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 2015 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 2015 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 2015 Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on 2015 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 2015 Bonds is exempt from State of Utah individual income taxes. See "LEGAL MATTERS" herein.

State of Utah,
State Building Ownership Authority

$30,015,000 Lease Revenue Refunding Bonds (State Facilities Master Lease Program), Series 2015

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 $30,015,000, Lease Revenue Refunding Bonds (State Facilities Master Lease Program), Series 2015, 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 2015 Bonds.

Principal of and interest on the 2015 Bonds (interest payable May 15 and November 15 of each year, commencing November 15, 2015) 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 2015 BONDS—Book–Entry System" herein.

The 2015 Bonds are subject to optional redemption and extraordinary optional redemption (in the event of damage to, or destruction, seizure or condemnation of the Facilities) prior to maturity. See "THE FACILITIES" and "THE 2015 BONDS—Redemption Provisions For The 2015 Bonds" herein.

The 2015 Bonds are being issued to refund certain lease revenue bonds previously issued by the Authority and for the payment of the costs associated with the issuance of the 2015 Bonds. The 2015 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 2015 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 2015 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 2015 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 2015 Bonds.

The 2015 Bonds were awarded pursuant to competitive bidding received by means of the *PARITY*® electronic bid submission system on March 31, 2015, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated March 19, 2015) to Wells Fargo Bank, National Association, Charlotte, North Carolina at a "true interest rate" of 2.57%.

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

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

This OFFICIAL STATEMENT is dated March 31, 2015, and the information contained herein speaks only as of that date.

[1] The anticipated date of delivery is Wednesday, April 29, 2015.

$30,015,000

Lease Revenue Refunding Bonds,
(State Facilities Master Lease Program), Series 2015

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

Due May 15	CUSIP® 917547	Principal Amount	Interest Rate	Yield
2016……	XY2	$ 805,000	3.00%	0.25%
2017……	XZ9	350,000	3.00	0.55
2018……	YA3	1,095,000	4.00	0.92
2019……	YB1	705,000	4.00	1.20
2020……	YC9	1,910,000	5.00	1.40
2021……	YD7	2,020,000	5.00	1.58
2022……	YE5	2,115,000	5.00	1.80
2023……	YF2	2,220,000	5.00	1.98
2024……	YG0	2,875,000	5.00	2.11
2025……	YH8	3,005,000	5.00	2.21 [c]
2026……	YJ4	3,150,000	5.00	2.31 [c]
2027….....	YK1	3,325,000	5.00	2.43 [c]
2028……	YL9	2,855,000	5.00	2.55 [c]
2029……	YM7	1,775,000	3.00	3.10
2030..…..	YN5	1,810,000	3.00	3.15

1 The anticipated date of delivery is Wednesday, April 29, 2015.

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c Priced to par call on November 15, 2024.

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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 2015 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 Bank Public Finance, 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 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 2015 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.

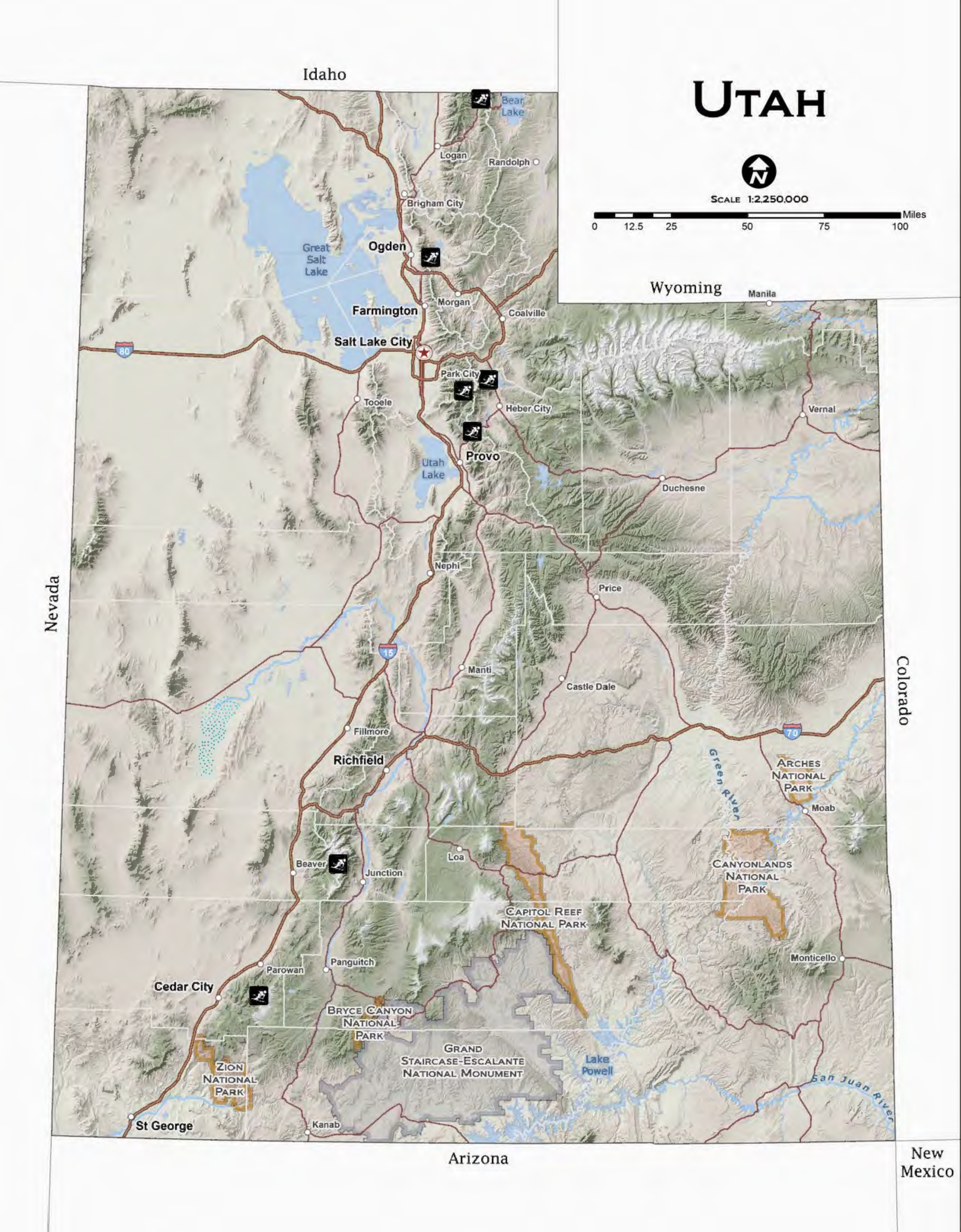
The 2015 Bonds have not been registered under the Securities Act of 1933, as amended, or any state securities laws in reliance upon exemptions contained in such act and laws. Any registration or qualification of the 2015 Bonds in accordance with applicable provisions of the securities laws of the states in which the 2015 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 at which the 2015 Bonds are offered to the public may vary from the initial reoffering yields 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 2015 Bonds to dealers and others. In connection with the offering of the 2015 Bonds, the successful bidder(s) may engage in transactions that stabilize, maintain, or otherwise affect the price of the 2015 Bonds. Such transactions may include overallotments in connection with the purchase of 2015 Bonds, the purchase of 2015 Bonds to stabilize their market price and the purchase of 2015 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—"All Appropriations—Fiscal Year 2015 and Fiscal Year 2016 (All Sources of Finance)" 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 2015 Bonds as a result of subsequent actions including, but not limited to, a refunding in whole or in part of the 2015 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 2015 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
Salt Lake City
80
Park City
Tooele
Heber City
Vernal
Utah Lake
Provo
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

$30,015,000 Lease Revenue Refunding Bonds
(State Facilities Master Lease Program), Series 2015

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 $30,015,000, Lease Revenue Refunding Bonds (State Facilities Master Lease Program), Series 2015 (the "2015 Bonds" or the "2015 Bond").

This introduction is only a brief description of the 2015 Bonds and the security and source of payment for the 2015 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 2015 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 2015 Bonds were awarded pursuant to competitive bidding received by means of the ***PARITY®*** electronic bid submission system on March 31, 2015, as set forth in the OFFICIAL NOTICE OF BOND SALE (dated March 19, 2015) to Wells Fargo Bank, National Association, Charlotte, North Carolina at a "true interest rate" of 2.57%.

The 2015 Bonds may be offered and sold to certain dealers (including dealers depositing the 2015 Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the 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 2014 population estimate by the U.S. Census Bureau was 2,942,902 people (ranked as the 33rd most populous state). From 2013 to 2014 the State was the seventh fastest growing state in the nation by percentage increase in population (1.4%). The State ranked first in 2013 with the lowest median age in the country (30.2 years) and highest household size (3.17 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 February 2015 was 3.4% (compared to the national average of 5.5%) ranking the State 3rd lowest in the nation for rate of unemployment. In 2013 the State ranked 13th in median household income at $59,877 and 44th in per capita personal income at $36,640.

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 2015 Bonds; Prior Parity Bonds

The 2015 Bonds are being issued pursuant to: (i) the Building Ownership Act; the Utah Refunding Bond Act, Title 11, Chapter 27 of the Utah Code (the "Refunding Bond Act"); and other applicable State law (collectively with the Building Ownership Act and the Refunding Bond Act, the "Act"); (ii) resolutions adopted by the Authority on July 3, 2014 (the "Parameters Resolution") and on March 31, 2015 (the "Final Bond Resolution" and, together with the Parameters Resolution, the "Resolutions") which provide for the authorization, issuance, sale and delivery of the 2015 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 Twentieth Supplemental Indenture of Trust dated as of April 1, 2015, by and between the Authority and the Trustee.

The 2015 Bond are being issued for the purpose of refunding in advance of their maturity certain outstanding lease revenue bonds previously issued by the Authority and for the payment of the cost associated with the issuance of the 2015 Bonds. See "INTRODUCTION—Plan Of Refunding", "THE 2015 BONDS—Estimated Sources And Uses Of Funds" and "THE FACILITIES" below.

The Authority has previously issued 26 series of Bonds under the Indenture (collectively, the "Prior Parity Bonds"), 13 of which are currently outstanding, 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 2015 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 Wednesday, April 29, 2015 (the anticipated delivery date of the 2015 Bonds), the outstanding aggregate principal amount of the Prior Parity Bonds (after giving effect to the refunding of the Refunded Bonds as defined herein) will be $231,630,000 (exclusive of the 2015 Bonds).

The 2015 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 2015 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 2015 BONDS—Security And Sources Of Payment For The 2015 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 the 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 Twentieth State Facilities Master Lease Agreement dated as of April 1, 2015 (collectively, the "Lease").

Plan Of Refunding

The Authority has previously issued its:

(i) $22,725,000 (original principal amount), Lease Revenue and Refunding Bonds (State Facilities Master Lease Program), Series 2003, dated December 30, 2003, currently outstanding in the aggregate principal amount of $1,775,000 (the "2003 Bonds"), the original proceeds of which were used for the refunding of lease revenue bonds and the acquisition of real estate, and the acquisition, construction and equipping of certain building facilities.

(ii) $8,355,000 (original principal amount), Lease Revenue Bonds (State Facilities Master Lease Program), Series 2006A, dated January 19, 2006, currently outstanding in the aggregate principal amount of $3,830,000 (the "2006 Bonds"), the original proceeds of which were used for the cost of the acquisition of real estate, and the acquisition, construction and equipping of certain building facilities for the Department of Alcoholic Beverage Control;

(iii) $15,380,000 (original principal amount), Lease Revenue Bonds (State Facilities Master Lease Program), Series 2007A, dated July 10, 2007, currently outstanding in the aggregate principal amount of $12,260,000 (the "2007A Bonds"), the original proceeds of which were used for the acquisition of real estate, and the acquisition, construction and equipping of certain building facilities for the Department of Alcoholic Beverage Control and a warehouse for Utah Correctional Industries; and

(iv) $25,505,000 (original principal amount), Lease Revenue Bonds (State Facilities Master Lease Program), Series 2009A, dated March 25, 2009, currently outstanding in the aggregate principal amount of $21,975,000 (the "2009A Bonds"), the original proceeds of which were used for the acquisition of real estate, and the acquisition, construction and equipping of certain building facilities for the Department of Alcoholic Beverage Control.

Certain proceeds from the 2015 Bonds, in the aggregate amount of $35,449,380.22 together with other legally available moneys, will be deposited with Wells Fargo Bank, N.A., Corporate Trust Services, as Escrow Agent (the "Escrow Agent"), pursuant to an Escrow Agreement dated April 1, 2015 (the "Escrow Agreement") to establish an irrevocable trust escrow account (the "2015 Escrow Account"), consisting of cash and government obligations of the United States of America.

(i) Certain amounts in the 2015 Escrow Account shall be used to redeem the 2003 Bonds maturing on and after May 15, 2015 (the "2003 Refunded Bonds"), at a redemption price of 100% of the principal amount thereof on April 29, 2015 (the "2003 Redemption Date"). The 2003 Refunded Bonds mature on the dates and in the amounts, and bear interest at the rates, as follows:

Scheduled Maturity (May 15)	Redemption Date	CUSIP® 917547	Principal Amount	Interest Rate	Redemption Price
2016	April 29, 2015	QA2	$900,000	4.00%	100%

The cash and investments held in the 2015 Escrow Account will be sufficient to pay the redemption price of the 2003 Refunded Bonds, due and payable on the 2003 Redemption Date.

(ii) Certain amounts in the 2015 Escrow Account shall be used to pay interest on the 2006A Bonds maturing on and after May 15, 2017 (the "2006A Refunded Bonds"), and to redeem the 2006A Refunded Bonds at a redemption price of 100% of the principal amount thereof on May 15, 2016 (the "2006A Redemption Date"). The 2006A Refunded Bonds mature on the dates and in the amounts, and bear interest at the rates, as follows:

Scheduled Maturity (May 15)	Redemption Date	CUSIP® 917547	Principal Amount	Interest Rate	Redemption Price
2017	May 15, 2016	SE2	$ 395,000	4.00%	100%
2018	May 15, 2016	SF9	410,000	4.15	100
2027	May 15, 2016	SM4	2,280,000	4.25	100
Totals			$3,085,000		

The cash and investments held in the 2015 Escrow Account will be sufficient to pay (a) the interest falling due on the 2006A Refunded Bonds through the 2006A Redemption Date and (b) the redemption price of the 2006A Refunded Bonds, due and payable on the 2006A Redemption Date.

(iii) Certain amounts in the 2015 Escrow Account shall be used to pay interest on the 2007A Bonds maturing on and after May 15, 2018 (the "2007A Refunded Bonds"), and to redeem the 2007A Refunded Bonds at a redemption price of 100% of the principal amount thereof on November 15, 2017 (the "2007A Redemption Date"). The 2007A Refunded Bonds mature on the dates and in the amounts, and bear interest at the rates, as follows:

Scheduled Maturity (May 15)	Redemption Date	CUSIP® 917547	Principal Amount	Interest Rate	Redemption Price
2018	November 15, 2017	SX0	$ 735,000	4.25 %	100%
2019	November 15, 2017	SY8	760,000	4.375	100
2021	November 15, 2017	TA9	1,630,000	5.00	100
2023	November 15, 2017	TC5	1,795,000	5.00	100
2025	November 15, 2017	TE1	1,980,000	5.00	100
2028	November 15, 2017	TH4	3,355,000	5.00	100
Totals			$10,255,000		

The cash and investments held in the 2015 Escrow Account will be sufficient to pay (a) the interest falling due on the 2007A Refunded Bonds through the 2007A Redemption Date and (b) the redemption price of the 2007A Refunded Bonds, due and payable on the 2007A Redemption Date.

(iv) Certain amounts in the 2015 Escrow Account shall be used to pay interest on the 2009A Bonds maturing on and after May 15, 2020 (the "2009A Refunded Bonds"), and to redeem the 2009A Refunded Bonds at a redemption price of 100% of the principal amount thereof on May 15, 2019 (the "2009A Redemption Date"). The 2009A Refunded Bonds mature on the dates and in the amounts, and bear interest at the rates, as follows:

Scheduled Maturity (May 15)	Redemption Date	CUSIP® 917547	Principal Amount	Interest Rate	Redemption Price
2020	May 15, 2019	TT8	$ 1,175,000	5.00%	100%
2021	May 15, 2019	TU5	1,250,000	5.00	100
2022	May 15, 2019	TV3	1,300,000	5.00	100
2023	May 15, 2019	TW1	1,375,000	5.00	100
2024	May 15, 2019	TX9	1,450,000	5.00	100
2025	May 15, 2019	TY7	1,500,000	5.00	100
2026	May 15, 2019	TZ4	1,575,000	5.00	100
2027	May 15, 2019	UA7	1,675,000	5.00	100
2030	May 15, 2019	UD1	5,525,000	5.00	100
Totals			$16,825,000		

The cash and investments held in the 2015 Escrow Account will be sufficient to pay (a) the interest falling due on the 2009A Refunded Bonds through the 2009A Redemption Date and (b) the redemption price of the 2009A Refunded Bonds, due and payable on the 2009A Redemption Date.

Certain mathematical computations regarding the sufficiency of and the yield on the investments held in the 2015 Escrow Account will be verified by Grant Thornton LLP, Minneapolis, Minnesota. See "MISCELLANEOUS—Escrow Verification" below.

Security For The 2015 Bonds; Cross Collateralization

The 2015 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 2015 Bonds. See "THE 2015 BONDS—Security And Sources Of Payment For The 2015 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 2015 Bonds when due (the "Base Rentals"), but only if and to the extent that the Utah State Legislature (the "Legislature") has appropriated funds sufficient to pay the Base Rentals coming due during each succeeding Renewal Term (as described herein) of the Lease plus such additional amounts as are necessary to operate and maintain the Facilities during such period (the "Additional Rentals" and collectively, with the Base Rentals, the "Rentals"). The Lease specifically provides that nothing therein shall be construed to require the Legislature to appropriate any money to pay any Rentals thereunder and that neither the State nor any political subdivision thereof is obligated to pay such Rentals except to the extent of funds appropriated for that purpose. Neither the obligation of the State to pay Rentals nor the obligation of the Authority to pay the principal of and interest on the 2015 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 2015 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 2015 BONDS—Security And Sources Of Payment For The 2015 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 2015 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 2015 Bonds are subject to optional redemption and extraordinary optional redemption (in the event of damage to, or destruction, seizure or condemnation of the Facilities) prior to maturity. See "THE FACILITIES" and "THE 2015 BONDS—Redemption Provisions For The 2015 Bonds" below.

Tax Matters Regarding The 2015 Bonds

In the opinion of Ballard Spahr LLP, Bond Counsel to the Authority and the State, interest on the 2015 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 2015 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 2015 Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on 2015 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 2015 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 2015 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 2015 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
303.863.4558 | f 303.863.5645
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Disclosure Counsel

Chapman and Cutler LLP
201 S Main St Ste 2000
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Municipal Advisor

Zions Bank Public Finance
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Conditions On Delivery, Anticipated Date, Manner, And Place Of Delivery For The 2015 Bonds

The 2015 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 2015 Bonds, in book–entry form, will be available for delivery in Salt Lake City, Utah, for deposit with DTC or its agent on Wednesday, April 29, 2015.

Risks Inherent In The Ownership Of The 2015 Bonds

The purchase of the 2015 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 2015 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 2015 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 2015 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 2015 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 2015 Bonds. Descriptions of the Indenture, the Lease and the 2015 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 2015 Bonds, the Indenture, the Lease and other documentation, authorizing the issuance of the 2015 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 Bank Public Finance, Salt Lake City, Utah, the Municipal Advisor to the Authority (the "Municipal Advisor"):

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

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

As of the date of this OFFICIAL STATEMENT, the chief contact person for the Authority and DFCM concerning the 2015 Bonds is:

Thomas Shaw, Real Estate and Debt Manager
tashaw@utah.gov

Division of Facilities Construction and Management
4110 State Office Bldg
Salt Lake City UT 84114
801.538.3322 | f 801.538.3267

As of the date of this OFFICIAL STATEMENT, the chief contact person for the State concerning the 2015 Bonds is:

Richard K. Ellis, Utah State Treasurer
Board Member and Secretary of the Authority
rellis@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 2015 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 2015 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 has represented 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 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 2015 CAFR and other operating and financial information for the 2015 Bonds on or before January 15, 2016, and annually thereafter on or before each January 15.

A failure by the State to comply with the Disclosure Undertaking will not constitute a default under the Indenture, and Beneficial Owners of the 2015 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 2015 Bonds in the secondary market. Any such failure may adversely affect the marketability of the 2015 Bonds.

THE 2015 BONDS

General

The 2015 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.

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. 2015 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 2015 Bonds based on Base Rental Payments.

[1] The anticipated date of delivery is Wednesday, April 29, 2015.

Due Date (Base Rental Payment)	The 2015 Bonds Principal	Interest	Period Total	Fiscal Total
November 1, 2015	$ 0.00	$ 755,661.67	$ 755,661.67	
May 1, 2016	805,000.00	693,975.00	1,498,975.00	$2,254,636.67
November 1, 2016	0.00	681,900.00	681,900.00	
May 1, 2017	350,000.00	681,900.00	1,031,900.00	1,713,800.00
November 1, 2017	0.00	676,650.00	676,650.00	
May 1, 2018	1,095,000.00	676,650.00	1,771,650.00	2,448,300.00
November 1, 2018	0.00	654,750.00	654,750.00	
May 1, 2019	705,000.00	654,750.00	1,359,750.00	2,014,500.00
November 1, 2019	0.00	640,650.00	640,650.00	
May 1, 2020	1,910,000.00	640,650.00	2,550,650.00	3,191,300.00
November 1, 2020	0.00	592,900.00	592,900.00	
May 1, 2021	2,020,000.00	592,900.00	2,612,900.00	3,205,800.00
November 1, 2021	0.00	542,400.00	542,400.00	
May 1, 2022	2,115,000.00	542,400.00	2,657,400.00	3,199,800.00
November 1, 2022	0.00	489,525.00	489,525.00	
May 1, 2023	2,220,000.00	489,525.00	2,709,525.00	3,199,050.00
November 1, 2023	0.00	434,025.00	434,025.00	
May 1, 2024	2,875,000.00	434,025.00	3,309,025.00	3,743,050.00
November 1, 2024	0.00	362,150.00	362,150.00	
May 1, 2025	3,005,000.00	362,150.00	3,367,150.00	3,729,300.00
November 1, 2025	0.00	287,025.00	287,025.00	
May 1, 2026	3,150,000.00	287,025.00	3,437,025.00	3,724,050.00
November 1, 2026	0.00	208,275.00	208,275.00	
May 1, 2027	3,325,000.00	208,275.00	3,533,275.00	3,741,550.00
November 1, 2027	0.00	125,150.00	125,150.00	
May 1, 2028	2,855,000.00	125,150.00	2,980,150.00	3,105,300.00
November 1, 2028	0.00	53,775.00	53,775.00	
May 1, 2029	1,775,000.00	53,775.00	1,828,775.00	1,882,550.00
November 1, 2029	0.00	27,150.00	27,150.00	
May 1, 2030	1,810,000.00	27,150.00	1,837,150.00	1,864,300.00
Totals	$30,015,000.00	$13,002,286.67	$43,017,286.67	

Interest on the 2015 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 2015 Bonds.

The 2015 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 2015 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 2015 Bonds

The 2015 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 2015 Bonds. Purchases of 2015 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 2015 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 2015 Bonds. "Direct Participants," "Indirect Participants" and "Beneficial Owners" are defined in "APPENDIX G—BOOK–ENTRY SYSTEM."

Principal of and interest on the 2015 Bonds (interest payable May 15 and November 15 of each year, commencing November 15, 2015) are payable by the Paying Agent to the Owners of the 2015 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 2015 Bonds, as described under "APPENDIX G—BOOK–ENTRY SYSTEM."

So long as DTC or its nominee is the sole registered owner of the 2015 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 2015 Bonds. Under these same circumstances, references herein and in the Indenture to the "Bondowners" or "Registered Owners" of the 2015 Bonds shall mean Cede & Co. as nominee for DTC and shall not mean the Beneficial Owners of the 2015 Bonds.

Transfer Or Exchange Of The 2015 Bonds; Regular Record Date

No transfer or exchange of any 2015 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 2015 Bonds selected for redemption and ending at the close of business on the day of such mailing, and (iii) for any 2015 Bond so selected for redemption, in whole or in part, except the unredeemed portion of such 2015 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 2015 Bonds are estimated to be applied as set forth below:

Sources of Funds:	
Par amount of the 2015 Bonds	$30,015,000.00
Original issue premium on the 2015 Bonds	5,325,668.35
Transfers from prior issues debt service funds	600,000.00
Total	$35,940,668.35
Uses of Funds:	
Deposit to 2015 Escrow Account	$35,449,380.22
Underwriter(s)' discount on the 2015 Bonds	257,273.57
Costs of issuance (1)	181,541.01
Original issue discount on the 2015 Bonds	52,473.55
Total	$35,940,668.35

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

Security And Sources Of Payment For The 2015 Bonds

The Lease and the Indenture. The 2015 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. The current term will expire June 30, 2015. 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 2015 through 2029, and a final Renewal Term commencing July 1, 2030, and ending May 16, 2031, 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 2015 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, 2015, 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 2015 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 2015 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 2015 Bonds. The Authority does not have any taxing power.

So long as the Lease does not expire on June 30, 2015, 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 2015 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."

The Governor's Office of Management and Budget reports that the Legislature at its 2015 Legislative General Session appropriated funds sufficient to pay Base Rentals and Additional Rentals due under the Lease during Fiscal Year 2016 (which will commence on July 1, 2015 and will end on June 30, 2016), which has extended the term of the Lease.

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 2015 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 2015 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 2015 Bonds. ***The Authority will not create or fund a debt service reserve fund for the 2015 Bonds.***

Additional Bonds; Refunding Bonds. Additional Bonds may be issued pursuant to the Indenture on a parity with the 2015 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 2015 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 2015 Bonds

2015 Bonds Optional Redemption. The 2015 Bonds maturing on or before May 15, 2024, are not subject to redemption prior to maturity, except as otherwise described under this caption "Redemption Provisions For The 2015 Bonds." The 2015 Bonds maturing on or after May 15, 2025, are subject to redemption (i) in whole on any business day on or after November 15, 2024, in the event that the Lessee exercises its option pursuant to the Master Lease to purchase all the Leased Property thereunder or (ii) in part on November 15, 2024, 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 2015 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 2015 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 2015 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 2015 Bonds are called for extraordinary optional redemption, the 2015 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 2015 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 2015 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 2015 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 2015 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 2015 Bond, shall not affect the validity of any proceedings for the redemption of any other 2015 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 2015 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 2015 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 2015 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 2015 Bonds called for redemption, which moneys are or will be available for redemption of 2015 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 2015 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 2015 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 2015 Bonds to be redeemed, upon presentation and surrender of such 2015 Bonds.

Partial Redemption of 2015 Bonds. In the case of a partial redemption of 2015 Bonds when 2015 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 2015 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 2015 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 2015 Bond shall forthwith surrender such 2015 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 2015 Bond or 2015 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 2015 Bond to be so redeemed. If the Owner of any such 2015 Bond of a denomination greater than $5,000 shall fail to present such 2015 Bond to the Trustee for redemption and exchange as aforesaid, the principal amount of such 2015 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 2015 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 2015 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 2015 Bonds be thereafter issued corresponding to said unit or units. 2015 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 2015 Bonds of less than all of a particular maturity of 2015 Bonds, the particular 2015 Bonds to be redeemed shall be selected by the Trustee by lot in such manner as the Trustee shall determine to be fair and equitable.

Book–Entry System

DTC will act as securities depository for the 2015 Bonds. The 2015 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 2015 Bond certificate will be issued for each maturity of the 2015 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 2015 Bonds (the "Register"). In all cases in which the privilege of exchanging or transferring the 2015 Bonds is exercised in the event that the book–entry system is discontinued and 2015 Bonds are transferred or exchanged, the Authority shall execute, and the Trustee shall authenticate, register and deliver, 2015 Bonds in accordance with the provisions of the Indenture. In such cases, any 2015 Bond may, in accordance with its terms, be transferred upon the Register by the Owner of the 2015 Bond, in person or by such Owner's duly authorized attorney, upon surrender of such registered 2015 Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Trustee. Similarly, 2015 Bonds may be exchanged in such instances at the principal corporate trust office of the Trustee for a like principal amount of 2015 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 29, 2015 (the anticipated delivery date of the 2015 Bonds), the legal debt limit and additional debt incurring capacity of the Authority are calculated as follows:

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Fair market value of ad valorem taxable property (1)	$271,337,328,737
Fees in lieu of ad valorem taxable property (2)	11,151,850,405
Total fair market value of taxable property (1)	$282,489,179,142
1.5% debt limit amount	$4,237,337,687
Less: outstanding State general obligation debt (net) (3)	(2,957,097,230)
Less: Authority's outstanding lease revenue bonds (net) (3)	(271,519,085)
Plus: statutorily exempt State general obligation highway debt (net) (3)	2,628,107,681
Authority's estimated additional debt incurring capacity	$3,636,829,053

(1) Based on 2013 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 2013 "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 29, 2015.

The State uses outstanding general obligation bond debt to comply within the constitutional debt limit. For Fiscal Year 2014, the State has other long–term contract liabilities consisting of unused vacation and other vested leave for employees of $99,975,000. These contract liabilities do not affect the State's compliance with the constitutional debt limit. (Sources: Division of Finance and the Fiscal Year 2014 CAFR).

Legal Debt Limit Estimate Using Fiscal Year 2015 Estimated Taxable Valuation. Based on early ad valorem property tax reports from the State Tax Commission, the Calendar Year 2014 (Fiscal Year 2015) estimated fair market value of ad valorem taxable property and valuation for fees in lieu property will be approximately $292.625 billion, leaving the ability of the Authority (after the issuance of the 2015 Bonds) to legally issue approximately $3.8 billion in lease revenue bonds.

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 2015 Bonds of the Authority will be the 27th 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 2015 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 2015 Bonds are considered to be State Lease Revenue Bonds.

As of April 29, 2015, 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
2015	Refunding	$ 30,015,000	May 15, 2030	$ 30,015,000
2012B (2)	Refunding/acquisition	11,700,000	May 15, 2022	11,175,000
2012A...............	Refunding	15,610,000	May 15, 2027	15,610,000
2011	Various purposes	5,250,000	May 15, 2031	4,310,000
2010	Refunding	36,735,000	May 15, 2024	31,490,000
2009E (3) (4).....	Huntsman Hospital (BABs)	89,470,000	May 15, 2030	89,470,000
2009D...............	Huntsman Hospital	12,125,000	May 15, 2017	10,825,000
2009C (3) (4).....	DABC Warehouse (BABs)	16,715,000	May 15, 2029	16,715,000
2009B...............	DABC Warehouse	8,445,000	May 15, 2019	5,645,000
2009A (5)..........	DABC Facilities	25,505,000	May 15, 2019 (10)	5,150,000
2007A (5) (6)	DABC/UCI Facilities	15,380,000	May 15, 2017 (10)	2,005,000
2006A (5) (7)	DABC Facilities	8,355,000	May 15, 2016 (10)	745,000
2003 (5) (7)	Refunding/various purposes	22,725,000	May 15, 2015 (11)	875,000
1998C (8) (9).....	Refunding	105,100,000	May 15, 2019	37,615,000
Total principal amount of outstanding State Lease Revenue Bonds (12)				$261,645,000

(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, 35% issuer subsidy, "Build America Bonds."
(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 $151,324 for the federal fiscal year ending September 30, 2015.*
(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 2015 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) Final maturity date after the refunding effected by the 2012A Bonds and the 2015 Bonds.
(12) For accounting purposes, the total unamortized bond premium is $9,874,085 (as of April 29, 2015), which together with current debt outstanding of $261,645,000, results in total outstanding net direct debt of $271,519,085.

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.

Under existing 2015 legislative authorization, the Authority has approximately $91,383,900 ($86,936,000 for courts and $4,447,000 for buildings) of bonding authority for future projects that may be undertaken solely by vote of the Authority.

The Authority does not anticipate the issuance of lease revenue bonds within Fiscal Year 2015, but may issue bonds within the next several Fiscal Years.

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

Fiscal Year Ending	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		Series 2009C $16,715,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest (2)	Principal	Interest	Principal	Interest (2)
2014………..	$ 0	$ 0	$ 370,000	$ 224,000	$ 0	$ 516,975	$ 365,000	$ 130,331	$ 1,620,000	$ 1,655,500	$ 0	$ 4,992,885	$ 1,300,000	$ 606,250	$ 0	$ 929,780
2015………..	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	0	929,780
2016………..	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	0	929,780
2017………..	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	0	929,780
2018………..	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	–	–	0	929,780
2019………..	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	–	–	0	929,780
2020………..	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	–	–	1,305,000 (5)	929,780
2021………..	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	–	–	1,370,000 (5)	860,693
2022………..	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	–	–	1,445,000 (5)	788,165
2023………..	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	–	–	1,520,000 (5)	711,667
2024………..	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	–	–	1,605,000 (5)	631,198
2025………..	3,005,000	724,300	–	–	2,850,000	136,650	70,000 (3)	22,600	–	–	6,015,000 (4)	3,327,559	–	–	1,685,000 (6)	546,230
2026………..	3,150,000	574,050	–	–	1,135,000	51,150	75,000 (3)	19,800	–	–	8,635,000 (4)	2,980,614	–	–	1,785,000 (6)	449,039
2027………..	3,325,000	416,550	–	–	570,000	17,100	80,000 (3)	16,800	–	–	9,145,000 (4)	2,482,547	–	–	1,890,000 (6)	346,080
2028………..	2,855,000	250,300	–	–	–	–	80,000 (3)	13,600	–	–	10,665,000 (4)	1,955,064	–	–	1,995,000 (6)	237,065
2029………..	1,775,000	107,550	–	–	–	–	85,000 (3)	10,400	–	–	11,285,000 (4)	1,339,906	–	–	2,115,000 (6)	121,993
2030………..	1,810,000	54,300	–	–	–	–	85,000 (3)	7,000	–	–	11,945,000 (4)	688,988	–	–	–	–
2031………..	–	–	–	–	–	–	90,000 (3)	3,600	–	–	–	–	–	–	–	–
Totals………	$ 30,015,000	$ 13,002,287	$ 11,545,000	$ 921,500	$ 15,610,000	$ 4,794,525	$ 4,675,000	$ 1,007,925	$ 33,110,000	$ 10,334,250	$ 89,470,000	$ 63,722,714	$ 12,125,000	$ 1,707,250	$ 16,715,000	$ 11,200,590

Fiscal Year Ending	Series 2009B $8,445,000		Series 2009A $25,505,000		Series 2007A $15,380,000		Series 2006A $8,355,000		Series 2004A (9) $45,805,000		Series 2003 $22,725,000		Series 1998C $105,100,000	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal (11)	Interest
2014………..	$ 975,000	$ 331,000	$ 925,000	$ 1,107,250	$ 610,000	$ 618,638	$ 350,000	$ 173,515	$ 2,945,000	$ 147,250	$ 835,000	$ 104,400	$ 9,290,000	$ 2,579,775
2015………..	1,020,000	282,250	950,000	658,875	645,000	341,469	365,000	94,658	0	0 (10)	875,000	53,000	8,850,000	2,068,825
2016………..	1,075,000	231,250	975,000	200,250	665,000	61,200	380,000	15,200	0	0 (10)	0	0 (7)	9,230,000 (12)	1,582,075
2017………..	1,125,000	177,500	1,025,000	161,250	695,000	31,275	0	0 (7)	0	0 (10)	0	0 (8)	9,130,000 (12)	1,074,425
2018………..	1,185,000	121,250	1,075,000	110,000	0	0 (7)	0	0 (7)	0	0 (10)	0	0 (8)	8,295,000 (12)	572,275
2019………..	1,240,000	62,000	1,125,000	56,250	0	0 (7)	0	0 (8)	0	0 (10)	0	0 (8)	2,110,000 (12)	116,050
2020………..	–	–	0	0 (7)	0	0 (7)	0	0 (8)	0	0 (10)	0	0 (8)	–	–
2021………..	–	–	0	0 (7)	0	0 (7)	0	0 (8)	0	0 (10)	0	0 (8)	–	–
2022………..	–	–	0	0 (7)	0	0 (7)	0	0 (8)	0	0 (10)	0	0 (8)	–	–
2023………..	–	–	0	0 (7)	0	0 (7)	0	0 (8)	0	0 (10)	0	0 (8)	–	–
2024………..	–	–	0	0 (7)	0	0 (7)	0	0 (7)	0	0 (10)	0	0 (8)	–	–
2025………..	–	–	0	0 (7)	0	0 (7)	0	0 (7)	0	0	0	0 (8)	–	–
2026………..	–	–	0	0 (7)	0	0 (7)	0	0 (7)	0	0	–	–	–	–
2027………..	–	–	0	0 (7)	0	0 (7)	0	0 (7)	0	0 (8)	–	–	–	–
2028………..	–	–	0	0 (7)	0	0 (7)	–	–	–	–	–	–	–	–
2029………..	–	–	0	0 (7)	–	–	–	–	–	–	–	–	–	–
2030………..	–	–	0	0 (7)	–	–	–	–	–	–	–	–	–	–
2031………..	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Totals………	$ 6,620,000	$ 1,205,250	$ 6,075,000	$ 2,293,875	$ 2,615,000	$ 1,052,581	$ 1,095,000	$ 283,373	$ 2,945,000	$ 147,250	$ 1,710,000	$ 157,400	$ 46,905,000	$ 7,993,425

(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 a 35% federal interest rate subsidy.**
(3) Mandatory sinking fund payments from a $635,000, 4%, 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 maturites and interest have been refunded by the 2015 Bonds.
(8) Certain principal maturites 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 2014.
(10) Certain principal maturites and interest have been refunded by the 2010 Bonds and the 2012B Bonds.
(11) 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.
(12) 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
2014	$ 19,585,000	$ 14,117,549	$ 33,702,549
2015	21,665,000	12,393,185	34,058,185
2016	22,480,000	12,064,908	34,544,908
2017	23,050,000	10,946,546	33,996,546
2018	21,695,000	9,875,509	31,570,509
2019	11,525,000	8,859,511	20,384,511
2020	14,415,000	8,351,236	22,766,236
2021	14,740,000	7,681,728	22,421,728
2022	14,950,000	6,956,771	21,906,771
2023	14,745,000	6,199,680	20,944,680
2024	14,180,000	5,476,738	19,656,738
2025	13,625,000	4,757,339	18,382,339
2026	14,780,000	4,074,653	18,854,653
2027	15,010,000	3,279,077	18,289,077
2028	15,595,000	2,456,028	18,051,028
2029	15,260,000	1,579,850	16,839,850
2030	13,840,000	750,288	14,590,288
2031	90,000	3,600	93,600
Totals	$ 281,230,000	$ 119,824,194	$ 401,054,194

(1) **Does not reflect a 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 2015 Bonds

The 2015 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 2015 BONDS—Security And Sources Of Payment For The 2015 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 2015 Bonds and the Prior Parity Bonds. The Facilities consist of approximately 65 separate facilities, located in various counties within the State, that are used by various departments of State government and State Bodies including the Department of Alcoholic Beverage Control, the University of Utah's Health Sciences Center, various District and Juvenile Courts, the Department of Corrections, the Department of Community and Culture, the Department of Human Services, the Department of Natural Resources and its Division of Parks and Recreation, the State Office of Education, the Department of Environmental Quality, the Department of Transportation and others. The most significant of these facilities include or will include:

(1) The expansion of the Huntsman Cancer Hospital (which is part of the University of Utah's Health Sciences Center) in 2009. The Authority issued approximately $90 million of bonds for construction of a new $102 million, 156,000 square foot expansion to the existing Huntsman Cancer Hospital. 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 State Courts Complex, a five–story structure with approximately 417,000 square feet of space located in Salt Lake City. The Authority issued approximately $60.7 million of Bonds to finance this facility.

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

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

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

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

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

(9) The Davis County Courts Complex. 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
State Courts Complex	Completed–1998	2018
DABC Warehouse	Completed–2011	2029
West Jordan Courts Complex	Completed–2005	2025
Youth Corrections	Completed–1998	2017
DCC Library	Completed–1999	2019
DNR Office	Completed–1997	2017
Davis County Courts	Completed–1999	2019
All Other Facilities	Completed or under construction	2015–2031

(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 2015 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 2015 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 2015 Bonds involves certain investment risks which are discussed throughout this OFFICIAL STATEMENT. Accordingly, each prospective purchaser of the 2015 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 2015 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, 2015. 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, 2015. Unless sooner terminated, this annual renewal option will continue through June 30, 2030 with a final renewal term commencing July 1, 2030, and ending May 16, 2031 (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 2015 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 2014" below.

No Reserve Fund For The 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 Bonds and the Prior Parity Bonds. See "THE 2015 BONDS—Security And Sources Of Payment For The 2015 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 2015 BONDS—Redemption Provisions For The 2015 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 2015 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 2015 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 2015 Bonds to comply with certain covenants relating to the Indenture, the Lease and the 2015 Bonds, on a continuing basis, so long as any of the 2015 Bonds are outstanding under the Indenture and thereafter as required by such document provisions and applicable law, could result in interest on the 2015 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 2015 Bonds do not provide for payment of any additional interest or penalty or redemption in the event that interest on the 2015 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 2015 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 2015, including cuts to the subsidy payments to be made to issuers of Build America Bonds ("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 $1,219,925,000 of outstanding BABs 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 2016 or what, if any, sequestration cuts may occur in federal fiscal year 2017 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"). 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 29, 2015, the State will have $2,830,150,000 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).

The Legislature may authorize the issuance of general obligation building bonds in future Fiscal Years, but such amounts and issuance dates are not know 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

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.” As of April 29, 2015, the State will have $46,940,000 of outstanding recapitalization revenue bonds that mature through Fiscal Year 2023, with annual principal and interest payments of approximately $6.95 million.

See “State Moral Obligation Bonds” below.

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.

Excluding the Authority, the majority of the State’s revenue bonds and notes are issued by the Utah Housing Corporation (which is a component unit of the State), or the State Board of Regents (student loans and various capital projects). See “APPENDIX B—ADDITIONAL DEBT AND FINANCIAL INFORMATION REGARDING THE STATE OF UTAH–Revenue Bonds And Notes.”

Additional information. For a detailed report and description of the various revenue bonds and notes see “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2014—Notes to the Financial Statements, Note 10. Long–Term Liabilities–C. Revenue Bonds–Business Type Activities; Discrete Component Units” (page A–103); and “–Note H. Notes Payable” (pages A–110); and for the State see “APPENDIX B—ADDITIONAL DEBT AND FINANICAL INFORMATION REGARDING THE STATE OF UTAH–Revenue Bonds And Notes.”

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 2014 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 2014 totaled approximately $21.8 million (with annual payments scheduled through Fiscal Year 2029). The present value of the minimum lease payments of capital leases for the State’s component units as of Fiscal Year 2014 totaled approximately $156.5 million (with annual payments scheduled through Fiscal Year 2034).

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 2014 were approximately $27.7 million for primary government and approximately $28.2 million for component units. The total future minimum lease payments for the State's operating leases for primary government for Fiscal Year 2014 totaled approximately $66.8 million (with annual payments scheduled through Fiscal Year 2059). The total future minimum lease payments for the State's operating leases for component units for Fiscal Year 2014 totaled approximately $156.3 million (with annual payments scheduled through Fiscal Year 2049).

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 2014—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.*

The State has approximately $2.8 billion principal amount outstanding of Guaranteed Bonds. Currently, the Guaranteed Bond program's annual principal and interest payments are scheduled through Fiscal Year 2035 (for Fiscal Year 2015 the program's current annual principal and interest payments total approximately $331.4 million (including federal interest subsidy payments on Build America Bonds)). 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.

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 $1,271.8 million (as of Fiscal Year 2014) of student loan revenue bonds and $5.405 million 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 $960.8 million of revenue bonds issued to finance capital projects at the State's institutions of higher education, approximately $910.6 million of which are State Moral Obligation Bonds.

State of Utah Recapitalization Revenue Bonds. The State Bonding Commission issued revenue bonds in the current outstanding principal amount of $46.94 million as described under "Revenue Bonds And Notes" above.

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. The Utah Charter School Finance Authority has $115.59 million principal amount of State Moral Obligation Bonds outstanding. Currently, the Utah Charter School Finance Authority's annual principal and interest bond payments are scheduled through Fiscal Year 2049 (for Fiscal Year 2015 the program's current annual principal and interest payments total approximately $5.6 million). The State cannot predict the amount of bonds that may be guaranteed in this year or in future 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, 2015, the Utah Charter School Finance Authority may not issue State Moral Obligation Bonds is excess of approximately $368.5 million.

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.

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.

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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 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 2014—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, 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 2014–Statistical Section–Schedule B–1, Revenue Base" (page A–224); "–Schedule B–3, Revenue Payers–Personal Income Tax" (page A–227) and "–Schedule B–4, Personal Income Tax Rates" (page A–228).

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 tax on unprepared food items is 1.75%, residential fuels are 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 basis. Monthly sales taxpayers and those paying via electronic funds transfer receive a 1.3% discount on State taxes. This requirement has served to reduce the volatility of the State's cash flows, with approximately 75% of sales and use taxes now remitted on a monthly basis.

For additional information regarding sales tax information for Calendar Years 2004 through 2013 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2014–Statistical Section–Schedule B–1, Revenue Base" (page A–224) and "–Schedule B–2, Revenue Payers by Industry–Taxable Sales, Services and Use Tax Purchases" (page A–226) 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, a wine and liquor tax, an inheritance tax, an environmental surcharge, a waste tire fee, and fish and game license fees. Other State revenue sources include license fees and other fees collected by colleges, universities and State departments.

For additional information regarding recent tax collection results and forecasts for 2013 and 2014 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 2015 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 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.

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

Tax Year/ Fiscal Year	Taxable Value (1)	% Change Over Prior Year	Fair Market Value (2)	% Change Over Prior Year
2014/2015 (3)	$210,413,446,346	7.3%	$292,623,478,369	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)
2008/2009	211,905,170,511	12.1	298,740,951,422	10.9

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

(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 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.

Historical Summaries Of Taxable Values Of Property

	Calendar Year											
	2013		2012		2011		2010		2009		2008	
Set by State Tax Commission (Centrally Assessed)	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total	Taxable Value	% of Total
Natural resources…………….	$ 9,530,894,709	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 %	$ 8,601,102,256	4.1 %
Utilities………………………	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	10,427,402,597	4.9
Total centrally assessed…..	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	19,028,504,853	9.0
Set by County Assessor (Locally Assessed)												
Real property:												
Primary residential……………	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	105,930,854,172	50.0
Commercial…………………..	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	43,621,013,421	20.6
Other real…………………….	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	31,011,606,439	14.6
Total real property……….	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	180,563,474,032	85.2
Personal property:												
Total personal property………	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	12,313,191,626	5.8
Total locally assessed…….	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	192,876,665,658	91.0
Total taxable value………	$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 %	$211,905,170,511	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 not to exceed 8% 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 9% of the Education Fund appropriations for the Fiscal Year, in each case up to the statutory 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 8% for the General Fund and 9% 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. Passed in the 2015 General Session, House Bill 333, Budget Reserve Account Amendments, increases the automatic transfer cap from 8% to 9% for the General Fund Budget Reserve Account and from 9% to 11% for the Education Fund Budget Reserve Account.

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 2014, 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 $290.5 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, the State's share of mineral royalties, bonuses on federal land, and other miscellaneous revenues.

Fiscal Year 2014 Tax Collections. Fiscal Year 2014 ended with actual General Fund and Education Fund (collectively, "GF/EF") revenue collections coming in $161 million above the final Fiscal Year 2014 forecast, at $5,420 million. Of this year–end surplus amount, $131 million came from Education Fund collections, with the remaining $30 million from General Fund collections. In addition, other adjustments of $5 million brought the total year–end surplus to $166 million.

Fiscal Year 2015 and 2016 Projections. The most recent Consensus Revenue Forecast for GF/EF revenues was released in February 2015. Fiscal Year 2015 GF/EF unrestricted revenue is forecast to increase 5.1 % ($278 million) above Fiscal Year 2014 actual collections to $5,697 million, and to increase an additional 3.4 % in Fiscal Year 2016 to $5,888 million. These estimates come from projected strong growth in the individual income tax ($2,890 million in 2014; projected $3,034 million in 2015; and projected $3,163 million 2016) and corporate income tax ($314 million in 2014; projected $372 million in 2015; and projected $381 million in 2016), as well as solid growth in the portion of sales and use tax deposited to the General Fund ($1,657 million in 2014; projected $1,730 million in 2015; and projected $1,801 million in 2016), offset somewhat by anticipated reductions in oil and gas severance tax collections ($89 million in 2014; projected $78 million in 2015; and projected $59 million in 2016).

These estimates include the effect of policy changes made in recent years that increase that earmark certain of sales tax revenues to transportation, which restrains the growth in free revenue. Total sales tax earmarks grew from $189.2 million in Fiscal Year 2011, to $332.1 million in Fiscal Year 2012, to $422.1 million in Fiscal Year 2013, and to $452.5 million in Fiscal Year 2014. 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 2015 and Fiscal Year 2016 are expected to total $506.5 and $559.3 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 5.9 % in 2015 and 5.1 % in 2016. Factors which negatively weigh on the economic forecast include political gridlock in Washington D.C., weakness in international markets, and anticipated 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. As of March 18, 2015, the Governor has not yet taken action on these bills and the bills will become effective unless vetoed by the Governor by April 1, 2015. House Bill 362, Transportation Infrastructure Funding, adjusts transportation fuel taxes by over $70 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) 2016 (f)	2015 (f)	2014	2013	2012	2011	2010	2009	% Change 2015–16	% Change 2014–15	% Change 2013–14	% Change 2012–13	% Change 2011–12	% Change 2010–11
Sales and use tax	$ 1,800.9	$ 1,729.7	$ 1,655.8	$ 1,615.9	$ 1,582.5	$ 1,601.4	$ 1,402.7	$ 1,547.5	4.1	4.5	2.5	2.1	(1.2)	14.2
Earmarked sales and use tax	559.3	506.5	451.6	422.1	332.1	189.2	301.0	276.3	10.4	12.2	7.0	27.1	75.5	(37.1)
Total sales and use tax	2,360.1	2,236.3	2,107.4	2,038.0	1,914.6	1,790.6	1,703.7	1,823.8	5.5	6.1	3.4	6.4	6.9	5.1
Cable/satellite excise tax	28.1	27.1	26.0	26.9	28.7	25.4	25.3	24.8	3.5	4.4	(3.4)	(6.3)	13.0	0.4
Liquor profits	98.2	92.5	87.8	81.4	70.8	62.3	58.4	59.7	6.2	5.3	7.9	15.0	13.6	6.7
Insurance premiums	96.5	93.7	91.2	89.6	84.4	75.9	80.0	83.0	3.0	2.7	1.8	6.2	11.2	(5.1)
Beer, cigarette and tobacco	112.3	114.7	113.1	120.9	125.4	125.5	58.7	60.6	(2.1)	1.4	(6.4)	(3.6)	(0.1)	113.8
Oil and gas severance tax	59.3	78.3	89.2	53.2	65.5	59.9	56.2	71.0	(24.3)	(12.2)	67.6	(18.8)	9.3	6.6
Metal severance tax	20.7	22.5	15.9	16.9	25.4	27.1	20.9	14.6	(8.2)	42.1	(6.2)	(33.5)	(6.3)	29.7
Inheritance tax	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.3	–	–	–	–	(100.0)	0.0
Investment income	6.2	5.3	5.0	6.0	5.6	2.4	5.3	25.1	17.3	4.4	(16.2)	7.1	133.3	(54.7)
General Fund (other)	80.4	78.5	81.8	80.4	95.9	72.3	80.3	54.4	2.5	(4.1)	1.8	(16.2)	32.6	(10.0)
Property and energy credit	(6.2)	(6.1)	(6.0)	(6.3)	(6.8)	(6.0)	(6.4)	(6.2)	1.7	2.2	(5.4)	(7.4)	13.3	(6.3)
Total General Fund	2,296.3	2,236.2	2,137.9	2,084.9	2,077.5	2,046.3	1,781.4	1,934.6	2.7	4.6	2.5	0.4	1.5	14.9
Total General Fund and earmarks	2,855.5	2,742.8	2,589.5	2,507.0	2,409.6	2,235.4	2,082.4	2,210.9	4.1	5.9	3.3	4.0	7.8	7.3
Individual income tax	3,163.2	3,034.1	2,889.8	2,852.0	2,459.4	2,298.2	2,104.6	2,319.6	4.3	5.0	1.3	16.0	7.0	9.2
Withholding	2,651.3	2,537.1	2,404.8	2,313.7	2,151.8	2,035.3	1,942.1	1,962.3	4.5	5.5	3.9	7.5	5.7	4.8
Final payments	920.0	900.0	882.2	922.0	689.0	669.3	613.8	753.4	2.2	2.0	(4.3)	33.8	2.9	9.0
Refunds	(408.1)	(403.0)	(397.3)	(383.7)	(381.4)	(406.4)	(451.3)	(396.1)	1.3	1.4	3.5	0.6	(6.2)	(9.9)
Corporate taxes	381.3	372.4	313.5	338.2	268.9	260.7	258.4	255.4	2.4	18.8	(7.3)	25.8	3.1	0.9
Mineral production withholding	26.3	32.1	32.4	26.1	28.3	26.7	24.6	32.5	(18.0)	(0.8)	24.0	(7.8)	6.0	8.5
Education Fund (other)	21.3	22.4	23.2	27.8	25.2	26.6	24.6	19.3	(5.0)	(3.4)	(16.5)	10.3	(5.3)	8.1
Total Education Fund	3,592.2	3,461.1	3,258.9	3,244.1	2,781.9	2,612.2	2,412.2	2,626.8	3.8	6.2	0.5	16.6	6.5	8.3
Total General Fund and Education Fund	5,888.4	5,697.3	5,396.8	5,329.0	4,859.3	4,658.5	4,193.6	4,561.4	3.4	5.6	1.3	9.7	4.3	11.1
Total General Fund and Education Fund and earmarks	6,447.7	6,203.8	5,848.4	5,751.1	5,191.4	4,847.7	4,494.6	4,837.7	3.9	6.1	1.7	10.8	7.1	7.9
Motor fuel tax	266.3	261.7	256.8	256.9	253.0	252.5	243.3	235.5	1.8	1.9	(0.1)	1.5	0.2	3.8
Special fuel tax	107.8	104.7	101.7	101.4	104.1	102.2	94.4	101.2	3.0	2.9	0.3	(2.6)	1.9	8.3
Other	83.8	83.0	82.0	81.2	79.2	80.7	73.6	85.4	0.9	1.2	1.0	2.5	(1.9)	9.6
Total Transportation Fund	457.9	449.4	440.5	439.4	436.2	435.4	411.4	422.1	1.9	2.0	0.3	0.7	0.2	5.8
Mineral lease payments	143.7	168.5	167.6	136.9	194.0	152.8	147.2	189.1	(14.7)	0.5	22.4	(29.4)	27.0	3.8
Totals	6,490.0	6,315.2	5,845.2	5,905.3	5,489.5	5,246.7	4,752.2	5,172.7	2.8	8.0	(1.0)	7.6	4.6	10.4
Totals and earmarks	$ 7,049.3	$ 6,821.7	$ 6,456.5	$ 6,327.4	$ 5,821.6	$ 5,435.9	$ 5,053.2	$ 5,449.0	3.3	5.7	2.0	8.7	7.1	(0.2)

(f) forecast.

(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)									
	2014	% (1)	2013	% (1)	2012	% (1)	2011	% (1)	2010	% (1)
Taxes	$ 6,151,366	56%	$ 6,003,810	55%	$ 5,505,992	52%	$ 5,125,627	52%	$4,794,495	50%
Federal contracts and grants	3,463,045	32	3,489,515	32	3,561,512	34	3,626,354	36	3,713,771	38
All other misc. revenues	1,367,281	12	1,328,275	13	1,420,925	14	1,248,819	12	1,183,008	12
Total all funds	$10,981,695	100%	$10,821,600	100%	$10,488,429	100%	$10,000,800	100%	$9,691,274	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 2014, the State's major governmental funds were the General Fund, Education Fund, Transportation Fund, and Transportation Investment Fund.

Revenue Summary. For Fiscal Year 2014, General Fund revenues from all sources totaled approximately $5.5 billion. Of this amount, 48% came from federal contracts and grants; 30% came from sales taxes; 8% came from charges for services and licenses, permits and fees; 7% came from federal mineral leases, investment income and miscellaneous and other revenues; and 7% came from other tax sources.

In the Education Fund for Fiscal Year 2014, revenues from all sources totaled approximately $3.8 billion. Of this amount, 77% came from individual income taxes; 12% came from federal contracts and grants; 8% came from corporate franchise taxes; 1% came from charges for services, licenses, permits and fees, and miscellaneous and other revenue; 1% came from investment income; and 1% came from other tax sources.

In the Transportation Fund for Fiscal Year 2014, revenues from all sources totaled approximately $987 million. Of this amount, 35% came from federal contracts and grants; 36% came from motor and special fuel taxes; 18% came from charges for services and licenses, permits, and fees; 8% came from sales and use taxes; and 3% came from other miscellaneous taxes and fees.

In the Transportation Investment Fund for Fiscal Year 2014, revenues from all sources totaled approximately $471 million. Of this amount, 80% came from sales tax revenue; 16% came from motor vehicle registration fees; 3% came from other miscellaneous taxes and 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)				
	2014	2013	2012	2011	2010
Taxes:					
Individual income tax	$ 2,916,015	$ 2,865,195	$ 2,518,373	$ 2,332,562	$2,124,173
Sales and use tax	2,121,249	2,057,581	1,934,035	1,812,011	1,733,412
Other taxes	432,178	400,111	414,744	397,248	328,753
Motor and special fuel tax	359,176	351,197	353,299	352,918	341,196
Corporate tax	322,748	329,726	285,541	230,888	266,961
Total taxes	6,151,366	6,003,810	5,505,992	5,125,627	4,794,495
Other revenues:					
Federal contracts and grants	3,463,045	3,489,515	3,561,512	3,626,354	3,713,771
Charges for services	607,286	602,884	555,787	466,861	402,222
Miscellaneous and other	327,880	305,267	393,010	332,722	356,004
Licenses, permits and fees	188,653	185,976	183,630	188,998	179,947
Federal mineral lease	158,193	138,122	183,739	135,979	129,377
Investment income	78,061	63,322	47,469	54,719	47,047
Intergovernmental	7,211	32,704	34,407	18,537	28,659
Federal aeronautics (2)	–	–	22,883	51,003	39,752
Total other revenues	4,830,329	4,817,790	4,982,437	4,875,173	4,896,779
Total revenues	$10,981,695	$10,821,600	$10,488,429	$10,000,800	$9,691,274

(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 2014 CAFR.)

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Expenditures by Function—All Governmental Fund Types (1)

Function	Fiscal Year ($ in Thousands) 2014	2013	2012	2011	2010
Public education	$ 3,202,007	$ 3,097,161	$ 2,999,706	$ 3,059,351	$ 3,002,318
Health and environmental quality	2,434,410	2,254,252	2,144,101	2,008,356	1,873,264
Transportation	902,788	951,277	1,087,332	997,695	1,244,707
Higher education (colleges and universities)	781,998	735,438	721,074	718,026	734,440
Employment and family services (2)	703,441	776,262	706,181	703,786	673,329
Human/juvenile justice services	692,277	669,091	645,418	646,411	667,192
Debt service	479,760	463,740	434,347	366,404	302,917
Capital outlay (3)	380,930	524,582	973,206	1,236,168	1,007,219
General government	374,134	360,759	354,486	316,440	313,981
Public safety	271,716	255,727	239,453	207,426	199,731
Corrections	266,246	251,118	245,829	238,090	235,411
Natural resources	184,465	178,330	153,698	189,430	161,640
Courts	132,886	129,693	127,066	128,676	136,373
Business, labor and agriculture	105,915	99,828	99,689	93,149	96,579
Higher education (State Adm.)	48,920	51,901	49,359	48,836	52,084
Heritage and Arts (2)	24,231	27,344	155,575	160,338	178,258
Total expenditures	$10,986,124	$10,826,503	$11,136,520	$11,118,582	$10,879,443

(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 2014 CAFR.)

Summary of Changes in Fund Balance

All Governmental Fund Types (1)

	Fiscal Year ($ in Thousands) 2014	2013	2012	2011	2010
Revenues	$10,981,695	$10,821,600	$10,488,429	$10,000,800	$ 9,691,274
% change over previous year	1.5%	3.2%	4.9%	3.2%	2.7%
Expenditures	10,986,124	10,826,503	11,136,520	11,118,582	10,879,443
% change over previous year	1.5%	(2.8)%	0.2%	2.2%	4.7%
Net other financing sources (uses) (2)	294,868	131,148	762,532	1,152,131	1,212,354
Net change in fund balance	$ 290,439	$ 126,245	$ 114,441	$ 34,349	$ 24,185

(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.

(Sources: Division of Finance and the Fiscal Year 2014 CAFR.)

Fund Balances—All Governmental Fund Types (1)

Fund	As of June 30 ($ in Thousands) 2014	2013	2012	2011	2010
General	$ 866,135	$ 845,446	$ 737,305	$ 700,346	$ 647,644
Special Revenue:					
Education	905,135	832,770	629,696	500,434	523,104
Transportation	248,803	229,139	221,442	235,408	228,677
State endowment	159,509	137,250	123,539	120,959	106,727
Rural development	37,510	36,381	32,180	40,149	39,420
Miscellaneous special revenue	21,664	21,425	18,906	11,426	10,262
Environmental reclamation	20,698	22,909	25,011	21,592	22,343
Universal telephone	4,593	2,869	1,265	931	4,460
Consumer education	4,511	4,783	4,428	3,327	3,710
Crime victim reparation	2,379	3,038	4,736	5,381	5,210
State capitol	2,254	1,897	2,269	1,908	1,449
Capital Projects:					
Transportation investment (2)	631,417	459,490	624,789	588,402	586,550
General government	121,390	100,784	139,690	200,810	162,330
State Building Ownership	1,501	1,551	10,511	24,204	70,848
Debt Service:					
General government	7,293	6,685	3,834	1,408	4,848
State Building Ownership	359	1,744	2,315	10,790	15,544
Total	$3,035,151	$2,708,161	$2,581,916	$2,467,475	$2,433,126

(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 2014 CAFR.)

