282,982,632
2024………	–	–	–	–	…………………………………………	224,340,000	23,943,833	248,283,833
2025………	–	–	–	–	…………………………………………	248,855,000	14,063,790	262,918,790
2026………	–	–	–	–	…………………………………………	133,495,000	6,287,288	139,782,288
2027………	–	–	–	–	…………………………………………	57,750,000	2,629,938	60,379,938
2028………	–	–	–	–	…………………………………………	19,275,000	1,187,500	20,462,500
2029………	–	–	–	–	…………………………………………	20,050,000	401,000	20,451,000
Totals…….	$ 3,950,000	$ 98,750	$ 204,910,000	$ 14,558,750	…………………………………………	$ 3,133,190,000	$ 755,769,043	$3,888,959,043

(1) This table reflects the State's debt service schedule for its outstanding general obligation bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year. **Does not reflect federal interest rate subsidy payments on Build America Bonds.** *The State anticipates that as a result of the federal sequestration, the subsidy paid by the federal government on these bonds will be reduced by approximately $1,037,000 for the federal fiscal year ending September 30, 2016.*

(6) Principal and interest has been refunded by the 2015 GO Bonds.

(7) Principal and interest has been refunded by the 2010C GO Bonds.

(8) This bond issue is included in this table because final principal and interest payments occurred in Fiscal Year 2015.

(9) Principal and interest has been refunded by the 2012A GO Bonds.

(Source: Municipal Advisor.)

Debt Ratios Of The State

The following tables show the ratios of the principal amounts of the State's general obligation debt (excludes any additional principal amounts attributable to unamortized original issue bond premium) to population, total personal income, taxable value and fair market/market value for the fiscal years shown and estimated as of April 5, 2016.

	Fiscal Year				
	2015	2014	2013	2012	2011
Outstanding general obligation debt (in $1,000's)	$2,830,150	$3,136,755	$3,225,435	$3,487,680	$3,128,890
Debt ratios:					
Per capita	$945	$1,081	$1,130	$1,239	$1,128
As % of State Total Personal Income	2.55%	2.96%	3.14%	3.60%	3.46%
As % of Taxable Value	1.35%	1.60%	1.70%	1.83%	1.61%
As % of Fair Market/Market Value	0.97%	1.16%	1.23%	1.32%	1.16%

	Estimated As of April 5, 2016*
Outstanding general obligation debt	$2,498,895,000
Debt ratios:	
Per capita (2015 Census estimate–2,995,919)	$834
As % of State Total Personal Income (2016 forecast–$121,980,000,000)	2.05%
As % of Taxable Value (FY 2016 estimate–$224,695,000,000)	1.11%
As % of Fair Market Value/Market Value (FY 2016 estimate–$312,340,000,000)	0.80%

* Preliminary; subject to change.

(Source: Municipal Advisor.)

The ratios of debt service expenditures to General Fund expenditures and to all governmental fund type expenditures for the last five Fiscal Years are shown below:

	Fiscal Year ($ in Thousands)				
	2015	2014	2013	2012	2011
General Fund Expenditures	$6,160,589	$5,915,943	$5,671,148	$5,531,916	$5,384,730
Debt Service Expenditures	$455,733	$479,760	$463,740	$434,347	$366,404
Ratio of Debt Service to General Fund Expenditures	7.40%	8.11%	8.18%	7.85%	6.80%
Total All Governmental Funds Expenditures	$11,482,470	$10,986,124	$10,826,503	$11,136,520	$11,118,582
Ratio of Debt Service Expenditures to All Governmental Fund Expenditures	3.97%	4.37%	4.28%	3.90%	3.30%

(Sources: Division of Finance and the Fiscal Year 2015 CAFR.)

For a 10–year history of debt ratios of outstanding debt by Fiscal Year see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015–Statistical Section–Schedule C–1 Ratios of Outstanding Debt by Type" (page A–240).

Revenue Bonds And Notes

State of Utah Recapitalization Revenue Bonds. The State Bonding Commission is authorized, with prior approval of the Legislature, to issue "recapitalization" revenue bonds of the State to provide funds for certain of the State's revolving loan funds. Such State revenue bonds are secured principally by the payments on certain bonds, notes and other obligations owned by the State through such funds and by debt service reserve funds, and constitute "State Moral Obligation Bonds," but are not applied against the general obligation borrowing capacity of the State. The State has issued the following recapitalization revenue bonds:

Series (1)	Purpose	Original Principal Amount	Final Maturity Date	Current Principal Outstanding
2010C (2)	Water resources (BABs)	$31,225,000	July 1, 2022	$31,225,000
2010B	Water resources	16,125,000	July 1, 2017	10,690,000
Total principal amount of outstanding recapitalization revenue bonds (3)				$41,915,000

(1) Each series of bonds shown below has been rated "Aa2" by Moody's and "AA" by S&P, as of the date of this OFFICIAL STATEMENT. No bond rating was requested from Fitch.

(2) Issued as federally taxable, originally 35% issuer subsidy, "Build America Bonds." *The State anticipates that as a result of the federal sequestration, the subsidy paid by the federal government on these bonds will be reduced by approximately $35,437 for the federal fiscal year ending September 30, 2016.*

(3) For accounting purposes, the total unamortized bond premium is $158,000 (as of April 5, 2016), together with current debt outstanding of $41,915,000, results in total outstanding net direct debt of $42,073,000.

Fiscal Year Debt Service Payments. Total annual principal and interest payments on the State's recapitalization revenue bonds are approximately $6.95 million, extending through Fiscal Year 2023 (Source: Municipal Advisor). See also "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015–Notes to the Financial Statements–Note 10. Long–term Liabilities. C. Revenue Bonds–Revenue Bond Payable–Primary Government–Water Loan Programs" (page A–106).

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APPENDIX C

DEMOGRAPHIC AND ECONOMIC INFORMATION REGARDING THE STATE OF UTAH

General Information

This appendix has been summarized from information which is contained in the *2016 Economic Report to the Governor* (the "2016 Economic Report to the Governor January 2016") and from other reliable sources. Much of the economic data in the 2016 Economic Report to the Governor was generated by members of the Utah Economic Council. A complete copy of the 2016 Economic Report to the Governor may be obtained on the Web or by contacting Governor's Office of Management and Budget ("GOMB"); 801.538.1027 | f 801.538.1547 | http://www.gomb.utah.gov.

Additionally, GOMB may have updated certain sections contained in this appendix with the latest information available.

Geographic Information

On January 4, 1896, the State became the 45th state of the United States of America (the "U.S."). Ranking 13th among the states in total area, the State contains approximately 84,900 square miles. It ranges in elevation from a low of 2,200 feet above sea level in the south, to a high of 13,500 feet above sea level in the northern mountains. The State is located in an arid region (precipitation ranks as the 2nd lowest in the nation, behind Nevada). Home to deserts, plateaus, the Great Basin and the Rocky Mountains, the state is known for its scenic beauty and the diversity of its outdoor recreation areas. As of April 2001, land ownership in the State was distributed as 63.9% federal, 10.1% State, and 26% other (American Indian reservation, municipal, state sovereign lands, and private).

Demographics

2015 Overview. As of July 1, 2015, the population of the State was estimated to be 2,995,919, an increase of 1.7 % from 2014, according to the U.S. Census Bureau. This is lower than the decade high growth of 3.1% experienced in 2005. A total of 51,421 people were added to State's population, 70% of which was due to natural increase. The State's population surpassed the three million mark in October 2015.

Annual changes in population are comprised of two components: natural increase and net migration. In 2015, State had 51,516 births, below the record of 55,357 set in 2008. Deaths in 2015 totaled 15,582. The resulting natural increase of 35,934 persons accounted for 69.8% of State's population growth in 2015. Annual fluctuations in natural increase may result from changes in the size, age structure, and vital rates (fertility and mortality) of the population.

The State is an urban state, meaning that population is very spatially concentrated. According to the 2010 Census, the most recent data on the urban population, 2,503,595 people or 90.6 % of State's population lives in an urban setting, an increase from 88.2 % in 2000. State is the ninth most urban state in the nation. Salt Lake, Utah, Davis, and Weber counties, the four most populated counties, are home to 2,222,883 people or 76.6% of State's total population.

In comparison to other states, the State's population is younger, women tend to have more children, households on average are larger, and people tend to live longer. All of these factors lead to an age structure that is unique to the State. According to U.S. Census Bureau data, in 2014 the State had the highest share of total population in both the preschool and school age group in the nation at 8.6% and 22.2%, respectively. The State had the smallest working–age population share in the nation, with 59.2% of the State's population between the ages of 18 and 64. This results in the State having one of the smallest retirement-age population shares, with 10.0% of the total population age 65 and older; only the State of

Alaska had a smaller share of retirees (9.4%). A summary measure of the age structure is the dependency ratio, which is the number of nonworking–age persons (younger than 18 and older than 65) per 100 persons of working–age (18 to 64). The State's total dependency ratio for 2014 was 68.8, the highest in the nation, compared to a national dependency ratio of 60.2.

2016 Outlook. The State will continue to experience population growth at a rate higher than most states in 2016 on account of in–migration and strong natural increase. Natural increase (births minus deaths) is anticipated to add approximately 36,000 people to the State's population.

State Population

Year	Population	% Change From Prior Period
2015 Estimate	2,995,919	8.4%
2010 Census	2,763,885	23.8
2000 Census	2,233,169	29.6
1990 Census	1,722,850	17.9
1980 Census	1,461,037	37.9
1970 Census	1,059,273	18.9
1960 Census	890,627	29.3
1950 Census	688,862	25.2
1940 Census	550,310	8.4
1930 Census	507,847	13.0
1920 Census	449,396	20.4
1910 Census	373,351	34.9

(Source: U.S. Bureau of the Census.)

Year	Births	Deaths	Natural Increase	Net In-Migration	Population Change
2015	51,516	15,582	35,934	15,487	51,421
2014	50,681	16,048	34,633	5,482	40,115
2013	51,721	16,104	35,617	11,976	47,593
2012	51,573	15,217	36,356	2,310	38,666
2011	51,734	14,787	36,947	2,313	39,260
2010	52,898	14,295	38,603	4,501	43,104
2009	54,548	13,785	40,763	(326)	40,437
2008	55,357	13,780	41,577	13,468	55,849
2007	54,943	13,780	40,173	19,676	59,849
2006	52,368	13,358	39,020	31,374	70,384

(Source: U.S. Bureau of the Census.)

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Significant Characteristics of the State's Population

Category	Ranking (1)	Comments
Demographic		
Population growth rate (2014 to 2015)	6th	1.75% growth rate
State population (July 1, 2015) (2)	31st	out of 50 states
Pre–school age (under five years old)	1st	8.6%
School age (five to 17)	1st	22.2%
Working age (18 to 64)	51st	59.2%
Retirement age (over age 65)	50th	10.0%
Birth rate (2014)	1st	17.4 births per 1,000 population (U.S. 12.5)
Life expectancy (2010)	10th	80.2 years
Death rate (2013)	50th	5.6 deaths per 1,000 population
Median age (July 1, 2014)	1st	30.5 years (U.S. 37.7)
Household size (2014)	1st	3.14 persons (U.S. 2.63)
Dependency ratios (July 1, 2014):		
Preschool–age (under 5)	1st	(14.5 per 100 of working age) (U.S. 10.0)
School–age (5 to 17)	1st	(37.4 per 100 of working age) (U.S. 27.0)
Retirement–age (65 and over)	49th	(16.9 per 100 of working age) (U.S. 23.2)
Total non–working age	1st	(68.8 per 100 of working age) (U.S. 60.2)
Economic		
Rate of job growth (November 2015)	2nd	3.6%
Unemployment rate (November 2015)	7th	3.5%
Urban status (2010)	13th	86.7% urban
Median household income (2014)	9th	$63,383
Average earnings per job (2014)	38th	$48,067
Per capita personal income (2015Q3)	41st	$37,766
Social indicators		
Poverty rate (2014)	41st	11.7%
Educational attainment (2013)	9th	91.5% of persons 25+(with high school degree)

(1) Rankings are from most favorable to least favorable, highest to lowest. Rankings differ from other data.
(2) Total population ranking reflects 2015 Census estimates, single year of age rankings reflect 2014 Census estimates.

(Sources: 2016 Economic Report to the Governor; GOMB; U.S. Census Bureau, U.S. Bureau of Economic Analysis.)

Employment, Wages And Labor Force

2015 Overview. The State's labor market ended the year with an unemployment rate at 3.7% and job growth also at 3.7%. While holding the unemployment rate below 4% for 24 consecutive months, the State employers were able to add jobs at a rate well over the State's long run average rate of employment growth of 3.1%. The rate at which working–age adults are employed or seeking work has not returned to its pre–recession average of 72% but instead has been around 68–69% for over two years. Population statistics suggest that in–migration is likely the supporting anchor for this sustained job growth. Much like the national, the State has experienced a downward structural shift in the rate of labor force participation, primarily in the youngest segment whose proclivity for employment has diminished, likely replaced by full–time schooling.

All industries contributed to the notable level of job growth in 2015 except for mining, oil, and gas, which contracted by roughly 1,100 positions compared to 2014 employment levels. Cutbacks in production resulting from a significant drop in oil prices led to the shedding of workers, evidenced by the spike in unemployment insurance claims for the industry in the early part of 2015. Statewide the industry only represents 0.8% of total employment but much of that economic activity is concentrated in Duchesne and Uintah counties, where the ripple effect into many other parts of those economies has raised unemployment rates to 8.2 and 7.3%, respectively.

Wage growth in the State has shown improvement since the particularly low 1.0% growth posted in 2013. Tight labor markets are typically accompanied by rising compensation as employers bid up wages to obtain scarce workers. In 2015 some industries with high concentrations of key occupations experienced worker shortages and increased wage offerings, leading to 2.9% growth in average annual wages.

2016 Outlook. The components are in place for the State to have a positive year for labor market performance. A young and diverse workforce, prepared to meet the challenges of a varied employer community, should keep the State attractive. Still, the State has likely taxed the capacity of labor supply to meet labor demand, which is projected to bring the rate of job growth down about a half percentage point. Employment contraction in the energy industries will have played itself out in 2015 and should level out in 2016. Construction employment growth will likely accelerate with many multi–unit housing and non-residential construction projects on the roster for 2016. The somewhat slower job growth will sufficiently meet the growth in labor force, keeping the unemployment rate on the downward trend. Wages will also grow but will face some counter pressure as the Federal Reserve reverses policy and raises interest rates slowly over the coming year.

Current Unemployment Rates (seasonally adjusted)

Current Unemployment Rate	State	U.S.
January 2016	3.4%	4.9%
January 2015	3.5	5.7

(Source: Utah Department of Workforce Services.)

Average Annual Employment and Unemployment Rate for Utah and the United States

	Utah		Unemployment Rate		Utah Unemployment Rate as % of U.S. Rate
Year	Civilian Labor Force	Total Employed	Utah	U.S.	
2016 (f)	1,518,295	1,465,155	3.5%	4.6%	76.1%
2015 (f)	1,479,236	1,424,504	3.7	5.3	69.8
2014	1,431,104	1,376,946	3.8	6.2	61.3
2013	1,418,522	1,355,720	4.4	7.4	59.5
2012	1,376,628	1,302,641	5.4	8.1	66.7
2011	1,347,409	1,257,213	6.7	8.9	75.3
2010	1,352,123	1,245,849	7.9	9.6	82.3
2009	1,365,923	1,263,659	7.5	9.3	80.6
2008	1,371,778	1,322,181	3.6	5.8	62.1
2007	1,360,204	1,324,648	2.6	4.6	56.5
2006	1,318,512	1,280,180	2.9	4.6	63.0
2005	1,271,889	1,220,865	4.0	5.1	78.4

(f) forecast; (e) estimate.

(Sources: Utah Department of Workforce Services)

Employment

Utah Labor Force, Nonagricultural Jobs, and Wages

	2015 (f)	2014	2013	2012	2011	2010	% Change 2014–15	% Change 2013–14	% Change 2012–13	% Change 2011–12	% Change 2010–11
Civilian labor force……	1,489,342	1,431,104	1,418,522	1,376,628	1,353,257	1,362,853	4.1	0.9	3.0	1.7	(0.7)
Employed persons……	1,435,691	1,376,946	1,355,720	1,302,641	1,261,698	1,252,466	4.3	1.6	4.1	3.2	0.7
Unemployed persons……	53,651	54,158	62,802	73,987	91,559	110,387	(0.9)	(13.8)	(15.1)	(19.2)	(17.1)
Unemployment rate (%)……	3.6	3.8	4.4	5.4	6.8	8.1	–	–	–	–	–
U.S. unemployment rate (%)……	5.8	6.2	7.4	8.1	8.9	9.6	–	–	–	–	–
Total nonfarm jobs……	1,362,400	1,328,140	1,290,420	1,248,893	1,208,582	1,181,624	2.6	2.9	3.3	3.3	2.3
Mining……	13,100	12,160	12,108	12,553	11,659	10,442	7.7	0.4	(3.5)	7.7	11.7
Construction……	81,200	78,676	73,463	69,225	65,168	65,223	3.2	7.1	6.1	6.2	(0.1)
Manufacturing……	126,800	120,706	118,747	116,667	113,684	111,075	5.0	1.6	1.8	2.6	2.3
Trade, transportation, utilities……	261,400	252,574	246,900	241,870	233,248	229,133	3.5	2.3	2.1	3.7	1.8
Information……	36,500	33,320	32,427	31,295	29,495	29,276	9.5	2.8	3.6	6.1	0.7
Financial activity……	76,000	74,965	72,942	69,540	68,390	67,978	1.4	2.8	4.9	1.7	0.6
Professional and business services……	188,400	185,121	177,462	167,219	159,420	152,336	1.8	4.3	6.1	4.9	4.7
Education and health services……	179,400	174,309	170,541	163,594	159,211	155,005	2.9	2.2	4.2	2.8	2.7
Leisure and hospitality……	131,600	128,086	123,539	118,618	113,511	110,625	2.7	3.7	4.1	4.5	2.6
Other services……	38,300	37,604	36,372	35,014	34,022	33,624	1.9	3.4	3.9	2.9	1.2
Government……	229,700	230,619	225,920	223,298	220,775	216,907	(0.4)	2.1	1.2	1.1	1.8
Goods–producing……	221,100	211,542	204,317	198,445	190,511	186,740	4.5	3.5	3.0	4.2	2.0
Service–producing……	1,141,300	1,116,598	1,086,103	1,050,448	1,018,071	994,884	2.2	2.8	3.4	3.2	2.3
% Service–producing……	83.8%	84.1%	84.2%	84.1%	84.2%	84.2%	–	–	–	–	–
U.S. nonagricultural job growth……	1.6%	1.9%	1.7%	1.7%	1.2%	(0.7)%	–	–	–	–	–
Total nonagricultural wages (millions)……	$59,068	$56,026	$52,989	$50,762	$47,968	$45,876	5.4	5.7	4.4	5.8	4.6
Average annual wage……	$43,356	$42,180	$41,063	$40,646	$39,689	$38,825	2.8	2.7	1.0	2.4	2.2
Average monthly wage……	$3,613	$3,515	$3,422	$3,387	$3,307	$3,235	2.8	2.7	1.0	2.4	2.2
Establishments (first quarter)……	89,200	87,552	84,914	81,551	80,567	80,419	1.9	3.1	4.1	1.2	0.2

(f) forecast.

(Sources: Utah Deparment of Employment Services; Economic Outlook 2014.)

Largest Nonagricultural Employers–Annual Average Employment

Employer	Business	Employee Range
Intermountain Health Care	Health Care	20,000+
State of Utah	State government	20,000+
University of Utah (including Hospital)	Higher education	20,000+
Brigham Young University	Higher education	15,000–20,000
Wal–Mart Stores	Warehouse clubs/supercenters	15,000–20,000
Hill Air Force Base	Federal government	10,000–15,000
Davis School District	Public education	7,000–10,000
Granite School District	Public education	7,000–10,000
Smith's Food and Drug Centers	Grocery stores	7,000–10,000
Utah State University	Higher education	7,000–10,000
Alpine School District	Public education	5,000–7,000
Jordan School District.	Public education	5,000–7,000
Salt Lake County	Local government	5,000–7,000
U.S. Department of Treasury	Federal government	5,000–7,000
Utah Valley University	Higher education	5,000–7,000
The Canyons School District.	Public education	4,000–5,000
The Home Depot	Home centers	4,000–5,000
U.S. Postal Service	Federal government	4,000–5,000
Zions Bank Management Services	Banking	4,000–5,000
Autoliv	Motor vehicle manufacturing	3,000–4,000
Convergys	Telephone call center	3,000–4,000
Delta Airlines Inc.	Air transportation	3,000–4,000
Discover Products	Consumer loans	3,000–4,000
L3 Communications	Electronic manufacturing	3,000–4,000
Nebo School District	Public education	3,000–4,000
Salt Lake City	Local government	3,000–4,000
Salt Lake City School District	Public education	3,000–4,000
Washington County School District	Public education	3,000–4,000
Weber County School District	Public education	3,000–4,000
Weber State University	Higher education	3,000–4,000
Wells Fargo Bank	Banking	3,000–4,000
America First Credit Union	Banking	2,000–3,000
ARUP Laboratories, Inc.	Medical laboratory	2,000–3,000
Cache School District	Public education	2,000–3,000
Costco Wholesale	Warehouse clubs/supercenters	2,000–3,000
Department of Veteran's Affairs (hospital)	Federal government	2,000–3,000
Harmons	Grocery stores	2,000–3,000
JetBlue Airways Corporation	Air transportation	2,000–3,000
Kennecott Utah Copper	Mining/manufacturing	2,000–3,000
Pacificorp	Electric utility	2,000–3,000
Salt Lake Community College	Higher education	2,000–3,000
Sizzling Platter, LLC	Restaurants	2,000–3,000
SkyWest Airlines	Transportation	2,000–3,000
Target	Retail stores	2,000–3,000
United Parcel Service	Courier transportation	2,000–3,000
Utah Transit Authority	Public transportation	2,000–3,000
Vivint	Electric contractors	2,000–3,000

(1) Includes those firms with 2,000 to 3,000 and more employees. The Church of Jesus Christ of Latter–day Saints church remains one of the State's largest employers; however, the church does not disclose employment numbers.

(Source: Utah Department of Workforce Services. Updated June 2015.)

For the State's presentation of principal employers as of Calendar Year 2005 and 2014 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2015–Statistical Section–Schedule D–2. Principal Employers" (page A–248).

Personal Income; Per Capita Income

2015 Overview. *Total Personal Income*. In 2015, the State's total personal income was an estimated $115.9 billion, a 4.5% increase from $110.8 billion in 2014. Of the State's total personal income in 2014, 77% can be attributed to earnings by place of residence. Of this amount, 71% came from wages, 17% came from supplements to wages and salaries, and 12% came from proprietors' income.

In 2014, the State's income from dividends, interest, and rent increased to $19.7 billion and income from transfer receipts was $15.1 billion. The State's transfer receipts comprise a much smaller portion of total personal income than the national average (13.6% vs. 17.2%). Thus, the State residents rely more on wage earnings for income than their counterparts nationally. Moreover, all three subcategories of State total personal income have grown faster than the corresponding national measures.

In 2014, most nonfarm earnings in the State were in the private sector: 82.8% of the earnings by place of residence, compared to 83.1% nationally. The State public sector accounted for 17.2% of nonfarm earnings, also roughly equal to the national proportion (16.9%). Within the State private sector, the manufacturing was the largest source of earnings, followed by health care and social services, and professional, scientific, and technical services, respectively. At the national level, health care accounted for the largest percentage of private sector earnings followed by professional, scientific, and technical services, and manufacturing.

Total Personal Income ($ in Millions)

	Utah		United States	
Year	Amount	% Change	Amount	% Change
2016 (f)	$121,980	4.7%	$16,003,632	4.6%
2015 (e)	116,536	5.1	15,299,839	4.2
2014	110,842	4.5	14,683,147	4.4
2013	106,073	3.2	14,064,468	1.2
2012	102,772	6.1	13,904,485	5.1
2011	96,889	7.1	13,233,436	6.2
2010	90,483	2.5	12,459,613	3.1
2009	88,314	(3.9)	12,079,444	(3.3)
2008	91,906	5.2	12,492,705	4.1
2007	87,395	8.9	11,995,419	5.4
2005	72,252	–	10,610,320	–
2000	55,621	–	8,634,847	–
1995	38,230	–	6,275,761	–

(f) forecast. (e) estimate.

(Sources: U.S. Department of Commerce, Bureau of Economic Analysis ("BEA"); GOMB.)

Components of the State's Total Personal Income

	2014	2013	2012	2011	2010	% change 2013–14	% change 2012–13	% change 2011–12	% change 2010–11
	(in thousands)								
Personal income	$110,841,885	$106,072,574	$102,772,080	$96,888,550	$90,483,243	4.5	3.2	6.1	7.1
Earnings by place of work	85,811,367	81,849,232	77,653,134	73,227,238	69,617,716	4.8	5.4	6.0	5.2
less: Contributions for government social insurance	9,785,457	9,294,638	7,840,238	7,447,501	7,833,461	5.3	18.6	5.3	(4.9)
plus: Adjustment for residence	(46,105)	(47,074)	(33,426)	(25,706)	(11,003)	(2.1)	40.8	30.0	133.6
equals: Net earnings by place of residence	75,979,805	72,507,520	69,779,470	65,754,031	61,773,252	4.8	3.9	6.1	6.4
plus: Dividends, interest, and rent	19,748,826	18,926,051	18,837,732	16,884,147	14,939,242	4.3	0.5	11.6	13.0
plus: Personal current transfer receipts	15,113,254	14,639,003	14,154,878	14,250,372	13,770,749	3.2	3.4	(0.7)	3.5
Components of earnings:									
Wage and salary disbursements	60,628,109	57,361,661	55,111,673	52,007,828	49,652,799	5.7	4.1	6.0	4.7
Supplements to wages and salaries	14,787,952	14,797,629	13,773,637	13,586,433	12,527,976	(0.1)	7.4	1.4	8.4
Proprietors' income	10,395,306	9,689,942	8,767,824	7,632,977	7,436,941	7.3	10.5	14.9	2.6
Earnings by industry:									
Farm earnings	592,300	510,235	276,413	321,705	188,757	16.1	84.6	(14.1)	70.4
Nonfarm earnings	85,219,067	81,338,997	77,376,721	72,905,533	69,428,959	4.8	5.1	6.1	5.0
Private earnings	70,543,582	67,015,118	63,107,984	58,593,397	55,502,175	5.3	6.2	7.7	5.6
Forestry, fishing, related activities, and other	86,786	79,070	71,275	62,620	60,243	9.8	10.9	13.8	3.9
Mining	1,525,564	1,488,131	1,449,476	1,270,238	1,064,792	2.5	2.7	14.1	19.3
Utilities	517,845	509,579	489,180	519,335	507,200	1.6	4.2	(5.8)	2.4
Construction	6,279,797	5,749,752	5,479,271	4,880,905	4,784,169	9.2	4.9	12.3	2.0
Manufacturing	8,644,565	8,372,774	8,056,828	7,672,522	7,284,538	3.2	3.9	5.0	5.3
Wholesale trade	3,971,920	3,920,138	3,697,119	3,523,172	3,305,350	1.3	6.0	4.9	6.6
Retail trade	6,540,456	6,245,965	5,877,658	5,416,395	5,226,882	4.7	6.3	8.5	3.6
Transportation and warehousing	3,245,114	3,148,136	2,979,259	2,827,285	2,608,772	3.1	5.7	5.4	8.4
Information	2,721,786	2,527,863	2,378,402	2,148,174	1,970,743	7.7	6.3	10.7	9.0
Finance and insurance	5,246,885	4,900,796	4,818,845	4,251,787	4,324,851	7.1	1.7	13.3	(1.7)
Real estate and rental and leasing	2,342,829	2,200,721	1,641,370	1,514,350	1,259,235	6.5	34.1	8.4	20.3
Professional, scientific and technical services	7,693,057	7,027,203	6,527,469	6,086,982	5,572,526	9.5	7.7	7.2	9.2
Management of companies and enterprises	1,734,777	1,711,011	1,666,285	1,533,421	1,509,134	1.4	2.7	8.7	1.6
Administrative and waste services	3,483,683	3,319,673	3,034,478	2,835,647	2,600,772	4.9	9.4	7.0	9.0
Educational services	1,777,576	1,657,220	1,571,672	1,483,829	1,401,872	7.3	5.4	5.9	5.8
Health care and social assistance	7,343,602	7,159,448	6,697,615	6,465,014	6,210,099	2.6	6.9	3.6	4.1
Arts, entertainment and recreation	761,146	736,319	652,348	594,327	569,790	3.4	12.9	9.8	4.3
Accommodations and food services	2,517,968	2,356,165	2,242,232	2,064,102	1,924,151	6.9	5.1	8.6	7.3
Other services, except public administration	4,118,226	3,905,154	3,777,202	3,443,292	3,317,056	5.5	3.4	9.7	3.8
Government and government enterprises	14,675,485	14,323,879	14,268,737	14,312,136	13,926,784	2.5	0.4	(0.3)	2.8
Federal, civilian	3,232,485	3,127,049	3,205,755	3,233,571	3,099,876	3.4	(2.5)	(0.9)	4.3
Military	732,974	758,348	785,046	818,419	860,912	(3.3)	(3.4)	(4.1)	(4.9)
State and local	10,710,026	10,438,482	10,277,936	10,260,146	9,965,996	2.6	1.6	0.2	3.0

(Source: BEA.)

2015 Overview. Per Capita Personal Income. The States' 2014 growth rate in per capita income of 3.1% ranked 37th among the 50 states and Washington, D.C. Since the early 1980s, the State's per capita personal income has averaged about 20% less than the national per capita personal income. The State's estimated 2015 per capita personal income of $38,641 is 80.5% of the national per capita personal income ($48,016). The State's per capita personal income remains weak against the national for two reasons: 1) the State's average wages are generally below the national average; and, 2) the State's population is the nation's youngest. The State's low per capita personal income reflects the relatively larger proportion of non–wage earners.

Per Capita Personal Income

Year	Income Per Capita		Annual % Change		Utah as a % of U.S.
	Utah	U.S.	Utah	U.S.	
2016 (f)	$40,238	$49,368	3.1%	3.8%	81.5%
2015 (e)	39,017	47,580	3.6	3.3	82.0
2014	37,664	46,049	3.1	3.6	81.8
2013	36,542	44,438	1.5	0.4	82.2
2012	35,995	44,266	4.6	4.3	81.3
2011	34,415	42,453	5.5	5.4	81.1
2010	32,614	40,277	0.6	2.3	81.0
2009	32,428	39,376	(6.0)	(4.2)	82.4
2008	34,512	41,082	2.6	3.2	84.0
2007	33,643	39,821	5.8	4.4	84.5
2005	29,398	35,904	–	–	81.9
2000	24,781	30,602	–	–	81.0
1995	18,981	23,568	–	–	80.5

(f) forecast. (e) estimated.

(Sources: BEA and GOMB.)

2016 Outlook. Total Personal Income. Per Capita Personal Income. The State's total personal income in both 2015 and 2014 is estimated to have grown 4.5%. This represents a stability that matches income growth at the national level. Per capita personal income is estimated to have grown at a 2.6% rate in 2014, which is slower than the national per capita personal income growth rate and is also slower than last year's State per capita personal income growth rate. With the Federal Reserve beginning to raise interest rates, U.S. investment slowing, and continued slowing in the European and Chinese economies, it is expected there will be no large improvements in State income growth in 2016; more likely is a slight deceleration in the growth for both total personal income and per capita personal income.

Taxable Sales

2015 Overview. In 2015, the State's total taxable sales are expected to increase by 4% to an estimated $53.76 billion. Although in nominal terms, 2015 total taxable sales are estimated at an all–time high, in real terms taxable sales are just below pre–recession highs. Growth since the Great Recession can be attributed to an improving labor market and increasing consumer confidence. Growth in 2015 retail sales and taxable services is estimated at 5.1% and 4.2%, while business investment purchases are estimated to decline by 2.4%.

2016 Outlook. Solid growth is forecasted to continue in 2016. Total taxable sales are projected to increase 6%. Higher forecasted growth in total taxable sales in 2016 can be partially attributed to a forecasted rebound in business investment purchases. After a down year in 2015, 2016 business investment purchases are forecasted to increase by 6.8%. In 2016, retail sales are projected to grow by 4.7% and taxable services are projected to increase by 5.2%. Forecasted growth can be attributed to healthy fundamentals. Moderately strong growth in employment, total wages, consumer expenditures, and high consumer confidence are all contributing factors to increasing taxable sales. Forecasts are sensitive to changes in economic and political conditions. Specific conditions with the potential to impact 2016 taxable sales include but are not limited to: monetary policy decisions, commodity prices, conflict in the Middle East and other parts of the world, European debt, and economic slowdown in China. Any significant changes in these and other economic and political conditions could result in changes to employment, disposable income and consumer confidence which will in turn impact the 2016 State taxable sales forecasts.

Solid fundamentals have led to significant growth in recent years in taxable sales. Although risks to the projections exist, moderate growth in State taxable sales is expected to continue in 2016.

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Taxable Sales

(in millions of dollars)

Calendar Year	Retail Sales	% Change	Business Investment Purchases	% Change	Taxable Services	% Change	All Other	% Change	Total Gross Taxable Sales	% Change
2016 (e)….	–	– %	–	– %	–	– %	–	– %	$ 57,008	6.0 %
2015 (e)….	–	–	–	–	–	–	–	–	53,760	4.0
2014 (f)….	$26,193	5.0	$8,699	4.2	$14,802	5.7	$2,016	–	51,710	4.7
2013……..	24,944	6.1	8,352	(4.9)	14,008	4.2	2,100	(4.0)	49,404	3.9
2012……..	23,512	7.8	8,780	8.9	13,439	6.0	1,800	16.7	47,531	7.8
2011……..	21,801	6.5	8,063	10.0	12,676	4.6	1,556	15.7	44,096	6.5
2010……..	20,475	0.7	7,333	6.8	12,114	2.7	1,465	6.2	41,387	2.2
2009……..	20,329	(10.3)	6,864	(23.6)	11,790	(8.0)	1,499	1.1	40,482	(11.9)

(f) forecast; (e) estimate.

(Source: Utah State Tax Commission.)

Construction

2015 Overview. The value of permit–authorized construction in 2015 in the State is estimated at $6.75 billion, the highest level in eight years and 16% higher than 2014. This estimate includes the value of residential, nonresidential construction and additions, alterations and repairs. Residential construction is the largest sector in the construction industry. In 2015 the value of residential construction increased to $3.8 billion, 14% higher than 2014 despite a 7% decline in new residential units.

2016 Outlook. The 2016 forecast for the value of permit authorized construction in the State is $6.5 billion, off about 4% from 2015. The value of residential construction is expected to increase by 11% to $4.2 billion. Cost increases will push residential value higher but more important is the increase in the number of residential units, which is forecast to increase from 17,400 units in 2015 to 19,200 units in 2016. Most of the increase in residential construction will be concentrated in single–family homes which will be up 16% to 11,000 units. Multifamily permits will increase slightly to 8,000 units and the number of cabins will be steady at 200 units.

Permit–Authorized Construction ($ In Millions)

		Construction Value			
Year	Total Units	Residential	Nonresidential	Renovations	Total Valuation
2016 (f)	19,200	$4,200.0	$1,500.0	$ 800.0	$6,500.0
2015 (e)	17,400	3,800.0	2,000.0	950.0	6,750.0
2014	18,030	3,248.4	1,397.6	973.5	5,619.6
2013	15,211	3,257.6	1,105.9	784.9	5,148.4
2012	11,246	2,196.7	1,020.2	728.9	3,945.8
2011	10,023	1,885.4	1,236.0	652.0	3,773.4
2010	9,066	1,667.0	925.1	672.0	3,264.1
2009	10,488	1,674.0	1,054.3	660.1	3,388.4
2008	10,603	1,877.0	1,919.1	781.2	4,577.3
2007	20,539	3,963.2	2,051.0	979.7	6,993.9
2006	26,322	4,955.5	1,588.0	865.3	7,408.8
2005	28,285	4,662.6	1,217.8	707.6	6,588.0

(f) forecast; (e) estimated.

(Sources: 2016 Economic Report to the Governor and University of Utah, David Eccles School of Business, Kem C. Gardner Policy Institute.)