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General Fund—Revenues, Expenditures and Fund Balances

	Fiscal Year ($ in Thousands)				
	2014	2013	2012	2011	2010
Revenues:					
Federal contracts and grants	$2,630,161	$2,532,330	$2,548,200	$2,638,508	$2,642,157
Sales and use tax	1,661,913	1,619,537	1,591,614	1,624,243	1,416,447
Charges for services	438,279	434,967	394,040	331,045	297,494
Other taxes	368,292	338,478	355,129	342,424	275,952
Miscellaneous and other	240,080	214,126	209,312	188,545	206,666
Federal mineral lease	158,193	138,122	183,739	135,979	129,377
Licenses, permits and fees	26,832	27,153	28,415	35,616	34,540
Investment income	8,165	6,569	8,784	8,367	6,704
Total revenues	$5,531,915	$5,311,282	$5,319,233	$5,304,727	$5,009,337
% change over previous year	4.2%	(0.1)%	0.3%	5.9%	5.2%
Expenditures	$5,915,943	$5,671,148	$5,531,916	$5,384,730	$5,242,641
% change over previous year	4.3%	2.5%	2.7%	2.7%	2.7%
Fund Balance: (1)					
Committed	$507,380	$496,795	$489,487	$445,540	$371,354
Assigned	197,842	193,770	159,082	212,002	222,963
Nonspendable:					
Prepaid items	73,033	67,790	23,450	–	–
Long–term portion of inter-fund loan	38,832	44,360	13,357	10,134	2,861
Inventories	926	800	662	538	411
Restricted	40,898	41,931	39,745	31,523	35,171
Unassigned	7,224	–	11,342	609	14,884
Total fund balance	$866,135	$845,446	$737,305	$700,346	$647,644
% change over previous year	2.4%	14.7%	5.3%	8.1%	2.4%

(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 2014 CAFR.)

Preliminary Estimates Fiscal Year 2015–Budget And Related Appropriations

Statewide Summary. 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.

State economists project that the State will 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.

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 are federal funds, the gas–tax–driven Transportation Fund, sales taxes earmarked for Transportation, local 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.

Major tax changes enacted in the 2015 General Session impact transportation and education. Transportation Fund revenues are anticipated to increase by over $70 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. 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.

Structural Balance. At the close of the 2015 General Session and prior to the Governor taking action on bills, the State had a structural budget balance of a little under $1 million.

Debt. The Legislature continued "pay–as–you–go" funding for most state buildings and roads during the 2015 General Session; however, it authorized $470 million in new general obligation bonds for prison relocation and $202 million in revenue bonds for state and higher education buildings.

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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%	$ 2,260,244	[10.9%
General Fund (one time)	156,806	(95,782)	61,024		224,970	
Education Fund	3,262,039	0	3,262,039		3,565,962	
Education Fund (one time)	138,982	98,890	237,872	[2.3%	194,121	[7.4%
Uniform School Fund	30,000	0	30,000		27,000	
Uniform School Fund (one time)	22,000	(18,000)	4,000.0		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	381,076	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	9,609	0	9,609	0.0%	9,510	-1.0%
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	16,204	225,768	7.7%	209,564	-7.2%
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	771,692	2,977	774,669	0.4%	786,619	1.5%
Other financing sources	1,118,703	0	1,118,703	0.0%	1,280,311	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	(2,282,487)	-0.2%	(2,282,862)	0.0%
Lapsing balance	(18,064)	0	(18,064)	0.0%	(752)	-95.8%
Total	$16,198,602	$ 53,130	$16,251,732	0.3%	$ 16,609,465	2.2%
Appropriation Categories						
Operating and capital budgets*	$13,578,663	$ 25,815	$13,604,478	0.2%	$ 14,243,095	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%	$ 16,609,465	2.2%

* Includes appropriations to expendable funds and accounts.

(Source: 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 2014, 2013 and 2012 ($ in Thousands)

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

	Fiscal Year 2014		Fiscal Year 2013		Fiscal Year 2012	
	Amounts	% Change From Prior Year	Amounts	% Change From Prior Year	Amounts	% Change From Prior Year
Revenues (1):						
Federal revenues	$ 3,430,766	0%	$ 3,443,961	(2)%	$ 3,527,996	(2)%
Individual and corporate income taxes	3,238,763	1	3,194,921	14	2,803,914	9
Sales and use tax	2,116,867	3	2,053,499	6	1,930,125	7
Other	1,234,380	5	1,177,619	(8)	1,285,191	13
Other taxes	419,346	8	387,725	(4)	402,721	3
Motor/special fuel taxes	359,176	2	351,197	0	353,299	0
Total	$10,799,298	2%	10,608,922	3%	$10,303,246	5%
Expenditures	$10,277,126	2%	$10,068,139	(3)%	$10,421,520	0%

(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 2014 CAFR.)

Other Summaries. The following summaries were extracted from the State's audited financial statements for Fiscal Years 2010 through 2014. 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 2014–Statistical Section" at the indicated pages as set forth below.

(i) Schedule A–1, Net Position by Component (page A–214);

(ii) Schedule A–2, Changes in Net Position (page A–216).

(iii) Schedule A–3, Fund Balances–Governmental Funds (page A–220); and

(iv) Schedule A–4, Changes in Fund Balances–Governmental Funds (page A–222).

State of Utah

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

(This summary is unaudited)

	As of June 30 ($ in Thousands)				
	2014	2013	2012	2011	2010
Assets:					
Cash and cash equivalents	$ 1,411,644	$ 1,376,735	$ 1,305,491	$ 1,089,211	$ 819,821
Investments	1,215,649	944,035	933,075	1,232,088	1,351,954
Receivables:					
Accrued taxes, net	969,870	979,456	855,641	748,111	686,101
Accounts, net	611,057	649,422	751,799	694,257	712,829
Capital lease payments, net	102,110	103,620	102,540	–	–
Notes/mortgages, net	9,870	11,896	13,466	8,183	10,247
Accrued interest	62	54	56	61	97
Prepaid items	73,033	67,790	23,450	–	–
Interfund loans receivable	61,195	59,235	47,998	38,358	29,726
Due from other funds	36,847	33,738	29,376	33,252	34,985
Due from component units	36,489	59,465	45,354	39,028	23,837
Inventories	14,944	12,780	12,245	11,061	12,057
Other assets	–	–	–	30	48
Total assets	$ 4,542,770	$ 4,298,226	$ 4,120,491	$ 3,893,640	$ 3,681,702
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Accounts payable and accrued liabilities	$ 821,825	$ 937,720	$ 977,816	$ 937,645	$ 812,154
Unearned revenue (2)	77,690	595,536	498,478	404,386	351,675
Due to other funds	64,026	56,182	61,491	74,888	76,863
Due to component units	40	627	790	9,246	7,884
Total liabilities	963,581	1,590,065	1,538,575	1,426,165	1,248,576
Deferred inflows of resources (2):					
Unavailable revenue	544,038	–	–	–	–
Fund balance:					
Nonspendable:					
Prepaid items	73,033	67,790	23,450	–	–
Long–term portion of Interfund Loans	38,832	44,360	13,537	10,134	2,861
Inventories	14,944	12,780	12,245	11,061	12,057
Restricted	1,201,479	1,136,685	1,128,775	1,223,114	1,368,947
Committed	1,373,166	1,189,190	1,121,470	835,818	718,608
Assigned	326,473	257,356	271,097	386,739	315,769
Unassigned	7,224	–	11,342	609	14,884
Total fund balances	3,035,151	2,708,161	2,581,916	2,467,475	2,433,126
Total liabilities, deferred inflows of resources and fund balances	$ 4,542,770	$ 4,298,226	$ 4,120,491	$ 3,893,640	$ 3,681,702

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

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

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

State of Utah

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

(This summary is unaudited)

	Fiscal Year Ended June 30 ($ in Thousands)				
	2014	2013	2012	2011	2010
Revenues:					
Taxes:					
Sales and use tax	$ 1,661,913	$ 1,619,537	$ 1,591,614	$ 1,624,243	$ 1,416,447
Other taxes	368,292	338,478	355,129	342,424	275,952
Total taxes	2,030,205	1,958,015	1,946,743	1,966,667	1,692,399
Other revenues:					
Federal contracts and grants	2,630,161	2,532,330	2,548,200	2,638,508	2,642,157
Charges for services	438,279	434,967	394,040	331,045	297,494
Miscellaneous and other	240,080	214,126	209,312	188,545	206,666
Federal mineral lease	158,193	138,122	183,739	135,979	129,377
Licenses, permits and fees	26,832	27,153	28,415	35,616	34,540
Investment income	8,165	6,569	8,784	8,367	6,704
Total revenues	5,531,915	5,311,282	5,319,233	5,304,727	5,009,337
Expenditures:					
Current:					
Health and environmental quality	2,428,911	2,248,205	2,140,696	2,004,434	1,867,646
Higher education–colleges and universities	768,602	715,904	698,676	705,156	716,043
Employment and family services	693,186	775,393	705,715	703,449	673,060
Human services and juvenile justice services	687,646	665,861	641,984	643,804	665,601
General government	340,503	326,209	326,830	290,686	288,464
Corrections	263,195	248,528	241,943	235,662	232,235
Public safety	252,226	221,534	222,087	200,821	194,314
Natural resources	180,963	177,704	152,007	187,344	158,939
Courts	132,886	129,693	127,066	128,676	136,373
Business, labor, and agriculture	94,681	88,691	87,842	84,474	86,984
Higher education–state administration	48,920	51,901	49,359	48,836	52,084
Heritage and arts (1)	24,224	21,525	137,711	151,388	170,898
Total expenditures	5,915,943	5,671,148	5,531,916	5,384,730	5,242,641
Excess revenues over (under) expenditures	(384,028)	(359,866)	(212,683)	(80,003)	(233,304)
Other financing sources (uses):					
Transfers in	665,976	664,735	470,328	423,678	397,162
Transfers out	(291,941)	(196,765)	(220,696)	(290,982)	(156,098)
Sale of capital assets	–	37	10	9	–
Capital leases acquisition	–	–	–	–	11,122
Total other financing sources (uses)	374,035	468,007	249,642	132,705	252,186
Net change in fund balance	(9,993)	108,141	36,959	52,702	18,882
Beginning fund balance	845,446	737,305	700,346	647,644	632,691
Adjustments to beginning fund balance (2)(3)	30,682	–	–	–	(3,929)
Beginning fund balance as adjusted	876,128	737,305	700,346	647,644	628,762
Ending fund balance	$ 866,135	$ 845,446	$ 737,305	$ 700,346	$ 647,644

(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) The governmental fund types used by the State were evaluated based on the provisions of GASB 54 implemented in Fiscal Year 2010. Several funds reported as part of Miscellaneous Special Revenue Funds (nonmajor governmental funds) were determined to not meet the new fund type classification for special revenue funds. As a result, the funds were statutorily changed to be sub-accounts within the General Fund as directed by the 2009 Legislature. Therefore, a reclassification of $3.264 million was made to reduce the beginning fund balance of Miscellaneous Special Revenue Funds (nonmajor governmental funds) and increase beginning fund balance of the General Fund. Additionally, as a result of legislative action, a reclassification of $7.193 million was made to reduce the beginning fund balance related to oil, gas and mining severance taxes previously reported as a part of the General Fund and increase the beginning fund balance of the State Endowment Fund (nonmajor governmental funds).

(3) 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 $30.683 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)				
	2014	2013	2012	2011	2010
Revenues:					
Taxes:					
Individual income tax	$ 2,916,015	$ 2,865,195	$ 2,518,373	$ 2,332,562	$ 2,124,173
Sales and use tax (2)	454,954	433,962	338,511	183,969	313,157
Motor and special fuels tax	359,176	351,197	353,299	352,918	341,196
Corporate tax	322,748	329,726	285,541	230,888	266,961
Other taxes	51,054	49,247	47,592	46,830	45,640
Total taxes	4,103,947	4,029,327	3,543,316	3,147,167	3,091,127
Other revenues:					
Federal contracts and grants	800,605	911,631	979,796	962,500	1,058,460
Licenses, permits and fees	161,821	158,823	155,215	153,382	145,407
Charges for services	93,439	92,035	87,976	85,727	83,423
Miscellaneous and other	61,152	63,871	159,763	116,828	109,200
Investment income	46,419	41,953	35,064	33,477	33,323
Federal aeronautics (3)	–	–	22,883	51,003	39,752
Total other revenues	1,163,436	1,268,313	1,440,697	1,402,917	1,469,565
Total revenues	5,267,383	5,297,640	4,984,013	4,550,084	4,560,692
Expenditures:					
Current:					
Public education	3,201,314	3,096,625	2,999,350	3,059,201	3,002,231
Transportation (3)	902,110	950,708	1,086,479	997,695	1,244,707
Capital outlay (4)	257,759	349,658	803,775	980,573	771,354
Total expenditures	4,361,183	4,396,991	4,889,604	5,037,469	5,018,292
Excess revenues over (under) expenditures	906,200	900,649	94,409	(487,385)	(457,600)
Other financing sources (uses):					
Transfers in	177,699	148,183	156,756	199,775	201,685
Sale of capital assets	1,994	10,245	12,276	14,607	8,048
General obligation bonds issued	226,175	–	563,060	955,260	855,390
Premium on bonds issued	23,825	–	83,340	36,740	49,510
Transfers out	(1,077,806)	(1,013,605)	(758,158)	(733,084)	(700,067)
Total other financing sources (uses)	(648,113)	(855,177)	57,274	473,298	414,566
Net changes in fund balances	258,087	45,472	151,683	(14,087)	(43,034)
Beginning fund balance	1,521,399	1,475,927	1,324,244	1,338,331	1,381,365
Adjustments to beginning fund balances (5)	5,869	–	–	–	–
Beginning fund balance as adjusted	1,527,268	1,475,927	1,324,244	1,338,331	1,381,365
Ending fund balances	$ 1,785,355	$ 1,521,399	$ 1,475,927	$ 1,324,244	$ 1,338,331

(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) 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.

(4) 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.

(5) 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 2014

The State prepared a narrative discussion, overview, and analysis of the financial activities of the State for Fiscal Year 2014. For the complete discussion see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2014–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
$1,748.8	$1,065.5	$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 2014–Notes to the Financial Statements–Note 3. Deposits and Investments" (page A–74) and "–Note 4. Investment Pool" (page A–90).

State Employee Workforce And Public Retirement System

State Employee Workforce. The State is among the largest employers in the State employing 19,950 people (full–time equivalents) in Fiscal Year 2014. All full–time employees of the State are members of the Utah State Retirement System.

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 2014–Statistical Section–Schedule E–1 Full–time Equivalent State Employees by Function" (page A–244).

Public Retirement System; *Pension Benefit Programs*. The State participates in various systems and plans provided by the Utah State Retirement Systems ("URS") comprised of the following pension trust funds:

(1) the Public Employees Noncontributory Retirement System; the Public Employees Contributory Retirement System; and the Firefighters Retirement System, which are defined benefit multiple–employer, cost sharing, public employee retirement systems;

(2) the Public Safety Retirement System, which is a defined benefit, mixed agent and cost–sharing, multiple–employer retirement system;

(3) the Judges Retirement System and the Utah Governors and Legislators Retirement Plan, which are single employer service–employee retirement systems;

(4) the Tier 2 Public Employees Contributory Retirement System and the Tier 2 Public Safety and Firefighters System (for full–time employees hired after June 30, 2011), which are defined benefit, multiple–employer, cost sharing, public employee retirement systems; and

(5) five defined contribution plans comprised of the 401(k) Plan, 457 Plan, Roth and Traditional IRA Plans, and Health Reimbursement Arrangement.

URS is established and governed by the respective sections of Title 49 of the Utah Code. URS' defined benefit plans are amended statutorily by the Legislature. The Utah State Retirement and Insurance Benefit Act in Title 49 provides for the administration of URS and its plans under the direction of a governing board, whose members are appointed by the Governor.

The purpose of URS and related plans is to provide benefits for all eligible State, local government and most public education employees whose employers have elected to participate.

URS Valuation. An actuarial valuation of URS is performed annually. Every three years in conjunction with the actuarial valuation the actuary performs an experience study; the next experience study will take place this 2017.

The actuarial value of assets is based on a five–year smoothed expected rate of return, wherein the excess or shortfall of investment income over or under the actuarial assumed investment return rate is recognized over a five–year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year. This is the value of assets used by the actuary in determining contribution rates for URS. Based upon the 2014 experience study performed by the actuarial firm Gabriel, Roeder, Smith & Company ("GRS") and its related recommendations, URS' Board adopted certain changes in its actuarial assumptions, including a reduction in the assumed investment return rate from 7.75% to 7.5%.

As of January 1, 2014, the date of the most recent actuarial valuation available, the funded ratios for URS' funds range from 77.7% to 116.8%. The average funded ratio of URS was 81.7%. This was an increase of 4.6% from URS' January 1, 2013, valuation average funded ratio of 77.1%. The funded ratio increase for all components of URS was the result of higher than expected investment returns over the previous five years. As of January 1, 2014, URS' underfunded actuarial accrued liability was $5.3 billion. As of December 31, 2014 the estimated Net Pension Liability was $920 million.

Investment Returns. The following table displays the investment returns for the previous 10 years Calendar Years.

	Total Investment Portfolio Fair Value	Smooth Expected Rate of Return (1)	Fair Value Rate of Return (2)	Actuarial Assumed Interest Rate (3)
2013 (4).....	$25,765,000,000	11.03%	14.89%	7.50%
2012	22,871,000,000	2.75	13.10	7.50
2011	20,796,000,000	1.34	2.89	7.50
2010	21,134,000,000	2.87	13.73	7.75
2009	19,058,000,000	6.11	12.88	7.75
2008	17,565,000,000	(5.03)	(22.30)	7.75
2007	22,979,000,000	13.04	7.15	8.00
2006	21,861,000,000	11.10	14.77	8.00
2005	18,657,000,000	7.36	8.96	8.00
2004	16,937,000,000	5.32	13.24	8.00

(1) Smoothed Expected Rate of Return consists of investment income in excess or shortfall of currently expected 7.50% on fair value smoothed over a five–year period with 20% of a year's excess or shortfall being recognized each year beginning with the current year.
(2) Fair Value Rate of Return consists of cash income plus gains and losses due to changes in fair value, whether realized or unrealized (before deduction of investment fees). (For 2012, 12.86% net of fees.)
(3) Actuarial Assumed Interest Rate is the assumed rate of return on the fair value of assets, and is used in establishing retirement contribution rates and in determining current benefit reserve requirements.
(4) Money Weighted Rate of Return is 14.55%.

(Source: URS December 31, 2013 CAFR.)

Contributions and Funding Ratios. For Calendar Year 2013 the required contribution for all participating employers was approximately $942,431,000. The State and all other participating employers in URS' have paid 100% of the Annual Required Contribution. Covered payroll totals $4.605 billion.

The schedule below summarizes the contribution rates in effect as of December 31, 2013.

Contribution Rates as a Percent of Payroll

System	Member	Employer	Other
Noncontributory..................	0.00%	17.29–20.46%	0.00%
Contributory........................	6.00	13.28–15.97	0.00
Public Safety:			
Noncontributory...............	0.00	32.14–44.98	0.00
Contributory.....................	10.50–12.29	20.83–29.76	0.00
Firefighters:			
Division A........................	15.05	2.96	11.75
Division B........................	16.71	4.46	11.75
Judges:			
Noncontributory...............	0.00	35.66	12.74
Governors/Legislators.........	0.00	$411,489	0.00
Tier 2:			
Public employees.............	0.00	15.58–18.34	0.00
Public safety and fire	0.00	12.11–34.56	0.00

(Source: URS December 31, 2013 CAFR.)

URS' actuary GRS projected that contribution rates for the Noncontributory System, the largest program in URS, will increase to 23.10% by 2015 and remain at that level for a period of time. The Legislature hired the actuary firm Cheiron to verify the calculations of GRS as the Legislature contemplated changes to URS' benefit structure. Cheiron substantially agreed with the findings of GRS. Preliminary contribution rates for Fiscal Year 2014 are in line with previous projections even with the change in assumptions.

The funding progress for all retirement funds in URS with funding ratios for the last 10 years is shown in the following schedule.

($ in Billions)

	Actuarial Value of Assets	Accrued Actuarial Liability	Funding Ratios
2013	$23.4	$29.2	80%
2012	21.4	27.9	77
2011	21.1	26.9	78
2010	21.1	25.7	82
2009	20.8	24.3	86
2008	19.9	22.9	87
2007	20.3	21.3	95
2006	18.1	18.8	96
2005	16.4	17.6	93
2004	15.4	16.7	92

(Source: URS December 31, 2013 CAFR.)

Changes to URS. In order to help limit financial risk to the State and ensure the ability to meet retirement obligations for current employees, several changes were made to URS' during the 2010 General Session. The New Public Employees' Tier 2 Contributory Retirement Act allows any employee entering regular full–time employment before July 1, 2011, to participate in the existing retirement systems and plans under Tier 1. Employees beginning regular full–time employment after June 30, 2011, may participate only in Tier 2 systems or plans. The Tier 2 plan allows employees to elect between a defined contribution plan or a defined benefit plan. Under both scenarios, the State will contribute 10% of the employee's salary toward his or her retirement. The Tier 2 plan also decreases the service credit multiplier and the amount of time an employee must serve to be eligible for retirement.

GASB 68. Due to the implementation of Governmental Auditing Standard Board Statement 68, beginning Fiscal Year 2015, the State is required to record a liability and expense equal to its proportionate share of the collective net pension liability and expense of URS. However, URS is an independent state agency, the State has no additional payment obligation for any fiscal year after paying the contributions required for such year, and the State does not expect the accounting change required by GASB 68 to have any material impact on the finances or operations of the State. In its December 31, 2013 CAFR, URS estimated that at December 31, 2013 the State's unaudited proportionate share of the net pension liability was $941,654,543 (assuming a 7.5% discount rate) and that its proportionate share of plan pension expense was $142,640,286. The State has not determined at this time what its actual net pension liability will be for Fiscal Year 2015. A copy of the December 31, 2013 CAFR and actuary study for the URS retirement system may be found at https://www.urs.org/Publications/Members.

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 closed 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 rate 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.

The ARC from the December 31, 2012 actuarial valuations was used to establish the Fiscal Year 2014 annual budget for both plans. For the State Employee OPEB Plan, the State Legislature contributed $30.342 million based on the required ARC of $30.342 million. Prior overfunding of ARC contributions contributed to a net OPEB asset of $5.854 million at June 30, 2014. For the Elected Official OPEB Plan, the State Legislature contributed $2.03 million, $709,000 more than the required ARC of $1.321 million. The Elected Official OPEB Plan ended Fiscal Year 2014 with a net OPEB obligation of $4.331 million.

The State received actuarial valuations using data as of December 31, 2012. The valuations reflect the following funding progress: (i) for the State Employee OPEB Plan, the actuarial accrued liability for benefits, as of December 31, 2012, was $408.661 million, with an actuarial value of plan assets of $150.107 million, resulting in an unfunded actuarial accrued liability of $258.554 million and (ii) for the Elected Official OPEB Plan, the actuarial accrued liability for benefits, as of December 31, 2012, was $14.507 million, with an actuarial value of plan assets of $5.302 million, resulting in an unfunded actuarial accrued liability of $9.205 million. The funded ratio for the State Employee OPEB Plan and the Elected Official OPEB Plan is 36.73% and 36.55%, respectively. The appropriations for Fiscal Year 2014 were sufficient to fully fund the ARC for both Plans. The State is currently obtaining new actuarial valuations for both OPEB plans which 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 2014—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, 2014, the Administrative Services Risk Management Fund contained approximately $48.6 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 2015. See “APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2014—Notes to the Financial Statements—Note 15. Litigation, Contingencies and Commitments” (page A–115) and “—Note 19. Risk Management And Insurance” (page A–128).

LEGAL MATTERS

Absence Of Litigation Concerning The 2015 Bonds

There is no litigation pending or threatened against the 2015 Bonds questioning or in any matter relating to or affecting the validity of the 2015 Bonds.

On the date of the execution and delivery of the 2015 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 2015 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 2015 Bonds or such other documents as may be required in connection with the issuance and sale of the 2015 Bonds, or to comply therewith or perform its respective obligations thereunder, or seeking to restrain or enjoin the issuance, sale or delivery of the 2015 Bonds, or directly or indirectly contesting or affecting the proceedings or the authority by which the 2015 Bonds are issued, the legality of the purposes for which the 2015 Bonds are issued, or the validity of the 2015 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 2014—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 2015 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 2015 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 2015 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 2015 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 2015 Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on 2015 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 2015 Bonds Original Issue Premium. The 2015 Bonds maturing on May 15, 2016 through May 15, 2028 (collectively, the "Premium Bonds") are 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 2015 Bonds Original Issue Discount. The 2015 Bonds maturing on May 15, 2029 and May 15, 2030 (collectively, the "Discount Bonds") are 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 2015 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 2015 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 2015 Bonds or otherwise prevent holders of the 2015 Bonds from realizing the full benefit of the tax exemption of interest on the 2015 Bonds. Further, such proposals may impact the marketability or market value of the 2015 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 2015 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 2015 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 2015 Bonds would be impacted thereby.

Purchasers of the 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 Bonds. The Authority and the State have not applied to Fitch for a rating on the 2015 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 2015 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 2015 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.

Escrow Verification

Grant Thornton LLP, Minneapolis, Minnesota, Certified Public Accountants, will verify the accuracy of the mathematical computations concerning the adequacy of the maturing principal amounts of and interest earned on the obligations of the United States of America, together with other escrowed moneys to be placed in the 2015 Escrow Account, to pay, when due pursuant to prior redemption, the redemption price of, and interest on, the 2003 Refunded Bonds, the 2006A Refunded Bonds, the 2007A Refunded Bonds and the 2009A Refunded Bonds, and the mathematical computations of the yield on the 2015 Bonds, and the yield on the government obligations purchased with a portion of the proceeds of the sale of the 2015 Bonds. Such verifications shall be based in part upon information supplied by the successful bidder(s).

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 2015 Bonds, timing of sale, tax–exempt and taxable bond market conditions, costs of issuance and other factors relating to the sale of the 2015 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 2015 Bonds.

Independent Auditor

The financial statements of the State as of June 30, 2014, and for the fiscal year then ended, are included as "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2014" to this OFFICIAL STATEMENT and have been audited by 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 STATEMENT 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 2015 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 2015 Bonds, and subsequently, at the office of the Trustee in Denver, Colorado.

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

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

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

State of Utah, State Building Ownership Authority

/s/ Richard K. Ellis

Richard K. Ellis, Secretary
State Building Ownership Authority

APPENDIX A

COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2013

The CAFR of the State for Fiscal Year 2014 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 29th consecutive year, beginning with Fiscal Year 1985 through Fiscal Year 2013.

The State has submitted its Fiscal Year 2014 CAFR to GFOA to determine its eligibility for a Certificate of Achievement. The State believes that its Fiscal Year 2014 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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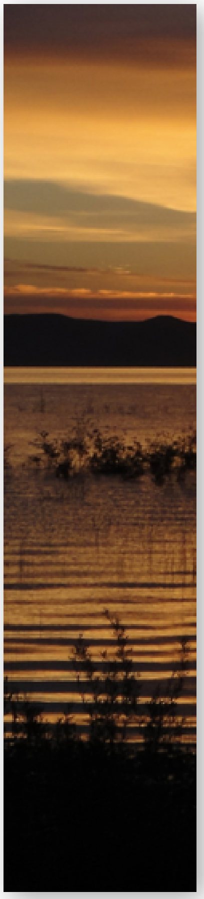
2014

State of Utah

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, **2014**



Water is precious in Utah. It enhances the stunning backdrop upon which we live our lives.

From a myriad of mountain lakes and reservoirs flow the streams and rivers that have shaped Utah's settlement, agriculture, growth, and development as a state.

Utah's varied recreational opportunities, from snow and water skiing, to fishing, boating and white water rafting, are made possible by her water resources. The transition from agriculture to the growth of developing cities and towns is made possible by the conversion and responsible use of Utah's water resources. Existing and new industry is dependent on the availability of clean water.

From the serenity of a mountain stream to the tap water in our homes, Utahns benefit from the responsible management, conservation, distribution, and use of her water resources.

As Utah moves toward the future, mindful use and development of her water resources will be a necessity so that Utah will remain the place to truly live a life elevated.

State Of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Fiscal Year Ended June 30, 2014

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
Rebecca D. Lockhart .... 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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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: Division of Finance Accounting Standards and Financial Reporting Section

State of Utah
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2014

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STATISTICAL SECTION

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, 2014

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

It is our pleasure to present the 2014 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

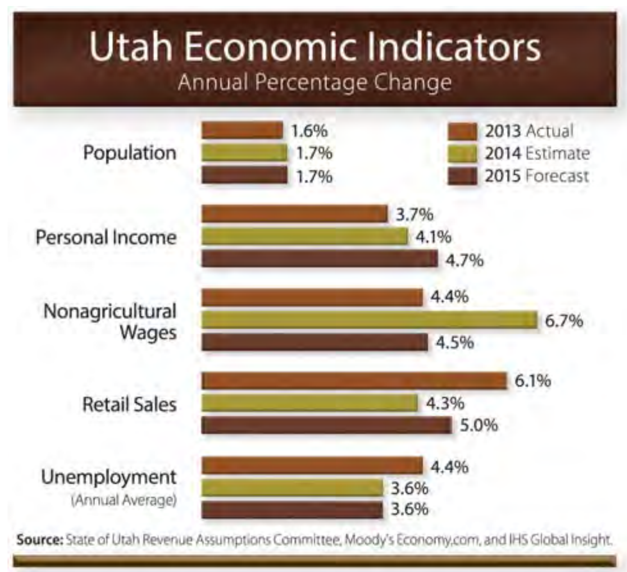
Structure. As shown in the organizational chart on page 11, state government is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution of Utah*, which can be amended only by vote of the Legislature and a majority vote of 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 2,949,000 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 continued to improve faster than the nation in 2014. Utah's economic expansion is expected to extend into 2015, with continued broad-based growth throughout the private sector.



Utah's unemployment rate averaged 4.4 percent in 2013 and is expected to decline to an average of 3.6 percent in 2014 and stay at the 3.6 percent average in 2015. In 2013, personal income increased by 3.7 percent and nonagricultural wages increased by 4.4 percent. In 2014, personal income is expected to increase by 4.1 percent and nonagricultural wages are expected to increase by 6.7 percent. Taxable retail sales increased by 6.1 percent in 2013, and are expected to increase by 4.3 percent in 2014.

Total construction value was $5.1 billion in 2013, an 18.6 percent increase from the prior year due to an increase in residential permit value. This marked the third year that total construction value has increased as the local economy continues to expand. In 2014, total construction value is expected to decrease by 11.8 percent, due to expected declines in nonresidential permit value and additions, alterations, and repairs. Residential construction was $3.2 billion in 2013, a 23.1 percent increase from the prior year. Residential permitted value is expected to be unchanged in 2014, as housing continues to play a leading role in the economic expansion.

In 2014, Utah population is estimated at 2,949,000, which is an increase of 1.7 percent over the prior year. Utah had positive net migration of approximately 9,200 people in 2013 and is expected to grow by 10,700 in 2014. Utah has had positive net migration for the past 24 years and this trend is expected to continue in the coming years.

Industries. Utah's job market continues to expand as it rebounds from the national recession that began in late 2007. Utah's nonagricultural employment is expected to increase by 3 percent in 2014, and by 2.5 percent in 2015, which is near the Utah average yearly rate of 3.1 percent (1950 through June 2014). All industrial sectors added jobs to Utah's employment base. Construction led job growth with 8,700 new jobs, which was the fastest employment growth at 11.2 percent. Trade, transportation, and utilities added 6,800 new jobs, primarily in transportation. Leisure and hospitality provided 6,600 new jobs, with arts, entertainment, and recreation contributing most of this growth adding 3,900 new jobs. Education and health services provided 4,800 new jobs. Manufacturing added 3,500 jobs, primarily in non-durable goods such as food, paper, and textiles. The professional and business category added 3,200 new jobs, with growth in the high-paying professional and technical industries. The results for August 2013 to August 2014 are presented in the following table.

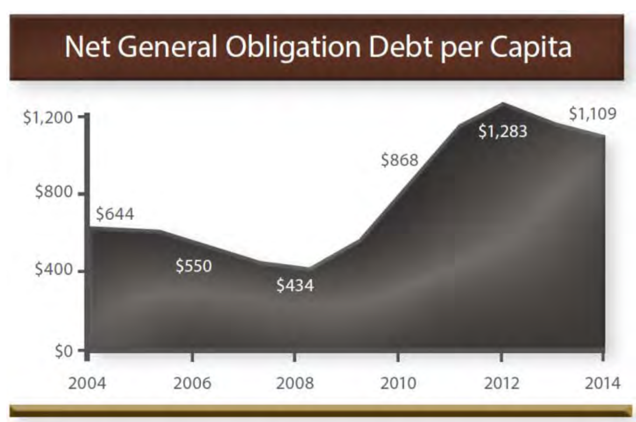
State of Utah
Jobs by Industry of Utah's Labor Force
(Expressed in Thousands)

	Number of Jobs		Numerical Change	Percentage Change	Components of Labor Force
	2014 (est.)	2013	2013 to 2014	2013 to 2014	2014 (est.)
Trade, Transportation, and Utilities	255.2	248.4	6.8	2.7 %	19.2 %
Professional and Business	182.6	179.4	3.2	1.8 %	13.7 %
Education and Health Services	171.3	166.5	4.8	2.9 %	12.9 %
Government (Local/Federal)	145.9	143.5	2.4	1.7 %	10.9 %
Leisure and Hospitality	134.0	127.4	6.6	5.2 %	10.1 %
Manufacturing	123.1	119.6	3.5	2.9 %	9.2 %
Construction	86.7	78.0	8.7	11.2 %	6.5 %
Financial Activities	74.6	74.2	0.4	0.5 %	5.6 %
Government (State/Higher Ed.)	72.3	69.0	3.3	4.8 %	5.4 %
Other Services	39.2	37.1	2.1	5.7 %	2.9 %
Information	35.2	32.8	2.4	7.3 %	2.6 %
Natural Resources and Mining	12.8	12.3	0.5	4.1 %	1.0 %
Total	**1,332.9**	**1,288.2**	**44.7**		**100.0 %**

Source: Utah Department of Workforce Services and the U.S Bureau of Labor Statistics, August 2014.

Outlook. The national economy is expected to expand moderately in the last half of 2014, and continue to expand in 2015. As in prior recoveries, Utah continues to grow more rapidly than the nation. Steady demand in the construction industry, robust investment in high tech and the aerospace industry, and trade with Asia are a few of the reasons why Utah continues to do well. Although Utah is well-positioned for continued economic expansion, there are downside risks to the outlook. These risks include: 1) mounting uncertainty related to federal fiscal policy, 2) slowdown in growth in China, 3) geopolitical risks, and 4) the burden of unpaid student loans. Overall, the economic outlook for Utah remains strong due to its diverse economy, which has allowed it to weather some of the potential uncertainty.

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 2004 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 2013, 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. In fiscal year 2014, the State continued its prudent fiscal management by paying cash for buildings, as detailed on page 9 in the Infrastructure section. As to highway debt, the State authorized no new general obligation bonds, but issued $226.2 million for highway construction projects from a prior authorization. As of June 30, 2014, the State's general obligation debt per capita was $1,109. 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 100.

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 2014 consensus revenue forecast projected a small decline of 1.3 percent in fiscal year 2014 from 2013 actual revenue for combined General and Education Fund and 4.4 percent growth in fiscal year 2015. The long-term average annual revenue growth rate, adjusted for inflation, was approximately 4.0 percent for fiscal periods 1971 through 2013. (See the Budgetary Highlights – General Fund in the MD&A on page 25 for a comparison of budgeted to actual results for fiscal year 2014.)

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. 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 10,261 new students will enroll in fall 2014. 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.

During the 2013 General Session, 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 a bill 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, 2014, the State was $786 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 2014 General Session of the Legislature, before accounting for growth in costs or revenues, the State was facing a structural imbalance of $2 million for the 2015 fiscal year budget. A structural imbalance occurs when ongoing programs are funded with one-time revenue. This imbalance was associated with the cost of a new defined contribution benefits program for state employees that replaced an existing postemployment program in January 2014 related to sick leave benefits. The first $2 million of ongoing revenue growth in the 2014 General Session eliminated the structural imbalance.

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, *Budgetary Amendments* 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 past nine fiscal years. In keeping with this charge, the Legislative Fiscal Analyst is working to implement a "fiscal health dashboard" by creating a website where legislators and citizens can quickly and easily check Utah's fiscal health.

MAJOR INITIATIVES

An economic expansion continues in the State of Utah. The consensus revenue forecast adopted during the 2014 General Session anticipates that fiscal year 2015 will mark the fifth consecutive year of growth in unrestricted General Fund and Education Fund revenue collections. The fiscal year 2013 revenue surplus of $122 million (net of statutory transfers), a $22 million upward revision to the final fiscal year 2014 revenue forecast, and additional growth of $253 million projected for fiscal year 2015 resulted in approximately $397 million in new unrestricted revenue available for the 2014 General Session. This revenue, combined with savings resulting from lower-than-anticipated Medicaid costs, funding reallocations, and other one-time monies allowed Legislators to allocate approximately $496 million in new discretionary resources to infrastructure needs, growth in public education, and other priorities, as described below:

Governor's 25 Percent Improvement Initiative. In his 2013 State of the State Address, Governor Herbert called on state agencies to improve operations and services by 25 percent over the next four years as measured by a combination of quality, cost, and throughput (the rate at which a system can produce a service or product). With the support of the Governor's Office of Management and Budget (GOMB), state agencies are working to achieve this goal by leveraging agency expertise and implementing a set of management principles called the SUCCESS Framework. Further details and progress updates are available online at governor.utah.gov/gomb.

Public Education. Approximately 30 percent of new discretionary resources ($146 million), were allocated to public education. In addition to $61.2 million to address expected enrollment growth of 10,261 new students (1.7 percent) in fiscal year 2015, $62.5 million was appropriated to increase the value of the Weighted Pupil Unit (WPU – the primary funding mechanism for public education) by 2.5 percent. Other major new funding initiatives in public education include an additional $20 million ($15 million one-time and $5 million ongoing) for Science, Technology, Engineering, and Mathematics (STEM) initiatives; $5 million one-time to reimburse teachers for the purchase of classroom supplies and materials; and an additional $5 million ($3 million one-time and $2 million ongoing) for the Beverley Taylor Sorenson Elementary Arts Learning Program.

Higher Education. State funding for higher education increased by approximately $243 million during the 2014 General Session. Higher education institutions received $50 million ongoing to improve equity in per-student funding and an additional $7 million ongoing for distinctive priorities at each institution. The Utah College of Applied Technology (UCAT) system received $3 million in new ongoing funding to increase capacity across its campuses. Other major new funding initiatives for higher education include $57.4 million for the a new science laboratory building at Weber State University, $19.3 million for an allied health and technology building at the Southwest Applied Technology College in Cedar City, and $26.5 million for new buildings on Utah State University's Brigham City and Eastern Central campuses.

Social Services. Lower-than-anticipated costs and higher-than-anticipated collections by the Medicaid Fraud Control Unit resulted in a return of $52.5 million one-time from the Medicaid and Children's Health Insurance Program (CHIP) budgets to the General Fund. After accounting for other new social services investments, net savings of approximately $30.8 million was available for appropriation in other areas of the budget. New state funding for social service programs includes $6.4 million one-time for Medicaid local health authority behavioral health support, $2 million one-time for the construction of the American Cancer Society's Hope Lodge, $1.5 million one-time to continue the mental health early intervention program for youth that was initially funded during the last general session, $1 million one-time for services for approximately 150 people on the disabilities waiting list, and $455 thousand one-time to maintain services for youth aging out of Child and Family Services custody.

Infrastructure. In addition to $103.2 million appropriated for new capital development at higher education campuses, the Legislature appropriated $58.2 million for new inmate housing in Gunnison ($36 million), the Huntsman Cancer Institute ($8 million), the American Fork Developmental Center ($6.5 million), infrastructure improvements at Camp Williams ($3.9 million), the purchase of land for a Juvenile Justice Services multi-use facility in Weber Valley ($2.3 million), and a Utah Schools for the Deaf and Blind facility ($1.5 million). Approximately $58.5 million in new state funds ($5 million ongoing and $53.5 million one-time) were allocated to the capital improvements budget, bringing the total budget to $100.2 million in fiscal year 2015 (1.1 percent of the replacement value of State buildings).

State Employee Other Postemployment Benefit Plan and Employee Compensation. For the State Employee Other Postemployment Benefit (OPEB) plan, the annual required contribution (ARC) of $30.3 million was used to establish the budget for fiscal years 2014 and 2015. 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. The actual amount collected for fiscal year 2014 was slightly more than the ARC. Legislators passed House Bill 7, *State Agency and Higher Education Compensation Appropriations*, to provide a 1 percent salary increase for state agency employees and 0.25 percent discretionary increase. This increase required additional appropriations to state agencies from the General Fund and the Education Fund of $8.3 million.

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, 2013. This was the twenty-ninth 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, 2013

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

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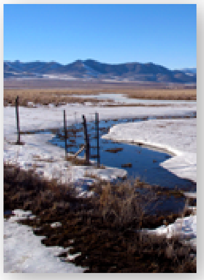
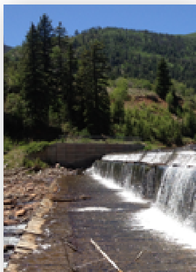
2014

State of Utah

Comprehensive Annual Financial Report





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, 2014, 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 Utah Housing Corporation, Public Employees Health Program, the University of Utah's hospital and component units, or the Utah State University Research Foundation. These entities collectively represent 33 percent of the combined assets and deferred outflows of resources and 37 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 combined assets and deferred outflows of resources and 32 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 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

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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, 2014, 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

As discussed in Note 2 to the financial statements, the State adopted Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This action resulted in adjustments to beginning net position as described in the note. Our opinion is not modified with respect to this matter.

As also discussed in Note 2, the Public Employees Health Program (major discrete component unit) changed its fiscal year end from June 30 to December 31. Accordingly, the activity presented is for the six month period from July 1, 2013 to December 31, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following information—management's discussion and analysis on pages 17–29, the budgetary comparison schedules on pages 132–136, and information about the State's other postemployment benefit plans and about infrastructure assets reported using the modified approach on pages 137–140—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 on pages 143–209 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 on pages 1–11 and 213–251, 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, 2014 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, 2014

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, 2014. 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 $22.102 billion (reported as net position). Of this amount, $2.728 billion (unrestricted net position) may be used to meet the government's ongoing obligations while $19.374 billion is restricted for specific uses or invested in capital assets.

- The State's total net position increased by $1.47 billion or 7.1 percent over the prior year. Net position of governmental activities increased by $1.215 billion or 6.8 percent. Net position of business-type activities increased by $255.5 million or 9.4 percent.

Fund Level

- The governmental funds reported combined ending fund balances of $5.124 billion, an increase of $689.5 million in comparison with the prior year. Approximately 33.3 percent or $1.707 billion of the ending fund balance is considered unrestricted (committed, assigned, or unassigned) and is available for spending either at the government's discretion or upon legislative approval.

- The General Fund ended the fiscal year with a $7.2 million dollar unassigned fund balance. This unassigned fund balance is after statutory transfers of $17.1 million to the Medicaid Budget Stabilization Account, $9 million to the General Fund Budget Reserve Account (Rainy Day Fund) and $4.5 million to the Disaster Recovery Account.

- The Education Fund ended the year with a $105.5 million "revenue surplus" after a statutory transfer of $21.1 million to the Education Budget Reserve Account.

- The State's stabilization accounts, the General Fund Budget Reserve Account (Rainy Day Fund), the Medicaid Budget Stabilization Account, and the Education Budget Reserve Account, ended the fiscal year with balances of $141.2 million, $17.1 million and $290.5 million, respectively.

- Overall, sales tax revenues in the governmental funds increased by $27.1 million or 1.3 percent, compared to $160.1 million or 8.3 percent increase in the prior year. Tax revenues increased $41.5 million or 2.1 percent in the General Fund and $45.1 million or 1.4 percent in the Education Fund.

Long-term Debt

- The State's long-term bonded debt decreased a net $101.3 million or 2 percent. General obligation bonds for the primary government decreased $109.4 million or 3.2 percent, while revenue bonds for the primary government increased $8.1 million or 0.5 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 Housing Corporation, 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 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 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, 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. To enhance comparability, all amounts presented for fiscal year 2013 in this discussion and analysis were revised, where practical, to reflect these changes, as if the changes had been made in the prior year.

- $36.6 million increase in governmental activities – Change in measuring and recording revenues and receivables for various tax types.
- $104.7 million net increase in governmental activities – Implementation of GASB Statement 65.
- $34.6 million decrease in business-type activities – Implementation of GASB Statement 65.

FINANCIAL ANALYSIS OF THE STATE AS A WHOLE

Net Position

The State's total net position increased $1.47 billion or 7.1 percent in fiscal year 2014. In comparison, net position in the prior year increased $1.644 billion or 8.7 percent. This increase in total net position reflects an improving economy and the active management of the State's resources. The change in net position is comprised of the following:

- *Net Investment in Capital Assets* – Total invested in capital assets net of related debt increased $544.7 million or 4 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 $597.2 million or 12.6 percent over the prior year:

  Restricted net position of governmental activities increased $479.5 million or 15.4 percent. The increase was primarily due to a $388.6 million or 22.9 percent increase in the net position of nonexpendable public education due in part to a change in investment values because of general market conditions. The balance of the increase was due to revenues generated from land use and sale of trust lands in the permanent Trust Lands Fund. The increase was also due to an increase in investment values because of general market conditions. The net position of expendable public education increased $74.1 million or 6.3 percent, primarily due to an increase in the unspent balances at the end of fiscal year 2014 and amounts set aside for fiscal year 2015. Miscellaneous changes resulting from other sources account for the remaining change in the net position of expendable public education.

  Restricted net position of business-type activities increased by $117.7 million or 7.3 percent, primarily due to a $151 million increase in the Unemployment Compensation Fund as unemployment compensation revenues exceeded related claims and a $20.2 million increase in the Transportation Infrastructure Loan Fund as a result of additional capital provided for loans. There was also a $54.6 million decrease in restricted net position within the

Student Loan Programs as bonds were paid off and the remaining $61 million in funds were no longer classified as restricted.

- *Unrestricted Net Position* – Total unrestricted net position in governmental activities increased $190.7 million or 14.6 percent due to an increase in the amount unspent and carried forward in the Transportation Investment Fund and Capital Projects Fund. Total unrestricted net position in business-type activities increased by $137.6 million or 12.6 percent due in part to a $61 million increase in the unrestricted Student Assistance Programs as bonds were paid off and remaining funds were classified as unrestricted. The balance of the increase was the result of State providing additional capital for various loan programs, primarily from mineral lease and dedicated sales tax revenues.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Current and Other Assets	$ 6,644,774	$ 6,048,041	$ 4,390,002	$ 4,155,034	$ 11,034,776	$ 10,203,075
Capital Assets	17,143,379	16,754,472	93,764	97,224	17,237,143	16,851,696
Total Assets	**23,788,153**	**22,802,513**	**4,483,766**	**4,252,258**	**28,271,919**	**27,054,771**
Deferred Outflows of Resources	**17,194**	**—**	**2,167**	**—**	**19,361**	**—**
Current and Other Liabilities	937,828	1,134,258	38,746	38,215	976,574	1,172,473
Long-term Liabilities	3,736,159	3,760,956	1,427,136	1,470,547	5,163,295	5,231,503
Total Liabilities	**4,673,987**	**4,895,214**	**1,465,882**	**1,508,762**	**6,139,869**	**6,403,976**
Deferred Inflows of Resources	**9,312**	**—**	**39,718**	**18,624**	**49,030**	**18,624**
Net Position:						
Net Investment in Capital Assets	14,025,472	13,481,005	14,198	14,012	14,039,670	13,495,017
Restricted	3,600,039	3,120,501	1,734,512	1,616,819	5,334,551	4,737,320
Unrestricted	1,496,537	1,305,793	1,231,623	1,094,041	2,728,160	2,399,834
Total Net Position	**$ 19,122,048**	**$ 17,907,299**	**$ 2,980,333**	**$ 2,724,872**	**$ 22,102,381**	**$ 20,632,171**
Percent change in total Net Position from prior year	6.8 %		9.4 %		7.1 %	

The largest component of the State's net position, 63.5 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 24.1 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 motor fuel taxes 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.

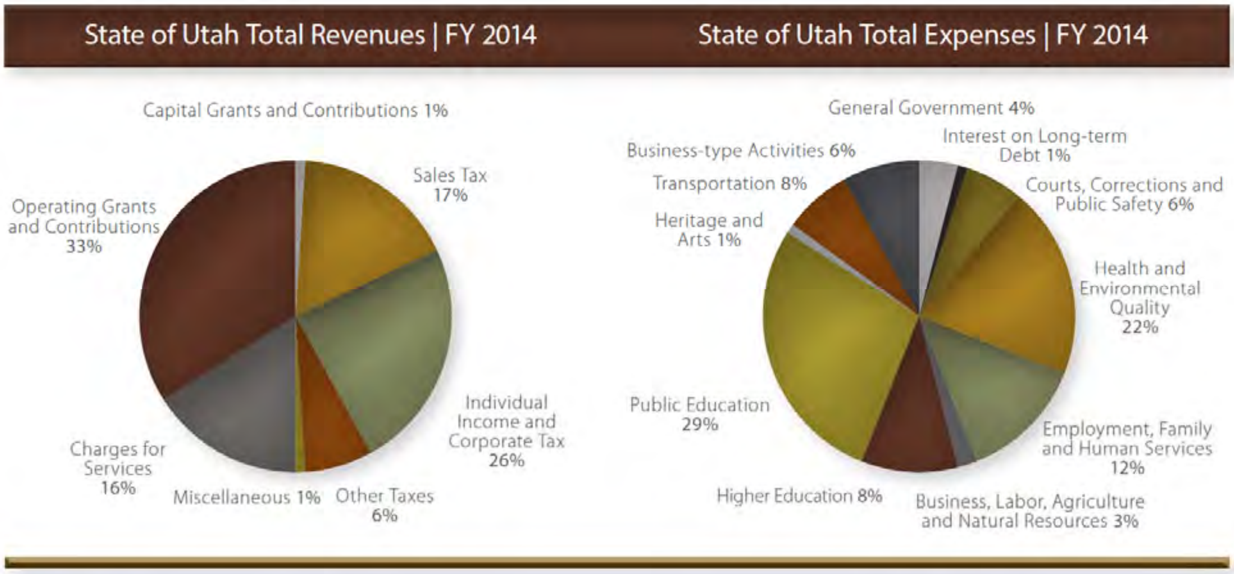
The following schedule and charts summarize the State's total revenues, expenses, and changes in net position for fiscal year 2014:

(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
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2013 to 2014**
Revenues							
General Revenues:							
Taxes	$ 6,153,656	$ 6,142,390	$ 27,304	$ 25,891	$ 6,180,960	$ 6,168,281	0.2 %
Other General Revenues	69,418	84,190	—	425	69,418	84,615	(18.0)%
Program Revenues:							
Charges for Services	1,132,030	1,113,403	793,499	805,445	1,925,529	1,918,848	0.3 %
Operating Grants and Contributions	3,954,581	3,802,274	95,641	185,150	4,050,222	3,987,424	1.6 %
Capital Grants and Contributions	100,481	114,156	—	—	100,481	114,156	(12.0)%
Total Revenues	**11,410,166**	**11,256,413**	**916,444**	**1,016,911**	**12,326,610**	**12,273,324**	0.4 %
Expenses							
General Government	417,067	406,065	—	—	417,067	406,065	2.7 %
Human Services/Juvenile Justice Services	690,117	671,831	—	—	690,117	671,831	2.7 %
Corrections	268,346	255,679	—	—	268,346	255,679	5.0 %
Public Safety	243,783	254,503	—	—	243,783	254,503	(4.2)%
Courts	128,877	124,660	—	—	128,877	124,660	3.4 %
Health and Environmental Quality	2,410,760	2,259,695	—	—	2,410,760	2,259,695	6.7 %
Higher Education	908,795	884,775	—	—	908,795	884,775	2.7 %
Employment and Family Services	693,789	786,221	—	—	693,789	786,221	(11.8)%
Natural Resources	189,641	178,670	—	—	189,641	178,670	6.1 %
Heritage and Arts	22,447	21,147	—	—	22,447	21,147	6.1 %
Business, Labor, and Agriculture	105,987	99,655	—	—	105,987	99,655	6.4 %
Public Education	3,202,327	3,096,089	—	—	3,202,327	3,096,089	3.4 %
Transportation	847,752	836,488	—	—	847,752	836,488	1.3 %
Interest and Charges on Long-term Debt	110,034	112,994	—	—	110,034	112,994	(2.6)%
Student Assistance Programs	—	—	79,963	99,379	79,963	99,379	(19.5)%
Unemployment Compensation	—	—	233,403	307,444	233,403	307,444	(24.1)%
Water Loan Programs	—	—	13,778	12,828	13,778	12,828	7.4 %
Community and Economic Loan Programs	—	—	8,603	2,420	8,603	2,420	255.5 %
Liquor Retail Sales	—	—	225,948	213,395	225,948	213,395	5.9 %
Other Business-type Activities	—	—	54,983	75,361	54,983	75,361	(27.0)%
Total Expenses	**10,239,722**	**9,988,472**	**616,678**	**710,827**	**10,856,400**	**10,699,299**	1.5 %
Excess (deficit) Before Transfers	1,170,444	1,267,941	299,766	306,084	1,470,210	1,574,025	
Transfers	44,305	76,231	(44,305)	(76,231)	—	—	
Change in Net Position	**1,214,749**	**1,344,172**	**255,461**	**229,853**	**1,470,210**	**1,574,025**	
Net Position – Beginning as Adjusted	17,907,299	16,563,127	2,724,872	2,495,019	20,632,171	19,058,146	
Net Position – Ending	**$ 19,122,048**	**$ 17,907,299**	**$ 2,980,333**	**$ 2,724,872**	**$ 22,102,381**	**$ 20,632,171**	7.1 %

(*Charts on next page*.)



Changes in Net Position

This year the State received 50.1 percent of its revenues from state taxes and 33.7 percent of its revenues from grants and contributions, primarily from federal sources. In the prior year, state taxes accounted for 50.3 percent and grants and contributions were 33.4 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 16.2 percent of total revenues in fiscal year 2014, compared to 16.3 percent in fiscal year 2013.

Governmental Activities

The State's total governmental revenues from all sources increased $153.8 million or 1.4 percent. Tax revenues increased $11.3 million or 0.2 percent. 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. 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.

The following table shows to what extent program revenues (charges for services and grants) covered program expenses. For fiscal year 2014, program revenues covered $5.187 billion, or 50.7 percent of $10.24 billion total program expenses. For the remaining $5.053 billion or 49.3 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 2014	Less Program Revenues 2014	Net Program (Expenses) / Revenues 2014	Net Program (Expenses) / Revenues 2013	Program Revenues as a Percentage of Program Expenses 2014	Program Revenues as a Percentage of Program Expenses 2013
General Government	$ 417,067	$ 386,459	$ (30,608)	$ (4,596)	92.7 %	98.9 %
Human Services/Juvenile Justice Services	690,117	290,401	(399,716)	(383,668)	42.1 %	42.9 %
Corrections	268,346	5,907	(262,439)	(250,405)	2.2 %	2.1 %
Public Safety	243,783	164,597	(79,186)	(117,353)	67.5 %	53.9 %
Courts	128,877	53,872	(75,005)	(69,206)	41.8 %	44.5 %
Health and Environmental Quality	2,410,760	1,980,251	(430,509)	(444,053)	82.1 %	80.3 %
Higher Education	908,795	1,679	(907,116)	(882,852)	0.2 %	0.2 %
Employment and Family Services	693,789	577,952	(115,837)	(133,841)	83.3 %	83.0 %
Natural Resources	189,641	131,957	(57,684)	(51,516)	69.6 %	71.2 %
Heritage and Arts	22,447	8,471	(13,976)	(12,971)	37.7 %	38.7 %
Business, Labor, and Agriculture	105,987	102,036	(3,951)	(2,252)	96.3 %	97.7 %
Public Education	3,202,327	881,289	(2,321,038)	(2,306,717)	27.5 %	25.5 %
Transportation	847,752	602,221	(245,531)	(186,215)	71.0 %	77.7 %
Interest and Charges on Long-term Debt	110,034	—	(110,034)	(112,994)	0.0 %	0.0 %
Total Governmental Activities	**$ 10,239,722**	**$ 5,187,092**	**$ (5,052,630)**	**$ (4,958,639)**	50.7 %	50.4 %

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. Revenues from the State's business-type activities decreased $100.5 million or 9.9 percent from the prior year. This decrease was primarily due to an $89.5 million decrease in operating grants as a result of decreases in the Unemployment Compensation Fund ($55.8 million) and Student Assistance Programs ($15.2 million). Operating grants in the Federal Health Insurance Pool also decreased by $20.1 million as the Pool discontinues operations and enrollees transition from this temporary program to coverage under Section 1101 of the Patient Protection and Affordable Care Act. Charges for services accounted for the balance of the decrease as a result of a $27.1 million decrease in the Unemployment Compensation Fund, offset by a $19.5 million increase in liquor sales due to higher sales volume. Total expenses for the State's business-type activities decreased $94.1 million or 13.2 percent, reflected in the Unemployment Compensation Fund ($74 million) and Student Assistance Programs ($19.4 million).

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

FINANCIAL ANALYSIS OF THE STATE'S GOVERNMENTAL FUNDS

Adjustments to Beginning Fund Balances
As described in Note 2 of the financial statements on page 73, beginning fund balances of governmental funds were adjusted by $36.6 million as noted below. To enhance comparability, all amounts presented for fiscal year 2013 in this discussion and analysis were restated, where applicable, to reflect these changes, as if the changes had been made in the prior year.

Adjustments (increases) to beginning fund balances due to a change in measuring and recording revenues and receivables for various tax types:

- $30.7 million – General Fund.
- $951 thousand – Transportation Fund (major special revenue fund).

- $4.9 million – Transportation Investment Fund (major special revenue fund).

Fund Balances

At June 30, 2014, the State's governmental funds reported combined ending fund balances of $5.124 billion. Of this amount, $2.216 billion or 43.2 percent is nonspendable, either due to its form or legal constraints, and $1.201 billion or 23.5 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 $1.373 billion or 26.8 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 $326.5 million or 6.4 percent of total fund balance has been assigned to specific purposes, as expressed by legislative intent. The remaining $7.2 million or 0.1 percent of fund balance is unassigned and available for appropriations.

State of Utah
Governmental Fund Balances as of June 30, 2014
(Expressed in Thousands)

	General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands Fund	Nonmajor Funds	Total
Nonspendable	$ 112,791	$ —	$ 14,018	$ —	$ 2,089,334	$ —	$ 2,216,143
Restricted	40,898	905,135	185,981	26,545	—	42,920	1,201,479
Committed	507,380	—	47,234	604,872	—	213,680	1,373,166
Assigned	197,842	—	1,570	—	—	127,061	326,473
Unassigned	7,224	—	—	—	—	—	7,224
Total	**$ 866,135**	**$ 905,135**	**$ 248,803**	**$ 631,417**	**$ 2,089,334**	**$ 383,661**	**$ 5,124,485**
Percent change from prior year	(1.1)%	8.7 %	8.1 %	36.0 %	23.6 %	12.4 %	15.5 %

General Fund

The General Fund's total fund balance decreased by $10 million or 1.1 percent in fiscal year 2014. The General Fund ended the year with a $7.2 million surplus, or unassigned fund balance, primarily due to the lapsing of unspent budgeted dollars. In the prior year, the General Fund ended the year with a zero dollar surplus, or unassigned balance.

Specific changes in the General Fund balance included the following:

- Nonspendable fund balance decreased by only $159 thousand or 0.1 percent. Prepaid items increased $5.2 million due to increases in the substance abuse, mental health, and dental programs within the Medicaid program that require payments in advance. This increase was offset by a $5.5 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 $1 million or 2.5 percent due to decreases in revenues set aside for specific purposes due to constraints that are imposed externally or by law.
- Committed fund balance increased by $10.6 million or 2.1 percent, primarily due to a $62.7 million increase in monies set aside for committed purposes, offset by a $52.1 million decrease in agency carry-forward monies. Of the $62.7 million increase in monies set aside for committed purposes, $21.6 million was due to yearend statutory transfers to the Medicaid Budget Stabilization Account ($17.1 million) and the Disaster Recovery Account ($4.5 million). In addition, $9 million was transferred to the General Fund Budget Reserve Account (Rainy Day Fund), which ended the year with a balance of $141.2 million. The balance of the $62.7 million increase was due to a $20.7 million increase in funds set aside for the Medicaid program, and small increases in various other committed sources.
- Assigned fund balance decreased $26.6 million or 11.9 percent. The decrease was primarily due to a $28 million decrease in the amount set aside for next year's budget, offset by a $1.4 million increase in other assigned sources.

Total tax collections in the General Fund increased $41.5 million or 2.1 percent due to an improving economy. Sales and use tax increased $11.7 million, or 0.7 percent. Other taxes increased $29.8 million or 8.8 percent due to an increase in severance tax as a result of higher energy prices. Overall, sales tax revenue in all governmental funds increased $27.1 million or 1.3 percent.

Total General Fund non-tax revenues increased $148.4 million or 4.4 percent, explained as follows: Federal contracts and grants increased $97.8 million or 3.9 percent primarily due to a $161.9 million increase in federal funding for the Medicaid Program and a $25.3 million increase due to federal funds provided for Utah National Guard buildings. These increases were offset by an $80.3 million decrease in federal funding for food stamps. 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 $26 million or 12.1 percent primarily due to a $20.1 million increase in collections from global settlements within the Medicaid Program. Federal mineral lease revenue increased $20.1 million or 14.5 percent due to higher energy prices.

Overall, total General Fund expenditures increased by $244.8 million or 4.3 percent due in part to a 1 percent salary increase for state employees 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:

- *Health and Environmental Quality* – Total expenditures increased $182.8 million or 8.1 percent due to overall growth in the Medicaid program costs. Specifically, the increase was due to caseload growth of 2.8 percent, resulting in part from the January 1, 2014 implementation of the Patient Protection and Affordable Care Act. Expenditures also increased for nursing homes, intermediate care facilities for persons with intellectual disabilities, home and community based waivers, and project expenditures related to the replacement of the Medicaid Management Information System.
- *Employment and Family Services* – Total expenditures decreased $87.1 million or 11.2 percent, primarily due to a $58.6 million decrease in expenditures for Supplemental Nutrition Assistance Payments (known as SNAP, formerly known as food stamps). SNAP expenditures decreased due to a decline in the number of individuals receiving benefits. SNAP expenditures also decreased because the temporary boost provided by the American Recovery and Reinvestment Act (ARRA) ended mid-year, resulting in a benefits reduction for nearly every SNAP household. The decrease in total expenditures in fiscal year 2014 was also due to an $11.5 million one-time insurance payment in the prior year and a $5.2 million decrease in spending within housing programs as a result of the improving economy and a decrease in federal funding.
- *Higher Education* – Total expenditures increased $49.7 million or 6.5 percent due to additional state appropriations. Major new state-funded initiatives included: 1) $18 million to improve funding equity and address specific priorities among the higher education institutions; 2) $5 million for the Utah College of Applied Technology to increase capacity for career and technical education; 3) $6.5 million for the medical school admission fund to increase the number of medical students; and 4) $10 million for various one-time higher education initiatives.
- *Public Safety* – Total expenditures increased $30.7 million or 13.9 percent primarily due to $25.3 million spent for Utah National Guard buildings funded with federal revenue, as explained above.
- *Corrections* – Total expenditures increased $14.7 million or 5.9 percent due to the use of carry-over funds for significant purchases of operating equipment and other items along with increased operating costs.

Budgetary Highlights — General Fund

The Legislature adopted the initial fiscal year 2014 budget during the 2013 General Session (January to March 2013). The original consensus revenue estimates in the General Fund budget at the start of fiscal year 2014, excluding department-specific revenue sources such as federal grants and departmental collections, and miscellaneous transfers, were 3.6 percent higher than the final fiscal year 2013 budget. The increase was primarily due to growth in the sales and use tax due to the improving economy. Budgeted expenditures were 13.7 percent higher than the final fiscal year 2013 budget. The Governor and Legislature were able to balance the original fiscal year 2014 budget with revenue growth, savings from lower-than-anticipated Medicaid costs, funding reallocations, and other one-time monies.

The fiscal year 2014 budget was again addressed during the 2014 General Session of the Legislature (January to March 2014). General revenue estimates, primarily sales and use tax, decreased $34.9 million from the original consensus estimates adopted during the 2013 General Session. Despite the decrease in projected sales and use tax, revenue estimates and base budget resources allowed the Legislature to set aside $110.5 million for fiscal year 2015 appropriations. In the end, taxes and other unrestricted revenues ended the year $40.5 million above final budgeted amounts.

Final budgets of department-specific revenue sources decreased from original budgets primarily due to a decrease in expected federal contracts and grants. Actual department-specific revenues increased from final budgets due to an increase 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. However, $10.7 million of unspent budgeted dollars were lapsed back to the General Fund by agencies.

Education Fund

Restricted fund balance in the Education Fund increased by $72.4 million or 8.7 percent from the prior year as revenues exceeded expenditures and transfers out. The amount unspent and carried forward for education increased by $33.7 million. Amounts set aside for fiscal year 2015 appropriations increased by $22.7 million. Tax accruals restricted by law for education increased by $9.1 million.

In addition, the Education Fund ended the year with a $105.5 million "revenue surplus" after a statutory transfer to the Education Fund Budget Reserve Account, a budget stabilization account. 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, plus an additional 25 percent to repay prior year transfers out of the fund. However, state law limits these transfers to 9 percent of Education Fund appropriations. Because of the statutory limit, only $21.1 million was transferred to the Education Fund Budget Reserve Account at the 2014 fiscal yearend. The account ended the fiscal year with the statutory maximum balance of $290.5 million, which is 9 percent of Education Fund appropriations.

Overall, total revenue in the Education Fund decreased by $12 million or 0.3 percent. Individual income tax increased by $50.8 million or 1.8 percent and corporate income tax decreased $7 million or 2.1 percent. The increase in individual income tax is primarily due to higher than anticipated gross final payments as a result of federal tax changes which caused taxpayers to shift gains into tax year 2012 and pay the tax due in fiscal years 2013 and 2014. The final payments in fiscal 2014 were stronger than projected. The increase in individual income tax was offset by a decline of $7 million in corporate income taxes due to the timing of tax payments. The increase in individual income tax was also offset by $57.2 million decrease in federal contracts and grants.

Overall, expenditures increased by $104.7 million or 3.4 percent in the Education Fund. The increase was due to a $148.3 million increase in the Minimum School Program, primarily to provide for student enrollment growth. This increase was offset by decreases in expenditures outside of the Minimum School Program. The significant decreases included the following programs: Special Education of $18.6 million; Elementary and Secondary Education of $4.4 million; Public Education Initiative Programs of $7.4 million; and Rehabilitation Services of $2 million. The remaining decrease is attributable to distributions to local school districts accrued at yearend.

Transportation Fund

Total fund balance in the Transportation Fund increased $18.7 million or 8.1 percent from the prior year. Restricted fund balance increased by $15.1 million or 8.8 percent primarily due to an increase in unspent balances of restricted fees. Committed fund balance increased $1.5 million or 3.3 percent due to an increase in unspent sales and use tax collections for highway projects at yearend. Assigned fund balance increased slightly by $70 thousand or 4.7 percent due to an increase in unspent general revenues appropriated to the Transportation Fund. Nonspendable inventory increased by $2 million or 17 percent.

Overall, transportation revenues decreased by $55.8 million or 5.3 percent. The decrease resulted from the following changes in revenue as compared to the prior year:

- Federal contracts and grants decreased by $53.8 million or 13.5 percent as a result of timing differences related to highway construction projects, as explained below.
- Motor and special fuels tax increased $8 million or 2.3 percent as a result of an increase in collections.
- Sales and use tax revenues statutorily designated for transportation projects increased $1.3 million or 1.8 percent due to an improving economy.
- Miscellaneous and other revenues decreased $14.5 million or 41.3 percent due to a decrease in revenue received from cooperative agreements with local governments for construction projects.

Expenditures for the Transportation Fund decreased by $48.6 million or 5.1 percent, in part due to timing differences related to highway construction projects, as explained below. Other financing sources increased by $17.2 million or 20.7 percent, primarily because of a $12.5 million increase in federal mineral lease revenue transferred into the fund.

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

Transportation Investment Fund

Fund balance in the Transportation Investment Fund increased by $167 million or 36 percent from the prior year. Restricted fund balance increased $24.8 million or 1,433.5 percent due to funding provided from general obligation bond proceeds. Committed fund balance increased $142.2 million or 30.7 percent due to unspent sales tax revenue at yearend.

Overall, revenues increased $31.6 million or 7.2 percent. Sales and use tax revenues statutorily reallocated from use in the General Fund to use for highway projects increased $13.8 million or 3.8 percent. Miscellaneous and other revenue increased $15.2 million as a result of a court settlement. Other financing sources increased by $203.9 million or 81.5 percent primarily due to a $250 million general obligation bond issuance in the current year compared to no bonds being issued in the prior year. This increase was reduced by a $47.4 million decrease in transfers out of the fund. Expenditures decreased by $91.9 million or 26.3 percent from the prior year due to decreased spending on highway construction projects.

Trust Lands Fund

The fund balance of the permanent Trust Lands Fund increased by $399.1 million or 23.6 percent from the prior year. The increase was due in large part to a $272.8 million change in investment values because of general market conditions. Revenue generated from land use and sales of trust lands contributed $123.5 million to the increase in fund balance. The permanent fund also generated $40.5 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

The net position of the Student Assistance Programs decreased $28.4 million or 7.2 percent from the prior year, primarily due to the implementation of Statement 65 of the Governmental Accounting Standard Board, as described in Note 2. The implementation resulted in a $34.6 million decrease to the beginning net positon due to the immediate recognition (expense) of unamortized loan origination fees, transfer fees, and deferred bond issuance costs from the Programs' assets. After the adjustment to the beginning net position, the net position increased by $6.2 million, primarily due to a decrease in interest expense in fiscal year 2014 as a result of favorable interest rates. Of total net position of $364 million, $235.1 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 2014 decreased from the prior year. Federal grant revenue decreased $55.8 million or 75.9 percent due to a reduction in Emergency Unemployment Compensation (EUC) benefits. Employer tax revenue decreased $27.7 million or 7.2 percent due to overall contribution rate decreases from the prior year. Expenses decreased $74 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 $151 million or 22.4 percent. The entire net position of $826.5 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 $32 million or 3.8 percent from the prior year. Additional capital for loans was provided from $26.8 million in dedicated sales tax revenues, $9.2 million in federal grants, and $12 million interest on loans. These increases were offset by program grant expenses of $9.9 million, interest expense of $1.9 million, and other operating expenses of $2 million. Of total net position of $880.6 million, $409.5 million is restricted for use within the Water Loan Programs by federal grant requirements and $160 million is restricted as pledged receivables for outstanding revenue bonds.

Community Impact Loan Fund

The net position of the Community Impact Loan Fund increased $46.1 million or 7.3 percent from the prior year, primarily due to transfers into the fund of $36.2 million from federal mineral lease revenues to provide capital for loans, $6.9 million from interest on notes and mortgages, $4.5 million in federal grants, and $1.1 million from investment income. 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 $385.5 million during the year. The change consisted of net increases in infrastructure (i.e., state roads and bridges) of $377.2 million; land and related assets of $45.7 million; software of $16.9 million; and machinery and equipment of $6.5 million. There were net decreases in buildings and improvements of $42.6 million and construction in progress of $18.2 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, 2014, the State had $319.2 million of outstanding debt related to capital assets of component units.

At June 30, 2014, the State had commitments in capital projects funds of $231.4 million for building projects and $340.8 million for highway construction and improvement projects. The State also had commitments of $269.4 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 2,000 Average Annual Daily Traffic) at 90 percent, and Level 2 roads (under 2,000 Average Annual Daily Traffic) at 80 percent. The most recent condition assessment completed in 2012 (every other calendar year starting in 2013), indicated that 99.5 percent of Interstate, 93.5 percent of Level 1 and 82.1 percent of Level 2 roads were in "fair" or better condition. These results reflect an improvement in conditions compared to calendar year 2011, when 98.3 percent of Interstate, 93.2 percent of Level 1 and 82.7 percent of Level 2 roads were assessed as "fair" or better condition. The next condition assessment will be completed in calendar year 2014.

The State's established condition level for bridges is to maintain 50 percent with a rating of "good" and no more than 15 percent of bridges with a "poor" rating. The most recent condition assessment, completed in April 2014, indicated that 73.4 percent and 1 percent of bridges were in "good" and "poor" condition, respectively. These results reflect a slight improvement in conditions from 2013 when 72.4 percent of the bridges were assessed as "good" or better, and 1 percent assessed were in "poor" condition.

During fiscal year 2014, the State spent $351 million to maintain and preserve roads and bridges. This amount is 55 percent above the estimated amount of $227 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 139 and 140.

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, 2014, the general obligation indebtedness of the State was $966 million below the constitutional debt limit and $1.051 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
	2014	**2013***	**2014**	**2013***	**2014**	**2013***	**2013 to 2014**
General Obligation Bonds	$ 3,271.3	$ 3,380.7	$ —	$ —	$ 3,271.3	$ 3,380.7	(3.2)%
Revenue Bonds:							
State Building Ownership Auth.	187.2	203.1	81.4	86.7	268.6	289.8	(7.3)%
Student Assistance Programs	—	—	1,284.1	1,249.7	1,284.1	1,249.7	2.8 %
Water Loan Progams	—	—	52.4	57.5	52.4	57.5	(8.9)%
Total Bonds Payable	**$ 3,458.5**	**$ 3,583.8**	**$ 1,417.9**	**$ 1,393.9**	**$ 4,876.4**	**$ 4,977.7**	(2.0)%

*For comparability purposes, fiscal year 2013 amounts have been restated to exclude deferred amounts on refunding, which are now reported as Deferred Outflows or Inflows of Resources with the implementation of GASB Statement 65.

Total general obligation bonds payable net of premiums and discounts decreased $109.4 million (offset by an $8.1 million increase in revenue bonds payable for an overall net decrease of $101.3 million during the fiscal year). The State issued $226.2 million of general obligation bonds during the fiscal year as the State sought to take advantage of lower interest rates to fund highway projects. In addition, the State issued a total of $208.4 million of revenue bonds to advance refund outstanding bonds payable 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 100 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 2015 are 2 percent higher than actual fiscal year 2014 revenues. Original estimates of the Education Fund for fiscal year 2015 are 2 percent lower than actual fiscal year 2014 revenues. The Legislature balanced the 2015 budget through increased projected revenue collections, prior year reserves, Medicaid program savings and fund transfers.

Preliminary data for fiscal year 2015 show tax revenues to be in line with estimates. The overall unemployment rate is expected to be 3.6 percent in 2014, down from the average 2013 rate of 4.4 percent. Taxable retail sales are expected to increase 4.3 percent in 2014 and increase 5 percent in 2015. Personal income is expected to increase 4.1 percent in 2014, and 4.7 percent in 2015. 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 2015. The Governor and Legislature will review the fiscal year 2015 budget again during the upcoming 2015 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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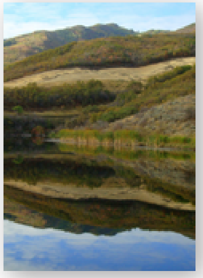

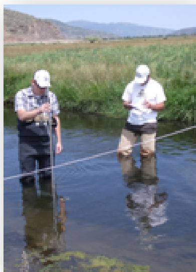

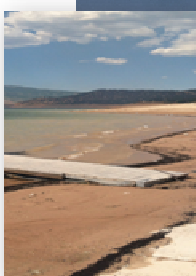

BASIC FINANCIAL STATEMENTS

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Statement of Net Position

June 30, 2014 (Expressed in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	$ 1,476,055	$ 1,363,040	$ 2,839,095	$ 983,790
Investments	1,215,649	19,647	1,235,296	2,817,091
Taxes Receivable, net	969,870	2,828	972,698	—
Accounts and Interest Receivable, net	620,585	174,539	795,124	501,358
Amounts Due From:				
Component Units	38,053	19	38,072	—
Primary Government	—	—	—	121
Prepaid Items	85,031	289	85,320	19,458
Inventories	21,739	32,514	54,253	72,527
Internal Balances	14,742	(14,742)	—	—
Restricted Investments	2,002,912	71,713	2,074,625	876,084
Restricted Receivables	—	—	—	28,313
Notes/Loans/Mortgages/Pledges Receivable, net	17,520	2,599,212	2,616,732	1,078,661
Capital Lease Payments Receivable, net	102,110	—	102,110	—
Pledged Loans Receivables	—	140,943	140,943	—
Other Assets	80,508	—	80,508	78,197
Capital Assets (Note 8):				
Land and Other Non-depreciable Assets	1,742,078	22,687	1,764,765	334,355
Infrastructure	13,392,928	—	13,392,928	—
Construction in Progress	549,008	—	549,008	241,026
Buildings, Equipment, and Other Depreciable Assets	2,692,836	111,873	2,804,709	7,102,061
Less Accumulated Depreciation	(1,233,471)	(40,796)	(1,274,267)	(3,192,507)
Total Capital Assets	17,143,379	93,764	17,237,143	4,484,935
Total Assets	23,788,153	4,483,766	28,271,919	10,940,535
DEFERRED OUTFLOWS OF RESOURCES				
Total Deferred Outflows of Resources (Note 11)	17,194	2,167	19,361	82,527
LIABILITIES				
Accounts Payable and Accrued Liabilities	860,091	33,153	893,244	416,027
Amounts Due to:				
Component Units	47	74	121	—
Primary Government	—	—	—	38,072
Securities Lending	—	—	—	24,611
Unearned Revenue	77,690	5,362	83,052	115,457
Deposits	—	157	157	110,153
Long-term Liabilities (Note 10):				
Due Within One Year	476,475	171,009	647,484	419,471
Due in More Than One Year	3,259,684	1,256,127	4,515,811	2,395,916
Total Liabilities	4,673,987	1,465,882	6,139,869	3,519,707
DEFERRED INFLOWS OF RESOURCES				
Total Deferred Inflows of Resources (Note 11)	9,312	39,718	49,030	9,804
NET POSITION				
Net Investment in Capital Assets	14,025,472	14,198	14,039,670	3,380,757
Restricted for:				
Transportation	178,468	—	178,468	—
Public Education – Expendable	1,246,574	—	1,246,574	—
Public Education – Nonexpendable	2,089,334	—	2,089,334	—
Higher Education – Expendable	—	—	—	913,268
Higher Education – Nonexpendable	—	—	—	773,339
Capital Projects	1,493	—	1,493	—
Debt Service	—	160,038	160,038	161,835
Unemployment Compensation and Insurance Programs	3,985	826,502	830,487	215,519
Loan Programs	—	747,972	747,972	—
Other Purposes – Expendable	80,185	—	80,185	705
Unrestricted	1,496,537	1,231,623	2,728,160	2,048,128
Total Net Position	$ 19,122,048	$ 2,980,333	$ 22,102,381	$ 7,493,551

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, 2014 (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	$ 417,067	$ 148,213	$ 238,246	$ —
Human Services and Juvenile Justice Services	690,117	12,529	277,872	—
Corrections	268,346	5,463	444	—
Public Safety	243,783	63,831	100,766	—
Courts	128,877	52,390	1,482	—
Health and Environmental Quality	2,410,760	289,198	1,691,053	—
Higher Education	908,795	—	1,679	—
Employment and Family Services	693,789	12,659	565,293	—
Natural Resources	189,641	91,967	39,990	—
Heritage and Arts	22,447	2,696	5,775	—
Business, Labor, and Agriculture	105,987	89,426	12,610	—
Public Education	3,202,327	110,564	770,725	—
Transportation	847,752	253,094	248,646	100,481
Interest and Other Charges on Long-term Debt	110,034	—	—	—
Total Governmental Activities	10,239,722	1,132,030	3,954,581	100,481
Business-type:				
Student Assistance Programs	79,963	59,784	26,368	—
Unemployment Compensation	233,403	357,059	33,684	—
Water Loan Programs	13,778	12,329	11,122	—
Community and Economic Loan Programs	8,603	10,051	8,277	—
Liquor Retail Sales	225,948	313,444	312	—
Other Business-type Activities	54,983	40,832	15,878	—
Total Business-type Activities	616,678	793,499	95,641	0
Total Primary Government	$ 10,856,400	$ 1,925,529	$ 4,050,222	$ 100,481
Component Units:				
Utah Housing Corporation	$ 72,160	$ 86,413	$ —	$ —
Public Employees Health Program	255,111	265,290	10,559	—
University of Utah	3,451,261	2,758,676	583,145	33,291
Utah State University	598,879	193,151	270,154	25,845
Nonmajor Colleges and Universities	1,048,179	446,504	283,590	82,861
Nonmajor Component Units	62,925	26,256	2,442	—
Total Component Units	$ 5,488,515	$ 3,776,290	$ 1,149,890	$ 141,997

General Revenues:
- Taxes:
  - Sales and Use Tax
  - Individual Income Tax Imposed for Education
  - Corporate Tax Imposed for Education
  - Motor and Special Fuel Taxes Imposed for Transportation
  - Other Taxes
    - Total Taxes
- Investment Income
- State Funding for Colleges and Universities
- State Funding for Other Component Units
- Gain on Sale of Capital Assets
- Miscellaneous

Permanent Endowments Contributions

Transfers—Internal Activities

Total General Revenues and Transfers

Change in Net Position

Net Position—Beginning

Adjustment to Beginning Net Position

Net Position—Beginning as Adjusted

Net Position—Ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (30,608)	$ —	$ (30,608)	$ —
(399,716)	—	(399,716)	—
(262,439)	—	(262,439)	—
(79,186)	—	(79,186)	—
(75,005)	—	(75,005)	—
(430,509)	—	(430,509)	—
(907,116)	—	(907,116)	—
(115,837)	—	(115,837)	—
(57,684)	—	(57,684)	—
(13,976)	—	(13,976)	—
(3,951)	—	(3,951)	—
(2,321,038)	—	(2,321,038)	—
(245,531)	—	(245,531)	—
(110,034)	—	(110,034)	—
(5,052,630)	0	(5,052,630)	0
—	6,189	6,189	—
—	157,340	157,340	—
—	9,673	9,673	—
—	9,725	9,725	—
—	87,808	87,808	—
—	1,727	1,727	—
0	272,462	272,462	0
(5,052,630)	272,462	(4,780,168)	0
—	—	—	14,253
—	—	—	20,738
—	—	—	(76,149)
—	—	—	(109,729)
—	—	—	(235,224)
—	—	—	(34,227)
0	0	0	(420,338)
2,121,518	27,304	2,148,822	—
2,918,991	—	2,918,991	—
321,424	—	321,424	—
359,822	—	359,822	—
431,901	—	431,901	—
6,153,656	27,304	6,180,960	0
8,829	—	8,829	89
—	—	—	788,682
—	—	—	32,211
20,012	—	20,012	—
40,577	—	40,577	—
—	—	—	26,197
44,305	(44,305)	—	—
6,267,379	(17,001)	6,250,378	847,179
1,214,749	255,461	1,470,210	426,841
17,766,079	2,759,422	20,525,501	7,097,400
141,220	(34,550)	106,670	(30,690)
17,907,299	2,724,872	20,632,171	7,066,710
$ 19,122,048	$ 2,980,333	$ 22,102,381	$ 7,493,551

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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 public elementary and secondary schools and the State Office of Education.

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 144.

Balance Sheet
Governmental Funds

June 30, 2014 (Expressed in Thousands)

		Special Revenue		Capital Projects
	General	Education	Transportation	Transportation Investment
ASSETS				
Cash and Cash Equivalents	$ 580,112	$ 322,669	$ 172,606	$ 112,101
Investments	73,293	325,957	86,010	477,729
Receivables:				
Accounts, net	391,845	116,942	71,863	15,000
Accrued Interest	56	—	—	—
Accrued Taxes, net	238,357	660,589	41,603	29,321
Notes/Mortgages, net	770	8,942	158	—
Capital Lease Payments, net	—	—	—	—
Due From Other Funds	33,411	526	1,160	—
Due From Component Units	258	—	—	—
Prepaid Items	73,033	—	—	—
Inventories	926	—	14,018	—
Interfund Loans Receivable	61,195	—	—	—
Other Assets	—	—	—	—
Total Assets	$ 1,453,256	$ 1,435,625	$ 387,418	$ 634,151
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 403,054	$ 179,392	$ 119,825	$ 1,014
Due To Other Funds	30,752	618	7,627	—
Due To Component Units	25	15	—	—
Unearned Revenue	65,293	1,500	7,918	—
Total Liabilities	499,124	181,525	135,370	1,014
Deferred Inflows of Resources:				
Unavailable Revenue	87,997	348,965	3,245	1,720
Total Deferred Inflows of Resources	87,997	348,965	3,245	1,720
Fund Balances:				
Nonspendable:				
Long-term Portion of Interfund Loans Receivable	38,832	—	—	—
Prepaid Items	73,033	—	—	—
Inventories	926	—	14,018	—
Permanent Fund Principal	—	—	—	—
Restricted	40,898	905,135	185,981	26,545
Committed	507,380	—	47,234	604,872
Assigned	197,842	—	1,570	—
Unassigned	7,224	—	—	—
Total Fund Balances	866,135	905,135	248,803	631,417
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1,453,256	$ 1,435,625	$ 387,418	$ 634,151

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

Permanent Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ —	$ 224,156	$ 1,411,644
2,002,912	252,660	3,218,561
3,650	15,407	614,707
988	6	1,050
—	—	969,870
6,650	—	16,520
—	102,110	102,110
6,424	1,750	43,271
—	36,231	36,489
—	—	73,033
—	—	14,944
—	—	61,195
80,508	—	80,508
$ 2,101,132	$ 632,320	$ 6,643,902
$ —	$ 118,540	$ 821,825
23	25,029	64,049
7	—	47
—	2,979	77,690
30	146,548	963,611
11,768	102,111	555,806
11,768	102,111	555,806
—	—	38,832
—	—	73,033
—	—	14,944
2,089,334	—	2,089,334
—	42,920	1,201,479
—	213,680	1,373,166
—	127,061	326,473
—	—	7,224
2,089,334	383,661	5,124,485
$ 2,101,132	$ 632,320	$ 6,643,902

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

June 30, 2014 (Expressed in Thousands)

Total Fund Balances – Governmental Funds………………………………………...…		$ 5,124,485
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	$ 1,742,061	
Infrastructure, Non-depreciable	13,392,928	
Construction in Progress	548,660	
Buildings, Equipment, and Other Depreciable Assets	2,457,062	
Accumulated Depreciation	(1,091,805)	17,048,906
Some of the State's revenues are not available soon enough after yearend to pay for the current period's expenditures and therefore are unavailable deferred inflows of resources in the governmental funds. ………………………………………………..		546,494
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.		67,023
Deferred outflows of resources for the amount on refunding of bonded debt are not reported in the governmental funds. ………………………………………………....		17,173
Prepaid item not available in the current period and therefore is not reported in the governmental funds:		
Other Postemployment Benefit Asset, net		5,854
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	(3,319,903)	
Unamortized Bond Premiums	(138,179)	
Accrued Interest on Bonds Payable	(1,161)	
Pollution Remediation Obligation	(5,327)	
Settlement Obligation	(6,928)	
Compensated Absences	(184,679)	
Capital Leases	(21,794)	
Contracts Payable	(5,585)	
Other Postemployment Benefit Obligation, net	(4,331)	(3,687,887)
Total Net Position – Governmental Activities……………………………………..…		$ 19,122,048

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, 2014 (Expressed in Thousands)

		Special Revenue		Capital Projects
	General	**Education**	**Transportation**	**Transportation Investment**
REVENUES				
Taxes:				
Sales and Use Tax	$ 1,661,913	$ —	$ 76,565	$ 378,389
Individual Income Tax	—	2,916,015	—	—
Corporate Tax	—	322,748	—	—
Motor and Special Fuels Tax	—	—	359,176	—
Other Taxes	368,292	40,695	10,359	—
Total Taxes	2,030,205	3,279,458	446,100	378,389
Other Revenues:				
Federal Contracts and Grants	2,630,161	455,255	345,350	—
Charges for Services/Royalties	438,279	1,122	92,317	—
Licenses, Permits, and Fees	26,832	5,367	81,397	75,057
Federal Mineral Lease	158,193	—	—	—
Intergovernmental	—	—	—	—
Investment Income	8,165	42,798	1,180	2,441
Miscellaneous and Other	240,080	25,407	20,586	15,159
Total Revenues	5,531,915	3,809,407	986,930	471,046
EXPENDITURES				
Current:				
General Government	340,503	—	—	—
Human Services and Juvenile Justice Services	687,646	—	—	—
Corrections	263,195	—	—	—
Public Safety	252,226	—	—	—
Courts	132,886	—	—	—
Health and Environmental Quality	2,428,911	—	—	—
Higher Education – State Administration	48,920	—	—	—
Higher Education – Colleges and Universities	768,602	—	—	—
Employment and Family Services	693,186	—	—	—
Natural Resources	180,963	—	—	—
Heritage and Arts	24,224	—	—	—
Business, Labor, and Agriculture	94,681	—	—	—
Public Education	—	3,201,314	—	—
Transportation	—	—	902,110	—
Capital Outlay	—	—	—	257,759
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	5,915,943	3,201,314	902,110	257,759
Excess Revenues Over (Under) Expenditures	(384,028)	608,093	84,820	213,287
OTHER FINANCING SOURCES (USES)				
General Obligation Bonds Issued	—	—	—	226,175
Premium on Bonds Issued	—	—	—	23,825
Sale of Capital Assets	—	—	1,994	—
Transfers In	665,976	8,788	85,033	83,878
Transfers Out	(291,941)	(544,516)	(153,134)	(380,156)
Total Other Financing Sources (Uses)	374,035	(535,728)	(66,107)	(46,278)
Net Change in Fund Balances	(9,993)	72,365	18,713	167,009
Fund Balances – Beginning	845,446	832,770	229,139	459,490
Adjustment to Beginning Fund Balances	30,682	—	951	4,918
Fund Balances – Beginning As Adjusted	876,128	832,770	230,090	464,408
Fund Balances – Ending	$ 866,135	$ 905,135	$ 248,803	$ 631,417

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

Permanent Trust Lands	Nonmajor Governmental Funds	Total Governmental Funds
$ —	$ 4,382	$ 2,121,249
—	—	2,916,015
—	—	322,748
—	—	359,176
—	12,832	432,178
0	17,214	6,151,366
—	32,279	3,463,045
98,839	75,568	706,125
—	—	188,653
—	—	158,193
—	7,211	7,211
275,592	23,477	353,653
—	26,648	327,880
374,431	182,397	11,356,126
—	33,631	374,134
—	4,631	692,277
—	3,051	266,246
—	19,490	271,716
—	—	132,886
—	5,499	2,434,410
—	—	48,920
—	13,396	781,998
—	10,255	703,441
—	3,502	184,465
—	7	24,231
—	11,234	105,915
—	693	3,202,007
—	678	902,788
—	123,171	380,930
—	329,659	329,659
—	150,101	150,101
0	708,998	10,986,124
374,431	(526,601)	370,002
—	—	226,175
—	831	24,656
22,602	—	24,596
2,040	643,557	1,489,272
—	(75,442)	(1,445,189)
24,642	568,946	319,510
399,073	42,345	689,512
1,690,261	341,316	4,398,422
—	—	36,551
1,690,261	341,316	4,434,973
$ 2,089,334	$ 383,661	$ 5,124,485

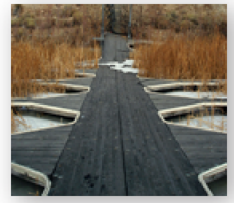
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances — Governmental Funds To the Statement of Activities

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

Net Change in Fund Balances – Governmental Funds……………………………..…		$ 689,512
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 $553,237 exceeded depreciation expense of $(87,668) and buildings "transferred" to component units of $(77,897) in the current period. (See Note 8) ……………………………………..		387,672
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.		(2,156)
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. ……………………		(3,209)
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.		1,134
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	$ (226,175)	
Premiums on Bonds Issued	(24,656)	
Payment of Bond Principal	329,659	
Capital Lease Payments	1,419	80,247
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	895	
Settlement Obligation Costs, net	14,092	
Compensated Absences Expenses	1,032	
Accrued Interest on Bonds Payable	95	
Amortization of Bond Premiums	46,346	
Amortization of Deferred Amount on Refunding of Bonded Debt	(5,343)	
Contracts Payable Payments	3,750	
Other Postemployment Benefit Obligation Costs, net	682	61,549
Change in Net Position – Governmental Activities………………………………...…		$ 1,214,749

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 168.

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 180.

Statement Of Net Position
Proprietary Funds

June 30, 2014 (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	$ 140,449	$ 730,716	$ 220,148	$ 211,432
Restricted Investments	71,713	—	—	—
Receivables:				
Accounts, net	6,424	106,818	305	—
Accrued Interest	18,579	—	6,475	4,571
Accrued Taxes, net	—	—	2,828	—
Notes/Loans/Mortgages, net	200,113	—	35,492	18,967
Due From Other Funds	—	—	11,951	—
Due From Component Units	—	—	—	—
Prepaid Items	238	—	—	—
Inventories	—	—	—	—
Total Current Assets	437,516	837,534	277,199	234,970
Noncurrent Assets:				
Accounts Receivables	—	10,027	—	—
Investments	18,308	—	—	—
Prepaid Items	—	—	—	—
Accrued Interest Receivable	—	—	3,909	70
Notes/Loans/Mortgages Receivables, net	1,241,419	—	511,791	442,535
Pledged Loans Receivables	—	—	140,943	—
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	12,778	—	—	—
Machinery and Equipment	2,142	—	—	—
Intangible Assets–Software	1,174	—	—	—
Construction in Progress	—	—	—	—
Less Accumulated Depreciation	(6,223)	—	—	—
Total Capital Assets	9,871	0	0	0
Total Noncurrent Assets	1,269,598	10,027	656,643	442,605
Total Assets	1,707,114	847,561	933,842	677,575
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	—	—	—	—
Deferred Amount of Federal Default Fee	1,136	—	—	—
Total Deferred Outflows of Resources	1,136	0	0	0
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	17,179	2,342	844	—
Deposits	—	60	—	—
Due To Other Funds	—	12,486	11	—
Due To Component Units	—	—	—	—
Interfund Loans Payable	—	—	—	—
Unearned Revenue	98	—	9	—
Policy Claims and Uninsured Liabilities	403	6,171	—	—
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	153,550	—	5,169	—
Total Current Liabilities	171,230	21,059	6,033	0
Noncurrent Liabilities:				
Accrued Liabilities	388	—	—	—
Interfund Loans Payable	—	—	—	—
Policy Claims and Uninsured Liabilities	2,351	—	—	—
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	1,130,519	—	47,241	—
Total Noncurrent Liabilities	1,133,258	0	47,241	0
Total Liabilities	1,304,488	21,059	53,274	0
DEFERRED INFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	21,410	—	—	—
Fair Value of Interest Rate Swap Agreements	18,308	—	—	—
Total Deferred Inflows of Resources	39,718	0	0	0
NET POSITION				
Net Investment in Capital Assets	3,535	—	—	—
Restricted for:				
Unemployment Compensation and Insurance Programs	—	826,502	—	—
Loan Programs	235,080	—	409,525	—
Debt Service	—	—	160,038	—
Unrestricted (Deficit)	125,429	—	311,005	677,575
Total Net Position	$ 364,044	$ 826,502	$ 880,568	$ 677,575

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
$ 60,295	$ 1,363,040	$ 64,411
—	71,713	—
14,785	128,332	4,698
1,384	31,009	—
—	2,828	—
10,300	264,872	—
8,532	20,483	31,570
19	19	1,564
51	289	5,494
32,514	32,514	6,795
127,880	1,915,099	114,532
—	10,027	—
1,339	19,647	—
—	0	650
1,192	5,171	—
138,595	2,334,340	1,000
—	140,943	—
22,687	22,687	17
304	304	303
79,672	92,450	6,183
15,406	17,548	217,724
397	1,571	11,564
—	0	348
(34,573)	(40,796)	(141,666)
83,893	93,764	94,473
225,019	2,603,892	96,123
352,899	4,518,991	210,655
1,031	1,031	21
—	1,136	—
1,031	2,167	21
12,400	32,765	31,820
97	157	—
22,728	35,225	1,205
74	74	—
—	0	22,363
5,255	5,362	—
358	6,932	18,293
—	0	28
5,358	164,077	97
46,270	244,592	73,806
—	388	—
—	0	38,832
—	2,351	30,292
—	0	370
76,016	1,253,776	353
76,016	1,256,515	69,847
122,286	1,501,107	143,653
—	21,410	—
—	18,308	—
0	39,718	0
10,663	14,198	94,078
—	826,502	3,985
103,367	747,972	—
—	160,038	—
117,614	1,231,623	(31,040)
$ 231,644	$ 2,980,333	$ 67,023

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

For the Fiscal Year Ended June 30, 2014 (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	$ 8,429	$ 356,396	$ 247	$ —
Fees and Assessments	1,119	663	131	—
Interest on Notes/Mortgages	49,175	—	11,951	6,910
Federal Reinsurance and Allowances/Reimbursements	25,602	17,751	—	—
Miscellaneous	1,061	—	—	65
Total Operating Revenues	85,386	374,810	12,329	6,975
OPERATING EXPENSES				
Administration	3,684	—	—	25
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	—	—	9,928	—
Rentals and Leases	—	—	1	—
Maintenance	—	—	—	—
Interest	8,203	—	—	—
Depreciation/Amortization	716	—	—	—
Student Loan Servicing and Related Expenses	38,921	—	—	—
Payment to Lenders for Guaranteed Claims	26,352	—	—	—
Benefit Claims and Unemployment Compensation	—	233,403	—	—
Supplies and Other Miscellaneous	1,795	—	1,964	1,395
Total Operating Expenses	79,671	233,403	11,893	1,420
Operating Income (Loss)	5,715	141,407	436	5,555
NONOPERATING REVENUES (EXPENSES)				
Investment Income	766	15,933	1,874	1,138
Federal Contracts and Grants	—	—	9,248	4,469
Disposal of Capital Assets	—	—	—	—
Tax Revenues	—	—	26,780	—
Interest Expense	—	—	(1,885)	—
Refunds Paid to Federal Government	—	—	—	—
Other Revenues (Expenses)	(292)	—	—	—
Total Nonoperating Revenues (Expenses)	474	15,933	36,017	5,607
Income (Loss) before Transfers	6,189	157,340	36,453	11,162
Transfers In	—	—	—	36,200
Transfers Out	—	(6,359)	(4,434)	(1,284)
Change in Net Position	6,189	150,981	32,019	46,078
Net Position – Beginning	392,405	675,521	848,549	631,497
Adjustment to Beginning Net Position	(34,550)	—	—	—
Net Position – Beginning as Adjusted	357,855	675,521	848,549	631,497
Net Position – Ending	$ 364,044	$ 826,502	$ 880,568	$ 677,575

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
$ 348,294	$ 713,366	$ 340,790
5,331	7,244	—
3,038	71,074	—
—	43,353	—
689	1,815	223
357,352	836,852	341,013
32,398	36,107	106,800
207,988	207,988	84,985
694	10,622	—
2,229	2,230	1,619
4,613	4,613	24,812
—	8,203	—
3,611	4,327	19,388
—	38,921	—
—	26,352	—
16,090	249,493	15,261
11,390	16,544	88,466
279,013	605,400	341,331
78,339	231,452	(318)
362	20,073	271
18,498	32,215	—
—	0	754
524	27,304	—
(3,550)	(5,435)	(38)
—	0	(132)
(5,551)	(5,843)	375
10,283	68,314	1,230
88,622	299,766	912
22,243	58,443	467
(90,671)	(102,748)	(245)
20,194	255,461	1,134
211,450	2,759,422	65,889
—	(34,550)	—
211,450	2,724,872	65,889
$ 231,644	$ 2,980,333	$ 67,023

Statement Of Cash Flows
Proprietary Funds

For the Fiscal Year Ended June 30, 2014 (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	$ 46,606	$ 369,724	$ 12,850	$ 6,473
Receipts from Loan Maturities	187,991	—	40,313	28,909
Receipts Federal Reinsurance and Allowances/Reimbursements	7,299	20,198	—	—
Receipts from State Customers	—	—	—	—
Payments to Suppliers/Claims/Grants	(16,398)	(238,586)	(11,743)	(1,325)
Disbursements for Loans Receivable	(226,923)	—	(38,409)	(41,814)
Payments on Loan Guarantees	(26,048)	—	—	—
Payments for Employee Services and Benefits	(12,359)	—	—	(26)
Payments to State Suppliers and Grants	—	—	—	(72)
Payments of Sales, School Lunch, and Premium Taxes	—	—	—	—
Net Cash Provided (Used) by Operating Activities	(39,832)	151,336	3,011	(7,855)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Receipts from Bonds, Notes, and Deposits	208,430	57	—	—
Payments of Bonds, Notes, Deposits, and Refunds	(171,000)	(68)	(5,058)	—
Interest Paid on Bonds, Notes, and Financing Costs	(16,404)	—	—	—
Federal Contracts and Grants and Other Revenues and Expenses	—	—	7,331	4,469
Restricted Sales Tax	—	—	26,581	—
Transfers In from Other Funds	—	—	—	36,200
Transfers Out to Other Funds	—	(6,359)	(4,434)	(1,284)
Net Cash Provided (Used) by Noncapital Financing Activities	21,026	(6,370)	24,420	39,385
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	—	—
Repayments Under Interfund Loans	—	—	—	—
Proceeds from Disposition of Capital Assets	—	—	—	—
Federal Grants and Other Revenues	300	—	—	—
Principal Paid on Debt and Contract Maturities	—	—	—	—
Acquisition and Construction of Capital Assets	(123)	—	—	—
Interest Paid on Bonds, Notes, and Capital Leases	—	—	—	—
Transfers In from Other Funds	—	—	—	—
Transfers Out to Other Funds	—	—	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	177	0	0	0
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the Sale and Maturity of Investments	489,777	—	—	—
Receipts of Interest and Dividends from Investments	777	15,933	1,814	1,138
Payments to Purchase Investments	(438,732)	—	—	—
Net Cash Provided (Used) by Investing Activities	51,822	15,933	1,814	1,138
Net Cash Provided (Used) – All Activities	33,193	160,899	29,245	32,668
Cash and Cash Equivalents – Beginning	107,256	569,817	190,903	178,764
Cash and Cash Equivalents – Ending	$ 140,449	$ 730,716	$ 220,148	$ 211,432

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
$ 401,370	$ 837,023	$ 53,593
14,203	271,416	—
—	27,497	—
15,064	15,064	282,713
(240,473)	(508,525)	(145,252)
(17,115)	(324,261)	—
—	(26,048)	—
(29,860)	(42,245)	(106,544)
(7,769)	(7,841)	(64,691)
(60,930)	(60,930)	—
74,490	181,150	19,819
15,683	15,683	1,259
(16,077)	(16,077)	—
—	208,487	—
—	(176,126)	(25)
—	(16,404)	(20)
18,256	30,056	—
524	27,105	—
22,243	58,443	—
(90,671)	(102,748)	(180)
(50,042)	28,419	1,034
—	0	3,287
—	0	(2,586)
—	0	3,714
—	300	530
(4,861)	(4,861)	(84)
(957)	(1,080)	(25,742)
(1,854)	(1,854)	—
—	0	467
—	0	(65)
(7,672)	(7,495)	(20,479)
5	489,782	—
362	20,024	271
—	(438,732)	—
367	71,074	271
17,143	273,148	645
43,152	1,089,892	63,766
$ 60,295	$ 1,363,040	$ 64,411

Continues

Statement Of Cash Flows
Proprietary Funds

Continued

For the Fiscal Year Ended June 30, 2014 (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)	$ 5,715	$ 141,407	$ 436	$ 5,555
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	716	—	—	—
Interest Expense for Noncapital and Capital Financing	11,242	—	—	—
Miscellaneous Gains, Losses, and Other Items	(1,004)	—	—	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds	459	13,406	216	—
Notes/Accrued Interest Receivables	(56,319)	—	2,209	(13,407)
Inventories	—	—	—	—
Prepaid Items/Deferred Charges	55	—	6	—
Deferred Outflows of Resources	—	—	144	—
Accrued Liabilities/Due to Other Funds	(774)	418	—	(3)
Unearned Revenue/Deposits	—	—	—	—
Policy Claims Liabilities	78	(3,895)	—	—
Net Cash Provided (Used) by Operating Activities	$ (39,832)	$ 151,336	$ 3,011	$ (7,855)
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ 321	$ 138
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 321	$ 138

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	
$ 78,339	$ 231,452	$ (318)
3,611	4,327	19,388
—	11,242	—
—	(1,004)	(287)
(2,496)	11,585	(6,475)
(3,041)	(70,558)	1,700
382	382	(23)
(38)	23	(2,850)
—	144	—
2,814	2,455	8,289
696	696	—
(5,777)	(9,594)	395
$ 74,490	$ 181,150	$ 19,819
$ 119	$ 578	$ 24
$ 119	$ 578	$ 24

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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 190.

State of Utah

Statement Of Fiduciary Net Position
Fiduciary Funds

June 30, 2014 (Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Funds	Agency Funds
ASSETS				
Cash and Cash Equivalents	$ 1,712,655	$ 305,308	$ 29,127	$ 188,408
Receivables:				
Accounts	1,030	—	5,042	28,566
Contributions	52,209	—	—	—
Investments	339,059	—	—	—
Accrued Interest	—	—	2	—
Accrued Assessments	—	—	3,750	—
Loans	—	—	628	—
Due From Other Funds	4,438	—	2,112	768
Investments:				
Debt Securities	5,820,759	6,864,253	2,078,160	19,424
Equity Investments	12,274,661	—	5,693,345	—
Absolute Return	4,298,264	—	—	—
Private Equity	2,839,908	—	—	—
Real Assets	3,204,304	—	—	—
Invested Securities Lending Collateral	2,005,347	—	—	—
Total Investments	30,443,243	6,864,253	7,771,505	19,424
Capital Assets:				
Land	1,780	—	271	—
Buildings and Improvements	17,607	—	10,715	—
Machinery and Equipment	5,845	—	1,554	—
Less Accumulated Depreciation	(19,521)	—	(4,590)	—
Total Capital Assets	5,711	0	7,950	0
Total Assets	32,558,345	7,169,561	7,820,116	$ 237,166
LIABILITIES				
Accounts Payable	438,838	236,424	1,963	$ —
Securities Lending Liability	2,005,347	—	—	—
Due To Other Funds	2,033	—	130	—
Due To Individuals, Organizations, and Other Governments	—	—	—	237,166
Unearned Revenue	—	—	421	—
Leave/Postemployment Benefits	14,544	—	—	—
Policy Claims Liabilities/Insurance Reserves	5,000	—	245,697	—
Real Estate Liabilities	497,674	—	—	—
Total Liabilities	2,963,436	236,424	248,211	$ 237,166
NET POSITION				
Restricted for:				
Pension Benefits	25,096,072	—	—	
Other Postemployment Benefits	214,189	—	—	
Defined Contribution	4,284,648	—	—	
Pool Participants	—	6,933,137	—	
Individuals, Organizations, and Other Governments	—	—	7,571,905	
Total Net Position	$ 29,594,909	$ 6,933,137	$ 7,571,905	
Participant Account Balance Net Position Valuation Factor		1.0055062		

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, 2014 (Expressed in Thousands)

	Pension and Other Employee Benefit Trust Funds	Investment Trust Fund	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Member	$ 316,275	$ —	$ 867,142
Employer	937,000	—	—
Court Fees and Fire Insurance Premiums	12,783	—	—
Total Contributions	1,266,058	0	867,142
Pool Participant Deposits	—	8,089,711	—
Investment Income:			
Net Increase (Decrease) in Fair Value of Investments	3,444,692	5,991	867,028
Interest, Dividends, and Other Investment Income	505,362	36,327	141,487
Less Investment Expenses	(61,474)	(352)	—
Net Investment Income	3,888,580	41,966	1,008,515
Transfers From Affiliated Systems	42,280	—	—
Other Additions:			
Escheats	—	—	13,767
Royalties and Rents	—	—	7,699
Fees, Assessments, and Revenues	—	—	45,908
Miscellaneous	—	—	16,382
Total Other	0	0	83,756
Total Additions	5,196,918	8,131,677	1,959,413
DEDUCTIONS			
Pension Benefits	1,242,156	—	—
Retiree Healthcare Benefits	27,706	—	—
Refunds/Plan Distributions	258,675	—	—
Earnings Distribution	—	35,975	—
Pool Participant Withdrawals	—	7,561,967	—
Transfers To Affiliated Systems	42,280	—	—
Trust Operating Expenses	—	—	35,302
Distributions and Benefit Payments	—	—	281,570
Administrative and General Expenses	16,541	—	20,579
Total Deductions	1,587,358	7,597,942	337,451
Change in Net Postion Restricted for:			
Pension Benefits	2,945,473	—	—
Other Postemployment Benefits	36,508	—	—
Defined Contributions	627,579	—	—
Pool Participants	—	533,735	—
Individuals, Organizations, and Other Governments	—	—	1,621,962
Net Position – Beginning	25,985,349	6,399,402	5,949,943
Net Postion – Ending	$ 29,594,909	$ 6,933,137	$ 7,571,905

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

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Component Unit Financial Statements

Utah Housing Corporation

The Corporation was created to provide an alternative source of funding for home mortgages, particularly for lower income families. It is funded entirely through the issuance of bonds that are repaid from the interest and principal payments made on mortgages.

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 206.

State of Utah

Combining Statement Of Net Position
Component Units

June 30, 2014 (Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 81,227	$ 65,974	$ 536,959	$ 57,195
Investments	321,809	25,828	602,423	25,505
Receivables:				
Accounts, net	—	35,571	328,829	52,937
Notes/Loans/Mortgages/Pledges, net	21,067	—	10,147	1,321
Accrued Interest	4,793	2,077	2,424	—
Due From Primary Government	—	—	—	—
Prepaid Items	—	11,737	—	2,195
Inventories	—	—	53,795	4,872
Other Assets	1,110	—	20,280	—
Total Current Assets	430,006	141,187	1,554,857	144,025
Noncurrent Assets:				
Restricted Investments	—	—	630,666	160,954
Restricted Receivables, net	—	—	—	28,313
Accounts Receivables, net	—	—	—	17,943
Investments	196,611	236,670	774,986	268,106
Notes/Loans/Mortgages/Pledges Receivables, net	940,157	—	54,775	11,192
Other Assets	10,827	—	39,623	222
Capital Assets (net of Accumulated Depreciation)	6,031	346	2,412,729	681,471
Total Noncurrent Assets	1,153,626	237,016	3,912,779	1,168,201
Total Assets	1,583,632	378,203	5,467,636	1,312,226
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	68,771	—	3,310	2,287
Fair Value of Interest Rate Swap Agreements	7,477	—	—	—
Total Deferred Outflows of Resources	76,248	0	3,310	2,287
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	27,200	6,898	210,591	44,444
Securities Lending Liability	—	24,611	—	—
Deposits	—	—	90,888	1,021
Due To Primary Government	—	—	26,473	7,251
Unearned Revenue	—	2,150	54,310	17,795
Current Portion of Long-term Liabilities (Note 10)	107,490	58,614	199,930	27,058
Total Current Liabilities	134,690	92,273	582,192	97,569
Noncurrent Liabilities:				
Accrued Liabilities	66,951	3,916	—	2,241
Unearned Revenue	5,138	—	—	—
Deposits	—	—	14,740	—
Long-term Liabilities (Note 10)	1,198,810	66,149	759,699	153,828
Total Noncurrent Liabilities	1,270,899	70,065	774,439	156,069
Total Liabilities	1,405,589	162,338	1,356,631	253,638
DEFERRED INFLOWS OF RESOURCES				
Fair Value of Interest Rate Swap Agreements	9,804	—	—	—
Total Deferred Inflows of Resources	9,804	0	0	0
NET POSITION				
Net Investment in Capital Assets	6,031	346	1,633,385	560,711
Restricted for:				
Nonexpendable:				
Higher Education	—	—	501,907	118,222
Expendable:				
Higher Education	—	—	520,822	235,684
Debt Service	161,835	—	—	—
Insurance Plans	—	215,519	—	—
Other	—	—	—	—
Unrestricted	76,621	—	1,458,201	146,258
Total Net Position	$ 244,487	$ 215,865	$ 4,114,315	$ 1,060,875

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

Nonmajor Component Units	Total
$ 242,435	$ 983,790
37,402	1,012,967
39,745	457,082
9,090	41,625
219	9,513
121	121
5,526	19,458
13,860	72,527
498	21,888
348,896	2,618,971
84,464	876,084
—	28,313
16,820	34,763
327,751	1,804,124
30,912	1,037,036
5,637	56,309
1,384,358	4,484,935
1,849,942	8,321,564
2,198,838	10,940,535
682	75,050
—	7,477
682	82,527
53,786	342,919
—	24,611
3,454	95,363
4,348	38,072
34,545	108,800
26,379	419,471
122,512	1,029,236
—	73,108
1,519	6,657
50	14,790
217,430	2,395,916
218,999	2,490,471
341,511	3,519,707
—	9,804
0	9,804
1,180,284	3,380,757
153,210	773,339
156,762	913,268
—	161,835
—	215,519
705	705
367,048	2,048,128
$ 1,858,009	$ 7,493,551

Combining Statement Of Activities
Component Units

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University
Expenses	$ 72,160	$ 255,111	$ 3,451,261	$ 598,879
Program Revenues:				
Charges for Services:				
Tuition and Fees	—	—	343,569	174,517
Scholarship Allowances	—	—	(52,385)	(64,753)
Sales, Services, and Other Revenues (net of University of Utah patient services allowance of $87,387)	86,413	265,290	2,467,492	83,387
Operating Grants and Contributions	—	10,559	583,145	270,154
Capital Grants and Contributions	—	—	33,291	25,845
Total Program Revenues	86,413	275,849	3,375,112	489,150
Net (Expenses) Revenues	14,253	20,738	(76,149)	(109,729)
General Revenues:				
State Appropriations	—	—	273,839	172,237
Unrestricted Investment Income	—	—	—	—
Permanent Endowments Contributions	—	—	16,901	4,252
Total General Revenues	0	0	290,740	176,489
Change in Net Position	14,253	20,738	214,591	66,760
Net Position – Beginning	241,651	195,127	3,899,724	1,013,388
Adjustment to Beginning Net Position	(11,417)	—	—	(19,273)
Net Position – Beginning as Adjusted	230,234	195,127	3,899,724	994,115
Net Position – Ending	$ 244,487	$ 215,865	$ 4,114,315	$ 1,060,875

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

Nonmajor Component Units	Total
$ 1,111,104	$ 5,488,515
452,703	970,789
(108,711)	(225,849)
128,768	3,031,350
286,032	1,149,890
82,861	141,997
841,653	5,068,177
(269,451)	(420,338)
374,817	820,893
89	89
5,044	26,197
379,950	847,179
110,499	426,841
1,747,510	7,097,400
—	(30,690)
1,747,510	7,066,710
$ 1,858,009	$ 7,493,551

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. 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 reporting entity includes the "primary government" and its "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 component units are legally separate organizations for which the State's elected officials are financially accountable.

The Governmental Accounting Standards Board (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, 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 component units issue their own separate 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, a 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 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 component units, subject in most cases with consent from the Senate. The Utah Housing Corporation 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 issue low-income housing tax credits. The other 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 and 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 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:

Utah Housing Corporation — The Corporation issues bonds to provide capital for housing and home mortgages, especially for low and moderate-income families. Operations are financed from bond proceeds and from mortgage and investment interest and fees.

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. The reporting period for this program was changed from a fiscal year ending June 30 to a calendar year. The accompanying financial statements include a 6 month time period for the program from July 1, 2013 to December 31, 2013, in order to transition to the new reporting period. Their report, dated May 6, 2014, has been previously issued under separate cover.

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

The State's nonmajor discrete component units are:

Comprehensive Health Insurance Pool — The 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 are considered uninsurable. Enrollment in and coverage provided by the Pool terminated December 31, 2013 as all enrollees transitioned to the Utah Federal Facilitated Marketplace effective January 1, 2014. All benefit claims must be submitted no later than December 31, 2014, with all claims paid by January 31, 2015. It is anticipated that the 2015 Utah Legislature will pass legislation to authorize the dissolution of the Comprehensive Health Insurance Pool.

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 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 — The 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 — The 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 — The 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 fund is a non-profit, self-supporting agency 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.

B. **Government-wide and Fund Financial Statements**

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities report information on all nonfiduciary activities of the primary government and its component units. Primary government activities are distinguished between *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other 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 payments of interest to be made early in the following year. Also, expenditures and related liabilities for compensated absences, postemployment benefits, and claims and judgments are recorded only to the extent they have matured (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 within 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 interest and principal 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 nonoperating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as subsidies and investment earnings, are reported as nonoperating.

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**. This fund 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.

Nonmajor 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) is discontinuing operations since enrollees in this temporary high-risk health insurance pool program transitioned under Section 1101 of the Patient Protection and Affordable Care Act. The Pool will continue to reimburse claims incurred by June 30, 2013 and received by June 30, 2014 as well as for any administrative costs incurred during the contract close-out period.

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.

Component Unit Financial Statements

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component unit's column of the government-wide statements. The 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 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), Utah Dairy Commission, and the Federal Health Insurance Pool (nonmajor enterprise fund), which have fiscal years ending December 31.

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

Cash and Cash Equivalents and Investments

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

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

Investments (including cash equivalents) are under the control of the State Treasurer or other administrative bodies as determined by law. In certain instances, investments may be restricted by law or other legal instruments. Investments are presented at fair value. 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 Utah Retirement Systems' (pension trust and defined contribution plans) mortgages are valued on an amortized cost basis which approximates fair value, and the fair value of real estate investments 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 proprietary 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. Utah Housing Corporation (major discrete component unit) enters into various rate swap contracts as part of its overall funding strategy. The Corporation sells variable rate bonds, although to manage the inherent interest rate risk associated with variable rate debt, it enters into pay fixed, receive variable interest rate swap contracts. 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 and Prepaid Items

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.

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 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 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 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 compensated absences, claim or settlement obligations, pollution remediation obligations, general obligation bonds, and lease revenue bonds, which have been incurred but not financed, 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, 2014, there was no liability for yield reduction payments or for non-purpose interest arbitrage rebate in the Student Assistance Programs (major enterprise fund).

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

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. Employees who have a sick leave balance in excess of 144 hours at the beginning of a calendar year are eligible to "convert" up to 40 hours of sick leave if less than that amount is used during the year. Employees may use converted sick leave in place of vacation leave. Any unused vacation leave and converted sick is paid to employees upon termination. Beginning January 1, 2014, excess sick leave balances can no longer be converted. 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.

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 from an irrevocable trust. Only governors and legislators (elected official) that 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 component units and from the primary government's policies, but usually vacation leave is expended when earned and sick leave is expended when used.

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 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. Commodities revenue and expenditures are valued at their federally reported value. Commodity inventories at yearend are immaterial. For the fiscal year ended June 30, 2014, the State reported revenue and expenditures of $24.265 million for commodities in the General Fund, and $18.247 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 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. One half 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.

Retirement and Employee Benefit Costs

Most state employees participate in a defined benefit pension plan and/or defined contribution plan administered by Utah Retirement Systems. Contributions collected for the pension plans and contribution plans and the retirement benefits paid are accounted for in the Pension and Other Employee Benefit Trust Funds. All costs for pension, health, and federal social security contributions are reported as expenditures in the appropriate function in governmental fund types or as expenses in applicable proprietary fund types. Pension and other benefit costs are recognized in the fiscal year in which the underlying payroll cost is incurred.

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.

H. Future Changes in Accounting Standards

The governmental Accounting Standards Board (GASB) issued Statement No. 68, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27,* effective for fiscal year 2015. This new accounting and reporting standard will impact the State's measurement and recognition of liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures in government-wide and fund financial statements.

This new accounting standard will require the State to record a liability in the government-wide statements equal to the State's total Net Pension Liability (NPL) for the State's Public Safety agent system, the Judges Retirement System, and the Governors' and Legislative Pension plan in addition to the State's proportionate share of the following cost-sharing retirement systems; the Noncontributory Retirement System, the Contributory Retirement System, the Firefighters Retirement System, the Tier 2 Public Employees System, and the Tier 2 Public Safety and Firefighters System. It is difficult to estimate the fiscal year 2015 NPL. The NPL can be volatile due to changes in actuarial estimates and the actual investment returns. The State's combined unaudited NPL for the applicable plans at December 31, 2013 was $941.655 million based on a discount rate of 7.5 percent. The recording of the NPL in fiscal year 2015 will reduce the State's unrestricted net position in the government-wide statements when the liability is recorded.

NOTE 2. BEGINNING NET POSITION ADJUSTMENTS AND OTHER CHANGES

For the fiscal year ended June 30, 2014, the State implemented the following new accounting standards issued by the Governmental Account Standards Board (GASB):

GASB Statement 65, *Items Previously Reported as Assets and Liabilities.*

GASB Statement 67, *Financial Reporting for Pension Plans.*

GASB Statement 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees.*

GASB Statement 65 – This statement establishes accounting and financial reporting standards that reclassify certain items previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, this Statement amended the financial statement element classification of certain items previously reported as assets and liabilities. As a result of implementing this Statement, presentation and terminology changes were made to the fund financial statements and government-wide statements as necessary in addition to the immediate recognition of certain elements.

In implementing Statement 65, $9.47 million in debt issuance costs, previously reported as assets and amortized, were immediately recognized in the current reporting period. In addition, $114.139 million, previously reported as liabilities, was reclassified in the current year as deferred inflows of resources on the fund financial statements and immediately recognized on the government-wide statements. As a result, a net prior period adjustment of $104.669 million was made to beginning net position to increase governmental activities on the government-wide Statement of Activities.

The Student Assistance Programs (major enterprise fund) implemented Statement 65 resulting in the immediate recognition (expense) of $10.2 million of unamortized loan origination fees, $6.7 million of transfer fees, and $17.6 million of debt issuance costs. As a result, a prior period adjustment of $34.55 million was made to beginning net position to decrease business-type activities on the government-wide Statement of Activities and on the Statement of Revenues, Expenses, and Changes in Fund Net Position.

Utah Housing Corporation (major discrete component unit) implemented Statement 65 resulting in the immediate recognition (expense) of debt issuance costs. As a result, a prior period adjustment of $11.417 million was made to reduce the beginning net position of component unit activities reported on the government-wide Statement of Activities and the Combining Statement of Activities – Component Units.

Utah State University (major discrete component unit) implemented Statement 65 resulting in the immediate recognition (expense) of debt issuance costs. As a result, a prior period adjustment of $1.055 million was made to reduce the beginning net position of component unit activities reported on the government-wide Statement of Activities and the Combining Statement of Activities – Component Units.

The disclosures related to deferred outflows and deferred inflows of resources are reflected in the fund financial statements and in Note 11 for government-wide financial statements.

GASB Statement 67 – This statement was implemented by Utah Retirement Systems (pension trust and defined contribution plans) for their year ended December 31, 2013. This Statement requires changes in presentation of the financial statements, notes to the financial statements, and required supplementary information for pension plans. It also requires more comprehensive footnote disclosure regarding the pension liability, the sensitivity of the net pension liability to the discount rate, and increased investment activity disclosures. The implementation of this Statement did not significantly impact the accounting for accounts receivable and investment balances for pension plans. The total pension liability, determined in accordance with GASB Statement 67 (for groups of systems and plans covering substantially all employees of the State, public education, and other political subdivisions of the State), is presented in Note 17.

GASB Statement 70 – This statement requires additional disclosures concerning a government's obligations and risk exposure from extending nonexchange financial guarantees. In part, this Statement requires a government (guarantor) to recognize a liability when qualitative factors and historical data indicate that it is more likely than not the guarantor will be required to make a payment on the nonexchange financial guarantee. Under the Utah School Bond Guaranty Act, the State of Utah is the guarantor on behalf of bonds issued by qualifying local school boards. To date, the State has not made any payments on behalf of the local school boards and does not anticipate any payments in the future. See Note 15 for additional information on the Utah School Bond Guaranty Act.

All applicable provisions of these new statements have been incorporated into the financial statements and notes.

Other Adjustments and Changes

In evaluating and refining the process used for measuring and recording revenues and receivables for various tax types, a prior period adjustment was made on the Statement of Revenues, Expenditures, and Changes in Fund Balances to increase beginning fund balance in the General Fund (major governmental fund) by $30.682 million, Transportation Fund (major governmental fund) by $951 thousand, and the Transportation Investment Fund (major governmental fund) by $4.918 million. In addition, a related prior period adjustment was made to increase beginning net position of governmental activities by $36.551 million on the Statement of Activities.

As a result of legislation, cash and receivable balances, related to loans were moved (expended) from the Combining Statement of Net Position – Petroleum Storage Tank Loan Fund (nonmajor enterprise fund), and recorded in the Combining Statement of Fiduciary Net Position – Petroleum Storage Tank Trust Fund (private purpose trust fund) on June 30, 2014. The Petroleum Storage Tank Loan Fund will be dissolved July 1, 2014.

The Public Employees Health Program (major discrete component unit) changed fiscal year ends from June 30 to December 31. Accordingly, the activity presented is for the six months from July 1, 2013 to December 31, 2013.

Utah State University (major discrete component unit) increased the minimum capitalization levels of various capital assets. Capital assets recorded in prior years that were capitalized below the increased minimum capitalization levels were written off. The beginning balance of capital asset costs decreased along with the beginning balance of associated accumulated depreciation. The net effect of this restatement reduced the beginning net position by $16.315 million. In addition, the University had recorded funds held in trust by others in prior years. Funds held in trust by external fiscal agents are currently neither in the possession of nor under the management of the University. As a result, a prior period adjustment of $1.903 million was made to reduce the beginning net position. A total net prior period adjustment of $18.218 million was made to reduce the beginning net position of component unit activities reported on the government-wide Statement of Activities and the Combining Statement of Activities – Component Units.

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 Utah Housing Corporation, 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, 2014, were $1.127 billion. These deposits are exposed to custodial credit risk as follows:

- $374.773 million were exposed to custodial credit risk as uninsured and uncollateralized.
- Exposure to custodial credit risk cannot be determined for $738.26 million of the primary government deposits which are in FDIC-insured accounts are held in trust by UESP at Sallie Mae Bank and U.S. Bank (collectively "Banks"). Contributions to and earnings on the FDIC-Insured accounts are allocated between the Banks according to the following percentages: Sallie Mae Bank (90 percent) and U.S. Bank (10 percent). 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, 2014, 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.