Energy

In 2015 with the collapse of crude oil prices due to a worldwide oversupply; the State's price of oil dropped from a high of about $100 per barrel in the summer of 2014 to a low of about $28 in late 2015. Consequently, crude oil production in the State decreased nearly 10% in 2015 and is projected to continue to decline as long as prices remain low. Similarly, natural gas prices and production have also decreased due to oversupply from the country's prolific shale reservoirs. Coal production in the State is at a 30–year low as out of state demand, especially in Nevada and California, diminishes as coal plants convert to natural gas. Production of electricity in the State also decreased slightly in 2015, while the State's 2015 average cost of electricity remained well below the national average, mainly due to our reliance on established, low–cost, coal–fired generation. Consumption of petroleum products is expected to reach record levels in 2015, possibly a result of lower gasoline and diesel prices, while natural gas and electricity consumption dropped in 2015 due to mild winter and summer weather. The State will continue to be a net–exporter of energy by producing more natural gas, coal, and electricity than is used in–state, but will remain reliant on other states and Canada to satisfy the demand for crude oil and petroleum products.

Minerals

The Utah Geological Survey (UGS) estimates the gross production value of nonfuel mineral commodities produced in the State in 2015 will total $2.47 billion, a decrease of about $1.55 billion from 2014. This dramatic decrease in total value was a result of significantly decreased metal production from the Bingham Canyon Mine (located in Salt Lake County, Utah; which mine suffered a major landslide in April 2013) exacerbated by falling metal prices throughout 2015. UGS reports the 2014 value of the State's nonfuel minerals production ranks fifth nationally, having 5.4% of the total U.S. production. The 2015 data were derived primarily from corporate third quarter reports, 2015 corporate production projections reported in early 2015, and other sources where available.

Tourism

The State's tourism and travel sector experienced continued economic growth in 2015, including increases in State and local tourism–related tax revenues, leisure and hospitality sales, tourism–related jobs and wages, and a record number of visitors to the State's five national parks. The only key tourism related performance indicator that did not surpass 2014 levels was total skier days (down 5%). This performance anomaly can be attributed to the State's below–average snowfall and less than ideal skiing conditions during the 2014/2015 ski season. However, in 2015, visitors purchased more hotel rooms and spent more money on arts, entertainment, recreation, restaurants and retail than ever before.

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APPENDIX D

BASIC DOCUMENTATION

Table Of Contents

The following are definitions of certain terms from the Indenture and the Lease and summaries or extracts of certain provisions of the Indenture, the Lease and the State Facilities Master Agency Agreement. Reference is made to the Indenture, the Lease and the State Facilities Master Agency Agreement for complete recital of their terms. During the period of the offering of the 2016 Bonds, copies of the Indenture and the Lease may be obtained from the chief contact person of the State under "INTRODUCTION—Contact Persons" above. Subsequent to the offering of the 2016 Bonds copies of the Indenture, the Lease and the State Facilities Master Agency Agreement may be obtained from the Trustee.

DEFINITIONS OF CERTAIN TERMS

"*Acquisition*" (and other forms of the word "acquire") shall have the same meaning as when such term is used in the Act, including Section 63B–1–303 thereof, as amended from time to time.

"*Act*" shall mean the State Building Ownership Authority Act, Title 63B, Chapter 1, Part 3 of the Utah Code.

"*Additional Bonds*" shall mean additional parity Bonds authorized to be issued by the Issuer pursuant to the terms and conditions of the Indenture.

"*Additional Facilities*" shall mean any "facility" within the meaning of the Act, to be Acquired or Constructed pursuant to the Act as provided in the Lease as supplemented and amended from time to time by a Supplemental Lease.

"*Additional Projects*" shall mean the undertaking by the Issuer, at the direction of the Lessee, of the Acquisition or Construction of any Additional Facilities, as authorized by the Act and pursuant to the Lease.

"*Additional Rentals*" shall mean the amount or amounts payable by the Lessee pursuant to the Lease for the items described herein under "THE LEASE—Rentals Payable–General" below.

"*Agency Agreement*" shall mean (a) that certain State Facilities Master Agency Agreement, dated as of September 1, 1994, as supplemented and amended between the Lessor, as principal, and the Division of Facilities Construction and Management of the Department of Administrative Services of the State, as the Lessor's agent, relating to the undertaking and completion of the Projects and (b) any agency agreement between the Lessor, as principal, and any governmental body or other entity selected by the Lessor for purposes of causing the undertaking and completion of any Additional Project or Additional Projects.

"*Base Rental Payment Date*" shall mean the first day of each May and November during the term of the Lease, except that with respect to any Variable Rate Rentals, the Base Rental Payment Date shall mean each date on which such Variable Rate Rentals are due and payable as provided in the Supplemental Lease providing for such Variable Rate Rentals.

"*Base Rental Payment Schedule*" shall mean the Base Rental Payment Schedule attached to the Lease and the Attachments thereto relating to each of the Facilities, as such Schedule (including such Attachments) may be revised from time to time in accordance with the Indenture.

"*Base Rentals*" shall mean the amount or amounts (comprising a principal component and an interest component) payable by the Lessee pursuant to the Lease in consideration of the right to the use and enjoyment of the Leased Property during the term of the Lease, on the dates and in the amounts set forth in the Base Rental Payment Schedule and on the dates and in the amounts representing the interest component for Variable Rate Rentals calculated pursuant to the Supplemental Lease providing for such Variable Rate Rentals.

"*Bond*" or "*Bonds*" shall mean all bonds previously issued under the Indenture, the 2016 Bonds and any Additional Bonds authenticated and delivered from time to time under the Indenture.

"*Bond Fund*" shall mean the fund by that name created by the Indenture to be used to pay the principal of and interest on the Bonds as provided in the Indenture.

"*Bond Interest Payment Dates*" shall mean May 15 and November 15 of each year so long as any of the Bonds are Outstanding, or with respect to Variable Rate Bonds, such dates as shall be specified for the payment of interest on such Bonds in the Supplemental Indenture authorizing such Variable Rate Bonds.

"*Bond Payment Date*" shall mean a Bond Interest Payment Date and/or a Bond Principal Payment Date.

"*Bond Principal Payment Dates*" shall mean May 15 of each year.

"*Bondowner*" or "*Owner of the Bonds*," or any similar term, shall mean the Person in whose name a Bond is registered in the register kept for the registration, exchange and transfer of Bonds.

"*Build America Bonds*" means the interest subsidy bonds issuable by the Issuer under Sections 54AA and 6431 of the Code and a "qualified bond" under Section 54AA(g)(2) of the Code or such other tax credit bonds of substantially similar nature which may be hereafter authorized.

"*Code*" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and any applicable regulations thereunder.

"*Completion Certificate*" shall mean the certificate (including attachments thereto) delivered with respect to each Project by or at the direction of an authorized Lessee representative pursuant to the Lease and the Indenture, evidencing completion of such Project, the establishment of the Completion Date therefore, acceptance of the portion of the Leased Property represented by such Project by the Lessee and certain other matters.

"*Completion Date*" shall mean, with respect to each Project, the date of completion of such Project and of final acceptance of the portion of the Leased Property represented by such Project by the Lessee, all as evidenced by the delivery of the Completion Certificate relating thereto.

"*Construction*" (and other forms of the word "construct") shall have the same meaning as when such term is used in the Act, including Section 63B–1–303 thereof, as amended from time to time.

"*Contractor*" shall mean such reputable contractor or contractors designated as general contractor for any or all of the Facilities.

"*Direct Payments*" means the interest subsidy payments received by the Issuer from the Internal Revenue Service pursuant to Section 6431 of the Code or other similar programs with respect to Bonds issued under the Indenture.

"*Event of Default*" shall mean one or more of the events of default described in the Lease and the Indenture.

"*Event of Nonappropriation*" shall mean a nonrenewal of the term of the Lease by the Lessee, determined by the failure (for whatever reason) of the State to enact into law a State budget that appropriates and allocates to or for the benefit of the Lessee for purposes of the Lease moneys sufficient to pay the Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term as provided in the Lease or determined by the unavailability of such moneys for such purpose for any other reason. To the extent any non–lapsing appropriations are used as the basis for determining that sufficient moneys have been appropriated for a Fiscal Year, such appropriations shall be deemed to have been appropriated and to be legally available for the purpose of paying Rentals during such Fiscal Year. The existence or nonexistence of an Event of Nonappropriation shall be determined as of (a) the date on which the Utah State Legislature (the "Legislature") fails or refuses to adopt a final budget in accordance with applicable law which appropriates sufficient moneys to pay such Base Rentals and reasonably estimated Additional Rentals for the next succeeding Renewal Term as contemplated by the Lease or (b) the date on which the Governor of the State of Utah (the "Governor") vetoes the appropriation to pay such Rentals contained in a final budget adopted by the Legislature, which veto is not thereafter overridden as provided by law; *provided, however,* that the Trustee may waive any Event of Nonappropriation that is cured by the Lessee within a reasonable time if, in the Trustee's judgment, such waiver is in the best interests of the Owners of the Bonds, except as otherwise provided in the Lease; and *provided, further, however,* that in no event shall an Event of Nonappropriation occur or be deemed to occur prior to June 1 of the Fiscal Year next preceding each Renewal Term, notwithstanding anything in the Lease to the contrary. If the State changes its Fiscal Year to a different 12–month period than the Fiscal Year in effect on the date of execution of the Lease, the foregoing reference to June 1 shall be deemed to refer to the date that is 30 days prior to the end of such new Fiscal Year.

"*Excepted Property*" shall mean the following described property of the Issuer that is expressly excepted and excluded from the lien and operation of the Indenture, whether such property is now owned on hereafter acquired:

(a) The last day of the term of the leasehold estate created under the Lease and the last day of the term of each Site Lease; *provided, however,* that the Issuer covenants and agrees that it will hold each such last day in trust for the use and benefit of the Owners of Bonds and that it will dispose of each such last day from time to time in accordance with such written order as the Trustee in its discretion may give;

(b) Certain property installed by the Lessee or by any sublessee or licensee of the Lessee as provided in the Lease;

(c) Amounts to be transferred pursuant to the Indenture to, or held by the Trustee in, the rebate fund established under any Tax Certificate; and

(d) Additional Facilities in which the Trustee has not been given a lien or security interest as provided in the relevant Supplemental Indenture.

"*Facilities*" shall mean any "facility" within the meaning of the Act to be Acquired or Constructed pursuant to the Act as provided in the Lease.

"*Fiscal Year*" shall mean the 12–month period used from time to time by the Lessee for its financial accounting purposes, such period currently extending from July 1 to the next succeeding June 30.

"*Government Obligations*" shall mean direct general obligations of, or obligations the timely payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America, the guarantee of which constitutes the full faith and credit obligation of the United States of America (including any such obligations issued or held in book–entry form on the books of the Department of the Treasury of the United States of America).

"*Indenture*" shall mean the Original Indenture as supplemented and amended from time to time in accordance with its terms.

"*Insurance Fund*" shall mean the fund by that name created by the Indenture.

"*Interests Secured by the Indenture*" shall mean the principal of and interest and premium, if any, on the Bonds and all additional amounts and other sums at any time due and owing from or required to be paid by or on behalf of the Issuer under the terms of the Bonds or the Indenture or by the Lessee pursuant to the terms of the Lease.

"*Investment Securities*" shall mean any of the investments in which the moneys and other assets of the State may be invested as permitted from time to time by the State Money Management Act, Title 51, Chapter 7 of the Utah Code, and such other investments as may be identified from time to time in a Supplemental Indenture as "Investment Securities."

"*Issuer*" shall mean the State Building Ownership Authority, a body politic and corporate of the State, and any public body or corporation that succeeds to its powers, duties or functions.

"*Lease*" shall mean the Original Lease as amended and supplemented in accordance with its terms and the terms of the Indenture.

"*Leased Property*" shall mean the Facilities leased and to be leased to the Lessee pursuant to the Lease.

"*Lessee*" shall mean the State, acting through its Department of Administrative Services, Division of Facilities Construction and Management, and any department, division, commission or agency of the State succeeding to such Division's powers, duties or functions.

"*Lessor*" shall mean the State Building Ownership Authority, a body politic and corporate of the State, or any successor to the powers, duties or functions of the Lessor.

"*Mortgage*" shall mean each Mortgage, Security Agreement and Assignment of Rents, substantially in the form attached to the Indenture, to be executed, delivered and recorded as provided in the Indenture and in the Lease and any other “mortgage” (as such term is defined in Section 63B–1–303 of the Act as such Section may be amended from time to time), relating to a mortgage lien, if any, to be imposed on the respective Facilities or Additional Facilities in accordance with the relevant Supplemental Indenture on or before the disbursement of moneys from each Project Account as provided in the Indenture, for the purpose of providing security, in addition to that provided by the Indenture, for the payment of the principal of, and premium, if any, and interest on, the Bonds and the other Interests Secured by the Indenture.

“*Net Proceeds*” when used with respect to any performance or payment bond proceeds, or proceeds (including, but not limited to, any moneys derived from the Risk Management Fund or any self–insurance program) from policies of insurance required by the Lease, or any condemnation award, or any proceeds resulting from default under a Project Contract (including, but not limited to, any such proceeds realized as liquidated damages) with respect to the Leased Property, or with respect to proceeds from any foreclosure on the Leased Property or liquidation, reletting or sale of the Leased Property (subject to the Site Leases), shall mean the amount remaining after deducting all expenses (including attorneys' fees) incurred in the collection of such proceeds or award from the gross proceeds thereof.

“*Notice by Mail*” or “*notice*” of any action or condition “*by Mail*” shall mean a written notice meeting the requirements of the Indenture mailed by first–class mail, postage prepaid, to the Owners of specified Bonds, at the addresses shown in the Register.

“*Officer's Certificate*” when used with respect to the Lessee shall mean a certificate signed by an authorized Lessee representative, or when used with respect to the Issuer or the Lessor, an authorized Lessor representative, and delivered to the Trustee.

“*Optional Payment Date*” shall mean any business day (except as otherwise provided in the Lease) during the term of the Lease upon which the Lessee may elect pursuant to the Lease to purchase the Leased Property (other than State–Owned Sites) or any portion thereof consisting of separate Facilities identified on Subschedules to the Option Price Schedule for the then applicable Option Price or portion thereof with respect to such separately identified Facilities.

“*Option Price*” shall mean the price as specified in the Option Price Schedule at which (together with certain other amounts payable pursuant to the Lease) the Lessee may elect to purchase from the Lessor the Leased Property (other than State–Owned Sites) in its entirety on the applicable Optional Payment Date or any portion thereof consisting of separate Facilities identified on Subschedules to the Option Price Schedule and designated by the Lessee pursuant to the Lease prior to the scheduled payment of all sums to be paid for the Leased Property or any such portion, all as more particularly shown in the Option Price Schedule (or the applicable Subschedule thereto) and as such Option Price Schedule (including the Attachments thereto) may be revised hereafter in accordance with the Indenture.

“*Option Price Schedule*” shall mean the Option Price Schedule attached to the Lease, as such Schedule may be revised hereafter from time to time in accordance with the Indenture.

“*Original Indenture*” shall mean the Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement, dated as of September 1, 1994, between the Issuer and the Trustee.

“*Original Lease*” shall mean the State Facilities Master Lease Agreement, dated as of September 1, 1994, as heretofore supplemented and amended, between the Lessor and the Lessee.

“*Outstanding*” when used with respect to Bonds shall mean, as of the date of determination, all Bonds that have theretofore been duly authenticated and delivered by the Trustee under the Indenture, except:

(a) Bonds theretofore canceled and delivered to the Registrar or delivered to the Registrar for cancellation;

(b) Bonds that have been defeased pursuant to the Indenture; and

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered pursuant to the Indenture.

“*Permitted Encumbrances*” shall mean, as of any particular time, (a) liens for taxes, assessments and other governmental charges not then delinquent; (b) the Lease, the Indenture, any Mortgage, any sublease permitted by the

Lease and any financing statements naming the Issuer or the Lessee as debtor and naming the Issuer or the Trustee as secured party now or hereafter filed to perfect the mortgage lien and security interests granted or to be granted by the Indenture, any Mortgage and the Lease; (c) the Site Leases; (d) utility, access and other easements and rights–of–way, mineral rights, restrictions and exceptions that an authorized Lessee representative certifies to the Trustee will not materially interfere with or impair the operations being conducted in or on the Leased Property (or, if no operations are being conducted therein or thereon, the operations for which the Leased Property was designed or last modified); (e) any mechanic's, laborer's, materialmen's, supplier's or vendor's lien or right in respect thereof if payment is not yet due and payable under the contract in question; (f) such minor defects, irregularities, encumbrances, easements, rights–of–way and clouds on title as normally exist with respect to properties similar in character to the Leased Property and (1) as do not, in the opinion of the authorized Lessee representative, certified in writing to the Trustee, materially impair the property affected thereby for the purpose for which it was or is to be Acquired or is or will be held by the Issuer or the Lessee or (2) are adequately insured against by a title insurance policy reasonably satisfactory to the Trustee and the Lessee; (g) any liens or encumbrances being contested as provided in the Lease; (h) any encumbrance represented by financing statements recorded or filed to perfect purchase money security interests in any or all of the Facilities; (i) any encumbrance represented by a notice of agreement filed or recorded to evidence an obligation of the Lessee entered into for the purpose of financing energy conservation or energy management equipment; and (j) any easements, liens, security interests and other encumbrances as are included in the definition of "Permitted Encumbrances" as provided in a Supplemental Lease.

"*Plans and Specifications*" shall mean plans and specifications prepared for and showing each of the Facilities, as and when they are approved by the Lessee, the same being duly certified by an authorized Lessee representative, which plans and specifications are or will be on file at the office of the Lessee described in the first paragraph of the Lease and shall be available for reasonable inspection by the Lessor, the Trustee and their duly authorized representatives.

"*Project Accounts*" shall mean any Project Account created under the Indenture with respect to the financing of Facilities through the issuance of a Series of Bonds.

"*Project Contracts*" shall mean any contract entered into by the Lessee (acting in its capacity as the Lessor's agent pursuant to the Agency Agreement), any other agent acting on behalf of the Lessor pursuant to an Agency Agreement or the Lessor regarding any Project.

"*Project Costs*" with respect to each Project shall mean those items that the Lessee, in its own capacity or in its capacity as agent to the Issuer pursuant to the Agency Agreement, any other agent or the Issuer has paid or shall be required to pay under the terms of any Project Contracts and the financing thereof and all expenses preliminary and incidental thereto incurred by the Issuer, the Lessee (as such agent) or such other agent in connection therewith and in the issuance of the Bonds, including, but not limited to, the following:

(a) obligations of the Lessee or the Issuer incurred for labor, materials and equipment (including permitted reimbursements from proceeds of the Bonds payable to the Lessee for expenditures made with respect to the Facilities) in connection with such Project;

(b) the cost of performance or other bonds and any and all types of insurance (including, but not limited to, title insurance) that may be necessary or appropriate in connection with each Project and the Leased Property;

(c) all costs of planning and designing each of the Facilities, including architectural, planning, engineering, legal and fiscal advisors' fees and the costs incurred by the Lessee or the Issuer for test borings, surveys, estimates, plans and specifications and preliminary investigations therefore, and for supervising Construction, as well as for the performance of all other duties required by or consequent to the proper and timely completion of each Project;

(d) all costs of issuance related to the Series of Bonds issued with respect to such Project;

(e) payment of expenses incurred in seeking to enforce any remedy against any Contractor or subcontractor in respect of any default under a Project Contract;

(f) the cost of equipment and furnishings for each of the Facilities and all other authorized costs that are considered to be a part of the costs of each of the Facilities in accordance with generally accepted accounting principles and that will not adversely affect the excludability from gross income for federal income tax purposes of interest on the Bonds, including, but not limited to, interest accruing on the Bonds from the date of original issuance thereof and during the period required to complete each Project and for not more 12 months after the respective Completion Date of each such Project;

(g) temporary rent and other similar temporary relocation expenses (including the cost of mobile office trailer space) to be paid for the benefit of any State Body that has been or will be dispossessed from its facilities for a period of time pending completion of the Facilities in which such State Body will be located upon completion thereof;

(h) any other costs and expenses identified in a Supplemental Indenture as "Project Costs" so long as such costs and expenses are authorized under the Act;

(i) land acquisition costs related to a Project to the extent permitted by the Act;

(j) any sums required to reimburse the Issuer or the Lessee for advances made by either of them for any of the above items or for any other costs incurred and for work done by either of them that are properly chargeable to a capital account in respect of a Project, including sums required to reimburse the Issuer or the Lessee for advances for costs incurred pursuant to clause (k) below; and

(k) all other amounts that shall be required to be paid under the terms of any Project Contract so long as such amounts are authorized under the Act.

"*Project Documents*" shall mean (a) the Plans and Specifications, including change orders (if any) as permitted by the Lease; (b) a survey of each site on which any of the Facilities are located, prepared by a registered land surveyor in accordance with standard requirements for land title surveys, showing the location of all improvements, easements, encroachments and other encumbrances on each such site; (c) any necessary permits for any of the Projects, including any building permits and certificates of occupancy; (d) the Project Contracts; (e) policies of title, casualty, public liability and workers' compensation insurance, or certificates thereof, as required by the Lease with respect to the Leased Property; (f) performance and payment bonds with respect to any Construction of any of the Facilities; (g) the executed contract with an architect hired by the Lessee in connection with the preparation of Plans and Specifications and (h) any and all other documents executed by or furnished to the Lessee or a Contractor in connection with any Project.

"*Project Fund*" shall mean the fund by that name created by the Indenture.

"*Projects*" shall mean, the undertaking by the Issuer, of the direction of the Lessee, of the Acquisition and Construction of any Facilities as authorized by the Act and pursuant to the Lease.

"*Property*" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"*Redemption Fund*" shall mean the fund by that name created by the Indenture.

"*Regular Record Date*" shall mean, with respect to any Bond Interest Payment Date for Bonds that are not Variable Rate Bonds, the first day of the month in which such Bond Interest Payment Date occurs. For Variable Rate Bonds, "Regular Record Date" shall have the meaning given thereto in the Supplemental Indenture authorizing such Variable Rate Bonds.

"*Renewal Term*" shall mean each of the additional and consecutive one year renewal terms for which the Lessee at its option may extend the term of the Lease after the Initial Term.

"*Rentals*" shall mean the total amount of the Base Rentals and the Additional Rentals payable during the initial term and each Renewal Term under the Lease.

"*Revenues*" shall mean (a) the Option Price, if paid, and any portion of the Option Price (if paid) with respect to separate Facilities; (b) all Net Proceeds, if any, of casualty insurance (including any moneys derived from the Risk Management Fund or any self–insurance program), title insurance, performance bonds, condemnation awards and awards resulting from defaults under Project Contracts (including amounts realized as liquidated damages) in connection with the Projects, not applied to the repair, restoration, modification, improvement or replacement of the

Leased Property; (c) all Net Proceeds, if any, derived from any sale of the Leased Property pursuant to a foreclosure pursuant to the Indenture or any of the Mortgages and reletting or sale of the Leased Property thereafter pursuant to the Indenture or any of the Mortgages or any other proceeds realized upon the exercise of any other remedies under the Indenture or under any of the Mortgages; (d) the Base Rentals; (e) any portion of the proceeds of sale of the Bonds deposited into the Bond Fund or the Capitalized Interest Fund to pay accrued interest or capitalized interest on Bonds; (f) any earnings on moneys on deposit in the Bond Fund and the Capitalized Interest Fund to the extent such earnings are available as provided in the Indenture for application for the purposes for which such funds have been or will be established under the Indenture; (g) all other revenues derived from the Lease, except Additional Rentals; and (h) any other moneys to which the Trustee may be entitled for the benefit of the Owners of the Bonds, including, but not limited to, Direct Payments and any amounts to be paid into the Bond Fund pursuant to the Lease from rentals or other payments by permitted sublessees, assignees and transferees.

"*Risk Management Fund*" shall mean the Risk Management Fund of the State, established pursuant to Section 63A–4–201 of the Utah Code.

"*Series*" shall mean all of the Bonds designated as being of the same Series authenticated and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefore pursuant to the Indenture.

"*Site Leases*" shall mean any lease pursuant to which the State leases a State–Owned Site to the Issuer for the purpose of a Project.

"*Special Record Date*" shall mean a special date fixed to determine the names and addresses of Owners of Bonds for purposes of paying interest on a special interest payment date for the payment of defaulted interest, all as provided in the Indenture.

"*State*" shall mean the State of Utah.

"*State Bodies*" shall mean "state bodies" as such term is defined in the Act, including Section 63B–1–303 thereof, as amended from time to time.

"*State–Owned Site*" shall mean any parcel of land on which Facilities are to be Acquired or Constructed that is owned by the State, was not acquired by the State with the proceeds of any Bonds issued pursuant to the Indenture and is leased to the Issuer for the purpose of a Project.

"*Supplemental Indenture*" shall mean any supplement or amendment to the Indenture that has been duly entered into between the Issuer and the Trustee, but only if and to the extent that such Supplemental Indenture is entered into in accordance with the provisions of the Indenture.

"*Supplemental Lease*" shall mean any supplement or amendment to the Lease that has been duly entered into by the Lessor and the Lessee, but only if and to the extent that such Supplemental Lease is entered into in accordance with the provisions of the Lease and the Indenture.

"*Tax Certificate*" shall mean, with respect to each Series of Bonds, any agreement or certificate of the Issuer and the Lessee that the Issuer and the Lessee may execute in order to establish and assure the excludability from gross income for federal income tax purposes of interest on the Bonds.

"*Term of the Lease*" or "*term of the Lease*" with respect to the possessory interest of the Lessee shall mean the initial term and any Renewal Terms as to which the Lessee exercises its option to renew the term of the Lease as provided in the Lease, subject to the provisions hereof concerning termination of certain of the Lessee's obligations under the Lease.

"*Trust Estate*" shall mean the properties, rights, interests and privileges (a) described in the Granting Clauses of the Indenture and to be described in the Granting Clauses of each Supplemental Indenture or (b) subject to the lien of a Mortgage.

"*Trustee*" shall mean Wells Fargo Bank, N.A., of Denver, Colorado (as successor in interest to First Security Bank of Utah, N.A.), and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee under the Indenture.

"*Utah Code*" shall mean the Utah Code Annotated 1953, as amended.

"*Variable Rate Bonds*" shall mean, as of any date of calculation, any Bonds the terms of which on such date of calculation are such that interest thereon for any future period of time is expressed to be calculated for a period or at a rate that is not susceptible of precise determination for any future period of time; *provided, however,* that the term "Variable Rate Bonds" shall not apply to any period after the method for calculating interest on the Bonds has been converted to a fixed rate to maturity as provided in the applicable Supplemental Indenture.

"*Variable Rate Rentals*" shall mean the interest component of Base Rentals that is to be calculated for a period of time or at a rate that, as of any date of calculation, is not susceptible of precise determination for any future period of time; *provided, however,* that the term "Variable Rate Rentals" shall not apply to any period after the method for calculating the interest component of Base Rentals has been converted to a fixed rate to maturity as provided in the applicable Supplemental Lease.

THE INDENTURE

Additional Bonds

At any time while there is no Event of Default under the Indenture or the Lease and so long as no Event of Nonappropriation has occurred and is then continuing, Additional Bonds may be issued pursuant to a Supplemental Indenture for the purposes specified in the Indenture and the Lease. All Additional Bonds shall be secured by the lien of the Indenture and the Mortgages and rank *pari passu* with the Bonds then Outstanding.

Prior to the delivery on original issuance by the Trustee of each Series of such Additional Bonds, there shall be or have been delivered to the Trustee, among other items required by the Indenture, the following:

(a) a written opinion of bond counsel to the effect that the issuance of such Series of Additional Bonds will not adversely affect the excludability from gross income for federal income tax purposes of interest on any Bonds then Outstanding;

(b) a date–down endorsement to each ALTA mortgage title insurance policy, and if required by the Lessee, an ALTA leasehold policy which complies with Section 211(a)(vi) of the Indenture or a new ALTA mortgagee title insurance policy with comprehensive endorsement, which endorsement or new policy shall insure to the date of issuance of such Series of Additional Bonds and the recording of the Mortgage, if any, relating to such Additional Bonds the continuing validity of the lien thereof, as a first and prior lien on the premises thereby secured, subject only to Permitted Encumbrances, and which endorsement shall establish the amount of title insurance coverage thereunder as an amount equal to the principal amount of the Additional Bonds used to finance a particular Project plus the principal amount of any such Bonds (other than such Series of Additional Bonds) outstanding as of the date of issuance of such endorsement, and insuring that the title to the Additional Facilities to be financed with the proceeds of the sale of such Series of Additional Bonds is vested in the Issuer, title to the leasehold estate under the Lease is vested in the Lessee and, if such is the case, title to the leasehold estate under any Site Lease executed in connection with such Series of Additional Bonds is vested in the Issuer, subject to any Permitted Encumbrances, and naming the Trustee as an insured; *provided, however*, in the event that the property upon which Additional Projects are to be located has not been acquired at or prior to the time of issuance of the Additional Bonds, the Supplemental Lease or Supplemental Indenture relating to such Additional Bonds shall require that such endorsement or additional title policy with respect to such property be delivered at the time of or prior to any disbursements being made from the Project Fund with respect to such portion of the Project; and

(c) written evidence from each of the appropriate rating agencies to the effect that the issuance of the Series of Additional Bonds will not by itself result in a reduction of withdrawal of the rating or ratings then in effect with respect to the Outstanding Bonds.

Notwithstanding any other provisions of the Indenture to the contrary, the Issuer may issue Additional Bonds to finance or refinance Additional Facilities or portions thereof pursuant to the Indenture without subjecting such Additional Facilities or portions thereof to any additional Mortgages or supplements to existing Mortgages and without delivering a copy of the Mortgage to the Trustee, if the Issuer submits to the Trustee a certificate stating and demonstrating that (a) the Additional Facilities or portions thereof to be finance or refinanced are of such a nature that would make an additional Mortgage or supplement to an existing Mortgage impractical and (b) the value to the Lessee of the Facilities and Additional Facilities or portions thereof that are subject to the Mortgage is sufficient to secure all Outstanding Bonds and the Additional Bonds to be issued.

Notwithstanding any other provisions of the Indenture to the contrary, the Issuer may issue Additional Bonds to finance or refinance Additional Facilities or portions thereof pursuant to the Indenture without providing title insurance therefore, if the Issuer submits to the Trustee a certificate stating that such Additional Facilities or portions thereof to be financed or refinanced are of such a nature that obtaining title insurance thereon is impractical or impossible.

General Covenants

Rental. Rates. The Issuer covenants to charge Base Rentals and Additional Rentals under the Lease sufficient in amount for such purposes and to pay any other obligations under the Indenture that are to be paid from Base Rentals or Additional Rentals.

Payment of Bonds. The Issuer covenants in the Indenture to pay promptly the principal of (whether at maturity, by operation of mandatory sinking fund redemptions, by acceleration, call for redemption or otherwise), and premium, if any, and interest on, the Bonds at the places, on the dates and in the manner provided in the Indenture and in every Bond issued under the Indenture according to the true intent and meaning thereof; *provided, however,* that such obligations are not general obligations of the Issuer but are limited obligations payable solely from the Revenues.

Performance of Issuer's Covenants; Authority. The Issuer covenants in the Indenture to faithfully observe and perform at all times any and all covenants, conditions and agreements on its part contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and in all proceedings of the Issuer pertaining thereto; provided, however, that the liability of the Issuer under any such covenant, condition or agreement for any breach or default by the Issuer thereof or thereunder shall be limited solely to the Revenues.

Payment of Taxes, Charges, Insurance, etc. The Issuer covenants in the Indenture to cause the Lessee pursuant to the Lease to maintain certain insurance and pay all lawful taxes, assessments and charges at any time levied or assessed against or with respect to the Leased Property or the Revenues, or any part thereof, that might impair or prejudice the lien and priority of the Indenture or any of the Mortgages; provided, however, that nothing contained in the Indenture shall require the maintenance of insurance or payment of any such taxes, assessments or charges if the same are not required to be maintained or paid under the provisions of the Lease.

Maintenance and Repair of and Alterations, Additions and Improvements to Leased Property. Pursuant to the provisions of the Lease, the Lessee has agreed at its own expense to maintain, manage and operate the Leased Property in good order, condition and repair, and the Lessee may, at its own expense, make from time to time additions, modifications or improvements to the Leased Property under the terms and conditions set forth in the Lease and as provided in the Indenture.

Recordation of the Lease, Indenture, Mortgages, Site Leases and Security Instruments. The Issuer covenants to cause the Indenture, each Mortgage, the Lease, each Site Lease and all supplements and amendments thereto as well as such other security instruments, financing statements, continuation statements and all supplements and amendments thereto and other instruments as may be required from time to time to be kept recorded and filed in such manner and in such places as may be required by law in order fully to preserve and protect the security of the Owners of the Bonds and the rights of the Trustee under the Indenture and to perfect the lien of, and the security interest created by, the Indenture and each Mortgage.

Revenues And Funds

Source of Payment of Bonds. The Base Rentals that the Lessee is required to pay in accordance with the Lease are to be remitted directly to the Trustee for the account of the Issuer and deposited into the Bond Fund and the Redemption Fund as provided in the Lease. Such payments, sufficient in amount to insure the prompt payment of the principal of (including mandatory sinking fund redemptions) and premium, if any, and interest on, the Bonds (so long as the Lessee appropriates sufficient moneys annually to pay Rentals accruing during each succeeding Renewal Term under the Lease) are pledged to secure the payment of such principal of, and premium, if any, and interest on, the Bonds. Said pledge shall constitute a first and exclusive lien on the Base Rentals provided in the Lease for the payment of the principal of, and premium, if any, and interest on, the Bonds in accordance with the terms thereof and of the Indenture and otherwise for the benefit of the Interests Secured by the Indenture.

Funds and Accounts. The Indenture establishes the following irrevocable trust funds, among others, all of which are to be held by the Trustee:

(a) the Bond Fund;

(b) the Capitalized Interest Fund, which includes certain Capitalized Interest Accounts;

(c) the Project Fund which includes separate accounts for each Project;

(d) the Redemption Fund; and

(e) the Insurance Fund.

Payments into and Use of Moneys in Bond Fund. There shall be deposited into the Bond Fund, as and when received, the following:

(a) any amount in a Capitalized Interest Account to be paid into the Bond Fund in accordance with the applicable Supplemental Indenture;

(b) any amount in the Project Fund (including any Project Account therein) to be paid into the Bond Fund in accordance with the Indenture;

(c) all Base Rentals;

(d) any other amount to be deposited therein pursuant to any other provisions of the Indenture, or any provisions of a Supplemental Indenture; and

(e) all other moneys received by the Trustee under and pursuant to any of the provisions of the Lease or otherwise that are required or that are accompanied by directions that such moneys are to be paid into the Bond Fund.

Moneys in the Bond Fund are to be used solely for the payment of the principal of and interest on the Bonds, including mandatory sinking fund redemption payments.

Payments into and Disbursements from Project Fund. The proceeds of a Series of Bonds deposited into a Project Account within the Project Fund are to be used to pay the Project Costs being financed by such Series of Bonds. So long as no Event of Nonappropriation of Event of Default has occurred and is continuing and the Lessee's right (as agent of the Issuer under the Agency Agreement) or other agent to control the Projects has not otherwise been terminated pursuant to the Lease or the Agency Agreement, the Trustee is authorized and directed under the Indenture to make payments as requested by the Lessee from each Project Account to pay or reimburse (to the extent authorized) the Project Costs relating to each of the Projects, upon receipt of certain documents, certificates and opinions specified in the Indenture.

Completion of the Projects; Delivery of Completion Certificate. The completion of each Project under the Lease, the payment or provision made for payment of all Project Costs under the Lease related to each such Project and the acceptance of the portion of the Leased Property represented by such Project by the Lessee shall be evidenced by the filing with the Trustee of the Completion Certificate of an authorized Lessee representative stating that, to the best of the Lessee's knowledge based upon the representations of the engineers, vendors, suppliers, contractors, architects and other consultants for such Project and except for any amounts estimated by such authorized Lessee representative to be necessary for payment of any Project Costs not then due and payable, such Project has been completed and the portion of the Leased Property represented by such Project has been accepted by the Lessee. Immediately after the date of delivery of the Completion Certificate for a Project and unless otherwise provided in a Supplemental Indenture with respect to a Series of Additional Bonds, any moneys remaining in the related Project

Account (except any amount that the Lessee shall have directed the Trustee to retain for any Project Costs not then due and payable and except as otherwise may be required by any Tax Certificate) shall without further authorization be transferred by the Trustee for deposit into the Bond Fund and applied by the Trustee for the purposes for which such Fund has been established under the Indenture.

Deposit Into and Use of Moneys in Redemption Fund. All moneys to be used for redemption of Bonds (other than mandatory sinking fund redemptions) shall be deposited into the Redemption Fund.