Primary Government Investments
(except pension trust and defined contribution plans)
At June 30, 2014
(Expressed in Thousands)

		Investment Maturities (in years)			
Investment Type	**Fair Value**	**Less Than 1**	**1–5**	**6–10**	**More Than 10**
Debt Securities					
U.S. Treasuries	$ 8,490	$ 8,490	$ —	$ —	$ —
U.S. Agencies	15,890	—	14,605	1,285	—
Corporate Debt	9,264,052	9,088,069	175,983	—	—
Negotiable Certificates of Deposit	461,097	461,097	—	—	—
Money Market Mutual Funds	577,040	577,040	—	—	—
Municipal/Public Bonds	2,750	—	—	750	2,000
Commercial Paper	947,139	947,139	—	—	—
Bond Mutual Funds	2,357,814	—	1,395,337	962,477	—
Total Debt Securities Investments	13,634,272	$11,081,835	$ 1,585,925	$ 964,512	$ 2,000
Other Investments					
Equity Securities	1,068				
Equity Mutual Funds Securities:					
Domestic	5,199,378				
International	1,329,903				
U.S. Unemployment Trust Pool	730,359				
Real Estate Held for Investment Purposes	225,502				
Real Estate Joint Ventures	7,482				
Component Units Investment in Primary Government's Investment Pool	(693,547)				
Total Investments	$20,434,417				

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) – $4.006 billion, 59.5 percent, in domestic equity mutual fund securities; $1.687 billion, 25.1 percent, in bond mutual funds; $947.694 million, 14.1 percent, in international equity mutual fund securities; and $90.016 million, 1.3 percent, in the Utah Public Treasurers' Investment Fund.
- Trust Lands (permanent fund) – $941.553 million, 47 percent, in domestic equity mutual fund securities; $426.507 million, 21.3 percent, in bond mutual funds; $382.209 million, 19.1 percent, in international equity mutual fund securities; $231.792 million, 11.5 percent in real estate; and $23.373 million, 1.1 percent, in the Utah Public Treasurers' Investment Fund.
- State Post-Retirement Benefits Trusts (pension and other employee benefit trust funds) – $124.42 million, 60 percent, in bond mutual funds; $80.052 million, 38.5 percent, in domestic equity mutual fund securities; and $3.26 million, 1.5 percent, in the Utah Public Treasurers' Investment Fund.

- State Endowment Fund (special revenue fund) – $101.311 million, 63.5 percent, in domestic equity mutual fund securities; $53.856 million, 33.8 percent, in bond mutual funds; and $4.259 million, 2.7 percent, in the Utah Public Treasurers' Investment Fund.
- Student Assistance Programs (major enterprise fund) – $70.102 million, 33.7 percent, in domestic equity mutual fund securities; and $138.018 million, 66.3 percent, in the Utah Public Treasurers' Investment Fund.

Utah Retirement Systems
(pension trust and defined contribution plans)
Investments at Fair Value
At December 31, 2013
(Expressed in Thousands)

Investment Type	Defined Benefit	Defined Contribution	Total All Systems and Plans
Short-term Securities Pools	$ 1,711,194	$ 14,662	$ 1,725,856
Debt Securities – Domestic	2,161,114	1,491,035	3,652,149
Debt Securities – International	1,002,595	111,185	1,113,780
Equity Securities – Domestic	4,218,554	2,085,555	6,304,109
Equity Securities – International	4,446,334	434,434	4,880,768
Absolute Return	4,298,264	—	4,298,264
Alternative Investments (Venture Capital)	2,839,908	—	2,839,908
Real Assets	3,147,036	57,268	3,204,304
Investments Held by Broker-dealers under Securities Lending Program:			
Debt Securities – Domestic	836,470	—	836,470
Debt Securities – International	93,940	—	93,940
Equity Securities – Domestic	500,314	—	500,314
Equity Securities – International	509,419	—	509,419
Total Investments	25,765,142	4,194,139	29,959,281
Securities Lending Collateral Pool	2,005,347	—	2,005,347
Total Investments	$ 27,770,489	$ 4,194,139	$ 31,964,628

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 15 months or less. 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 US 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, 2013, was 4.16 – 6.94 for domestic debt securities, 4.64 – 7.74 for global debt securities, and 8.67 – 13.01 for inflation-linked debt securities. The URS compares an investment's effective duration against the Barclays Capital Global Aggregate Index ex-U.S. (unhedged) for international debt securities and the Barclays Capital US Intermediate Government/Credit Index for domestic debt securities. The index range as of December 31, 2013, was 5.33 – 8.00 for international debt securities and 2.93 – 4.88 for domestic debt securities. At December 31, 2013, no individual debt security investment manager's portfolio was outside of the policy guidelines. At December 31, 2013, 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, Domestic
At December 31, 2013
(Expressed in Thousands)

	Defined Benefit Plans		Defined Contribution Plans		Total
Investment	**Fair Value**	**Effective Weighted Duration**	**Fair Value**	**Effective Weighted Duration**	**All Systems and Plans**
Asset-backed Securities	$ 213,553	1.37	$ 75,862	0.56	$ 289,415
Collateral Held Elsewhere	1,075	NA	5,646	—	6,721
Commercial Mortgage-backed	124,322	3.17	126,897	1.82	251,219
Corporate Bonds	512,716	5.28	476,975	4.82	989,691
Corporate Convertible Bonds	4,977	2.25	—	—	4,977
Fixed Income Derivatives – Options	218	NA	—	—	218
Government Agencies	61,620	5.65	130,712	3.29	192,332
Government Bonds	800,952	5.81	40,421	0.75	841,373
Government Mortgage-backed Securities	919,819	4.59	356,287	3.03	1,276,106
Gov't Issued Commercial Mortgage-backed	14,026	5.86	—	—	14,026
Index Linked Government Bonds	280,725	10.53	—	—	280,725
Municipal/Provincial Bonds	3,732	14.77	36,385	9.85	40,117
Non-government Backed C.M.O.s	58,517	3.98	—	—	58,517
Obligation to return cash collateral held	(4,155)	NA	—	—	(4,155)
Other Fixed Income	3,848	NA	241,850	NA	245,698
Other Options	5,174	NA	—	—	5,174
Swap Liabilities	(3,535)	NA	—	—	(3,535)
Total Debt Securities Investments, Domestic	$ 2,997,584	5.47	$ 1,491,035	3.00	$ 4,488,619

Utah Retirement Systems
(pension trust and defined contribution plans)
Debt Securities Investments, International
At December 31, 2013
(Expressed in Thousands)

	Defined Benefit Plans		Defined Contribution Plans		
	Fair Value	**Effective Weighted Duration**	**Fair Value**	**Effective Weighted Duration**	**All Systems and Plans**
Asset Backed Securities	$ 3,181	6.82	$ 2,630	1.12	$ 5,811
Cash and cash equivalent futures	—	—	3,437	—	3,437
Commercial Mortgage–backed	608	NA	3,239	4.67	3,847
Corporate Bonds	274,706	3.85	23,906	4.91	298,612
Corporate Convertible Bonds	1,458	NA	—	—	1,458
Fixed Income Derivative – Options	16	NA	11	—	27
Government Agencies	30,069	3.31	1,766	4.90	31,835
Government Bonds	260,810	5.07	31,276	7.88	292,086
Index Linked Government Bonds	507,411	11.00	40,481	10.42	547,892
Municipal/Provincial Bonds	9,975	7.27	3,439	6.20	13,414
Non-government Backed C.M.O.s	8,301	NA	386	—	8,687
Other Options	—	—	42	—	42
Short Term Bills and Notes	—	—	810	—	810
Other Liabilities	—	—	(238)	—	(238)
Total	$ 1,096,535	7.53	$ 111,185	7.81	$ 1,207,720

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, 2014, 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" met the investment criteria at the time of purchase.

Primary Government Rated Debt Investments
(except pension trust and defined contribution plans)
At June 30, 2014
(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
U.S. Agencies	$ 15,890	$ —	$ 15,890	$ —	$ —
Corporate Debt	$ 9,264,052	$ 25,020	$ 1,336,144	$ 6,056,909	$ 1,845,979
Negotiable Certificates of Deposit	$ 461,097	$ —	$ 116,063	$ 344,767	$ —
Money Market Mutual Funds	$ 577,040	$ 2,040	$ —	$ —	$ —
Municipal/Public Bonds	$ 2,750	$ 2,750	$ —	$ —	$ —
Commercial Paper	$ 947,139	$ —	$ —	$ —	$ —
Bond Mutual Funds	$ 2,357,814	$ —	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings A1 *	A2 *	Unrated
U.S. Agencies	$ —	$ —	$ —
Corporate Debt	$ —	$ —	$ —
Negotiable Certificates of Deposit	$ —	$ —	$ 267
Money Market Mutual Funds	$ —	$ —	$ 575,000
Municipal/Public Bonds	$ —	$ —	$ —
Commercial Paper	$ 571,431	$ 375,708	$ —
Bond Mutual Funds	$ —	$ —	$ 2,357,814

***** 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 shall have on average an investment grade rating.

The weighted quality rating average of the domestic debt securities, excluding pooled investments, at December 31, 2013, is AAA and the fair value of below grade investments is $59.919 million or 1.99 percent of the domestic portfolio. The weighted quality rating average of the international debt securities investments, at December 31, 2013, is AA and the fair value of below grade investments is $55.27 million or 5.04 percent of the international portfolio.

The following table presents the URS credit risk ratings as of December 31, 2013:

Utah Retirement Systems
(pension trust and defined contribution plans)
Debt Securities Investments at Fair Value
At December 31, 2013
(Expressed in Thousands)

Quality Rating	Defined Benefit Plans Domestic	Defined Benefit Plans International	Defined Benefit Plans Total	Defined Contribution Plans Domestic	Defined Contribution Plans International	Defined Contribution Plans Total	Total All Systems and Plans
AAA	$ 1,107,239	$ 306,343	$ 1,413,582	$ 61,988	$ 23,743	$ 85,731	$ 1,499,313
AA+	84,949	308,755	393,704	184,637	14,972	199,609	593,313
AA	28,443	5,819	34,262	208,703	5,962	214,665	248,927
AA–	26,130	56,890	83,020	—	6,780	6,780	89,800
A+	39,097	10,614	49,711	11,080	2,006	13,086	62,797
A	103,188	58,820	162,008	9,273	3,117	12,390	174,398
A–	148,281	33,406	181,687	247,454	6,757	254,211	435,898
BBB+	89,682	22,778	112,460	34,713	1,763	36,476	148,936
BBB	58,815	180,144	238,959	72,059	17,420	89,479	328,438
BBB–	50,023	46,565	96,588	24,394	6,630	31,024	127,612
BB+	3,629	27,124	30,753	8,611	1,372	9,983	40,736
BB	10,926	8,211	19,137	16,208	1,639	17,847	36,984
BB–	14,414	15,553	29,967	3,262	910	4,172	34,139
B+	7,063	1,311	8,374	14,391	165	14,556	22,930
B	431	327	758	—	286	286	1,044
B–	9,966	—	9,966	—	—	—	9,966
CCC+	1,164	—	1,164	—	—	—	1,164
CCC	6,691	—	6,691	—	—	—	6,691
CCC–	2,841	—	2,841	—	—	—	2,841
CC	2,616	2,018	4,634	—	—	—	4,634
C	—	726	726	—	—	—	726
D	177	—	177	—	—	—	177
NR/NA	79,157	11,131	90,288	108,178	17,663	125,841	216,129
Total Credit Risk Debt Securities	1,874,922	1,096,535	2,971,457	1,004,951	111,185	1,116,136	4,087,593
U.S. Government and Agencies:							
Reconstruction Finance Corp — Not rated	21,962	—	21,962	—	—	—	21,962
Fed National Mortgage Assoc — Not rated	559,047	—	559,047	150,841	—	150,841	709,888
Fed Home Loan Mortgage Corp — Not rated	204,272	—	204,272	180,793	—	180,793	385,065
Gov't National Mortgage Assoc — Not rated	166,181	—	166,181	559	—	559	166,740
Other Government & Agencies — Not rated	171,200	—	171,200	153,891	—	153,891	325,091
Total Rated Government and Agencies	1,122,662	—	1,122,662	486,084	—	486,084	1,608,746
Total Debt Securities Investments	$ 2,997,584	$ 1,096,535	$ 4,094,119	$ 1,491,035	$ 111,185	$ 1,602,220	$ 5,696,339

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, 2014, 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.

At December 31, 2013, the URS investments were registered in the name of URS and held by their custodians; however, there is $29.936 million frictional cash and cash equivalents subject to custodial risk in foreign banks held in URS' name, but 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 $15.72 million of investments for which exposure to custodial credit risk could not be 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, 2014, 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, 2013, 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.

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 $947.694 million and the Trust Lands (permanent fund) has $382.209 million invested in international equity funds. As such, no foreign currency risk is presented.

The 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 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, 2013
(Expressed in Thousands)

	Defined Benefit Plans				Defined Contribution Plans			Total All Systems
Currency	**Short-Term**	**Equity**	**Debt**	**Total**	**Equity**	**Debt**	**Total**	**and Plans**
ADR* US dollar	$ —	$ 709,067	$ 265,590	$ 974,657	$ 4,971	$ 49,927	$ 54,898	$ 1,029,555
Australian dollar	2,526	172,333	15,120	189,979	23,010	(829)	22,181	212,160
Bahamian dollar	—	—	—	—	9	—	9	9
Bermuda – US dollar	—	—	—	—	1,597	—	1,597	1,597
Brazilian real	557	71,655	19,911	92,123	8,954	(83)	8,871	100,994
British pound sterling	4,957	763,632	250,762	1,019,351	65,329	7,678	73,007	1,092,358
Canadian dollar	2,185	252,341	29,874	284,400	30,846	1,210	32,056	316,456
Cayman Islands dollar	—	—	—	—	3,570	—	3,570	3,570
Chilean peso	63	12,567	717	13,347	1,350	(26)	1,324	14,671
Chinese yuan renminbi	—	—	—	—	11,724	—	11,724	11,724
Columbian peso	7	8,474	1,479	9,960	803	—	803	10,763
Congolese franc	—	—	—	—	8	—	8	8
Czech koruna	51	1,584	—	1,635	199	—	199	1,834
Danish krone	307	27,437	8,783	36,527	4,093	594	4,687	41,214
Egyptian pound	446	6,436	—	6,882	271	—	271	7,153
Euro	3,980	969,082	416,665	1,389,727	96,274	26,001	122,275	1,512,002
Gibraltar pounds	—	—	—	—	35	—	35	35
Hong Kong dollar	637	251,862	4,402	256,901	10,600	—	10,600	267,501
Hungarian forint	11	8,068	—	8,079	220	1,543	1,763	9,842
Indian rupee	488	75,094	—	75,582	5,450	—	5,450	81,032
Indonesian rupiah	279	15,479	—	15,758	2,066	—	2,066	17,824
Isle of Man pound	—	—	—	—	152	—	152	152
Japanese yen	4,923	698,065	24,404	727,392	66,699	16,415	83,114	810,506
Korean won	—	—	—	—	5	—	5	5
Malaysian ringgit	309	42,307	—	42,616	3,544	247	3,791	46,407
Mauritian rupee	—	—	—	—	62	—	62	62
Mexican peso	531	58,903	12,183	71,617	4,407	1,257	5,664	77,281
Moroccan dirham	13	1,638	—	1,651	—	—	—	1,651
New Israeli shekel	266	7,633	—	7,899	1,619	—	1,619	9,518
New Taiwan dollar	347	82,281	—	82,628	715	1,687	2,402	85,030
New Zealand dollar	920	3,977	2,771	7,668	—	(1,176)	(1,176)	6,492
Norwegian krone	52	24,854	4,450	29,356	2,584	439	3,023	32,379
Peruvian nuevo sol	10	700	—	710	59	—	59	769
Philippines peso	6	8,206	—	8,212	798	—	798	9,010
Polish zloty	683	10,599	—	11,282	1,501	4,246	5,747	17,029
Russian Federation ruble	31	—	—	31	4,816	—	4,816	4,847
Singaporean dollar	412	48,255	24,822	73,489	4,707	222	4,929	78,418
South African rand	229	50,280	—	50,509	6,568	429	6,997	57,506
South Korean won	117	131,452	—	131,569	14,124	—	14,124	145,693
Swedish krona	1,187	81,226	14,602	97,015	10,118	691	10,809	107,824
Swiss franc	654	323,420	—	324,074	25,939	713	26,652	350,726
Taiwanese new dollar	—	—	—	—	11,106	—	11,106	11,106
Thai baht	691	15,321	—	16,012	2,153	—	2,153	18,165
Turkish lira	50	15,238	—	15,288	1,379	—	1,379	16,667
United Arab Emirates dirham	31	6,287	—	6,318	—	—	—	6,318
Total Securities Subject to Foreign Currency Risk	$ 27,956	$4,955,753	$ 1,096,535	$ 6,080,244	$ 434,434	$ 111,185	$ 545,619	$ 6,625,863

* 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 component unit's deposits may not be recovered.

The 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 component units at June 30, 2014, were $129.178 million. Of these, $120.155 million were exposed to custodial credit risk as uninsured and uncollateralized.

Investments

The component units follow the applicable investing criteria described above for the primary government, with the exception of Utah Housing Corporation and Public Employees Health Program which are 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 component units' debt investments at June 30, 2014, are presented below:

Component Units Debt Securities Investments
At June 30, 2014
(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	$ 152,980	$ 85,358	$ 66,502	$ 1,048	$ 72	$ —
U.S. Agencies	1,433,829	520,764	488,809	150,854	216,499	56,903
Corporate Debt	340,458	73,164	197,031	49,975	18,614	1,674
Money Market Mutual Funds	619,416	619,416	—	—	—	—
Negotiable Certificates of Deposit	5,675	55	2,059	—	3,561	—
Municipal/Public Bonds	57,545	—	26,728	12,276	18,541	—
Repurchase Agreements	41,782	41,782	—	—	—	—
Guaranteed Investment Contracts	102,279	—	15,773	—	86,506	—
Bond Mutual Funds	273,959	43	55,466	216,092	2,358	—
Securities Lending Cash Collateral Pool	24,610	24,610	—	—	—	—
Utah Public Treasurers' Investment Fund	693,547	693,547	—	—	—	—
Total Debt Securities Investments	3,746,080	$ 2,058,739	$ 852,368	$ 430,245	$ 346,151	$ 58,577
Other Investments						
Equity Securities	39,049					
Equity Mutual Funds Securities:						
Domestic	106,911					
International	2,192					
Alternatives	17,140					
Total Investments	$ 3,911,372					

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 component units' policy for managing interest rate risk is the same as described above for the primary government.

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 component units' policy for reducing exposure to investment credit risk is the same as described above for the primary government. The component units' debt investments as of June 30, 2014, 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.

Component Units Rated Debt Investments
At June 30, 2014
(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
U.S. Agencies	$1,433,829	$ 624,782	$ 797,328	$ 1,347	$ —
Corporate Debt	$ 340,458	$ 2,654	$ 30,302	$ 176,321	$ 117,333
Money Market Mutual Funds	$ 619,416	$ 350,681	$ —	$ —	$ —
Negotiable Certificates of Deposit	$ 5,675	$ —	$ —	$ —	$ —
Municipal/Public Bonds	$ 57,545	$ 14,668	$ 18,352	$ 16,094	$ —
Guaranteed Investment Contracts	$ 102,279	$ —	$ —	$ —	$ —
Bond Mutual Funds	$ 273,959	$ —	$ 83,633	$ —	$ 888
Securities Lending Cash Collateral Pool	$ 24,610	$ —	$ —	$ —	$ —
Utah Public Treasurers' Investment Fund	$ 693,547	$ —	$ —	$ —	$ —
Repurchase Agreements – Underlying:					
U.S. Agencies	$ 41,782	$ —	$ 38,400	$ —	$ —

Continues Below

Debt Investments	Quality Ratings BB	B	CCC	Unrated
U.S. Agencies	$ —	$ —	$ —	$ 10,372
Corporate Debt	$ 7,946	$ 19	$ —	$ 5,883
Money Market Mutual Funds	$ —	$ —	$ —	$ 268,735
Negotiable Certificates of Deposit	$ —	$ —	$ —	$ 5,675
Municipal/Public Bonds	$ —	$ —	$ 572	$ 7,859
Guaranteed Investment Contracts	$ —	$ —	$ —	$ 102,279
Bond Mutual Funds	$ 1,058	$ 684	$ —	$ 187,696
Securities Lending Cash Collateral Pool	$ —	$ —	$ —	$ 24,610
Utah Public Treasurers' Investment Fund	$ —	$ —	$ —	$ 693,547
Repurchase Agreements – Underlying:				
U.S. Agencies	$ —	$ —	$ —	$ 3,382

Custodial Credit Risk — Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the 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 component units do not have a formal policy for custodial credit risk.

The various component units' investments at June 30, 2014, were held by the component unit or in the name of the component unit by the component unit's custodial bank or trustee, except the following which were uninsured, were not registered in the name of the component unit, and were held by (expressed in thousands):

Counterparty	
U.S. Treasuries	$ 135,146
Equity Securities – Domestic	$ 13,490
U.S. Agencies	$ 1,221,851
Corporate Debt	$ 90,970
Money Market Mutual Fund	$ 4,773
Negotiable Certificate of Deposit	$ 3,561
Municipal/Public Bonds	$ 23,767
Repurchase Agreements	$ 3,382
Counterparty's Trust Department or Agent	
U.S. Treasuries	$ 4,822
U.S. Agencies	$ 20,042
Corporate Debt	$ 57,162
Municipal/Public Bonds	$ 4,428
Bond Mutual Funds	$ 3,747

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 Utah Housing Corporation and Public Employees Health Program, the 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 (Rule 541) or separate endowment investment policies which have been approved by their Board of Trustees and by the Board of Regents.

The Utah Housing Corporation places no limit on the amount the Corporation may invest in any one issuer. More than 5 percent of the Corporation's investments are in the Nataxis (CDC) Guaranteed Investment Contracts (GICs), and Trinity investments GICs and Ginnie Mae (GNMA) investments. These investments are 8.7 percent, 8 percent, and 11.8 percent, respectively, of the Corporation's total investments at yearend.

Public Employees Health Program'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 Wells Fargo Cash Investment Select Management Fund. These investments represent 28.5 percent, 6.1 percent, and 10.2 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 13.95 percent, 11.8 percent, and 11.57 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 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 Public Employees Health Program (PEHP) (major discrete component unit) participate in security lending programs as authorized by their Boards. Under these programs, securities are transferred to an independent broker or dealer in exchange for collateral in the form of cash, government securities, and irrevocable bank letters of credit equal to approximately 102 percent of the market value of the domestic securities on loan (respectively for URS and PEHP) and 106 percent of the market value of the international securities on loan (URS only), 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 $1.94 billion and $24.086 million, respectively, and the collateral received for those securities on loan was $2.005 billion and $24.611 million, respectively. 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. 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, 2013, 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 or losses in the Statement of Changes in Fiduciary Net Position. At December 31, 2013, and December 31, 2012, 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	
	2013	**2012**	**2013**	**2012**
Cash and Cash Equivalent				
Long	$ 202,857	$ —	$ —	$ —
Short	(200,839)	—	(96)	—
Equity				
Long	27,778	664,243	—	24,189
Short	(85,035)	—	—	—
Fixed Income				
Long	273,121	299,658	—	23,449
Short	(155,524)	(511,298)	(2,122)	(22,234)
Total Futures	$ 62,358	$ 452,603	$ (2,218)	$ 25,404

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, 2013, and December 31, 2012, 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	
	2013	**2012**	**2013**	**2012**
Cash and Cash Equivalent				
Call	$ (87)	$ —	$ (7)	$ 95
Put	(276)	—	6	50
Equity				
Call	—	—	—	—
Put	(78)	—	—	—
Fixed Income				
Call	—	13	1	1
Put	234	315	10	2
Swaptions				
Call	1,062	(2,514)	13	39
Put	4,112	77	29	120
Total Options	$ 4,967	$ (2,109)	$ 52	$ 307

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, 2013, and December 31, 2012, URS investments included the following currency forwards balances (expressed in thousands):

Currency Forwards	**2013 Fair Value**	**2012 Fair Value**
Forwards Subject to Foreign Currency Risk (pending foreign exchange sales):		
Defined Benefit Plans	$ (11,049)	$ (5,054)
Defined Contribution Plans	(776)	(442)
Total Currency Forwards	$ (11,825)	$ (5,496)

URS has entered into various credit default and interest rate swap agreements in an attempt to manage their exposure to inflation, credit and interest rate risk. Interest rate 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. Most of the interest rate swaps were purchased in connection with variable real estate debt. Those 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, 2013, Credit Suisse International swaps had collateral held for $500 thousand. Deutsche Bank securities swaps had collateral held for $1.6 million, and Goldman Sachs Bank had collateral held for $2.42 million. 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, 2013, and December 31, 2012, 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, 2013
(Expressed in Thousands)

	Outstanding Notional Amount*	**URS Rate**	**Counterparty Rate**	**Maturity Date**	**2013 Fair Value**	**2012 Fair Value**
Real Estate Portfolio Interest Rate Swaps:****	$ 573,602	4.31 % – 5.46 %	One Month LIBOR**	2014 – 2021	$ (56,839)	$ (89,265)
Fixed Income Portfolio Interest Rate Swaps:	$ 708,839	0.38 % – 4.56 %	Three Month LIBOR**	2014 – 2043	$ 213	$ (230)
	258,800	Three Month LIBOR**	0.65 % – 4.56 %	2016 – 2043	690	(75)
	92,100	Six Month EURIBOR***	1.67 % – 1.91 % (EUR)	2016 – 2043	52	140
	7,720	BBR	3.55 %	2015	(10)	—
	3,500	NA	5.00 %	2017 – 2018	(2)	(4)
Total Fixed Income Interest Rate Swaps	$1,070,959				$ 943	$ (169)

* Base used to calculate interest
** London Interbank Offered Rate (LIBOR)
*** Euro Interbank Offered Rate (EURIBOR)
**** The $573.602 million includes $75.14 million of Real Estate Portfolio Swaps that expired in 2013

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, 2013, if all counterparties fail to perform as contracted is $26.435 million. The maximum exposure is reduced by $89.092 million of liabilities, resulting in no net exposure to credit risk. Credit ratings for the wrap contracts associated with the Synthetic Guaranteed Investment Contracts are noted below. At December 31, 2013, the counterparties' credit ratings for currency forwards, options, and swaps are subject to credit risk as shown in the table below.

Utah Retirement Systems
(pension trust and defined contribution plans)
Credit Risk Derivatives at Fair Value
At December 31, 2013
(Expressed in Thousands)

Quality Rating	Forwards	Options	Swaps	Total
AA–	$ 1,067	$ —	$ (2,355)	$ (1,288)
A+	593	—	716	1,309
A	(13,420)	4,879	—	(8,541)
A–	(65)	—	(54,257)	(54,322)
N/A	—	140	—	140
Total	$ (11,825)	$ 5,019	$ (55,896)	$ (62,702)

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, 2013, is $882.715 million and the market value is $900.533 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, 2013
(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	$ 43,099	$ 43,441	$ 17,942	$ 18,552	$ 18,390	$ 18,923	$ 79,431	$ 80,916
Agencies	16,863	16,997	8,847	9,148	10,393	10,694	36,103	36,839
Corporates	123,476	124,455	87,269	90,236	69,208	71,217	279,953	285,908
Mortgage Backed Securities	102,376	66,951	43,154	44,621	46,652	48,007	192,182	159,579
Treasuries	46,566	85,544	46,899	48,494	41,300	42,499	134,765	176,537
Commercial Mortgage Backed Securities	86,669	87,356	38,249	39,550	19,994	20,574	144,912	147,480
Cash	8,945	9,016	4,091	4,230	2,333	2,401	15,369	15,647
Total	$ 427,994	$ 433,760	$ 246,451	$ 254,831	$ 208,270	$ 214,315	$ 882,715	$ 902,906

Utah Retirement Systems
(pension trust and defined contribution plans)
Wrap Contracts
At December 31, 2013
(Expressed in Thousands)

	Fair Value	Market Value	Rate	Duration	Quality Ratings
Issued Wrap Contracts	$ 882,715	$ 900,533	1.56 % – 2.88 %	1.58 – 3.43	A+ – AA-
Repurchase	11,779	11,779			
Total	$ 894,494	$ 912,312			

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, 2014	Fair Value at June 30, 2013	Change in Fair Value
Interest Rate Exchange	$ 18,308	$ 18,625	$ (317)

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, 2014.

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.

Utah Housing Corporation

The following are disclosures for derivative financial instruments held by Utah Housing Corporation (major discrete component unit).

Objective — In order to protect against the potential of rising interest rates on its variable rate debt, the Corporation has entered into 70 separate pay-fixed, receive-variable interest rate swaps as of June 30, 2014. More detailed information about each swap is included in the Corporation's separately issued financial statements.

Terms, Fair Values, and Credit Risk — The terms, including the fair values of the outstanding swaps as of June 30, 2014, are summarized below. The notional amounts of the swaps matched the principal amounts of the associated debt at the time of issuance. Except as discussed under rollover risk, the Corporation's swap agreements contain scheduled reductions to outstanding notional amounts that are expected to approximately follow scheduled or anticipated reductions in the associated bonds payable category.

Utah Housing Corporation
Interest Rate Swap Agreements
At June 30, 2014
(Expressed in Thousands)

Outstanding Notional Amount	Effective Dates	Fixed Rate Paid by the Corporation	Variable Rate Received from Counterparty	Fair Values	Swap Termination Dates
$ 289,345	2008	3.94 % – 5.61 %	SIFMA* plus 0.27 %	$ (30,468)	2022 – 2029
9,235	2008	5.06 % – 7.47 %	LIBOR** plus 0.15 %	(851)	2016 – 2020
8,530	2008	5.31 % – 5.55 %	LIBOR** plus 0.01 %	(775)	2016
218,165	2012	3.48 % – 4.59 %	LIBOR**	(25,713)	2021 – 2030
65,965	2013	4.01 % – 4.35 %	LIBOR**	(7,979)	2026 – 2032
$ 591,240				$ (65,786)	

* Securities Industry and Financial Markets Association
** London Interbank Offered Rate

Fair Values — The fair values of swaps are a function of market interest rates and the remaining term on the swap contracts. The fair values of the swap contracts were estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps. The Corporation has recorded the fair market value of its derivative investments on the financial statements and has evaluated and measured their effectiveness. All of the Corporation's derivative instruments were deemed to be effective, and the Corporation has deferred the changes in fair value for these derivatives and has reported them as deferred outflow and deferred inflow of resources. The derivative instrument swap liability in the amount of $65.786 million as of June 30, 2014, compared to $76.733 million in the prior year, resulting in an overall change in fair value of $10.947 million.

Credit Risk —The Corporation's swap contracts do not require it to post collateral at any time. The Corporation believes that the high credit rating of the counter parties will mitigate most credit risk associated with the derivatives' fair value in the event that the derivative instruments have a positive fair value

Basis Risk — The Corporation's tax-exempt variable-rate bond coupon payments have historically been substantially the same as the SIFMA rate. Its taxable variable-rate bond coupon payments have historically been substantially the same as the LIBOR rate. At June 30, 2014, the weighted average interest rate on Corporation's variable-rate hedged debt is 0.53 percent, while the SIFMA swap index is 0.06 percent and the one month LIBOR is 0.15 percent. As the interest rate swaps pay a variable rate based on the SIFMA rate (tax-exempt debt), or the LIBOR rate (taxable debt), the Corporation therefore has limited exposure to basis risk except as disclosed under the Cross-over Risk.

Cross-over Risk — Thirty-one of the Corporation's SIFMA based swaps are exposed to additional basis risk if the LIBOR rate is 3.5 percent or greater and in some cases 4 percent or greater. When the LIBOR rate is greater than 3.5 percent or 4 percent, the counterparty will pay the Corporation 68 percent of the LIBOR rate, rather than the SIFMA rate. Historically, on average, 68 percent of the LIBOR rate has been substantially the same as the Corporation's tax-exempt variable-rate bond coupon payments. However, this relationship has been subject to more basis risk than the relationship between SIFMA and the Corporations tax-exempt variable-rate bond payments.

Termination Risk — The Corporation or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the contract. In addition, the Corporation has the option to terminate at any time at market rates (i.e., fair value adjusted for the counterparty's transaction costs).

Rollover Risk — The Corporation is exposed to rollover risk on swaps that mature or may be terminated prior to the maturity of the associated debt. When these swaps terminate, or in the case of the termination option, the Corporation will not realize the synthetic rate offered by the swaps on the underlying debt issues. As of June 30, 2014, the Corporation's swap termination dates ranged from 0 to 20 years prior to the maturity dates of the associated debt.

Utah Housing Corporation
Forward Sales Contract Derivatives and
Credit Risk at Fair Value for GNMA securities
At June 30, 2014
(Expressed in Thousands)

	Par	Exposure Percentage	Original Premium	Yearend Premium	Fair Value
	$ 20,000	26	$ 20,800	$ 20,941	$ (141)
	16,000	20	16,600	16,685	(85)
	6,000	8	6,375	6,414	(39)
	23,500	30	24,415	24,634	(219)
	12,500	16	13,283	13,317	(34)
Total	$ 78,000	100	$ 81,473	$ 81,991	$ (518)

Utah Housing Corporation
Forward Sales Contract Derivatives and
Credit Risk at Fair Value for FNMA securities
At June 30, 2014
(Expressed in Thousands)

Par	Exposure Percentage	Original Premium	Yearend Premium	Fair Value
$ 20,000	100	$ 20,892	$ 21,032	$ (140)

Forward Sales Contracts — Forward sales securities commitments and private sales commitments are utilized to hedge changes in fair value of mortgage loan inventory and commitments to originate mortgage loans. At June 30, 2014, the Corporation had executed 24 forward sales transactions with a $78 million notional amount and a ($518) thousand fair market value for GNMA securities, and 10 forward sales transactions with a $20 million notional amount and ($140) thousand fair market value for FNMA securities. The forward sales settled on September 18, 2014.

Credit Risk — Several of the Corporation's forward agreements require it to post collateral in the event that the fair market value of the contract has decreased. No collateral was required to be posted at June 30, 2014.

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, 2014, are as follows:

Utah Public Treasurers' Investment Fund
Statement of Net Position
June 30, 2014
(*Expressed in Thousands*)

Assets	
Cash and Cash Equivalents	$ 1,005,713
Investments	10,290,042
Total Assets	11,295,755
Liabilities	
Accounts Payable	236,424
Net Position	
External Participant Account Balances	6,933,137
Internal Participant Account Balances:	
Primary Government	3,415,301
Component Units	694,810
Unrealized Gains/Losses	16,083
Total Net Position	$ 11,059,331
Participant Account Balance Net Position Valuation Factor	1.0055062

Utah Public Treasurers' Investment Fund
Statement of Changes in Net Position
For the Fiscal Year Ended June 30, 2014
(*Expressed in Thousands*)

Additions	
Pool Participant Deposits	$ 11,555,743
Investment Income:	
Investment Earnings	53,291
Fair Value Increases (Decreases)	10,553
Total Investment Income	63,844
Less Administrative Expenses	(468)
Net Investment Income	63,376
Total Additions	11,619,119
Deductions	
Pool Participant Withdrawals	10,601,676
Earnings Distributions	52,823
Total Deductions	10,654,499
Net Increase/(Decrease) From Operations	964,620
Net Position	
Beginning of Year	10,094,711
Net Position – End of Year	$ 11,059,331

Utah Public Treasurers' Investment Fund
Portfolio Statistics
At June 30, 2014

	Range of Yields	Weighted Average Maturity
Money Market Mutual Funds	0.05 % – 0.35 %	1.00 days
Certificates of Deposit – Negotiable	0.36 % – 0.62 %	44.15 days
Certificates of Deposit – Nonnegotiable	0.25 % – 0.45 %	61.84 days
Corporate Bonds and Notes	0.12 % – 1.25 %	75.36 days
Commercial Paper	0.12 % – 0.32 %	24.63 days

	Weighted Average Yield	Average Adjusted Maturity
Total Investment Fund	0.48 %	65.77 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, 2014, were $15.52 million. Of those, $14.5 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, 2014, are presented below.

Utah Public Treasurers' Investment Fund
At June 30, 2014
(Expressed in Thousands)

Investment Type	Fair Value	Investment Maturities (in years) Less Than 1	1–5
Debt Securities			
Corporate Bonds and Notes	$ 9,253,017	$ 9,086,589	$ 166,428
Negotiable Certificates of Deposit	460,830	460,830	—
Money Market Mutual Funds	575,000	575,000	—
Commercial Paper	947,139	947,139	—
	$ 11,235,986	$ 11,069,558	$ 166,428

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, 2014, 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, 2014
(Expressed in Thousands)

Debt Investments	Fair Value	Quality Ratings AAA	AA	A	BBB
Corporate Bonds and Notes	$ 9,253,017	$ 25,019	$ 1,336,144	$ 6,056,397	$ 1,835,457
Negotiable Certificates of Deposit	$ 460,830	$ —	$ 116,063	$ 344,767	$ —
Money Market Mutual Funds........	$ 575,000	$ —	$ —	$ —	$ —
Commercial Paper.........................	$ 947,139	$ —	$ —	$ —	$ —

Continues Below

Debt Investments	Quality Ratings A1 *	A2 *	Not Rated
Corporate Bonds and Notes	$ —	$ —	$ —
Negotiable Certificates of Deposit	$ —	$ —	$ —
Money Market Mutual Funds........	$ —	$ —	$ 575,000
Commercial Paper.........................	$ 571,431	$ 375,708	$ —

***** 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, 2014, 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, 2014, consisted of the following (in thousands):

	Accounts Receivable					Notes/
	Federal	Customer	Other	Interest	Taxes	Mortgages
Governmental Activities:						
General Fund	$ 193,622	$ 240,982	$ 19,947	$ 56	$ 253,741	$ 2,030
Education Fund	116,942	—	—	—	839,187	8,942
Transportation Fund	65,159	6,369	535	—	42,400	158
Transportation Investment Fund	—	15,000	—	—	31,601	—
Trust Lands	—	—	3,650	988	—	6,650
Nonmajor Funds	1,463	13,944	—	6	—	—
Internal Service Funds	—	3,112	1,586	—	—	1,000
Adjustments:						
Fiduciary Funds	—	—	130	—	—	—
Total Receivables	377,186	279,407	25,848	1,050	1,166,929	18,780
Less Allowance for Uncollectibles:						
General Fund	—	(62,706)	—	—	(15,384)	(1,260)
Education Fund	—	—	—	—	(178,598)	—
Transportation Fund	—	—	(200)	—	(797)	—
Transportation Investment Fund	—	—	—	—	(2,280)	—
Receivables, net	$ 377,186	$ 216,701	$ 25,648	$ 1,050	$ 969,870	$ 17,520
Current Receivables	$ 377,186	$ 179,964	$ 25,648	$ 1,050	$ 844,238	$ 3,456
Noncurrent Receivables	—	36,737	—	—	125,632	14,064
Total Receivables, net	$ 377,186	$ 216,701	$ 25,648	$ 1,050	$ 969,870	$ 17,520
Business-type Activities:						
Student Assistance Programs	$ 3,715	$ 1,104	$ 1,605	$ 18,579	$ —	$ 1,446,312
Unemployment Compensation	258	164,510	—	—	—	—
Water Loan Programs	169	136	—	10,384	2,828	688,226
Community Impact Loan Fund	—	—	—	4,641	—	461,502
Nonmajor Funds	—	14,785	—	2,576	—	148,895
Total Receivables	4,142	180,535	1,605	36,180	2,828	2,744,935
Less Allowance for Uncollectibles:						
Student Assistance Programs	—	—	—	—	—	(4,780)
Unemployment Compensation	—	(47,923)	—	—	—	—
Receivables, net	$ 4,142	$ 132,612	$ 1,605	$ 36,180	$ 2,828	$ 2,740,155

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 discrete component units at June 30, 2014, were $1.512 billion for major component units and $96.786 million for nonmajor component units, net of an allowance for doubtful accounts of $242.019 million and $14.638 million, respectively.

NOTE 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities as of June 30, 2014, consisted of the following (in thousands):

	Salaries/ Benefits	Service Providers	Vendors/ Other	Government	Tax Refunds/ Credits	Interest	Total
Governmental Activities:							
General Fund	$ 73,297	$ 184,355	$ 52,560	$ 85,303	$ 7,539	$ —	$ 403,054
Education Fund	3,650	1,306	28,919	105,272	40,245	—	179,392
Transportation Fund	7,833	—	77,347	33,811	834	—	119,825
Transportation Investment Fund	—	—	1,014	—	—	—	1,014
Nonmajor Funds	293	—	47,092	65	—	71,090	118,540
Internal Service Funds	7,210	23	24,586	—	—	1	31,820
Adjustments:							
Fiduciary Funds	—	—	—	5,285	—	—	5,285
Other	—	—	—	—	—	1,161	1,161
Total Governmental Activities	$ 92,283	$ 185,684	$ 231,518	$ 229,736	$ 48,618	$ 72,252	$ 860,091
Business-type Activities:							
Student Assistance Programs	$ 1,398	$ —	$ 5,514	$ 7,397	$ —	$ 3,258	$ 17,567
Unemployment Compensation	—	2,140	—	202	—	—	2,342
Water Loan Programs	—	—	844	—	—	—	844
Nonmajor Funds	2,647	16	9,251	4	—	482	12,400
Total Business-type Activities	$ 4,045	$ 2,156	$ 15,609	$ 7,603	$ 0	$ 3,740	$ 33,153

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, 2014, consisted of the following (in thousands):

Due to General Fund from:	
Education Fund	$ 259
Transportation Fund	1,059
Trust Lands Fund	10
Nonmajor Governmental Funds	3,244
Unemployment Compensation Fund	12,079
Water Loan Programs	11
Nonmajor Enterprise Funds	15,770
Internal Service Funds	922
Fiduciary Funds	57
Total due to General Fund from other funds	$ 33,411
Due to Education Fund from:	
General Fund	$ 78
Unemployment Compensation Fund	407
Internal Service Funds	41
Total due to Education Fund from other funds	$ 526
Due to Transportation Fund from:	
General Fund	$ 337
Nonmajor Governmental Funds	749
Nonmajor Enterprise Funds	2
Internal Service Funds	72
Total due to Transportation Fund from other funds	$ 1,160
Due to Trust Lands Fund from	
Nonmajor Enterprise Funds	$ 6,424
Total due to Trust Lands Fund from other funds	$ 6,424
Due to Nonmajor Governmental Funds from:	
General Fund	$ 882
Transportation Fund	672
Nonmajor Enterprise Funds	1
Internal Service Funds	135
Fiduciary Funds	60
Total due to Nonmajor Governmental Funds from other funds	$ 1,750
Due to Water Loan Programs from:	
General Fund	$ 116
Trust Lands Fund	9
Nonmajor Governmental Funds	11,826
Total due to Water Loan Programs from other funds	$ 11,951
Due to Nonmajor Enterprise Funds from:	
General Fund	$ 1,021
Education Fund	38
Transportation Fund	147
Nonmajor Governmental Funds	7,326
Total due to Nonmajor Enterprise Funds from other funds	$ 8,532
Due to Internal Service Funds from:	
General Fund	$ 25,081
Education Fund	194
Transportation Fund	5,427
Nonmajor Governmental Funds	289
Nonmajor Enterprise Funds	531
Internal Service Funds	35
Fiduciary Funds	13
Total due to Internal Service Funds from other funds	$ 31,570
Due to Fiduciary Funds from:	
General Fund	$ 3,237
Education Fund	127
Transportation Fund	322
Trust Lands Fund	4
Nonmajor Governmental Funds	1,595
Fiduciary Funds	2,033
Total due to Fiduciary Funds from other funds	$ 7,318
Total Due to/Due froms	$ 102,642

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, 2014, interfund loans receivable/payable balances consist of $61.195 million revolving loans payable to the General Fund from Internal Service Funds. The balance payable to the General Fund from Internal Service Funds of $61.195 million includes $38.832 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, 2014, was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	$ 1,696,373	$ 47,423	$ (1,718)	$ 1,742,078
Infrastructure	13,014,337	378,808	(217)	13,392,928
Construction in Progress	567,262	436,050	(454,304)	549,008
Total Capital Assets Not Depreciated/Amortized	15,277,972	862,281	(456,239)	15,684,014
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	1,847,419	12,094	(183)	1,859,330
Infrastructure	66,197	1,057	—	67,254
Machinery and Equipment	517,042	40,325	(19,557)	537,810
Intangible Assets–Software	206,893	39,630	(18,081)	228,442
Total Capital Assets Depreciated/Amortized	2,637,551	93,106	(37,821)	2,692,836
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(680,426)	(51,584)	133	(731,877)
Infrastructure	(24,625)	(2,398)	—	(27,023)
Machinery and Equipment	(348,573)	(30,611)	16,433	(362,751)
Intangible Assets–Software	(107,427)	(22,463)	18,070	(111,820)
Total Accumulated Depreciation/Amortization	(1,161,051)	(107,056)	34,636	(1,233,471)
Total Capital Assets Depreciated/Amortized, Net	1,476,500	(13,950)	(3,185)	1,459,365
Capital Assets, Net	$16,754,472	$ 848,331	$ (459,424)	$17,143,379
Business-type Activities:				
Capital Assets Not Depreciated/Amortized:				
Land and Related Assets	$ 22,687	$ —	$ —	$ 22,687
Capital Assets Depreciated/Amortized:				
Buildings and Improvements	92,406	44	—	92,450
Infrastructure	304	—	—	304
Machinery and Equipment	16,779	1,122	(353)	17,548
Intangible Assets–Software	1,571	—	—	1,571
Total Capital Assets Depreciated/Amortized	111,060	1,166	(353)	111,873
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	(23,050)	(3,122)	—	(26,172)
Infrastructure	(99)	(6)	—	(105)
Machinery and Equipment	(12,676)	(910)	54	(13,532)
Intangible Assets–Software	(698)	(289)	—	(987)
Total Accumulated Depreciation/Amortization	(36,523)	(4,327)	54	(40,796)
Total Capital Assets Depreciated/Amortized, Net	74,537	(3,161)	(299)	71,077
Capital Assets, Net	$ 97,224	$ (3,161)	$ (299)	$ 93,764

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 2014, $77.897 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 component units.

Depreciation expense of governmental activities was charged to functions as follows (in thousands):

General Government	$ 17,220
Human Services and Juvenile Justice Services	7,889
Corrections	5,703
Public Safety	12,519
Courts	5,936
Health and Environmental Quality	5,626
Employment and Family Services	9,988
Natural Resources	9,563
Heritage and Arts	779
Business, Labor, and Agriculture	1,022
Public Education	1,384
Transportation	10,039
Depreciation on capital assets of the State's internal service funds is charged to the various functions based on their usage of services provided	19,388
Total Depreciation Expense	$ 107,056

Discrete Component Units

The following table summarizes net capital assets reported by the discrete component units (in thousands):

	Utah Housing Corporation	Public Employees Health Program	University of Utah	Utah State University	Nonmajor Component Units	Total
Capital Assets Not Depreciated/Amortized:						
Land and Related Assets	$ 1,472	$ —	$ 37,733	$ 37,757	$ 131,519	$ 208,481
Art and Special Collections	—	—	64,325	23,168	38,381	125,874
Construction in Progress	—	—	208,298	22,120	10,608	241,026
Total Capital Assets Not Depreciated/ Amortized	1,472	0	310,356	83,045	180,508	575,381
Capital Assets Depreciated/Amortized:						
Building and Improvements	5,338	—	2,661,507	863,994	1,676,381	5,207,220
Infrastructure	—	—	310,223	—	72,851	383,074
Machinery and Equipment	2,054	1,664	1,085,415	244,043	178,591	1,511,767
Total Capital Assets Depreciated/Amortized	7,392	1,664	4,057,145	1,108,037	1,927,823	7,102,061
Less Total Accumulated Depreciation/ Amortization	(2,833)	(1,318)	(1,954,772)	(509,611)	(723,973)	(3,192,507)
Total Capital Assets Depreciated/ Amortized, Net	4,559	346	2,102,373	598,426	1,203,850	3,909,554
Discrete Component Units – Capital Assets, Net	$ 6,031	$ 346	$ 2,412,729	$ 681,471	$ 1,384,358	$ 4,484,935

(Notes continue on next page)

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 $1.419 million in principal and $992 thousand in interest for fiscal year 2014. As of June 30, 2014, 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, 2014, the accumulated depreciation of the primary government's assets acquired through capital leases was $13.012 million of which $12.337 million was buildings and $675 thousand was equipment and other depreciable assets. Of the $156.528 million in component unit present value of future minimum lease payments noted below, $102.11 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 2014 were $27.738 million for the primary government and $28.194 million for component units. For fiscal year 2013, the operating lease expenditures were $24.529 million for the primary government and $26.182 million for component units. Future minimum lease commitments for noncancellable operating leases and capital leases as of June 30, 2014, were as follows:

Future Minimum Lease Commitments
(Expressed in Thousands)

	Operating Leases			Capital Leases		
Fiscal Year	**Primary Government**	**Component Units**	**Total**	**Primary Government**	**Component Units**	**Total**
2015	$ 19,072	$ 30,006	$ 49,078	$ 2,436	$ 18,170	$ 20,606
2016	16,088	22,564	38,652	2,469	17,672	20,141
2017	12,723	16,965	29,688	2,503	16,716	19,219
2018	9,588	13,163	22,751	2,538	15,507	18,045
2019	4,488	15,068	19,556	2,490	10,322	12,812
2020–2024	4,738	34,601	39,339	11,293	71,408	82,701
2025–2029	11	14,976	14,987	4,128	60,850	64,978
2030–2034	11	4,552	4,563	—	12,915	12,915
2035–2039	11	1,492	1,503	—	—	—
2040–2044	10	1,452	1,462	—	—	—
2045–2049	10	1,428	1,438	—	—	—
2050–2054	10	—	10	—	—	—
2055–2059	6	—	6	—	—	—
Total Future Minimum Lease Payments	$ 66,766	$ 156,267	$ 223,033	27,857	223,560	251,417
Less Amounts Representing Interest				(6,063)	(67,032)	(73,095)
Present Value of Future Minimum Lease Payments				$ 21,794	$ 156,528	$ 178,322

NOTE 10. LONG-TERM LIABILITIES

A. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014, 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	$ 3,225,435	$ 226,175	$ (314,855)	$ 3,136,755	$ 303,040
State Building Ownership Authority Lease Revenue Bonds	198,485	—	(14,895)	183,590	16,796
Net Unamortized Premiums	159,882	24,656	(46,351)	138,187	39,132
Capital Leases (Note 9)	23,213	—	(1,419)	21,794	1,507
Contracts/Notes Payable	9,758	—	(3,775)	5,983	2,358
Compensated Absences (Note 1) *	185,711	86,319	(87,351)	184,679	87,820
Claims *	48,190	15,261	(14,866)	48,585	18,293
Pollution Remediation Obligation **	6,222	—	(895)	5,327	1,042
Net OPEB Obligation (Note 18) *	5,206	1,155	(2,030)	4,331	—
Settlement Obligations ***	25,020	2,471	(20,563)	6,928	6,487
Total Governmental Long-term Liabilities	$ 3,887,122	$ 356,037	$ (507,000)	$ 3,736,159	$ 476,475
Business-type Activities					
Student Assistance Revenue Bonds	$ 1,240,407	$ 208,430	$ (171,000)	$ 1,277,837	$ 150,849
State Building Ownership Authority Lease Revenue Bonds	83,795	—	(4,689)	79,106	4,869
Water Loan Recapitalization Revenue Bonds	56,545	—	(4,745)	51,800	4,860
Net Unamortized Premiums	13,143	476	(4,509)	9,110	3,499
Claims and Uninsured Liabilities	18,694	246,308	(255,719)	9,283	6,932
Total Business-type Long-term Liabilities	$ 1,412,584	$ 455,214	$ (440,662)	$ 1,427,136	$ 171,009
Component Units					
Revenue Bonds	$ 1,920,549	$ 341,925	$ (298,874)	$ 1,963,600	$ 106,034
Net Unamortized Premiums/(Discounts)	9,399	4,514	1,861	15,774	332
Capital Leases/Contracts Payable (Notes 9 and 10)	138,893	32,497	(8,714)	162,676	12,093
Notes Payable	293,996	160,072	(49,689)	404,379	148,333
Claims	126,826	256,956	(258,824)	124,958	58,809
Leave/Termination Benefits (Note 1)	123,938	91,046	(85,523)	129,461	93,466
Capital Assets Held for Others	14,942	—	(403)	14,539	404
Total Component Unit Long-term Liabilities	$ 2,628,543	$ 887,010	$ (700,166)	$ 2,815,387	$ 419,471

* 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.

** 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. The State does not anticipate recovering reimbursements from the parties who caused the pollution.

*** The State has various claims, some of which need approval by the Governor, and approval and funding by the Legislature.

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, 2014, the State had $63.7 million of authorized, but unissued general obligation State highway bond authorizations remaining.

During fiscal year 2014, the State issued $226.2 million Series 2013 general obligation bonds. The proceeds were used to provide funds for various highway projects.

General obligation bonds payable information is presented below.

General Obligation Bonds Payable
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2014
2004 A Refunding Issue	03/02/04	2010 – 2016	4.00 % – 5.00 %	$ 314,775	$ 204,910
2004 B Highway/Capital Facility Issue	07/01/04	2005 – 2015	4.75 % – 5.00 %	$ 140,635	3,950
2007 Highway/Capital Facility Issue	07/03/07	2008 – 2014	4.00 % – 5.00 %	$ 75,000	11,215
2009 A Highway Issue	03/17/09	2010 – 2019	2.00 % – 5.00 %	$ 394,360	150,005
2009 B Capital Facility Issue	05/19/09	2010 – 2015	4.00 %	$ 104,450	44,100
2009 C Highway/Capital Facility Issue	09/29/09	2011 – 2018	2.00 % – 5.00 %	$ 490,410	353,150
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	267,710
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 – 2026	2.00 % – 5.00 %	$ 609,920	552,395
2012 A Capital Facility/Refunding Issue	10/03/12	2014 – 2017	4.00 % – 5.00 %	$ 37,350	37,350
2013 Highway Issue	07/30/13	2015 – 2029	3.00 % – 5.00 %	$ 226,175	226,175
Total General Obligation Bonds Outstanding					3,136,755
Plus Unamortized Bond Premium					134,547
Total General Obligation Bonds Payable					$ 3,271,302

(*Notes continue on next page*.)

General Obligation Bond Issues
Debt Service Requirements to Maturity
For Fiscal Years Ended June 30
(Expressed in Thousands)

	Principal						
Fiscal Year	**2004A Refunding Bonds**	**2004B Highway/ Capital Facility**	**2007 Highway/ Capital Facility**	**2009A Highway Bonds**	**2009B Capital Facility Bonds**	**2009C Highway/ Capital Bonds**	**2009D Highway Bonds**
2015..............	$ 73,595	$ 3,950	$ 11,215	$ 23,680	$ 21,600	$ 71,545	$ —
2016..............	73,910	—	—	25,265	22,500	74,080	—
2017..............	57,405	—	—	25,265	—	69,165	—
2018..............	—	—	—	25,265	—	67,495	—
2019..............	—	—	—	25,265	—	70,865	—
2020–2024.....	—	—	—	25,265	—	—	403,845
2025–2029.....	—	—	—	—	—	—	87,915
Total.......	$ 204,910	$ 3,950	$ 11,215	$ 150,005	$ 44,100	$ 353,150	$ 491,760

Continues Below

	Principal					
Fiscal Year	**2010A Highway/ Capital Facility**	**2010B Highway Bonds**	**2010C Refunding Bonds**	**2011A Highway/ Capital Bonds**	**2012A Building/ Refunding Bonds**	**2013 Highway Bonds**
2015..............	$ 58,035	$ —	$ —	$ 28,765	$ 130	$ 10,525
2016..............	89,635	—	—	28,765	6,025	11,075
2017..............	81,125	—	28,510	48,765	3,050	11,625
2018..............	38,915	—	28,635	70,855	28,145	12,225
2019..............	—	—	70,435	43,995	—	12,850
2020–2024.....	—	441,135	44,475	211,545	—	74,875
2025–2029.....	—	180,845	—	119,705	—	93,000
Total.......	$ 267,710	$ 621,980	$ 172,055	$ 552,395	$ 37,350	$ 226,175

Continues Below

Fiscal Year	**Total Principal Required**	**Total Interest Required**	**Total Amount Required**
2015..............	$ 303,040	$ 125,517	$ 428,557
2016..............	331,255	109,937	441,192
2017..............	324,910	94,328	419,238
2018..............	271,535	81,402	352,937
2019..............	223,410	70,438	293,848
2020–2024.....	1,201,140	199,484	1,400,624
2025–2029.....	481,465	16,246	497,711
Total.......	$ 3,136,755	$ 697,352	$ 3,834,107

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, the Utah Housing Corporation, 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, 2014, are reported as a long-term liability of the governmental activities, except for $79.669

million and $1.705 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 $350.735 million of fixed rate bonds, $287.01 million of bonds bearing interest at an adjustable rate, which is determined weekly by a remarketing agent, $204.161 million of bonds at a rate set at the 3-month LIBOR plus spread and $396.831 million of bonds at a rate set at the 1-month LIBOR plus 0.75 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 were issued to finance eligible student loans. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds 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 $587.961 million of outstanding student loan revenue bonds which are payable through 2046. The total principal and interest remaining to be paid on the bonds is discussed below. Principal and interest paid for the current year and total net revenues before interest expense were $74.688 million and $5.022 million, respectively.

The Student Assistance Program's bonds issued under the 2011 Trust Estate are special limited obligations of the Board secured by and payable solely from the Trust Estate established by the Indenture. The bonds were issued to finance eligible student loans and to refund outstanding bonds of the board. The Trust Estate consists of student loans acquired under the indenture, all proceeds of the bonds 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 $287.01 million of outstanding student loan revenue bonds which are payable through 2049. The total principal and interest remaining to be paid on the bonds is discussed below. Principal and interest paid for the current year and total net revenue before interest expense were $28.945 million and $2.304 million, respectively.

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 bonds 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 $396.831 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 $75.544 million and $3.853 million, 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 $61.814 million. For the current year principal and interest paid and total repayments from pledged revenues were $6.942 million and $10.59 million, respectively. Of the bonds payable outstanding at June 30, 2014, $52.41 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 Utah Housing Corporation revenue bonds were issued to provide sources of capital for making housing loans to persons of low or moderate income. Bonds repayments are made from the pledged mortgage payments.

The University of Utah, Utah State University and nonmajor 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, 2014, is presented below.

(*Table continues on next page*.)

Pledged Revenue — Component Units
(Expressed in Thousands)

	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units
Type of Revenue Pledged *	D	A, B, C	A, B	A
Amount of Pledged Revenue	$ 1,549,726	$ 908,897	$ 195,933	$ 221,847
Term of Commitment	Thru 2044	Thru 2043	Thru 2045	Thru 2040
Percent of Revenue Pledged	100.00 %	100.00 %	100.00 %	100.00 %
Current Year Pledged Revenue	$ 86,413	$ 303,371	$ 39,276	$ 17,377
Current Year Principal and Interest Paid	$ 185,125	$ 39,547	$ 8,711	$ 14,151

***** Type of Revenue Pledged:

A = Student and housing fees, auxiliary net revenues from bookstores, parking, stadium and event centers, and other campus generated charges and fees.

B = Research net revenue generated from the recovery of allocated facilities and administrative rates to grants and contracts.

C = Hospital and clinic net revenues from providing various health and psychiatric services to the community.

D = Principal and interest repayments from issuing and servicing mortgage loans on single family housing.

(*Notes continue on next page*.)

Revenue Bonds Payable — Primary Government
Governmental Activities
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2014
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000 – 2019	3.80 % – 5.50 %	$ 101,557	$ 36,240
Series 2003	12/30/03	2005 – 2025	2.00 % – 5.00 %	$ 20,820	1,585
Series 2009 D	09/09/09	2014 – 2017	5.00 %	$ 12,125	10,825
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	20,768
Series 2011	10/25/11	2012 – 2031	2.13 % – 4.00 %	$ 5,250	4,310
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	8,637
Total Lease Revenue Bonds Outstanding					183,590
Plus Unamortized Bond Premium					3,640
Total Lease Revenue Bonds Payable					$ 187,230

Continues Below

Revenue Bonds Payable — Primary Government
Business-type Activities
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2014
Student Assistance Programs:					
1993 Trust Estate Student Loan Indentures	1999 – 2011	2030 – 2046	Variable and Fixed	$1,337,655	$ 587,961
2011 Trust Estate Student Loan Indentures	2011 – 2014	2045 – 2049	Variable	$ 391,950	287,010
2012 Trust Estate Student Loan Indentures	2012	2031	Variable	$ 518,700	396,831
Office Facility Bond Fund	2012	2014 – 2024	2.00 % – 5.00 %	$ 7,295	6,035
Total Revenue Bonds Outstanding					1,277,837
Plus Unamortized Bond Premium					6,232
Total Revenue Bonds Payable					$ 1,284,069
SBOA Lease Revenue Bonds:					
Series 1998 C	08/15/98	2000 – 2019	3.80 % – 5.50 %	$ 3,543	$ 1,375
Series 2003	12/30/03	2005 – 2025	2.00 % – 5.00 %	$ 1,905	190
Series 2006 A	01/10/06	2006 – 2027	3.50 % – 5.00 %	$ 8,355	3,830
Series 2007 A	07/10/07	2009 – 2028	4.25 % – 5.00 %	$ 15,380	12,260
Series 2009 A	03/25/09	2011 – 2030	3.00 % – 5.00 %	$ 25,505	21,975
Series 2009 B	09/09/09	2012 – 2019	3.00 % – 5.00 %	$ 8,455	5,645
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	10,722
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	2,539
Total Lease Revenue Bonds Outstanding					79,106
Plus Unamortized Bond Premium					2,268
Total Lease Revenue Bonds Payable					$ 81,374

Continues Below

Revenue Bonds Payable — Primary Government
Business-type Activities
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2014
Water Loan Programs:					
Series 2010 A Revolving Loan Recapitalization Revenue Bonds	02/23/10	2011 – 2014	1.15 % – 2.57 %	$ 18,450	$ 4,450
Series 2010 B Revolving Loan Recapitalization Revenue Bonds	02/23/10	2014 – 2017	2.25 % – 5.00 %	$ 16,125	16,125
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					51,800
Plus Unamortized Bond Premium					610
Total Recapitalization Revenue Bonds Payable					$ 52,410
Total Revenue/Lease Revenue/ Recapitalization Revenue Bonds Payable					$ 1,605,083

(*Notes continue 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	1993 Trust Estate Student Loan Indentures	2011 Trust Estate Student Loan Indentures	2012 Trust Estate Student Loan Indentures	Office Facility Bond Fund	1998 C Utah State Building Ownership Authority	2003 Utah State Building Ownership Authority	2006 A Utah State Building Ownership Authority	2007 A Utah State Building Ownership Authority
2015	$ 52,694	$ 36,162	$ 61,363	$ 630	$ 8,850	$ 875	$ 365	$ 645
2016	55,007	31,431	52,652	655	9,230	900	380	665
2017	50,180	27,355	45,128	670	9,130	—	395	695
2018	45,344	23,809	38,668	685	8,295	—	410	735
2019	41,022	20,740	33,147	700	2,110	—	—	760
2020–2024	154,249	36,559	106,832	2,695	—	—	535	4,390
2025–2029	95,605	12,308	59,041	—	—	—	1,745	4,370
2030–2034	60,103	5,382	—	—	—	—	—	—
2035–2039	32,488	2,353	—	—	—	—	—	—
2040–2044	1,269	1,029	—	—	—	—	—	—
2045–2049	—	89,882	—	—	—	—	—	—
Total	$ 587,961	$ 287,010	$ 396,831	$ 6,035	$ 37,615	$ 1,775	$ 3,830	$ 12,260

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
2015	$ 950	$ 1,020	$ —	$ 3,425	$ —	$ 2,880	$ 370	$ —
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
2020–2024	6,550	—	7,245	—	27,770	15,565	1,810	7,615
2025–2029	8,350	—	9,470	—	45,745	—	390	4,555
2030–2034	1,925	—	—	—	11,945	—	175	—
2035–2039	—	—	—	—	—	—	—	—
2040–2044	—	—	—	—	—	—	—	—
2045–2049	—	—	—	—	—	—	—	—
Total	$ 21,975	$ 5,645	$ 16,715	$ 10,825	$ 89,470	$ 31,490	$ 4,310	$ 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	2010 A Revolving Loan Recap Program	2010 B Revolving Loan Recap Program	2010 C Revolving Loan Recap Program	Total Principal Required	Interest Required	Total Amount Required
2015	$ 2,285	$ 4,450	$ 410	$ —	$ 177,374	$ 39,923	$ 217,297
2016	2,335	—	5,025	—	167,345	33,665	201,010
2017	2,380	—	5,235	—	151,663	30,278	181,941
2018	1,305	—	5,455	—	135,706	26,635	162,341
2019	985	—	—	5,705	112,894	23,188	136,082
2020–2024	1,886	—	—	25,520	399,221	77,100	476,321
2025–2029	—	—	—	—	241,579	32,627	274,206
2030–2034	—	—	—	—	79,530	4,206	83,736
2035–2039	—	—	—	—	34,841	1,498	36,339
2040–2044	—	—	—	—	2,298	453	2,751
2045–2049	—	—	—	—	89,882	411	90,293
Total	$ 11,176	$ 4,450	$ 16,125	$ 31,225	$ 1,592,333	$ 269,984	$ 1,862,317

Revenue Bonds Payable — Component Units
(Expressed in Thousands)

Bond Issue	Date Issued	Maturity Date	Interest Rate	Original Issue	Balance June 30, 2014
Utah Housing Corporation Issues	1998 – 2014	2026 – 2044	Variable and 0.15 % – 7.47 %	$ 2,876,326	$ 1,108,703
University of Utah Revenue Bonds	1998 – 2014	2015 – 2043	1.75 % – 6.28 %	$ 765,355	580,319
Utah State University Revenue Bonds	2003 – 2013	2003 – 2045	1.90 % – 5.00 %	$ 132,775	120,768
Nonmajor Component Units Revenue Bonds	2002 – 2012	2014 – 2040	1.63 % – 6.00 %	$ 183,280	153,810
Total Revenue Bonds Outstanding					1,963,600
Plus Unamortized Bond Premium					15,774
Total Revenue Bonds Payable					$ 1,979,374

(*Notes continue on next page*.)