Use of Moneys in Insurance Fund. All Net Proceeds of performance or payment bonds, proceeds (including any moneys derived from the Risk Management Fund and any self–insurance program) from policies of insurance required by the Lease or condemnation awards, or any proceeds resulting from a default under a Project Contract (except liquidated damages) or any other contract relating to the Leased Property that are received by the Trustee shall be deposited into the Insurance Fund. An authorized Lessee representative shall file an Officer's Certificate with Trustee, within 90 days after the occurrence of the event giving rise to such Net Proceeds, directing the application and disbursement of such funds, subject to any applicable provisions of any Tax Certificate, as follows:

(a) to the prompt repair, replacement, restoration, modification or improvement of the damaged or destroyed portion of the Leased Property if such Officer's Certificate states that such Net Proceeds, together with any other funds lawfully available to the Lessee for such purpose, are sufficient to pay in full the costs of such repair, replacement, restoration, modification or improvement; or

(b) to the redemption, in whole or in part, of the principal of the Bonds in accordance with the Indenture and the Lease.

Liquidated damages resulting from a default by a Contractor to complete a Project in a timely fashion under the Construction Contract are to be deposited into the Bond Fund.

Moneys To Be Held In Trust

All moneys required to be deposited with or paid to the Trustee for account to any fund referred to in any provision of the Indenture shall be held by the Trustee in trust in accordance with the terms of the Indenture.

Permitted Investments

Subject to compliance with the terms and provisions of any Tax Certificate, any moneys held as part of the Project Accounts, the Insurance Fund or any accounts therein or in any other funds or accounts under the Indenture (except the Bond Fund, the Redemption Fund and the Capitalized Interest Fund) and any moneys held as part of the Cost of Issuance Funds, shall be invested and reinvested by the Trustee to the extent permitted by law, at the written direction of the Utah State Treasurer for and on behalf of the Lessee, but only so long as no Event of Default has occurred and is continuing (or by the Trustee after the occurrence and during the continuance of any such Event of Default), in any Investment Securities maturing not later than such times as shall be necessary to provide moneys when needed for payments to be made from each such Fund or other fund or account.

Subject to compliance with the terms and provisions of any Tax Certificate, any moneys held as part of the Bond Fund, the Redemption Fund and the Capitalized Interest Fund, unless otherwise provided in a Supplemental Indenture, shall be invested and reinvested by the Trustee to the extent permitted by law, at the written direction of the Utah State Treasurer for and on behalf of the Lessee, but only so long as no Event of Default has occurred and is continuing (or by the Trustee after the occurrence and during the continuance of any such Event of Default), only in Government Obligations maturing at such times and in such amounts as shall be necessary to pay principal of and interest on the Bonds as such become due and payable or, with respect to moneys held as part of the Bond Fund, invested in (a) a money market mutual fund that invests only in Government Obligations or (b) the Utah State Treasurer's Investment Pool established pursuant to Title 51, Chapter 7 of the Utah Code.

All such investments shall at all times be a part of the fund from whence the moneys used to acquire such investments shall have come. In computing the amount in any fund or account under the Indenture, investments shall be valued at the market price thereof at least annually by the Trustee prior to May 1 of each year. All income and profits on such investments shall be credited to, and all losses thereon shall be charged against, such funds and accounts equal to each fund's or account's respective proportionate contribution thereto. Any such investments shall be made by the Trustee in such manner as to assure the availability of moneys to make disbursements from each

Project Account on the anticipated dates of disbursement for the Project to which such Project Account relates and to make payments of the principal of, and premium, if any, and interest on, the Bonds at the times and in the amounts as provided therein.

Discharge Of Lien

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid or provision for the unconditional payment made from any source, to or for the Owners of the Bonds all principal of, and premium, if any, and interest on, the Bonds at the times and in the manner stipulated therein and in the Indenture, and if the Issuer shall not then be in default in any of the other covenants and promises in the Bonds and in the Indenture expressed or implied as to be kept, performed and observed by it or on its part, and if the Lessee shall not then be in default in any of its covenants and promises in the Lease expressed or implied as to be kept, performed and observed by it or on its part, and if the Issuer shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions of the Indenture, then all rights and obligations of the Issuer, the Lessee and the Trustee under the Indenture, the Lease and the Site Leases shall terminate and be of no further force and effect and the Trustee shall cancel and discharge the Indenture, the Mortgages, the Lease and the Site Leases and execute and deliver to the Issuer and the Lessee such instruments in writing as shall be requisite to cancel and discharge the lien of the Indenture, and reconvey, release, assign and deliver unto the Issuer and the Lessee any and all the estate, right, title and interest in and to any property conveyed, mortgaged, assigned or pledged to the Trustee or otherwise subject to the lien of the Indenture or the Mortgages, except (a) amounts in the Bond Fund required to be paid to the Lessee pursuant to the Indenture, (b) moneys or securities held by the Trustee for the payment of the principal of, or premium, if any, or interest on, the Bonds and (c) any moneys to be paid pursuant to any Tax Certificate.

Any Bond shall be deemed to be paid, or any portion thereof shall be deemed to be paid, within the meaning of the Indenture when payment of the principal of, and premium, if any, and interest on, the Bonds (or such portion thereof) either (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Government Obligations (provided that such deposit does not, in the opinion of bond counsel, adversely affect the excludability from gross income for federal income tax purposes of interest on any of the Bonds or cause the Lease or any of the Bonds to be classified as arbitrage bonds within the meaning of Section 148(a) of the Code), which are not callable at the option of the issuer thereof prior to their maturity and which mature and bear interest in such amounts and at such times as will provide such amounts and at such times as will insure the availability of sufficient moneys to make such payment on and prior to the redemption date or maturity date, as the case may be. If the Bonds are not to be paid on the next succeeding Bond Payment Date, proper notice of redemption shall have been previously mailed as provided in the Indenture or the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions to mail notice of redemption as provided in the Indenture. At such time as a Bond shall be deemed to be paid, it shall no longer be secured by or entitled to the benefits of the Indenture or the Mortgages, except for the purposes of registration and exchange of Bonds and of any such payment from such moneys or Government Obligations.

Possession, Use And Partial Release Of Leased Property

Subordination of Lease to the Indenture and the Mortgages. As provided in the Lease, the Lease and the Lessee's interest in the Leased Property and its interest as lessee under the Lease shall at all times be subject to the lien of the Indenture and the Mortgages; provided, however, that so long as no Event of Default under the Indenture or an Event of Nonappropriation has occurred and is then continuing, the Lease shall remain in full force and effect notwithstanding such subordination, and the Lessee shall not be disturbed by the Issuer or the Trustee in its possession, use and enjoyment of the Leased Property during the term of the Lease or in the enjoyment of its rights under the Lease.

Release of Sites. The Issuer and the Lessee have reserved the right in the Lease to withdraw certain portions of the sites on which any of the Facilities are located from the terms of the Lease and the lien of the Indenture upon compliance with the terms and conditions of the Lease. The Trustee shall release from the lien of the Indenture any such portions of the sites upon compliance with the provisions of the Lease.

Granting or Release of Easements. In accordance with the Lease, the Lessee may grant or release easements and take other action upon compliance with the terms and conditions of the Lease. The Trustee shall execute or confirm the grants or releases of easements, licenses, rights–of–way and other rights and privileges permitted by the Lease upon compliance with the provisions of the Lease.

Events Of Default And Remedies

Events of Default Defined. The occurrence of any of the following events shall constitute an "Event of Default" under the Indenture:

(a) Default in the payment of the principal of or premium, if any, on any Bond when the same shall become due and payable, whether at the stated maturity date thereof, by acceleration or call for redemption or otherwise;

(b) Default in the payment of any interest on any Bond when the same shall become due and payable;

(c) The occurrence of any Event of Nonappropriation or Event of Default as each such term is defined in the Lease or the occurrence of an event of default under any Mortgage; or

(d) Subject to the provisions of the Indenture, default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in the Indenture or in the Bonds contained and the continuance thereof for a period of 60 days after written notice to the Issuer and the Lessee given by the Trustee or to the Trustee, the Issuer and the Lessee by the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding.

Notice of Certain Defaults; Opportunity of Lessee to Cure Certain Defaults. Anything in the Indenture to the contrary notwithstanding, no default described in paragraph (d) under "Events of Default Defined" above will constitute an Event of Default until actual notice of such default by registered or certified mail has been given by the Trustee or by the Owners of not less than a majority in aggregate principal amount of all Bonds then Outstanding to the Issuer and the Lessee, and the Lessee has had 30 days after receipt of such notice to correct said default or cause said default to be corrected, and has not corrected said default or caused said default to be corrected, or if said default be such that it cannot be corrected within the applicable period, it will not constitute an Event of Default if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected.

Remedies Upon Default. Upon the occurrence and continuance of any Event of Default, the Trustee shall have all the rights and remedies with respect to the Trust Estate as the Issuer, as lessor, has against the Leased Property and the Lessee under the pertinent provisions of the Lease and subject to the restrictions and limitations therein provided. Upon the occurrence and continuance of any Event of Default, the Trustee may, and at the written request of Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall, declare the principal amount of the Bonds then Outstanding to be immediately due and payable, whereupon such principal amount shall, without further action, become and be immediately due and payable, anything in the Indenture, any Mortgage or in the Bonds to the contrary notwithstanding; provided, however, that no such acceleration shall change or otherwise affect the Lessee's obligation under the Lease to pay Rentals only during the term of the Lease and in the amounts and at the times as provided in the Lease. The Trustee shall give notice of such declaration of acceleration to the Lessee and the Issuer and, upon receipt of indemnity satisfactory to it, shall give notice thereof by Mail to Owners of all Bonds then Outstanding.

Upon the occurrence and continuance of any Event of Default specified in paragraphs (a), (b), or (c) under the heading "Events of Default Defined" above, the Trustee shall, without any action on the part of the Owners of the Bonds, or upon the occurrence and continuance of an Event of Default specified in paragraph (d) under the heading "Events of Default Defined" above, and at the written request of Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding the Trustee shall, give notice to the Lessee to vacate and surrender the Leased Property immediately as provided in the Lease, with or without terminating the term of the Lease thereunder except as to the Lessee's possessory interests in the Leased Property under the Lease. The Trustee may, and at the written request of Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding shall, commence an action to foreclose the lien of the Indenture as a mortgage in the manner provided in the Indenture and as permitted by law against the Trust Estate, commence an action or actions to foreclose any Mortgage or Mortgages in the manner therein provided and as permitted by law against the Issuer's right, title and interest in the Leased Property in such manner and order as the Trustee may determine, and take one or any combination of the following additional remedial steps:

(a) The Trustee may terminate the Lease or the Lessee's possessory rights thereunder (without otherwise terminating the Lease), re–enter the Leased Property and eject all parties in possession thereof therefrom and relet the Leased Property (subject to the Site Leases), all as provided in the Lease;

(b) The Trustee may, subject to compliance with the applicable provisions of the "one action rule" set forth in Title 78, Chapter 37 of the Utah Code, recover from the Lessee:

(1) the portion of Base Rentals and Additional Rentals that are or would otherwise have been payable under the Lease during any period in which the Lessee continues to use, occupy and operate the Leased Property or any portion thereof; and

(2) Base Rentals and Additional Rentals that are or would otherwise have been payable by the Lessee under the Lease during the remainder, after the Lessee vacates and surrenders the Leased Property, of the Renewal Term in which such Event of Default occurs for which Term the Lessee had lawfully appropriated moneys for purposes of paying such Base Rentals and Additional Rentals; *provided, however*, that if the Trustee does not proceed to sell the Leased Property reasonably promptly after such Event of Default, the Trustee shall be obligated to the Lessee to use the Trustee's best efforts to lease or sublease the Leased Property for the remainder of such Renewal Term, and the Net Proceeds of such leasing and subleasing shall be offset against the amount recoverable from the Lessee as described under this subparagraph (2);

(c) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Leased Property, or any part thereof, in its own name or in the name of the Issuer, and do any acts that the Trustee deems necessary or desirable to preserve the value, marketability or rentability of the Leased Property, or part thereof or interest or space therein, increase the income therefrom or protect the security of the Indenture and, with or without taking possession of the Leased Property, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any obligations secured by the Indenture, all in such order as the Trustee may determine;

(d) In conformity with the Indenture, exercise all rights of the Issuer in its capacity as lessor under the Lease, including the right to lease all or any part of the Leased Property (subject to the Site Leases) in the name and for the account of the Issuer, to collect, receive and sequester the rents, revenues, issues, earnings, income, products and profits therefrom, and out of the same and any moneys received from any receiver of any part thereof pay, and/or set up proper reserves for the payment of, all proper costs and expenses of so taking, holding and managing the same, any taxes and assessments and other charges prior to the lien of the Indenture that the Trustee may deem it wise to pay and all expenses and costs of repairs and improvements to the Leased Property and apply the remainder of the moneys so received in accordance with the Indenture;

(e) Exercise any or all of the remedies available to a secured party under the Utah Uniform Commercial Code, as then in effect, with respect to property subject to the Indenture or any Mortgage that is covered by such Code; and

(f) Exercise the option provided to the Trustee (as assignee of the Issuer, in its capacity as ground lessee under the Site Leases, pursuant to the Indenture) with respect to any Site Lease to purchase the Site that is the subject of such Site Lease.

A judgment requiring a payment of money may be entered against the Lessee by reason of an Event of Default under the Indenture only as to the liabilities described in paragraph (b) above. Notwithstanding anything set forth in the Lease, the Mortgages or the Indenture to the contrary, any Event of Default consisting of a failure by the Lessee to vacate or surrender the Leased Property by the expiration of the Renewal Term during which an Event of Nonappropriation occurs shall not result in any liability for Base Rentals or Additional Rentals allocable to any period other than the period in which the Lessee continues to use, occupy and operate the Leased Property or any portion thereof and to that extent only.

Other Remedies. Upon the occurrence of an Event of Default, the Trustee may, as an alternative, either after entry or without entry, pursue any available remedy by suit at law or equity to enforce the payment of the principal of, and premium, if any, and interest on, the Bonds then Outstanding, including, without limitation, foreclosure and mandamus and an action for specific performance of any agreement contained in the Indenture.

Upon the occurrence of an Event of Default, if requested to do so by the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding and if indemnified as provided in the Indenture, the Trustee shall exercise such one or more of the rights and powers conferred by the Indenture as the Trustee, upon being advised by counsel, shall deem most expedient in the interests of the Owners; provided that the obligation of the Trustee to accelerate the principal of the Bonds shall be subject to the provisions set forth under the heading “Remedies Upon Default” above.

Remedies Not Exclusive. No remedy conferred in the Indenture upon or reserved to the Trustee is intended to be exclusive of any other remedy in the Indenture or by law provided or permitted, but each such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute. Every power or remedy given by the Indenture, any Mortgage, the Lease or any Site Lease, or to which the Trustee may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Trustee, and the Trustee may pursue inconsistent remedies.

Limitation on Remedies. Notwithstanding anything in the Indenture to the contrary, no deficiency judgment upon foreclosure or exercise of other remedies as provided in the Indenture may be entered against the Issuer or the State (as Lessee or otherwise) or any of its political subdivisions, *provided* that the Lessee shall remain liable to pay Rentals for any period that it uses, occupies and operates the Leased Property, and the Trustee shall be entitled to recover such Rentals from the Lessee as provided in the Indenture.

No breach of any covenant or agreement in the Indenture or the Lease shall impose any general obligation or liability upon, nor a charge against the general credit or taxing power of, the State (in its capacity as Lessee or otherwise) or any of its political subdivisions.

Waivers of Events of Default. The Trustee may in its discretion waive any Event of Default under the Indenture and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds, and shall do so upon the written request of the Owners of (a) more than 50% in aggregate principal amount of all Bonds the Outstanding in respect of which a default exists in the payment of principal and/or premium, if any and/or interest, or (b) more than 50% in aggregate principal amount of all Bonds then Outstanding, subject to the provisions of the Indenture.

Rights and Remedies of Owners of the Bonds. Except in the case of a failure of the Trustee to accelerate payment of principal of the Bonds pursuant to the provisions of the Indenture described under the heading “Remedies Upon Default” above, no Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture or for the execution of any trust thereof or the enforcement of any Mortgage or for the appointment of a receiver or any other remedy under the Indenture or under any Mortgage, unless (a) a default has occurred of which the Trustee has been notified, or of which it is deemed to have notice, (b) such default has become an Event of Default and the Owners of at least 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and have offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, (c) such Owners have offered to the Trustee indemnity as provided for in the Indenture and (d) the Trustee thereafter has failed or refused to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name or in the name of such Owners. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or the Mortgages or for the appointment of a receiver or any other proceedings under the Indenture; provided that such direction shall not be otherwise than in accordance with the provisions of law, the Indenture and any applicable Mortgage.

Limitations Of Liability

Limitations of Liability of Issuer. The Trustee and the Owners agree to look solely to the Trust Estate, including the Leased Property and the Revenues, for the payment of the obligations of the Issuer under the Indenture. However, nothing contained in the Indenture shall limit, restrict or impair the rights of the Owners of the Bonds or the Trustee to exercise all rights and remedies provided under the Indenture, the Mortgages, the Lease or any Site Lease or otherwise realize upon the Trust Estate and the Trustee may join the Issuer and the Lessee and their officers, trustees, agents and employees, in their capacities as officers, trustees, agents and employees of the Issuer or the Lessee, as defendants in any legal action it undertakes to enforce its rights and remedies under the Indenture.

Limitations of Liability of Lessee. Nothing in the Indenture shall be construed to require the Lessee to appropriate any money for the performance of any obligation under the Indenture or under the Lease. No provision of the Indenture shall be construed or interpreted as creating a general obligation or other indebtedness of the State (in its capacity as Lessee or otherwise) or any political subdivision of the State within the meaning of any constitutional or statutory debt limitation. Neither the execution, delivery and performance of the Lease nor the issuance of the Bonds directly or indirectly obligates the Lessee to make any payments under the Indenture or under the Lease beyond those appropriated for the Lessee's then current Fiscal Year or to pay the Option Price or any portion thereof.

Supplemental Indentures; Waivers

Supplemental Indentures Without Consent of the Owners of the Bonds. The Issuer and the Trustee from time to time and at any time with the prior written consent of the Lessee, but without the consent of or notice to any Owners and subject to the restrictions contained in the Indenture, may enter into an indenture or indentures supplemental thereto and that shall thereafter form a part thereof for any one or more or all of the following purposes:

(a) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon, the Issuer;

(b) to subject to the lien of the Indenture additional Property and Revenues hereafter acquired by the Issuer and intended to be subjected to the lien of the Indenture and to correct and amplify the description of any Property and Revenues subject to the lien of the Indenture;

(c) to permit the qualification of the Indenture under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect;

(d) to cure any ambiguity or cure, correct or supplement any provision contained in the Indenture or in any Supplemental Indenture that may be defective or inconsistent with any other provision contained in the Indenture or in any Supplemental Indenture or to make such other provisions in regards to matters or questions arising under the Indenture or any Supplemental Indenture as shall not adversely affect in a material way the interest of any Owner;

(e) to comply with any additional requirements necessary to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds; or

(f) to authorize the issuance of Additional Bonds and provide the terms therefore, including such provisions as are necessary in connection with the terms required to issue Variable Rate Bonds.