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

	Principal						
Fiscal Year	**Utah Housing Corporation**	**University of Utah**	**Utah State University**	**Nonmajor Component Units**	**Total Principal Required**	**Interest Required**	**Total Amount Required**
2015	$ 77,165	$ 15,703	$ 5,235	$ 7,931	$ 106,034	$ 80,884	$ 186,918
2016	53,722	19,915	5,583	7,867	87,087	78,552	165,639
2017	60,188	20,784	5,680	6,879	93,531	75,001	168,532
2018	63,129	20,719	5,895	7,156	96,899	71,286	168,185
2019	62,951	34,272	3,765	7,443	108,431	67,141	175,572
2020–2024	275,945	169,545	21,625	37,450	504,565	267,852	772,417
2025–2029	221,482	128,804	24,235	37,667	412,188	162,388	574,576
2030–2034	150,718	54,524	22,705	33,672	261,619	82,485	344,104
2035–2039	93,092	25,745	12,000	6,990	137,827	45,718	183,545
2040–2044	50,311	90,307	11,405	755	152,779	19,062	171,841
2045–2049	—	—	2,640	—	2,640	55	2,695
Total	$ 1,108,703	$ 580,318	$ 120,768	$ 153,810	$ 1,963,600	$ 950,424	$ 2,914,024

D. **Conduit Debt Obligations**

Of the Utah Housing Corporation (major discrete component unit) bonds outstanding, $341.003 million were issued as multi-family purchase bonds. Of those bonds, $341.003 million are conduit debt obligations issued on behalf of third parties. The Corporation is not obligated in any manner for repayment of the conduit debt and, accordingly, has not reported it in the accompanying financial statements.

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, 2014, is $1.84 million.

The Utah Charter School Finance Authority (nonmajor discrete component unit) issued conduit debt obligations on behalf of various charter schools. The debt is the responsibility of the charter schools, and neither the State nor any political subdivision of the State is obligated in any manner for repayment of the debt. Accordingly, this debt has not been reported in the accompanying financial statements. The outstanding balance at June 30, 2014, is $268.5 million in tax-exempt and $820 thousand in taxable conduit debt.

E. **Demand Bonds**

- The Student Assistance Programs had $287.01 million of demand bonds outstanding at June 30, 2014, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on seven days' notice and delivery to the Board's remarketing agent.

  Under an irrevocable letter of credit, the trustee or the remarketing agent is entitled to draw an amount sufficient to pay the purchase price of bonds delivered to it. The letter of credit is valid through September 19, 2014, and carries an interest rate of LIBOR plus 1.25 percent.

  In the event bonds cannot be remarketed within 90 days of the "put" date, the Program has a takeout agreement to pay off the bonds over a five year period bearing an adjustable interest rate equal to the LIBOR rate plus 2.15 percent. The takeout agreement expires September 19, 2014. If the take out agreement were to be exercised because the entire issue of $287.01 million of demand bonds was "put" and not resold, the Program would be required to pay $61.533 million a year for five years under the installment loan agreement assuming a 2.68 percent interest rate.

  As of June 30, 2014, there were insufficient clearing bids on all of the Student Assistance Program's 1993 Revenue Bond Fund bonds in which interest rates are set by auction procedure (ARCs). Interest on these bonds will be calculated at the maximum rate. In general, the maximum rate is indexed to either the average 30-day T-bill or the 30-day Libor, subject to an 18 percent maximum. The taxable maximum rate during the year ended June 30, 2014, ranged from 0 percent to 13.78 percent.

- The Utah Housing Corporation (major discrete component unit) had $584.86 million of bonds outstanding at June 30, 2014, subject to purchase on the demand of the holder at a price equal to principal plus accrued interest, on delivery to the remarketing agent.

  In the event the variable rate bonds cannot be remarketed, the Corporation has entered into various irrevocable Standby Bond Purchase Agreements (Liquidity Facility) originally totaling $141.365 million and an outstanding commitment of $141.365 million. These Agreements provide funds to purchase the variable rate bonds that have been tendered and not remarketed. These liquidity providers receive a fee ranging from 32.5 to 42.5 basis points of the outstanding amount of the variable rate bonds paid on a quarterly basis. As of June 30, 2014, none of the original commitments were available for replacement of existing liquidity facilities or to issue new variable rate bonds.

F. Defeased Bonds and Bond Refunding

In prior years, the State defeased certain general obligation and revenue bonds by placing the proceeds of new bonds and other monies available for debt service in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Position. At June 30, 2014, the total amount outstanding of defeased general obligation bonds was $172.5 million. At June 30, 2014, the total amount outstanding of defeased revenue bonds was $5.25 million.

During fiscal year 2014, the University of Utah (major discrete component unit) issued the Taxable Commercial Paper General Revenue Refunding Notes Series 2013B in the amount of $100 million on July 30, 2013 (See Note 10.H.) and the General Revenue Refunding Bonds Series 2014A-1 and Series 2014A-2 in the amount of $32.785 million issued on April 1, 2014 to partially refund Hospital Revenue and Refunding Bonds Series 2006A; Hospital Revenue Bonds Series 2010 and Series 2011B; Auxiliary and Campus Facilities Revenue Refunding Bonds Series 2010A; Auxiliary and Campus Facilities Revenue Bonds Series 2012A; and to fully refund Hospital Revenue Refunding Bonds Series 2005A; and Auxiliary and Campus Facilities Revenue Refunding Bonds Series 2005A. These refundings had no impact on the retirement period, but did result in a reduction of aggregate debt service payments of $68.373 million and a present value economic gain of approximately $62.004 million.

In prior years, discrete component units defeased certain revenue bonds by placing the proceeds of new bonds and various bond reserves in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the component unit column on the Statement of Net Position. At June 30, 2014, $120.245 million of college and university bonds outstanding are considered defeased.

G. Contracts Payable

Component unit capital leases/contracts payable include $6.148 million in life annuity contracts.

H. Notes Payable

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 18 years. They are secured by the related assets.

During fiscal year 2014, the University of Utah (major discrete component unit) issued Taxable Commercial Paper General Revenue Refunding Notes Series 2013B in the amount of $100 million on July 30, 2013. Principal on the notes is due no later than 270 days from the date of issuance and is expected to be paid with the proceeds of additional Series 2013B notes until permanent financing is obtained through issuance of long-term bonds. The balance due at June 30, 2014 is $100 million and is all due within the next fiscal year. Proceeds from these notes were used to fully or partially refund various bond issues (See Note 10.F.).

Payment information on notes payable is presented below.

Notes Payable Debt Service Requirements to Maturity
Component Units
For Fiscal Years Ending June 30
(Expressed in Thousands)

	Principal						
Fiscal Year	Utah Housing Corporation	University of Utah	Utah State University	Nonmajor Component Units	Total Principal Required	Interest Required	Total Amount Required
2015	$ 29,350	$ 114,857	$ 2,270	$ 1,856	$ 148,333	$ 8,997	$ 157,330
2016	30,081	12,010	2,201	1,293	45,585	7,803	53,388
2017	30,830	9,693	2,291	2,530	45,344	6,620	51,964
2018	31,598	3,901	2,524	1,395	39,418	5,419	44,837
2019	32,386	2,992	1,965	1,167	38,510	4,318	42,828
2020–2024	39,790	14,081	7,729	7,485	69,085	10,097	79,182
2025–2029	—	11,326	435	3,262	15,023	2,956	17,979
2030–2034	—	—	—	3,081	3,081	427	3,508
Total	$ 194,035	$ 168,860	$ 19,415	$ 22,069	$ 404,379	$ 46,637	$ 451,016

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 1988 and 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**
2015	$ (7,301)	$ 18,360	$ 11,059	$ (18,360)	$ (7,301)
2016	(5,720)	14,591	8,871	(14,591)	(5,720)
2017	(5,001)	13,061	8,060	(13,061)	(5,001)
2018	(4,232)	11,225	6,993	(11,225)	(4,232)
2019	(3,558)	9,467	5,909	(9,467)	(3,558)
2020–2024.....	(10,232)	27,222	16,990	(27,222)	(10,232)
2025–2029.....	(3,667)	9,755	6,088	(9,755)	(3,667)
2030-2031…..	(189)	502	313	(502)	(189)
Total	$ (39,900)	$ 104,183	$ 64,283	$ (104,183)	$ (39,900)

Discrete Component Units

As explained in Note 3.D., Utah Housing Corporation (major discrete component unit) had entered into 70 separate pay-fixed, receive-variable interest rate swaps as of June 30, 2014. Using rates as of June 30, 2014, debt service requirements of the Corporation's outstanding variable-rate debt and net swap payments are presented below. As rates vary, variable-rate bond interest payments and net swap payments (receipts) will vary. The principal, interest, and net swap interest are presented below for Utah Housing Corporation.

Utah Housing Corporation
Swap Payments and Associated Debt
For Fiscal Years Ending June 30
(Expressed in Thousands)

Fiscal	Variable Rate Bonds		Interest Rate	
Year	**Principal**	**Interest**	**Swaps, Net**	**Total**
2015..............	$ 36,305	$ 3,105	$ 24,003	$ 63,413
2016	32,960	2,901	23,031	58,892
2017	38,620	2,695	21,641	62,956
2018..............	40,975	2,453	20,013	63,441
2019..............	41,780	2,197	18,337	62,314
2020–2024.....	186,560	7,374	67,200	261,134
2025–2029.....	141,720	2,567	31,242	175,529
2030–2034.....	62,780	432	7,922	71,134
2035–2039.....	3,160	22	130	3,312
Total	$ 584,860	$ 23,746	$ 213,519	$ 822,125

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, 2014 consisted of the following:

Deferred Outflows and Inflows of Resources
(Expressed in Thousands)

	Primary Government		
	Governmental Activities	**Business-type Activities**	**Component Units**
Deferred Outflows:			
Deferred Amount on Refundings of Bonded Debt....	$ 17,194	$ 1,031	$ 75,050
Deferred Amount on Federal Default Fee................	—	1,136	—
Fair Value of Interest Rate Swap Agreements	—	—	7,477
Total Deferred Outflows...	$ 17,194	$ 2,167	$ 82,527
Deferred Inflows:			
Unavailable Revenue...	$ 9,312	$ —	$ —
Deferred Amount on Refundings of Bonded Debt....	—	21,410	—
Fair Value of Interest Rate Swap Agreements	—	18,308	9,804
Total Deferred Inflows	$ 9,312	$ 39,718	$ 9,804

Of the $17.194 million deferred outflows of resources, reported in the governmental activities column, $21 thousand represents deferred amount on refundings of debt reported in the Internal Service Funds.

The $9.312 million deferred inflows of resources, reported in the governmental activities column, represents imposed fees received before the period when these 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 $555.806 million in unavailable revenue from various taxes of $366.926 million and other sources of $188.88 million.

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, 2014, follows:

(Summary on next page.)

Governmental Fund Balances
(Expressed in Thousands)

	Restricted Purposes	Committed Purposes	Assigned Purposes
General Fund:			
General Government:			
Legislature	$ —	$ 6,074	$ —
Elected Officials	151	7,724	—
Governor's Office	2,472	22,645	—
Administrative Services	—	9,662	—
Revenue Assessments and Collections	—	9,955	—
Human Services	—	9,378	—
Corrections	—	8,689	—
Public Safety	6,208	35,035	—
Courts	—	8,168	—
Health	141	25,728	—
Environmental Quality	—	9,589	—
Employment and Family Services	16	25,838	—
Natural Resources	16,482	63,274	—
Heritage and Arts	15	3,357	—
Business, Labor, and Agriculture	112	43,716	—
Budget Reserve (Rainy Day) Account	—	141,171	—
Medicaid Budget Stabilization Account	—	17,148	—
Industrial Assistance	—	32,880	—
Postemployment and Other Liabilities	—	—	87,368
Fiscal Year 2015 Appropriations:			
Line Item Appropriations	—	—	110,474
Other Purposes	15,301	27,349	—
Total	$ 40,898	$ 507,380	$ 197,842
Education Fund:			
Minimum School Program	$ 95,390	$ —	$ —
State Office of Education	28,361	—	—
School Building Program	20,254	—	—
School Land Interest	40,679	—	—
Education Budget Reserve Account	290,454	—	—
Postemployment and Other Purposes *	212,148	—	—
Fiscal Year 2015 Appropriations:			
Line Item Appropriations	109,430	—	—
Available for Appropriation	105,543	—	—
Other Purposes	2,876	—	—
Total	$ 905,135	$ 0	$ 0
Transportation Fund:			
Transportation – Construction/Maintenance	$ 78,088	$ 41,773	$ 1,570
Public Safety	17,138	—	—
Corridor Preservation	53,732	—	—
Aeronautical Programs	6,718	—	—
Postemployment and Other Purposes *	30,305	5,461	—
Total	$ 185,981	$ 47,234	$ 1,570
Transportation Investment Fund:			
Transportation Investment Capacity Projects	23,929	577,933	—
Other Purposes	2,616	26,939	—
Total	$ 26,545	$ 604,872	$ 0
Nonmajor Governmental Funds:			
Capital Projects	$ 3,633	$ —	$ 119,258
Debt Service	—	—	7,652
State Endowment Fund	—	159,509	—
Environmental Reclamation	18,671	2,027	—
Rural Development	—	37,510	—
Other Purposes	20,616	14,634	151
Total	$ 42,920	$ 213,680	$ 127,061

***** 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 8 percent and 9 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 $290.454 million, respectively. For the fiscal year ended June 30, 2014, $9.05 million was transferred into the Rainy Day fund and $21.092 million was 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, 2014, $17.148 million was transferred to the Medicaid Budget Stabilization Account. This was the first time money was transferred to the account since the State initiated Medicaid reforms in fiscal year 2011.

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 $5.335 billion of restricted net position, of which $17.8 million is restricted by enabling legislation.

NOTE 13. DEFICIT NET POSITION AND FUND BALANCE

Funds reporting a deficit total net position at June 30, 2014, are (in thousands):

Private Purpose Trust Funds:		
Employers’ Reinsurance	$	(46,913)
Petroleum Storage Tank	$	(1,970)

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.

Funds/activities reporting a deficit position in the unrestricted portion of their net position at June 30, 2014, are (in thousands):

Internal Service Funds:		
Technology Services	$	(2,030)
Fleet Operations	$	(38,861)

The Internal Service Funds deficits are mainly due to the significant investment in capital assets required for these operations. The deficits will be covered by future charges for services. Management may also seek rate increases to help reduce these deficits.

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, 2014, are as follows (in thousands):

(Interfund Transfers on next page.)

Transferred From	Transferred To — Governmental Funds: General Fund	Education Fund	Transportation Fund	Transportation Investment Fund	Trust Lands	Nonmajor Governmental Funds
General Fund	$ —	$ 8,788	$ 68,534	$ —	$ 33	$ 175,999
Education Fund	447,215	—	—	—	—	97,301
Transportation Fund	43,565	—	—	83,878	—	25,691
Transportation Investment Fund	—	—	16,499	—	—	343,657
Nonmajor Governmental Funds	74,275	—	—	—	—	909
Unemployment Compensation	6,359	—	—	—	—	—
Water Loan Programs	4,434	—	—	—	—	—
Community Impact Loan Fund	1,284	—	—	—	—	—
Nonmajor Enterprise Funds	88,664	—	—	—	2,007	—
Internal Service Funds	180	—	—	—	—	—
Total	$ 665,976	$ 8,788	$ 85,033	$ 83,878	$ 2,040	$ 643,557

Continues Below

Transferred From	Transferred To — Enterprise Funds: Community Impact Loan Fund	Nonmajor Enterprise Funds	Internal Service Funds	Total
General Fund	$ 36,200	$ 2,243	$ 144	$ 291,941
Education Fund	—	—	—	544,516
Transportation Fund	—	—	—	153,134
Transportation Investment Fund	—	20,000	—	380,156
Nonmajor Governmental Funds	—	—	258	75,442
Unemployment Compensation	—	—	—	6,359
Water Loan Programs	—	—	—	4,434
Community Impact Loan Fund	—	—	—	1,284
Nonmajor Enterprise Funds	—	—	—	90,671
Internal Service Funds	—	—	65	245
Total	$ 36,200	$ 22,243	$ 467	$ 1,548,182

Transfers from major governmental funds to nonmajor governmental funds are primarily for debt service expenditures and capital facility construction. Transfers from the General Fund to the Community Impact Loan Fund (major enterprise fund) are primarily mineral lease royalties used to make loans and grants to local governments. 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 2014, the Legislature authorized transfers of $180 thousand from the Internal Service Funds to the General Fund to subsidize general fund revenues. In addition, the Legislature authorized payments of $820.893 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 $36.04 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.

- The Utah Housing Corporation (major discrete component unit) is involved in a lawsuit with Lehman Brothers related to the termination and replacement of swap counterparties in December 2008. The Corporation disputes the issue and intends to vigorously defend their position. The amount in dispute is $27.424 million plus accrued interest at June 30, 2014.

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, 2014, will be available in December 2014.

- 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 were recently reduced from $300 million to not exceed $225 million. 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, 2013, $90.76 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, $48.585 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 $2.754 billion principal amount of Guaranteed Bonds outstanding at June 30, 2014 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, 2014, $74.4 million of debt was issued and outstanding under the Program.

- At June 30, 2014, 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 $1.264 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 $39.427 million from tobacco companies in fiscal year 2014 and expects to receive approximately $37.026 million in fiscal year 2015. Annual payments will be adjusted for factors such as inflation, decreased sales volume, previously settled law suits, disputed payments, and legal fees.

C. **Commitments**

- At June 30, 2014, the Industrial Assistance Program of the General Fund had grant commitments of $7.145 million, contingent on participating companies meeting certain performance criteria.

- At June 30, 2014, the Economic Development Tax Increment Financing Incentive program (EDTIF) had outstanding long-term contract commitments for General Fund cash rebates of $92.974 million and Education Fund tax credits of $596.304 million. These cash rebates and tax credits are contingent on participating companies meeting certain economic development performance criteria.

- At June 30, 2014, the Motion Picture Incentive Program had outstanding contract commitments for General Fund cash rebates of $594 thousand and Education Fund tax credits of $16.647 million. These cash rebates and credits are contingent on participating motion picture companies meeting certain within-the-state production criteria.

- At June 30, 2014, the Utah State Board of Education entered into contract commitments with Utah State University (major discrete component unit) of $11.151 million for the Technical Assistance for Excellence in Special Education program related to technical assistance and professional development systems.

- At June 30, 2014, the Utah Department of Transportation had construction and other contract commitments of $610.177 million, of which $269.373 million is for Transportation Fund (major special revenue fund) and $340.804 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, 2014, the permanent Trust Lands Fund (permanent fund) had real estate commitments of $160 million, of which $93.72 million have been called and $661 thousand have been released, leaving a remaining commitment of $65.619 million.

- At June 30, 2014, the State's capital projects funds (nonmajor capital projects funds) had construction commitments of $231.438 million. These commitments will be funded with legislative appropriations, intergovernmental revenues, and proceeds of general obligation and lease revenue bonds.

- At June 30, 2014, the enterprise funds had loan commitments of approximately $277.448 million and grant commitments of approximately $61.399 million.

- Utah Retirement Systems (pension trust and defined contribution plans) has at its yearend December 31, 2013, committed to fund certain private equity partnerships, absolute return, and real estate projects for an amount of $7.029 billion. Funding of $4.49 billion has been provided, leaving an unfunded commitment of $2.539 billion as of December 31, 2013.

- As of June 30, 2014, the Utah Housing Corporation (major discrete component unit) has committed to purchase mortgages under the warehouse loans and the Single-Family Mortgage Purchase Program in the amount of $77.86 million.

  The Utah Housing Corporation had one revolving credit agreement with $75 million available during the year maturing on July 11, 2014. Changes in current year activity resulted in additions of $144.145 million and deletions of $144.145 million, resulting in no outstanding balance at June 30, 2014 on this revolving credit agreement. Interest paid on amounts drawn is calculated at 1 month LIBOR plus 0.6 percent with the 1 month LIBOR rate not to be less than 0.25 percent. Subsequent to the year ended June 30, 2014, this revolving line of credit was renewed and extended through July 10, 2015.

- 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, 2014, the University had committed, but not paid, a total of $31.99 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, 2014, the University had committed, but not paid, a total of $9.756 million in funding for these alternative investments.

- At June 30, 2014, Utah State University (major discrete component unit) had outstanding commitments for the construction and remodeling of its buildings of appropriately $37.1 million.

NOTE 16. JOINT VENTURES

A. Utah Communications Agency Network

The Utah Communications Agency Network (UCAN) was created by the State Legislature in 1997 as an independent agency. Its purpose is to provide public safety communications services and facilities on a regional or statewide basis.

UCAN's governing board consists of fifteen representatives elected by the board, and six state representatives of which five are appointed by the Governor. The State has contracted to purchase communication services from UCAN to meet the needs of law enforcement officers in the Departments of Public Safety, Corrections, Natural Resources, and other smaller state agencies.

In fiscal year 1998 the State provided startup capital and UCAN may also receive legal counsel from the Attorney General's Office at no cost. Contracts with state agencies are estimated to provide over 30 percent of UCAN's operating revenues.

As of June 30, 2014 UCAN had no revenue bonds outstanding. UCAN's debt is not a legal obligation of the State; however, if UCAN cannot meet its debt service requirements, state law allows the Governor to request an appropriation to restore the debt service reserve fund to its required level or to meet any principal or interest payment deficiency. The Legislature is not required to make any such appropriation, but if made, UCAN must repay the State within 18 months. To date, UCAN has not requested any such funding from the State and has had sufficient resources to cover its debt service and debt service reserve requirements.

Effective July 1, 2014, UCAN was renamed the Utah Communications Authority (UCA) and its governing board was restructured and services expanded. See note 20 for additional information.

Copies of the UCAN's financial statements can be obtained from UCAN's administrative office or from the Office of the Utah State Auditor.

B. Utah Education Network

The Utah Education Network (UEN) is a publicly funded consortium administered by the University 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 $18.642 million for the year ended June 30, 2014. 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

Eligible employees of the State are covered by one of the following retirement 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 separately issued financial statements using fund accounting principles and the accrual basis of accounting under which expenses, including benefits and refunds, are recorded when the liability is incurred. Revenues, including contributions, are recorded in the accounting period in which they are earned and become measurable. URS reports on a calendar yearend. The December 31, 2013, 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, 540 East 200 South, Salt Lake City, Utah 84102, or by calling 1-800-365-8772, or online at www.urs.org.

The URS operations are comprised of the following groups of systems and plans 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); the Firefighters Retirement System (Firefighters System) which are defined-benefit multiple-employer, cost-sharing, public employee retirement systems;

- The Public Safety Retirement System (Public Safety System), which is a defined-benefit mixed agent and cost-sharing, multiple-employer retirement system;
- The Judges Retirement System (Judges System) and the Utah Governors and Legislators Retirement Plan, which are single-employer service-employee retirement systems;
- The Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees); and the Tier 2 Public Safety and Firefighters Contributory System (Tier 2 Safety and Firefighters), 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.

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:

Summary of Eligibility and Benefits

	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

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.

Former governors at age 65 receive $1,300 per month per term. Legislators receive a benefit at age 65 with four or more years of service at the rate of $28.40 per month per year of service. Retirement at age 62 with 10 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.

As a condition of participation in the Defined Benefit Systems, employers and/or employees are required to contribute certain percentages of salaries and wages as authorized by statute and specified by the Board. Employee contributions may be paid in part or in whole by the employer. Contributions in some systems are also augmented by fees or insurance premium taxes. Below is a summary of system participants.

(Table on next page.)

Participating Membership by System
December 31, 2013

	Noncontributory 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
Employers	439	159	130	58	1	1	464	148
Members:								
Active	76,845	1,733	7,019	1,845	112	99	13,718	885
Terminated Vested	36,942	1,104	3,018	184	4	89	—	—
Retirees and Beneficiaries:								
Service Benefits	43,107	4,251	4,473	1,137	124	239	—	—
Disability Benefits	—	1	8	93	—	—	—	—

Employer contribution rates consist of (***1***) an amount for normal cost (the estimated amount necessary to finance benefits earned by the members during the current year) and (***2***) an amount for amortization of the unfunded, or excess funded actuarial accrued liability over a closed 21 year amortization period. These rates are determined using the entry age actuarial cost method.

The following table presents the State of Utah's actuarially determined employer contributions required and paid to URS. These amounts are equal to the annual pension costs for each of the stated years and all of these amounts were paid for each year. Accordingly, the net pension obligation (NPO) at the end of each year was zero.

State of Utah's Employer Contributions
Required and Paid
For Fiscal Years Ended June 30
(Expressed in Thousands)

	Noncontributory 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
Primary Government:								
2014	$ 139,990	$ 2,908	$ 44,487	$ 163	$ 5,335	$ 411	$ 6,390	$1,002
2013	$ 129,519	$ 3,024	$ 42,075	$ 183	$ 4,910	$ 252	$ 4,395	$ 506
2012	$ 116,876	$ 2,988	$ 38,758	$ 159	$ 3,839	$ 214	$ 1,492	$ 56
2011	$ 117,029	$ 3,246	$ 36,439	$ 130	$ 3,475	$ 153	$ —	$ —
2010	$ 103,548	$ 3,333	$ 34,342	$ 81	$ 2,427	$ —	$ —	$ —
Component Units:								
Colleges and Universities:								
2014	$ 46,543	$ 1,458	$ 838	$ —	$ —	$ —	$ 3,883	$ 16
2013	$ 45,040	$ 1,539	$ 769	$ —	$ —	$ —	$ 2,589	$ 9
2012	$ 47,555	$ 1,993	$ 699	$ —	$ —	$ —	$ 967	$ 4
2011	$ 45,449	$ 1,998	$ 639	$ —	$ —	$ —	$ —	$ —
2010	$ 40,385	$ 1,905	$ 639	$ —	$ —	$ —	$ —	$ —
Other:								
2014	$ 5,432	$ 97	$ —	$ —	$ —	$ —	$ 289	$ —
2013	$ 4,894	$ 84	$ —	$ —	$ —	$ —	$ 165	$ —
2012	$ 4,422	$ 73	$ —	$ —	$ —	$ —	$ 56	$ —
2011	$ 4,083	$ 64	$ —	$ —	$ —	$ —	$ —	$ —
2010	$ 3,580	$ 53	$ —	$ —	$ —	$ —	$ —	$ —
Total Primary Government and Component Units:								
2014	$ 191,965	$ 4,463	$ 45,325	$ 163	$ 5,335	$ 411	$10,562	$1,018
2013	$ 179,453	$ 4,647	$ 42,844	$ 183	$ 4,910	$ 252	$ 7,149	$ 515
2012	$ 168,853	$ 5,054	$ 39,457	$ 159	$ 3,839	$ 214	$ 2,515	$ 60
2011	$ 166,561	$ 5,308	$ 37,078	$ 130	$ 3,475	$ 153	$ —	$ —
2010	$ 147,513	$ 5,291	$ 34,981	$ 81	$ 2,427	$ —	$ —	$ —

The following table summarizes contribution rates in effect at December 31, 2013:

Contribution Rates as a Percent of Covered Payroll

System	Member	Employer	Other
Noncontributory	—	17.29 % – 20.46 %	—
Contributory	6.00 %	13.28 % – 15.97 %	—
Public Safety:			
Contributory	10.50 % – 12.29 %	20.83 % – 29.76 %	—
Noncontributory	—	32.14 % – 44.98 %	—
Firefighters:			
Division A	15.05 %	2.96 %	11.75 %
Division B	16.71 %	4.46 %	11.75 %
Judges:			
Noncontributory	—	35.66 %	12.74 %
Utah Governors and Legislators	—	$411,489	—
Tier 2 Public Employees	—	15.58 % – 18.34 %	—
Tier 2 Public Safety and Firefighters	—	12.11 % – 34.56 %	—

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. 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 381 employers participating in the 401(k) Plan and 162 employers participating in the 457(b) Plan. There are 152,339 plan participants in the 401(k) Plan, 16,637 participants in the 457(b) Plan, 4,935 participants in the Roth IRA Plan, 1,113 participants in the Traditional IRA Plan, and 2,146 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. 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. For the 401(k) plan, the State and participating employers are required to contribute to employees who participate in the noncontributory retirement plan. The State contributes 1.5 percent of eligible employees' salaries which amount vests immediately. The amounts contributed to the 401(k) Plan during the year ended June 30, 2014, by employees and employers are as follows: for Primary Government, $33.348 million and $22.859 million; for Component Units – Colleges and Universities, $4.322 million and $6.222 million; for Component Units – Other, $1.079 million and $1.109 million; and the combined total for all is $38.749 million and $30.19 million, respectively. The amounts contributed by employees to the 457(b), Roth and Traditional IRA Plans (Primary Government and Component Units) are $6.827 million, $2.643 million, and $158 thousand, respectively.

Employees of the University of Utah (major discrete component unit) may contribute to a 403(b), 457(b), Traditional and Roth IRA, or a 401(k) plan. For employees enrolled in the Hospital Retirement Plan and who contribute to a 403(b) or 457(b) plan, the University matches up to 3 percent of an employee's contribution. For employees who are enrolled, total University employee contributions to the above plans for the fiscal year 2014 was approximately $51.805 million.

Pension Receivables and Investments

Investments are presented at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Many factors are considered in arriving at that value. Corporate debt securities are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on an amortized cost basis, which approximates market or fair value. The fair value of real estate investments has been estimated based on independent appraisals and/or property cash flow. Short-term securities are reported at market value where published market prices and quotations are available, or at cost plus accrued interest, which approximates market or fair value. For investments where no readily ascertainable market value exists, management, in consultation with their investment advisors have determined the fair value for the individual investments. Approximately 8 percent of the investments held in trust for the pension benefits are invested in debt securities of the U.S. Government and its instrumentalities. Of the 8 percent, approximately 4 percent are U.S. Government debt securities and 4 percent are debt securities of the U.S. Government instrumentalities. The Systems and Plans have no investments of any commercial or industrial organization whose market value equals 5 percent or more of the net assets held in trust for pension benefits. The principal components of the receivables and investment categories are presented below.

Pension Receivables and Investments
(Expressed in Thousands)

	Non-contributory System	Contributory System	Public Safety System	Firefighters System	Judges System	Utah Governors and Legislators Retirement Plan	Tier 2 Public Safety Employees System
Receivables:							
Member Contributions	$ —	$ 257	$ 26	$ 540	$ —	$ —	$ —
Employer Contributions	43,714	651	4,413	—	207	189	2,097
Court Fees and Fire Insurance Premium	—	—	—	895	135	—	—
Investments	196,209	12,648	26,736	9,550	1,534	98	450
Total Receivables	$ 239,923	$ 13,556	$ 31,175	$ 10,985	$ 1,876	$ 287	$ 2,547
Investments:							
Debt Securities	$ 3,248,790	$ 209,429	$ 442,670	$ 158,126	$ 25,395	$ 1,631	$ 7,454
Equity Investments	7,677,060	494,893	1,046,056	373,660	60,010	3,854	17,613
Absolute Return	3,410,782	219,873	464,745	166,011	26,661	1,712	7,825
Private Equity	2,253,541	145,272	307,061	109,685	17,615	1,131	5,170
Real Assets	2,497,253	160,982	340,270	121,548	19,520	1,254	5,729
Invested Securities Lending Collateral	1,591,294	102,581	216,825	77,452	12,439	799	3,651
Total Investments	$ 20,678,720	$ 1,333,030	$ 2,817,627	$1,006,482	$ 161,640	$ 10,381	$ 47,442

Continues Below

	Tier 2 Public Safety and Firefighters System	401 (k) Plan	457 (b) Plan	IRA Plans	Health Reimbursement Arrangement	Total December 31, 2013
Receivables:						
Member Contributions	$ —	$ —	$ —	$ —	$ —	$ 823
Employer Contributions	115	—	—	—	—	51,386
Court Fees and Fire Insurance Premium	—	—	—	—	—	1,030
Investments	38	80,987	9,230	—	1,579	339,059
Total Receivables	$ 153	$ 80,987	$ 9,230	$ 0	$ 1,579	$ 392,298
Investments:						
Debt Securities	$ 624	$ 1,404,127	$ 156,052	$ 42,041	$ —	$ 5,696,339
Equity Investments	1,475	2,212,458	253,715	53,816	—	12,194,610
Absolute Return	655	—	—	—	—	4,298,264
Private Equity	433	—	—	—	—	2,839,908
Real Assets	480	49,773	5,743	1,752	—	3,204,304
Invested Securities Lending Collateral	306	—	—	—	—	2,005,347
Total Investments	$ 3,973	$ 3,666,358	$ 415,510	$ 97,609	$ 0	$ 30,238,772

Net Pension Liability of Employers
(Expressed in Thousands)

	(1) Total Pension Liability	(2) Plan Fiduciary Net Position	(3) Employers' Net Pension Liability/(Asset) (1) – (2)	(4) Plan Fiduciary Net Position as a % of the Total Pension Liability (2) / (1)	(5) Covered Employee Payroll	(6) Net Pension Liability/(Asset) as a % of Covered Employee Payroll (3) / (5)
System:						
Noncontributory Retirement System	$ 23,344,325	$ 19,915,815	$ 3,428,510	85.31%	$ 3,705,771	92.52%
Contributory Retirement System	1,312,921	1,281,945	30,976	97.64	98,023	31.60
Public Safety Retirement System	3,269,140	2,712,184	556,956	82.95	365,998	152.17
Firefighters Retirement System	999,024	968,661	30,363	96.96	110,741	27.42
Judges Retirement System	182,638	155,676	26,962	85.24	15,195	177.44
Utah Governors and Legislative Retirement System	11,879	10,166	1,713	85.58	390	439.23
Tier 2 Public Employees System	48,292	47,690	602	98.75	353,227	0.17
Tier 2 Public Safety and Firefighter System	3,345	3,935	(590)	117.64	20,215	(2.92)
Total Net Pension Liability of Employers	$ 29,171,564	$ 25,096,072	$ 4,075,492	86.03%	$ 4,669,560	87.28%

The net pension liability (i.e., the retirement system's liability determined in accordance with of GASB Statement 67, *A Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25* less the fiduciary net position) as of December 31, 2013, is as shown above.

Actuarial valuation of the ongoing Systems involve estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was performed in 2011 and the next experience study is scheduled to be conducted in 2014. The Total Pension Liability as of December 31, 2013, is based on the results of an actuarial valuation date of January 1, 2013, and rolled-forward using generally accepted actuarial procedures.

A summary of the actuarial assumptions as of the latest actuarial valuation is shown below:

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	1/1/13	1/1/13	1/1/13	1/1/13	1/1/13	1/1/13	1/1/13	1/1/13
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	3.75–10.75 %	3.75–10.75 %	3.75–9.25 %	3.75–9.75 %	3.75 %	None	3.75–10.75 %	3.75–9.25 %
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 %	2.75 %	2.75 %

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.

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, 2013, are summarized in the table below:

Target Allocations
(Expected Return Arithmetic Basis)

	Target Asset Allocation	Real Return Arithmetic Basis	Long-term Expected Portfolio Real Rate of Return*
Asset Class:			
Equity Securities	40.00 %	7.06 %	2.82 %
Debt Securities	20.00	0.80	0.16
Real Assets	13.00	5.10	0.66
Private Equity	9.00	11.30	1.02
Absolute Return	18.00	3.15	0.57
Cash and Cash Equivalents	0.00	0.00	0.00
Total Asset Classes	100.00 %		5.23 %
Inflation			2.75
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 a 2.75 percent inflation rate, 0.35 percent for administrative and investment expenses, and a real long-term expected rate of return of 5.1 percent.

Changes in Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Utah Code. Based on those assumptions, the Systems fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB Statement 67, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the net pension liability of the participating employers calculated using the discount rate of 7.5 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.5 percent) or 1 percent higher (8.5 percent) than the current and are summarized in the table below.

Changes in Discount Rate
(Expressed in Thousands)

	1 % Decrease (6.5 %)	Current Discount Rate (7.5 %)	1 % Increase (8.5 %)
System:			
Noncontributory Retirement System	$ 6,438,703	$ 3,428,510	$ 910,975
Contributory Retirement System	166,565	30,976	(83,139)
Public Safety Retirement System	1,015,643	556,956	181,888
Firefighters Retirement System	166,339	30,363	(81,447)
Judges Retirement System	46,212	26,962	10,442
Utah Governors and Legislative Retirement System	2,908	1,713	707
Tier 2 Public Employees System	15,076	602	(10,324)
Tier 2 Public Safety and Firefighter System	399	(590)	(1,344)
Total	$ 7,851,845	$ 4,075,492	$ 927,758

Actuarial Methods and Assumptions

The information contained in the Schedules of Funding Progress is based on the actuarial study dated January 1, 2013, and calendar year 2013 activity. The actuarial accrued liability is presented based on the report generated by that study, conducted by Gabriel, Roeder, Smith & Company. The actuarial value of assets for that date is based on a smoothed expected investment income rate. Beginning with the 2011 actuarial study, the investment rate of return assumption was changed from 7.75 percent to 7.5 percent. Investment income in excess or shortfall of the expected rate on fair value is smoothed over a five-year period with 20 percent of a year's excess or shortfall being recognized each year, beginning with the current year.

All systems use: (1) the entry age actuarial cost method and the level percent of payroll amortization method except the Utah Governors and Legislators Retirement Plan which uses the level dollar amount amortization method; (2) the remaining amortization period is an open group, 21 year, closed period; and (3) an inflation rate of 2.75 percent. 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 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. Below are the Schedules of Funding Progress.

Schedules of Funding Progress
By Valuation Date
(Expressed in Thousands)

	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
Actuarial Value of Assets:								
January 1, 2012	$ 16,805,952	$ 1,135,251	$ 2,222,202	$ 810,764	$ 130,561	$ 9,565	$ 2,833	$ 90
January 1, 2013	$ 16,969,392	$ 1,133,433	$ 2,283,911	$ 824,060	$ 131,217	$ 9,077	$ 17,818	$ 1,161
December 31, 2013	$ 18,572,714	$ 1,193,801	$ 2,530,613	$ 903,627	$ 145,121	$ 9,457	$ 46,241	$ 3,822
Actuarial Accrued Liability (AAL):								
January 1, 2012	$ 21,260,843	$ 1,269,042	$ 2,948,481	$ 903,399	$ 167,982	$ 12,029	$ 3,055	$ 101
January 1, 2013	$ 22,200,896	$ 1,280,836	$ 3,093,227	$ 944,791	$ 174,923	$ 11,925	$ 16,755	$ 1,042
December 31, 2013	$ 23,344,325	$ 1,312,921	$ 3,269,140	$ 999,024	$ 182,638	$ 11,879	$ 48,292	$ 3,345
Unfunded Actuarial Accrued Liability (UAAL):								
January 1, 2012	$ 4,454,891	$ 133,791	$ 726,279	$ 92,635	$ 37,421	$ 2,464	$ 222	$ 11
January 1, 2013	$ 5,231,504	$ 147,403	$ 809,316	$ 120,731	$ 43,706	$ 2,848	$ (1,063)	$ (119)
December 31, 2013	$ 4,771,611	$ 119,120	$ 738,527	$ 95,397	$ 37,517	$ 2,422	$ 2,051	$ (477)
Funding Ratios:								
January 1, 2012	79.0 %	89.5 %	75.4 %	89.7 %	77.7 %	79.5 %	92.7 %	89.1 %
January 1, 2013	76.4 %	88.5 %	73.8 %	87.2 %	75.0 %	76.1 %	106.3 %	111.4 %
December 31, 2013	79.6 %	90.9 %	77.4 %	90.5 %	79.5 %	79.6 %	95.8 %	114.3 %
Annual Covered Payroll:								
January 1, 2012	$ 3,900,106	$ 110,103	$ 374,293	$ 110,751	$ 14,918	$ 910	$ 36,821	$ 855
January 1, 2013	$ 3,794,929	$ 103,074	$ 366,471	$ 110,608	$ 14,885	$ 910	$ 203,779	$ 10,237
December 31, 2013	$ 3,705,771	$ 98,023	$ 365,998	$ 110,741	$ 15,195	$ 390	$ 353,227	$ 20,215
UAAL as a Percent of Covered Payroll:								
January 1, 2012	114.2 %	121.5 %	194.0 %	83.6 %	249.8 %	270.8 %	0.6 %	1.3 %
January 1, 2013	137.9 %	143.0 %	220.8 %	109.2 %	293.6 %	313.0 %	(0.5)%	(1.2)%
December 31, 2013	128.8 %	121.5 %	201.8 %	86.1 %	246.9 %	621.0 %	0.6 %	(2.4)%

B. **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, 2014 and 2013, were $177.14 million and $160.08 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.

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 thirty 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, 2012, the date of the latest actuarial valuation, approximately 5,562 retirees and their beneficiaries were receiving postemployment health and life insurance benefits, and an estimated 10,864 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 35.18 percent, toward the cost of health insurance premiums. For the year ended June 30, 2014, retirees contributed $1.463 million, or approximately 5.1 percent of total premiums, through their required contributions of $0 to $712.37 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 2014, in prior years the State Legislature contributed more than the ARC. This overfunding of the ARC contributed to a net OPEB asset of $5.854 million. It is reported on the Statement of Net Position (governmental activities) within *Prepaid Items*.

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 4 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 4 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, 2012, the date of the latest actuarial valuation, approximately 83 retirees and their beneficiaries were receiving health or Medicare supplemental coverage, and an estimated 205 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, 2014, elected officials that participated in the Elected Official OPEB Plan contributed $28 thousand, or approximately 8.1 percent of total premiums, through their required contributions of $0 (for ten or more years of service) to $700.02 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 2014, is 92.28 percent of annual covered payroll. For the fiscal year 2014, the State Legislature decided to contribute $2.03 million, $709 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 2014 (dollar amount in thousands):

	State Employee OPEB Plan	Elected Official OPEB Plan
Annual required contribution	$ 30,342	$ 1,321
Interest on net OPEB obligation	(272)	234
Adjustment to annual required contribution	465	(400)
Annual OPEB cost (expense)	30,535	1,155
Contributions made	(30,342)	(2,030)
Increase (decrease) in net OPEB obligation	193	(875)
Net OPEB obligation (asset) – Beginning of year	(6,047)	5,206
Net OPEB obligation (asset) – End of year	$ (5,854)	$ 4,331

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation (asset) for fiscal year 2014 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	6/30/2011	$ 43,819	100.00 %	$ —
	6/30/2012	$ 37,594	115.16 %	$ (5,699)
	6/30/2013	$ 37,722	100.92 %	$ (6,047)
	6/30/2014	$ 30,535	99.37 %	$ (5,854)
Elected Official OPEB Plan	6/30/2011	$ 1,793	19.18 %	$ 7,142
	6/30/2012	$ 1,767	196.38 %	$ 5,439
	6/30/2013	$ 1,797	112.97 %	$ 5,206
	6/30/2014	$ 1,155	175.76 %	$ 4,331

The funded status of both the State Employee and Elected Official OPEB plans as of December 31, 2012, was as follows (dollar amount in thousands):

	State Employee OPEB Plan	Elected Official OPEB Plan
Actuarial accrued liability	$ 408,661	$ 14,507
Actuarial value of plan assets	150,107	5,302
Unfunded actuarial accrued liability (funding excess)	$ 258,554	$ 9,205
Funded ratio	36.73 %	36.55 %
Covered payroll	$ 496,491	$ 1,431
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	52.08 %	643.26 %

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, 2012, were as follows:

	State Employee OPEB Plan	Elected Official OPEB Plan
Actuarial valuation date	12/31/2012	12/31/2012
Actuarial cost method	Projected Unit Credit	
Amortization method	Level Dollar Amount; Open	
Remaining amortization period	20 years	20 years
Asset valuation method	Fair Value	Fair Value
Actuarial assumptions:		
Investment rate of return *	4.50 %	4.50 %
Healthcare inflation rate	8.50 % initial 4.50 % ultimate	

***** Includes an inflation assumption of 2.50 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 (internal service fund) and the Public Employees Health Program (major discrete component unit). The State is a major participant in these programs. The Risk Management Fund manages the general property, auto/physical damage, and liability risk of the State. The Public Employees Health Program manages the health 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 nonmajor 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 funds can economically and effectively manage the State's risks internally and have set aside assets for claim settlement. The risks are covered through reserves and commercial insurance for excessive losses. The State had property losses that exceeded the State's self-insured aggregate claim limit of $3.5 million for the fiscal year ended June 30, 2012. However, these losses did not exceed the State's commercial excess insurance coverage. The State 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, but these losses did not exceed the State's commercial excess insurance coverage. The State 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 year ended June 30, 2014. The risk funds service all claims for risk of loss to which the State is exposed, including general liability, property and casualty, auto/physical damage, group medical and dental, disability, and some environmental claims. They also service the general risk claims for all local school districts and many charter schools within the State. All funds, agencies, public schools, and public authorities of the State may participate in the State's Risk Management and Public Employees Health Programs. The risk funds allocate the cost of providing claims servicing, claims payment, and commercial insurance by charging a "premium" to each agency, public authority, or employee, based on each organization's estimated current year liability and property values. The reserve for liability losses is determined using an independent actuarial study based on past, current, and estimated loss experiences.

Risk Management and Public Employees Health Program claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated and include 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 claim liabilities reserves are reported using a discount rate of 1 percent. The Public Employees Health Program long-term disability benefit reserves are reported using discount rates between 3.00 and 7.75 percent. The primary government and the discrete component units of the State paid premiums to the Public Employees Health Program of $246.866 million and $33.336 million, respectively, for health and life insurance coverage in fiscal year 2014.

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 agencies 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, 2014, there were 257 state employees receiving benefits. The program is funded by paying premiums to the Public Employees Health Program (major discrete component unit), where assets are set aside for future payments. For the fiscal year ended June 30, 2014, the primary government and the discrete component units of the State paid premiums of $5.339 million and $183 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, 2013 and June 30, 2014. The Public Employees Health Program balances are for the fiscal years ended June 30, 2012 and June 30, 2013 and for the six months ended December 31, 2013:

Changes in Claims Liabilities
(Expressed in Thousands)

	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
Risk Management:				
2013	$ 44,700	$ 17,312	$ (13,822)	$ 48,190
2014	$ 48,190	$ 15,261	$ (14,866)	$ 48,585
Public Employees Health Program:				
2012	$ 114,231	$ 526,273	$ (507,626)	$ 132,878
2013	$ 132,878	$ 481,563	$ (491,126)	$ 123,315
December 31, 2013	$ 123,315	$ 237,020	$ (235,572)	$ 124,763
College and University Self-Insurance:				
2013	$ 62,394	$ 254,570	$ (252,822)	$ 64,142
2014	$ 64,142	$ 242,854	$ (246,020)	$ 60,976

NOTE 20. SUBSEQUENT EVENTS

Subsequent to June 30, 2014, the Governor's Office of Economic Development Board approved $16.706 million of additional commitments to be credited over the next several years for the Economic Development Tax Increment Financing Incentive program (EDTIF). These commitments are contingent on participating companies meeting certain economic development performance criteria.

Subsequent to June 30, 2014, the Utah Housing Corporation (major discrete component unit) issued $84.001 million of tax-exempt pass through bonds (HOMES).

On July 1, 2014 the Utah Communications Agency Network (UCAN - an independent agency, reported as a joint venture), was renamed the Utah Communications Authority (UCA) and the board was expanded and restructured. In addition, certain public safety communications network services and 911 emergency services, previously provided by the State, were transferred to UCA. The State is in the process of evaluating UCA to determine if it should be included as part of the reporting entity as a discrete component unit in the fiscal year 2015 financial statements.

Subsequent to June 30, 2014, the Utah Higher Education Assistance Authority Student Loan Purchase Program (Student Assistance Programs, major enterprise fund) issued Series 2014-1 Student Loan Backed Notes pursuant to a Trust Indenture and a First Supplemental Indenture of Trust in the amount of $277 million dated July 1, 2014. Proceeds from the note issuance were used to retire the outstanding issuance in the 2011 Revenue Bond Fund.

Subsequent to June 30, 2014, the University of Utah (major discrete component unit) issued $76.2 million of General Revenue and Refunding Bonds Series 2014B. Principal on the bonds is due annually commencing August 1, 2015 through August 1, 2038. Bond interest is due semiannually commencing February 1, 2015 at rates ranging from 2 percent to 5 percent. Proceeds from these bonds are to be used to construct the Lassonde Living Learning Center, partial replacement of utility distribution infrastructure and to refund a portion of the Hospital Revenue and Refunding Bonds Series 2006A.

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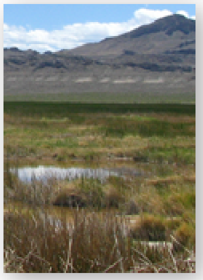
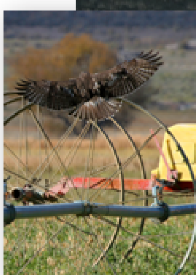
2014

State of Utah

Comprehensive Annual Financial Report





REQUIRED SUPPLEMENTARY INFORMATION

State of Utah

Budgetary Comparison Schedule
General Fund

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Sales Tax	$ 1,683,229	$ 1,651,461	$ 1,656,806	$ 5,345
Licenses, Permits, and Fees:				
Court Fees	14,323	17,651	13,187	(4,464)
Other Licenses, Permits, and Fees	7,841	8,309	13,675	5,366
Investment Income	4,500	3,750	5,028	1,278
Miscellaneous Taxes and Other:				
Beer Tax	6,931	6,906	8,091	1,185
Cigarette and Tobacco Tax	112,130	109,587	105,034	(4,553)
Insurance Premium Tax	92,600	94,879	91,213	(3,666)
Oil, Gas, and Mining Severance Tax	89,350	85,344	105,010	19,666
Taxpayer Rebates	(6,900)	(6,536)	(5,962)	574
Court Collections	3,029	3,865	3,757	(108)
Other Taxes	39,522	34,478	34,165	(313)
Miscellaneous Other	28,178	22,877	43,020	20,143
Total General Revenues	2,074,733	2,032,571	2,073,024	40,453
Department Specific Revenues				
Sales Tax	3,978	4,037	4,037	—
Federal Contracts and Grants	2,711,018	2,640,709	2,640,709	—
Departmental Collections	429,135	438,435	441,138	2,703
Higher Education Collections	638,299	684,485	684,485	—
Federal Mineral Lease	147,185	136,339	163,133	26,794
Investment Income	2,400	3,537	3,527	(10)
Miscellaneous	538,269	558,451	548,116	(10,335)
Total Department Specific Revenues	4,470,284	4,465,993	4,485,145	19,152
Total Revenues	6,545,017	6,498,564	6,558,169	59,605
Expenditures				
General Government	406,309	418,499	344,500	73,999
Human Services and Juvenile Justice Services	721,088	706,575	697,784	8,791
Corrections	292,001	273,815	264,353	9,462
Public Safety	298,683	286,633	253,971	32,662
Courts	138,051	137,206	133,120	4,086
Health and Environmental Quality	2,626,516	2,755,739	2,719,736	36,003
Higher Education – State Administration	48,018	48,920	48,920	—
Higher Education – Colleges and Universities	1,418,990	1,462,165	1,461,990	175
Employment and Family Services	947,456	718,535	709,031	9,504
Natural Resources	207,419	223,421	191,749	31,672
Heritage and Arts	28,761	27,854	24,271	3,583
Business, Labor, and Agriculture	145,851	116,016	96,822	19,194
Total Expenditures	7,279,143	7,175,378	6,946,247	229,131
Excess Revenues Over (Under) Expenditures	(734,126)	(676,814)	(388,078)	288,736
Other Financing Sources (Uses)				
Transfers In	512,639	668,828	668,828	—
Transfers Out	(216,843)	(291,941)	(291,941)	—
Total Other Financing Sources (Uses)	295,796	376,887	376,887	0
Net Change in Fund Balance	(438,330)	(299,927)	(11,191)	288,736
Budgetary Fund Balance – Beginning	665,760	665,760	665,760	—
Budgetary Fund Balance – Ending	$ 227,430	$ 365,833	$ 654,569	$ 288,736

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

State of Utah

Budgetary Comparison Schedule
Education Fund

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Individual Income Tax	$ 2,767,527	$ 2,801,572	$ 2,910,827	$ 109,255
Corporate Tax	286,458	293,409	319,237	25,828
Miscellaneous Other	21,773	32,610	28,833	(3,777)
Total General Revenues	3,075,758	3,127,591	3,258,897	131,306
Department Specific Revenues				
Federal Contracts and Grants	549,386	473,057	473,057	—
Departmental Collections	6,476	8,497	8,497	—
Investment Income	30,013	38,554	40,721	2,167
Miscellaneous:				
Liquor Sales Allocated for School Lunch	37,260	34,858	34,858	—
Driver Education Fee	4,993	5,367	5,367	—
Other	2,554	7,747	7,412	(335)
Total Department Specific Revenues	630,682	568,080	569,912	1,832
Total Revenues	3,706,440	3,695,671	3,828,809	133,138
Expenditures				
Public Education	3,384,364	3,348,489	3,229,793	118,696
Total Expenditures	3,384,364	3,348,489	3,229,793	118,696
Excess Revenues Over (Under) Expenditures	322,076	347,182	599,016	251,834
Other Financing Sources (Uses)				
Transfers In	8,501	8,788	8,788	—
Transfers Out	(479,517)	(544,516)	(544,516)	—
Total Other Financing Sources (Uses)	(471,016)	(535,728)	(535,728)	0
Net Change in Fund Balance	(148,940)	(188,546)	63,288	251,834
Budgetary Fund Balance – Beginning	629,702	629,702	629,702	—
Budgetary Fund Balance – Ending	$ 480,762	$ 441,156	$ 692,990	$ 251,834

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

Budgetary Comparison Schedule
Transportation Fund

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
General Revenues				
Motor Fuel Tax	$ 254,400	$ 253,343	$ 256,760	$ 3,417
Special Fuel Tax	99,500	99,000	101,706	2,706
Licenses, Permits, and Fees:				
Motor Vehicle Registration Fees	40,695	42,171	39,580	(2,591)
Proportional Registration Fees	15,832	15,312	15,811	499
Temporary Permits	391	380	364	(16)
Special Transportation Permits	10,527	10,534	9,952	(582)
Highway Use Permits	10,574	9,833	10,562	729
Motor Vehicle Control Fees	5,375	5,560	5,215	(345)
Investment Income	200	200	561	361
Total General Revenues	437,494	436,333	440,511	4,178
Department Specific Revenues				
Sales and Aviation Fuel Taxes	73,777	72,677	81,569	8,892
Federal Contracts and Grants	182,170	345,349	345,350	1
Departmental Collections	79,984	89,682	93,699	4,017
Investment Income	120	120	425	305
Miscellaneous	5,750	24,939	25,930	991
Total Department Specific Revenues	341,801	532,767	546,973	14,206
Total Revenues	779,295	969,100	987,484	18,384
Expenditures				
Transportation	703,293	913,942	901,708	12,234
Total Expenditures	703,293	913,942	901,708	12,234
Excess Revenues Over (Under) Expenditures	76,002	55,158	85,776	30,618
Other Financing Sources (Uses)				
Sale of Capital Assets	500	1,994	1,994	—
Transfers In	81,050	85,033	85,033	—
Transfers Out	(146,688)	(153,134)	(153,134)	—
Total Other Financing Sources (Uses)	(65,138)	(66,107)	(66,107)	0
Net Change in Fund Balance	10,864	(10,949)	19,669	30,618
Budgetary Fund Balance – Beginning	193,368	193,368	193,368	—
Budgetary Fund Balance – Ending	$ 204,232	$ 182,419	$ 213,037	$ 30,618

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

State of Utah

Budgetary Comparison Schedule
Budget To GAAP Reconciliation

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	General Fund	Education Fund	Transportation Fund
Revenues			
Actual total revenues (budgetary basis)	$ 6,558,169	$ 3,828,809	$ 987,484
Differences – Budget to GAAP:			
Intrafund revenues are budgetary revenues but are not revenues for financial reporting	(326,471)	(4,330)	(1,382)
Higher education and Utah Schools for the Deaf and the Blind collections are budgetary revenues but are not revenues for financial reporting	(693,388)	(7,164)	—
Change in revenue accrual for nonbudgetary Medicaid claims	(6,189)	—	—
Change in tax accruals designated by law for postemployment and other liabilities are revenues for financial reporting but not for budgetary reporting	(206)	9,733	828
Change in estimated federal receivables recorded as revenues for financial reporting but not for budgetary reporting	—	(17,641)	—
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 5,531,915	$ 3,809,407	$ 986,930
Expenditures			
Actual total expenditures (budgetary basis)	$ 6,946,247	$ 3,229,793	$ 901,708
Differences – Budget to GAAP:			
Intrafund expenditures for reimbursements are budgetary expenditures but are not expenditures for financial reporting	(326,471)	(4,330)	(1,382)
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	(693,388)	(7,164)	—
Certain budgetary transfers and other charges are reported as an increase or reduction of expenditures for financial reporting	(2,852)	—	—
Leave/postemployment charges budgeted as expenditures when earned rather than when taken or due	1,403	656	1,784
Change in estimated federal liabilities recorded as expenditures for financial reporting but not for budgetary reporting	—	(17,641)	—
Change in accrual for Medicaid (incurred but not reported) claims excluded from the budget by statute	(8,996)	—	—
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	$ 5,915,943	$ 3,201,314	$ 902,110

The Notes to Required Supplementary Information – Budgetary Reporting are an integral part of this schedule.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – 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, 2014, 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 proposed budget is presented to the Legislature. The Legislature reviews the budget, makes changes, and prepares the annual *Appropriations Act*. The Legislature passes the *Appropriations Act* by a simple majority vote. The *Appropriations Act* 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 Act.* Budgets may be modified if federal funding or revenue specifically dedicated for a line item exceeds original estimates in the *Appropriations Act*. 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 $814 thousand. This deficit is allowed by statute and will be funded with future appropriations. In addition, the General Fund's Department of Administrative Services Judicial Conduct Commission budget was over expended by $2 thousand and the Education Fund's State Office of Rehabilitation budget was over expended by $4.948 million. These agencies will cover the overspending with their subsequent year's budget. 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, 2014, the State was $786 million below the appropriations limitation.

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, 2008 to December 31, 2010: (***1***) fully funding the Annual Required Contribution (ARC) over the last two fiscal years; (***2***) changes in benefit provisions that shifted increases in health care costs to employees and retirees; (***3***) using a discount rate of 4.5 percent (instead of 6 percent used in prior valuations) in order to more conservatively fund the ARC due to current market volatility; (***4***) an actuarial change in trend assumption for Medicare retirees; (***5***) actuarial experience; and (***6***) a reduction in Annual Covered Payroll due to fewer employees eligible to receive post-retirement health 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 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 (using the projected unit credit method):

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, 2008.......	$ 53,851	$ 446,601	$ 392,750	12.06 %	$ 901,245	43.58 %
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 %

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 %

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 decrease in the Elected Official OPEB Plan Actuarial Accrued Liability (AAL) and the Unfunded Actuarial Accrued Liability (UAAL) from December 31, 2008 to December 31, 2010: (***1***) changes in claims, and changes in benefit provisions; (***2***) an actuarial change in trend assumption for Medicare retirees; and (***3***) actuarial experience.

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 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, 2008........	$ —	$ 24,515	$ 24,515	0.00 %	$ 866	2,830.83 %
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 %

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 %

(Required Supplementary Information continues on next page.)

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 5,719 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 2,000 Average Annual Daily Traffic) at 90 percent, and Level 2 (with less than 2,000 Average Annual Daily Traffic) at 80 percent.

The following table reports the percentage of pavements with ratings of "fair" or better for the last three assessments for each system:

System	2012	2011	2010
Interstate System ...	99.5 %	98.3 %	97.9 %
Level 1 System......	93.5 %	93.2 %	92.1 %
Level 2 System......	82.1 %	82.7 %	82.1 %

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
2014	$ 193,282	$ 298,484
2013	$ 194,720	$ 328,137
2012	$ 204,647	$ 371,133
2011	$ 249,071	$ 299,227
2010	$ 244,272	$ 349,451

Bridges

UDOT uses the Structures Inventory System to monitor the condition of the 1,922 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.

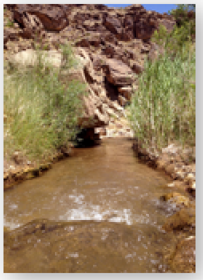
Condition Level – Bridges

The State performs complete assessments on an annual basis ending April 1 of each year. The established condition level is to maintain 50 percent of the bridges with a rating of "good" and no more than 15 percent with a rating of "poor." The following table reports the results of the bridges assessed for the past three years:

Rating	2014	2013	2012
Good	73.4 %	72.4 %	71.6 %
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
2014	$ 34,109	$ 52,674
2013	$ 34,362	$ 57,907
2012	$ 36,114	$ 65,494
2011	$ 43,954	$ 52,805
2010	$ 43,107	$ 61,668



State of Utah 2014

Comprehensive Annual Financial Report

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.

State of Utah

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2014 (Expressed in Thousands)

	Special Revenue			
	State Endowment	Environmental Reclamation	Crime Victim Reparation	Universal Telephone Services
ASSETS				
Cash and Cash Equivalents	$ 82	$ 2,966	$ 1,362	$ 4,899
Investments	159,427	21,004	1,045	—
Receivables:				
Accounts, net	—	1	—	—
Accrued Interest	—	—	—	—
Capital Lease Payments, net	—	—	—	—
Due From Other Funds	—	39	—	—
Due From Component Units	—	—	—	—
Total Assets	$ 159,509	$ 24,010	$ 2,407	$ 4,899
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ —	$ 3,312	$ 28	$ 233
Due To Other Funds	—	—	—	73
Unearned Revenue	—	—	—	—
Total Liabilities	0	3,312	28	306
Deferred Inflows of Resources:				
Unavailable Revenue	—	—	—	—
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances:				
Nonspendable:				
Restricted	—	18,671	—	4,593
Committed	159,509	2,027	2,379	—
Assigned	—	—	—	—
Total Fund Balances	159,509	20,698	2,379	4,593
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 159,509	$ 24,010	$ 2,407	$ 4,899

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ 188	$ 838	$ 964	$ —	$ 125,093	$ 1,505
4,483	38,307	1,286	12,297	3,406	1,325
52	—	—	15,226	128	—
—	—	—	—	—	1
—	—	—	—	—	—
10	—	48	174	1,479	—
—	—	—	—	36,231	—
$ 4,733	$ 39,145	$ 2,298	$ 27,697	$ 166,337	$ 2,831
$ 168	$ 40	$ 3	$ 2,030	$ 41,629	$ 9
54	1,595	6	1,059	3,317	1,321
—	—	35	2,944	—	—
222	1,635	44	6,033	44,946	1,330
—	—	—	—	1	—
0	0	0	0	1	0
—	—	1,112	14,911	2,136	1,497
4,511	37,510	1,142	6,602	—	—
—	—	—	151	119,254	4
4,511	37,510	2,254	21,664	121,390	1,501
$ 4,733	$ 39,145	$ 2,298	$ 27,697	$ 166,337	$ 2,831

Continues

Combining Balance Sheet
Nonmajor Governmental Funds

Continued

June 30, 2014 (Expressed in Thousands)

	Debt Service		Total
	General Government	State Building Ownership Authority	Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	$ 82,987	$ 3,272	$ 224,156
Investments	7,216	2,864	252,660
Receivables:			
Accounts, net	—	—	15,407
Accrued Interest	4	1	6
Capital Lease Payments, net	—	102,110	102,110
Due From Other Funds	—	—	1,750
Due From Component Units	—	—	36,231
Total Assets	$ 90,207	$ 108,247	$ 632,320
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	$ 71,088	$ —	$ 118,540
Due To Other Funds	11,826	5,778	25,029
Unearned Revenue	—	—	2,979
Total Liabilities	82,914	5,778	146,548
Deferred Inflows of Resources:			
Unavailable Revenue	—	102,110	102,111
Total Deferred Inflows of Resources	0	102,110	102,111
Fund Balances:			
Nonspendable:			
Restricted	—	—	42,920
Committed	—	—	213,680
Assigned	7,293	359	127,061
Total Fund Balances	7,293	359	383,661
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 90,207	$ 108,247	$ 632,320

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

For the Fiscal Year Ended June 30, 2014 (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	—	—	1,806	—
Charges for Services	—	3,138	6,994	11,142
Intergovernmental	—	—	—	—
Investment Income	22,259	—	6	—
Miscellaneous and Other	—	39	700	—
Total Revenues	22,259	3,177	9,506	11,142
EXPENDITURES				
Current:				
General Government	—	2,048	7,230	—
Human Services and Juvenile Justice Services	—	—	—	—
Corrections	—	—	—	—
Public Safety	—	—	—	—
Health and Environmental Quality	—	3,631	—	—
Higher Education – Colleges and Universities	—	—	—	—
Employment and Family Services	—	—	—	—
Natural Resources	—	—	—	—
Heritage and Arts	—	—	—	—
Business, Labor, and Agriculture	—	—	—	9,418
Public Education	—	—	—	—
Transportation	—	—	—	—
Capital Outlay	—	—	—	—
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Other Charges	—	—	—	—
Total Expenditures	0	5,679	7,230	9,418
Excess Revenues Over (Under) Expenditures	22,259	(2,502)	2,276	1,724
OTHER FINANCING SOURCES (USES)				
Premium on Bonds Issued	—	—	—	—
Transfers In	—	400	674	—
Transfers Out	—	(109)	(3,609)	—
Total Other Financing Sources (Uses)	0	291	(2,935)	0
Net Change in Fund Balances	22,259	(2,211)	(659)	1,724
Fund Balances – Beginning	137,250	22,909	3,038	2,869
Fund Balances – Ending	$ 159,509	$ 20,698	$ 2,379	$ 4,593

Special Revenue				Capital Projects	
Consumer Education	Rural Development	State Capitol	Miscellaneous Special Revenue	General Government	State Building Ownership Authority
$ —	$ —	$ —	$ 4,382	$ —	$ —
—	9,346	—	3,486	—	—
0	9,346	0	7,868	0	0
—	—	—	14,697	—	—
1,161	—	444	52,689	—	—
—	—	—	—	7,211	—
21	210	7	345	618	6
—	—	294	2,944	17	—
1,182	9,556	745	78,543	7,846	6
—	—	388	8,687	15,278	—
—	—	—	411	4,220	—
—	—	—	—	3,051	—
—	—	—	18,289	1,201	—
—	—	—	258	1,610	—
—	—	—	—	13,396	—
—	8,427	—	853	975	—
—	—	—	—	3,502	—
—	—	—	7	—	—
1,421	—	—	295	100	—
—	—	—	516	177	—
—	—	—	—	678	—
—	—	—	—	123,168	3
—	—	—	—	—	—
—	—	—	—	—	—
1,421	8,427	388	29,316	167,356	3
(239)	1,129	357	49,227	(159,510)	3
—	—	—	—	—	—
—	—	—	627	186,711	—
(33)	—	—	(49,615)	(6,595)	(53)
(33)	0	0	(48,988)	180,116	(53)
(272)	1,129	357	239	20,606	(50)
4,783	36,381	1,897	21,425	100,784	1,551
$ 4,511	$ 37,510	$ 2,254	$ 21,664	$ 121,390	$ 1,501

Continues

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

Continued

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	Debt Service		Total
	General Government	State Building Ownership Authority	Total Nonmajor Governmental Funds
REVENUES			
Taxes:			
Sales and Use Tax	$ —	$ —	$ 4,382
Other Taxes	—	—	12,832
Total Taxes	0	0	17,214
Other Revenues:			
Federal Contracts and Grants	14,154	1,622	32,279
Charges for Services	—	—	75,568
Intergovernmental	—	—	7,211
Investment Income	1	4	23,477
Miscellaneous and Other	—	22,654	26,648
Total Revenues	14,155	24,280	182,397
EXPENDITURES			
Current:			
General Government	—	—	33,631
Human Services and Juvenile Justice Services	—	—	4,631
Corrections	—	—	3,051
Public Safety	—	—	19,490
Health and Environmental Quality	—	—	5,499
Higher Education – Colleges and Universities	—	—	13,396
Employment and Family Services	—	—	10,255
Natural Resources	—	—	3,502
Heritage and Arts	—	—	7
Business, Labor, and Agriculture	—	—	11,234
Public Education	—	—	693
Transportation	—	—	678
Capital Outlay	—	—	123,171
Debt Service:			
Principal Retirement	314,855	14,804	329,659
Interest and Other Charges	140,015	10,086	150,101
Total Expenditures	454,870	24,890	708,998
Excess Revenues Over (Under) Expenditures	(440,715)	(610)	(526,601)
OTHER FINANCING SOURCES (USES)			
Premium on Bonds Issued	831	—	831
Transfers In	454,869	276	643,557
Transfers Out	(14,377)	(1,051)	(75,442)
Total Other Financing Sources (Uses)	441,323	(775)	568,946
Net Change in Fund Balances	608	(1,385)	42,345
Fund Balances – Beginning	6,685	1,744	341,316
Fund Balances – Ending	$ 7,293	$ 359	$ 383,661

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State of Utah

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

For the Fiscal Year Ended June 30, 2014 (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	$ 3,110	$ —	$ —	$ 3,110
House	5,623	—	—	5,623
Printing	678	—	234	912
Research and General Counsel	8,970	—	—	8,970
Fiscal Analyst	3,391	—	—	3,391
Auditor General	4,160	—	—	4,160
Legislative Services	4,609	—	—	4,609
Total Legislature	30,541	0	234	30,775
Elected Officials				
State Treasurer	$ 2,677	$ —	$ 480	$ 3,157
GOV – Administrative Office	5,862	79	934	6,875
GOV – Management and Budget	6,479	—	9	6,488
GOV – Public Lands Litigation	2,621	—	—	2,621
GOV – Lt. Governor Character Education	416	—	120	536
GOV – Criminal and Juvenile Justice	10,608	9,734	73	20,415
GOV – CCJJ - Factual Innocence	8	—	—	8
GOV – Emergency Fund	100	—	—	100
GOV – LeRay McAllister Program	495	—	—	495
GOV – Pete Suazo Athletic Commission	275	—	58	333
GOV – Economic Development Administration	13,002	1,232	365	14,599
GOV – Office of Tourism	18,920	—	266	19,186
GOV – Business Development	11,567	548	113	12,228
GOV – STEM Action Center	10,000	—	26	10,026
GOV – Industrial Assistance Fund	2,721	—	—	2,721
GOV – Office of Energy Development	2,732	680	23	3,435
GOV – Constitutional Defense Council	1,472	—	—	1,472
USTAR	4,044	—	49	4,093
USTAR – Research Teams	18,575	—	—	18,575
Attorney General	32,123	1,683	17,962	51,768
AG – Contract Attorneys	14,050	—	2,159	16,209
AG – Prosecution Council	612	57	373	1,042
AG – Domestic Violence	78	—	—	78
AG – Children's Justice Centers	3,576	164	243	3,983
AG – State Settlement Agreements	2,995	—	—	2,995
State Auditor	3,874	—	1,765	5,639
Total Elected Officials	169,882	14,177	25,018	209,077
Government Operations				
Capitol Preservation Board	$ 4,037	$ —	$ —	$ 4,037
Department of Adminstrative Services	918	—	—	918
DAS – Administrative Rules	399	—	—	399
DAS – DFCM Administration	8,675	—	1,279	9,954
DAS – State Archives	2,279	30	180	2,489
DAS – Finance Administration	9,380	—	2,171	11,551
DAS – Office of the Inspector General of Medicaid	1,643	—	1,041	2,684
DAS – Post Conviction Indigent Defense	184	—	—	184
DAS – Elected Official Post Retirement Benefit	2,030	—	—	2,030
DAS – Finance Mandated	34,707	—	4,000	38,707
DAS – Judicial Conduct Commission	241	—	—	241
DAS – Purchasing	617	—	—	617
Tax Commission	76,613	519	9,744	86,876
TAX – License Plates Production	1,709	—	2,064	3,773

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 2,087	$ —	$ —	$ 1,023
3,846	—	—	1,777
670	—	—	242
7,719	—	—	1,251
2,691	—	—	700
3,320	—	—	840
4,368	—	—	241
24,701	0	0	6,074
$ 2,717	$ 40	$ 200	$ 200
6,399	—	203	273
5,232	92	—	1,164
1,366	—	10	1,245
264	—	—	272
18,249	—	348	1,818
8	—	—	—
—	—	—	100
106	—	—	389
201	—	—	132
13,557	35	—	1,007
16,484	—	—	2,702
9,776	—	—	2,452
1,012	—	—	9,014
2,721	—	—	—
2,039	2	441	953
767	—	—	705
3,088	—	—	1,005
16,635	—	—	1,940
49,640	—	293	1,835
16,067	—	—	142
934	—	58	50
78	—	—	—
3,652	—	—	331
2,995	—	—	—
4,926	—	—	713
178,913	169	1,553	28,442
$ 4,037	$ —	$ —	$ —
842	—	—	76
393	—	—	6
5,627	—	—	4,327
2,432	7	—	50
9,074	—	—	2,477
2,242	—	—	442
92	—	—	92
2,030	—	—	—
19,882	2,178	14,471	2,176
243	—	—	(2)
617	—	—	—
78,238	—	712	7,926
2,433	—	—	1,340

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

Appropriation Line Item Name	Source of Funding: State Funds	Federal Funds	Restricted and Other Funds	Final Budget
Government Operations (Continued)				
TAX – Liquor Profit Distribution	5,464	—	—	5,464
TAX – Rural Health Care	555	—	—	555
Human Resource Management	3,463	—	217	3,680
Career Service Review Office	304	—	—	304
DTS – Chief Information Officer	567	5	55	627
DTS – Integrated Technology	2,305	200	1,052	3,557
Total Government Operations	156,090	754	21,803	178,647
Total General Government	$ 356,513	$ 14,931	$ 47,055	$ 418,499
HUMAN SERVICES				
Administration	$ 7,697	$ 4,989	$ 1,060	$ 13,746
Substance Abuse and Mental Health	99,341	23,024	12,912	135,277
Services for People with Disabilities	72,271	1,106	158,658	232,035
Recovery Services	12,734	17,868	10,884	41,486
Child and Family Services	114,026	57,152	(3,894)	167,284
Juvenile Justice Services	88,879	3,280	1,945	94,104
Aging and Adult Services	13,013	10,209	(579)	22,643
Total Human Services	$ 407,961	$ 117,628	$ 180,986	$ 706,575
CORRECTIONS				
Department of Corrections				
Programs and Operations	$ 204,619	$ 444	$ 4,731	$ 209,794
Medical Services	29,121	—	600	29,721
Jail Contracting	30,268	—	—	30,268
Total Department of Corrections	264,008	444	5,331	269,783
Board of Pardons and Parole				
Board of Pardons and Parole	$ 4,031	$ —	$ 1	$ 4,032
Total Board of Pardons and Parole	4,031	0	1	4,032
Total Corrections	$ 268,039	$ 444	$ 5,332	$ 273,815
PUBLIC SAFETY				
Department of Public Safety				
Programs and Operations	$ 110,144	$ 1,369	$ 22,543	$ 134,056
Emergency Management	1,825	21,959	274	24,058
Emergency and Disaster Management	3,003	—	—	3,003
Peace Officer's Standards and Training	4,320	—	64	4,384
Driver License	33,998	490	66	34,554
Highway Safety	1,232	4,275	358	5,865
Total Department of Public Safety	154,522	28,093	23,305	205,920
Utah National Guard				
Utah National Guard Administration	$ 6,021	$ 70,957	$ 1,019	$ 77,997
Total Utah National Guard	6,021	70,957	1,019	77,997
Department of Veteran's and Military Affairs				
Veteran's and Military Affairs	$ 2,087	$ 407	$ 222	$ 2,716
Total Department of Veteran's and Military Affairs	2,087	407	222	2,716
Total Public Safety	$ 162,630	$ 99,457	$ 24,546	$ 286,633

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
5,464	—	—	—
219	—	336	—
2,901	433	—	346
240	34	—	30
616	—	—	11
3,264	—	—	293
140,886	2,652	15,519	19,590
$ 344,500	$ 2,821	$ 17,072	$ 54,106
$ 13,720	$ 26	$ —	$ —
134,726	120	137	294
225,359	—	—	6,676
41,486	—	—	—
167,122	—	28	134
92,959	—	—	1,145
22,412	—	—	231
$ 697,784	$ 146	$ 165	$ 8,480
$ 203,480	$ —	$ 772	$ 5,542
29,113	—	—	608
27,929	—	—	2,339
260,522	0	772	8,489
$ 3,831	$ 1	$ —	$ 200
3,831	1	0	200
$ 264,353	$ 1	$ 772	$ 8,689
$ 110,661	$ 656	$ 5,460	$ 17,279
23,627	—	7	424
—	—	—	3,003
3,785	—	555	44
29,800	—	317	4,437
5,518	—	—	347
173,391	656	6,339	25,534
$ 77,963	$ —	$ —	$ 34
77,963	0	0	34
$ 2,617	$ —	$ —	$ 99
2,617	0	0	99
$ 253,971	$ 656	$ 6,339	$ 25,667

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

Appropriation Line Item Name	State Funds	Federal Funds	Restricted and Other Funds	Final Budget
	Source of Funding			
STATE COURTS				
Judicial Council	$ 106,588	$ 512	$ 2,030	$ 109,130
Grand Jury	1	—	—	1
Contracts and Leases	19,286	—	254	19,540
Jury and Witness Fees	1,552	—	7	1,559
Guardian Ad Litem	6,848	—	128	6,976
Total State Courts	$ 134,275	$ 512	$ 2,419	$ 137,206
HEALTH and ENVIRONMENTAL QUALITY				
Department of Health	$ 6,205	$ 7,689	$ 2,642	$ 16,536
DOH – Disease Control and Prevention	20,862	26,901	11,793	59,556
DOH – Family Health and Preparedness	21,186	70,742	24,144	116,072
DOH – Health Care Financing	5,288	75,022	37,299	117,609
DOH – Medicaid – Mandatory Services	372,832	969,327	44,645	1,386,804
DOH – Medicaid – Optional Services	101,038	548,254	250,990	900,282
DOH – Local Health Department	2,137	—	—	2,137
DOH – Children's Health Insurance Program	15,766	62,880	1,796	80,442
DOH – Workforce Financial Assistance	15	—	—	15
DOH – Medicaid Sanctions	983	—	—	983
DOH – Commodities	—	24,265	—	24,265
Department of Environmental Quality	2,913	260	2,469	5,642
DEQ – Air Quality	3,985	4,274	3,903	12,162
DEQ – Environmental Response and Remediation	3,117	3,661	53	6,831
DEQ – Radiation Control	3,634	38	623	4,295
DEQ – Water Quality	4,458	4,486	1,884	10,828
DEQ – Drinking Water	1,399	3,594	(163)	4,830
DEQ – Solid and Hazardous Waste	4,211	924	1,315	6,450
Total Health and Environmental Quality	$ 570,029	$ 1,802,317	$ 383,393	$ 2,755,739
HIGHER EDUCATION				
Board of Regents	$ 3,130	$ 1,679	$ —	$ 4,809
RGT – Student Support	1,573	—	—	1,573
RGT – Economic Development	352	—	—	352
RGT – Student Assistance	14,162	—	—	14,162
RGT – Technology	7,184	—	—	7,184
RGT – Education Excellence	1,650	—	—	1,650
RGT – Medical Education Council	548	—	—	548
U of U – Education and General	206,944	—	241,627	448,571
U of U – Educationally Disadvantaged	680	—	9	689
U of U – School of Medicine	27,278	—	20,813	48,091
U of U – University Hospital	4,624	—	—	4,624
U of U – Regional Dental Education	530	—	777	1,307
U of U – Tele Health Network	454	—	—	454
U of U – Public Service	1,995	—	—	1,995

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 104,798	$ —	$ 2,344	$ 1,988
1	—	—	—
19,472	—	—	68
2,373	—	—	(814)
6,476	—	—	500
$ 133,120	$ 0	$ 2,344	$ 1,742
$ 16,143	$ —	$ 168	$ 225
58,957	—	154	445
114,203	—	990	879
116,918	—	216	475
1,367,054	—	19,750	—
897,519	—	2,763	—
2,137	—	—	—
73,726	5,326	—	1,390
10	—	—	5
—	—	—	983
24,265	—	—	—
5,127	—	—	515
12,096	—	66	—
6,474	—	357	—
4,180	—	93	22
10,748	—	80	—
4,711	—	119	—
5,468	—	982	—
$ 2,719,736	$ 5,326	$ 25,738	$ 4,939
$ 4,809	$ —	$ —	$ —
1,573	—	—	—
352	—	—	—
14,162	—	—	—
7,184	—	—	—
1,650	—	—	—
548	—	—	—
448,571	—	—	—
689	—	—	—
48,091	—	—	—
4,624	—	—	—
1,307	—	—	—
454	—	—	—
1,995	—	—	—

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2014 (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
HIGHER EDUCATION (Continued)				
U of U – Statewide TV Administration	2,415	—	—	2,415
U of U – Health Sciences	13,062	—	6,000	19,062
U of U – Rocky Mtn Ctr for Occupational Health	153	—	—	153
U of U – Poison Control Center	—	—	2,556	2,556
U of U – Center on Aging	101	—	—	101
USU – Education and General	117,279	—	82,330	199,609
USU – Educationally Disadvantaged	260	—	—	260
USU – Water Research Laboratory	5,586	—	—	5,586
USU – Agricultural Experiment Station	12,120	2,172	—	14,292
USU – Cooperative Extension Service	12,199	2,186	—	14,385
USU – Uintah Basin CEC	3,870	—	2,091	5,961
USU – Southeastern Utah CEC	681	—	1,426	2,107
USU – Eastern Education and General	11,931	—	2,658	14,589
USU – Eastern Educationally Disadvantaged	105	—	—	105
USU – Eastern Career and Technical Education	1,323	—	45	1,368
USU – Eastern Prehistoric Museum	254	—	—	254
USU – San Juan Center	2,145	—	1,294	3,439
USU – Brigham City CEC	2,526	—	21,497	24,023
USU – Tooele CEC	2,134	—	8,581	10,715
Weber – Education and General	66,588	—	66,170	132,758
Weber – Educationally Disadvantaged	349	—	—	349
SUU – Education and General	31,449	—	43,136	74,585
SUU – Educationally Disadvantaged	90	—	—	90
SUU – Shakespeare Festival	22	—	—	22
SUU – Rural Development	97	—	—	97
Snow College – Education and General	18,209	—	9,190	27,399
Snow College – Educationally Disadvantaged	32	—	—	32
Snow College – Career Technology Education	1,278	—	—	1,278
Dixie – Education and General	24,899	—	23,442	48,341
Dixie – Educationally Disadvantaged	26	—	—	26
Dixie – Zion Park Amphitheatre	52	—	48	100
UVU – Education and General	67,695	—	95,480	163,175
UVU – Educationally Disadvantaged	160	—	—	160
SLCC – Education and General	63,239	—	58,847	122,086
SLCC – Educationally Disadvantaged	178	—	—	178
SLCC – School of Applied Technology	5,935	—	1,013	6,948
Utah College of Applied Technology	4,798	—	—	4,798
UCAT – Bridgerland	10,100	—	—	10,100
UCAT – Davis	10,963	—	—	10,963
UCAT – Ogden/Weber	11,690	—	—	11,690
UCAT – Uintah Basin	5,840	—	—	5,840
UCAT – Mountainland	6,087	—	—	6,087
UCAT – Southwest	2,975	—	—	2,975
UCAT – Dixie	2,775	—	—	2,775
UCAT – Tooele	2,602	—	—	2,602
Utah Education Network	18,642	—	—	18,642
Total Higher Education	$ 816,018	$ 6,037	$ 689,030	$ 1,511,085

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
2,415	—	—	—
19,062	—	—	—
153	—	—	—
2,556	—	—	—
101	—	—	—
199,609	—	—	—
260	—	—	—
5,411	—	175	—
14,292	—	—	—
14,385	—	—	—
5,961	—	—	—
2,107	—	—	—
14,589	—	—	—
105	—	—	—
1,368	—	—	—
254	—	—	—
3,439	—	—	—
24,023	—	—	—
10,715	—	—	—
132,758	—	—	—
349	—	—	—
74,585	—	—	—
90	—	—	—
22	—	—	—
97	—	—	—
27,399	—	—	—
32	—	—	—
1,278	—	—	—
48,341	—	—	—
26	—	—	—
100	—	—	—
163,175	—	—	—
160	—	—	—
122,086	—	—	—
178	—	—	—
6,948	—	—	—
4,798	—	—	—
10,100	—	—	—
10,963	—	—	—
11,690	—	—	—
5,840	—	—	—
6,087	—	—	—
2,975	—	—	—
2,775	—	—	—
2,602	—	—	—
18,642	—	—	—
$ 1,510,910	$ 0	$ 175	$ 0

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

Appropriation Line Item Name	State Funds	Federal Funds	Restricted and Other Funds	Final Budget
	Source of Funding			
WORKFORCE SERVICES				
Administration	$ 3,142	$ 6,672	$ 2,015	$ 11,829
Operations and Policy	67,569	482,942	37,742	588,253
General Assistance	5,012	—	—	5,012
Unemployment Insurance Adminstration	2,243	17,333	562	20,138
Housing and Community Development	6,573	36,306	1,302	44,181
HCD Capital Development	40,147	—	—	40,147
HCD Zoos	909	—	—	909
HCD Special Districts	7,956	—	—	7,956
CDBG Loan Advances	—	—	110	110
Total Workforce Services	$ 133,551	$ 543,253	$ 41,731	$ 718,535
NATURAL RESOURCES				
Department of Natural Resources	$ 4,887	$ —	$ —	$ 4,887
Building Operations	1,692	—	—	1,692
Forestry, Fire, and State Lands	18,162	4,188	12,375	34,725
Oil, Gas, and Mining	7,724	6,144	147	14,015
Wildlife Resources	42,064	15,100	300	57,464
Species Protection	859	—	2,450	3,309
Watershed Development	4,901	—	500	5,401
Contributed Research	—	—	1,174	1,174
Cooperative Environmental Studies	—	6,984	13,014	19,998
Parks and Recreation	26,834	1,218	1,222	29,274
Parks and Recreation – Capital Development	11,098	2,326	152	13,576
Utah Geological Survey	7,222	853	1,646	9,721
Water Resources	6,255	—	150	6,405
Wildlife Resources – Capital Development	1,205	1,207	—	2,412
Water Rights	8,044	36	1,735	9,815
Public Lands Policy Office	2,557	—	—	2,557
National Parks Operation Contribution	6,996	—	—	6,996
Total Natural Resources	$ 150,500	$ 38,056	$ 34,865	$ 223,421
HERITAGE and ARTS				
Heritage and Arts Administration	$ 4,406	$ 2,607	$ 32	$ 7,045
Indian Affairs	269	—	45	314
State History	2,201	774	50	3,025
Historical Society	63	—	32	95
Arts and Museums	6,486	625	911	8,022
Museum Services	1,436	—	—	1,436
State Library	4,507	1,687	1,723	7,917
Total Heritage and Arts	$ 19,368	$ 5,693	$ 2,793	$ 27,854

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 10,750	$ 1,079	$ —	$ —
582,807	—	1,406	4,040
4,236	128	—	648
19,131	—	1,007	—
42,985	10	186	1,000
40,147	—	—	—
909	—	—	—
7,956	—	—	—
110	—	—	—
$ 709,031	$ 1,217	$ 2,599	$ 5,688
$ 4,652	$ 10	$ —	$ 225
1,692	—	—	—
28,892	29	406	5,398
11,994	103	—	1,918
53,941	77	3,065	381
2,788	—	321	200
4,862	—	—	539
1,174	—	—	—
19,998	—	—	—
27,590	—	1,178	506
6,398	—	666	6,512
8,599	—	295	827
6,124	—	148	133
2,310	—	—	102
9,382	—	—	433
1,353	—	1,150	54
—	—	6,996	—
$ 191,749	$ 219	$ 14,225	$ 17,228
$ 5,985	$ 201	$ —	$ 859
252	—	—	62
3,000	25	—	—
43	—	—	52
5,868	—	—	2,154
1,436	—	—	—
7,687	—	—	230
$ 24,271	$ 226	$ 0	$ 3,357

Continues

Detail Schedule of Expenditures
Budget and Actual Comparison
General Fund

Continued

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	Source of Funding			
Appropriation Line Item Name	**State Funds**	**Federal Funds**	**Restricted and Other Funds**	**Final Budget**
BUSINESS, LABOR, and AGRICULTURE				
Department of Agriculture and Food	$ 11,140	$ 7,029	$ 4,705	$ 22,874
AGR – Building Operations	305	—	—	305
AGR – Utah State Fair	675	—	—	675
AGR – Predatory Animal Control	1,657	—	600	2,257
AGR – Invasive Species Mitigation	2,103	—	—	2,103
AGR – Rangeland Improvement	2,951	—	—	2,951
AGR – Marketing and Economic Development	85	—	—	85
AGR – Resource Conservation	1,600	—	—	1,600
Labor Commission	10,521	2,779	14	13,314
Department of Commerce	25,079	330	726	26,135
COM – Building Inspector Training	863	—	370	1,233
COM – Public Utilities – Professional Services	2,877	—	—	2,877
COM – Consumer Services – Professional Services	2,764	—	—	2,764
Financial Institutions	6,597	—	—	6,597
Insurance Department	11,952	1,042	1	12,995
INS – Comprehensive Health Insurance Pool	8,083	—	—	8,083
INS – Bail Bond Program	23	—	—	23
INS – Title Insurance Program	96	—	—	96
INS – Health Insurance Actuary	285	—	—	285
Public Service Commission	2,830	1,087	10	3,927
PSC – Speech and Hearing Impaired	3,117	—	1,720	4,837
Total Business, Labor, and Agriculture	$ 95,603	$ 12,267	$ 8,146	$ 116,016
TOTAL GENERAL FUND				
Total Expenditures	$ 3,114,487	$ 2,640,595	$ 1,420,296	$ 7,175,378

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 21,950	$ —	$ 137	$ 787
305	—	—	—
675	—	—	—
1,807	57	193	200
1,697	—	—	406
1,984	—	35	932
—	—	—	85
1,599	—	1	—
12,147	3	764	400
23,849	14	916	1,356
257	—	—	976
493	—	—	2,384
413	—	—	2,351
6,398	—	199	—
10,698	—	462	1,835
8,083	—	—	—
22	—	1	—
80	—	4	12
—	—	147	138
3,317	—	—	610
1,048	—	—	3,789
$ 96,822	$ 74	$ 2,859	$ 16,261
$ 6,946,247	$ 10,686	$ 72,288	$ 146,157

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, 2014 (Expressed in Thousands)

	Source of Funding			
Appropriation Line Item Name	State Funds	Federal Funds	Restricted and Other Funds	Final Budget
EDUCATION FUND				
Office of Education				
State Office of Education	$ 53,983	$ 251,507	$ 6,766	$ 312,256
State Office of Rehabilitation	19,373	54,047	738	74,158
Child Nutrition	194	149,103	34,858	184,155
Fine Arts Outreach	3,325	—	—	3,325
Educational Contracts	3,185	—	—	3,185
Charter School Board	3,677	—	—	3,677
Science Outreach	2,600	—	—	2,600
Educator Licensing	1,873	—	—	1,873
Initiative Programs	23,402	—	—	23,402
Basic School Program	2,052,130	—	—	2,052,130
Related to Basic Programs	514,741	—	—	514,741
Voted and Board Leeway Programs	99,218	—	—	99,218
School Building Programs	14,500	—	—	14,500
Teacher Salary Supplement	5,981	—	—	5,981
Charter School Finance Authority	50	—	—	50
Commodities	—	18,247	—	18,247
Indirect Cost Pool	—	—	4,544	4,544
Total Office of Education	2,798,232	472,904	46,906	3,318,042
Schools for the Deaf and the Blind				
Schools for the Deaf and the Blind	$ 23,283	$ 153	$ 5,904	$ 29,340
Institutional Council	—	—	1,107	1,107
Total Schools for the Deaf and the Blind	23,283	153	7,011	30,447
Total Education Fund	$ 2,821,515	$ 473,057	$ 53,917	$ 3,348,489
TRANSPORTATION FUND				
Support Services	$ 27,554	$ 4,074	$ —	$ 31,628
Engineering Services	16,642	23,315	1,363	41,320
Maintenance Management	141,890	8,760	1,935	152,585
Construction Management	57,152	306,466	18,701	382,319
Region Management	22,996	2,735	1,813	27,544
Equipment Management	2,034	—	31,069	33,103
Aeronautics	7,362	—	373	7,735
Share the Road	35	—	—	35
B and C Roads	127,672	—	—	127,672
Safe Sidewalk Construction	959	—	—	959
Mineral Lease	66,934	—	—	66,934
Corridor Preservation	21,456	—	—	21,456
Tollway	832	—	—	832
Counties of the 1st and 2nd Class	14,572	—	—	14,572
Highway Projects Within Counties	1,488	—	—	1,488
Inventory and Miscellaneous	—	—	3,760	3,760
Total Transportation Fund	$ 509,578	$ 345,350	$ 59,014	$ 913,942
TRANSPORTATION INVESTMENT FUND				
TIF Capacity Program	$ 224,684	$ —	$ —	$ 224,684
Total Transportation Investment Fund	$ 224,684	$ 0	$ 0	$ 224,684
DEBT SERVICE FUNDS				
General Government	$ 460,921	$ 14,154	$ 1,242	$ 476,317
State Building Ownership Authority	1,967	1,622	21,660	25,249
Total Debt Service Funds	$ 462,888	$ 15,776	$ 22,902	$ 501,566

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 293,826	$ —	$ 224	$ 18,206
79,106	—	—	(4,948)
184,107	—	—	48
3,259	—	—	66
2,962	—	—	223
2,674	—	—	1,003
2,600	—	—	—
1,829	—	44	—
15,434	—	—	7,968
1,979,152	—	—	72,978
497,869	—	—	16,872
93,679	—	—	5,539
14,500	—	—	—
5,558	—	—	423
—	50	—	—
18,247	—	—	—
4,544	—	—	—
3,199,346	50	268	118,378
$ 29,340	$ —	$ —	$ —
1,107	—	—	—
30,447	0	0	0
$ 3,229,793	$ 50	$ 268	$ 118,378
$ 30,984	$ 144	$ —	$ 500
40,823	197	—	300
151,938	—	—	647
380,448	1,871	—	—
27,199	145	—	200
32,924	—	—	179
6,918	—	817	—
29	—	6	—
123,920	3,752	—	—
449	—	—	510
66,934	—	—	—
21,456	—	—	—
832	—	—	—
14,572	—	—	—
1,488	—	—	—
794	2,966	—	—
$ 901,708	$ 9,075	$ 823	$ 2,336
$ 2,849	$ 221,835	$ —	$ —
$ 2,849	$ 221,835	$ 0	$ 0
$ 454,870	$ 14,154	$ —	$ 7,293
24,890	—	—	359
$ 479,760	$ 14,154	$ 0	$ 7,652

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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 local school districts and state facilities. Funds are provided from public and private contributions, appropriations, and interest earnings on loans and invested funds.

Petroleum Storage Tank Loan Fund

This fund was created to provide revolving loan capital to support small businesses, increase the availability of gasoline in rural areas, and reduce the threat of a petroleum release. Funds are provided from 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, 2014 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Petroleum Storage Tank Loan Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 10,573	$ 15,693	$ 2,436	$ —
Receivables:				
Accounts, net	—	—	—	—
Accrued Interest	821	552	3	—
Notes/Loans/Mortgages, net	6,231	3,448	436	—
Due From Other Funds	—	1	—	—
Due From Component Units	—	—	—	—
Prepaid Items	—	—	—	—
Inventories	—	—	—	—
Total Current Assets	17,625	19,694	2,875	0
Noncurrent Assets:				
Investments	1,091	—	—	—
Accrued Interest Receivable	1,192	—	—	—
Notes/Loans/Mortgages Receivables, net	101,855	33,815	2,288	—
Capital Assets:				
Land	—	—	—	—
Infrastructure	—	—	—	—
Buildings and Improvements	—	—	—	—
Machinery and Equipment	—	20	—	—
Intangible Assets–Software	—	—	—	—
Less Accumulated Depreciation	—	(20)	—	—
Total Capital Assets	0	0	0	0
Total Noncurrent Assets	104,138	33,815	2,288	0
Total Assets	121,763	53,509	5,163	0
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	—	—	—	—
Total Deferred Outflows of Resources	0	0	0	0
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	127	26	79	—
Deposits	97	—	—	—
Due To Other Funds	—	1	—	—
Due To Component Units	—	—	—	—
Unearned Revenue	—	—	—	—
Policy Claims Liabilities	—	—	—	—
Revenue Bonds Payable	—	—	—	—
Total Current Liabilities	224	27	79	0
Noncurrent Liabilities:				
Revenue Bonds Payable	—	—	—	—
Total Noncurrent Liabilities	0	0	0	0
Total Liabilities	224	27	79	0
NET POSITION				
Net Investment in Capital Assets	—	—	—	—
Restricted for:				
Loan Programs	74,345	4,724	—	—
Unrestricted	47,194	48,758	5,084	—
Total Net Position	$ 121,539	$ 53,482	$ 5,084	$ 0

Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ 23,468	$ 144	$ 917	$ 5,987	$ 996	$ 81	$ 60,295
—	2,859	1,074	10,298	273	281	14,785
8	—	—	—	—	—	1,384
185	—	—	—	—	—	10,300
—	7,115	992	424	—	—	8,532
—	—	19	—	—	—	19
—	13	25	—	3	10	51
—	30,941	1,552	—	21	—	32,514
23,661	41,072	4,579	16,709	1,293	372	127,880
—	—	—	—	248	—	1,339
—	—	—	—	—	—	1,192
637	—	—	—	—	—	138,595
—	22,392	—	263	32	—	22,687
—	—	304	—	—	—	304
—	75,275	4,021	233	143	—	79,672
—	9,445	4,557	1,321	63	—	15,406
—	328	69	—	—	—	397
—	(29,467)	(3,742)	(1,182)	(162)	—	(34,573)
0	77,973	5,209	635	76	0	83,893
637	77,973	5,209	635	324	0	225,019
24,298	119,045	9,788	17,344	1,617	372	352,899
—	1,017	14	—	—	—	1,031
0	1,017	14	0	0	0	1,031
—	9,088	1,973	1,072	29	6	12,400
—	—	—	—	—	—	97
—	15,982	220	6,525	—	—	22,728
—	—	—	74	—	—	74
—	984	12	4,251	—	8	5,255
—	—	—	—	—	358	358
—	5,187	171	—	—	—	5,358
0	31,241	2,376	11,922	29	372	46,270
—	74,482	1,534	—	—	—	76,016
0	74,482	1,534	0	0	0	76,016
0	105,723	3,910	11,922	29	372	122,286
—	6,431	3,521	635	76	—	10,663
24,298	—	—	—	—	—	103,367
—	7,908	2,371	4,787	1,512	—	117,614
$ 24,298	$ 14,339	$ 5,892	$ 5,422	$ 1,588	$ 0	$ 231,644

Combining Statement Of Revenues, Expenses, And Changes In Fund Net Position Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Petroleum Storage Tank Loan Fund
OPERATING REVENUES				
Sales and Charges for Services/Premiums	$ —	$ —	$ 2	$ —
Fees and Assessments	—	—	—	—
Interest on Notes/Mortgages	1,734	1,256	5	20
Miscellaneous	35	1	—	—
Total Operating Revenues	1,769	1,257	7	20
OPERATING EXPENSES				
Administration	303	360	—	—
Purchases, Materials, and Services for Resale	—	—	—	—
Grants	507	—	187	—
Rentals and Leases	—	4	—	—
Maintenance	3	—	—	—
Depreciation/Amortization	—	—	—	—
Benefit Claims	—	—	—	—
Miscellaneous Other:				
Data Processing	—	—	—	—
Supplies	—	—	—	—
Utilities	13	—	—	—
Advertising and Other	231	23	1	—
Total Operating Expenses	1,057	387	188	0
Operating Income (Loss)	712	870	(181)	20
NONOPERATING REVENUES (EXPENSES)				
Investment Income	53	56	12	25
Federal Contracts and Grants	2,311	—	—	—
Tax Revenues	—	524	—	—
Interest Expense	—	—	—	—
Other Revenues (Expenses)	—	—	—	(5,551)
Total Nonoperating Revenues (Expenses)	2,364	580	12	(5,526)
Income (Loss) before Transfers	3,076	1,450	(169)	(5,506)
Transfers In	2,243	—	—	—
Transfers Out	—	(643)	(45)	(168)
Change in Net Position	5,319	807	(214)	(5,674)
Net Position – Beginning	116,220	52,675	5,298	5,674
Net Position – Ending	$ 121,539	$ 53,482	$ 5,084	$ 0

Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ —	$ 310,228	$ 23,460	$ 12,098	$ 35	$ 2,471	$ 348,294
—	2,684	—	28	2,619	—	5,331
23	—	—	—	—	—	3,038
—	532	11	—	110	—	689
23	313,444	23,471	12,126	2,764	2,471	357,352
—	17,813	6,014	6,882	664	362	32,398
—	192,029	15,877	—	82	—	207,988
—	—	—	—	—	—	694
—	998	574	653	—	—	2,229
—	3,785	769	56	—	—	4,613
—	3,167	410	24	10	—	3,611
—	—	—	—	—	16,090	16,090
—	1,568	140	267	—	—	1,975
—	415	855	108	—	—	1,378
—	171	115	111	—	—	410
—	2,541	743	2,129	1,959	—	7,627
0	222,487	25,497	10,230	2,715	16,452	279,013
23	90,957	(2,026)	1,896	49	(13,981)	78,339
213	10	—	3	(10)	—	362
—	302	1,904	—	—	13,981	18,498
—	—	—	—	—	—	524
—	(3,461)	(89)	—	—	—	(3,550)
—	—	—	—	—	—	(5,551)
213	(3,149)	1,815	3	(10)	13,981	10,283
236	87,808	(211)	1,899	39	0	88,622
20,000		—	—	—	—	22,243
—	(87,808)	—	(2,007)	—	—	(90,671)
20,236	0	(211)	(108)	39	0	20,194
4,062	14,339	6,103	5,530	1,549	—	211,450
$ 24,298	$ 14,339	$ 5,892	$ 5,422	$ 1,588	$ 0	$ 231,644

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Petroleum Storage Tank Loan Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums ...	$ 1,626	$ 1,373	$ 331	$ 22
Receipts from Loan Maturities ...	4,964	7,270	1,081	107
Receipts from State Customers ...	—	—	—	—
Payments to Suppliers/Claims/Grants ...	(350)	(10)	(308)	—
Disbursements for Loans Receivable ...	(12,210)	(3,611)	(450)	(22)
Payments for Employee Services and Benefits ...	(303)	(361)	—	—
Payments to State Suppliers ...	(381)	(15)	(1)	—
Payments of Sales, School Lunch, and Premium Taxes ...	—	—	—	—
Net Cash Provided (Used) by Operating Activities ...	(6,654)	4,646	653	107
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans ...	—	—	—	—
Repayments Under Interfund Loans ...	—	—	—	—
Federal Contracts and Grants and Other Revenues and Expenses ...	2,311	—	—	(4,921)
Restricted Sales Tax ...	—	524	—	—
Transfers In from Other Funds ...	2,243	—	—	—
Transfers Out to Other Funds ...	—	(643)	(45)	(168)
Net Cash Provided (Used) by Noncapital Financing Activities ...	4,554	(119)	(45)	(5,089)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
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 ...	53	56	12	25
Net Cash Provided (Used) by Investing Activities ...	53	56	12	25
Net Cash Provided (Used) – All Activities ...	(2,047)	4,583	620	(4,957)
Cash and Cash Equivalents – Beginning ...	12,620	11,110	1,816	4,957
Cash and Cash Equivalents – Ending ...	$ 10,573	$ 15,693	$ 2,436	$ 0

Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ 22	$ 373,752	$ 8,132	$ 10,827	$ 2,740	$ 2,545	$ 401,370
781	—	—	—	—	—	14,203
—	—	15,064	—	—	—	15,064
—	(198,386)	(15,248)	(1,857)	(2,051)	(22,263)	(240,473)
(822)	—	—	—	—	—	(17,115)
—	(15,930)	(5,963)	(6,640)	(663)	—	(29,860)
—	(3,663)	(3,442)	(267)	—	—	(7,769)
—	(60,930)	—	—	—	—	(60,930)
(19)	94,843	(1,457)	2,063	26	(19,718)	74,490
—	15,683	—	—	—	—	15,683
—	(16,077)	—	—	—	—	(16,077)
—	—	1,445	—	—	19,421	18,256
—	—	—	—	—	—	524
20,000	—	—	—	—	—	22,243
—	(87,808)	—	(2,007)	—	—	(90,671)
20,000	(88,202)	1,445	(2,007)	0	19,421	(50,042)
—	(4,707)	(154)	—	—	—	(4,861)
—	(155)	(796)	—	(6)	—	(957)
—	(1,782)	(72)	—	—	—	(1,854)
0	(6,644)	(1,022)	0	(6)	0	(7,672)
—	—	—	—	5	—	5
213	10	—	3	(10)	—	362
213	10	0	3	(5)	0	367
20,194	7	(1,034)	59	15	(297)	17,143
3,274	137	1,951	5,928	981	378	43,152
$ 23,468	$ 144	$ 917	$ 5,987	$ 996	$ 81	$ 60,295

Continues

Combining Statement Of Cash Flows
Nonmajor Enterprise Funds

Continued

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	Housing Loan Programs	Agriculture Loan Fund	Energy Efficiency Fund	Petroleum Storage Tank Loan Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income (Loss)	$ 712	$ 870	$ (181)	$ 20
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	—	—	—	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds	—	19	326	—
Notes/Accrued Interest Receivables	(7,470)	3,755	629	87
Inventories	—	—	—	—
Prepaid Items	—	—	—	—
Accrued Liabilities/Due to Other Funds	104	2	(121)	—
Unearned Revenue/Deposits	—	—	—	—
Policy Claims Liabilities	—	—	—	—
Net Cash Provided (Used) by Operating Activities	$ (6,654)	$ 4,646	$ 653	$ 107
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ —
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ 0

Transportation Infrastructure Loan Fund	Alcoholic Beverage Control	Utah Correctional Industries	State Trust Lands Administration	Utah Dairy Commission	Federal Health Insurance Pool	Total Nonmajor Enterprise Funds
$ 23	$ 90,957	$ (2,026)	$ 1,896	$ 49	$ (13,981)	$ 78,339
—	3,167	410	24	10	—	3,611
—	(604)	(287)	(2,094)	(24)	168	(2,496)
(42)	—	—	—	—	—	(3,041)
—	(111)	491	—	2	—	382
—	(12)	(25)	—	(1)	—	(38)
—	1,465	(32)	1,442	(10)	(36)	2,814
—	(19)	12	795	—	(92)	696
—	—	—	—	—	(5,777)	(5,777)
$ (19)	$ 94,843	$ (1,457)	$ 2,063	$ 26	$ (19,718)	$ 74,490
$ 116	$ —	$ —	$ 3	$ —	$ —	$ 119
$ 116	$ 0	$ 0	$ 3	$ 0	$ 0	$ 119

Detail Schedule of Expenditures—Budget and Actual Comparison
Enterprise Funds with Legally Adopted Annual Budgets

For the Fiscal Year Ended June 30, 2014 (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
ALCOHOLIC BEVERAGE CONTROL				
Alcoholic Beverage Control Administration	$ 39,562	$ —	$ —	$ 39,562
ABC – Parents Empowered	1,973	—	—	1,973
Total Alcoholic Beverage Control	$ 41,535	$ 0	$ 0	$ 41,535

Actual Expenditures	Lapse to Unrestricted	Lapse to Restricted and Other	Nonlapse or (Deficit) Carry Forward
$ 36,854	$ 2,708	$ —	$ —
1,884	—	—	89
$ 38,738	$ 2,708	$ 0	$ 89

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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, 2014 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ —	$ 4,586	$ 152	$ 53,705
Receivables:				
Accounts, net	194	1,824	2,597	—
Due From Other Funds	24,166	2,447	3,841	503
Due From Component Units	—	7	23	6
Prepaid Items	4,799	667	—	—
Inventories	324	1,620	4,851	—
Total Current Assets	29,483	11,151	11,464	54,214
Noncurrent Assets:				
Prepaid Items	280	—	—	—
Notes/Loans/Mortgages Receivables, net	—	—	—	1,000
Capital Assets:				
Land	17	—	—	—
Infrastructure	303	—	—	—
Buildings and Improvements	4,611	1,379	193	—
Machinery and Equipment	73,483	12,798	130,699	—
Intangible Assets–Software	10,548	120	219	635
Construction in Progress	348	—	—	—
Less Accumulated Depreciation	(76,121)	(10,318)	(54,184)	(302)
Total Capital Assets	13,189	3,979	76,927	333
Total Noncurrent Assets	13,469	3,979	76,927	1,333
Total Assets	42,952	15,130	88,391	55,547
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amount on Refundings of Bonded Debt	—	21	—	—
Total Deferred Outflows of Resources	0	21	0	0
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	18,978	3,548	5,569	951
Due To Other Funds	490	106	25	78
Interfund Loans Payable	5,134	1,179	16,050	—
Policy Claims Liabilities	—	—	—	18,293
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	—	97	—	—
Total Current Liabilities	24,602	4,930	21,644	19,322
Noncurrent Liabilities:				
Interfund Loans Payable	7,191	2,960	28,681	—
Policy Claims Liabilities	—	—	—	30,292
Contracts/Notes Payable	—	—	—	—
Revenue Bonds Payable	—	353	—	—
Total Noncurrent Liabilities	7,191	3,313	28,681	30,292
Total Liabilities	31,793	8,243	50,325	49,614
Net Position				
Net Investment in Capital Assets	13,189	3,584	76,927	333
Restricted for:				
Insurance Programs	—	—	—	3,985
Unrestricted (Deficit)	(2,030)	3,324	(38,861)	1,615
Total Net Position	$ 11,159	$ 6,908	$ 38,066	$ 5,933

Property Management	Human Resource Management	Total
$ 3,441	$ 2,527	$ 64,411
83	—	4,698
312	301	31,570
1,528	—	1,564
28	—	5,494
—	—	6,795
5,392	2,828	114,532
370	—	650
—	—	1,000
—	—	17
—	—	303
—	—	6,183
690	54	217,724
—	42	11,564
—	—	348
(653)	(88)	(141,666)
37	8	94,473
407	8	96,123
5,799	2,836	210,655
—	—	21
0	0	21
2,150	624	31,820
22	484	1,205
—	—	22,363
—	—	18,293
28	—	28
—	—	97
2,200	1,108	73,806
—	—	38,832
—	—	30,292
370	—	370
—	—	353
370	0	69,847
2,570	1,108	143,653
37	8	94,078
—	—	3,985
3,192	1,720	(31,040)
$ 3,229	$ 1,728	$ 67,023

Combining Statement Of Revenues, Expenses, And Changes In Fund Net Position Internal Service Funds

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
OPERATING REVENUES				
Charges for Services/Premiums	$ 170,957	$ 22,186	$ 68,492	$ 39,250
Miscellaneous	32	112	78	—
Total Operating Revenues	170,989	22,298	68,570	39,250
OPERATING EXPENSES				
Administration	78,338	6,270	1,899	2,927
Materials and Services for Resale	14,104	11,310	37,886	21,685
Rentals and Leases	356	247	369	32
Maintenance	753	564	14,896	26
Depreciation/Amortization	6,902	1,522	10,766	161
Benefit Claims	—	—	—	15,261
Miscellaneous Other:				
Data Processing	63,411	227	662	107
Supplies	389	212	209	128
Utilities	471	52	504	26
Advertising and Other	4,905	980	2,052	934
Total Operating Expenses	169,629	21,384	69,243	41,287
Operating Income (Loss)	1,360	914	(673)	(2,037)
NONOPERATING REVENUES (EXPENSES)				
Investment Earnings	—	—	—	266
Disposal of Capital Assets	—	33	724	—
Interest Expense	—	(18)	—	—
Refunds Paid to Federal Government	—	(132)	—	—
Other Revenues (Expenses)	48	(155)	482	—
Total Nonoperating Revenues (Expenses)	48	(272)	1,206	266
Income (Loss) before Transfers	1,408	642	533	(1,771)
Transfers In	—	—	467	—
Transfers Out	—	(245)	—	—
Change in Net Position	1,408	397	1,000	(1,771)
Net Position – Beginning	9,751	6,511	37,066	7,704
Net Position – Ending	$ 11,159	$ 6,908	$ 38,066	$ 5,933

Property Management	Human Resource Management	Total
$ 28,542	$ 11,363	$ 340,790
1	—	223
28,543	11,363	341,013
7,495	9,871	106,800
—	—	84,985
605	10	1,619
8,572	1	24,812
19	18	19,388
—	—	15,261
450	741	65,598
175	66	1,179
9,837	128	11,018
1,456	344	10,671
28,609	11,179	341,331
(66)	184	(318)
5	—	271
(3)	—	754
(20)	—	(38)
—	—	(132)
—	—	375
(18)	0	1,230
(84)	184	912
—	—	467
—	—	(245)
(84)	184	1,134
3,313	1,544	65,889
$ 3,229	$ 1,728	$ 67,023

Combining Statement Of Cash Flows
Internal Service Funds

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	Technology Services	General Services	Fleet Operations	Risk Management
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers/Loan Interest/Fees/Premiums	$ 1,656	$ 5,194	$ 23,785	$ 22,661
Receipts from State Customers	164,540	17,249	44,339	18,259
Payments to Suppliers/Claims/Grants	(58,957)	(13,966)	(21,205)	(31,607)
Payments for Employee Services and Benefits	(78,162)	(6,245)	(1,895)	(2,915)
Payments to State Suppliers and Grants	(21,562)	—	(34,666)	(5,647)
Net Cash Provided (Used) by Operating Activities	7,515	2,232	10,358	751
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	1,259	—	—	—
Payments of Bonds, Notes, Deposits, and Refunds	—	—	—	—
Interest Paid on Bonds, Notes, and Financing Costs	—	—	—	—
Transfers Out to Other Funds	—	(180)	—	—
Net Cash Provided (Used) by Noncapital Financing Activities	1,259	(180)	0	0
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Borrowings Under Interfund Loans	—	—	3,287	—
Repayments Under Interfund Loans	(2,294)	(292)	—	—
Proceeds from Disposition of Capital Assets	16	47	3,651	—
Federal Grants and Other Revenues	48	—	482	—
Principal Paid on Debt and Contract Maturities	—	(84)	—	—
Acquisition and Construction of Capital Assets	(6,544)	(1,007)	(18,164)	(27)
Transfers In from Other Funds	—	—	467	—
Transfers Out to Other Funds	—	(65)	—	—
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,774)	(1,401)	(10,277)	(27)
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts of Interest and Dividends from Investments	—	—	—	266
Net Cash Provided (Used) by Investing Activities	0	0	0	266
Net Cash Provided (Used) – All Activities	0	651	81	990
Cash and Cash Equivalents – Beginning	—	3,935	71	52,715
Cash and Cash Equivalents – Ending	$ 0	$ 4,586	$ 152	$ 53,705

Property Management	Human Resource Management	Total
$ —	$ 297	$ 53,593
27,473	10,853	282,713
(19,517)	—	(145,252)
(7,495)	(9,832)	(106,544)
(1,604)	(1,212)	(64,691)
(1,143)	106	19,819
—	—	1,259
(25)	—	(25)
(20)	—	(20)
—	—	(180)
(45)	0	1,034
—	—	3,287
—	—	(2,586)
—	—	3,714
—	—	530
—	—	(84)
—	—	(25,742)
—	—	467
—	—	(65)
0	0	(20,479)
5	—	271
5	0	271
(1,183)	106	645
4,624	2,421	63,766
$ 3,441	$ 2,527	$ 64,411

Continues

Combining Statement Of Cash Flows
Internal Service Funds

Continued

For the Fiscal Year Ended June 30, 2014 (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)	$ 1,360	$ 914	$ (673)	$ (2,037)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation/Amortization Expense	6,902	1,522	10,766	161
Miscellaneous Gains, Losses, and Other Items	—	(287)	—	—
Net Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:				
Accounts Receivable/Due From Other Funds	(4,793)	300	(446)	(30)
Notes/Accrued Interest Receivables	—	—	—	1,700
Inventories	225	(383)	135	—
Prepaid Items/Other Assets	(2,660)	(451)	22	—
Accrued Liabilities/Due to Other Funds	6,481	617	554	562
Policy Claims Liabilities	—	—	—	395
Net Cash Provided (Used) by Operating Activities	$ 7,515	$ 2,232	$ 10,358	$ 751
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase (Decrease) in Fair Value of Investments	$ —	$ —	$ —	$ 24
Total Noncash Investing, Capital, and Financing Activities	$ 0	$ 0	$ 0	$ 24

Property Management	Human Resource Management	Total
$ (66)	$ 184	$ (318)
19	18	19,388
—	—	(287)
(1,206)	(300)	(6,475)
—	—	1,700
—	—	(23)
72	167	(2,850)
38	37	8,289
—	—	395
$ (1,143)	$ 106	$ 19,819
$ —	$ —	$ 24
$ 0	$ 0	$ 24

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Fiduciary Funds

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

Defined Benefit Pension Plans and Defined Contribution Plans

These funds are used to account for the various pension trust funds and defined contribution plans administered by the Utah Retirement Systems. Funding comes from employee and employer contributions and investment earnings. Contributions in some systems are augmented by fees, insurance premium taxes, or legislative appropriations.