Waivers and Consents by Owners; Supplemental Indentures with Owners' Consent. Upon the prior written waiver or consent of the Owners of at least $66^{2}/_{3}$% in aggregate principal amount of the Bonds then Outstanding, (a) the Issuer may take any action prohibited, or omit the taking of any action required, by any of the provisions of the Indenture or any Supplemental Indenture, or (b) the Issuer and the Trustee may enter into an indenture or indentures supplemental thereto for the purpose of adding, changing or eliminating any provisions of the Indenture or of any Supplemental Indenture thereto or modifying in any manner the rights and obligations of the Owners of the Bonds and the Issuer; provided that no such waiver or supplemental indenture shall (1) impair or affect the right of any Owner to receive payments or prepayments of the principal of, and premium, if any, and interest on, such Owner's Bond, as provided therein and in the Indenture, without the consent of such Owner, (2) permit the creation of any lien with respect to any of the Trust Estate, without the consent of the Owners of all the Bonds at the time Outstanding, (3) effect the deprivation of the Owner of any Bond of the benefit of the liens of the Indenture or any Mortgage upon all or any part of the Trust Estate without the consent of such Owner, (4) reduce the aforesaid percentage of the aggregate principal amount of Bonds, the Owners of which are required to consent to any such waiver or supplemental indenture pursuant to the Indenture, without the consent of the Owners of all of the Bonds at the time Outstanding or (5) modify the rights, duties or immunities of the Trustee without the consent of the Trustee and the Owners of all of the Bonds at the time Outstanding.

Amendment Of Lease And Site Leases

Amendments to Lease or Site Leases Not Requiring Consent of Owners. The Issuer and the Lessee may, with the prior written consent of the Trustee, but without the consent of or notice to the Owners, consent to any amendment, change or modification of the Lease or any Site Lease as may be required (a) by the provisions of the Lease, any Site

Lease or the Indenture; (b) for the purpose of curing any ambiguity or formal defect or omission in the Lease or any Site Lease; (c) in order to more precisely identify the Leased Property or any portion thereof or to add additional or substituted improvements or properties acquired in accordance with the Lease, any Site Lease or the Indenture; (d) in connection with any other change in the Lease or any Site Lease that, in the judgment of the Trustee, does not adversely affect in a material way the interests of the Trustee or any Owner; (e) for the purposes of complying with additional requirements necessary to maintain the excludability from gross income for federal income tax purposes of interest on the Bonds or (f) in connection with the issuance of Additional Bonds, including such provisions as are necessary to provide for Variable Rate Rentals.

Amendments to Lease or Site Leases Requiring Consent of Owners. Except for the amendments, changes or modifications described in the preceding paragraph, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Lease or any Site Lease without mailing of notice and the prior written approval or consent of the Owners of not less than $66^{2}/_{3}$% in aggregate principal amount of the Bonds at the time Outstanding.

THE LEASE

Term Of The Lease

Commencement of the Term of the Lease. The initial term of the Lease expired on June 30, 1995 (the "Initial Term"). Subject to the Lessee's option to extend the term of the Lease for additional and consecutive one–year renewal terms (which the Lessee has done since 1995 and through June 30, 2016), with a final renewal term commencing July 1, 2037, and ending May 16, 2038. The terms and conditions of the Lease during any Renewal Term shall be the same as the terms and conditions during the Initial Term, except that the Base Rentals will be as specified in Schedules attached to the Lease, as such Schedules may be revised as provided in the Indenture.

Each option shall be exercised automatically by the enactment into law of a State budget that appropriates and allocates to or for the benefit of the Lessee for purposes of the Lease moneys sufficient (after taking into account any moneys legally available for such purpose, including, but not limited to, such moneys as may be legally available from non–lapsing appropriations in the Fiscal Year prior to such Renewal Term) to pay the Base Rentals (using for purposes of computing any Variable Rate Rentals, a projected interest cost based upon the formula contained in the Supplemental Lease providing for such Variable Rate Rentals) and reasonably estimated Additional Rentals (calculated as provided in the Lease) for the next succeeding Renewal Term as provided in the Lease. The enactment into law of such State budget, after compliance with the procedures required by applicable law, shall automatically extend the term of the Lease for the succeeding Renewal Term without any further action required by any official, officer or employee of the Lessee or any other person.

The option to renew may not be exercised at any time during which an Event of Default or an Event of Nonappropriation (except as otherwise provided in the Lease as described under the heading "Rentals Payable—Nonappropriation" below) has occurred and is then continuing under any of the terms of the Lease; *provided, however*, that if the Event of Default complained of (money payments excepted) is of such nature that the same is curable but not within the period allowed for curing such Event of Default, then the right of the Lessee to exercise the option to renew shall not be suspended if the Lessee shall have promptly commenced within such period to comply with the provisions of the Lease that shall have been breached by it and if and so long as the Lessee shall, with diligence and continuity, proceed to cure such Event of Default.

Expiration or Termination of the Term of the Lease. The term of the Lease will expire or terminate, as appropriate, as to the Lessee's right of possession of the Leased Property as described in the next paragraph upon the first to occur of any of the following events: (a) the expiration of any Renewal Term during which there occurs an Event of Nonappropriation (which is not thereafter waived by the Trustee); (b) on the Optional Payment Date on which the deposit is made of the purchase price by the Lessee for Leased Property to be purchased pursuant to the Lease; (c) an Event of Default and a termination of the term of the Lease as to the possessory interest of the Lessee by the Trustee as provided in the Lease; (d) discharge of the Indenture as therein provided; or (e) May 16, 2038, which date constitutes the day following the last Bond Principal Payment Date of the final Renewal Term of the Lease, or such later date as all Rentals required under the Lease and the Bonds shall be paid.

The expiration or termination of the term of the Lease as to the Lessee's right of possession and use of the Leased Property as described in the preceding paragraph shall terminate all obligations of the Lessee thereunder (except to the extent that the Lessee incurred any obligation to pay Rentals from moneys theretofore appropriated and available for such purpose) and shall terminate the Lessee's rights of use, occupancy and operation of the Leased Property (except to the extent of any conveyance of the Leased Property to the Lessee purchased by the Lessee as provided in the Lease). All other terms of the Lease and the Indenture, including all obligations of the Trustee with respect to the Owners of the Bonds and the receipt and disbursement of funds, shall be continuing until the lien of the Indenture is discharged or foreclosed, as provided in the Indenture, except that all obligations of the Lessee to pay any amounts to the Owners and the Trustee under the Indenture shall thereafter be satisfied only as provided in the Indenture. The termination or expiration of the term of the Lease as to Lessee's right of possession and use shall not in itself discharge the lien of the Indenture.

Rentals Payable

Rentals Payable–General. The Lessee shall pay the Base Rentals and the Additional Rentals (but shall not be entitled to prepay or cause to be prepaid any such Base Rentals or Additional Rentals, except as otherwise expressly provided in the Lease or in a Supplemental Lease) in the amounts, at the times and in the manner set forth in the Lease, said amounts constituting in the aggregate the total of the annual Rentals payable under the Lease, as follows:

(a) *Base Rentals*. The Lessee agrees, subject to the availability of appropriations of funds to it therefore and other moneys legally available for the purpose, to pay to the Trustee for the account of the Lessee in arrears during each Renewal Term (i) the principal component of the Base Rentals payable in annual installments on May 1 of each year as set forth in the Lease and (ii) the interest component of the Base Rentals payable in installments on May 1 and November 1 of each year as set forth in the Lease. The Base Rentals shall be paid for the right to the use, occupancy and operation of the Leased Property during the term of the Lease. The Lessee agrees to pay the Base Rentals in accordance with the Base Rental Payment Schedule set forth in the Lease as it may be revised from time to time by such amounts as are necessary to reflect the redemption of the principal of Bonds (other than mandatory sinking fund redemptions) or to pay the principal of and interest on Additional Bonds.

(b) *Additional Rentals.* In addition to the Base Rentals, and as part of the total Rentals during the term of the Lease, the Lessee shall pay on a timely basis, but only from legally available funds appropriated for such purposes or otherwise legally available therefore, to the parties entitled thereto an amount or amounts (the "Additional Rentals") for each Renewal Term, equivalent to the sum of the following:

(i) the annual fee of the Trustee for the ordinary services of the Trustee rendered and its ordinary expenses incurred under the Indenture, any Mortgage and any Tax Certificate;

(ii) the reasonable fees and charges of the Trustee, any paying agent and any registrar appointed under the Indenture with respect to the Bonds for acting as trustee, paying agent and registrar as provided in the Indenture;

(iii) the reasonable fees and charges of the Trustee for extraordinary services rendered and extraordinary expenses incurred by it as Trustee under the Indenture;

(iv) the reasonable fees and out–of–pocket expenses of the Lessor relating to the Leased Property not otherwise required to be paid by the Lessee under the terms of the Lease;

(v) the costs of maintenance, operation and repair with respect to the Leased Property and utility charges as required under the Lease and any costs to repair, rebuild or replace the Leased Property as provided in the Lease;

(vi) the costs of casualty, public liability, property damage and workers' compensation insurance as required under to the Lease and the costs related to any self–insurance carried or required to be carried as provided in the Lease;

(vii) the costs of taxes and governmental charges and assessments as required under the Lease;

(viii) an amount equal to any franchise, succession, capital levy or transfer tax, or any income, excess profits or revenue tax, or any other tax, assessment, charge or levy (however denominated), if any shall ever become due, levied, assessed or imposed by the State or any political subdivision thereof upon the Base

Rentals payable under the Lease or the Option Price (if paid) or upon the Leased Property, any portion thereof or any of the Revenues;

(ix) any amount of interest required to be paid (1) on any of the foregoing items as a result of the Lessee's failure to pay any such items when due or (2) pursuant to the Lease; and

(x) any additional payment required to be made pursuant to any Tax Certificate to maintain the excludability from gross income for federal income tax purposes of interest on any Bonds, together with an amount equal to all costs and expenses incurred by the Issuer to calculate or cause to be calculated the amount of any required payment, or otherwise to comply with the provisions of any Tax Certificate.

(c) *Prepayment of Base Rentals and Partial Redemption of Bonds.* The Lease expressly reserves to the Lessee the right, and the Lessee is authorized by the Lease, to prepay Base Rentals in addition to the Base Rentals otherwise payable under the Lease solely for the purpose of redeeming a Series of Bonds in part pursuant to the Indenture. Such additional Base Rentals shall be deposited into the Redemption Fund and applied to the redemption of the Series of Bonds in part in the manner and to the extent provided in the Indenture. See "THE 2016 BONDS—Redemption Provisions For The 2016 Bonds" in the body of the OFFICIAL STATEMENT to which this "APPENDIX D—BASIC DOCUMENTATION" is attached.

(d) *Allocation of Base Rentals.* Each payment of Base Rentals on a regularly scheduled Base Rental Payment Date shall be allocated and applied to each of the portions of the Base Rentals relating to the leasing of the respective Facilities as part of the Leased Property as provided in the Lease (each such portion being the "Amortization Payments" with respect to its related Facility) in the respective amounts set forth in the Base Rental Payment Schedule attached to the Lease. A partial payment of such Base Rentals on a regularly scheduled Base Rental Payment Date shall be allocated pro rata among such payments and shall be treated as a corresponding reduction to the amount payable with respect to each Facility. Prepayments of Base Rentals in part to effect a partial redemption of a Series of Bonds as described in paragraph (c) above shall be applied to a reduction of Base Rentals in the same manner as such Series of Bonds are redeemed in part and shall be allocated either (1) to the Amortization Payments for the Facilities or (2) pro rata among the Amortization Payments for all Facilities financed by such Series of Bonds.

(e) *Reductions to Option Price.* The allocation of payments and prepayments of Base Rentals to Amortization Payments for a Facility as provided in the Lease shall reduce correspondingly the Option Price for that Facility.

Covenant to Request Appropriations. During the term of the Lease, the Lessee covenants and agrees (a) to include in its annual appropriation request, or to cause to be included in the annual appropriation request of those State Bodies to which all or any portion of the Leased Property is subleased as permitted by the Lease, to the Governor for inclusion in the Governor's budget submitted to the Legislature, a request or requests for the amount necessary (after taking into account any moneys then legally available for such purpose) to pay the Base Rentals, including variable rate rentals, and reasonably estimated Additional Rentals for the Leased Property during the next succeeding Renewal Term, (b) to submit a copy of such request or requests for appropriation to the Utah Legislative Fiscal Analyst and (c) to take such further action (or cause the same to be taken) as may be necessary or desirable to assure that the final budget submitted to the Legislature for its consideration seeks an appropriation of moneys sufficient to pay such Base Rentals and Additional Rentals for each such Renewal Term.

To effect the covenants described in the preceding paragraph, the Lessee has in the Lease directed the Director to include in each such request submitted to the Governor and to cause to be included in the annual appropriation request of those State Bodies to which all or any portion of the Leased Property is subleased, items for all payments required for the ensuing Renewal Term under the Lease. The Lessee expresses its intention in the Lease that the decision to renew or not to renew the term of the Lease is to be made solely by the Legislature at the time the Legislature considers for adoption the final budget for each of the Fiscal Years of the State and corresponding Renewal Terms under the Lease, and not by any official or officials of the Lessee or any State Body, acting in his, her or their respective capacity as such. The Lessee covenants and agrees in the Lease that it shall not amend, modify or otherwise change the appropriations made in any finally adopted budget for the payment of any Rentals without the express prior approval of the Legislature.

In the event that any Rentals to be paid by the Lessee to the Trustee are insufficient to pay any Base Rentals payable under the Lease or principal of or interest on the Bonds when due, the Lessee shall request that the Governor submit a request to the Legislature to appropriate additional funds to the Lessee or to any State Body that is subleasing a portion of the Leased Property for the payment of increased Rentals as authorized by Section 63–1–308 of the Act.

Limitations on Liability. Nothing in the Lease shall be construed to require the Legislature to appropriate any money to pay any Rentals or the Option Price or any portion thereof. Subject to the provisions of the Lease, if the Lessee fails to pay any portion of the Rentals that are due under the Lease or an Event of Default under the Lease or an Event of Nonappropriation occurs, the Lessee shall immediately (but in no event earlier than the expiration of the then current Renewal Term for which the Lessee has paid or appropriated moneys sufficient to pay all Rentals due for such Renewal Term, in the case of an Event of Nonappropriation) surrender, quit and vacate the Leased Property in accordance with the schedule therefore provided by the Lessee to the Trustee in accordance with the Lease, and its obligation to pay any Rentals (except for Rentals theretofore appropriated and then available for such purpose) shall thereupon cease. Neither the State (in its capacity as Lessee or otherwise) nor any political subdivision thereof is obligated to pay any Rentals due to the Lessor or the Option Price or any portion thereof.

Subject to the provisions of the Lease, should the Lessee fail to pay any portion of the required Rentals and then fail immediately to surrender, quit and vacate the Leased Property, the Trustee in accordance with the Indenture or any Mortgage may immediately bring legal action to recover the Leased Property from the Lessee or to evict the Lessee from the Leased Property (but not for money damages except as provided in the Lease and in the Indenture) and commence proceedings to foreclose the lien of the Indenture and any Mortgage pursuant to their respective provisions. The Lessee agrees, to the extent permitted by law, to pay as damages for its failure immediately to surrender, quit and vacate the Leased Property upon termination of the then current Renewal Term of the Lease in violation of the terms thereof and Section 63B–1–308 of the Act an amount equal to the Base Rentals otherwise payable during such period prorated on a daily basis and any reasonable Additional Rentals attributable to such period on the basis of the services provided.

Nothing in the Lease shall be construed to provide the Trustee or any Owners with any recourse against any Facilities or any portion thereof released from the security interests and lien under the Lease and under the Indenture and any Mortgage pursuant to the Lease. No judgment may be entered against the State (in its capacity as Lessee or otherwise) or any political subdivision of the State for failure to pay any Rentals or the Option Price or any portion thereof, except to the extent that the Lessee has theretofore incurred liability to pay any such Rentals through its actual use, occupancy and operation of the Leased Property, or through its exercise of an option that renews the Lease for an additional Renewal Term for which moneys have been appropriated, or is otherwise obligated to pay such Rentals pursuant to the Lease.

The Rentals constitute current expenses of the Lessee, and the Lessee's obligations under the Lease are from year–to–year only and do not constitute a mandatory payment obligation of the Lessee in any ensuing Fiscal Year beyond the then current Fiscal Year. No provision of the Lease shall be construed or interpreted as creating a general obligation or other indebtedness of the State or any political subdivision of the State within the meaning of any constitutional or statutory debt limitation. Neither the Bonds nor the obligation to pay Rentals under the Lease constitute or give rise to a general obligation or liability of, or a charge against the general credit or taxing power of, the State or any political subdivisions thereof. Neither the execution, delivery and performance of the Lease nor the issuance of the Bonds directly or indirectly obligates the Lessee to make any payments under the Lease beyond those appropriated for the Lessee's then current Fiscal Year.

Nonappropriation. Subject to the provisions of the Lease, in the event that sufficient funds (a) are not appropriated in the duly enacted State budget by the June 1 next preceding the beginning of any Renewal Term for the payment of the Base Rentals on the Base Rental Payment Dates and reasonably estimated Additional Rentals payable during such Renewal Term, or (b) are otherwise not legally available for such purpose, then an Event of Nonappropriation shall be deemed to have occurred under the Lease. The Trustee shall declare an Event of Nonappropriation on any earlier date on which the Trustee receives an Officer's Certificate from an authorized Lessee representative to the effect that the Legislature has determined by official action not to renew the term of the Lease for the next succeeding Renewal Term and, absent receipt of such Officer's Certificate and if an Event of Nonappropriation has otherwise occurred under the Lease, the Trustee shall give written notice to the Lessee of any Event of Nonappropriation on or before July 1 next succeeding the expiration of the term of the Lease or such later date as the Trustee determines to be in the best interest of the Owners. Any failure of the Trustee to give such written notice to the Lessee will not prevent the Trustee from declaring an Event of Nonappropriation or from taking any remedial action that would otherwise be available to the Trustee under the Lease or under the Indenture or any Mortgage. An Event of Nonappropriation shall also be deemed to have occurred if, during any Renewal Term, any Additional Rentals shall become due for which moneys were not appropriated in the duly enacted budget, or that exceed the amount for those Additional Rentals included in such budget, and funds are not legally available (including funds legally available for such purpose under the Indenture) to the Lessee to pay such Additional Rentals by the earlier of June 30 of the then current Renewal Term or 90 days after the date on which such Additional Rentals are due.