Post-Retirement Benefits Trust Funds

The State administers the State Employee and the Elected Official Other Postemployment Benefit Plans as irrevocable trusts. These 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, 2014 (Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Firefighters System
ASSETS				
Cash and Cash Equivalents	$ 1,336,317	$ 85,819	$ 181,409	$ 64,797
Receivables:				
Member Contributions	—	257	26	540
Employer Contributions	43,714	651	4,413	—
Court Fees and Fire Insurance Premiums	—	—	—	895
Investments	196,209	12,648	26,736	9,550
Total Receivables	239,923	13,556	31,175	10,985
Due From Other Funds	—	—	—	—
Investments:				
Debt Securities	3,248,790	209,429	442,670	158,126
Equity Investments	7,677,060	494,893	1,046,056	373,660
Absolute Return	3,410,782	219,873	464,745	166,011
Private Equity	2,253,541	145,272	307,061	109,685
Real Assets	2,497,253	160,982	340,270	121,548
Invested Securities Lending Collateral	1,591,294	102,581	216,825	77,452
Total Investments	20,678,720	1,333,030	2,817,627	1,006,482
Capital Assets:				
Land	1,413	91	192	69
Buildings and Improvements	13,975	904	1,903	678
Machinery and Equipment	4,639	300	631	225
Less Accumulated Depreciation	(15,494)	(1,002)	(2,109)	(752)
Total Capital Assets	4,533	293	617	220
Total Assets	22,259,493	1,432,698	3,030,828	1,082,484
LIABILITIES				
Accounts Payable	342,041	21,720	45,909	16,399
Securities Lending Liability	1,591,294	102,581	216,825	77,452
Due To Other Funds	—	—	—	—
Leave/Postemployment Benefits	11,456	738	1,561	558
Insurance Reserves	3,968	256	540	193
Real Estate Liabilities	394,919	25,458	53,809	19,221
Total Liabilities	2,343,678	150,753	318,644	113,823
NET POSITION				
Restricted for:				
Pension Benefits	19,915,815	1,281,945	2,712,184	968,661
Other Postemployment Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Total Net Position	$ 19,915,815	$ 1,281,945	$ 2,712,184	$ 968,661

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
$ 10,407	$ 669	$ 3,056	$ 258	$ 7,600	$ 182	$ 52	$ 14,669
—	—	—	—	—	—	—	—
207	189	2,097	115	—	—	—	—
135	—	—	—	—	—	—	—
1,534	98	450	38	80,987	9,230	—	1,579
1,876	287	2,547	153	80,987	9,230	0	1,579
—	—	—	—	—	—	—	—
25,395	1,631	7,454	624	1,404,127	156,052	42,041	—
60,010	3,854	17,613	1,475	2,212,458	253,715	53,816	—
26,661	1,712	7,825	655	—	—	—	—
17,615	1,131	5,170	433	—	—	—	—
19,520	1,254	5,729	480	49,773	5,743	1,752	—
12,439	799	3,651	306	—	—	—	—
161,640	10,381	47,442	3,973	3,666,358	415,510	97,609	0
11	1	3	—	—	—	—	—
107	6	31	3	—	—	—	—
37	2	10	1	—	—	—	—
(120)	(7)	(34)	(3)	—	—	—	—
35	2	10	1	0	0	0	0
173,958	11,339	53,055	4,385	3,754,945	424,922	97,661	16,248
2,634	169	773	65	8,664	354	46	64
12,439	799	3,651	306	—	—	—	—
—	—	—	—	—	—	—	—
90	6	26	2	—	—	—	—
31	2	9	1	—	—	—	—
3,088	197	906	76	—	—	—	—
18,282	1,173	5,365	450	8,664	354	46	64
155,676	10,166	47,690	3,935	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	3,746,281	424,568	97,615	16,184
$ 155,676	$ 10,166	$ 47,690	$ 3,935	$ 3,746,281	$ 424,568	$ 97,615	$ 16,184

Continues

Combining Statement Of Fiduciary Net Position
Pension And
Other Employee Benefit Trust Funds

Continued

June 30, 2014 (Expressed in Thousands)

	Post-Retirement Benefits Trust			
	State Employee	Elected Official	Other Employee Benefits	Total
ASSETS				
Cash and Cash Equivalents	$ 2,962	$ 498	$ 3,960	$ 1,712,655
Receivables:				
Member Contributions	—	—	—	823
Employer Contributions	—	—	—	51,386
Court Fees and Fire Insurance Premiums	—	—	—	1,030
Investments	—	—	—	339,059
Total Receivables	0	0	0	392,298
Due From Other Funds	—	—	4,438	4,438
Investments:				
Debt Securities	119,800	4,620	—	5,820,759
Equity Investments	77,873	2,178	—	12,274,661
Absolute Return	—	—	—	4,298,264
Private Equity	—	—	—	2,839,908
Real Assets	—	—	—	3,204,304
Invested Securities Lending Collateral	—	—	—	2,005,347
Total Investments	197,673	6,798	0	30,443,243
Capital Assets:				
Land	—	—	—	1,780
Buildings and Improvements	—	—	—	17,607
Machinery and Equipment	—	—	—	5,845
Less Accumulated Depreciation	—	—	—	(19,521)
Total Capital Assets	0	0	0	5,711
Total Assets	200,635	7,296	8,398	32,558,345
LIABILITIES				
Accounts Payable	—	—	—	438,838
Securities Lending Liability	—	—	—	2,005,347
Due To Other Funds	2,033	—	—	2,033
Leave/Postemployment Benefits	107	—	—	14,544
Insurance Reserves	—	—	—	5,000
Real Estate Liabilities	—	—	—	497,674
Total Liabilities	2,140	0	0	2,963,436
NET POSITION				
Restricted for:				
Pension Benefits	—	—	—	25,096,072
Other Postemployment Benefits	198,495	7,296	8,398	214,189
Defined Contribution	—	—	—	4,284,648
Total Net Position	$ 198,495	$ 7,296	$ 8,398	$ 29,594,909

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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, 2014 (Expressed in Thousands)

	Pension Trust			
	Non-Contributory System	Contributory System	Public Safety System	Firefighters System
ADDITIONS				
Contributions:				
Member	$ 14,208	$ 6,376	$ 1,258	$ 18,325
Employer	710,933	12,874	128,744	3,494
Court Fees and Fire Insurance Premiums	—	—	—	11,285
Total Contributions	725,141	19,250	130,002	33,104
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	2,236,726	146,447	302,867	108,584
Interest, Dividends, and Other Investment Income	398,403	26,084	53,948	19,341
Less Investment Expenses	(46,148)	(3,021)	(6,252)	(2,240)
Net Investment Income	2,588,981	169,510	350,563	125,685
Transfers From Affiliated Systems	—	33,094	4,676	1,302
Total Additions	3,314,122	221,854	485,241	160,091
DEDUCTIONS				
Retirement Benefits	812,550	59,203	112,470	34,951
Cost of Living Benefits	162,134	14,778	24,662	9,485
Supplemental Retirement Benefits	—	177	354	311
Retiree Healthcare Benefits	—	—	—	—
Refunds/Plan Distributions	2,454	1,922	467	106
Administrative Expenses	8,329	480	1,161	355
Transfers To Affiliated Systems	42,277	—	—	—
Total Deductions	1,027,744	76,560	139,114	45,208
Change in Net Position Restricted for:				
Pension Benefits	2,286,378	145,294	346,127	114,883
Other Postemployment Benefits	—	—	—	—
Defined Contribution	—	—	—	—
Net Position – Beginning	17,629,437	1,136,651	2,366,057	853,778
Net Position – Ending	$ 19,915,815	$ 1,281,945	$ 2,712,184	$ 968,661

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**
$ —	$ —	$ —	$ —	$ 230,086	$ 25,696	$ 20,326	$ —
4,990	252	25,743	2,451	—	—	—	6,750
1,498	—	—	—	—	—	—	—
6,488	252	25,743	2,451	230,086	25,696	20,326	6,750
17,391	1,162	3,446	270	531,966	60,404	12,001	30
3,098	207	646	51	3,195	342	—	—
(359)	(23)	(75)	(5)	(2,945)	(325)	(81)	—
20,130	1,346	4,017	316	532,216	60,421	11,920	30
3,186	19	3	—	—	—	—	—
29,804	1,617	29,763	2,767	762,302	86,117	32,246	6,780
8,248	718	—	—	—	—	—	—
1,941	174	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	223,523	21,314	6,848	2,041
66	4	6	—	5,372	616	128	24
—	—	—	3	—	—	—	—
10,255	896	6	3	228,895	21,930	6,976	2,065
19,549	721	29,757	2,764	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	533,407	64,187	25,270	4,715
136,127	9,445	17,933	1,171	3,212,874	360,381	72,345	11,469
$ 155,676	$ 10,166	$ 47,690	$ 3,935	$ 3,746,281	$ 424,568	$ 97,615	$ 16,184

Continues

Combining Statement Of Changes In Fiduciary Net Position Pension And Other Employee Benefit Trust Funds

Continued

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	Post-Retirement Benefits Trust			
	State Employee	Elected Official	Other Employee Benefits	Total
ADDITIONS				
Contributions:				
Member	$ —	$ —	$ —	$ 316,275
Employer	30,342	2,030	8,397	937,000
Court Fees and Fire Insurance Premiums	—	—	—	12,783
Total Contributions	30,342	2,030	8,397	1,266,058
Investment Income:				
Net Increase (Decrease) in Fair Value of Investments	22,840	558	—	3,444,692
Interest, Dividends, and Other Investment Income	38	8	1	505,362
Less Investment Expenses	—	—	—	(61,474)
Net Investment Income	22,878	566	1	3,888,580
Transfers From Affiliated Systems	—	—	—	42,280
Total Additions	53,220	2,596	8,398	5,196,918
DEDUCTIONS				
Retirement Benefits	—	—	—	1,028,140
Cost of Living Benefits	—	—	—	213,174
Supplemental Retirement Benefits	—	—	—	842
Retiree Healthcare Benefits	27,366	340	—	27,706
Refunds/Plan Distributions	—	—	—	258,675
Administrative Expenses	—	—	—	16,541
Transfers To Affiliated Systems	—	—	—	42,280
Total Deductions	27,366	340	0	1,587,358
Change in Net Position Restricted for:				
Pension Benefits	—	—	—	2,945,473
Other Postemployment Benefits	25,854	2,256	8,398	36,508
Defined Contribution	—	—	—	627,579
Net Position – Beginning	172,641	5,040	—	25,985,349
Net Position – Ending	$ 198,495	$ 7,296	$ 8,398	$ 29,594,909

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Combining Statement Of Fiduciary Net Position
Private Purpose Trust Funds

June 30, 2014 (Expressed in Thousands)

	Utah Navajo Royalties Holding	Unclaimed Property Trust	Employers' Reinsurance Trust	Petroleum Storage Tank Trust
ASSETS				
Cash and Cash Equivalents	$ 2,368	$ 14,426	$ —	$ 6,219
Receivables:				
Accounts	69	—	4,972	1
Accrued Interest	—	—	—	2
Accrued Assessments	—	—	3,750	—
Loans	—	—	—	628
Due From Other Funds	1,800	—	—	—
Investments:				
Debt Securities	51,955	54,629	165,289	16,970
Equity Investments	101	1,068	—	—
Total Investments	52,056	55,697	165,289	16,970
Capital Assets:				
Land	271	—	—	—
Buildings and Improvements	10,715	—	—	—
Machinery and Equipment	187	—	—	—
Less Accumulated Depreciation	(3,443)	—	—	—
Total Capital Assets	7,730	0	0	0
Total Assets	64,023	70,123	174,011	23,820
LIABILITIES				
Accounts Payable	106	71	292	248
Due To Other Funds	73	—	56	—
Unearned Revenue	—	—	—	421
Policy Claims Liabilities	—	—	220,576	25,121
Total Liabilities	179	71	220,924	25,790
NET POSITION				
Restricted for:				
Individuals, Organizations, and Other Governments	63,844	70,052	(46,913)	(1,970)
Total Net Position	$ 63,844	$ 70,052	$ (46,913)	$ (1,970)

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 1,814	$ 4,300	$ 29,127
—	—	5,042
—	—	2
—	—	3,750
—	—	628
—	312	2,112
1,777,047	12,270	2,078,160
5,692,176	—	5,693,345
7,469,223	12,270	7,771,505
—	—	271
—	—	10,715
1,367	—	1,554
(1,147)	—	(4,590)
220	0	7,950
7,471,257	16,882	7,820,116
536	710	1,963
—	1	130
—	—	421
—	—	245,697
536	711	248,211
7,470,721	16,171	7,571,905
$ 7,470,721	$ 16,171	$ 7,571,905

Combining Statement Of Changes In Fiduciary Net Position
Private Purpose Trust Funds

For the Fiscal Year Ended June 30, 2014 (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	179	28	171	—
Interest, Dividends, and Other Investment Income	240	273	771	86
Total Investment Income	419	301	942	86
Other Additions:				
Escheats	—	13,767	—	—
Royalties and Rents	7,699	—	—	—
Fees, Assessments, and Revenues	—	—	17,841	5,293
Court Settlement / Miscellaneous	—	—	1,769	7,401
Total Other	7,699	13,767	19,610	12,694
Total Additions	8,118	14,068	20,552	12,780
DEDUCTIONS				
Trust Operating Expenses	388	—	—	2,360
Distributions and Benefit Payments	—	12,024	1,486	—
Administrative and General Expenses	2,173	5,507	2,298	1,885
Total Deductions	2,561	17,531	3,784	4,245
Change in Net Position Restricted for:				
Individuals, Organizations, and Other Governments	5,557	(3,463)	16,768	8,535
Net Position – Beginning	58,287	73,515	(63,681)	(10,505)
Net Position – Ending	$ 63,844	$ 70,052	$ (46,913)	$ (1,970)

Utah Educational Savings Plan Trust	Miscellaneous Restricted Trust	Total
$ 858,673	$ 8,469	$ 867,142
858,673	8,469	867,142
866,650	—	867,028
140,064	53	141,487
1,006,714	53	1,008,515
—	—	13,767
—	—	7,699
—	22,774	45,908
—	7,212	16,382
0	29,986	83,756
1,865,387	38,508	1,959,413
—	32,554	35,302
259,574	8,486	281,570
7,168	1,548	20,579
266,742	42,588	337,451
1,598,645	(4,080)	1,621,962
5,872,076	20,251	5,949,943
$ 7,470,721	$ 16,171	$ 7,571,905

Combining Statement Of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2014 (Expressed in Thousands)

	Taxes and Social Security	County and Local Collections	State Courts	Deposits, Suspense, and Miscellaneous	Total
ASSETS					
Cash and Cash Equivalents	$ 62	$ 133,762	$ 31,813	$ 22,771	$ 188,408
Accounts Receivable	—	14,917	—	13,649	28,566
Due From Other Funds	—	—	—	768	768
Investments:					
Debt Securities	—	5	—	19,419	19,424
Total Investments	0	5	0	19,419	19,424
Total Assets	$ 62	$ 148,684	$ 31,813	$ 56,607	$ 237,166
LIABILITIES					
Due To Individuals, Organizations, and Other Governments	$ 62	$ 148,684	$ 31,813	$ 56,607	$ 237,166
Total Liabilities	$ 62	$ 148,684	$ 31,813	$ 56,607	$ 237,166

State of Utah

Combining Statement Of Changes In Assets And Liabilities Agency Funds

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
TAXES AND SOCIAL SECURITY				
Assets				
Cash and Cash Equivalents	$ 19	$ 236,749	$ 236,706	$ 62
Receivables:				
Accounts Receivable	—	—	—	—
Total Assets	$ 19	$ 236,749	$ 236,706	$ 62
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 19	$ 236,792	$ 236,749	$ 62
Total Liabilities	$ 19	$ 236,792	$ 236,749	$ 62
COUNTY AND LOCAL COLLECTIONS				
Assets				
Cash and Cash Equivalents	$ 116,748	$ 1,537,923	$ 1,520,909	$ 133,762
Investments	4	2,452	2,451	5
Receivables:				
Accounts Receivable	6	14,917	6	14,917
Total Assets	$ 116,758	$ 1,555,292	$ 1,523,366	$ 148,684
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 116,758	$ 1,605,655	$ 1,573,729	$ 148,684
Total Liabilities	$ 116,758	$ 1,605,655	$ 1,573,729	$ 148,684
STATE COURTS				
Assets				
Cash and Cash Equivalents	$ 31,706	$ 102,386	$ 102,279	$ 31,813
Due From Other Funds	3	—	3	—
Total Assets	$ 31,709	$ 102,386	$ 102,282	$ 31,813
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 31,709	$ 72,947	$ 72,843	$ 31,813
Total Liabilities	$ 31,709	$ 72,947	$ 72,843	$ 31,813
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
Assets				
Cash and Cash Equivalents	$ 22,672	$ 817,050	$ 816,951	$ 22,771
Investments	20,517	169,035	170,133	19,419
Receivables:				
Accounts Receivable	13,048	1,225	624	13,649
Due From Other Funds	1,339	766	1,337	768
Total Assets	$ 57,576	$ 988,076	$ 989,045	$ 56,607
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 57,576	$ 649,597	$ 650,566	$ 56,607
Total Liabilities	$ 57,576	$ 649,597	$ 650,566	$ 56,607
TOTAL — ALL AGENCY FUNDS				
Assets				
Cash and Cash Equivalents	$ 171,145	$ 2,694,108	$ 2,676,845	$ 188,408
Investments	20,521	171,487	172,584	19,424
Receivables:				
Accounts Receivable	13,054	16,142	630	28,566
Due From Other Funds	1,342	766	1,340	768
Total Assets	$ 206,062	$ 2,882,503	$ 2,851,399	$ 237,166
Liabilities				
Due To Individuals, Organizations, and Other Governments	$ 206,062	$ 2,564,991	$ 2,533,887	$ 237,166
Total Liabilities	$ 206,062	$ 2,564,991	$ 2,533,887	$ 237,166

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Nonmajor Component Units

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, 2014 (Expressed in Thousands)

	Comprehensive Health Insurance Pool	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 16,399	$ 3,924	$ 2,173	$ 1	$ 247
Investments	—	—	—	—	—
Receivables:					
Accounts, net	—	651	8	20	85
Notes/Loans/Mortgages/Pledges, net	—	—	—	—	—
Accrued Interest	—	—	—	—	—
Due From Primary Government	—	121	—	—	—
Prepaid Items	10	—	—	—	42
Inventories	—	—	—	20	—
Other Assets	—	—	142	—	—
Total Current Assets	16,409	4,696	2,323	41	374
Noncurrent Assets:					
Restricted Investments	—	—	685	—	—
Accounts Receivables, net	—	—	—	—	—
Investments	—	—	—	—	—
Notes/Loans/Mortgages/Pledges Receivables, net	—	—	—	—	—
Other Assets	—	—	—	—	—
Capital Assets (net of Accumulated Depreciation)	—	13,581	2	2,384	782
Total Noncurrent Assets	0	13,581	687	2,384	782
Total Assets	16,409	18,277	3,010	2,425	1,156
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Amount on Refundings of Bonded Debt	—	—	—	—	—
Total Deferred Outflows of Resources	0	0	0	0	0
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	8	1,633	98	146	444
Deposits	—	—	—	—	—
Due To Primary Government	—	313	—	—	—
Unearned Revenue	—	82	—	—	69
Current Portion of Long-term Liabilities	195	—	90	298	6
Total Current Liabilities	203	2,028	188	444	519
Noncurrent Liabilities:					
Unearned Revenue	—	—	—	—	—
Deposits	—	—	—	—	—
Long-term Liabilities	—	—	2,407	214	7
Total Noncurrent Liabilities	0	0	2,407	214	7
Total Liabilities	203	2,028	2,595	658	526
NET POSITION					
Net Investment in Capital Assets	—	13,581	2	2,053	769
Restricted for:					
Nonexpendable:					
Higher Education	—	—	—	—	—
Expendable:					
Higher Education	—	—	—	—	—
Other	—	—	685	—	20
Unrestricted (Deficit)	16,206	2,668	(272)	(286)	(159)
Total Net Position	$ 16,206	$ 16,249	$ 415	$ 1,767	$ 630

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
$ 47,246	$ 32,824	$ 33,265	$ 58,578	$ 22,531	$ 7,967	$ 17,280	$ 242,435
1,444	2,264	26,912	2,000	3,813	—	969	37,402
4,525	14,333	8,320	5,710	1,319	1,080	3,694	39,745
2,617	430	481	4,609	335	25	593	9,090
219	—	—	—	—	—	—	219
—	—	—	—	—	—	—	121
489	4,422	17	318	7	125	96	5,526
4,198	785	2,681	3,109	1,065	323	1,679	13,860
356	—	—	—	—	—	—	498
61,094	55,058	71,676	74,324	29,070	9,520	24,311	348,896
10,784	18,507	1,603	41,366	1,803	9,716	—	84,464
2,751	4,402	—	9,069	541	57	—	16,820
173,119	36,237	62,068	31,071	17,275	6,814	1,167	327,751
7,533	—	3,606	18,154	1,373	66	180	30,912
—	1,286	297	3,776	—	278	—	5,637
277,835	127,815	233,688	335,662	134,002	98,918	159,689	1,384,358
472,022	188,247	301,262	439,098	154,994	115,849	161,036	1,849,942
533,116	243,305	372,938	513,422	184,064	125,369	185,347	2,198,838
245	—	—	437	—	—	—	682
245	0	0	437	0	0	0	682
3,981	6,673	19,203	13,266	2,114	1,717	4,503	53,786
—	469	1,588	609	328	364	96	3,454
1,299	847	795	128	937	4	25	4,348
6,234	8,349	8,939	8,695	600	462	1,115	34,545
5,817	3,786	5,546	5,677	2,086	1,141	1,737	26,379
17,331	20,124	36,071	28,375	6,065	3,688	7,476	122,512
—	—	—	1,519	—	—	—	1,519
—	—	—	—	—	50	—	50
61,243	19,354	7,422	73,313	15,260	17,572	20,638	217,430
61,243	19,354	7,422	74,832	15,260	17,622	20,638	218,999
78,574	39,478	43,493	103,207	21,325	21,310	28,114	341,511
218,539	108,515	233,515	262,682	119,312	81,327	139,989	1,180,284
87,424	18,574	4,061	18,826	17,802	4,789	1,734	153,210
49,213	34,017	10,401	43,699	10,907	5,823	2,702	156,762
—	—	—	—	—	—	—	705
99,611	42,721	81,468	85,445	14,718	12,120	12,808	367,048
$ 454,787	$ 203,827	$ 329,445	$ 410,652	$ 162,739	$ 104,059	$ 157,233	$ 1,858,009

State of Utah

Combining Statement Of Activities
Nonmajor Component Units

For the Fiscal Year Ended June 30, 2014 (Expressed in Thousands)

	Comprehensive Health Insurance Pool	Utah Schools for the Deaf and the Blind	Military Installation Development Authority	Heber Valley Historic Railroad Authority	Utah State Fair Corporation
Expenses	$ 20,721	$ 30,386	$ 4,680	$ 1,452	$ 5,686
Program Revenues:					
Charges for Services:					
Tuition and Fees	—	—	—	—	—
Scholarship Allowances	—	—	—	—	—
Sales, Services, and Other Revenues	10,520	5,904	4,672	1,547	3,613
Operating Grants and Contributions	987	1,455	—	—	—
Capital Grants and Contributions	—	—	—	—	—
Total Program Revenues	11,507	7,359	4,672	1,547	3,613
Net (Expenses) Revenues	(9,214)	(23,027)	(8)	95	(2,073)
General Revenues:					
State Appropriations	8,084	23,283	—	—	844
Unrestricted Investment Income	79	2	8	—	—
Permanent Endowments Contributions	—	—	—	—	—
Total General Revenues	8,163	23,285	8	0	844
Change in Net Position	(1,051)	258	0	95	(1,229)
Net Position – Beginning	17,257	15,991	415	1,672	1,859
Net Position – Ending	$ 16,206	$ 16,249	$ 415	$ 1,767	$ 630

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
$ 217,240	$ 124,966	$ 209,105	$ 275,355	$ 94,664	$ 40,796	$ 86,053	$ 1,111,104
105,793	62,281	88,687	133,487	37,331	11,858	13,266	452,703
(27,215)	(15,784)	(21,850)	(26,802)	(9,099)	(5,129)	(2,832)	(108,711)
22,399	20,519	16,270	21,450	9,785	4,238	7,851	128,768
61,276	36,540	55,088	84,301	24,400	9,122	12,863	286,032
8,636	5,904	51,433	7,029	4,704	622	4,533	82,861
170,889	109,460	189,628	219,465	67,121	20,711	35,681	841,653
(46,351)	(15,506)	(19,477)	(55,890)	(27,543)	(20,085)	(50,372)	(269,451)
67,267	32,246	75,020	71,280	25,963	20,063	50,767	374,817
—	—	—	—	—	—	—	89
2,807	162	—	876	1,047	152	—	5,044
70,074	32,408	75,020	72,156	27,010	20,215	50,767	379,950
23,723	16,902	55,543	16,266	(533)	130	395	110,499
431,064	186,925	273,902	394,386	163,272	103,929	156,838	1,747,510
$ 454,787	$ 203,827	$ 329,445	$ 410,652	$ 162,739	$ 104,059	$ 157,233	$ 1,858,009

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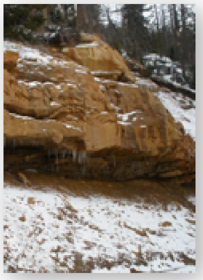
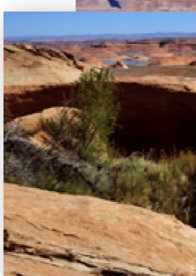
2014

State of Utah

Comprehensive Annual Financial Report





STATISTICAL SECTION

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STATISTICAL SECTION

Fiscal Year Ended June 30, 2014

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			
	2005	**2006**	**2007**	**2008**
Governmental Activities				
Net Investment in Capital Assets	$ 8,197,279	$ 8,719,751	$ 9,465,667	$ 10,447,357
Restricted [1]	1,518,523	2,379,269	3,043,599	2,618,556
Unrestricted [1]	690,177	856,207	1,163,548	1,169,342
Total Governmental Activities Net Position	10,405,979	11,955,227	13,672,814	14,235,255
Business-type Activities				
Net Investment in Capital Assets	28,419	32,068	13,008	13,837
Restricted [2]	928,115	1,139,691	1,334,737	1,434,828
Unrestricted [3]	793,099	893,118	971,435	1,037,893
Total Business-type Activities Net Position	1,749,633	2,064,877	2,319,180	2,486,558
Primary Government				
Net Investment in Capital Assets	8,225,698	8,751,819	9,478,675	10,461,194
Restricted	2,446,638	3,518,960	4,378,336	4,053,384
Unrestricted	1,483,276	1,749,325	2,134,983	2,207,235
Total Primary Government Net Position	$ 12,155,612	$ 14,020,104	$ 15,991,994	$ 16,721,813

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 2005 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 position decreased as the economy slowed and tax revenues declined. In fiscal years 2011 to 2013 restricted net position increased due to slightly higher revenues from a strengthening economy. In fiscal year 2014 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.

[2] From fiscal years 2005 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 2014, 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					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
$ 11,306,077	$ 12,005,321	$ 12,358,579	$ 12,773,959	$ 13,481,005	$ 14,025,472
2,349,499	2,009,168	2,337,607	2,601,082	3,120,501	3,600,039
689,052	895,517	1,055,226	1,083,417	1,305,793	1,496,537
14,344,628	14,910,006	15,751,412	16,458,458	17,907,299	19,122,048
13,751	13,061	12,862	13,293	14,012	14,198
1,269,006	1,272,090	1,311,865	1,463,006	1,616,819	1,734,512
1,080,231	937,452	984,552	1,053,270	1,094,041	1,231,623
2,362,988	2,222,603	2,309,279	2,529,569	2,724,872	2,980,333
11,319,828	12,018,382	12,371,441	12,787,252	13,495,017	14,039,670
3,618,505	3,281,258	3,649,472	4,064,088	4,737,320	5,334,551
1,769,283	1,832,969	2,039,778	2,136,687	2,399,834	2,728,160
$ 16,707,616	$ 17,132,609	$ 18,060,691	$ 18,988,027	$ 20,632,171	$ 22,102,381

Changes in Net Position
Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2005	**2006**	**2007**	**2008**
GOVERNMENTAL ACTIVITIES				
Expenses				
General Government	$ 240,091	$ 289,749	$ 328,779	$ 385,331
Human Services and Juvenile Justice Services	573,154	595,337	634,265	679,920
Corrections	195,716	208,922	237,305	255,319
Public Safety	162,922	182,042	172,912	191,910
Courts	98,319	109,180	115,811	125,587
Health and Environmental Quality [1]	1,461,016	1,635,544	1,620,936	1,649,209
Higher Education	694,732	810,228	824,503	912,998
Employment and Family Services	409,334	405,845	393,938	423,122
Natural Resources	121,714	133,441	174,711	159,955
Heritage and Arts [2]	86,065	84,843	108,110	132,687
Business, Labor and Agriculture	84,992	90,573	92,441	95,563
Public Education [3]	2,169,071	2,321,139	2,548,391	2,959,311
Transportation	545,498	602,730	658,759	782,194
Interest and Other Charges on Long-Term Debt	76,382	70,345	64,019	58,851
Total Expenses	6,919,006	7,539,918	7,974,880	8,811,957
Program Revenues				
Charges for Services:				
General Government	99,303	121,067	156,111	257,537
Human Services and Juvenile Justice Services	13,193	11,073	10,889	10,840
Corrections	2,138	4,483	4,624	5,332
Public Safety	31,594	32,777	43,806	49,247
Courts	46,468	47,330	46,158	46,517
Health and Environmental Quality	108,406	98,296	84,938	65,666
Higher Education	282	115	235	31
Employment and Family Services	6,414	8,492	3,532	7,413
Natural Resources	44,842	50,308	45,367	64,407
Heritage and Arts	4,420	5,368	4,833	5,278
Business, Labor and Agriculture	61,637	64,098	63,240	68,622
Public Education	59,213	85,867	69,471	100,919
Transportation	103,518	138,300	155,203	183,369
Operating Grants and Contributions	2,436,116	2,744,231	2,769,644	2,658,284
Capital Grants and Contributions	124,836	100,519	122,939	144,867
Total Program Revenues	3,142,380	3,512,324	3,580,990	3,668,329
Net Program (Expense) — Governmental Activities	(3,776,626)	(4,027,594)	(4,393,890)	(5,143,628)
General Revenues and Other Changes in Net Position				
Taxes:				
Sales Tax and Use Tax [4]	1,697,720	1,921,048	2,131,958	2,006,926
Individual Income Tax Imposed for Education [4]	2,001,286	2,496,911	2,667,207	2,435,059
Corporate Tax Imposed for Education [4]	209,403	379,801	412,720	409,794
Motor and Special Fuel Taxes Imposed for Transportation	335,625	356,176	353,107	350,426
Other Taxes	275,755	316,980	320,204	333,545
Investment Income	17,690	46,856	89,795	63,947
Gain on Sale of Capital Assets	23,010	46,084	52,139	26,980
Miscellaneous	24,781	31,999	37,569	41,659
Transfers–Internal Activities	9,437	(19,013)	46,778	37,733
Prior Period Adjustments and Restatements	—	—	—	—
Total General Revenues and Other Changes in Net Position	4,594,707	5,576,842	6,111,477	5,706,069
Change in Net Position — Governmental Activities – Increase (Decrease)	818,081	1,549,248	1,717,587	562,441

Schedule A–2

Fiscal Year					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
$ 390,373	$ 383,925	$ 402,543	$ 420,612	$ 406,065	$ 417,067
700,307	669,169	648,456	646,565	671,831	690,117
254,980	238,902	243,616	249,569	255,679	268,346
189,069	184,197	204,627	241,101	254,503	243,783
123,209	118,577	123,604	123,405	124,660	128,877
1,812,067	1,875,775	2,001,233	2,145,929	2,259,695	2,410,760
997,218	837,479	828,660	1,115,301	884,775	908,795
514,915	672,852	707,019	712,388	786,221	693,789
174,730	166,749	187,164	157,145	178,670	189,641
139,840	177,823	159,755	154,759	21,147	22,447
101,995	96,895	94,397	100,385	99,655	105,987
3,033,574	3,007,905	3,058,046	3,000,117	3,096,089	3,202,327
785,692	704,886	721,240	738,877	836,488	847,752
52,070	87,393	104,887	121,192	112,994	110,034
9,270,039	9,222,527	9,485,247	9,927,345	9,988,472	10,239,722
154,794	169,808	140,794	178,354	182,731	148,213
13,359	12,851	12,140	11,905	18,204	12,529
5,211	6,520	5,988	4,715	4,743	5,463
51,475	53,504	55,394	57,257	61,543	63,831
48,957	77,953	57,959	56,148	53,900	52,390
64,328	88,504	150,763	230,318	268,753	289,198
32,981	419	90	194	—	—
8,067	(2,715)	10,476	11,802	16,602	12,659
71,266	70,780	73,645	79,577	85,685	91,967
3,632	5,030	5,804	3,148	2,316	2,696
65,376	74,400	67,582	83,758	86,962	89,426
79,462	73,962	71,757	80,425	82,676	110,564
254,064	275,154	254,682	339,488	249,288	253,094
3,177,737	3,865,150	4,079,907	3,704,709	3,802,274	3,954,581
145,353	204,237	109,669	157,564	114,156	100,481
4,176,062	4,975,557	5,096,650	4,999,362	5,029,833	5,187,092
(5,093,977)	(4,246,970)	(4,388,597)	(4,927,983)	(4,958,639)	(5,052,630)
1,762,745	1,735,023	1,812,271	1,931,045	2,090,841	2,121,518
2,336,528	2,027,884	2,384,025	2,525,082	2,969,128	2,918,991
252,095	272,535	226,726	284,666	331,080	321,424
337,395	340,568	355,042	351,346	351,553	359,822
354,982	328,703	397,908	415,190	399,788	431,901
29,267	5,575	7,480	8,464	6,726	8,829
15,583	10,927	19,727	17,294	30,580	20,012
46,375	35,288	35,403	58,851	46,884	40,577
38,953	55,845	47,431	43,091	76,231	44,305
28,447	—	(56,010)	—	104,669	—
5,202,370	4,812,348	5,230,003	5,635,029	6,407,480	6,267,379
108,393	565,378	841,406	707,046	1,448,841	1,214,749

Continues

State of Utah

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year			
	2005	**2006**	**2007**	**2008**
BUSINESS-TYPE ACTIVITIES				
Expenses				
Student Assistance Programs	$ 95,495	$ 152,895	$ 174,220	$ 164,411
Unemployment Compensation [5]	142,632	102,476	97,692	148,424
Water Loan Programs	8,648	6,560	13,042	10,477
Community and Economic Loan Programs	1,160	1,570	1,136	2,310
Liquor Retail Sales	114,897	126,114	143,721	160,635
Other Business-type Activities	25,317	27,581	31,404	33,417
Total Expenses	388,149	417,196	461,215	519,674
Program Revenues				
Charges for Services:				
Student Assistance Programs	87,375	112,960	126,498	117,246
Unemployment Compensation	221,298	253,809	219,690	157,624
Water Loan Programs	9,796	10,715	10,634	12,135
Community and Economic Loan Programs	5,245	5,394	5,876	6,524
Liquor Retail Sales	153,004	173,400	195,276	219,801
Other Business-type Activities	30,865	32,826	39,753	44,140
Operating Grants and Contributions [6]	65,173	109,140	138,252	143,853
Total Program Revenues	572,756	698,244	735,979	701,323
Net Program Revenue (Expense) — Business-type Activities	184,607	281,048	274,764	181,649
General Revenues and Other Changes in Net Position				
Taxes:				
Sales Tax and Use Tax	14,874	14,875	25,440	23,462
Investment Income	3,844	—	—	—
Gain on Sale of Capital Assets	226	308	—	—
Miscellaneous	—	—	877	—
Transfers–Internal Activities	(9,437)	19,013	(46,778)	(37,733)
Prior Period Adjustments and Restatements	—	—	—	—
Total General Revenues and Other Changes in Net Position	9,507	34,196	(20,461)	(14,271)
Change in Net Position — Business-type Activities – Increase (Decrease)	194,114	315,244	254,303	167,378
Total Primary Government Change in Net Position	$ 1,012,195	$ 1,864,492	$ 1,971,890	$ 729,819

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 2005 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 2014, general tax revenues increased due to slightly higher revenues from a strengthening economy.

Fiscal Year 2009	2010	2011	2012	2013	2014
$ 144,007	$ 156,754	$ 93,422	$ 111,662	$ 99,379	$ 79,963
489,925	872,826	642,023	436,880	307,444	233,403
12,900	31,971	38,069	19,045	12,828	13,778
2,349	2,166	1,770	2,604	2,420	8,603
168,844	180,401	190,373	201,976	213,395	225,948
35,635	30,886	33,796	47,341	75,361	54,983
853,660	1,275,004	999,453	819,508	710,827	616,678
89,805	109,804	71,966	66,312	63,727	59,784
144,383	170,224	296,847	380,533	384,114	357,059
12,234	13,875	10,584	13,710	13,464	12,329
7,838	9,033	10,583	11,843	11,152	10,051
228,474	238,767	252,225	272,363	293,978	313,444
49,437	41,527	44,230	33,555	39,010	40,832
214,876	546,840	421,016	276,762	185,150	95,641
747,047	1,130,070	1,107,451	1,055,078	990,595	889,140
(106,613)	(144,934)	107,998	235,570	279,768	272,462
22,976	22,206	21,819	24,264	25,891	27,304
—	—	—	—	—	—
—	—	—	—	—	—
—	38,188	4,290	3,547	425	—
(38,953)	(55,845)	(47,431)	(43,091)	(76,231)	(44,305)
—	—	—	—	(34,550)	—
(15,977)	4,549	(21,322)	(15,280)	(84,465)	(17,001)
(122,590)	(140,385)	86,676	220,290	195,303	255,461
$ (14,197)	$ 424,993	$ 928,082	$ 927,336	$ 1,644,144	$ 1,470,210

[5] From fiscal years 2005 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 2014, 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.

State of Utah

Fund Balances — Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting) (Expressed in Thousands)

	Fiscal Year 2005	2006	2007	2008
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]	$ 262,360	$ 300,497	$ 411,600	$ 470,800
Unreserved [6]	391,619	568,639	667,972	394,068
Total General Fund	653,979	869,136	1,079,572	864,868
All Other Governmental Funds				
Reserved	1,048,146	1,287,525	1,558,607	1,867,469
Unreserved reported in:				
Special Revenue Funds	737,746	1,096,485	1,473,424	975,035
Capital Projects [7]	(71,127)	(93,248)	(107,624)	57,027
Debt Service	5,881	14,332	17,801	20,801
Total All Other Governmental Funds	1,720,646	2,305,094	2,942,208	2,920,332
Total Fund Balances — Governmental Funds	$ 2,374,625	$ 3,174,230	$ 4,021,780	$ 3,785,200

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] In fiscal years 2012 and 2013, the nonspendable fund balance within the General Fund increased due to prepaid items identified in fiscal year 2012, and an increase in prepaid items in fiscal year 2013. 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 and 2014, the nonspendable fund balance within other governmental funds increased due to positive investment earnings 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 2009	2010	2011	2012	2013	2014
$ —	$ 2,861	$ 10,134	$ 13,537	$ 44,360	$ 38,832
—	—	—	23,450	67,790	73,033
—	411	538	662	800	926
—	35,171	31,523	39,745	41,931	40,898
—	371,354	445,540	489,487	496,795	507,380
—	222,963	212,002	159,082	224,452	197,842
—	14,884	609	11,342	—	7,224
0	647,644	700,346	737,305	876,128	866,135
$ —	$ 11,646	$ 10,523	$ 11,583	$ 11,980	$ 14,018
—	1,066,568	1,355,565	1,436,623	1,690,261	2,089,334
—	1,333,776	1,191,591	1,089,030	1,094,754	1,160,581
—	347,254	390,278	631,983	698,264	865,786
—	92,806	174,737	112,015	63,586	128,631
0	2,852,050	3,122,694	3,281,234	3,558,845	4,258,350
$ 0	$ 3,499,694	$ 3,823,040	$ 4,018,539	$ 4,434,973	$ 5,124,485
$ 305,224	$ —	$ —	$ —	$ —	$ —
327,467	—	—	—	—	—
632,691	0	0	0	0	0
1,892,734	—	—	—	—	—
807,356	—	—	—	—	—
(13,219)	—	—	—	—	—
5,210	—	—	—	—	—
2,692,081	0	0	0	0	0
$ 3,324,772	$ 0	$ 0	$ 0	$ 0	$ 0

[4] The assigned fund balance within other governmental funds increased in fiscal year 2011, then decreased in fiscal year 2012 and 2013 as less funding was assigned for capital projects. In fiscal year 2014, 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] From fiscal years 2005 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] From fiscal years 2005 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			
	2005	**2006**	**2007**	**2008**
Revenues				
Sales and Use Tax [1]	$ 1,699,636	$ 1,915,600	$ 2,109,732	$ 2,031,239
Individual Income Tax [1]	1,946,593	2,324,365	2,589,252	2,560,394
Corporate Tax [1]	209,304	379,624	411,929	410,586
Motor and Special Fuels Tax	336,417	344,902	366,446	357,664
Other Taxes	275,715	316,994	320,204	333,542
Federal Contracts and Grants [2]	2,366,786	2,524,022	2,480,016	2,574,585
Charges for Services/Royalties	330,998	405,013	412,411	468,451
Licenses, Permits, and Fees	121,382	113,684	120,349	121,882
Federal Mineral Lease	82,704	156,851	145,985	134,404
Intergovernmental	4,104	9,109	23,332	12,884
Investment Income [3]	71,538	116,215	240,988	46,716
Miscellaneous and Other	231,708	239,901	261,617	373,047
Total Revenues	7,676,885	8,846,280	9,482,261	9,425,394
Expenditures				
General Government	178,891	239,838	268,775	319,389
Human Services and Juvenile Justice Services	576,871	593,392	627,598	677,234
Corrections	198,030	205,310	229,198	251,216
Public Safety	163,072	179,622	172,427	196,008
Courts	107,807	114,111	119,650	131,261
Health and Environmental Quality [4]	1,461,618	1,634,619	1,620,400	1,648,841
Higher Education–State Administration	39,121	43,505	49,064	64,587
Higher Education–Colleges and Universities	637,087	675,267	708,063	793,283
Employment and Family Services [5]	417,037	413,380	406,532	432,955
Natural Resources	123,195	140,592	171,014	174,120
Heritage and Arts [5]	87,621	85,231	108,592	132,413
Business, Labor, and Agriculture	85,115	89,255	91,162	96,072
Public Education [6]	2,168,896	2,322,871	2,547,421	2,960,873
Transportation [7] [8]	797,869	761,744	813,315	1,030,793
Capital Outlay [9]	139,488	347,048	560,108	566,955
Debt Service — Principal Retirement	183,911	152,746	159,862	193,292
Debt Service — Interest and Other Charges	89,768	82,690	75,149	139,883
Total Expenditures	7,455,397	8,081,221	8,728,330	9,809,175
Revenues Over (Under) Expenditures	221,488	765,059	753,931	(383,781)
Other Financing Sources (Uses)				
General Obligation Bonds Issued [9]	140,635	—	—	75,000
Revenue Bonds Issued	18,430	—	—	—
Refunding Bonds Issued	22,066	—	—	—
Premium on Bonds Issued	12,039	—	—	1,557
Payment to Refunded Bond Escrow Agent	(23,212)	—	—	—
Capital Leases/Contracts Issued	—	—	—	2,131
Sale of Capital Assets	18,070	50,679	47,193	30,824
Transfers In	852,989	935,723	3,721,041	4,550,400
Transfers Out	(839,392)	(952,798)	(3,674,615)	(4,512,711)
Prior Period Adjustments and Restatements	—	942	—	—
Total Other Financing Sources (Uses)	201,625	34,546	93,619	147,201
Net Change in Fund Balances	$ 423,113	$ 799,605	$ 847,550	$ (236,580)
Debt Service as a Percentage of Noncapital Expenditures	3.89 %	3.12 %	2.96 %	3.75 %

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 2005 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 2014, 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.

[4] Expenditures for health and environmental quality have increased over the last ten fiscal years due to rising Medicaid program costs.

Fiscal Year					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
$ 1,761,224	$ 1,733,412	$ 1,812,011	$ 1,934,035	$ 2,094,132	$ 2,121,249
2,340,400	2,124,173	2,332,562	2,518,373	2,865,195	2,916,015
249,177	266,961	230,888	285,541	329,726	322,748
337,529	341,196	352,918	353,299	351,197	359,176
354,713	328,753	397,248	414,744	400,111	432,178
3,207,110	3,713,771	3,626,354	3,561,512	3,489,515	3,463,045
463,248	463,436	528,568	625,831	677,119	706,125
128,212	179,947	188,998	183,630	185,976	188,653
172,642	129,377	135,979	183,739	138,122	158,193
9,446	28,659	18,537	34,407	32,704	7,211
(132,523)	118,541	274,797	46,133	221,139	353,653
382,614	356,004	332,722	393,010	305,267	327,880
9,273,792	9,784,230	10,231,582	10,534,254	11,090,203	11,356,126
325,076	313,981	316,440	356,752	362,845	374,134
701,099	667,192	646,411	645,418	669,091	692,277
255,448	235,411	238,090	245,829	251,118	266,246
213,038	199,731	207,426	239,453	255,727	271,716
129,125	136,373	128,676	127,066	129,693	132,886
1,812,488	1,873,264	2,008,356	2,141,835	2,252,166	2,434,410
60,224	52,084	48,836	49,359	51,901	48,920
782,650	734,440	718,026	721,074	735,438	781,998
519,741	673,329	703,786	706,181	781,178	703,441
178,306	161,640	189,430	153,698	178,330	184,465
140,453	178,258	160,338	155,575	22,428	24,231
101,966	96,579	93,149	99,689	99,828	105,915
3,035,519	3,002,318	3,059,351	2,999,706	3,097,161	3,202,007
1,249,080	1,204,955	946,692	1,064,449	951,277	902,788
607,794	1,007,219	1,236,168	973,206	524,582	380,930
180,613	189,041	223,952	266,300	309,268	329,659
64,675	113,876	142,452	168,047	154,472	150,101
10,357,295	10,839,691	11,067,579	11,113,637	10,826,503	10,986,124
(1,083,503)	(1,055,461)	(835,997)	(579,383)	263,700	370,002
498,810	982,170	1,034,970	609,920	33,240	226,175
—	101,595	—	5,250	1,900	—
—	—	196,610	—	22,612	—
45,445	65,853	94,689	92,558	8,346	24,656
—	—	(234,873)	—	(24,358)	—
2,010	11,122	—	—	2,824	—
28,035	13,966	20,256	22,158	31,243	24,596
3,606,534	929,044	1,125,598	1,097,387	1,360,691	1,489,272
(3,557,759)	(873,367)	(1,077,907)	(1,052,391)	(1,283,764)	(1,445,189)
—	—	—	—	—	—
623,075	1,230,383	1,159,343	774,882	152,734	319,510
$ (460,428)	$ 174,922	$ 323,346	$ 195,499	$ 416,434	$ 689,512
2.67 %	3.29 %	3.85 %	4.45 %	4.59 %	4.60 %

[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.

State of Utah

Revenue Base

Last Ten Calendar Years

(Expressed in Thousands)

	Calendar Year			
	2004	**2005**	**2006**	**2007**
Taxable Sales, Services, and Use Tax Purchases [1]				
Agriculture, Forestry, and Fishing	$ 44,957	$ 69,102	$ 75,432	$ 73,621
Mining	195,448	284,634	407,292	477,342
Construction	368,876	512,075	711,035	792,084
Manufacturing	1,691,533	2,027,777	2,507,326	2,678,207
Transportation	128,218	171,898	201,036	205,763
Communications and Utilities	3,080,330	3,248,719	3,557,949	3,591,019
Wholesale Trade	3,611,473	4,265,754	5,087,766	5,318,425
Retail	21,013,848	22,897,441	25,784,902	27,428,307
Finance, Insurance, and Real Estate	355,012	384,754	412,926	429,446
Services	4,179,256	4,747,385	5,261,263	5,689,281
Public Administration	83,973	106,941	114,007	116,614
Prior Period Payments and Refunds	557,951	524,772	674,846	889,925
Total Taxable Sales, Services and Use Tax Purchases	$ 35,310,875	$ 39,241,252	$ 44,795,780	$ 47,690,034
State Sales Tax Rate	4.75 %	4.75 %	4.75 %	4.75 %
Personal Income by Industry				
Federal Civilian	$ 2,653,711	$ 2,828,004	$ 3,000,038	$ 3,136,970
Federal Military	822,440	916,809	897,529	911,267
State and Local Government	6,673,566	7,051,503	7,480,210	7,994,668
Forestry, Fishing, and Related Activities	52,897	52,739	60,473	68,862
Mining	619,763	742,685	991,905	1,071,608
Utilities	376,006	395,148	470,178	454,072
Construction	4,336,227	4,898,246	5,802,670	6,366,934
Manufacturing	6,199,153	6,515,083	7,094,929	7,603,852
Wholesale Trade	2,401,466	2,644,323	2,910,463	3,219,149
Retail Trade	4,319,308	4,547,285	4,991,846	5,414,830
Transportation and Warehousing	2,431,034	2,623,687	2,727,491	3,025,714
Information	1,671,777	1,877,289	1,848,632	1,855,191
Financial, Insurance, Real Estate, Rental, and Leasing	4,262,738	4,645,983	5,085,088	5,180,794
Services	16,939,639	18,166,572	20,219,576	21,817,272
Farm Earnings	317,046	286,894	166,993	197,116
Other [2]	11,375,826	13,337,726	14,630,380	16,787,369
Total Personal Income	$ 65,452,597	$ 71,529,976	$ 78,378,401	$ 85,105,668
Highest Income Tax Rate	7.00 %	7.00 %	6.98 %	6.98 %

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					
2008	**2009**	**2010**	**2011**	**2012**	**2013**
$ 10,822	$ 10,938	$ 12,747	$ 14,082	$ 13,880	$ 15,083
923,107	560,727	757,601	848,168	961,570	850,275
785,217	685,598	662,141	654,043	749,572	686,116
2,635,317	2,079,294	2,082,345	2,209,327	2,283,863	2,251,708
169,209	150,891	236,609	274,577	123,695	151,582
4,138,623	4,060,387	4,147,437	4,250,457	4,515,800	4,609,452
4,637,872	3,457,754	3,615,569	4,065,152	4,647,539	4,397,645
24,972,519	22,613,395	21,480,510	22,794,901	24,351,361	25,848,614
1,803,420	1,430,640	1,328,491	1,337,530	1,327,864	1,378,991
6,889,315	6,289,414	6,737,174	7,137,503	7,670,035	8,108,526
224,402	225,935	224,668	229,227	245,093	250,212
193,380	359,249	622,276	339,856	640,908	855,842
$ 47,383,203	$ 41,924,222	$ 41,907,568	$ 44,154,823	$ 47,531,180	$ 49,404,046
4.65 %	4.70 %	4.70 %	4.70 %	4.70 %	4.70 %

$ 3,138,234	$ 3,262,129	$ 3,427,143	$ 3,556,359	$ 3,201,034	$ 3,099,493
956,758	1,059,773	1,066,165	1,023,592	782,075	792,618
8,619,692	8,996,163	9,056,491	9,440,193	10,479,690	10,796,951
64,322	56,230	59,568	69,173	69,036	87,271
1,325,928	905,190	939,571	1,134,370	1,451,372	1,462,887
520,216	500,769	517,919	531,434	510,476	520,167
5,938,557	4,880,333	4,851,542	5,033,034	5,310,328	5,741,521
7,987,992	7,243,424	7,523,277	7,787,202	8,079,603	8,350,857
3,313,418	3,145,582	3,142,845	3,473,443	3,778,828	3,951,994
5,409,252	5,248,220	5,352,492	5,478,538	5,817,378	6,045,803
2,943,658	2,818,544	2,871,728	2,977,382	2,983,157	3,114,959
1,911,065	1,837,118	1,931,461	2,146,263	2,426,304	2,541,334
5,592,421	5,432,615	5,578,130	6,113,185	6,281,226	6,694,693
22,905,660	22,798,279	23,756,996	24,676,881	26,044,184	27,922,817
216,580	105,542	202,854	266,260	231,074	274,985
19,766,570	18,640,550	19,972,051	20,693,761	23,716,925	23,828,935
$ 90,610,323	$ 86,930,461	$ 90,250,233	$ 94,401,070	$ 101,162,690	$ 105,227,285
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 2004		Calendar Year 2013	
	Taxable Sales and Purchases	**Percent of Total**	**Taxable Sales and Purchases**	**Percent of Total**
Agriculture, Forestry, and Fishing	$ 44,957	0.1 %	$ 15,083	0.0 %
Mining	195,448	0.6 %	850,275	1.7 %
Construction	368,876	1.0 %	868,116	1.8 %
Manufacturing	1,691,533	4.8 %	2,251,708	4.5 %
Transportation	128,218	0.4 %	151,582	0.3 %
Communications and Utilities	3,080,330	8.7 %	4,609,452	9.3 %
Wholesale Trade	3,611,473	10.2 %	4,397,645	8.9 %
Retail	21,013,848	59.5 %	25,848,614	52.1 %
Finance, Insurance, and Real Estate	355,012	1.0 %	1,378,991	2.8 %
Services	4,179,256	11.9 %	8,108,526	16.4 %
Public Administration	83,973	0.2 %	250,212	0.5 %
Prior Period Payments, Refunds	557,951	1.6 %	855,842	1.7 %
Total Taxable Sales, Services, and Use Tax Purchases	$ 35,310,875	100.0 %	$ 49,586,046	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 2013.

Revenue Payers — Personal Income Tax

Schedule B–3

Most Current Calendar Year and Historical Comparison

(Dollars Expressed in Thousands)

	Calendar Year 2003				Calendar Year 2012			
	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	177,424	19.8 %	$ 3,325	0.2 %	164,322	15.3 %	$ 515	0.0 %
$10,001–20,000	155,799	17.3 %	32,968	2.1 %	158,381	14.7 %	20,624	0.8 %
$20,001–30,000	126,988	14.1 %	71,410	4.6 %	138,054	12.8 %	59,751	2.4 %
$30,001–40,000	97,218	10.8 %	99,052	6.4 %	109,120	10.1 %	93,280	3.7 %
$40,001–50,000	79,712	8.9 %	122,259	7.9 %	88,667	8.2 %	119,426	4.8 %
$50,001–75,000	134,432	15.0 %	325,349	21.1 %	166,909	15.5 %	369,858	14.8 %
$75,001–100,000	65,186	7.3 %	246,190	16.0 %	108,135	10.1 %	374,463	14.9 %
$100,001–250,000	52,610	5.9 %	344,923	22.3 %	124,036	11.5 %	774,254	30.9 %
Over $250,000	8,429	0.9 %	300,016	19.4 %	19,693	1.8 %	693,064	27.7 %
Total	897,798	100.0 %	$ 1,545,492	100.0 %	1,077,317	100.0 %	$ 2,505,235	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 2012.

State of Utah

Personal Income Tax Rates **Schedule B–4**

Last Ten Calendar Years

	Calendar Year		
	2004 to 2005	**2006 to 2007** [1, 2]	**2008 to 2013** [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			
	2005	**2006**	**2007**	**2008**
Governmental Activities				
General Obligation Bonds	$ 1,588	$ 1,437	$ 1,284	$ 1,198
State Building Ownership Authority Lease Revenue Bonds	312	296	275	162
Capital Leases	21	20	18	19
Contracts/Notes Payable	8	8	7	1
Total Governmental Activities	1,929	1,761	1,584	1,380
Business-type Activities				
Student Assistance Revenue Bonds	1,545	2,138	2,138	2,165
State Building Ownership Authority Lease Revenue Bonds	31	38	37	51
Water Loan Recapitalization Revenue Bonds	—	—	—	—
Contracts/Notes Payable	—	—	—	—
Total Business-type Activities	1,576	2,176	2,175	2,216
Total Primary Government	$ 3,505	$ 3,937	$ 3,759	$ 3,596
Debt as a Percentage of Personal Income [1]	5.03 %	5.21 %	4.44 %	4.04 %
Amount of Debt Per Capita (expressed in dollars) [1]	$ 1,376	$ 1,506	$ 1,392	$ 1,304
Net General Obligation Bonded Debt				
General Obligation Bonds	$ 1,588	$ 1,437	$ 1,284	$ 1,198
Net General Obligation Bonded Debt as a Percentage of Taxable Property Value [2]	1.17 %	0.99 %	0.76 %	0.59 %
Amount of Net General Obligation Bonded Debt Per Capita (expressed in dollars) [1]	$ 623	$ 550	$ 476	$ 434

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] 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.

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

Fiscal Year					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
$ 1,563	$ 2,410	$ 3,256	$ 3,660	$ 3,361	$ 3,271
149	239	223	213	200	187
19	28	26	24	23	22
1	—	—	—	10	6
1,732	2,677	3,505	3,897	3,594	3,486
2,235	1,389	1,243	970	1,274	1,284
75	98	95	90	85	81
—	68	67	62	58	52
297	811	648	552	—	—
2,607	2,366	2,053	1,674	1,417	1,417
$ 4,339	$ 5,043	$ 5,558	$ 5,571	$ 5,011	$ 4,903
4.93 %	5.59 %	5.89 %	5.51 %	4.78 %	4.49 %
$ 1,586	$ 1,817	$ 1,975	$ 1,951	$ 1,727	$ 1,663
$ 1,563	$ 2,410	$ 3,256	$ 3,660	$ 3,361	$ 3,271
0.70 %	1.13 %	1.59 %	1.82 %	1.67 %	1.58 %
$ 571	$ 868	$ 1,157	$ 1,282	$ 1,159	$ 1,109

Other Long-Term Liabilities
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year 2005	2006	2007	2008
Governmental Activities				
General Obligation Bonds [1]	$ 1,514,510	$ 1,377,390	$ 1,237,170	$ 1,161,510
State Building Ownership Authority Lease Revenue Bonds	308,898	293,226	273,538	161,614
Net Unamortized Premiums	101,395	83,347	66,581	51,011
Deferred Amount on Refundings [2]	(25,361)	(21,546)	(17,732)	(13,621)
Capital Leases	20,931	19,644	18,228	18,769
Contracts/Notes Payable [3]	8,527	7,936	6,941	559
Compensated Absences [4]	140,029	148,762	185,630	186,581
Claims	44,673	46,725	44,755	41,285
Pollution Remediation Obligation [3]	—	—	—	7,842
Arbitrage Liability	—	—	109	—
Net Other Post Employment Benefit Obligation	—	—	—	—
Settlement Obligation	—	—	—	—
Total Governmental Activities	2,113,602	1,955,484	1,815,220	1,615,550
Business-type Activities				
Student Assistance Revenue Bonds [5]	1,544,830	2,138,085	2,137,655	2,165,180
State Building Ownership Authority Lease Revenue Bonds	30,672	37,814	36,552	50,246
Water Loan Recapitalization Revenue Bonds	—	—	—	—
Net Unamortized Premiums	1,061	988	879	1,117
Deferred Amount on Refundings [2]	(464)	(415)	(365)	(318)
Contracts/Notes Payable [6]	—	—	—	—
Claims and Uninsured Liabilities	6,025	4,960	4,678	5,786
Arbitrage Liability	66,411	67,845	72,487	65,945
Total Business-type Activities	1,648,535	2,249,277	2,251,886	2,287,956
Total Primary Government Other Long-term Liabilities	$ 3,762,137	$ 4,204,761	$ 4,067,106	$ 3,903,506

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.

[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.

Schedule C–2

Fiscal Year					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
$ 1,492,620	$ 2,299,300	$ 3,128,890	$ 3,487,680	$ 3,225,435	$ 3,136,755
148,654	236,629	220,380	210,384	198,485	183,590
80,962	119,694	162,003	200,979	159,882	138,187
(10,151)	(7,080)	(31,904)	(26,248)	(22,546)	—
19,210	27,542	25,799	24,270	23,213	21,794
512	484	466	446	9,758	5,983
162,689	162,120	182,543	185,701	185,711	184,679
43,650	41,897	42,731	44,700	48,190	48,585
7,687	7,690	7,083	6,640	6,222	5,327
—	—	—	—	—	—
3,918	5,693	7,142	5,439	5,206	4,331
—	39,422	38,926	34,007	25,020	6,928
1,949,751	2,933,391	3,784,059	4,173,998	3,864,576	3,736,159
2,235,322	1,388,922	1,218,390	930,422	1,240,407	1,277,837
73,676	96,476	92,445	88,161	83,795	79,106
—	65,800	65,800	61,205	56,545	51,800
1,491	4,093	29,092	16,917	13,143	9,110
(267)	(221)	(994)	25,445	23,413	—
297,381	811,354	647,842	552,423	—	—
14,941	19,105	16,179	17,866	18,694	9,283
57,782	50,214	11,968	10,000	—	—
2,680,326	2,435,743	2,080,722	1,702,439	1,435,997	1,427,136
$ 4,630,077	$ 5,369,134	$ 5,864,781	$ 5,876,437	$ 5,300,573	$ 5,163,295

Legal Debt Margin
Last Ten Fiscal Years

(Expressed in Millions)

	Fiscal Year 2005	2006	2007	2008
Taxable Property, Taxable Value [1]	$ 135,827	$ 144,519	$ 168,812	$ 201,774
Taxable Property, Fair Market Value [1]	$ 185,620	$ 198,983	$ 233,013	$ 282,176
Debt Limit (Fair Market Value times 1.5 %)	1.50%	1.50%	1.50%	1.50%
Debt Limit Amount	2,784	2,985	3,495	4,233
Net General Obligation Bonded Debt [2]	1,588	1,437	1,284	1,198
Legal Debt Margin	$ 1,196	$ 1,548	$ 2,211	$ 3,035
Net General Obligation Bonded Debt As a Percentage of the Debt Limit Amount	57.04 %	48.14 %	36.74 %	28.30 %

Source: Utah State Tax Commission.

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. 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 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.*

Statutory Debt Limit
Last Ten Fiscal Years

(Expressed in Thousands)

	Fiscal Year 2005	2006	2007	2008
Appropriations Limitation Amount	$ 1,956,584	$ 2,099,609	$ 2,276,693	$ 2,477,629
Limit (Appropriations Limitation Amount times applicable percentage)	45.00%	45.00%	45.00%	45.00%
Statutory Debt Limit Amount	880,463	944,824	1,024,512	1,114,933
Net General Obligation Bonded Debt	1,587,804	1,436,845	1,284,023	1,198,172
Less: Exempt Highway Construction Bonds	(957,093)	(877,979)	(790,567)	(763,583)
Net General Obligation Bonded Debt Subject to Statutory Debt Limit	630,711	558,866	493,456	434,589
Additional General Obligation Debt Incurring Capacity	$ 249,752	$ 385,958	$ 531,056	$ 680,344

Source: 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. 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 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 GASB Statement 65, *Items Previously Reported as Assets and Liabilities.*

Schedule C–3

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 224,689	$ 212,423	$ 205,284	$ 201,473	$ 201,294	$ 207,211
$ 311,525	$ 291,460	$ 280,846	$ 274,806	$ 272,954	$ 282,489
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
4,673	4,372	4,213	4,122	4,094	4,237
1,563	2,410	3,256	3,660	3,361	3,271
$ 3,110	$ 1,962	$ 957	$ 462	$ 733	$ 966
33.45 %	55.12 %	77.28 %	88.79 %	82.10 %	77.20 %

[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, 2013, are used for fiscal year 2014.

[2] During 2010 to 2012, the State issued general obligation bonds to take advantage of low interest rates and ease budget constraints.

Schedule C–4

Fiscal Year					
2009	2010	2011	2012	2013	2014
$ 2,515,576	$ 2,657,135	$ 2,849,469	$ 3,033,826	$ 3,141,740	$ 3,250,227
45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
1,132,009	1,195,711	1,282,261	1,365,222	1,413,783	1,462,602
1,562,815	2,409,939	3,256,114	3,660,089	3,360,901	3,271,302
(1,079,270)	(1,860,685)	(2,698,330)	(3,131,784)	(2,869,046)	(2,860,178)
483,545	549,254	557,784	528,305	491,855	411,124
$ 648,464	$ 646,457	$ 724,477	$ 836,917	$ 921,928	$ 1,051,478

Pledged Revenue Bond 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]						
2014	$ 12,329	$ 11,893	$ 436	$ 4,745	$ 2,197	0.06
2013	$ 13,464	$ 10,838	$ 2,626	$ 4,660	$ 2,297	0.38
2012	$ 13,710	$ 16,974 [5]	$ (3,264)	$ 4,595	$ 2,371	(0.47)
2011	$ 10,584	$ 35,939	$ (25,355)	$ —	$ 2,424	(10.46)
2010	$ 13,875	$ 31,213	$ (17,338)	$ —	$ 862	(20.11)
2009	$ —	$ —	$ —	$ —	$ —	—
2008	$ —	$ —	$ —	$ —	$ —	—
2007	$ —	$ —	$ —	$ —	$ —	—
2006	$ —	$ —	$ —	$ —	$ —	—
2005	$ 9,796	$ 8,611	$ 1,185	$ 1,060	$ 37	1.08
Student Assistance Programs [6]						
2014	$ 49,679	$ 36,697	$ 12,982	$ 171,000	$ 7,631	0.07
2013	$ 44,378	$ 27,914	$ 16,464	$ 208,715	$ 9,747	0.08
2012	$ 25,404	$ 14,904	$ 10,500	$ 797,350	$ 10,620	0.01
2011	$ 27,188	$ (20,137) [7]	$ 47,325	$ 557,894	$ 20,655	0.08
2010	$ 70,616	$ 42,470	$ 28,146	$ 966,668	$ 35,967	0.03
2009	$ 84,465	$ 25,658	$ 58,807	$ 121,358	$ 62,839	0.32
2008	$ 129,255	$ 19,682	$ 109,573	$ 72,145	$ 98,154	0.64
2007	$ 146,108	$ 33,211	$ 112,897	$ 430	$ 97,729	1.15
2006	$ 118,044	$ 37,810	$ 80,234	$ 40,420	$ 64,807	0.76
2005	$ 83,093	$ 31,944	$ 51,149	$ 3,710	$ 33,404	1.38

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. 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. Current year revenues were insufficient to cover program expenses for fiscal years between 2010 and 2012.

[5] The total amount of grants issued beginning fiscal year 2012 were significantly less than in prior years.

[6] Only the Student Loan Purchase Program bonds are presented.

[7] 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
2005	2,547	3.2 %	296,507	1.0 %	4.1 %	5.1 %	40,647
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 (est.)	2,949	1.7 %	319,000	0.7 %	3.6 %	6.3 %	10,700

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
2005	$ 69,744	9.7 %	$ 10,269,750	5.6 %	$ 27,383	6.4 %	$ 34,636	4.6 %
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 (est.)	$ 109,255	4.1 %	$ 14,752,000	4.1 %	$ 37,048	2.4 %	$ 46,245	3.4 %

Source: Population—Utah Population Estimates Committee at July 1 each year. The 2014 estimate is from the Utah Revenue Assumption Committee.

Source: Unemployment Rate—Utah Department of Workforce Services. The 2014 estimate is from the Utah Revenue Assumption Committee.

Source: Utah Net Migration—Utah Population Estimates Committee at July 1 each year. The 2014 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 2014 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

	Calendar Year 2004			Calendar Year 2013		
Entity Name	**Number of Employees**	**Rank**	**Percent of All Employees**	**Number of Employees**	**Rank**	**Percent of All Employees**
Intermountain Health Care (IHC)	20,000 +	1	2.2 %	20,000 +	1	2.5 %
University of Utah (includes Hospital)	15,000 – 19,999	3	1.6 %	20,000 +	2	1.9 %
State of Utah	20,000 +	2	2.0 %	20,000 +	3	1.7 %
Brigham Young University	15,000 – 19,999	4	1.5 %	15,000 – 19,999	4	1.4 %
Wal-Mart Stores	10,000 – 14,999	5	1.2 %	15,000 – 19,999	5	1.3 %
Hill Air Force Base	10,000 – 14,999	6	1.0 %	10,000 – 14,999	6	0.9 %
Davis County School District	5,000 – 6,999	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 %
Jordan School District	7,000 – 9,999	8	0.8 %			
Convergys	7,000 – 9,999	9	0.7 %			
Total Employees of Principal Employers	137,000		12.4 %	157,000		12.2 %

Source: Utah Department of Workforce Services.

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			
	2004	**2005**	**2006**	**2007**
Nonagricultural Jobs				
Government	198,877	202,307	204,483	206,868
Mining	7,083	8,473	10,024	11,034
Construction	72,631	81,685	95,164	103,450
Manufacturing	114,765	117,246	123,064	127,695
Trade, Transportation, and Utilities	219,212	225,938	234,797	245,672
Information	30,272	32,105	32,541	32,448
Financial Activity	65,040	67,583	71,469	74,739
Professional and Business Services	138,220	146,704	154,834	161,022
Education and Health Services	123,282	128,605	134,410	139,991
Leisure and Hospitality	102,031	104,223	108,477	112,821
Other Services	32,915	33,451	34,651	35,542
Total Nonagricultural Jobs	1,104,328	1,148,320	1,203,914	1,251,282
Civilian Labor Force	1,242,003	1,283,625	1,324,436	1,364,769
Total Employed	1,179,142	1,230,451	1,285,392	1,329,174
Unemployed	62,862	53,175	39,044	35,595
Unemployment Rate	5.1 %	4.1 %	2.9 %	2.6 %

Source: Utah Department of Workforce Services and the Utah Revenue Assumption Committee. Prior year information has been updated with the most recent data available.

Schedule D–3

		Calendar Year			
2008	**2009**	**2010**	**2011**	**2012**	**2013**
211,710	214,679	216,828	220,772	223,298	225,917
12,506	10,694	10,442	11,659	12,553	12,107
90,469	70,492	65,223	65,166	69,231	73,462
125,852	112,879	111,075	113,684	116,667	118,747
247,978	234,098	229,108	233,251	241,815	246,900
30,747	29,570	29,276	29,495	31,295	32,427
74,050	71,092	67,981	68,391	69,537	72,869
162,194	149,532	152,335	159,420	167,268	177,462
146,617	150,866	155,001	159,210	163,590	170,541
114,813	110,859	110,662	113,512	118,640	123,521
35,534	34,028	33,625	34,090	35,054	36,425
1,252,470	1,188,789	1,181,556	1,208,650	1,248,948	1,290,378
1,376,458	1,382,861	1,362,489	1,353,257	1,376,628	1,418,522
1,330,369	1,275,514	1,252,517	1,261,698	1,302,641	1,355,720
46,089	107,346	109,972	91,559	73,987	62,802
3.3 %	7.8 %	8.1 %	6.8 %	5.4 %	4.4 %

Public Education Student Enrollment (K–12)
Last Ten Academic Years

	Academic Year			
	2004–05	**2005–06**	**2006–07**	**2007–08**
Elementary	273,163	283,972	294,202	303,807
Secondary	222,519	226,040	229,801	233,846
Total All Grades	495,682	510,012	524,003	537,653

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			
	2005–06	**2006–07**	**2007–08**	**2008–09**
University of Utah	30,558	30,511	29,797	30,228
Utah State University [1]	23,107	23,623	24,421	23,925
Weber State University	18,334	18,642	18,306	21,674
Southern Utah University	6,859	7,029	7,057	7,516
Salt Lake Community College	25,551	25,129	25,144	29,866
Utah Valley University	24,487	23,305	23,840	26,696
Dixie State University [2]	9,114	5,967	5,944	6,443
College of Eastern Utah [1]	2,179	2,220	2,444	2,082
Snow College	4,113	4,179	3,745	3,798
Utah College of Applied Technology	25,199	19,389	19,595	20,321
Total All Institutions	169,501	159,994	160,293	172,549

Source: Utah State Board of Regents

Note: Utah Higher Education Enrollment count is based on fall semester third week headcounts.

[1] Includes USU-Eastern (formerly College of Eastern Utah) beginning in 2011-12.

[2] Dixie State University included summer term headcounts for academic years prior to 2006–07.

Schedule D–4

Academic Year					
2008–09	**2009–10**	**2010–11**	**2011–12**	**2012–13**	**2013–14**
314,676	322,704	329,111	334,110	340,443	345,967
236,694	240,569	247,134	253,635	260,542	266,584
551,370	563,273	576,245	587,745	600,985	612,551

Schedule D–5

Academic Year					
2009–10	**2010–11**	**2011–12**	**2012–13**	**2013–14**	**2014–15**
31,407	30,833	31,673	32,398	32,080	31,515
25,065	25,767	28,994	28,786	27,812	27,662
23,331	24,126	25,483	26,680	25,301	26,266
8,066	8,024	7,750	8,297	7,745	7,656
33,774	33,983	33,167	30,112	31,137	29,537
28,765	32,670	33,395	31,556	30,564	31,332
7,911	8,755	9,086	8,863	8,350	8,570
2,173	2,634	—	—	—	—
4,368	4,386	4,465	4,599	4,605	4,779
18,831	18,476	15,536	15,418	14,851	14,834
183,691	189,654	189,549	186,709	182,445	182,151

State of Utah

Full-Time Equivalent State Employees by Function

Last Ten Fiscal Years

	Fiscal Year			
	2005	**2006**	**2007**	**2008**
General Government				
Government Operations [1]	1,292	1,345	2,074	2,114
Tax Commission	844	852	764	777
All Other	132	147	152	157
Human Services and Juvenile Justice Services	4,697	4,644	4,521	4,546
Corrections	2,234	2,319	2,316	2,377
Public Safety				
Department of Public Safety	1,182	1,159	1,151	1,153
Utah National Guard	245	247	246	237
State Courts	1,073	1,077	1,077	1,112
Health and Environmental Quality				
Department of Health	1,289	1,295	1,231	991
Department of Environmental Quality	403	406	382	385
Employment and Family Services [2]	1,999	1,931	1,729	2,030
Natural Resources	1,273	1,319	1,304	1,330
Heritage and Arts [1 2]	251	188	187	188
Business, Labor, and Agriculture	712	716	706	722
Education				
Public Education Support	1,129	1,176	1,159	1,168
Higher Education Support	177	200	230	223
Transportation	1,762	1,768	1,691	1,716
Total Full-time Equivalent State Employees	20,694	20,789	20,920	21,226

Source: Utah Department of Administrative Services, Division of Finance

[1] In fiscal year 2006, Legislative action created the Governor's Office of Economic Development. This action shifted employees from the heritage and arts to the government operations function.

[2] 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.

Schedule E–1

Fiscal Year					
2009	**2010**	**2011**	**2012**	**2013**	**2014**
2,084	2,018	1,976	2,024	2,069	2,066
763	723	719	716	718	715
154	157	152	159	165	166
4,464	4,155	3,935	3,907	3,955	3,991
2,439	2,271	2,243	2,244	2,265	2,295
1,202	1,218	1,241	1,275	1,314	1,327
239	196	214	226	243	218
1,096	1,068	1,042	1,038	1,031	1,009
988	950	937	923	933	946
383	384	376	372	376	371
2,062	2,066	2,041	1,912	1,872	1,768
1,361	1,350	1,361	1,302	1,304	1,304
191	193	190	169	117	117
715	691	686	701	722	728
1,178	1,170	1,137	1,094	1,119	1,119
205	171	195	204	213	227
1,685	1,637	1,612	1,604	1,603	1,583
21,209	20,418	20,057	19,870	20,019	19,950

State of Utah

Operating Indicators by Function

Last Ten Fiscal Years

	Fiscal Year			
	2005	**2006**	**2007**	**2008**
General Government				
Government Operations				
Construction Projects Managed	782	828	909	946
Tax Commission				
Percent of Data Managed Electronically	48.3 %	54.4 %	58.9 %	62.9 %
Number of Returns Filed Electronically	482,443	565,851	640,365	725,293
Motor Vehicle Registrations (in thousands)	2,732	2,818	2,955	2,779
Human Services and Juvenile Justice Services				
Food Stamp Recipients	225,685	230,288	214,164	224,313
Percent of Population	8.9 %	8.8 %	7.9 %	8.1 %
Juveniles, Daily Average in Justice System Placement	1,239	1,128	1,150	1,132
Rate of Recommitment to Juvenile Custody	7.3 %	9.5 %	6.8 %	7.3 %
Corrections [1]				
Incarcerated Offenders	6,148	6,325	6,502	6,489
Supervised Offenders	11,798	12,158	11,521	12,519
Utah Incarceration Rate (per 100,000 population)	240	240	246	232
US Incarceration Rate (per 100,000 population)	488	497	445	509
State Courts [2]				
State Court Filings	300,049	283,724	275,020	270,684
State Court Dispositions	339,664	263,703	240,180	225,362
Health				
Children's Health Insurance Program Enrollment	28,924	35,259	31,998	32,101
Medicaid Eligible (unduplicated)	286,983	287,559	274,710	267,378
Percent of Population	11.3 %	11.0 %	10.2 %	9.7 %
Employment and Family Services				
Individuals Registered for Employment	266,105	250,855	202,642	211,906
Percent Who Entered Employment	66 %	70 %	72 %	74 %
Natural Resources				
Hatchery Fish, Pounds Raised	893,497	1,062,512	993,323	964,630
Hunting and Fishing Licenses Sold (in thousands) [1 3]	366,341	415,066	438,286	599,691
State Park Visitations (in thousands)	4,299	4,532	4,676	4,549
Business, Labor, and Agriculture				
Department of Commerce				
Licenses and Registrations Issued [4]	262,216	291,162	309,106	314,894
Department of Agriculture and Food [1]				
Dairy Farm Inspections	1,089	1,054	769	718
Pounds of Turkey Inspected and Graded (in thousands)	92,650	88,544	85,954	81,945
Gas Pumps and Scales Inspected	37,892	26,394	21,423	19,631
Higher Education				
Number of Certificates and Degrees Awarded	30,093	30,463	30,182	33,608
Transportation				
Percent of Roads Which are Deficient (see page 139) [5]	6.3 %	11.3 %	12.4 %	13.9 %
Vehicles Weighed or Inspected (in thousands)	5,528	5,796	6,358	6,278

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 2014 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.

Schedule E–2

Fiscal Year 2009	2010	2011	2012	2013	2014
841	847	898	849	815	1,020
65.3 %	70.5 %	77.0 %	75.5 %	78.1 %	79.9 %
748,879	777,485	863,907	946,606	997,329	1,051,940
2,759	2,681	2,583	2,725	2,759	2,863
293,151	363,714	394,170	404,316	389,426	363,154
10.7 %	13.1 %	14.0 %	14.2 %	13.4 %	12.3 %
1,105	1,023	946	928	923	922
7.2 %	8.3 %	6.9 %	6.4 %	5.9 %	6.6 %
6,521	6,692	6,812	6,893	7,065	N/A
12,423	12,702	12,906	12,759	12,730	N/A
232	232	238	242	242	N/A
504	502	500	492	480	N/A
369,830	367,541	348,548	329,176	324,523	311,187
369,772	341,626	312,953	309,307	309,420	279,903
38,036	41,503	38,498	37,872	35,446	29,953
298,372	325,204	340,805	361,457	366,061	391,139
10.9 %	11.7 %	12.1 %	12.7 %	12.6 %	13.3 %
283,692	317,998	316,703	351,629	318,008	260,138
71 %	59 %	56 %	59 %	61 %	65 %
1,106,719	1,334,782	1,240,499	1,058,375	1,180,927	1,204,984
607,875	598,474	661,239	659,534	682,594	583,460
4,624	4,620	4,821	5,051	5,054	3,741
321,943	308,717	315,238	325,769	333,646	350,416
743	667	718	678	672	N/A
55,685	77,257	106,016	45,869	33,743	N/A
22,216	15,548	21,499	20,492	20,377	N/A
26,990	28,639	30,199	31,553	31,970	32,491
13.1 %	14.7 %	10.9 %	10.9 %	N/A	N/A
4,790	4,686	4,622	4,807	6,071	7,484

Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year			
	2005	**2006**	**2007**	**2008**
General Government				
Buildings	319	319	288	289
Vehicles	7,354	7,376	7,376	7,437
Data Processing Equipment and Software	2,116	2,179	2,156	2,302
Reproduction and Printing Equipment	1,011	1,011	948	1,020
Human Services and Juvenile Justice Services				
Data Processing Equipment and Software	86	75	72	61
Corrections				
Data Processing Equipment and Software	188	192	189	230
Security and Surveillance Equipment	41	40	43	52
Public Safety				
Department of Public Safety				
Vehicles	28	35	28	28
Data Processing Equipment and Software	129	135	121	127
Medical and Lab Equipment	122	133	140	146
Utah National Guard				
Buildings	202	204	192	192
State Courts				
Data Processing Equipment and Software	80	85	86	95
Audio Visual Equipment	188	190	190	191
Health and Environmental Quality				
Department of Health				
Data Processing Equipment and Software	229	215	216	211
Medical and Lab Equipment	189	204	203	228
Department of Environmental Quality				
Monitoring and Lab Equipment	279	295	304	313
Employment and Family Services				
Department of Workforce Services				
Data Processing Equipment and Software	351	370	424	458
Natural Resources				
Division of Parks and Recreation				
State Parks	40	42	42	42
Buildings	626	622	642	667
Vehicles	258	269	296	292
Division of Wildlife Resources				
Wildlife Management Areas	87	87	87	87
Fish Hatcheries	11	11	11	11
Buildings	167	167	164	165
Vehicles	117	136	142	189
Business, Labor, and Agriculture				
Data Processing Equipment and Software	100	94	94	99
Monitoring and Lab Equipment	107	108	107	106
Transportation				
Highway Center Line Miles	5,724	5,680	5,777	5,754
Buildings	315	336	343	345
Vehicles	737	770	812	832
Heavy Equipment	2,158	2,346	2,462	2,543

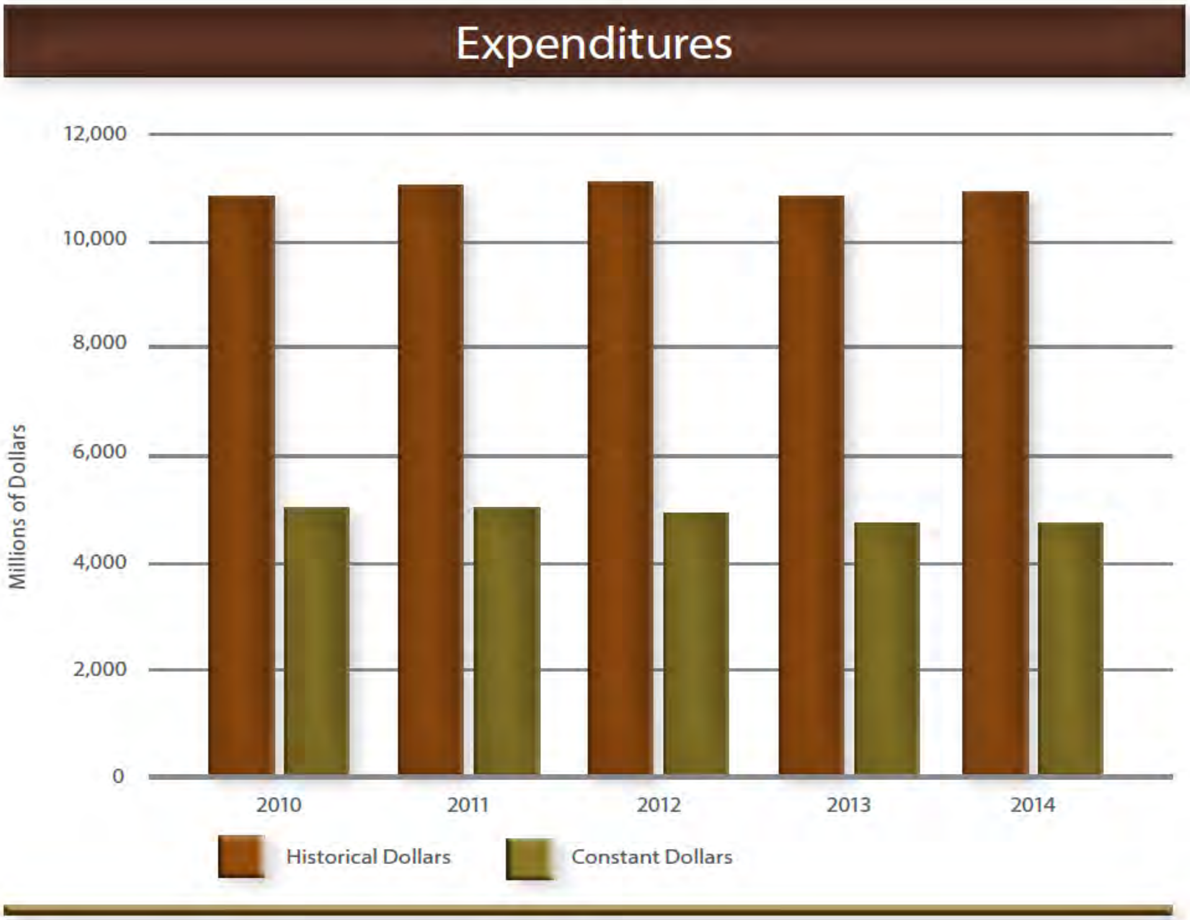
Source: Utah Department of Administrative Services, Division of Finance and various agencies of the State.

Schedule E–3

		Fiscal Year			
2009	**2010**	**2011**	**2012**	**2013**	**2014**
290	299	305	311	314	314
7,256	7,266	7,323	7,309	7,360	7,524
2,448	2,437	2,541	2,691	2,794	2,931
994	1,003	1,065	1,127	1,165	1,209
45	64	52	52	59	64
219	226	218	216	216	216
55	59	59	67	59	55
28	34	34	35	35	35
182	200	222	230	247	249
147	174	184	187	193	197
193	206	213	215	221	223
95	105	64	64	64	52
190	192	192	145	146	143
216	147	143	127	131	120
218	257	287	303	288	302
327	316	349	376	384	404
464	449	422	389	396	358
42	42	43	43	43	43
681	684	719	722	727	736
315	329	333	332	332	334
92	92	92	92	92	92
11	11	11	11	11	11
163	166	175	180	181	182
193	208	212	201	202	203
91	94	97	102	117	117
106	105	108	111	111	114
5,699	5,753	5,772	5,724	5,719	5,719
358	361	386	387	391	402
832	824	838	844	861	878
2,544	2,538	2,549	2,574	2,582	2,593

Expenditures — Historical and Constant Dollars
All Governmental Fund Types
Last Five Fiscal Years

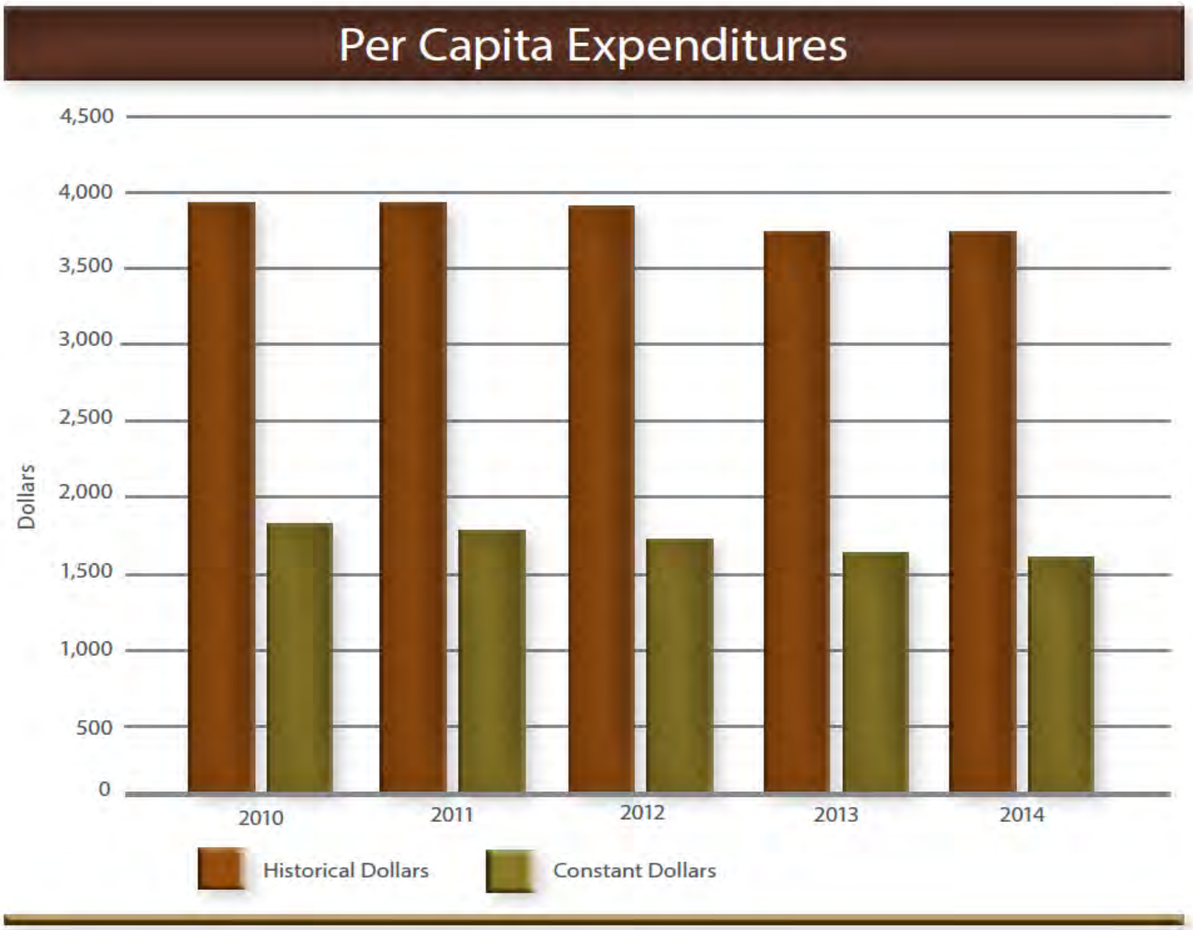
Schedule F–1



Fiscal Year	Historical Dollars		Constant Dollars	
	(in Millions)	Change	(in Millions)	Change
2010	$ 10,840	4.7 %	$ 5,006	3.7 %
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 %	$ 4,684	0.1 %

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	Change	Constant Dollars	Change
2010	$ 3,906	3.1 %	$ 1,804	2.2 %
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	$ 3,725	(0.2)%	$ 1,588	(1.5)%

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

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Thank you to the following state employees of the Department of Natural Resources, Division of Water Rights for sharing their photos of water for this publication:

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PROPRIETARY FUND FINANCIAL STATEMENTS | Logan Riley

FIDUCIARY FUND FINANCIAL STATEMENTS | Gary Brimley

COMPONENT UNIT FINANCIAL STATEMENTS | Jim Goddard

REQUIRED SUPPLEMENTARY INFORMATION | Marc Stilson, Daren Rasmussen, Sean Breazeal

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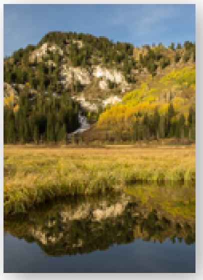
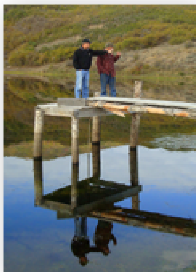


State of Utah 2014

Comprehensive Annual Financial Report



STATE OF UTAH

Department of Administrative Services

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APPENDIX B

ADDITIONAL DEBT AND FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

Legal Borrowing Authority Of The State

The State completed a competitive bond sale on March 31, 2015 of $220.98 million of refunding general obligation bonds of the State. For purposes of this OFFICIAL STATEMENT, the State's refunding bond issue will be considered issued and outstanding.

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 29, 2015 as follows:

Fair market value of ad valorem taxable property (1)	$271,337,328,737
Fees in lieu of ad valorem taxable property (2)	11,151,850,405
Total fair market value of taxable property (1)	$282,489,179,142
Constitutional debt limit (1.5%)	$4,237,337,687
Less: currently outstanding general obligation debt (net) (3)	(2,957,097,230)
Estimated additional constitutional debt incurring capacity of the State (4)	$1,280,240,457

(1) Based on 2013 taxable values. See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters–Taxable Value Compared with Fair Market Value of All Taxable Property in the State" below.
(2) Based on 2013 "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 2014, the State has other long–term contract liabilities consisting of unused vacation and other vested leave for employees of $99,975,000. These contract liabilities do not affect the State's compliance with the constitutional debt limit. (Sources: Division of Finance and the Fiscal Year 2014 CAFR).

Constitutional Debt Limit Estimate using Calendar Year 2014 (Fiscal Year 2015) Estimated Taxable Valuation. Based on early ad valorem property tax reports from the State Tax Commission, the Calendar Year 2014 (Fiscal Year 2015) estimated fair market value of ad valorem taxable property and valuation for fees in lieu property is approximately $292.625 billion, leaving the State approximately $1.43 billion of additional constitutional debt incurring capacity.

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 $2,830,150,000, approximately $2,509,535,000 (including the 2015 GO Bonds) are 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 2015, 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 29, 2015, as follows:

Statutory general obligation debt limit (1)	$1,503,244,552
Statutorily applicable general obligation debt (net) (2)	(328,989,549)
Remaining statutory general obligation debt incurring capacity	$1,174,255,003

(1) 45% of Fiscal Year 2015 appropriation limit of $3,340,543,448 (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 2014, the State has other long–term contract liabilities consisting of unused vacation and other vested leave for employees of $99,975,000. These contract liabilities do not affect the State's compliance with the statutory debt limit. (Sources: Division of Finance and the Fiscal Year 2014 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 2014–Statistical Section–Schedule C–3 Legal Debt Margin" (page A–234) and "–Schedule C–4 Statutory Debt Limit" (page A–234).

Authorized General Obligation Bonds and Future General Obligation Bonds Issuance. As of April 29, 2015, 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).

The State does not anticipate the issuance of general obligation prison bonds within Fiscal Year 2016, but may issue bonds within the next several Fiscal Years. *Based on the State's highway and transportation needs, the State does not anticipate the issuance of additional general obligation highway bonds for currently authorized UDOT projects.*

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

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 29, 2015, 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	215,650,000
2012A (3)	Buildings/refunding	37,350,000	July 1, 2017	37,220,000
2011A (4) (5)	Building/highways	609,920,000	July 1, 2021 (10)	324,350,000
2010C (2)	Refunding	172,055,000	July 1, 2019	172,055,000
2010B (2) (6)	Highways (BABs)	621,980,000	July 1, 2025	621,980,000
2010A (7)	Building/highways	412,990,000	July 1, 2017	209,675,000
2009D (2) (6)	Highways (BABs)	491,760,000	July 1, 2024	491,760,000
2009C (8)	Building/highways	490,410,000	July 1, 2018	281,605,000
2009B	Various purpose	104,450,000	July 1, 2015	22,500,000
2009A (2) (9)	Highways	394,360,000	July 1, 2018 (11)	101,060,000
2004A	Refunding	314,775,000	July 1, 2016	131,315,000
Total principal amount of outstanding general obligation debt (12)				$2,830,150,000

(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) $4,105,000 of these bonds is exempt from statutory debt limit calculations.
(4) $277,490,000 of these bonds is exempt from statutory debt limit calculations.
(5) Portions of this bond issue were refunded by the 2015 GO Bonds.
(6) Issued as federally taxable, 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 $1,113,424 for the federal fiscal year ending September 30, 2015.*
(7) $135,965,000 of these bonds is exempt from statutory debt limit calculations.
(8) $268,490,000 of these bonds is exempt from statutory debt limit calculations.
(9) Portions of this bond issue were refunded by the 2010C GO Bonds and the 2015 GO Bonds.
(10) Final maturity date after the refunding effected by the 2015 GO Bonds.
(11) Final maturity date after the refunding effected by the 2010C GO Bonds and the 2015 GO Bonds.
(12) For accounting purposes, the outstanding debt as shown above must be increased by the premium associated with debt issued that is reported in the long–term debt notes of the State's financial statements. For accounting purposes, the total unamortized bond premium is $126,947,230 (as of April 29, 2015), together with current debt outstanding of $2,830,150,000, results in total outstanding net direct debt of $2,957,097,230.

(Source: Municipal Advisor.)

Debt Service Schedule Of Outstanding General Obligation Bonds By Fiscal Year (1)

Fiscal Year Ending June 30	Series 2015 $220,980,000 Principal	Series 2015 Interest	Series 2013 $226,175,000 Principal	Series 2013 Interest	Series 2012A $37,350,000 Principal	Series 2012A Interest	Series 2011A $609,920,000 Principal	Series 2011A Interest
2014………	$ 0	$ 0	$ 0	$ 4,278,333	$ 0	$ 1,805,950	$ 28,765,000	$ 27,350,125
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	$ 85,028,833	$ 37,350,000	$ 7,476,675	$ 381,880,000	$ 108,140,625

Fiscal Year Ending June 30	Series 2010C $172,055,000 Principal	Series 2010C Interest	Series 2010B $621,980,000 Principal	Series 2010B Interest (4)	Series 2010A $412,990,000 Principal	Series 2010A Interest	Series 2009D $491,760,000 Principal	Series 2009D Interest (4)
2014………	$ 0	$ 8,350,200	$ 0	$ 21,480,074	$ 55,435,000	$ 13,960,975	$ 0	$ 22,098,170
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	$ 43,957,050	$ 621,980,000	$ 210,284,753	$ 323,145,000	$ 36,927,525	$ 491,760,000	$ 199,694,432

(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 $1,113,424 for the federal fiscal year ending September 30, 2015.*

(2) Principal and interest has been refunded by the 2015 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 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
2014………	$ 97,950,000	$ 18,750,050	$ 20,775,000	$ 2,179,500	$ 23,680,000	$ 7,510,425	$ 10,720,000	$ 775,150
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………	$ 451,100,000	$ 61,115,925	$ 64,875,000	$ 3,961,500	$ 148,420,000	$ 23,437,725	$ 21,935,000	$ 1,055,525

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	Series 2003A (10) $407,405,000 Principal	Series 2003A (10) Interest	Totals (1) Total Principal	Totals (1) Total Interest	Totals (1) Total Debt Service
2014………	$ 3,750,000	$ 291,250	$ 18,480,000	$ 10,707,500	$ 55,300,000	$ 1,382,500	$ 314,855,000	$ 140,920,202	$ 455,775,202
2015………	3,950,000	98,750	73,595,000	8,405,625	0	0 (11)	303,040,000	132,747,994	435,787,994
2016………	0	0 (9)	73,910,000	4,718,000	0	0 (11)	331,255,000	113,583,659	444,838,659
2017………	0	0 (7)	57,405,000	1,435,125	0	0 (11)	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………	$ 7,700,000	$ 390,000	$ 223,390,000	$ 25,266,250	$ 55,300,000	$ 1,382,500	$ 3,448,045,000	$ 896,689,245	$4,344,734,245

(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 $1,113,424 for the federal fiscal year ending September 30, 2015.*

(6) Principal and interest has been refunded by the 2015 Bonds.

(7) Principal and interest has been refunded by the 2010C 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 Bonds.

(10) This bond issue is included in this table because final principal and interest payments occurred in Fiscal Year 2014

(11) Principal and interest has been refunded by the 2004A 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 29, 2015.

	Fiscal Year				
	2014	2013	2012	2011	2010
Outstanding general obligation debt (in $1,000's)	$3,136,755	$3,225,435	$3,487,680	$3,128,890	$2,299,300
Debt ratios:					
Per capita	$1,081	$1,130	$1,239	$1,128	$844
As % of State Total Personal Income	2.95%	3.15%	3.62%	3.48%	2.60%
As % of Taxable Value	1.60%	1.70%	1.83%	1.61%	1.15%
As % of Fair Market/Market Value	1.15%	1.23%	1.32%	1.16%	0.82%

	Estimated As of April 29, 2015
Outstanding general obligation debt	$2,830,150,000
Debt ratios:	
Per capita (2014 Census estimate–2,942,902)	$962
As % of State Total Personal Income (2015 forecast–$115,868,000,000)	2.44%
As % of Taxable Value (FY 2015 estimate–$211,798,000,000)	1.34%
As % of Fair Market Value/Market Value (FY 2015 estimate–$293,073,000,000)	0.97%

(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)				
	2014	2013	2012	2011	2010
General Fund Expenditures	$5,915,943	$5,671,148	$5,531,916	$5,384,730	$5,242,641
Debt Service Expenditures	$479,760	$463,740	$434,347	$366,404	$302,917
Ratio of Debt Service to General Fund Expenditures	8.11%	8.18%	7.85%	6.80%	5.78%
Total All Governmental Funds Expenditures	$10,986,124	$10,826,503	$11,136,520	$11,118,582	$10,879,443
Ratio of Debt Service Expenditures to All Governmental Fund Expenditures	4.37%	4.28%	3.90%	3.30%	2.78%

(Sources: Division of Finance and the Fiscal Year 2014 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 2014–Statistical Section–Schedule C–1 Ratios of Outstanding Debt by Type Last Ten Fiscal Years" (page A–230).

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	15,715,000
Total principal amount of outstanding recapitalization revenue bonds (3)				$46,940,000

(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, 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 $35,929 for the federal fiscal year ending September 30, 2015.*

(3) For accounting purposes, the total unamortized bond premium is $354,283 (as of April 29, 2015), together with current debt outstanding of $46,940,000, results in total outstanding net direct debt of $47,294,283.

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 2014–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 *2015 Economic Report to the Governor* (the "2015 Economic Report to the Governor") and from other reliable sources. Much of the economic data in the 2015 Economic Report to the Governor was generated by members of the Utah Economic Council. A complete copy of the 2015 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.governor.utah.gov. *Additionally, the Governor's Office of Management and Budget ("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

The State's 2014 total population estimate was 2,942,902. This represents a population increase of 42,030 people or 1.4% from 2013, ranking the State seventh among states and the District of Columbia in population growth. The State grew twice as fast as the rest of nation from 2013 to 2014. The State's unique characteristics of a high fertility rate and low mortality rate consistently contribute to strong natural increase, the difference between births and deaths. The State continues to have a distinctive demographic profile that includes the nation's youngest population, highest fertility rate, largest household size, and low mortality rates.

The State will continue to experience population growth at a rate higher than most states in 2015 on account of strong natural increase in addition to in–migration. Natural increase (births less deaths) is anticipated to add 35,850 people to the State's population. While net in–migration has slowed during the economic recession, the State's net migration is projected to increase to 8,950 people.

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State Population

Year	Population	% Change From Prior Period
2014 Estimate	2,942,902	6.5%
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	52,129	16,270	35,859	8,951	44,810
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: GOMB and State Revenue Assumptions Working Group.)

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Significant Characteristics of the State's Population

Category	Ranking (1)	Comments
Demographic		
Population growth rate (2013 to 2014)	7th	1.4% growth rate
State population (July 1, 2013)	33rd	out of 50 states and DC
Pre–school age (under five years old)	1st	9.3%
School age (five to 17)	1st	21.9%
Working age (18 to 64)	51st	59.6%
Retirement age (over age 65)	50th	9.2%
Fertility rate (2013)	1st	2.34 births/woman (U.S. 1.86)
Life expectancy (2010)	10th	80.2 years
Death rate (2013)	50th	5.6 deaths per 1,000 population
Median age (July 1, 2013)	1st	30.2 years
Household size (2013)	1st	3.17 persons (U.S. 2.65)
Dependency ratios (July 1, 2013):		
Preschool–age (under 5)	1st	(14.8 per 100 of working age) (U.S. 10.0)
School–age (5 to 17)	1st	(37.4 per 100 of working age) (U.S. 27.2)
Retirement–age (65 and over)	49th	(16.5 per 100 of working age) (U.S. 22.6)
Total non–working age	1st	(68.6 per 100 of working age) (U.S. 59.8)
Economic		
Rate of job growth (February 2015)	1st	4.2%
Unemployment rate (February 2015)	3rd	3.4%
Urban status (2010)	13th	86.7% urban
Median household income (2013)	13th	$59,877
Average annual pay (2013)	37th	$41,790
Per capita personal income (2014)	43rd	$37,766
Social indicators		
Poverty rate (2011–2013)	49th	10.1%
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 are based on the most current national data available for all states, and may differ from other data.

(Sources: 2015 Economic Report to the Governor and GOMB.)

Employment, Wages And Labor Force

2014 Summary. The overall unemployment rate for 2014 was 3.7%, which is 0.7 of a percentage point lower than the prior year and 4.3 percentage points below the recession high of 8.0%. The size of the State's labor force grew by approximately 24,200 workers, but this barely moved the labor force participation rate for working–age adults, which currently stands at an annual average of 68%. The State's working–age adults are still not participating in the labor force at the rate they were prior to the recession when over 72% of adults were engaged. However, the State's combined unemployment and discouraged worker rate is one of the lowest in the country, indicating that Utahans have a favorable view of their prospects for jobs. The State economy expanded by approximately 37,400 jobs over the year with each of the State's industry sectors contributing to growth. Notable employment expansions for the year include the construction industry growing by roughly 6.5% above 2013, the transportation industry with growth of approximately 3.0%, and professional and business services posting growth of around 4.2%.

2015 Outlook. Current employment projections estimate approximately 37,200 jobs will be added to the State's economy, a growth rate of 2.8%. This projection represents a slowing from the prior two years, and takes the State employment growth negligibly below average. Current information from economic development professionals indicates the potential for stronger than normal growth in jobs related to the information and professional and business services industries. By contrast, slight slowing in State's population projections suggest potential for a very slight slowdown in hiring for industries that tend to be population driven, such as health care, social assistance, and education.

Current Unemployment Rates (seasonally adjusted)

Current Unemployment Rate	State	U.S.
February 2015	3.4%	5.5%
February 2014	3.8	6.7

(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
Year	Civilian Labor Force	Total Employed	Utah	U.S.	U.S. Rate
2015 (f)	1,458,325	1,408,058	3.4%	5.8%	58.6%
2014	1,429,730	1,376,401	3.7	6.2	60.2
2013	1,405,538	1,343,062	4.4	7.4	60.1
2012	1,370,745	1,297,566	5.3	8.1	65.9
2011	1,347,409	1,257,213	6.7	8.9	75.2
2010	1,352,123	1,245,849	7.9	9.6	81.9
2009	1,365,923	1,263,659	7.5	9.3	80.5
2008	1,371,778	1,322,181	3.6	5.8	62.3
2007	1,360,204	1,324,648	2.6	4.6	56.8
2006	1,318,512	1,280,180	2.9	4.6	63.2
2005	1,271,889	1,220,865	4.0	5.1	78.7

(f) forecast.

(Sources: GOMB)

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Employment

Utah Labor Force, Nonagricultural Jobs, and Wages

	2015 (f)	2014 (e)	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	1,456,683	1,418,522	1,376,628	1,353,257	1,362,853	2.2	2.7	3.0	1.7	(0.7)
Employed persons	1,435,691	1,403,981	1,355,720	1,302,641	1,261,698	1,252,466	2.3	3.6	4.1	3.2	0.7
Unemployed persons	53,651	52,702	62,802	73,987	91,559	110,387	1.8	(16.1)	(15.1)	(19.2)	(17.1)
Unemployment rate (%)	3.6	3.6	4.4	5.4	6.8	8.1	–	–	–	–	–
U.S. unemployment rate (%)	5.8	6.3	7.4	8.1	8.9	9.6	–	–	–	–	–
Total nonfarm jobs	1,362,400	1,329,000	1,290,420	1,248,893	1,208,582	1,181,624	2.5	3.0	3.3	3.3	2.3
Mining	13,100	12,800	12,108	12,553	11,659	10,442	2.3	5.7	(3.5)	7.7	11.7
Construction	81,200	78,100	73,463	69,225	65,168	65,223	4.0	6.3	6.1	6.2	(0.1)
Manufacturing	126,800	123,400	118,747	116,667	113,684	111,075	2.8	3.9	1.8	2.6	2.3
Trade, transportation, utilities	261,400	256,100	246,900	241,870	233,248	229,133	2.1	3.7	2.1	3.7	1.8
Information	36,500	34,900	32,427	31,295	29,495	29,276	4.6	7.6	3.6	6.1	0.7
Financial activity	76,000	74,800	72,942	69,540	68,390	67,978	1.6	2.5	4.9	1.7	0.6
Professional and business services	188,400	180,300	177,462	167,219	159,420	152,336	4.5	1.6	6.1	4.9	4.7
Education and health services	179,400	175,000	170,541	163,594	159,211	155,005	2.5	2.6	4.2	2.8	2.7
Leisure and hospitality	131,600	128,400	123,539	118,618	113,511	110,625	2.5	3.9	4.1	4.5	2.6
Other services	38,300	37,400	36,372	35,014	34,022	33,624	2.4	2.8	3.9	2.9	1.2
Government	229,700	227,800	225,920	223,298	220,775	216,907	0.8	0.8	1.2	1.1	1.8
Goods–producing	221,100	214,300	204,317	198,445	190,511	186,740	3.2	4.9	3.0	4.2	2.0
Service–producing	1,141,300	1,114,700	1,086,103	1,050,448	1,018,071	994,884	2.4	2.6	3.4	3.2	2.3
% Service–producing	83.8%	839.0%	84.2%	84.1%	84.2%	84.2%	–	–	–	–	–
U.S. nonagricultural job growth	1.6%	1.8%	1.7%	1.7%	1.2%	(0.7)%	–	–	–	–	–
Total nonagricultural wages (millions)	$59,068	$56,521	$52,989	$50,762	$47,968	$45,876	4.5	6.7	4.4	5.8	4.6
Average annual wage	$43,356	$42,529	$41,063	$40,646	$39,689	$38,825	1.9	3.6	1.0	2.4	2.2
Average monthly wage	$3,613	$3,544	$3,422	$3,387	$3,307	$3,235	1.9	3.6	1.0	2.4	2.2
Establishments (first quarter)	89,200	87,944	84,914	81,551	80,567	80,419	1.4	3.6	4.1	1.2	0.2

(f) forecast; (e) estimated.

(Sources: Utah Deparment of Employment Services, Economic Outlook 2014.)

Largest Nonagricultural Employers–Annual Average Employment 2013 (1)

Employer	Business	Employee Range
Intermountain Health Care	Health Care	20,000+
State of Utah	State government	20,000+
University of Utah (including Hospital)	Higher education	20,000+
Brigham Young University	Higher education	15,000–20,000
Wal–Mart 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
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
Smith's Food and Drug Centers	Grocery stores	5,000–7,000
Salt Lake County	Local government	5,000–7,000
U.S. Department of Treasury	Federal government	5,000–7,000
Convergys	Telephone call center	4,000–5,000
Zions Bank Management Services	Banking	4,000–5,000
U.S. Postal Service	Federal government	4,000–5,000
Autoliv	Motor vehicle manufacturing	3,000–4,000
The Canyons School District.	Public education	3,000–4,000
Delta Airlines Inc.	Air transportation	3,000–4,000
The Home Depot	Home centers	3,000–4,000
L3 Communications	Electronic manufacturing	3,000–4,000
Nebo School District	Public education	3,000–4,000
Salt Lake City School District	Public education	3,000–4,000
United Parcel Service	Courier service	3,000–4,000
Utah Valley University	Higher 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
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
Discover Products	Consumer loans	2,000–3,000
GMRI	Restaurants	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 City	Local government	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
U.S. Department of Agriculture	Federal government	2,000–3,000
Utah Transit Authority	Public transportation	2,000–3,000
Vivint	Electric contractors	2,000–3,000
Weber State University	Higher education	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 2014.)

For the State's presentation of principal employers as of Calendar Year 2004 and 2013 see "APPENDIX A—COMPREHENSIVE ANNUAL FINANCIAL REPORT OF THE STATE OF UTAH FOR FISCAL YEAR 2014–Statistical Section–Schedule D–2. Principal Employers" (page A–238).

Personal Income; Per Capita Income

Personal Income. The State's total personal income in 2014 was an estimated $111.142 billion, a 4.6% increase from $106.3 billion in 2013. The State's estimated 2014 per capita income was $37,766, up 3.1% from the 2013 level of $36,640. These 2014 growth rates are markedly slower than the average annual state growth rates of 6.7% for total personal income and 5.2% for per capita income during the 2011 and 2012 period. However, the State's slowdown has been slightly less pronounced than that of the U.S. economy as a whole during the 2011–2013 periods. With the tightening monetary policy and with no signs of U.S. inflation, the State will likely continue to grow at its current moderate pace. With a young, well–educated population, diversified high–tech industry, growing tourism industry, and business–friendly conditions, the State will likely continue to grow in step with the U.S. average.

Total Personal Income ($ in Thousands)

	Utah		United States	
Year	Amount	% Change	Amount	% Change
2015 (f)	$117,094	5.4%	$15,356,000	4.4%
2014 (e)	111,142	4.7	14,708,582	3.9
2013	106,289	3.7	14,151,427	2.0
2012	102,464	6.3	13,873,161	5.2
2011	96,365	7.0	13,189,935	6.2
2010	90,021	2.0	12,417,659	2.8
2009	88,273	(3.2)	12,080,223	(2.8)
2008	91,191	4.4	12,429,234	3.7
2007	87,348	8.8	11,990,104	5.4
2006	80,260	11.0	11,376,405	7.3
2005	72,310	–	10,605,595	–
2000	55,596	–	8,630,550	–
1995	38,202	–	6,271,253	–

(f) forecast. (e) estimate.

(Sources: U.S. Department of Commerce, Bureau of Economic Analysis ("BEA"); GOMB.)

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Components of the State's Total Personal Income

	2013	2012	2011	2010	2009	% change 2012–13	% change 2011–12	% change 2010–11	% change 2009–10
	(in thousands)								
Personal income	$106,288,727	$102,464,241	$96,365,235	$90,021,496	$88,273,445	3.7	6.3	7.0	2.0
Earnings by place of work	81,888,415	77,710,542	73,213,629	69,620,083	68,464,527	5.4	6.1	5.2	1.7
less: Contributions for government social insurance	9,287,492	7,876,985	7,481,010	7,868,415	7,769,543	17.9	5.3	(4.9)	1.3
plus: Adjustment for residence	(42,203)	(22,717)	(20,665)	(13,727)	79	85.8	9.9	50.5	(17475.9)
equals: Net earnings by place of residence	72,558,720	69,810,840	65,711,954	61,737,941	60,695,063	3.9	6.2	6.4	1.7
plus: Dividends, interest, and rent	19,241,123	18,684,122	16,924,364	14,962,677	15,210,429	3.0	10.4	13.1	(1.6)
plus: Personal current transfer receipts	14,488,884	13,969,279	13,728,917	13,320,878	12,367,953	3.7	1.8	3.1	7.7
Components of earnings:									
Wage and salary disbursements	57,480,071	55,159,146	52,008,129	49,654,206	48,892,045	4.2	6.1	4.7	1.6
Supplements to wages and salaries	14,951,786	13,755,806	13,620,182	12,563,381	12,459,182	8.7	1.0	8.4	0.8
Proprietors' income	9,456,558	8,795,590	7,585,318	7,402,496	7,113,300	7.5	16.0	2.5	4.1
Earnings by industry:									
Farm earnings	349,233	235,047	272,380	154,692	77,682	48.6	(13.7)	76.1	99.1
Nonfarm earnings	81,539,182	77,475,495	72,941,249	69,465,391	68,386,845	5.2	6.2	5.0	1.6
Private earnings	67,031,064	63,176,187	58,593,397	55,502,175	55,008,199	6.1	7.8	5.6	0.9
Forestry, fishing, related activities, and other	75,484	71,124	62,620	60,243	59,156	6.1	13.6	3.9	1.8
Mining	1,434,737	1,434,032	1,270,238	1,064,792	1,025,196	0.0	12.9	19.3	3.9
Utilities	511,816	491,844	519,335	507,200	489,572	4.1	(5.3)	2.4	3.6
Construction	5,863,171	5,494,646	4,880,905	4,784,169	4,894,059	6.7	12.6	2.0	(2.2)
Manufacturing	8,405,220	8,064,559	7,672,522	7,284,538	7,239,943	4.2	5.1	5.3	0.6
Wholesale trade	3,920,493	3,695,576	3,523,172	3,305,350	3,281,031	6.1	4.9	6.6	0.7
Retail trade	6,242,499	5,884,400	5,416,395	5,226,882	5,216,470	6.1	8.6	3.6	0.2
Transportation and warehousing	3,123,053	2,980,984	2,827,285	2,608,772	2,601,834	4.8	5.4	8.4	0.3
Information	2,532,687	2,378,903	2,148,174	1,970,743	1,981,199	6.5	10.7	9.0	(0.5)
Finance and insurance	5,188,049	4,858,288	4,251,787	4,324,851	4,222,567	6.8	14.3	(1.7)	2.4
Real estate and rental and leasing	1,815,632	1,653,989	1,514,350	1,259,235	1,231,275	9.8	9.2	20.3	2.3
Professional, scientific and technical services	7,067,612	6,536,343	6,086,982	5,572,526	5,662,868	8.1	7.4	9.2	(1.6)
Management of companies and enterprises	1,736,388	1,684,331	1,533,421	1,509,134	1,531,957	3.1	9.8	1.6	(1.5)
Administrative and waste services	3,319,695	3,048,128	2,835,647	2,600,772	2,497,906	8.9	7.5	9.0	4.1
Educational services	1,648,839	1,562,380	1,483,829	1,401,872	1,315,880	5.5	5.3	5.8	6.5
Health care and social assistance	7,138,759	6,697,938	6,465,014	6,210,099	6,043,198	6.6	3.6	4.1	2.8
Arts, entertainment and recreation	706,887	652,879	594,327	569,790	552,880	8.3	9.9	4.3	3.1
Accommodations and food services	2,331,647	2,228,093	2,064,102	1,924,151	1,894,433	4.6	7.9	7.3	1.6
Other services, except public administration	3,968,396	3,757,750	3,443,292	3,317,056	3,266,775	5.6	9.1	3.8	1.5
Government and government enterprises	14,508,118	14,299,308	14,347,852	13,963,216	13,378,646	1.5	(0.3)	2.8	4.4
Federal, civilian	3,121,946	3,206,314	3,233,571	3,099,876	2,930,280	(2.6)	(0.8)	4.3	5.8
Military	762,873	783,342	818,419	860,912	858,681	(2.6)	(4.3)	(4.9)	0.3
State and local	10,623,299	10,309,652	10,295,862	10,002,428	9,589,685	3.0	0.1	2.9	4.3

(Source: BEA. March 2015)

Per Capita Personal Income. The State's estimated 2014 per capita personal income was $37,766, up 3.1% from the 2013 level of $36,640. The State's 2014 growth rate in per capita personal income of 3.1% ranked 44th 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 2014 per capita personal income of $37,776 is 81.9% of the national per capita personal income ($46,129). The State's per capita personal income remains weak when compared against the national per capita personal income because the State's average wages are generally below the national average; and, 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 %
	Utah	U.S.	Utah	U.S.	of U.S.
2015 (f)	$38,641	$48,016	2.3%	4.1%	80.5%
2014 (e)	37,766	46,129	3.1	3.1	81.9
2013	36,640	44,765	2.1	1.3	81.8
2012	35,891	44,200	4.8	4.4	81.2
2011	34,235	42,332	5.5	5.5	80.9
2010	32,447	40,144	0.1	1.9	80.8
2009	32,413	39,379	(5.3)	(3.7)	82.3
2008	34,243	40,873	1.8	2.7	83.8
2007	33,624	39,804	5.8	4.4	84.5
2006	31,780	38,127	8.0	6.2	83.4
2005	29,421	35,888	–	–	82.0
2000	24,770	30,587	–	–	81.0
1995	18,967	23,551	–	–	80.5

(f) forecast. (e) estimate.

(Sources: BEA and GOMB.)

Taxable Sales

In 2014, the State's taxable sales benefited from economic conditions including a growing labor market and relatively high consumer confidence. Total taxable sales are currently estimated to increase by 5.9% in 2015 and are projected to increase by 5.1% in 2016. Growth in taxable sales in 2015 and 2016 is expected in each of the three major components of taxable sales: retail sales, business investment purchases, and taxable services. Projections are dependent on the improving economic conditions that have existed for most of 2014 continuing into 2015 and are subject to a number of national and global risk factors.

2014 Summary. In 2014, the State's total taxable sales were estimated to increase by 4.4% to an estimated $51.6 billion, the fifth consecutive year of growth following two years of decline. Taxable sales in 2014 were estimated to be 7.5% higher than prerecession levels and nearly 27% higher than taxable sales in 2009. Growth in the range of 3.9 to 4.5% was expected across all three major components (retail sales, business investment purchases, and taxable services) of taxable sales in 2014. Growth in 2014 was restrained by slow growth in the first quarter of 2014 caused by a temporary national slowdown in economic activity during that quarter.

2015 Outlook. Positive trends seen in 2014 are expected to continue into 2015. Overall total taxable sales are projected to increase 5.69%. Economic factors contributing to expectations of continued growth in 2015 include: a strong labor market in the State, growth in State personal income, and high consumer confidence. Growth is expected in all three major components of taxable sales. In 2015 retail sales are projected to grow by 5.3%, business investment purchases are projected to increase by 5.6%, and taxable services are projected to increase by 4.6%.

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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
2015 (f)….	$27,322	5.0 %	$9,161	5.6 %	$15,322	4.6 %	$2,450	21.1 %	$ 54,255	5.6 %
2014 (f)….	26,022	4.3	8,679	3.9	14,645	4.5	2,023	(3.7)	51,369	4.0
2013……..	24,944	6.1	8,352	(4.9)	14,008	4.2	2,100	16.7	49,404	3.9
2012……..	23,512	7.8	8,780	8.9	13,439	6.0	1,800	15.7	47,531	7.8
2011……..	21,801	6.5	8,063	10.0	12,676	4.6	1,556	6.2	44,096	6.5
2010……..	20,475	0.7	7,333	6.8	12,114	2.7	1,465	(2.3)	41,387	2.2
2009……..	20,329	(10.3)	6,864	(23.6)	11,790	(8.0)	1,499	1.1	40,482	(11.9)

(f) forecast; (e) estimate.

(Source: Utah State Tax Commission.)

Construction

The value of permit–authorized construction in the State was $4.7 billion in 2014, down slightly from $5.0 billion in 2013. This estimate includes the value of residential and nonresidential construction and additions, alterations, and repairs. Residential construction declined by 2% despite an increase in number of residential units. The decline in value was due, in part, to a shift in types of residential units receiving building permits, fewer single family homes and more apartments. In addition to the lower residential value the value of additions, alterations, and repairs dropped from $776 million in 2013 to $600 million in 2014 while the value of nonresidential construction fell 11% from $1.08 billion to $970 million. Modest weakness in single family construction; additions, alterations and repairs; and nonresidential construction accounted for the drop in construction value in 2014. Residential activity accounted for two–thirds of permit–authorized construction value in 2014 while nonresidential activity captured at 20% share. The remaining 13% included additions, alterations, and repairs.

2014 Summary. In 2014, home building construction continued its slow recovery from the Great Recession. Typically, four years after the trough, construction has recovered to about 80% of the pre–recession peak. In the current cycle however, the recovery is only about 50% of the pre–recession peak, 11,600 single family homes in 2014 versus 21,000 in 2005, despite historically low mortgage rates.

2015 Outlook. The State's construction sector is expected to see modest improvement in 2015. The value of permit authorized construction is expected to increase by about 15% to $5.8 billion in 2015. The value of residential construction accounts for two–thirds of projected total permit authorized construction valuation. Residential construction activity is estimated at 18,000 residential units valued at $3.7 billion.

Permit–Authorized Construction ($ In Millions)

		Construction Value			
Year	Total Units	Residential	Nonresidential	Renovations	Total Valuation
2015 (f)	18,000	$3,700.0	$1,400.0	$700.0	$5,800.0
2014 (e)	16,600	3,270.5	1,300.0	487.0	5,057.5
2013	14,906	3,220.4	1,087.2	776.5	5,084.1
2012	11,233	2,192.4	1,016.6	726.0	3,935.0
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) estimate.

(Sources: 2015 Economic Report to the Governor and University of Utah, Bureau of Economic and Business Research.)

Energy

The State continues to experience significant annual increases in crude oil production, stemming from healthy crude oil prices spurring exploration and development in the Uinta Basin in northwestern portion of the State. In contrast, natural gas production retreated from record–highs as prices have softened in the past few years. Coal production in 2014 is still near a 30–year low, as demand in Nevada and California diminishes as coal plants convert to natural gas. Production of electricity in the State increased for the second straight year, lifted by a growing economy. The State's average cost of electricity remained well below the national average, mainly due to the reliance on established, low–cost, coal–fired generation. Consumption of petroleum products and natural gas increased in 2014, whereas coal consumption dropped. 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.

Outlook for Utah Energy. Crude oil production in the State is expected to slightly declined in 2015. Any effects on production from lower crude oil prices will take time to materialize and will be dependent on the duration of the lower prices. With the State's refineries at or near capacity, companies will continue to seek other markets (i.e., rail to out–of–state markets). Demand for petroleum products in the State should continue its upward trend as the economy continues to improve. The State's natural gas production has declined in recent years as prices have softened, but expectations are that natural gas production should rebound in 2016 or 2017 if prices continue their upward trend. There are currently no plans for additional natural–gas power plants in the State, so consumption should remain relatively steady. Coal production in the State is expected to drop to the 15 to 16 million ton a year range for the near future, as in–state demand remains steady and out–of–state demand continues to be weak. Production could increase if new foreign export markets are established. Electricity generation should continue to increase in the next few years as the economy improves resulting in higher demand, while electricity consumption in the State should continue on its upward trend.

Minerals

The Utah Geological Survey ("UGS") estimates the gross production value of nonfuel mineral commodities produced in the State in 2014 totaled $4.3 billion, an increase of about $400 million over 2013 estimates. The U.S. Geological Survey reports the 2013 value of the State's nonfuel minerals production ranks seventh nationally with 4.5% of the total U.S. production. The 2014 data were derived primarily from corporate third quarter reports, 2014 corporate production projections reported in 2013, and other sources where available.

2014 Summary. The estimated $4.3 billion total value of mineral industry sectors includes a base metals value of $2.46 billion (58%), an industrial minerals value of $1.37 billion (32%), and a precious metals value of $444 million (10%). Of the nonfuel mineral–producing companies surveyed in 2013, 50% of them projected duplicating 2013 production in 2014, 36% planned on some production increase, and 14% projected less production. The massive April 2013 Manefay Landslide at Kennecott Utah Copper's Bingham Canyon open pit copper–gold–molybdenum–silver mine had a significant negative impact on the State's nonfuel mineral production value for 2013, and these negative impacts carried over in a smaller way into 2014. Metal production from the Materion beryllium mine, Lisbon Valley copper mine, and CS Mining copper mine remain largely unchanged. However, the CML iron mine west of Cedar City closed in October 2014. Overall, the generally rebounding of 2014 production was partly offset by largely decreasing metal prices. Continuing low uranium prices resulted in a continued shut down of all uranium mining operations in the State, which also resulted in the loss of byproduct vanadium production. Nonfuel mineral exploration activities in the State were lower again in 2014 than the previous year. Industrial minerals value is estimated to increase modestly in 2014 based on company projections from early 2014 and first half reports.

2015 Outlook. Despite expected modest increases in base and precious metal production, primarily from a recovering Bingham Canyon mine, the projected decline in metal prices will likely result in a small decrease in the total overall value of these metals in 2015. Following significant price drops in late 2013 and early 2014, potash prices are stabilizing, which should continue into 2015. Other industrial minerals production and value are expected to be relatively stable in 2015, assuming no large swings in the construction industry. The UGS estimates that the gross production value of the State's nonfuel mineral commodities in 2015 will be flat to slightly below 2014 totals.

Tourism

The State's tourism and travel sector experienced year–over growth during the first half of 2014, including increases in state and local tourism–related tax revenues, leisure and hospitality taxable sales, tourism–related jobs and wages, and park and ski resort visits. Tourism and travel sector increases mirror the success of the Utah Office of Tourism's 2013/14 "winter advertising campaigns," which promote the State's five national parks and accessible world–class ski resorts. Compared to the first half of 2013, during the first half of 2014, visitors purchased more State hotel rooms and spent more money on arts, entertainment, recreation, restaurants, and retail, which in turn created additional tourism–related jobs. Ski Utah reported the third most skier visits on record during the 2013/14 ski season and 2014 national and state park visits were trending above 2013 visits.

2014 Summary. Tourism–related taxes, such as transient room, restaurant, short term leasing, and resort communities sales taxes, increased from 8% to 19% from Fiscal Year 2013 to Fiscal Year 2014. In many instances, relatively large tourism related tax revenue increases are due to a greater number of localities enacting the tourism taxes or raising their tourism tax rates. During the first half of 2014, 22 of 29 counties in the State experienced increases in tourism–related tax revenues.

2015 Outlook. The State travel and tourism outlook for 2015 remains optimistic. The U.S. Travel Association predicts total national travel expenditures to increase around 5%, domestic leisure person–trips to increase 2%, and total international visitation to increase 4% in 2015. Continued growth is expected in the Chinese travel market not only in the State, but also across the nation, due to more relaxed Chinese travel visa regulations. It is also anticipated that the Utah Office of Tourism's continued efforts to market Utah via advertising campaigns, which include digital advertising and the placement of TV, outdoor, and print ads in several large U.S. cities, will continue to have a positive impact on incremental nonresident travel to both urban and rural areas in the State in 2015.

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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 2015 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 2015 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 2015 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 the 2015 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 re-let 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, 2015), with a final renewal term commencing July 1, 2030, and ending May 16, 2031. 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, 2031, 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 2015 BONDS—Redemption Provisions For The 2015 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.

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the 2015 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 $30,015,000 Lease Revenue Refunding Bonds (State Facilities Master Lease Program), Series 2015 (the "Series 2015 Bonds"). The Series 2015 Bonds are being issued pursuant to (i) the Utah Refunding Bond Act , Chapter 27, Title 11 of the Utah Code and other applicable provisions of law; (ii) resolutions of the Board adopted on July 3, 2014 (the "Parameters Resolution") and March 31, 2015 (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 Twentieth Supplemental Indenture of Trust dated as of April 1, 2015 (collectively, the "Indenture") between the Authority and Wells Fargo Bank, N.A., as Trustee. The Series 2015 Bonds are being issued for the purpose of (a) refunding certain outstanding lease revenue bonds of the Authority, 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 Twentieth Amendment to State Facilities Master Lease Agreement dated as of April 1, 2015 (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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 2015 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 Series 2015 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 Series 2015 Bonds is not an item of tax preference for purposes of either individual or corporate federal alternative minimum tax; however, interest on Series 2015 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 2015 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 2015 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 2015 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 2015 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 $30,015,000 aggregate principal amount of its Lease Revenue Refunding Bonds (State Facilities Master Lease Program), Series 2015 (the *"2015 Bonds"*). The 2015 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 Twentieth Supplemental Indenture of Trust, dated as of April 1, 2015 (as so amended and supplemented, the *"Indenture"*).

In consideration of the issuance of the 2015 Bonds by the Authority and the purchase of such 2015 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 2015 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 2015 Bonds at the time the 2015 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 2015 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 2015 Bonds.

"Reportable Event" means the occurrence of any of the Events with respect to the 2015 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 2015 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
2016	917547 XY2	2024	917547 YG0
2017	917547 XZ9	2025	917547 YH8
2018	917547 YA3	2026	917547 YJ4
2019	917547 YB1	2027	917547 YK1
2020	917547 YC9	2028	917547 YL9
2021	917547 YD7	2029	917547 YM7
2022	917547 YE5	2030	917547 YN5
2023	917547 YF2		

The Final Official Statement relating to the 2015 Bonds is dated March 31, 2015 (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 2015 Bond or defeasance of any 2015 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 2015 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 2015 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 2015 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, 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 2015 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 2015 Bonds under the Indenture. 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 2015 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______________________________________
Richard K. Ellis, 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, 2016. 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 2015 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.

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APPENDIX G

BOOK–ENTRY SYSTEM

DTC, the world's largest securities depository, is a limited–purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non–U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post–trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book–entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non–U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly–owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non–U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at http://www.dtcc.com.

Purchases of 2015 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2015 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2015 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 2015 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 2015 Bonds, except in the event that use of the book–entry system for the 2015 Bonds is discontinued.

To facilitate subsequent transfers, all 2015 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 2015 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 2015 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2015 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 2015 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2015 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of 2015 Bonds may wish to ascertain that the nominee holding the 2015 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 2015 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 2015 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 2015 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2015 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 2015 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, 2015 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, 2015 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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