The Trustee may waive any Event of Nonappropriation that is cured by the Lessee within a reasonable time if, in the Trustee's judgment, such waiver is in the best interests of the Owners of the Bonds. After June 30 of each year during the term of the Lease the Trustee shall not waive any Event of Nonappropriation that results from sufficient funds not being appropriated in the duly enacted budget for the payment of the Base Rentals that would be payable during the next succeeding Renewal Term unless the Trustee has reason to believe that appropriate officials of the Lessee and the State are diligently pursuing appropriations by the Legislature to pay such Base Rentals on a timely basis and that a delay in declaring an Event of Nonappropriation, under the circumstances, is in the best interests of the Owners of the Bonds. If an Event of Nonappropriation shall occur, the Lessee shall not be obligated to make payment of the Base Rentals or Additional Rentals provided for in the Lease beyond the last day of the Renewal Term during which such Event of Nonappropriation occurs, except for the Lessee's obligation to pay Rentals that are payable prior to the termination of the Lease. The Lessee shall continue to be liable for the amounts payable pursuant to the Lease during such time when the Lessee continues to use, occupy and operate the Leased Property.

The Trustee shall, upon the occurrence of an Event of Nonappropriation and foreclosure of the lien of the Indenture or any Mortgage, have all rights and remedies to take possession of the Leased Property as trustee for the benefit of the Owners of the Bonds and shall be further entitled to all moneys then on hand in all funds and accounts created under the Indenture. All property, funds and rights acquired by the Trustee upon the termination of the Lessee's possessory interests under the Lease by reason of an Event of Nonappropriation shall be held by the Trustee under the Indenture for the benefit of the Owners of the Bonds until the principal of, and premium (if any) and interest on, the Bonds are paid in full.

Upon the occurrence of an Event of Nonappropriation (which is not waived) or an Event of Default (which is not waived), the Lessee shall have all responsibility for surrendering and vacating the Leased Property and shall surrender and vacate the Leased Property immediately following such occurrence. Within 10 days after the occurrence of an Event of Nonappropriation or an Event of Default, the Lessee shall provide the Trustee with a timetable for surrendering and vacating the Leased Property, which timetable shall provide that the Lessee shall completely surrender and vacate the Leased Property no later than June 30 of the then current Renewal Term.

Acquisition, Construction And Financing Of The Projects

The Lessor shall complete or cause the completion of the Projects, all in accordance with the applicable Project Documents. For this purpose, the Lessor has entered into the Agency Agreement with the Lessee, as the Lessor's agent, and may enter into amendments to such Agency Agreement or enter into other Agency Agreements relating to Additional Facilities. The Lessor or its agent for this purpose shall require the Contractor or Contractors who are or have been awarded the Project Contract or Contracts to provide a faithful performance bond and a labor and material payment bond satisfactory to the Lessor or such agent conditioned upon substantial completion of the respective Projects as expeditiously as reasonably possible from the date of execution of the Lease and also conditioned upon delivery of possession of the Leased Property to the Lessee free and clear of all liens and encumbrances, except Permitted Encumbrances, easements and restrictions in the record title accepted by the Lessee.

In the event that a Project is not completed as described above under the caption "THE INDENTURE—Revenues And Funds–Completion of the Projects; Delivery of Completion Certificate," as evidenced by delivery of a Completion Certificate with respect to such Project, the Trustee shall, upon 30 days' written notice to the Lessee, be authorized, but not required, to complete the Project from any moneys then remaining in the Project Account related to such Project.

If an Event of Nonappropriation or an Event of Default shall occur prior to the delivery of the Completion Certificate for a Project, the moneys remaining in the Project Account relating to such Project may be utilized by the Trustee to complete such Project or, upon termination of the term of the Lease as to the possessory interest of the Lessee, may be disbursed as provided in the Indenture.

The Lessee covenants in the Lease, to the extent permitted by applicable law, to use other legally available funds and to seek additional legally available funds to the extent necessary to complete the Projects as required in the Lease, or to make certain design changes in the Projects (so long as such changes do not cause the Leased Property to be used for purposes other than lawful governmental purposes of the Lessee) to the extent necessary to complete the Projects with moneys then available for such purposes in the respective Project Accounts.

Maintenance And Operation

The Lessee shall, at its own expense, maintain, manage and operate the Leased Property and all improvements thereon in good order, condition and repair, and suffer no waste or injury to any of the Leased Property, ordinary wear and tear excepted. The Lessee shall provide or cause to be provided all security service, custodial service, janitor service, power, gas, telephone, light, heating and water, and all other public utility services. The Lessor, the Trustee and the Owners shall have no obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Leased Property during the term of the Lease. The Lessee shall keep the Leased Property and any and all improvements thereto free and clear of all liens, charges and encumbrances, except those caused or consented to by the Trustee and Permitted Encumbrances. The Lessee shall pay for all damage to the Leased Property, its fixtures and appurtenances due to any act or omission or cause whatsoever.

Insurance Provisions

The Lessee shall at all times maintain or cause to be maintained with responsible insurers all such insurance on the Leased Property that is customarily maintained with respect to properties of like character against accident to, loss of or damage to such properties. Notwithstanding the generality of the foregoing, the Lessee shall not be required to maintain or cause to be maintained any insurance that is not available from reputable insurers on the open market, except as required by the Lease, or more insurance than is specifically referred to below.

The Lessee shall during any period of completing each Project and thereafter so long as the Lessee has possession of the Leased Property:

(a) Keep or cause to be kept a policy or policies of insurance against loss or damage to the Leased Property resulting from fire, lightning, vandalism, malicious mischief, riot and civil commotion, and such perils ordinarily defined as "extended coverage" and other perils as the Trustee and the Lessee may agree should be insured against on forms and in amounts satisfactory to each. Such insurance may be carried in conjunction with any other fire and extended coverage insurance carried or required to be carried by the Lessee. Such extended coverage insurance shall, as nearly as practicable, also cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance shall be maintained in an amount not less than the principal amount of the then Outstanding Bonds or the full insurable value of the Leased Property (such value to include amounts spent for completing the Projects and architectural, engineering, legal and administrative fees, inspection and supervision but excluding value attributable to the sites on which the Facilities are located), whichever amount is greater, subject to deductible conditions for any loss not to exceed the lesser of $500,000 or the amount available at any time for such deductible in the Risk Management Fund for any one loss;

(b) Maintain or cause to be maintained public liability insurance against claims for bodily injury or death, or damage to property occurring upon, in or about the Leased Property, such insurance to afford protection to a limit of not less than $1 million combined single limit; *provided, however,* that nothing in the Lease shall be construed to require the Lessee to maintain or cause to be maintained any such public liability insurance for amounts greater than the limitations on such liability provided under the Utah Governmental Immunity Act, Title 63, Chapter 30D of the Utah Code. Such insurance may be maintained under an Owners, Landlords and Tenants policy and may be maintained in the form of a minimum $1 million single limit policy covering all such risks. Such insurance may be carried in conjunction with any other liability insurance coverage carried or required to be carried by the Lessee; and

(c) Maintain or cause to be maintained workers' compensation coverage to the extent required by law.

All insurance provided for in the Lease shall be effected under policies issued by insurers of recognized responsibility, licensed or permitted to do business in the State, except as otherwise provided in the Lease. The Lessee may, in its discretion, insure the Leased Property under blanket insurance policies that insure not only the Leased Property but other properties as well, so long as such blanket insurance policies otherwise comply with the terms of the Lease.

The Net Proceeds of fire and extended coverage insurance shall be deposited into the Insurance Fund under the Indenture to be applied to rebuild, replace and repair the affected portion of the Leased Property or redeem Outstanding Bonds as provided in the Lease. The Net Proceeds of public liability and property damage insurance shall be applied toward extinguishment or satisfaction of the liability with respect to which the Net Proceeds of such insurance shall have been paid.

Notwithstanding anything to the contrary in the Lease, any policies of insurance or any deductible under any policies of insurance that the Lessee is required to keep or cause to be kept pursuant to the Lease may be provided through the Risk Management Fund or other self–insurance program of the State.

Taxes

The Lessor and the Lessee understand and agree in the Lease that the Leased Property constitutes public property free and exempt from all taxation in accordance with applicable law; *provided, however*, that the Lessor agrees to cooperate with the Lessee, upon written request by the Lessee, to contest any proposed tax or assessment, or to take steps necessary to recover any tax or assessment paid. In the event that the Leased Property or any portion thereof or any portion of the Rentals shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body that may be secured by a lien against the Leased Property or any portion of the Rentals, an Additional Rental shall be paid by the Lessee equal to the amount of all such taxes, assessments and governmental charges then due.

Alterations, Additions And Improvements

The Lessee shall have the right during the term of the Lease to make any alterations, additions, replacements, renovations, rehabilitations or improvements of any kind, structural or otherwise, as it shall deem necessary or desirable, on or to the Leased Property, to attach fixtures, structures or signs, and to affix any personal property to the improvements on the Leased Property; *provided, however*, that no such alteration, addition, replacement, renovation, rehabilitation or improvement shall reduce or otherwise adversely affect the value of the Leased Property or the fair rental value thereof or materially alter or change the character or use of the Leased Property or impair the excludability of interest on the Bonds from gross income of the Owners thereof for federal income tax purposes.

Except as described below, all such alterations, additions and improvements shall become the property of the Lessor as a part of the Leased Property and shall be subject to the Lease and the Indenture.

All of the Lessee's equipment and other personal property installed or placed by the Lessee in or on the Leased Property that is not a fixture under applicable law or that is not paid for with the proceeds of sale of the Bonds shall remain the sole property of the Lessee in which neither the Lessor, the Owners of the Bonds nor the Trustee shall have any interest.

Damage Or Destruction; Condemnation

The Lessor and the Lessee agree in the Lease that it is the intent of the parties that, after the delivery of the Completion Certificate with respect to a Project, the risk of any loss arising out of any damage, destruction, seizure or condemnation of the portion of the Leased Property represented by such Project shall be borne by the Lessee and not by the Lessor or the Owners. The Lessee covenants and agrees that in the event of any such damage, destruction or condemnation, the Lessee shall either repair, rebuild or replace the affected portion of the Leased Property to essentially its same condition before any such damage, destruction, seizure or condemnation or provide funds, either through payment of the applicable Option Price, or otherwise, but in any event only from legally available moneys for such purpose, necessary to redeem Bonds at the earliest practicable date in accordance with the Indenture.

If, during the term of the Lease, (a) the Leased Property or any portion thereof shall be destroyed, in whole or in part, or damaged by fire or other casualty or event; or (b) title to, or the temporary or permanent use of, the Leased Property or any portion thereof or the estate of the Lessee, the Lessor or the Trustee in the Leased Property or any portion thereof shall be taken under the exercise of the police power or the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority; or (c) a material defect in Construction of any of the Facilities shall become apparent; or (d) title to or the use of all or any portion of the Leased Property shall be lost by reason of a defect in title; then, subject to the provisions of the Lease, the Lessee shall continue to pay Base Rentals and Additional Rentals and to take such action as it shall deem necessary or appropriate to repair, rebuild and replace the affected portion of the Leased Property, regardless of whether the Projects, or any of them, have been completed and accepted by the Lessee.

In accordance with the Indenture, the Trustee shall cause the Net Proceeds of any insurance policies (including any moneys derived from the Risk Management Fund or other self–insurance program), performance bonds or condemnation awards with respect to the Leased Property, or Net Proceeds received as a consequence of defaults under Project Contracts (excluding liquidated damages) for the Projects, to be deposited into the Insurance Fund to be applied as provided in the Lease and in the Indenture. Net Proceeds so deposited shall be applied to the prompt repair, restoration, modification, improvement or replacement of the damaged or destroyed portion of the Leased Property by the Lessee, except as otherwise provided in the Lease or as may be required by a Tax Certificate. The balance of any Net Proceeds remaining after the repair, restoration, modification, improvement or replacement has been completed are to be deposited into the appropriate Project Account in the Project Fund, if received prior to the applicable Completion Date and, if received thereafter, are to be deposited into the Redemption Fund, except to the extent otherwise required by a Tax Certificate. The Trustee shall cause the Net Proceeds of any liquidated damages received as a consequence of a default by a Contractor to complete a Project in a timely fashion under the Construction Contract to be deposited into the Bond Fund.

If such Net Proceeds shall be insufficient to pay in full the cost of any such repair, restoration, modification, improvement or replacement, the Lessee shall, within 90 days after the occurrence of the event giving rise to such Net Proceeds, either:

(a) commence and thereafter complete the work and pay any cost in excess of the Net Proceeds, but only from Additional Rentals, in which case the Lessee agrees that it will not be entitled to any reimbursement therefore from the Trustee or the Owners of the Bonds, nor shall it be entitled to any diminution of the Base Rentals or Additional Rentals; or

(b) if the failure to repair, rebuild or replace shall not materially detract from the value of the Leased Property, then the Lessee may discharge its obligation to repair, rebuild or replace the affected portion of the Leased Property by causing such Net Proceeds to be deposited into the Redemption Fund for the purpose of causing the extraordinary optional redemption of all or part of the Bonds, as appropriate, in accordance with the Indenture; or

(c) apply or provide for the application of such Net Proceeds to the payment of the Option Price applicable to the affected Facilities as of the next occurring Optional Payment Date, in which case, if the Net Proceeds are insufficient to pay such Option Price, the Lessee shall pay or provide for the payment of such amounts as are necessary to equal the full Option Price applicable to such affected Facilities.

The Lessee agrees in the Lease that any repair, restoration, modification, improvement or replacement paid for in whole or in part out of such Net Proceeds shall be the property of the Lessor subject to the Indenture, any relevant Mortgage and the Lease, and will be included as part of the Leased Property subject to the Lease and the Indenture.

Assignments

Neither the Lease nor any interest of the Lessee therein or in the Leased Property shall, at any time after the date of the Lease, without the prior written consent of the Trustee, be mortgaged, pledged, assigned or transferred by the Lessee by voluntary act or by operation of law, or otherwise, except as specifically provided in the Lease. The Lessee shall at all times remain liable for the performance of the covenants and conditions on its part to be performed, notwithstanding any assigning, transferring or subletting that may be made.

The Lessee shall have the right, without notice to or consent of the Lessor, the Trustee or any Owner of Bonds, to further sublease or permit the use of any specified portion of the Leased Property (a) to or for the benefit of any State Bodies with respect to any of the Facilities, (b) to or for the benefit of any political subdivision or other governmental entity of the State and (c) to any private operator, manager or service provider on such basis, for such use and for such period as will not impair the excludibility from gross income for federal income tax purposes of interest on the Bonds. No subleasing of the Leased Property shall relieve the Lessee from its obligation to pay Rentals as provided in the Lease or relieve the Lessee from any other obligations contained therein. No such assignment or sublease may be made if the use of the portion of the Leased Property represented by such subleased Facilities by the assignee or sublessee will affect the validity of the Lease, change the character or use of the Leased Property to ones not then permitted by applicable law or impair the excludability from gross income for federal income tax purposes of interest on the Bonds.

Compliance With Environmental Laws

The Lessee covenants and agrees in the Lease to carry on the business and operations at the Leased Property in a manner that complies in all respects, and will remain in compliance, with all federal, State, regional, county or local laws, statutes, rules, regulations or ordinances concerning public health, safety or the environment, but only to the extent applicable to the Lessee.

Amendments, Changes And Modifications

Subject to certain limitations contained in the Lease, the Lessor and the Lessee may make, from time to time, without the consent of the Trustee or the Owners of the Bonds, such modifications, alterations, amendments or additions to, or deletions from, the sites on which any of the Facilities are located as the Lessor and the Lessee mutually agree to be necessary and desirable to facilitate the use and development by the Lessee, its successors, permitted sublessees and assigns, of such sites.

The Lease may be amended at any time by written agreement of the Lessor and the Lessee (regardless of any assignments of the Lessor's interests), with the prior written consent of the Trustee, but without notice to or the consent of the Owners of the Bonds pursuant to the Indenture, (a) whenever, in the opinion of counsel satisfactory to the Trustee and the Lessee, the contemplated amendment is necessary to cause the Lease to comply with State law or to cause interest on the Bonds to be or remain excludible from gross income for federal income tax purposes, (b) whenever the effect of such amendment is solely to add further, additional or improved security to the rights of the Trustee and the Owners of the Bonds, (c) whenever the amendment shall not prejudice in any material respect the rights of the Owners of the Bonds then Outstanding or (d) otherwise for any of the purposes permitted by the Indenture. See "THE INDENTURE—Amendment Of Lease And Site Leases" above.

Lessee's Options To Purchase The Leased Property

The Lessee may, if no Event of Default has occurred and is then continuing under the Lease, purchase the Leased Property or any portion thereof representing separate Facilities, subject to the terms of the Lease, on each Optional Payment Date by delivering written notice during the term of the Lease to the Trustee not less than 45 days prior to each Optional Payment Date indicating the Lessee's intention so to purchase the Leased Property or a portion thereof representing such Facilities.

The purchase price for the Leased Property in its entirety to be paid by the Lessee to exercise the option granted in the Lease shall be an amount equal to (a) the Option Price applicable on such Optional Payment Date as indicated on the Option Price Schedule, plus interest on the Bonds to the Optional Payment Date, premium on the Bonds applicable on such Optional Payment Date, if any, and fees and expenses that must be paid to retire the then Outstanding Bonds, (b) all costs of transferring title to the Leased Property to the Lessee and (c) all other reasonable costs and expenses incidental thereto.

The purchase price for a portion of the Leased Property representing separate Facilities shall be an amount equal to (a) the portion of the Option Price applicable to such Facilities on such Optional Payment Date as indicated in the Option Price Schedule attached to the Lease, plus the portion of interest on the Bonds allocable to such Facilities to the Optional Payment Date, premium (if any) on the Bonds to be prepaid from amounts deposited to pay such purchase price and fees and expenses related to a partial redemption of the then Outstanding Bonds, (b) all costs of releasing the lien of the Indenture and the applicable Mortgage with respect to, and transferring title to, the Facilities to be purchased to the Lessee and (c) all other reasonable costs and expenses incidental thereto. Nothing in the Lease shall be construed to create any obligation of the Lessee to purchase the Leased Property or any such separate Facilities.

Events Of Default; Remedies

Events of Default Defined. Any of the following shall be an "Event of Default" under the Lease:

(a) Failure by the Lessee to pay any Base Rentals or other payment obligations required to be paid under the Lease with respect to the Bonds at the times specified therein as the respective due dates therefore; or

(b) Failure by the Lessee to pay any Additional Rentals during the term of the Lease for a period of 30 days after written notice specifying such failure and requesting that it be remedied shall be received by the Lessee from the Trustee; or

(c) Subject to the provisions of the Lease, failure by the Lessee to surrender and vacate the Leased Property by the expiration of any Renewal Term during which an Event of Nonappropriation occurs; or

(d) Failure by the Lessee to observe and perform any covenant, condition or agreement in the Lease on its part to be observed or performed, other than clauses (a), (b) or (c) above, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, shall have been given to the Lessee by the Trustee, unless the Trustee shall agree in writing to an extension of such time prior to its expiration; *provided, however,* that if the failure stated in the notice cannot be corrected within the applicable period, the Trustee will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected; or

(e) Any representation or warranty (1) made by the Lessee or by the Lessor pursuant to the Lease or (2) contained in any certificate delivered in connection with the Lease, shall prove to have been false or misleading in any material respect when made; or

(f) The entry of an order or decree in any court of competent jurisdiction enjoining or restraining any of the Projects or enjoining, restraining or prohibiting the Lessee from consummating the transactions contemplated by the Lease, which order or decree is not vacated and which proceedings are not discontinued within 60 days after the granting of such order or decree.

The foregoing provisions of the Lease are subject to the following limitations: (a) the obligations of the Lessee to make payments of the Base Rentals and the Additional Rentals shall be subject to the provisions of the Lease with respect to an Event of Nonappropriation; and (b) if, by reason of Force Majeure (defined below), the Lessee shall be unable in whole or in part to carry out any agreement on its part contained in the Lease (other than the obligations of the Lessee to pay Base Rentals and Additional Rentals), the Lessee shall not be deemed in default during the continuance of such inability. The Lessee agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Lessee from carrying out its agreement; *provided, however,* that the settlement of strikes, lockouts and other disturbances shall be entirely within the discretion of the Lessee.

The term "Force Majeure" means the following: acts of God; strikes, lockouts or other disturbances; acts of public enemies; orders of any kind of the government of the United States of America or the State or any of their respective departments, agencies or officials, or any civil or military authority; insurrections; riots; epidemics; landslides; lightning; earthquakes; fire; storms; floods; washouts; droughts; arrests; restraints of government and people; civil disturbances; explosions; partial or entire failure or unavailability of utilities; or any other cause or event not reasonably within the control of the Lessee.

Remedies on Default. Subject to the provisions of the Lease, upon the occurrence and continuance of any Event of Default under the Lease or an Event of Nonappropriation, the Trustee shall give notice to the Lessee to surrender and vacate the Leased Property immediately (but in no event earlier than the expiration of the then current Renewal Term for which the Lessee has paid or appropriated moneys sufficient to pay all Rentals due for such Renewal Term, in the case of an Event of Nonappropriation) and shall, without any further demand or notice, (a) terminate the Lease or the Lessee's possessory rights under the Lease (without otherwise terminating the Lease), re–enter the Leased Property and eject all parties therefrom, and relet the Leased Property or commence proceedings to foreclose on and liquidate, relet or sell the Leased Property; (b) exercise any of the remedies provided to the Trustee upon the occurrence of an Event of Default under the Indenture or any applicable Mortgage as the Trustee shall determine to be in the best interests of the Owners; or (c) take any action at law or in equity deemed necessary or desirable to enforce its and the Owners' rights with respect to the Leased Property and the Lessee.

Upon the termination of the term of the Lease or the Lessee's possessory interests in the Lease by reason of an Event of Nonappropriation or an Event of Default, all moneys then held in any fund or account under the Indenture and any Net Proceeds received on any foreclosure, liquidation, reletting or sale shall be held by the Trustee for the benefit of the Owners of the Bonds (and applied from time to time as provided in the Indenture). Notwithstanding anything in the Lease to the contrary, the Trustee shall be entitled to relet the Leased Property for such period (not exceeding the term of any applicable Site Lease) as is necessary for the Trustee to obtain sufficient moneys to pay in full the principal of, and premium (if any) and interest on, the Bonds, and the obligations of the Trustee with respect to the Owners of the Bonds and the receipt and disbursement of funds shall be continuing until the liens of the Indenture and the Mortgages are discharged as provided in the Indenture and the Mortgages except as a result of foreclosure.

The Trustee shall give preference in liquidating, reletting or selling the Leased Property (subject to the Site Leases) provided therein to those lessees or buyers of the Leased Property whose use or ownership of the Leased Property would preserve the excludability from gross income for federal income tax purposes of interest on the Bonds.

Limitations on Remedies. With the sole exception of the obligation of the Lessee to pay Base Rentals and Additional Rentals attributable to any period during which the Lessee shall actually use, occupy and operate the Leased Property, or for which the Legislature has appropriated funds for such purpose, no judgment requiring the payment of money not subject to the lien of the Indenture may be entered against the Lessee by reason of any Event of Default or an Event of Nonappropriation under the Lease. In the event the term of the Lease is terminated as a result of an Event of Default or an Event of Nonappropriation, no deficiency judgment may be entered against the Lessee, except as otherwise expressly provided in the Lease with respect to the Lessee's actual use, occupancy and operation of the Leased Property. The Lessee shall not be under any obligation in respect to any creditors, shareholders or security holders of the Lessor (including the Owners of the Bonds), and no remedy or other provision in the Lease or in the Indenture or in any Mortgage provided shall be construed to provide any such remedy or to create or impose any such obligation.

Limitation of Remedies Relating to Certain Leased Property. Notwithstanding any other provisions of the Lease to the contrary, in the event that a lien on or a security interest in, any Facility constituting a portion of the Leased Property has not been granted to the Trustee under a Mortgage, the Lessee shall not be required to surrender, quit or vacate such Facility under any circumstance.

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APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the 2016 Bonds, Ballard Spahr LLP, Bond Counsel to the Authority, proposes to issue its final approving opinion in substantially the following form:

State Building Ownership Authority
4110 State Office Building
Salt Lake City, Utah 84114

We have acted as bond counsel for the State Building Ownership Authority of the State of Utah (the "Authority") in connection with the issuance by the Authority of its $_________ Lease Revenue Bonds (State Facilities Master Lease Program), Series 2016 (the "Series 2016 Bonds"). The Series 2016 Bonds are being issued pursuant to (i) the State Building Ownership Authority Act (the "Building Ownership Act"), Title 63B, Chapter 1, Part 3 Utah Code Annotated 1953, as amended (the "Utah Code"), and Section 63B-24-101, Utah Code; (ii) resolutions of the Board adopted on September 15, 2015 (the "Parameters Resolution") and _______, 2016 (the "Bond Resolution," and collectively with the Parameters Resolution, the "Resolutions"), and (iii) an Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement dated as of September 1, 1994, as previously amended and supplemented, and as further amended and supplemented by a Twenty-First Supplemental Indenture of Trust dated as of ________ 1, 2016 (collectively, the "Indenture") between the Authority and Wells Fargo Bank, N.A., as Trustee. The Series 2016 Bonds are being issued for the purpose of (a) acquiring and constructing certain property and improvements and (b) paying costs of issuance of the Bonds.

The principal of, and premium (if any) and interest on, the Bonds are payable from, and secured by, Base Rentals to be paid by the State of Utah (the "State"), acting through its Department of Administrative Services, Division of Facilities Construction and Management (the "Lessee"), pursuant to an annually renewable State Facilities Master Lease Agreement dated as of September 1, 1994 (the "Original Master Lease"), as previously amended and supplemented, and as further amended and supplemented by a Twenty-First Amendment to State Facilities Master Lease Agreement dated as of _____ 1, 2016 (collectively, the "Lease"), between the Authority (as lessor) and the Lessee. Payments by the State under the Master Lease may be made only from funds which are appropriated by the State for such purpose. Except to the extent payable from the proceeds of certain insurance policies, performance bonds, condemnation awards and liquidation proceeds, if any, the Series 2016 Bonds and the interest thereon are payable solely from, and are secured by a pledge of, rentals derived by the Authority under the Lease. The Indenture provides that the Series 2016 Bonds and the interest thereon (i) are not general obligations, but are limited obligations of the Authority, (ii) shall not constitute an indebtedness of the State within the meaning of any constitutional provision or limitation, and (iii) do not constitute or give rise to a general obligation or liability of the State or a charge against the general credit or taxing powers of the State or any political subdivision of the State. Neither the State, nor the Authority on its behalf, has pledged the credit of the State to the payment of the Series 2016 Bonds or the interest thereon or rentals under the Lease.

Our services as bond counsel have been limited to the preparation of the legal proceedings and supporting certificates authorizing the issuance of the Series 2016 Bonds under the applicable laws of the State and to a review of the transcript of such proceedings and certificates. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials furnished to us without undertaking to verify the same by independent investigation. Our examination has been limited to the foregoing as they exist or are in effect as of the date hereof. Our opinion is limited to the matters expressly set forth herein, and we express no opinion concerning any other matters.

Based on our examination and the foregoing, we are of the opinion as of the date hereof and under existing law, as follows:

1. The Authority is a body politic and corporate and is validly organized and existing under the provisions of the State Building Ownership Authority Act, Part 3, Chapter 1, Title 63B, Utah Code Annotated 1953, as amended, with powers, among others, to issue the Series 2016 Bonds and to perform its obligations under the Indenture and the Lease.

2. The Lease has been authorized, executed and delivered by the State and the Authority, and constitutes a valid and binding obligation enforceable upon the State and the Authority.

3. The Indenture has been authorized, executed and delivered by the Authority and constitutes a valid and binding obligation enforceable against the Authority.

4. The Series 2016 Bonds have been authorized by the Authority, executed and delivered by authorized officials of the Authority and are valid and binding limited obligations of the Authority, and the Series 2016 Bonds do not constitute a general obligation indebtedness of the State within the meaning of any state constitutional provision or limitation, or a charge against the general credit or taxing power of the State.

5. Interest on the Series 2016 Bonds is excludable from gross income for purposes of federal income tax under existing laws as enacted and construed on the date hereof, assuming the accuracy of the certifications of the Authority and the State and continuing compliance by the Authority and the State with the requirements of the Internal Revenue Code of 1986. Interest on the Series 2016 Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on Series 2016 Bonds held by a corporation (other than an S corporation, regulated investment company, or real estate investment trust) may be indirectly subject to federal alternative minimum tax because of its inclusion in the adjusted current earnings of a corporate holder.

6. Interest on the Series 2016 Bonds is exempt from State of Utah individual income taxes.

In rendering our opinion, we wish to advise you that:

(a) The rights of the holders of the Series 2016 Bonds and the enforceability thereof and of the documents identified in this opinion may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the application of equitable principles and the exercise of judicial discretion in appropriate cases;

(b) We express no opinion as to the accuracy, adequacy or completeness of the Official Statement or any other offering material relating to the Series 2016 Bonds; and

(c) Except as set forth above, we express no opinion regarding other tax consequences relating to ownership or disposition of, or the accrual or receipt of interest on, the Series 2016 Bonds.

Respectfully submitted,

APPENDIX F

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER PARAGRAPH (b)(5) OF RULE 15C2-12

[TO BE DATED CLOSING DATE]

THIS CONTINUING DISCLOSURE UNDERTAKING (the *"Agreement"*) is executed and delivered by the State of Utah (the *"State"*) in connection with the issuance by the State Building Ownership Authority of the State of Utah (the *"Authority"*) of $__________ aggregate principal amount of its Lease Revenue Bonds (State Facilities Master Lease Program), Series 2016 (the *"2016 Bonds"*). The 2016 Bonds are being issued pursuant to an Indenture of Trust, Assignment of State Facilities Master Lease Agreement and Security Agreement, dated as of September 1, 1994, as heretofore amended and supplemented, and as further amended and supplemented by a Twenty-First Supplemental Indenture of Trust, dated as of __________ 1, 2016 (as so amended and supplemented, the *"Indenture"*).

In consideration of the issuance of the 2016 Bonds by the Authority and the purchase of such 2016 Bonds by the beneficial owners thereof, the State covenants and agrees as follows:

Section 1. *PURPOSE OF THIS AGREEMENT.* This Agreement is executed and delivered by the State as of the date set forth above, for the benefit of the beneficial owners of the 2016 Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule (as defined below). The State represents that it will be the only obligated person with respect to the 2016 Bonds at the time the 2016 Bonds are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after issuance of the 2016 Bonds.

Section 2. *DEFINITIONS.* The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

"Annual Financial Information" means the financial information and operating data described in *Exhibit I*.

"Annual Financial Information Disclosure" means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

"Audited Financial Statements" means the audited financial statements of the State prepared pursuant to the standards and as described in *Exhibit I*.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any agent designated as such in writing by the State and which has filed with the State a written acceptance of such designation, and such agent's successors and assigns.

"EMMA" means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Lease" means the State Facilities Master Lease Agreement, dated as of September 1, 1994, as heretofore amended and supplemented, between the Authority and the State.

"MSRB" means the Municipal Securities Rulemaking Board.

"Participating Underwriter" means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the 2016 Bonds.

"Reportable Event" means the occurrence of any of the Events with respect to the 2016 Bonds set forth in *Exhibit II*.

"Reportable Events Disclosure" means dissemination of a notice of a Event as set forth in Section 5.

"Rule" means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

"Undertaking" means the obligations of the State pursuant to Sections 4 and 5.

Section 3. CUSIP NUMBER/FINAL OFFICIAL STATEMENT. The CUSIP Numbers of the 2016 Bonds maturing in each of the following years are as follows:

MAY 15 OF THE YEAR	CUSIP NUMBER	MAY 15 OF THE YEAR	CUSIP NUMBER

The Final Official Statement relating to the 2016 Bonds is dated __________, 2016 (the *"Final Official Statement"*).

Section 4. ANNUAL FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the State hereby covenants that it will disseminate its Annual Financial Information and its Audited Financial Statements (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the State will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

Section 5. *REPORTABLE EVENTS DISCLOSURE.* Subject to Section 8 of this Agreement, the State hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any 2016 Bond or defeasance of any 2016 Bond need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the owners of the 2016 Bonds pursuant to the Indenture.

Section 6. *CONSEQUENCES OF FAILURE OF THE STATE TO PROVIDE INFORMATION.* The State shall give notice in a timely manner to EMMA of any failure to provide Annual Financial Information Disclosure when the same is due hereunder.

In the event of a failure of the State to comply with any provision of this Agreement, the beneficial owner of any 2016 Bond may seek mandamus or specific performance by court order, to cause the State to comply with its obligations under this Agreement. The beneficial owners of 25% or more in principal amount of the 2016 Bonds outstanding may challenge the adequacy of the information provided under this Agreement and seek specific performance by court order to cause the State to provide the information as required by this Agreement. A default under this Agreement shall not be deemed a default under the Indenture or the Lease, and the sole remedy under this Agreement in the event of any failure of the State to comply with this Agreement shall be an action to compel performance.

Section 7. *AMENDMENTS; WAIVER.* Notwithstanding any other provision of this Agreement, the State by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) the amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the State, or type of business conducted; or

(ii) this Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) the amendment or waiver does not materially impair the interests of the beneficial owners of the 2016 Bonds, as determined either by parties unaffiliated with the State or any other obligated person (such as bond counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the State shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

Section 8. *TERMINATION OF UNDERTAKING.* The Undertaking of the State shall be terminated hereunder if the State shall no longer have any legal liability for any obligation on or relating to repayment of the 2016 Bonds under the Indenture and the Lease. The State shall give notice in a timely manner if this Section is applicable to EMMA.

Section 9. *DISSEMINATION AGENT.* The State may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

Section 10. *ADDITIONAL INFORMATION.* Nothing in this Agreement shall be deemed to prevent the State from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the State chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the State shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

Section 11. *BENEFICIARIES.* This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; *provided, however*, this Agreement shall inure solely to the benefit of the State, the Dissemination Agent, if any, and the beneficial owners of the 2016 Bonds, and shall create no rights in any other person or entity.

Section 12. *RECORDKEEPING.* The State shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

Section 13. *ASSIGNMENT.* The State shall not transfer its obligations under the Lease unless the transferee agrees to assume all obligations of the State under this Agreement or to execute an Undertaking under the Rule.

Section 14. *GOVERNING LAW.* This Agreement shall be governed by the laws of the State.

Section 15. *SOURCE OF INFORMATION.* The persons from whom Annual Financial Information, Audited Financial Statements and any notices described herein can be obtained are (a) the Treasurer of the State of Utah, Utah State Capitol Complex, 350 North State Street, Suite C-180 (PO Box 142315), Salt Lake City, Utah 84114-2315, telephone: (801) 538-1042, and (b) a Trust Officer of the Bond Registrar, at Wells Fargo Bank, N.A., Corporate Trust Services, MAC C7300-107, 1740 Broadway, Denver, Colorado 80274; telephone: (303) 863-4884.

(*Signature page follows.*)

DATED as of the day and year first above written.

STATE OF UTAH

By______________________________________
David Damschen, State Treasurer

EXHIBIT I

ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED FINANCIAL STATEMENTS

"*Annual Financial Information*" means financial information and operating data of the type contained in the Official Statement under the following captions:

CAPTION	PAGE
DEBT STRUCTURE OF THE STATE OF UTAH..	
FINANCIAL INFORMATION REGARDING THE STATE OF UTAH.....................................	

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The State shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be provided to EMMA not later than the January 15th following the end of each fiscal year of the State (presently June 30), beginning January 15, 2017. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared pursuant to generally accepted accounting principles as prescribed by the Government Accounting Standards Board. Audited Financial Statements will be provided to EMMA within 30 days after availability to State.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the State will disseminate a notice of such change as required by Section 4.

EXHIBIT II

EVENTS WITH RESPECT TO THE 2016 BONDS FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the obligated person*
13. The consummation of a merger, consolidation, or acquisition involving the State or the sale of all or substantially all of the assets of the State, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

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* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the State in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the State, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the State.

APPENDIX G

BOOK–ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited–purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non–U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post–trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book–entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non–U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly–owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non–U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com.

Purchases of 2016 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2016 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2016 Bonds, except in the event that use of the book–entry system for the 2016 Bonds is discontinued.

To facilitate subsequent transfers, all 2016 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2016 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2016 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2016 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2016 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2016 Bonds may wish to ascertain that the nominee holding the 2016 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2016 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2016 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2016 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2016 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2016 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, 2016 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book–entry–only transfers through DTC (or a successor securities depository). In that event, 2016 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book–entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy thereof.

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